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One of the primary responsibilities of both Government and industry is to provide prompt and adequate housing for veterans. Our veterans have earned the right to a decent home in which to live.

Housing for veterans is not among the many responsibilities of the Veterans' Administration. Nevertheless, the VA will continue to do everything within its power to cooperate with all Government agencies charged with this important task.

During the war our boys overseas were glad to live in foxholes. Those same boys—our veterans—are not glad at the prospect of foxhole living in the midst of the greatest productive nation on earth. All they ask is the simple comfort of a home for themselves and their families.

Omar N. Bradley

General, U. S. Army,
Administrator of Veterans' Affairs

COLONEL LEE APPOINTED GOVERNOR

The Federal Home Loan Bank Commissioner has announced the appointment of Colonel Harold Lee as Governor of the Federal Home Loan Bank System to fill the vacancy caused by the recent resignation of Mr. James F. Twohy.

Associated with the Federal Home Loan Bank Administration since 1934, Colonel Lee has been its General Counsel for the past seven years. He is intimately familiar with the operations of the District Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation, the three units of the Bank Administration, Commissioner Fahey said in announcing the appointment.

"Colonel Lee has an enviable record as an organizer and administrator and, as General Counsel of the Bank Administration, he has rendered outstanding service to the savings and loan institutions of the country," the Commissioner said.

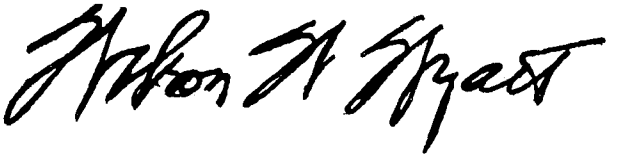
Prior to his promotion to the top legal post of the Administration, Colonel Lee was Deputy General Manager of the Home Owners' Loan Corporation, in charge of Property Management. He had a previous broad experience in the mortgage field and was an officer of one of the large eastern mortgage companies before coming to Washington.

During World War I Colonel Lee served with the United States Army in France, first as a battalion commander and later in command of a regiment of the 162nd Field Artillery Brigade. His home is in Oklahoma City, Oklahoma. He is a graduate of the Missouri Military Academy and received his legal education at the University of Kansas.

As leaders in the home financing field, the Presidents and Boards of Directors of the Federal Home Loan Banks can be of invaluable aid in the Veterans' Emergency Housing Program, because they can help in attaining the public understanding which is so necessary to its success.

And the member institutions of the Federal Home Loan Bank System can do a great deal in behalf of the veterans' program. With the present inflation in existing housing, and with a great volume of new housing being produced, every safeguard should be given to our veterans and their families—desperate in their need for homes. Institutions with protective services are the best places for these veterans to go for sound advice and the members of the Bank System can add to their stature by taking the leadership in seeing that veterans get such services.

I look to savings and loan leaders throughout the country for their counsel and help in meeting the problems ahead and obtaining preference for veterans in all types of housing, old and new.



A PROGRAM OF ACTION FOR VETERANS' HOUSING

The target of 2,700,000 new homes in two years recommended by Mr. Wyatt is a challenge to every segment of the home financing and construction industries. This article discusses in detail the program for reaching this goal.

By WILLIAM K. DIVERS
Special Assistant to the Housing Expediter

■ THE Veterans' Emergency Housing Program, which the President approved last month, embraces comprehensive recommendations to remedy the acute housing shortage. It has been described as a daring and novel program. It is actually one well within the potential capacity of this country which has shown clearly that there are no limits to its ability to produce.

This proposed program, designed primarily for the relief of veterans and their families, calls for the production of 2,700,000 moderate and low-priced family units in the years 1946–1947. Admittedly, this is a request for a staggering volume of production—far beyond any normal expectation for the growth of new home construction during this period. To believe that the home building industry can attain such a goal unaided would be fantastic. Consequently, the basic purposes of the emergency recommendations are to accelerate this expansion of our home building capacity, to stimulate the production of building materials and to meet the impending shortage of skilled and unskilled construction labor.

In essence, this program represents the first step toward the elimination of a housing deficit which is, in part, the cumulative product of 15 years of insufficient activity in the residential construction field—caused first by economic depression, then by war. The concentration of home building in the higher-price ranges in the past and the increase in family formation in recent years have aggravated the problem. Now that the war is over, it is the emphatic opinion of virtually all groups that effective measures must be taken to overcome a situation which cannot be justified in our peacetime economy.

The lack of adequate housing is a social and an economic crisis. Immediate action to provide accommodations for about 3,000,000 families must be undertaken without delay. A large volume of home building at the proper price ranges offers the only practical solution. This production is essential if we are to prevent the crisis in housing from becoming a chronic ailment.

The goals which have been set are high. Despite their magnitude, though, they are realistic—realistic from the standpoint of need; realistic also from the standpoint of our productive capacity, provided we divorce our thinking from the frigid cubicles of the many restrictive practices which have heretofore combined to limit our building horizon.

Within the confines of scarcity economics, there is no basis for a practical solution of our current housing difficulties. To members of the home financing fraternity it is undoubtedly apparent that even the enormous volume of construction which has been recommended is but a drop in the bucket of our long-range demand. To those familiar with the dimensions and characteristics of our housing market it is evident that this construction volume by no means will "build us out of our market." For after the emergency is met there will still remain an enormous normal demand based on the continued formation of new families and the replacement of deteriorated structures clearly beyond repair, as well as the large quantity of housing destroyed yearly by fire, flood and other disaster. Without a doubt, the building industry is embarking on what will probably be its greatest period of sustained high production. Like the other facets of our national economy, it faces the challenge and the opportunity of continuous full employment.

Unprecedented Goal

The 2,700,000 family units called for by the end of 1947 represent a rate of construction far in excess of the peak reached in the twenties. To attain this goal the home building industry is going to have to exert itself to the utmost. It can be done, but the challenge to productive imagination should not be underestimated. Current material inventories are short. Current production capacity of the building materials industries is inadequate. Labor must be recruited and trained. Operative builders will need to expand rapidly their organizations and perfect

their techniques. We can succeed only through the cooperative effort of all associated with home building and finance.

The 1946 building season will perhaps be most critical for the home construction and building materials industries. Not only will the goal set for the current year require much humping by both, but our success in placing 1,200,000 family units under way this year will be indicative of our capacity to hit the target for the following year and to accomplish our entire emergency program within the desired two-year limit.

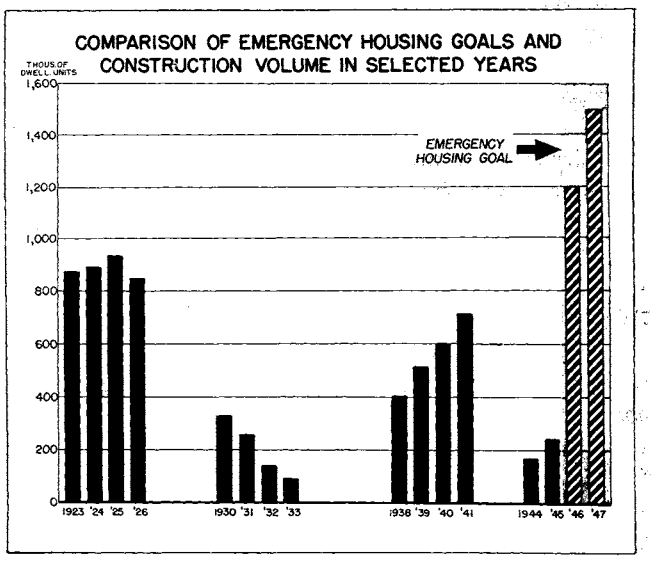
Types of Construction

Of the 1,200,000 homes called for in the current year, 950,000 are to be of permanent construction—700,000 by conventional site building methods and 250,000 by prefabrication techniques. This is approximately the same quantity of permanent homes as was erected during the peak year of 1925, and we are relying upon private enterprise to do the entire job. The remaining 250,000 units going into the total figure for the year are to be of publicly financed temporary construction and will be secured chiefly through the re-use of about 200,000 units of such war housing as is available, plus the provision of about 50,000 privately financed new trailer accommodations. For the latter, trailer manufacturers are to be assisted in obtaining materials and in channeling the product into areas of immediate need such as educational institutions, etc. From this it can be seen that the overwhelming responsibility for veterans' housing is one for private industry. It will require the best that our free, competitive economy can put forth. Our requirements are great, and plans must be far-reaching, for we buck heavy obstacles to reach an expansion in home production such as has never before been attained. The demands of the problem make it a challenge; the nature of the problem makes it an obligation.

The solution to veterans' housing is fundamentally one of industrial logistics. To do the job there must be the organization, the materials and the manpower all at the proper place, in the proper quantity and at the proper time. By far, time is our most important consideration and to that extent it must necessarily bear a strong influence on our choice of techniques. First, this is an emergency condition and in treating it we must approach it as such. You can't cure a cancer with a headache powder.

Obviously, our entire program must be directed toward an expansion of the home construction and building materials industries. The first problem to be overcome is the bottleneck in building materials production. This demands top priority if the expansion in new home building during the current year is to be sufficient to reach our 1946 goal of 1,200,000 units. Logically, our first step must be to eliminate unnecessary drains on the limited amounts of materials now being produced and this will be accomplished through the postponement of all deferrable non-residential construction until the rate of production is sufficient to meet both requirements. Furthermore, to assure that available materials flow into the production of low-cost homes, we must rely upon a continuation of the priorities system, while the reinstitution of allocations will be required to assure that priority rating certificates are more than mere hunting licenses and that there is an equitable geographic distribution of materials.

The core of the solution for the building materials problem rests in an increased production of both conventional and new materials. To secure this, it is proposed to expand the capacity of currently operating firms and to draw into this field new manufacturers, as well as marginal producers who are currently unable to compete. A series of steps has been recommended to achieve these ends, the most prominent being: (1) the payment of production premiums to the manufacturers of needed conventional and new-type materials on output in excess of production previously achieved in a selected base period; (2) the underwriting of developmental work in new building materials to encourage the utilization of substitutes and relieve the pressure on critically short supplies of "old-line" products; (3) the guar-



anty of markets for new firms undertaking the production of the more critical materials; (4) the allowance of a rapid tax amortization to encourage plant expansion and the organization of new firms; (5) the application of the reconversion priorities system to assure an adequate flow of new capital equipment and raw materials to these producers; and (6) the approval of wage-price adjustments in those industries where such adjustments prove necessary and are not inflationary.

Why Production Premiums?

The question has been raised as to the advisability of using production premiums instead of granting across-the-board ceiling price adjustments on building materials to obtain greater production. This is a fair question and demands a direct reply. In answering, though, it should be made emphatically clear that the recommendations submitted to the President call for a production premium and not a subsidy, in the usual interpretation of that word. The preference for the production premium as opposed to ceiling price revisions is based upon this differentiation. In order to increase production, manufacturers will in some cases have to go on two or three shifts and longer work weeks. This will involve overtime payments and, in some cases, increased cost per unit. Premium payments will permit compensation for this increased cost, as well as others, without granting price increases on the entire production. From this it can be seen that the Federal Government in a limited number of instances would agree to absorb increased costs which would otherwise be passed along to the home purchaser and, in being passed along, be magnified many-fold.

On the other hand, were the Office of Price Administration to grant flat increases in ceiling prices, there would be two marked results: (1) the cost of the current volume of building materials, as well as any increase in that volume, also would rise, and (2) these cost increments would be passed along through the retail outlets to the builder and, eventually, to the home purchaser or tenant. Through these channels the final cost of the finished home would be multiplied. *To increase housing costs would be to nullify one of the prime objectives of the program, namely, production in the price ranges which veterans can afford.* From comparison it may be seen readily that (1) through premium payments the Government absorbs only *the costs of increased production* and (2) this absorption is limited to critical items.

Expanding the production of building materials is but the first step which must be taken. With prerequisite action under way in these fields—enlargement of capacity of the home building industry—site fabricators and prefabricators may proceed. This will be truly the critical point of the emergency program, that to which all other facets are subsidiary. And again we must approach the enlargement of the home building potential as an emergency. To construct 2,700,000 homes in two years, we cannot rely upon our traditional practices and techniques alone.

During the current year we are asking for the building of 700,000 dwellings by site construction methods. Clearly, if this is to be done within the required cost limits, we will have to call upon the most advanced techniques developed in site construction work. There must be economies in costs, materials, time and manpower, or the job which we have cut out for ourselves becomes completely unrealistic. Before the war many improvements in site building methods were being developed on a very limited scale. During the war these were perfected and, in many instances, new techniques were devised. Now it is the business of the building industry to see to it that these improved methods are applied universally—not merely for the emergency program alone, but for the long-range good of both the producer and the consumer. Long after the emergency is over the home builder is going to be expected to do a large volume of construction.

Even after we build the 2,700,000 homes called for in the Veterans' Emergency Housing Program, we will be short 500,000 homes by the end of 1947. And that doesn't take into account the 1,200,000 families now living doubled up with others, families which will still be doubled up. Neither does it take into consideration the millions of American families living in substandard housing which hardly reflects the wealth and resources of the richest country in the world.

Necessity for Prefabrication

Prefabrication also forms a vital part of the program, and here we are not referring to the temporary war housing that has come to be associated with this name. We are thinking of permanent dwellings that are designed to be houses which, when completed, cannot be distinguished from conventionally built homes, but which are constructed with the maximum use of off-site fabrication. The Veterans' Emergency Housing Program calls for the manufacture and erection of 250,000 of these units in 1946 alone.

Again, if we are to face this issue fairly, Federal aid will be required to absorb the extraordinary risks of compressing what would otherwise be a long-range expansion of the prefabrication industry, including the necessary developmental and marketing work, into even less than the brief period of the emergency. This is absolutely essential if the benefits which accrue from this type of organization in home building are to be realized in significant proportion during that time.

How would this aid operate? The mechanism which has been proposed is quite simple. In essence it calls for the extension of a Government guaranty of the prefabricator's market in such instances where the prefabricator can demonstrate that he is prepared to produce low-cost housing which meets approved standards of safety, durability, livability and health; that he has an effective plan to assure the prompt distribution and erection of such housing; and that he will produce at a specific annual rate throughout the period of the emergency.

This market guaranty would be effected by a Government purchase contract whereby the Government would agree to accept delivery of the houses only when the producer is unable to market them within a reasonable period following their production. Because of the foreseeable demand, we contemplate that the Government guaranty would not result in the acquisition of any houses, but would serve to provide credit and assurance to producers so that they could utilize their maximum productive capacity.

What will the expansion of the prefabrication industry mean to the site builder and to site construction labor? Briefly, it will mean that in addition to the already staggering job of erecting 700,000 conventionally built homes during the current year, they will have the added site work of assembling and outfitting 250,000 prefabricated homes. For the years ahead—as far ahead as can be visualized today—they will continue to have an enormous volume of conventional building which would be augmented by site work on prefabricated housing.

