INSURED MORTGAGE

Portfolio

FHA

INSURED MORTGAGE PLAN

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FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

Present Status of Title VI

On November 12, 1947, Commissioner Franklin D. Richards directed all FHA field offices to discontinue receiving applications for mortgage insurance under the Veterans Emergency Housing Program of Title VI of the National Housing Act.

This order was necessary because the $4,200,000,000 limitation set by Congress for insurance under Title VI had been reached.

Of the total Title VI limitation, more than $1,000,000,000 of applications, involving rental housing units, were received during 1947.

At the time of going to press (December 8), legislation is pending in both Houses of Congress to increase the Title VI authorization. If such legislation is enacted the Administration will resume the receiving of applications in connection with the insurance of mortgages under Title VI.