The significance of prefabrication lies more in its potentialities than in its record to date. As yet it is an infant industry. The economies which it will undoubtedly produce remain to be probed. However, that they do exist potentially can be seen readily by inference from the record of every other industry which has adapted itself to the principles of mass production and marketing. In large measure, the future ability of private enterprise to meet the nation's low-cost housing needs depends upon the success of the prefabrication industry in bringing its advantages to bear upon this segment of the market. Consequently, this phase of the Veterans' Emergency Housing Program is linked inseparably with the interests of those vitally concerned with reaching the broadest possible market through private enterprise channels.

Manpower

The expansion of the building materials and home construction industries is a matter of immediate concern. However, its importance cannot be allowed to obscure subsidiary problems which the very expansion of these industries will create. At the current rate of building, manpower has not yet become a critical issue. But the pool of building labor, particularly in the skilled and semi-skilled lines, is inadequate to meet the requirements set by the emergency housing goals. At present there are approximately 650,000 workers employed on both off-site and on-site home production. To attain our target of 2,700,000 dwelling units by the end of 1947 it will be necessary to have a peak of 2,150,000 workers on the job—1,150,000 in actual home construction and 1,000,000 engaged in the production and distribution of building materials. This means that by mid-1947 the number of workers engaged in the home building industries must be more than tripled.

If 1,500,000 additional workers are to be attracted to the home building field during this short time, vigorous recruiting campaigns must start at once and a large-scale apprentice program will have to be undertaken promptly to produce the necessary skills. In submitting the recommendations to the President, it was emphasized that wherever wages are abnormally low in building materials lines and interfere with recruitment of manpower, revisions of these rates should be made promptly.

Since this program was submitted to the President, the question has been raised on numerous occasions as to the reaction of labor to the proposals for the expansion of recruitment and apprentice training. We are happy to report that the entire program has received the unqualified support of most of the labor organizations of the country. Organized labor, like other groups, sees clearly the need not only to produce housing but to plan for a high level of employment in the postwar years. Furthermore, labor—and many veterans come from the ranks of organized labor—is emphatic in its determination to serve the low-cost market in which its members represent a large proportion of consumer demand.

Financing

Unlike the period immediately following the first World War, there is no shortage of funds for investment in home mortgages. Currently, a vast accumulation of liquid resources in the hands of lending institutions is readily available for the financing of new home construction and purchase. Financial assistance for builders which has been recommended to the President to date would involve the adaptation of FHA Title VI financing. The justification for 90-percent construction financing at this time lies exclusively in the need to spread the limited resources of the average builder over as many units as possible. In other words, it is purely a means of facilitating a greater annual volume of home production by each operating constructor.

Beyond this, though, there is a strong and integral role which home financing institutions must play in curbing the inflationary spiral of existing home prices. In their efforts in this behalf the emergency program will immeasurably strengthen their hand by relieving the pressure for investment outlets.

Role of Mortgage Lending Institutions

To home financing institutions, particularly those specializing in loans on moderate-priced properties, the realization of the emergency housing goals for the year 1946 alone will mean an unprecedented growth in construction financing. The key to this high volume of lending under the emergency program will rest in the volume production of homes at a moderate to low unit cost, rather than, as has been customary in the upswing of earlier building cycles, by a more gradual increase in the number of units placed under construction with concentration first on the luxury brackets of the housing market.

The 950,000 new permanent homes slated for construction in 1946 (the bulk under a ceiling of $6,000, but with some construction allowed up to a price of $10,000) would result in approximately $6 billion of low-cost home building. To financing institutions this would mean well in excess of $5 billion of construction lending during this year. Loans on well planned, soundly built homes constructed as a part of this program will offer institutional lenders the soundest risks available in the current mortgage market. Traditionally, the market for moderate to low-priced properties has proved to be the steadiest over the long building cycle, and for the duration of the acute period of this emergency, our program would restrict virtually all home building to this field.

What are the implications of the financing of this quantity of low-cost housing to lending institutions? First, it offers sound, non-inflationary investment outlets for their vast pool of liquid resources, a large proportion of which are awaiting just such an opportunity. Second, lenders will need to gear their operations to a high volume of loan closing activity—an expansion generally equivalent to that expected in the volume of new home starts. To the savings and loan industry, which has specialized in financing the construction and purchase of small homes in virtually all localities throughout the country, even a ceiling of $6,000 on most new homes will not adversely affect their average construction loan size in most localities. Under the proposed extension of FHA Title VI lending provisions to cover the emergency period, a 90-percent construction loan would be about $5,400 in original face amount and the home purchaser would take over this loan as substitute mortgagor upon the establishment of his 10-percent equity. Even during the depression savings and loan associations, in most instances, did not elect to rely upon the insurance protection features of FHA. But under the currently projected emergency program they will find that this will enable them to expand the operations of the builders with whom they work and thereby aid in meeting the emergency housing goals.

The Veterans' Emergency Housing Program offers savings and loan associations perhaps the optimum in opportunity to invest soundly in the home mortgage market. Volume construction financing and an improved average loan size will make it possible for them to place the substantial growth in resources in mortgage investments. This would represent for them and for the country a logical follow-through of their war financing program. In doing this they would be assisting immeasurably in providing homes for the men whom in earlier days they helped arm and equip for the battlefields throughout the world. Beyond this their aid to the veteran returning to civilian life would at the same time provide the answer to their own problems of reconversion as well as those of the entire building industry.

As local organizations, the home financing institutions of the country not only stand in a strategic spot in the money market, but they also command a high place in the leadership in their own communities. Due to this pre-eminence, much of the responsibility, as well as the challenge and opportunity, of the emergency housing program is theirs,

(*Continued on p. 175*)

IMPROVEMENTS IN THE BUILDING COST INDEX

The FHLBA barometer of building costs has been revised to reflect a new system of data collection utilizing Bureau of Labor Statistics facilities. This article traces the history of the index and its application in measuring the trends of labor and material prices.[1]

■ ON the eve of what shows promise of being the greatest house-building surge in recent history, builders, prospective home purchasers, mortgage lenders and Government officials are asking many questions. The first one, of course, is "by what means and how soon can an adequate supply of dwellings be erected to alleviate the plight of the homeless veteran?" Next in prominence is "at what cost?"

Stated in this fashion, the question has a beguiling simplicity for there are many concepts of cost. Actually the problem is very complex, referring to many diverse aspects of our economic life. It can refer to the inter-relations of housebuilding and the total economic life of the nation. It can pose the picture of ex-Sgt. Jones studying the "for sale" sign on the little bungalow on Elm Street, or it can be interpreted as "how much more would I have to pay were I to *duplicate* a house built in my community last year, or the year before, or one constructed before the war?"

It is with this last aspect, changes in construction costs, that the building cost index of the Federal Home Loan Bank Administration has been concerned during the past 10 years.

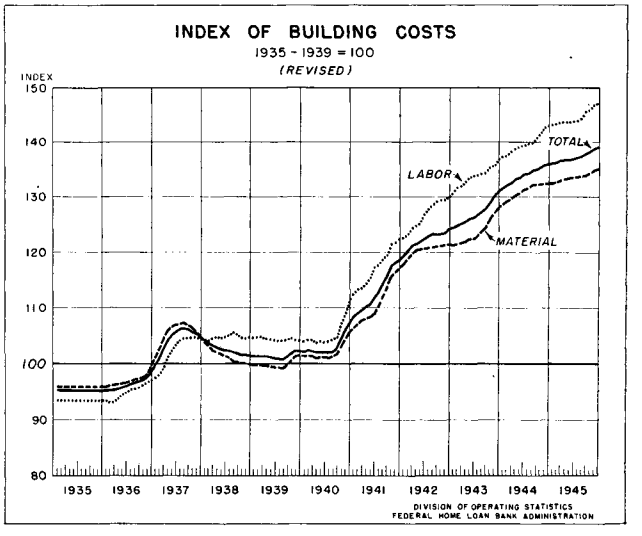
The Standard House

In 1935 the Division of Operating Statistics set out to measure changes in prices paid for building materials and labor services by builders and individuals in the construction of a moderate-priced single-family dwelling. Since that time the index has undergone considerable evolution both in concept and in method so that changing circumstances could be taken into account and the reliability of the basic data improved.

Originally the device for measuring price variations was based upon a bill of specifications that itemized in detail the quantity and quality of building materials and the number of work hours required of the various crafts to construct a six-room frame house.

Although this hypothetical house is standard in the index, it is not typical in the sense of being a strict average of all the houses under construction at the time. Rather, it is a frame dwelling characteristic of the modest residential districts of many American cities. The specifications call for high quality materials, and the house would have sold in 1935 or 1936 in the vicinity of $5,500 excluding land and items of equipment which are not considered part of a general contract estimate.

The house is a detached home of 24,000 cubic feet volume, of good design, containing a living room, lavatory, dining room and kitchen on the first floor, and three bedrooms and bath on the second floor. There is an open attic which may be used for storage or may be finished into one or two usable rooms. The cellar or basement is without partitions and contains the heating plant and laundry facilities. The exterior treatment is assumed to be a combination of wideboard siding, with brick and stucco as features of design. A one-car attached garage is included. The plot is assumed to be approximately level and no unusual soil conditions have been taken into consideration. Materials, finish and workmanship specified are standard and typical of the practices of reputable small-house builders. Structural design is sufficient to meet all reasonable requirements of a



[1] Prepared by Chester Rapkin, Division of Operating Statistics, Federal Home Loan Bank Administration.

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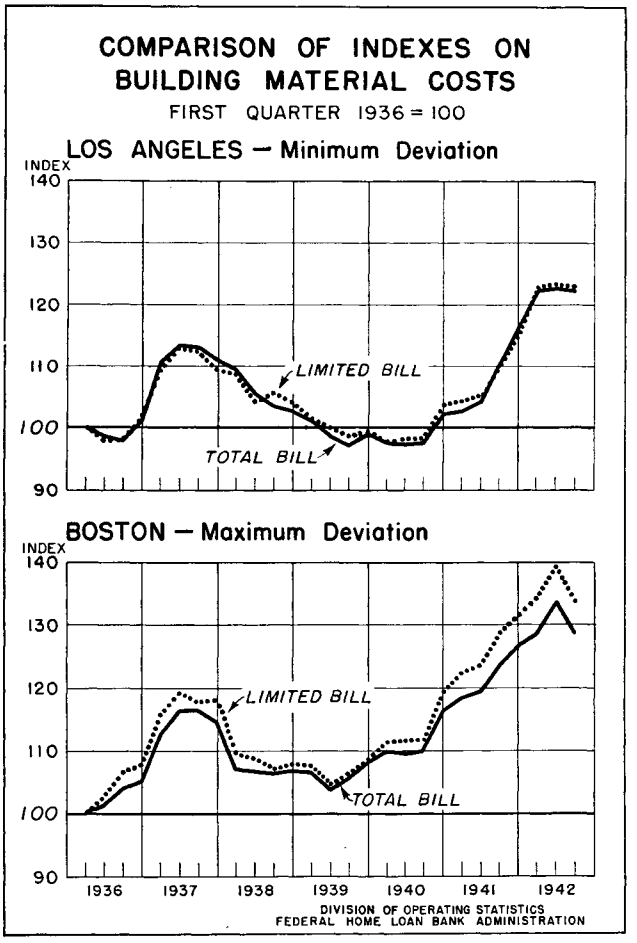
municipal building code. Unusual materials or practices have been avoided. Should they at any time become common, the specifications for the composite house will be modified to allow for them.

Building Materials—Labor Costs

In the early stages of the building cost index, a questionnaire listing 88 material items was prepared by field employees of the Reconditioning Department of HOLC, who secured price quotations every third month from a leading local building materials dealer. They also obtained reports on the prevailing hourly wage rates for each of the principal construction trades involved.

As the liquidation of the HOLC progressed and the Reconditioning staff disbanded, it became necessary to secure an alternative source of price quotations. The Bureau of Labor Statistics had begun the periodic collection of retail prices of 44 building materials under a Congressional directive continuing the work begun for a monograph which that agency prepared for the Temporary National Economic Committee in 1940. BLS agreed to make this information available to the Bank Administration, but it was necessary to reconcile several differences in the data before the information could be utilized for purposes of this index.



The initial problem was to determine whether the variations in prices of the fewer material items collected by BLS faithfully reflected the price trends in the entire group of 88. It was found that the limited number of items comprised a major portion of the total material bill (75 percent or better in most cities) and that the trend in price variations in the limited bill was virtually the same as the trend in the total bill. This can be seen by reference to the accompanying graphs which compare the material cost index based on the limited number of items with the index based on all items for a selected group of cities.

A similar adjustment had to be made in the labor constituent of the index. While it was possible to secure wage rates for journeymen, periodic reports on helpers' rates were not available. As in the case of the limited bill of materials, the hypothetical builder's disbursement to craftsmen for the standard house comprised a very high percentage of the total labor bill (approximately 90 percent). Since journeymen's wages constituted such a high proportion of total, it was possible to secure a reliable estimate of total labor costs through a minor adjustment in calculations.

New Concept

While use of fewer items in the calculation of the index did not change the final result appreciably, it did effect a re-orientation in concept. From a precisely specified bill of materials, aiming at architectural feasibility, *the index now reflects price changes in a limited bill of the more important items,* which closely approximates the trend in the total cost of materials. This change in concept is not as drastic as it appears. Even the original 88 items were not all-inclusive. Small items which contributed fractionally to total cost were not listed, but their absence was accounted for by a slightly heavier weighting of similar materials. To maintain the continuity of the index the selected material prices and wage rates are weighted to reflect the trends in the cost of building the originally specified house.

Utilizing material prices collected by BLS not only made possible the continuation of the index, but it also enhanced the reliability of basic data. It is an elementary statistical precept that the greater

Revised index of building costs

[1935–1939=100]

Index and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL COSTS												
1935											95.1	95.0
1936	95.1	95.1	95.2	95.5	95.9	96.1	96.5	96.8	97.0	97.3	97.8	98.7
1937	99.9	101.1	102.9	104.3	105.2	105.8	106.2	106.3	106.2	105.9	105.5	104.8
1938	104.2	103.7	103.3	103.0	102.7	102.6	102.5	102.1	102.0	101.7	101.7	101.6
1939	101.5	101.5	101.6	101.4	101.2	101.1	101.0	100.9	101.3	101.8	102.3	102.3
1940	102.2	102.3	102.2	102.1	102.1	102.1	102.1	102.3	102.9	104.7	106.1	107.6
1941	108.4	109.2	109.7	110.2	110.7	111.8	112.8	114.3	115.7	117.6	118.2	118.8
1942	119.5	120.4	121.3	121.6	122.0	122.6	123.0	123.4	123.3	123.5	123.6	124.3
1943	124.4	124.9	125.1	125.5	126.0	126.3	126.7	127.3	127.8	129.1	130.1	131.0
1944	131.7	132.1	132.6	133.2	133.7	134.1	134.3	134.7	135.0	135.3	135.9	136.0
1945	136.1	136.3	136.7	136.8	136.8	137.0	137.2	137.4	138.0	138.4	139.0	139.2
MATERIAL COSTS												
1935											95.9	95.8
1936	95.9	96.1	96.2	96.3	96.5	96.7	97.0	97.4	97.5	97.8	98.3	99.5
1937	101.0	102.6	104.6	106.0	106.7	107.0	107.2	107.3	107.0	106.5	105.9	105.0
1938	104.1	103.4	102.6	102.1	101.7	101.5	101.2	100.5	100.4	100.3	100.2	100.0
1939	99.9	99.9	99.9	99.8	99.6	99.5	99.4	99.3	99.9	100.5	101.3	101.4
1940	101.3	101.3	101.3	101.1	101.2	101.2	101.1	101.3	101.9	103.3	104.5	105.7
1941	106.4	107.2	107.9	108.2	108.4	109.0	110.2	112.1	113.8	115.7	116.3	117.1
1942	118.0	119.0	119.7	120.1	120.4	120.5	120.7	120.8	121.1	121.2	121.4	121.4
1943	121.3	121.5	121.7	121.9	122.4	122.6	123.1	123.8	124.5	126.1	127.2	128.1
1944	128.8	129.4	129.8	130.4	130.9	131.4	131.6	132.1	132.2	132.2	132.4	132.5
1945	132.5	132.8	133.1	133.2	133.4	133.5	133.8	133.9	134.1	134.6	135.0	135.2
LABOR COSTS												
1935											93.5	93.4
1936	93.4	93.2	93.3	93.9	94.6	95.0	95.4	95.5	95.9	96.3	96.9	97.2
1937	97.6	98.2	99.4	101.1	102.2	103.5	104.2	104.5	104.6	104.7	104.8	104.5
1938	104.3	104.2	104.6	104.7	104.6	104.8	105.0	105.3	105.1	104.7	104.6	104.8
1939	104.7	104.8	104.9	104.5	104.3	104.2	104.2	104.1	104.3	104.5	104.2	104.2
1940	104.0	104.2	104.2	103.9	104.0	103.9	104.0	104.3	104.7	107.3	109.2	111.5
1941	112.6	113.2	113.3	114.2	115.3	117.3	117.9	118.8	119.5	121.6	121.9	122.4
1942	122.7	123.2	124.4	124.7	125.1	126.7	127.8	128.6	129.3	129.5	129.5	130.0
1943	130.5	131.8	132.0	132.8	133.4	133.7	133.9	134.1	134.3	135.3	135.7	136.9
1944	137.3	137.6	138.2	138.9	139.2	139.4	139.8	139.9	140.8	141.4	142.8	143.0
1945	143.3	143.4	143.8	143.8	143.8	143.9	144.0	144.4	145.9	146.1	147.1	147.3

the number of observations, the more reliable the data. Instead of securing quotations from one dealer, the BLS queries a group of distributors in each city, who report prices paid by contractors for materials delivered to job site, in average quantities, for residential construction. The dealers submit to the BLS data on one or more of the items on a self-checking questionnaire and a tabulation of individual items is prepared in the central office to enable further review. After a study of the data, a representative dealer is designated and his prices are considered a reflection of market conditions in the community. Should the prices quoted by the designated dealer fall out of line at any time, a recheck is made and, if necessary, a more representative report is used. Although these data are not averages in the orthodox sense, they do tend to a central value. The representative price has the advantage of being an actual price, while an average computed mathematically may not.

Quotations on labor earnings are secured through a canvass of builders, currently engaged in privately financed residential construction. Information on gross payroll and number of work hours for each craft is obtained from four or five representative builders and average hourly earnings for each craft computed for each builder. A tabulation of earnings data is prepared and a representative over-all rate chosen for each trade. Here again actual earnings of workers employed by a specific builder are used, rather than an average for all builders. Earnings may reflect union or non-union rates, depending upon the prevailing practice in the area which is being surveyed.

It is important to distinguish the change in prices paid for materials from the change in expenditures for home construction. The latter depends chiefly on variations in income and in structural specifications which are brought about by changing styles, technological advances, requirements for more or less space, for additional or fewer amenities, and by Government regulations either on the local or national level. This is a problem of shifting housing standards which must be dealt with separately from the measurement of changes in construction cost. The index of cost is no more than a barometer of prices of identical goods over a period of time.

For this reason the index *cannot* be used to evaluate differences in actual dollar cost among the cities for which an index is prepared. A high or low index does not necessarily accompany high or low dollar cost. It merely indicates the extent to which costs have increased over the average for the last five years of the 1930's.

Index of building costs 1935–1945

[1935–1939=100]

Year	Revised index			Old index		
	Total	Material	Labor	Total	Material	Labor
1935	95.1	95.8	93.4	94.7	95.8	92.6
1936	96.4	97.1	95.0	96.2	97.1	94.4
1937	104.5	105.6	102.4	104.5	105.6	102.3
1938	102.6	101.5	104.7	102.8	101.5	105.4
1939	101.5	100.0	104.4	101.8	100.1	105.2
1940	103.2	102.1	105.4	103.3	102.2	105.4
1941	113.1	111.0	117.3	114.0	111.5	119.0
1942	122.4	120.4	126.8	123.2	120.8	127.9
1943	127.0	123.7	133.7	127.2	123.7	133.9
1944	134.1	131.2	139.9	132.8	130.4	137.7
1945	137.4	133.8	144.7	135.7	133.0	141.3

War-Induced Changes

The war brought a great many changes in the pattern of residential construction which necessitated adjustments in the building cost index. Many building materials became scarce or unobtainable and substitute commodities were used. In some cases it meant "victory grade" instead of the original quality, while in other cases a different item of alternative function was introduced, such as shower stall instead of a bathtub. As the war progressed there sometimes were four or five substitutes on a specific item, reflecting a progressive tightening of the market. Labor also grew scarce, and the practice of overtime and bonus pay invalidated the use of base rates as a measure of labor costs.

These changes were given recognition wherever possible in computing the index. When a specified building material was not obtainable the field agents were instructed to price the nearest comparable item and describe in detail those elements which did not conform to the original specification. These notations were examined carefully and appropriate adjustments determined after a comparison of differences in price level, quality and durability.

The necessity for expeditious completion of homes in which to house war workers resulted in intensive use of the available labor supply. The average number of work hours per work week rose 22 percent between 1940 and 1945 and was accompanied by increased payments for overtime and holiday work. Bonus payments to attract or keep workers were not uncommon.

Because of these conditions, the use of *basic* hourly rates in calculating labor costs resulted in an understatement of actual charges during the latter war years. To secure a more accurate evaluation of labor costs, the *average hourly earnings* for each craft were used. This measure was computed by dividing total weekly wage payments for each craft by the number of work hours performed by that craft. In this manner all extras were prorated on an hourly basis and allocated to total labor cost.

Indexes for Cities

To take into account wartime changes and the new sources of basic data, indexes for the cities were re-examined and revisions as far back as 1939 made where necessary. The 1946 Statistical Supplement, which will accompany the April issue of the REVIEW, will carry the revised indexes for all cities and the United States. These data supersede all previously published indexes, and all building cost indexes published in future issues of the REVIEW will be a continuation of these figures. Indexes for several cities originally covered have been discontinued because of difficulties encountered in collection of data during the war. (Indexes for cities which have been dropped were not re-examined nor revised.) Every effort is being made to restore these cities to the current list and to add areas which have not been included previously.

While the revisions in city indexes were drastic in some cases, the average for all cities changed but slightly. In January 1946 the unrevised index of average total cost for all cities stood at 138.2 (1935–1939=100) with the index of material cost at 135.3 and labor cost at 144.2. The new index revised the labor cost constituent to 147.8, with the material cost index remaining virtually the same, 135.5, and the index of total cost showing a bit higher, 139.6. A comparison of the revised and the old index from 1935 to 1945 is shown in the table on this page.

Of the 49 cities carried in the index at the beginning of 1946, two indicated an increase in building costs of 70 percent or more over the base period. In 10 cities costs increased between 50 and 60 percent, and in 12 others the increase fell between 40 and 50 percent. Only one city registered an increase of less than 20 percent over the 1935–1939 average.

Plans are now in process to further improve the index, especially on the local level. Variations in labor efficiency, and in building practices, the introduction of new materials, tools and techniques, all influence the direction of costs and consequently should be evaluated in any consideration of cost trends. At present only market variations are measured in the index, which is admittedly only part of the picture, albeit a major part. The non-price factors which influence cost changes do not lend

(*Continued on p. 170*)

MORTGAGE LENDING IN SELECTED AREAS

Supplementing the broad outline of savings and loan lending presented last month, this article provides more detailed information on last year's activity. It is based on the fourth annual state survey made by the Division of Operating Statistics.

■ AS shown in the annual survey of savings and loan mortgage financing activity, 1945 was characterized by an increase of new loans for home construction and by the predominance, although on a slightly receding scale, of home purchase lending. In order to increase the usefulness to many savings and loan managers of the data on national trends, this article summarizes last year's lending activity in 13 selected areas which accounted for approximately two-thirds of total business. The 1945 loan volume in these 12 states and the District of Columbia was $1,290,000,000, a gain of 32 percent over the 1944 figure and 44 percent more than the previous peak reached by these same regions in 1941.

Construction lending totaled $127,000,000 last year—a 96-percent increase over the year before in contrast to a decline of 9 percent in 1944. This brought the ratio of these loans to total activity up from 7 percent in 1944 to almost 10 percent last year.

A total of $914,000,000 was loaned for the purchase of existing homes, 29 percent more than in the previous year. This was a slightly smaller increase than had been registered in recent years, and 1945 saw the first break in the upward movement of their ratio to total loans— 71 percent last year compared with 73, 67 and 55 percent in the preceding years.

All remaining loan-purpose categories showed increases varying from 15 percent for refinancing to 38 percent in the miscellaneous group. As a result, their relationship to total lending in the selected areas remained substantially the same as it had been in 1944. Refinancing accounted for 10 percent of total business; miscellaneous loans, 7 percent; and reconditioning, approximately 2 percent.

All areas included in this study reported substantially greater lending activity in 1945 than during the previous year, with increases ranging from 25 percent in Ohio and Pennsylvania to 50 percent in Florida and New York.

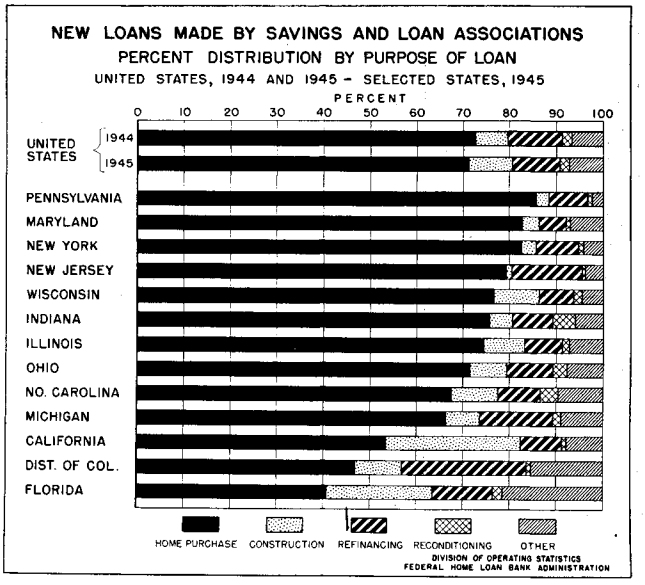
Construction Lending Pattern

As will be seen in the accompanying charts, the state pattern in construction lending was more divergent than that of any other loan-purpose category. Changes reflected by individual states varied from declines of more than 50 percent in Maryland and New Jersey to gains of well over 600 percent in the District of Columbia, Florida, and North Carolina. California led in dollar volume and in the proportionate importance of this loan type, 29 percent of all business, while New Jersey reported the smallest dollar volume, or 1 percent of all lending.

The tremendous change wrought by the withdrawal of wartime restrictions on building is well illustrated by a comparison with 1944 construction lending. In that year, seven states and the District of Columbia showed decreases ranging from 1 to 71 percent, while in only one was there an increase of over 100 percent. The highest proportion of construction to total lending activity was 22 percent.

Home Purchase Loans

Although some slight reversal was shown last year in the increasing relative importance of home purchase lending, reference to the charts shows that no area reported a decrease in the dollar volume of loans for this purpose. It is probable, of course, that the mounting volume of construction presaged by the Veterans' Emergency Housing Program will to some extent relieve the pressure on the market for existing properties. However, it seems equally likely that the purchase of homes will



continue for some time to absorb the major portion of home financing funds.

Last year, loans for this purpose totaled $914,000,000 in the areas selected for this study, representing gains ranging from 1 percent in Florida to 51 percent in New York. After Florida, the next smallest gain was 18 percent registered in Ohio and California. In all areas this type of lending stood first, and in no instance did it account for less than 40.5 percent of all loans made. The highest proportion of home purchase lending occurred in Pennsylvania where it represented about seven-eighths of the total activity. In Ohio these loans accounted for the greatest dollar volume of business, while Florida showed the least money loaned for home purchases.

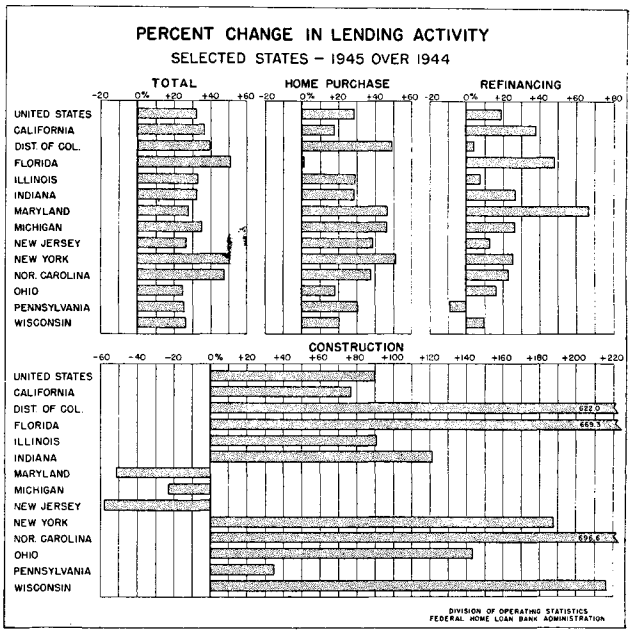
Other Loan Purchase Categories

In 8 of the 13 areas, refinancing loans stood second in proportion to total lending, representing a range from 6 percent of all loans made in Maryland to more than one-fourth in the District of Columbia. The largest dollar volume of refinancing loans was reported in Ohio and the smallest in Maryland, while Pennsylvania was the only state to show a dollar decline.

New loans made by savings and loan associations in selected areas—1944 and 1945

[Thousands of dollars]

State and year	Construction	Home purchase	Refinancing	Reconditioning	Other	Total
California:						
1945	$53,621	$99,168	$16,564	$1,381	$14,834	$185,568
1944	30,387	84,215	12,006	1,233	8,646	136,487
District of Columbia:						
1945	6,505	30,407	17,774	365	10,155	65,206
1944	901	20,359	17,072	352	8,151	46,835
Florida:						
1945	7,662	13,695	4,431	766	7,241	33,795
1944	996	13,559	2,991	485	4,443	22,474
Illinois:						
1945	14,084	124,324	13,404	3,018	11,879	166,709
1944	7,397	96,422	12,460	2,418	7,142	125,839
Indiana:						
1945	3,243	51,258	5,687	3,274	4,070	67,532
1944	1,467	39,833	4,509	2,787	2,448	51,044
Maryland:						
1945	1,441	36,667	2,592	426	3,109	44,235
1944	3,016	25,102	1,559	294	4,779	34,750
Michigan:						
1945	3,110	26,948	6,248	705	3,673	40,684
1944	4,088	18,464	4,959	367	2,276	30,154
New Jersey:						
1945	668	53,823	10,097	500	2,686	67,774
1944	1,598	38,843	8,982	671	3,591	53,685
New York:						
1945	3,710	98,955	10,785	1,249	4,858	119,557
1944	1,292	65,539	8,616	954	2,949	79,350
North Carolina:						
1945	3,234	21,697	2,859	1,148	3,164	32,102
1944	406	15,740	2,328	978	2,392	21,844
Ohio:						
1945	21,054	197,402	27,177	8,029	21,634	275,296
1944	8,663	166,872	23,484	6,286	15,453	220,758
Pennsylvania:						
1945	4,366	122,881	11,614	1,438	3,156	143,455
1944	3,248	94,399	12,876	1,530	2,776	114,829
Wisconsin:						
1945	4,519	36,701	3,666	707	2,226	47,819
1944	1,430	30,562	3,359	718	1,949	38,018



Loans for miscellaneous purposes were, in general, third in proportionate importance. In Florida they represented the largest percentage for this type of loan, 21 percent, while in Pennsylvania miscellaneous loans accounted for only 2 percent of the total lending activity.

Restrictions imposed by the emergency were again reflected in loans made for reconditioning purposes. Although only three states—New Jersey, Pennsylvania and Wisconsin—showed decreased activity in that respect, Indiana was the only state in which reconditioning loans represented as much as 5 percent of total business.

Building Cost Index

(*Continued from p. 168*)

themselves readily to quantitative evaluation, particularly in a period of rapid change and uncertainty. It is entirely likely that some of the elements may cancel each other out. For example, the economies of large scale production may compensate for a decline in efficiency or the added cost of delay in material deliveries.

For those readers who wish a more detailed description of the building cost index, a monograph is being prepared by the Division of Operating Statistics. This will contain a full exposition and analysis of the method of collecting basic data, theory and construction of the index, as well as its uses and limitations.

NEIGHBORHOOD CONSERVATION

***This article points out some of the reasons for neighborhood decay and why it needs to be stopped. It also suggests that municipal leadership in addition to neighborhood programs may be needed to meet the problem.*[1]**

■ IN recent years interest has been developing in the problem of preserving and improving middle-aged neighborhoods, still livable but not stable enough to withstand for long the devastating effects of age, obsolescence and neglect. As long as cities were growing rapidly outward, little thought was given to the aging neighborhoods left behind. The growing difficulties of municipal finance and slum clearance are gradually making it clear that what happens to the older portions of cities has a bearing on the whole future of urban living. However, there is yet little realization by municipal governments that the prevention of blight is not something to be accomplished by isolated neighborhood groups, each attempting to protect itself against some other segment of the population as well as against deteriorating influences that are city-wide.

The belief that what happens within a city neighborhood affects principally those who own property or live in it has carried with it the idea that it is up to the neighborhood associations to develop the means of their own salvation. Many such attempts have been made, not one of which, so far as it has been possible to learn, has succeeded in achieving more than a limited portion of its goal. The signs of residential neighborhood decay are becoming so widespread that it seems necessary to re-examine the remedies proposed in the past. This article contains no prescription or panaceas; it only attempts to point to some of the most vexing questions, and to suggest some aspects of the conservation problem that are still in need of further exploration.

HOLC operations of the Federal Home Loan Bank Board spotlighted "the alarming extent to which neighborhood decay has affected America's cities,"[2] and the Board became deeply concerned with the terrific eventual losses which will be occasioned by neighborhood blight, decay and final slum development, if that insidious process is not halted. City plan commissions, developing their inventories of land use and drafting master plans, made similar discoveries. The Chicago Plan Commission, one of the first to delineate the "conservation areas," found that over half of Chicago's population lived in these areas (defined as areas in which 50 percent or more of the residential structures were built between 1895 and 1914, and 50 percent or more rented for more than $25 a month in 1940[3]). The 1940 Census of Housing revealed that almost 40 percent of nonfarm housing was then more than 30 years old, and 58 percent was more than 20 years old. Because of the low rate of production of new houses during the war, and the interruption of slum clearance and demolition programs, the proportion of older housing is higher now, and will continue to increase until such time as the volume of residential building reaches new peaks of production.

Finally, the current housing shortage is making it apparent that the middle-aged and older housing is what most of us will have to live in for some time to come. A large part of the housing built in the next decade will go to meet new needs, and to make up for the demolition of the worst slums. The fate of the vast neighborhoods afflicted by age, wear and obsolescence becomes the concern not only of financial institutions, city planners, civic organizations and a few "crusaders," but of the municipalities and of their citizens. Trying to create an adequate housing supply without a positive program to conserve the existing houses is "like trying to fill a bucket with a good-sized hole in the bottom."[4]

Whenever it becomes possible to release materials for repairs and remodeling, the enormous accumulation of repair and modernization work deferred during the war will result in a great spurt of fixing up many old houses even in those areas which are already showing signs of deterioration.

All this activity may seem to lift the face of many a declining neighborhood, but chances are slim that the decline of a single deteriorating area will be

[1] This article, prepared by Ruth A. Berman of the Urban Development Division of the National Housing Agency, is the seventh in a series on urban planning. The ideas expressed are those of Mrs. Berman and do not necessarily represent opinions of the NHA.

[2] *Waverly, A Study in Neighborhood Conservation*, Federal Home Loan Bank Board, Washington, D. C., 1940.

[3] *Master Plan of Residential Land Use*, Chicago Plan Commission, 1943.

[4] "Rehabilitation is Not Enough," article in *Tomorrow's Town*, April 1944, by Philip M. Klutznick, Commissioner, FPHA.

halted by it. To be effective, conservation measures must encompass not only all the structures in a neighborhood but also their environment. In these areas it is not only what is done but what is left undone that counts.

Why Do Neighborhoods Decay?

Age alone is not necessarily an indication of decline. Many dwellings and neighborhoods well over 30 years old are still pleasant and satisfactory places to live in, and some newer ones are nearly slums. But generally, after 20 or 30 years of use, houses and neighborhoods need quite a lot of attention; if they do not get it, they soon become shabby, then worse. The 1940 Census of Housing did not show the condition of dwellings in terms of the year built so that direct comparisons cannot be made between the condition of dwellings and their age. It is only a coincidence, but the 17 million nonfarm dwellings "not needing major repairs and with private bath" nearly equals the 17,900,000 that were under 30 years old. It is more than likely that the need for repairs and improvements bulked large in the older houses and neighborhoods.

In addition to the ravages of age and neglect, the principal causes of neighborhood deterioration are obsolescence of location and of structures, the changing pattern of land use, heavy through traffic resulting from a gridiron street system, houses too crowded, too big for efficient use, or lacking modern conveniences. And in addition to all this, there is the loss of the amenities that make a neighborhood a pleasant living place.

Frequently, a list such as this of the reasons for neighborhood decline includes "the infiltration of lower income families," and the remedy implied is to keep such families out. At the same time, it is expected that by far the greatest part of the housing needs of middle and lower income families must be satisfied through filtration into "used" houses vacated by higher income groups. The obvious conflict between these theories calls attention to the possibility that it may not be the lower living standard of the infiltrating family that starts a neighborhood on its downward trend, but rather the neglect of maintenance or modernization of the property which in turn brings the price down to the point where the lower income family, seeking to raise its own living standard, can afford it. The great lack of clarity on these basic points adds to the frustration that is characteristic of the search for a workable formula for a conservation program.

Why Try to Stop Neighborhood Deterioration?

If it were not for the hard fact that the production of new dwellings in the next five to ten years is not likely to provide for the replacement of a large proportion of the middle-aged and old urban housing, some might debate the advisability of doing much to conserve these areas. The loss in property values and tax revenues through neighborhood blight is enormous, but the most compelling reason for keeping and making old residential areas as livable and pleasant as possible is that people must live in them. More than a third (39.7 percent in 1940), perhaps now more nearly one-half of all families in nonfarm areas occupy houses over 30 years old, and most of these, some 14 to 15 million, will have to go on living in old houses and old neighborhoods for some years to come. The number of city families has grown steadily over the decades but new houses have been built in spurts, outnumbering the new families in one decade and falling far behind in another. The result has been an ever-widening gap between the number of nonfarm families and the number of houses under 30 years old.

The new building program with its goal of 2,700,000 homes in the next two years will only begin to take care of the need for housing newly formed families and those that must undouble. The program will accelerate the housebuilding rate and, therefore, we can look forward to a start toward replacement of obsolete old houses as well as keeping pace with increased need. However, during the time new houses are being built to catch up with the backlog of new and undoubling families, more and more of the existing ones will be passing into old age and obsolescence, thereby becoming increasingly susceptible to deteriorating environment.

The economic and social costs of the slums are now being totaled into figures so impressive that it is hardly necessary any longer to explain that cities lose when neighborhoods rot away. It should not take much imagination to see that all the high costs and low revenues of the blighted spots are potentially present in the old but not yet bad areas.

In addition to the tremendous financial loss from increasing deterioration of existing housing, cities lose to the suburban fringe new construction that goes there because of the shabbiness of the older city neighborhoods. The present dearth of building lots will probably put some new construction in these neighborhoods; more might be attracted to them if there were evidence that steps were being taken to keep them sound and attractive.

If one were asked to name the biggest obstacle to the preservation of satisfactory living standards in aging neighborhoods, the answer might be the conflict between present profit and future gain. It must be recognized that a neighborhood conservation program cannot be based on the premise that it will yield greater financial profit to the property owners. The kind of improvement that brings an increased return is that which results from converting large units into smaller ones, from rehabilitating unused structures, or from modernizing existing dwellings and raising rents enough to cover the cost of remodeling and some additional profit. The amount of conversion and rehabilitation that can be done in any neighborhood is limited. Remodeling that means higher rents is limited by the ability of the tenants to pay, and only enough of it is or can be done to meet the effective demand at the higher price. None of these meets more than a small part of the conservation need because the real objective of neighborhood conservation is the maintenance of older houses: repair, paint, and some modernization, without increased rents and even in the face of declining rents, plus constant maintenance and improvement of neighborhood environment. The process of filtration, by which many of the middle and lower-income families are housed, depends on declining rents as properties age and the original owners and tenants move to newer houses. Since lower rental income does not induce a property owner to spend money on improvements, the price of filtration has been deterioration of the houses and the neighborhoods.

Neighborhood Associations

The Waverly project (Baltimore, Maryland) was an experiment sponsored by the Federal Home Loan Bank Board and developed by the Home Owners' Loan Corporation, with the cooperation of the U. S. Housing Authority and local municipal agencies and civic leaders. (The details of the study and the pattern proposed for action are described in the report and in a series of articles that appeared in the FHLB REVIEW in June, July and August of 1940.) A physical and financial analysis was completed in detail, and a plan was formulated which would "restore the area to health and prevent further decay." The Waverly Conservation League, a neighborhood association formed with the aid of organizing personnel delegated by the HOLC, operated for about 18 months before Pearl Harbor. During this period the volume of repair and remodeling in the area was greatly accelerated, and the financial condition of many properties improved. However, the improvements requiring municipal action were not accomplished, and shortly after the active sponsorship of the HOLC was withdrawn the League became inactive.

Waverly remains the most nearly successful neighborhood conservation project. It has been the model for most of the later projects which follow the same general pattern: a survey to determine what physical improvements are needed, the preparation of drawings to show what the neighborhood might look like, and the organization of a local association which is expected to be the instrument for getting the job done. They differ in the extent to which they rely on the local group to initiate the study and to furnish the leadership for organization. Waverly had the benefit of the services of expert analysts and technicians from the beginning of the study through the organization of the League. The sponsors took a leading part in all the initial work and carefully developed a remedial program. However, the task of carrying it out was left to the local association. In the words of the Waverly report, "its ultimate effectiveness will be exactly measured by the extent and permanence of the cooperation which the Waverly Conservation League is henceforth able to inspire among the residents of the area as a whole." So far as it has been possible to determine, the League is defunct, and there seems to be small hope that it will ever be active, much less achieve the goal that was set for it. The project made possible a test of the effectiveness of a local association under ideal conditions, but without active municipal participation.

Neighborhood associations have not succeeded as vehicles for neighborhood conservation because they have tried to accept the responsibility for elements of the project they cannot control, and because they have assumed that it is possible to get active voluntary participation in unprofitable and even expensive activity by people with different interests.

The Problem is City-wide

The neighborhood association way has been accepted because it is democratic. The solution of local problems by local groups seems right, and it is, as long as the causes of the local difficulties lie within the area. But, in neighborhood deterioration many of the factors like traffic, smoke and industry trends, are city-wide and cannot be controlled piecemeal; others are state and even nationwide in character. No one civic group or governmental unit can make

much headway against such a complex task as neighborhood conservation. Each must assume its full responsibility, and the leadership should come from the unit best equipped to furnish it. It seems unrealistic for a city government to wait for an appeal from each of its "neighborhoods" for help in solving problems common to all.

It must be recognized that saving residential neighborhoods from ultimate blight is of importance to the city as a whole, and that the most valiant efforts of isolated little neighborhood groups cannot do the entire job. The case for this kind of responsibility has been stated thus:

"If it is logical for a city to use the normal processes of government to secure the sound redevelopment of an area that has become blighted, it is equally logical to use those processes to prevent healthier areas from becoming blighted or to ensure that the initial development of new urban areas shall be soundly conceived and executed." [1]

Some Things That Need To Be Done

The country as a whole needs to be made aware of what is happening in these aging residential areas and that in them it faces a future slum clearance problem twice as great as the one it is presently trying to cope with. A program of public education in the why and how of bringing neighborhoods up to a livable standard and keeping them there would help focus attention on the problems that need to be tackled and get the popular support that it is essential to have in order to deal with them. The *Primer*, prepared by architect-planners Stonorov and Kahn for the Revere Copper and Brass Company,[2] presents some techniques for arousing community awareness and participation. The Cleveland Planning Commission and the Detroit City Plan Commission have distributed similar materials, and the Buffalo Planning Association has promoted the idea of neighborhood planning through the public schools. All of these are excellent attempts to bring the problem to the people although they over-simplify the solution, in that they seek it in terms of separate neighborhood groups prodding city governments into action. Reoriented into a city-wide and nation-wide program and extended to include the hard questions that have to be answered, these efforts to stimulate wide public interest can become fruitful.

Not all old neighborhoods can be preserved for satisfactory residential use. Some will have to give way to new uses or be completely rebuilt. An analysis must be made of the best future use of each portion of a city, so that the neighborhoods needing conservation are identified and related to the whole of the city's housing supply. Perhaps some municipalities may consider the establishment within the city government of a department of conservation.

A thorough study of the costs and methods of house maintenance and repair needs to be made. The usual individual job is expensive. Costs might be reduced by large-scale operations, possibly through the organization of maintenance services by private business companies on a fee basis, or through group maintenance plans under a type of mutual insurance. Other ways and means of bringing down the cost of maintenance and making it easier to get the work done might be devised, and perhaps some experiments in this field could be undertaken by interested private or semi-private organizations.

New methods of financing repairs and improvements need to be thoroughly explored for the purpose of reducing costs and to provide for the accumulation of funds for maintenance. One device for reducing costs is the provision in the original home mortgage contract for an additional loan up to a stated amount for repairs or improvement. Some savings and loan associations have adopted this arrangement, which also adds to the security of the loan. Budgeted savings for maintenance would help assure upkeep. Monthly mortgage payments now generally include all regular charges except maintenance—which is a more difficult item to handle than taxes or insurance, but one that urgently needs to be systematized. Another possible aid to better maintenance might be found in the arrangement of mortgage payments on a declining fixed charge basis which would reduce financing costs as dwellings depreciate due to age and obsolescence and make it easier to pay for repairs when they are most necessary.

Looking ahead, the best safeguard against the kind of decay that is overtaking our now aging residential districts is so to plan the new building that neighborhoods will be protected, not against "infiltrating families," but against the inroads of industry and heavy traffic, against the handicaps of crowded land and shoddy building, and against the lack of green spaces and recreation and other facilities for pleasant living. Another safeguard is the development of more effective methods of making and financ-

[1] "Citizen Participation in City Planning," Tracy B. Augur, *The Annals*, November 1945.

[2] *You and Your Neighborhood, A Primer*, Revere Copper and Brass, Inc., New York, 1944.

ing repairs, and some provision for the systematic removal of structures when they reach the end of their usefulness. Houses will continue to grow old and obsolete, but if they are well designed houses built in carefully planned and cared for neighborhoods, they can be made to provide satisfying and wholesome housing for the period of their useful life.

DIRECTORY CHANGES

JANUARY 16–FEBRUARY 15, 1946

Key to Changes

*Admission to Membership in Bank System
**Termination of Membership in Bank System
#Federal Charter Granted
##Federal Charter Canceled
øInsurance Certificate Granted
øøInsurance Certificate Canceled

DISTRICT NO. 2

NEW JERSEY:
Dennisville:
**Dennisville Loan and Building Association.

DISTRICT NO. 3

PENNSYLVANIA:
Pittsburgh:
**Freehold Building and Loan Association, 311 Fourth Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
New Bern:
*øFirst Federal Savings and Loan Association of New Bern, 222 Craven Street.

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
**Fidelity Savings and Loan Association, 2222 West Fond Du Lac Avenue.

DISTRICT NO. 9

LOUISIANA:
Bogalusa:
*øCitizens Building and Loan Association, City Bank Building, 301 Columbia Street.

TEXAS:
El Paso:
**First Savings and Loan Association, 315 Texas Street.

DISTRICT NO. 10

COLORADO:
La Junta:
øOtero Savings and Loan Association, 309 Santa Fe Avenue.

DISTRICT NO. 12

CALIFORNIA:
Los Angeles:
øPioneer Savings and Loan Association, 740 South Broadway.

NATIONAL HOUSING AGENCY
Wilson W. Wyatt, Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION
John H. Fahey, Commissioner

Assistant Governor Resigns

■ THE resignation of David Ford, Assistant Governor of the Federal Home Loan Bank System since 1937, has been announced by FHLBA Commissioner John H. Fahey. Mr. Ford will become president of the Council of Insured Savings Associations of New York State.

Before joining the Bank System, Mr. Ford was managing officer of a savings and loan association in Atlantic City. He also served as a member of the Board of Directors of the FHL Bank of New York and as president of the New Jersey Savings and Loan League. He was chairman of a state committee recommending to Congress legislation setting up the FHLB System.

"Mr. Ford's services in Washington have contributed to the improvements accomplished in home mortgage financing, to the advantage of both borrowers and lending institutions over the past few years," Mr. Fahey said.

Public Interest Director in Boston

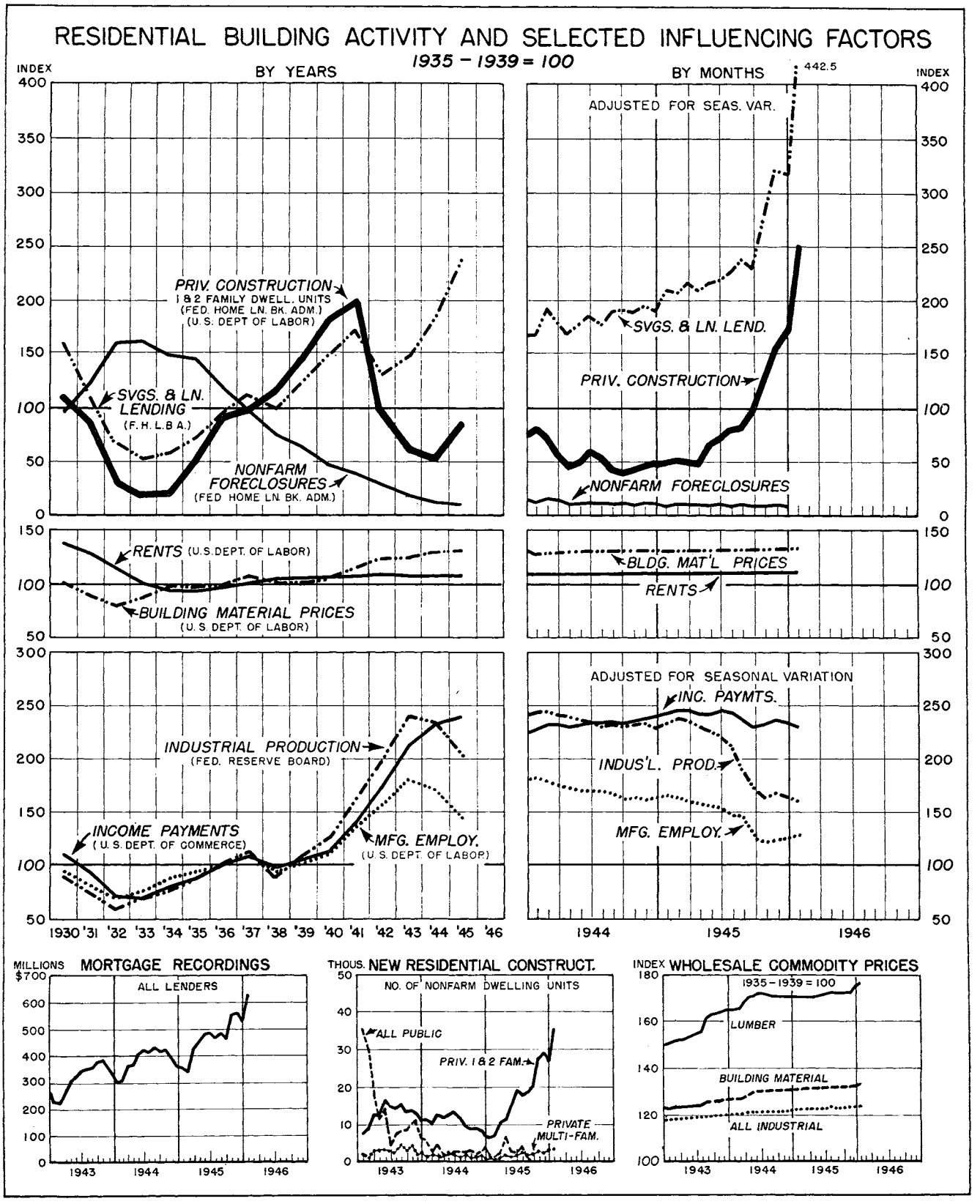
■ THE appointment of Reuben A. Cooke as Public Interest Director in the Federal Home Loan Bank of Boston has been announced by Ralph H. Richards, Acting Governor of the Bank System. Mr. Cooke, a banker and savings and loan executive of Burlington, Vermont, will fill the unexpired portion of a term ending December 31, 1946.

Veterans' Housing Program

(*Continued from p. 164*)

for this is a local job despite the fact that instrumentalities of the Federal Government are setting the over-all goals and providing much of the needed assistance to builders and their suppliers.

The cooperation of the home financing institutions and other local groups is essential to determine accurately the housing demand in their respective market areas. It is vital to the proper planning of the local building program. This must be considered, as indeed it is, a local program, or rather an aggregate of local programs. Only in this light can the problem be approached. Only in this way can the mass of highly local adjustments which are necessary be achieved. With the determination to see this job done in each of our own localities, with the knowledge that it is imperative, it can and shall be done.



JANUARY HIGHLIGHTS

I. Index of industrial production, reflecting labor unrest in major industries, registered a further decline.

II. Continued progress in resumption of home building indicated by contra-seasonal 31-percent increase in number of private residential units started.
A. Permits for private construction in all nonfarm areas totaled 38,000; no new public residential building was reported.
B. One- and two-family units accounted for the major portions of the gain.

III. Home financing activity continued to move upward at a rapid pace. Mortgage recordings reached a new high of $634,000,000, up 20 percent from December.

IV. Savings and loan lending aggregated $217,000,000—nearly 10 percent above the peak for monthly lending volume established in November 1945.

V. Both labor and material costs in home building advanced slightly. The composite FHLB index stood at 139.6 percent of the 1935–1939 average.

VI. Repurchases of share investments in savings and loan associations were equal to almost three-fourths of new investments, following the January pattern of the last three years.

☆ ☆ ☆

BUSINESS CONDITIONS—Employment, production down somewhat

Industrial production in the first month of this year continued the downward course which commenced just prior to VE Day. In January it dropped 4 points to 159 percent of the 1935–1939 average of the Federal Reserve Board's seasonally adjusted index. This figure, the lowest since April 1941, was 36 percent below the wartime peak of 247 achieved in late 1943.

The January decline was based on a decrease in the manufacture of durable goods which more than offset a slight increase in nondurable manufacturing. In spite of this over-all slackening in industrial activity, production in most non-manufacturing lines continued to increase.

Employment in non-agricultural establishments totaled 35,706,000 in January, according to the Department of Labor. This represented a decrease of 600,000 from December and was almost 3,000,000 less than in January last year. This decline was entirely concentrated in manufacturing industries and in Government service. During the year, construction employment almost doubled to a total of 1,095,000, and employees in the financial, service and miscellaneous group increased over 600,000 to 4,996,000.

Income payments, reflecting the decreasing employment, dropped from 234.1 in December to 231.6 percent (1935–1939=100, Department of Commerce index). In January 1945 the index of income payments stood at 241.9.

Department store sales, as measured by the Federal Reserve Board, rebounded from the December decline and in January were back at the November level—226 percent of the 1935–1939 average. This seasonally adjusted figure, the highest for the series, was 15 percent above that shown in January 1945.

Wholesale commodity prices, according to the Department of Labor, showed no change from December when the index stood at 129.9 (1926=100, converted to 1935–1939 base). The consumer price index likewise remained stationary at what had been the 25-year high of 129.9 (1935–1939=100) which had been reached in December.

Showing the largest single-month decline since the days of the defense program, money in circulation dropped $538,000,000 during January and at the end of the month totaled slightly less than $29,000,000,000. A drop in January is the normal seasonal expectation and it is anticipated that, with the end of the wartime emergency, normal trends will be characteristic in the future.

[1935–1939=100]

Type of index	Jan. 1946	Dec. 1945	Percent change	Jan. 1945	Percent change
Home construction (private)[1]	250.3	r 173.8	+44.0	47.0	+432.6
Foreclosures (nonfarm)[1]		7.9			
Rental index (BLS)	108.3	108.3	0.0	108.3	0.0
Building material prices	134.0	133.4	+0.4	130.4	+2.8
Savings and loan lending [1]	442.5	318.2	+39.1	208.8	+111.9
Industrial production [1]	159.0	r 163.0	−2.5	234.0	−32.1
Manufacturing employment [1]	126.9	r 124.2	+2.2	168.7	−24.8
Income payments [1]	231.6	r 234.1	−1.1	241.9	−4.3

r Revised.
[1] Adjusted for normal seasonal variation.

Additional construction data

Monthly breakdowns now available from the Bureau of Labor Statistics make it possible to present national figures for residential construction on the basis of all *nonfarm*, as well as urban, areas of the United States. As in the past, state and regional figures (Table 1) are shown on an urban basis but with a more detailed breakdown.

Nonfarm area totals, which are shown in Table 2, include all incorporated places and all unincorporated areas except farms. This provides wider coverage than that of urban areas which take in only incorporated places with a 1940 population of 2,500 or more and, by special rule, a small number of unincorporated civil divisions.

BUILDING ACTIVITY—January volume exceeded 1941 level

Permits were granted during January for private construction of more than 38,000 family dwelling units in all nonfarm areas. This was almost five times the total for the same month of last year, and exceeded by 4 percent the January 1941 volume of permits for private construction. Normally there is a seasonal decline from December to January, but this pattern was reversed with a 31-percent gain.

Activity in 1- and 2-family dwelling units accounted for the major share of the increase in construction, registering a one-third larger volume in contrast to a 12-percent rise in multifamily units. More than 9 out of every 10 permits issued during January were for 1- and 2-family units. Residential building in urban areas made up 67 percent of the nonfarm January total.

The average permit valuation per unit of nonfarm construction was 5 percent lower than in December, while the average for urban dwellings was down 7 percent. In 1945, however, average permit valuations rose substantially. [TABLES 1 and 2.]

BUILDING COSTS—Labor and material costs up fractionally

The increase in prices and wages paid by builders of small homes continued during January when the revised index of building costs rose from 139.2 to 139.6 (1935–1939=100). Both material and labor costs gained fractionally and now stand at 135.5 and 147.8, respectively. Material price increases have been noted in virtually all of the 17 cities surveyed in this cycle, reflecting OPA price adjustments for lumber, brick, tile and cast iron pipe. Although overtime payments have been eliminated in some cities, increases in basic wage rates in other areas have served to sustain the upward trend of labor costs. (See page 165 for a detailed discussion of the revised building cost index.)

Advances in wholesale prices of most building materials were indicated by the Bureau of Labor Statistics index which rose 0.4 percent over December 1945. Prices for structural steel, plumbing and heating materials and paint and paint materials remained unchanged, while all other items showed fractional increases. Since January 1945, the composite wholesale price index has increased about 3 percent, from 130.4 to 134.0. [TABLES 3, 4 and 5.]

Construction costs for the standard house [1]

[Average month of 1935–1939=100]

Element of cost	Jan. 1946	Dec. 1945	Percent change	Jan. 1945	Percent change
Material	135. 5	135. 2	+0. 2	132. 5	+2. 3
Labor	147. 8	147. 3	+0. 3	143. 3	+3. 1
Total	139. 6	139. 2	+0. 3	136. 1	+2. 6

[1] Revised.

MORTGAGE LENDING—Volume passed $200,000,000-mark

January lending by all savings and loan associations reached a total of $217,000,000, extending the generally upward trend of the past three years. The aggregate volume of new lending more than doubled the activity for the same month of 1945, and also passed the previous peak (November 1945) for mortgage loans made in any month during the past decade.

All types of associations shared in the 16-percent increase over December. Activity of Federals rose 20 percent from December to $109,000,000; that of state-chartered members increased 12 percent to $92,000,000; and nonmember loans were up 5 percent to $16,000,000.

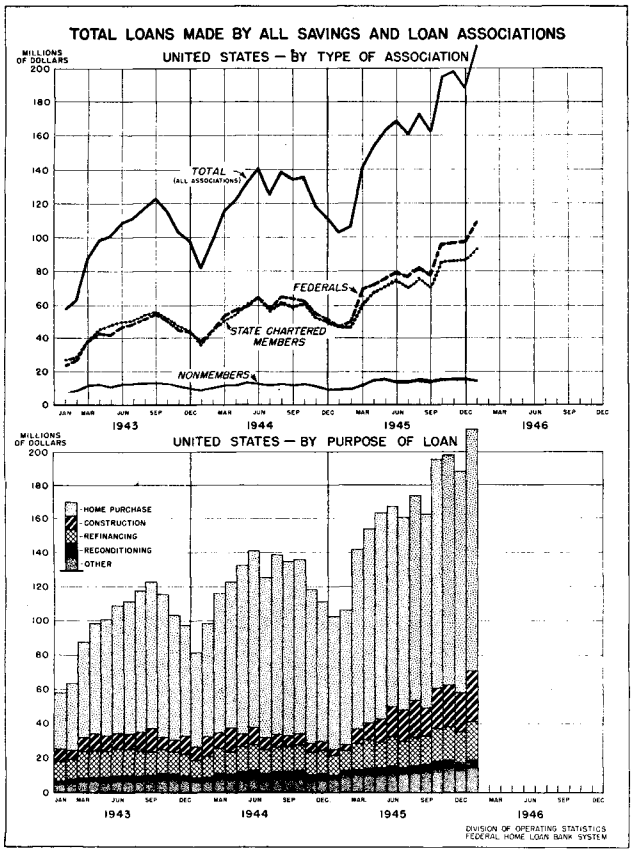
Geographically, this contra-seasonal increase in the demand for mortgage credit was general throughout the country. December-to-January gains ranged from 6 percent in the Des Moines region to 41 percent in the Little Rock area.

New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	Jan. 1946	Dec. 1945	Percent change	Jan. 1945	Percent change
Construction	$30, 807	$22, 922	+34. 4	$3, 772	+716. 7
Home purchase	145, 342	129, 557	+12. 2	77, 395	+87. 8
Refinancing	21, 372	17, 848	+19. 7	11, 267	+89. 7
Reconditioning	3, 803	3, 958	−3. 9	1, 868	+103. 6
Other purposes	15, 518	13, 425	+15. 6	7, 999	+94. 0
Total	216, 842	187, 710	+15. 5	102, 301	+112. 0

Loans for home construction, which have been growing steadily since VJ Day, amounted to $31,000,000 in January—an eight-fold jump over the same month of 1945. Loans for this purpose accounted for 14 percent of the current total as against 4 percent a year earlier. Home purchase loans of $145,000,000 made up 67 percent of the January 1946 total compared with 75 percent of the same 1945 month. The proportion of refinancing, reconditioning and "other purpose" loans to total lending has changed little in the past three years. [TABLES 6 and 7.]



MORTGAGE RECORDINGS—Four lenders reached new peak volumes

In sharp contrast to the pattern of previous years, mortgage financing activity increased substantially throughout the country during January. The aggregate volume of nonfarm mortgages of $20,000 or less recorded by all types of lenders was 20 percent higher than in December and reached a record level of $634,000,000. The number of mortgages, 166,000, also represented a new monthly peak for this statistical series on mortgage recordings which was inaugurated in 1939.

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from Dec. 1945	Percent of Jan. 1946 amount	Jan. 1946 amount	Percent change Jan. 1945–Jan. 1946
Savings and loan associations	+13. 4	34. 8	$220, 420	+97. 7
Insurance companies	+21. 8	4. 2	26, 936	+50. 6
Banks, trust companies	+25. 8	21. 9	139, 126	+113. 7
Mutual savings banks	−3. 4	3. 9	24, 401	+95. 2
Individuals	+29. 2	23. 9	151, 601	+52. 8
Others	+24. 3	11. 3	71, 633	+48. 0
Total	+20. 2	100. 0	634, 117	+78. 8

With the exception of mutual savings banks, all types of mortgagees shared in this greater activity. The largest relative gain in dollar volume of recordings, 29 percent, was shown by individual lenders, followed in order by banks and trust companies, "other" lenders and insurance companies with increases of 26, 24 and 22 percent, respectively. Recordings by savings and loan associations were 13 percent above December while those of mutual savings banks declined 3 percent.

In amount of mortgages financed, four of the six general types of lenders established new monthly records in January: savings and loan associations, $220,000,000; individuals, $152,000,000; banks and trust companies, $139,000,000; and "other" mortgagees, $72,000,000.

Financing activity by all types of lenders has increased sharply during the past 12 months. Percentage comparisons in this January-to-January period ranged from 114 percent for banks and trust companies to 48 percent for "other" lenders. [TABLES 8 and 9.]

FHLB SYSTEM—Advances showed seasonal decline

Outstanding Federal Home Loan Bank advances to member institutions dropped $21,000,000 during January, bringing the total to slightly less than $174,000,000. Repayments exceeded new advances in each of the 12 Bank Districts, indicating the general nature of the decline.

Aggregate repayments of $38,700,000 doubled the December total and established a new high for the volume of advances paid off in a single month. The previous peak had been reached in January 1941. The Los Angeles District had repayments of more than $7,000,000 and the New York and Chicago regions each exceeded the $5 million mark.

New advances made by the Banks dropped considerably from the all-time high of December 1945, but the $17,700,000 total for January was a comparatively large volume for this period of the year and substantially above the January 1945 level. The Chicago and Los Angeles Federal Home Loan Banks led in the amount of new borrowings by member institutions. In all, six Banks reported new advances of more than $1 million.

In spite of the seasonal decline, the balance of advances outstanding at the end of January was the highest for this month since 1942 and almost $70,000,000 greater than at the end of January 1945. The largest reductions in unpaid balances occurred in the Los Angeles and New York Bank Districts, while the smallest drop was registered in the Cincinnati region. [TABLE 12.]

FLOW OF PRIVATE REPURCHASABLE CAPITAL

Both the gross new investment and the repurchase of savings and loan association share capital reached new high levels during the opening month of 1946. The net excess of new investments, although lower than in the preceding month (as is always the case immediately following dividend months) was greater than in any other January for which data are available.

The estimated $335,000,000 credited to share accounts during January exceeded by 42 percent the comparable figure for 1945. Over the same period the amount of withdrawals rose 58 percent to $245,000,000. The larger percentage gain in withdrawals in this comparison boosted the repurchase ratio from 63 percent to 73 percent.

The net addition to the share capital of all savings and loan associations approximated $90,000,000 during January. This was considerably less than the estimated $129,000,000 added during the preceding month, but was 11 percent greater than the net addition in January 1945.

During the last few years, seasonal variations excepted, the ratio of new share investments to outstanding privately owned share capital has been rising steadily. Until the middle of last year, however, the ratio of withdrawals to outstanding capital remained almost stationary, resulting in a steady upward trend in the rate of growth of these accounts. Since mid-1945, the repurchase ratio has moved upward, thus flattening out the curve of share capital growth.

Share investments and repurchases, January 1946

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Nonmembers
Share investments:				
January 1946	$334, 961	$283, 487	$33, 907	$17, 567
January 1945	236, 567	195, 077	25, 004	16, 486
Percent change	+42	+45	+36	+7
Repurchases:				
January 1946	$244, 619	$205, 537	$24, 354	$14, 728
January 1945	154, 978	123, 943	17, 316	13, 719
Percent change	+58	+66	+41	+7
Repurchase ratio (percent):				
January 1946	73. 0	72. 5	71. 8	83. 8
January 1945	65. 5	63. 5	69. 3	83. 2

INSURED ASSOCIATIONS—Large increase shown in resources

The increase in the aggregate resources of insured associations during the opening month of this year was twice as large as in the same 1945 month. Compared with a gain of $23,000,000 a year earlier, total resources of the 2,477 insured associations rose $57,000,000 in January to a new high of $6,205,000,000. During the month, $3,200,000 of share capital was repurchased from the Federal Government, reducing the amount owned by the U. S. Treasury and HOLC by 14 percent to $20,165,000. FHL Bank advances were reduced $22,000,000 to $164,000,000.

Both new private investments and repurchases from insured associations were substantially greater during the reporting month than a year earlier. Investments increased 45 percent to $283,000,000 while repurchases rose 66 percent to $206,000,000.

(*Continued on p. 186*)

Table 1.—**BUILDING ACTIVITY**—Estimated number and valuation of new family dwelling units provided in all urban areas in January 1946, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]
[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and state	Number of family dwelling units						Permit valuation					
	Total residential construction	Private construction				Public construction	Total residential construction	Private construction				Public construction
		Total private construction	1-family dwellings	2-family dwellings	3-and-more family dwellings			Total private construction	1-family dwellings	2-family dwellings	3-and-more family dwellings	
UNITED STATES	25,678	25,678	21,638	1,296	2,744		$118,069	$118,069	$104,350	$4,922	$8,797	
Boston	455	455	395	10	50		2,809	2,809	2,557	40	212	
Connecticut	90	90	79	6	5		677	677	607	30	40	
Maine	14	14	5	2	7		44	44	18	4	22	
Massachusetts	302	302	264		38		1,828	1,828	1,678		150	
New Hampshire	6	6	6				39	39	39			
Rhode Island	42	42	40	2			216	216	210	6		
Vermont	1	1	1				5	5	5			
New York	1,595	1,595	757	63	775		8,050	8,050	5,292	324	2,434	
New Jersey	372	372	332	18	22		2,505	2,505	2,319	83	103	
New York	1,223	1,223	425	45	753		5,545	5,545	2,973	241	2,331	
Pittsburgh	659	659	564	25	70		3,933	3,933	3,663	96	174	
Delaware	9	9	9				42	42	42			
Pennsylvania	512	512	436	12	64		3,402	3,402	3,168	70	164	
West Virginia	138	138	119	13	6		489	489	453	26	10	
Winston-Salem	3,985	3,985	3,201	301	483		14,906	14,906	12,537	938	1,431	
Alabama	402	402	382	8	12		936	936	893	14	29	
District of Columbia	74	74	74				548	548	548			
Florida	1,791	1,791	1,285	181	325		7,481	7,481	5,749	669	1,063	
Georgia	538	538	490	22	26		1,214	1,214	1,164	39	11	
Maryland	279	279	254	25			1,422	1,422	1,344	78		
North Carolina	399	399	311	44	44		1,343	1,343	1,119	98	126	
South Carolina	192	192	175	8	9		469	469	440	19	10	
Virginia	310	310	230	13	67		1,493	1,493	1,280	21	192	
Cincinnati	1,373	1,373	1,222	85	66		6,780	6,780	6,165	449	166	
Kentucky	122	122	110		12		393	393	357		36	
Ohio	882	882	805	55	22		5,208	5,208	4,832	338	38	
Tennessee	369	369	307	30	32		1,179	1,179	976	111	92	
Indianapolis	1,709	1,709	1,648	42	19		10,569	10,569	10,306	193	70	
Indiana	358	358	326	24	8		1,695	1,695	1,587	84	24	
Michigan	1,351	1,351	1,322	18	11		8,874	8,874	8,719	109	46	
Chicago	1,233	1,233	1,134	63	36		7,890	7,890	7,394	340	156	
Illinois	983	983	914	37	32		6,341	6,341	6,025	180	136	
Wisconsin	250	250	220	26	4		1,549	1,549	1,369	160	20	
Des Moines	935	935	828	77	30		4,686	4,686	4,259	362	65	
Iowa	121	121	107	14			510	510	455	55		
Minnesota	353	353	335	18			2,269	2,269	2,156	113		
Missouri	401	401	326	45	30		1,738	1,738	1,479	194	65	
North Dakota	14	14	14				34	34	34			
South Dakota	46	46	46				135	135	135			
Little Rock	4,237	4,237	3,899	197	141		12,606	12,606	11,765	480	361	
Arkansas	186	186	180	6			502	502	489	13		
Louisiana	338	338	325	13			923	923	913	10		
Mississippi	248	248	244	4			505	505	497	8		
New Mexico	190	190	164		26		483	483	421		62	
Texas	3,275	3,275	2,986	174	115		10,193	10,193	9,445	449	299	
Topeka	1,352	1,352	1,190	25	137		4,859	4,859	4,522	53	284	
Colorado	503	503	362	4	137		1,586	1,586	1,286	16	284	
Kansas	275	275	269	6			1,081	1,081	1,061	20		
Nebraska	83	83	80	3			366	366	365	1		
Oklahoma	491	491	479	12			1,826	1,826	1,810	16		
Portland	1,698	1,698	1,492	27	179		7,772	7,772	7,222	90	460	
Idaho	126	126	124	2			462	462	457	5		
Montana	57	57	53		4		200	200	188		12	
Oregon	627	627	539	10	78		2,722	2,722	2,510	36	176	
Utah	173	173	125		48		791	791	761		120	
Washington	678	678	614	15	49		3,422	3,422	3,221	49	152	
Wyoming	37	37	37				175	175	175			
Los Angeles	6,447	6,447	5,308	381	758		33,209	33,209	28,668	1,557	2,984	
Arizona	185	185	170	6	9		867	867	819	32	16	
California	6,148	6,148	5,031	373	744		31,939	31,939	27,465	1,515	2,959	
Nevada	114	114	107	2	5		403	403	384	10	9	

Table 2.—**BUILDING ACTIVITY**—Estimated number and valuation of new family dwelling units

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type	Number of family dwelling units					Permit valuation				
	Monthly totals			Annual totals		Monthly totals			Annual totals	
	Jan. 1946	Dec. 1945	Jan. 1945	1945	1944	Jan. 1946	Dec. 1945	Jan. 1945	1945	1944
NONFARM										
Total	38,084	29,100	7,700	245,500	169,300	$157,997	$127,065	$20,437	$892,398	$468,802
Private construction	38,084	29,100	7,302	229,157	138,711	157,997	127,065	19,342	848,175	391,318
1-family dwellings	33,847	25,116	6,290	202,592	114,547	143,663	112,467	16,598	758,327	319,040
2-family dwellings [1]	1,382	1,426	243	9,966	10,626	5,197	4,912	639	33,696	33,573
3-and-more family dwellings [2]	2,855	2,558	769	16,599	13,538	9,137	9,686	2,105	56,152	38,705
Public construction			398	16,343	30,589			1,095	44,223	77,484
URBAN										
Total	25,678	19,256	5,046	r 160,720	r 114,799	118,069	95,040	14,184	r 644,557	r 341,419
Private construction	25,678	19,256	5,046	r 150,712	r 93,173	118,069	95,040	14,184	r 627,229	r 287,195
1-family dwellings	21,638	15,494	4,095	r 125,495	r 71,278	104,350	80,639	11,561	r 540,616	r 220,175
2-family dwellings [1]	1,296	1,241	213	r 9,248	9,908	4,922	4,275	580	r 31,728	32,134
3-and-more family dwellings [2]	2,744	2,521	738	r 15,969	11,987	8,797	10,126	2,043	r 54,885	34,886
Public construction				r 10,008	r 21,626				r 27,328	r 54,224

[1] Includes 1- and 2-family dwellings combined with stores. [2] Includes multi-family dwellings combined with stores. r Revised.

Table 3.—**BUILDING COSTS**—Index of building costs for the standard house in representative cities in specific months [1]

[Average month of 1935–1939=100]

Federal Home Loan Bank District and city	1946	1945				1944	1943	1942	1941	1940
	Feb.	Nov.	Aug.	May	Feb.	Feb.	Feb.	Feb.	Feb.	Feb.
No. 3—Pittsburgh:										
Wilmington, Del	138.5	r 137.9	r 137.0	r 136.2	134.9	133.4	129.2	131.0	108.4	97.0
Philadelphia, Pa	170.0	161.1	158.3	151.9	151.4	148.5	138.8	r 135.0	r 118.0	105.8
Pittsburgh, Pa.[3]	137.2	136.6	135.0	134.7	134.6	133.5	130.7	118.6	110.2	101.7
Charleston, W. Va	136.3	136.1	135.4	134.1	134.2	r 121.6	r 121.1	r 115.9	r 108.6	r 101.6
No. 5—Cincinnati:										
Louisville, Ky	142.9	138.4	135.7	136.3	135.2	r 126.5	r 119.9	r 112.8	r 106.6	104.1
Cincinnati, Ohio	140.1	138.2	138.3	138.2	137.7	131.2	119.1	111.1	100.3	96.7
Cleveland, Ohio	145.9	149.2	148.1	147.5	147.9	139.5	128.3	125.1	110.5	106.9
Memphis, Tenn	141.3	r 139.9	137.7	136.9	136.0	r 134.4	r 120.1	r 115.8	r 107.2	103.7
No. 9—Little Rock:										
Little Rock, Ark	142.3	140.9	138.8	139.0	138.4	135.4	134.6	127.9	111.8	103.9
New Orleans, La	143.1	r 142.7	141.9	141.9	141.9	141.3	131.3	128.5	r 121.0	104.8
Jackson, Miss	141.6	141.1	139.2	139.0	137.2	132.3	123.4	122.6	113.5	105.4
Albuquerque, N. Mex	133.9	132.5	132.3	132.0	134.7	r 133.8	r 117.0	r 116.6	r 105.6	r 102.7
Houston, Texas	132.3	128.6	126.8	126.8	126.4	123.1	116.2	119.5	106.3	101.0
No. 12—Los Angeles:										
Phoenix, Ariz	121.9	121.9	122.3	122.4	122.3	r 118.5	111.4	110.3	103.9	99.0
Los Angeles, Calif	153.7	r 153.7	151.9	151.4	150.9	146.5	130.9	114.9	101.6	95.4
San Francisco, Calif.[3]	138.4	136.5	136.1	136.3	135.8	128.4		r 119.0	103.3	102.4
Reno, Nevada	130.8	133.5	133.1	133.0	133.0	124.6	119.2	116.1	109.0	105.0

[1] Indexes of February 1941 and thereafter are based on retail material prices collected by the Bureau of Labor Statistics, except where specifically noted.
[2] BLS data from February 1945. [3] BLS data from February 1942. r Revised.

This index is designed to measure the changes in prices of construction materials and average hourly earnings for building workers, weighted to reflect variations in the cost of constructing a standard house. It provides a basis for the study of cost trends within an individual community or in different cities.

Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the BLS and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold.

Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.

Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information is obtained.

Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July, and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November, and those in Districts 1, 4, 7 and 10 report in March, June, September and December.

Table 4.—BUILDING COSTS—Index of building costs for the standard house [1]

[Average month of 1935–1939=100]

Element of cost	Jan. 1946	Dec. 1945	Nov. 1945	Oct. 1945	Sept. 1945	Aug. 1945	July 1945	June 1945	May 1945	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945
Material	135.5	135.2	135.0	134.6	134.1	133.9	133.8	133.5	133.4	133.2	133.1	132.8	132.5
Labor	147.8	147.3	147.1	146.1	145.9	144.4	144.0	143.9	143.8	143.8	143.8	143.4	143.3
Total	139.6	139.2	139.0	138.4	138.0	137.4	137.2	137.0	136.8	136.8	136.7	136.3	136.1

[1] Revised.

Table 5.—BUILDING COSTS—Index of wholesale prices of building materials in the United States

[Source: U. S. Department of Labor]

[1935–1939=100; converted from 1926 base]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1944: January	126.7	110.3	102.7	164.4	127.2	120.6	103.5	111.2
1945: January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
April	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
May	131.0	121.8	109.1	171.9	130.8	121.4	103.5	112.6
June	131.1	122.1	109.1	172.5	130.7	121.7	103.5	112.8
July	131.2	122.9	109.1	172.7	130.4	121.7	103.5	112.8
August	131.5	122.8	109.1	172.9	131.9	122.7	103.5	112.8
September	131.8	123.7	109.3	172.6	132.3	124.8	103.5	113.0
October	132.1	126.8	109.6	172.8	132.3	124.8	103.5	113.1
November	132.5	128.4	109.9	173.2	132.4	124.8	103.5	114.0
December	133.4	128.4	110.3	175.7	132.5	124.8	103.5	114.5
1946: January	134.0	128.7	111.0	176.5	132.5	124.8	103.5	115.3
Percent change:								
January 1946–December 1945	+0.4	+0.2	+0.6	+0.5	0.0	0.0	0.0	+0.7
January 1946–January 1945	+2.8	+5.9	+3.8	+3.0	+1.4	+2.8	0.0	+3.0

Table 6.—MORTGAGE LENDING—Estimated volume of new home mortgage loans by all savings and loan associations, by purpose and class of association

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1944	$95,243	$1,064,017	$163,813	$30,751	$100,228	$1,454,052	$669,433	$648,670	$135,949
January	7,872	55,000	9,976	1,521	6,609	80,978	37,076	35,456	8,446
1945	180,550	1,357,555	196,011	40,736	137,826	1,912,678	911,671	836,874	164,133
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
March	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363
April	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424
May	13,032	120,244	15,887	3,396	10,520	163,079	75,607	71,921	15,551
June	17,567	116,798	17,147	3,364	12,435	167,311	79,603	74,219	13,489
July	17,658	112,761	15,622	3,351	11,007	160,399	76,355	70,264	13,780
August	20,730	120,557	17,146	3,971	11,259	173,663	82,197	75,644	15,822
September	16,375	113,103	16,786	3,980	12,189	162,433	77,321	70,642	14,470
October	23,985	135,224	18,751	4,857	13,562	196,379	95,815	84,819	15,745
November	24,481	135,685	19,411	4,487	14,095	198,159	96,709	85,804	15,646
December	22,922	129,557	17,848	3,958	13,425	187,710	90,920	81,891	14,899
1946									
January	30,807	145,342	21,372	3,803	15,518	216,842	109,146	92,103	15,593

Table 7.—**LENDING**—Estimated volume of new loans by savings and loan associations

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (12 months)		
	January 1946	December 1945	January 1945	1945	1944	Percent change
UNITED STATES	$216,842	$187,710	$102,301	$1,912,678	$1,454,052	+31.5
Federal	109,146	90,920	46,439	911,671	669,433	+36.2
State member	92,103	81,891	46,452	836,874	648,670	+29.0
Nonmember	15,593	14,899	9,410	164,133	135,949	+20.7
Boston	12,003	11,268	6,852	125,996	106,780	+18.0
Federal	5,601	4,968	2,447	53,840	40,898	+31.6
State member	5,217	4,856	3,656	56,991	52,504	+8.5
Nonmember	1,185	1,444	749	15,165	13,378	+13.4
New York	20,573	18,259	9,483	187,331	133,035	+40.8
Federal	7,822	6,455	3,259	66,576	43,253	+53.9
State member	9,434	8,537	4,555	89,971	68,146	+32.0
Nonmember	3,317	3,267	1,669	30,784	21,636	+42.3
Pittsburgh	16,865	14,324	8,608	154,716	123,055	+25.7
Federal	8,714	6,724	3,952	73,534	56,972	+29.1
State member	5,070	5,082	3,169	53,400	41,872	+27.5
Nonmember	3,081	2,518	1,487	27,782	24,211	+14.7
Winston-Salem	31,814	25,628	13,329	243,851	171,441	+42.2
Federal	16,764	13,606	7,139	128,459	89,135	+44.1
State member	12,508	10,456	5,428	99,687	71,861	+38.7
Nonmember	2,542	1,566	762	15,705	10,445	+50.4
Cincinnati	33,668	29,839	15,071	313,820	249,679	+25.7
Federal	15,730	12,673	6,148	135,090	104,716	+29.0
State member	16,540	15,862	7,814	158,388	124,925	+26.8
Nonmember	1,398	1,304	1,109	20,342	20,038	+1.5
Indianapolis	12,267	11,282	5,616	108,216	81,198	+33.3
Federal	6,768	6,213	2,781	58,605	40,339	+45.3
State member	5,071	4,654	2,517	44,997	37,159	+21.1
Nonmember	428	415	318	4,614	3,700	+24.7
Chicago	21,789	19,599	9,886	214,528	163,857	+30.9
Federal	9,876	8,641	3,954	91,988	68,405	+34.5
State member	10,971	9,661	4,982	106,893	81,701	+30.8
Nonmember	942	1,297	950	15,647	13,751	+13.8
Des Moines	12,576	11,908	6,108	116,997	91,443	+27.9
Federal	6,545	6,534	2,689	61,444	47,686	+28.9
State member	4,782	3,882	2,432	40,375	31,989	+26.2
Nonmember	1,249	1,492	987	15,178	11,768	+29.0
Little Rock	12,256	8,673	6,426	90,802	75,042	+21.0
Federal	6,407	4,234	3,195	44,942	32,940	+36.4
State member	5,761	4,344	3,160	44,678	41,193	+8.5
Nonmember	88	95	71	1,182	909	+30.0
Topeka	12,067	10,063	6,213	96,974	70,149	+38.2
Federal	7,138	5,761	3,265	53,683	37,264	+44.1
State member	3,855	3,042	1,900	28,144	19,570	+43.8
Nonmember	1,074	1,260	1,048	15,147	13,315	+13.8
Portland	9,016	6,566	3,956	64,927	47,196	+37.6
Federal	5,956	4,442	2,432	40,998	30,422	+34.8
State member	2,897	2,064	1,379	22,565	15,133	+49.1
Nonmember	163	60	145	1,364	1,641	−16.9
Los Angeles	21,948	20,301	10,753	194,520	141,177	+37.8
Federal	11,825	10,669	5,178	102,512	77,403	+32.4
State member	9,997	9,451	5,460	90,785	62,617	+45.0
Nonmember	126	181	115	1,223	1,157	+5.7

Table 8.—**RECORDINGS**—Estimated nonfarm mortgage recordings, $20,000 and under

JANUARY 1946

[Thousands of dollars]

Federal Home Loan Bank District and state	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	$220,420	$26,936	$139,126	$24,401	$151,601	$71,633	$634,117
Boston	16,384	607	5,726	12,144	6,970	3,271	45,102
Connecticut	2,002	397	2,287	2,110	2,221	1,371	10,388
Maine	735	19	321	736	458	68	2,337
Massachusetts	11,241	191	2,281	7,488	3,231	1,393	25,825
New Hampshire	489		209	813	328	32	1,871
Rhode Island	1,655		523	612	506	394	3,690
Vermont	262		105	385	226	13	991
New York	18,273	1,989	11,156	9,123	20,192	7,728	68,461
New Jersey	4,850	800	4,256	1,139	5,133	2,467	18,645
New York	13,423	1,189	6,900	7,984	15,059	5,261	49,816
Pittsburgh	15,785	2,307	12,087	915	9,613	3,450	44,157
Delaware	269	171	259	97	369	98	1,263
Pennsylvania	14,389	1,855	10,049	818	8,498	3,180	38,789
West Virginia	1,127	281	1,779		746	172	4,105
Winston-Salem	20,987	3,192	7,776	203	20,136	5,132	57,426
Alabama	747	307	485		1,140	527	3,206
District of Columbia	3,199	288	809		2,077	632	7,005
Florida	3,414	937	1,466		8,502	1,457	15,776
Georgia	2,434	162	1,364		1,357	480	5,797
Maryland	5,372	190	1,229	203	2,045	322	9,361
North Carolina	2,395	648	560		1,632	697	5,932
South Carolina	442	217	516		801	315	2,291
Virginia	2,984	443	1,347		2,582	702	8,058
Cincinnati	40,076	2,293	18,008	915	8,645	5,619	75,556
Kentucky	3,556	400	1,951		602	185	6,694
Ohio	35,388	1,088	14,193	915	7,309	1,954	60,847
Tennessee	1,132	805	1,864		734	3,480	8,015
Indianapolis	14,666	2,617	14,550	8	5,023	2,613	39,477
Indiana	8,583	1,230	5,511	8	1,963	1,041	18,336
Michigan	6,083	1,387	9,039		3,060	1,572	21,141
Chicago	24,110	1,371	8,936	31	10,061	10,023	54,532
Illinois	18,967	897	5,237		5,829	9,223	40,153
Wisconsin	5,143	474	3,699	31	4,232	800	14,379
Des Moines	13,170	2,375	11,365	272	7,077	6,806	41,065
Iowa	3,666	160	2,799		1,187	354	8,166
Minnesota	4,582	326	2,467	272	1,647	1,868	11,162
Missouri	4,408	1,802	5,777		3,872	4,507	20,366
North Dakota	278	17	132		150	67	644
South Dakota	236	70	190		221	10	727
Little Rock	12,749	4,337	3,596		10,605	4,594	35,881
Arkansas	1,136	139	709		667	57	2,708
Louisiana	2,845	334	218		2,075	649	6,121
Mississippi	632	150	401		607	196	1,986
New Mexico	266	10	95		393	21	785
Texas	7,870	3,704	2,173		6,863	3,671	24,281
Topeka	13,459	1,049	4,364		7,945	2,760	29,577
Colorado	2,401	114	1,119		3,946	1,148	8,728
Kansas	4,293	308	1,399		1,127	802	7,929
Nebraska	1,394	285	461		556	153	2,849
Oklahoma	5,371	342	1,385		2,316	657	10,071
Portland	7,884	899	7,248	790	5,469	2,964	25,254
Idaho	576	96	220		585	116	1,593
Montana	403	26	426		539	43	1,437
Oregon	1,985	294	857	38	2,104	627	5,905
Utah	714	249	1,059		444	153	2,619
Washington	3,939	224	4,303	752	1,376	1,974	12,568
Wyoming	267	10	383		421	51	1,132
Los Angeles	22,877	3,900	34,314		39,865	16,673	117,629
Arizona	851	73	1,024		2,291	128	4,367
California	21,859	3,812	33,097		37,043	16,514	112,325
Nevada	167	15	193		531	31	937

Table 9.—MORTGAGE RECORDINGS—Estimated volume of nonfarm mortgages recorded

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1945	$2,009,707	35.7	$244,432	4.4	$1,091,021	19.4	$216,982	3.9	$1,402,103	24.9	$658,945	11.7	$5,623,190	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0
April	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0
May	172,421	35.4	21,459	4.4	91,023	18.7	18,981	3.9	125,849	25.8	57,702	11.8	487,435	100.0
June	176,051	36.1	21,801	4.5	91,336	18.8	18,572	3.8	121,800	25.0	57,481	11.8	487,041	100.0
July	169,784	36.2	20,173	4.3	90,199	19.2	18,062	3.9	116,964	24.9	54,087	11.5	469,269	100.0
August	181,156	37.0	20,359	4.2	93,358	19.1	18,488	3.8	120,015	24.5	56,013	11.4	489,389	100.0
September	172,551	37.2	18,935	4.1	91,661	19.7	18,472	4.0	111,384	24.0	51,154	11.0	464,157	100.0
October	207,006	37.2	22,229	4.0	110,429	19.9	23,711	4.3	131,590	23.7	60,928	10.9	555,893	100.0
November	205,100	36.6	23,061	4.1	114,636	20.5	23,310	4.1	130,986	23.4	63,087	11.3	560,180	100.0
December	194,440	36.9	22,112	4.2	110,588	21.0	25,264	4.8	117,383	22.2	57,637	10.9	527,424	100.0
1946														
January	220,420	34.8	26,936	4.2	139,126	21.9	24,401	3.9	151,601	23.9	71,633	11.3	634,117	100.0

Table 10.—SAVINGS—Sales of savings bonds [1]

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	$12,379,891	$772,767	$2,891,427	$16,044,085	$3,263,168
1945	9,822,065	595,153	2,519,749	12,936,967	5,332,496
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	150,456	889,076	437,892
April	684,424	23,112	130,100	837,636	381,198
May	1,194,712	62,940	282,437	1,540,089	404,209
June	1,467,673	178,003	532,379	2,178,055	382,536
July	1,031,778	47,409	215,288	1,294,475	406,103
August	571,286	21,629	106,825	699,740	515,161
September	420,058	17,760	76,296	514,114	514,382
October	509,706	7,922	106,842	624,470	595,663
November	865,022	53,839	264,760	1,183,621	510,675
December	908,232	83,323	261,966	1,253,521	534,151
1946					
January	640,862	40,342	278,356	959,560	587,395

[1] U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—FHA—Home mortgages insured [1]

[Premium paying; thousands of dollars]

Period	Title II [2]		Title VI (603)	Total insured at end of period
	New	Existing		
1945: January	$67	$19,006	$38,640	$6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205
April	63	14,813	26,885	6,215,966
May	80	22,272	23,707	6,262,025
June	374	18,841	20,413	6,301,653
July	347	18,207	19,056	6,339,263
August	666	17,286	14,992	6,372,207
September	968	15,165	12,634	6,400,974
October	1,228	18,606	15,253	6,436,061
November	1,777	18,887	10,779	6,467,504
December	1,965	18,051	11,383	6,498,903
1946: January	3,095	24,275	11,293	6,537,566

[1] Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.
[2] Figures for January 1946 are estimated.

Table 12.—FHL BANKS—Lending operations and principal assets and liabilities

[Thousands of dollars]

Federal Home Loan Bank	Lending operations, January 1946		Principal assets, January 31, 1946			Capital and principal liabilities, January 31, 1946			Total assets January 31, 1946 [1]
	Advances	Repayments	Advances outstanding	Cash [1]	Government securities	Capital [2]	Debentures	Member deposits	
Boston	$160	$1,275	$11,697	$1,893	$10,626	$20,435	$2,000	$873	$24,316
New York	1,702	5,355	11,860	3,385	26,922	28,600	3,000	10,767	42,383
Pittsburgh	867	2,205	15,575	2,326	7,360	17,446	6,000	1,899	25,364
Winston-Salem	2,217	3,277	15,889	1,737	4,124	19,117	2,500	199	21,835
Cincinnati	2,434	2,970	15,928	4,707	24,195	28,666	5,000	11,388	45,103
Indianapolis	1,773	3,478	10,462	2,408	13,172	15,356	4,000	5,789	26,166
Chicago	3,170	5,343	32,259	4,960	4,295	24,520	12,500	4,555	41,618
Des Moines	902	2,740	15,151	740	8,161	14,631	8,500	979	24,133
Little Rock	467	1,784	5,956	852	7,625	12,837	1,000	167	14,509
Topeka	228	1,593	3,390	1,341	7,528	11,011	1,000	314	12,329
Portland	890	1,615	5,138	1,912	5,709	9,022	3,000	778	12,809
Los Angeles	2,905	7,059	30,588	3,881	9,854	17,726	20,000	6,632	44,427
January 1946 (All Banks)	17,715	38,694	173,893	30,142	129,571	219,367	68,500	44,340	334,992
December 1945	116,849	18,908	194,872	28,572	118,392	219,217	68,500	45,697	342,710
January 1945	10,946	35,783	105,726	25,778	156,183	207,522	50,000	31,695	289,285

[1] Includes interbank deposits.
[2] Capital stock, surplus, and undivided profits.

Table 13.—INSURED ASSOCIATIONS—Progress of institutions insured by the FSLIC

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Operations			
			New mortgage loans	New private investments	Private repurchases	Repurchase ratio
ALL INSURED						
1945: January	2,466	$5,035,626	$76,215	$195,077	$123,943	63.5
February	2,463	5,076,554	79,479	125,769	63,089	50.2
March	2,465	5,136,903	110,287	138,709	71,488	51.5
April	2,469	5,204,641	113,296	133,651	65,701	49.2
May	2,469	5,292,169	121,808	130,182	62,980	48.4
June	2,471	5,549,563	126,824	163,156	56,279	34.5
July	2,473	5,594,461	121,572	196,944	144,932	73.6
August	2,475	5,666,351	131,239	156,189	83,357	53.4
September	2,476	5,725,962	122,098	146,290	77,855	53.2
October	2,476	5,797,238	150,000	163,628	91,668	56.0
November	2,474	5,878,098	151,335	147,022	92,650	63.0
December	2,475	6,148,230	144,664	180,352	71,777	39.8
1946: January	2,477	6,204,954	169,107	283,487	205,537	72.5
FEDERAL						
1945: January	1,464	3,178,132	46,439	129,640	84,624	65.3
February	1,464	3,200,324	49,900	82,862	41,374	49.9
March	1,465	3,237,942	69,430	91,627	46,574	50.8
April	1,465	3,280,506	71,375	88,356	41,856	47.4
May	1,466	3,337,648	75,607	85,977	40,063	46.6
June	1,465	3,528,027	79,603	106,770	33,601	31.5
July	1,467	3,552,154	76,355	129,958	100,301	77.2
August	1,469	3,595,087	82,197	102,190	55,016	53.8
September	1,467	3,632,197	77,321	96,180	51,428	53.5
October	1,466	3,676,401	95,815	108,252	59,925	55.4
November	1,466	3,732,490	96,709	97,373	59,023	60.6
December	1,467	3,923,501	90,920	120,195	44,352	36.9
1946: January	1,467	3,955,391	109,146	190,748	144,388	75.7
STATE						
1945: January	1,002	1,857,494	29,776	65,437	39,319	60.1
February	999	1,876,230	29,579	42,907	21,715	50.6
March	1,000	1,898,961	40,857	47,082	24,914	52.9
April	1,004	1,924,135	41,921	45,295	23,845	52.6
May	1,003	1,954,521	46,201	44,205	22,917	51.8
June	1,006	2,021,536	47,221	56,386	22,678	40.2
July	1,006	2,042,307	45,217	66,986	44,631	66.6
August	1,006	2,071,264	49,042	53,999	28,341	52.5
September	1,009	2,093,765	44,777	50,110	26,427	52.7
October	1,010	2,120,837	54,185	55,376	31,743	57.3
November	1,008	2,145,608	54,626	49,649	33,627	67.7
December	1,008	2,224,729	53,744	60,157	27,425	45.6
1946: January	1,010	2,249,563	59,961	92,739	61,149	65.9

Table 15.—FORECLOSURES—Estimated nonfarm real-estate foreclosures, by Federal Home Loan Bank Districts

Federal Home Loan Bank District	Foreclosures				Cumulative (12 months)		
	Dec. 1945	Nov. 1945	Oct. 1945	Dec. 1944	1945	1944	Percent change
UNITED STATES	1,053	1,193	1,056	1,455	14,436	17,574	−17.7
Boston	76	103	88	179	1,343	2,069	−35.1
New York	231	279	269	355	3,393	4,747	−28.5
Pittsburgh	193	301	176	271	2,637	3,080	−14.4
Winston-Salem	132	109	109	193	1,569	1,996	−21.4
Cincinnati	115	107	107	129	1,624	1,583	+2.6
Indianapolis	9	18	26	44	473	361	+31.0
Chicago	48	56	56	51	652	870	−25.1
Des Moines	71	63	59	54	666	894	−25.5
Little Rock	39	29	27	50	408	439	−7.1
Topeka	55	57	60	62	939	715	+31.3
Portland	9	7	9	8	117	112	+4.5
Los Angeles	75	64	70	59	615	681	−9.7

Insured Associations

(*Continued from p. 180*)

The greater relative gain in withdrawals boosted the repurchase ratio from 64 percent to 73 percent.

At the beginning of 1946, general reserves and undivided profits accounts of these institutions aggregated $386,400,000 and represented 6.2 percent of total assets. [TABLE 13.]

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

On January 31, 1946, there were 1,467 Federally chartered savings and loan associations, a net gain of three during the year. In this period the combined resources of Federals increased $777,000,000, or 24 percent, to $3,955,000,000. General reserves and undivided profits totaled $223,400,000—5.6 percent of total resources.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Jan. 31, 1946	Dec. 31, 1945	Jan. 31, 1946	Dec. 31, 1945
New	630	630	$1,369,985	$1,358,278
Converted	837	837	2,585,406	2,565,223
Total	1,467	1,467	3,955,391	3,923,501

FORECLOSURES—Twenty-year low reported in 1945

The foreclosure situation during 1945 was the most favorable in the past 20 years. The total number of nonfarm foreclosures completed during the year, 14,436, was roughly equivalent to the activity for a two-week period in 1933 when the index reached 160.8 (1935–1939=100). The annual index for 1945 was 9.2, which, expressed as a rate, was equivalent to 0.7 per 1,000 nonfarm structures.

Nonfarm foreclosures during the last quarter of 1945 totaled 3,302, a reduction of 23 percent from the same period of 1944 and slightly under the previous quarter. The indexes for October, November and December, after correction for normal seasonal variation, stood at 8.2, 9.0 and 7.9, respectively. The foreclosure rate during this quarterly period, expressed on an annual basis, was 0.6 per 1,000 nonfarm structures. [TABLE 15.]

Table 16.—HOLC—Mortgage loans outstanding and properties on hand

[Dollar amounts are shown in thousands]

Month	Due on original loans	Due on property sold	Properties owned	
			Book value	Number [1]
1941: January	$1,613,829	$326,990	$333,332	50,865
1942: January	1,397,411	360,541	272,859	38,599
1943: January	1,180,723	365,009	218,084	29,393
1944: January	939,852	378,248	82,571	11,267
1945: January	724,306	344,311	9,157	1,446
February	709,620	339,642	8,278	1,337
March	693,190	334,092	7,342	1,207
April	678,134	328,846	6,439	1,071
May	662,020	323,046	5,194	881
June	647,024	317,592	4,144	710
July	632,598	312,329	3,522	613
August	618,121	306,982	2,966	512
September	605,742	302,233	2,524	435
October	590,747	296,405	2,001	357
November	577,748	291,208	1,594	296
December	565,923	286,396	1,367	249
1946: January	550,745	279,977	1,133	212

[1] Includes re-acquisitions of properties previously sold.

Table 17.—GOVERNMENT SHARES—Investments in member associations [1]

[Dollar amounts are shown in thousands]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals [2]	Federals	State members	Total
October 1935–December 1945:				
Applications:				
Number	1,862	4,710	995	5,705
Amount	$50,401	$213,701	$66,495	$280,196
Investments:				
Number	1,831	4,243	738	4,981
Amount	$49,300	$178,401	$45,456	$223,857
Repurchases	$47,318	$162,288	$40,148	$202,436
Net outstanding investments	$1,982	$16,113	$5,308	$21,421
Fourth quarter, 1945:				
Applications:				
Number	0	0	0	0
Amount	0	0	0	0
Investments:				
Number	0	0	0	0
Amount	0	0	0	0
Repurchases	0	$73	$1	$74

[1] Refers to numbers of separate investments, not to number of associations in which investments are made.
[2] Investments in Federals by the Treasury were made between December 1933 and November 1935.

Table 18.—FHLBS—Membership in the Federal Home Loan Bank System

[Dollar amounts are shown in thousands]

Type of institution	1945				1944		1943	
	December		September		December		December	
	No.	Assets	No.	Assets	No.	Assets	No.	Assets
All members	3,697	$8,641,304	3,697	$8,144,151	3,699	$7,265,763	3,748	$6,345,449
Savings and loan associations	3,658	7,663,944	3,658	7,192,282	3,659	6,415,119	3,705	5,540,817
Federal	1,467	3,923,501	1,467	3,632,197	1,464	3,168,731	1,466	2,617,431
Insured state	1,004	2,217,853	1,005	2,086,970	998	1,837,873	977	1,559,617
Uninsured state	1,187	1,522,590	1,186	1,473,115	1,197	1,408,515	1,262	1,363,769
Mutual savings banks	25	591,546	25	566,553	22	480,221	21	363,015
Insurance companies	14	385,814	14	385,316	18	370,423	22	441,617

Table 19.—FHA—Insured home mortgages (Titles II and VI) held, by class of institution [1]

[Thousands of dollars]

Cumulative through end of month	Total	Commercial banks	Mutual savings banks	Savings and loan associations	Insurance companies	Federal agencies [2]	Others [3]
1941: June	$2,754,725	$1,300,734	$174,706	$237,056	$668,069	$220,400	$153,760
December	3,115,616	1,447,101	205,748	255,296	791,617	233,628	182,226
1942: June	3,551,421	1,614,392	242,619	277,704	966,441	245,206	205,059
December	3,795,519	1,694,963	263,825	288,611	1,095,276	251,871	200,973
1943: June	4,153,657	1,819,942	301,058	319,147	1,231,638	259,495	222,377
December	4,308,362	1,894,913	328,041	345,938	1,374,570	116,330	248,570
1944: June	4,514,290	1,929,054	371,071	371,947	1,465,561	133,042	243,615
December	4,555,672	1,919,999	392,643	379,482	1,495,245	134,551	233,752
1945: June	4,677,345	1,982,879	416,254	407,994	1,550,409	99,362	220,447
December	4,563,797	1,954,736	418,505	404,391	1,557,603	40,584	187,978

[1] Original face amount of mortgages held; does not include terminated mortgages and cases in transit to or being audited at the Federal Housing Administration.
[2] The RFC Mortgage Company, the Federal National Mortgage Association and the United States Housing Corporation.
[3] Includes mortgage companies, finance companies, industrial banks, endowed institutions, private and state benefit funds, etc.

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Contents

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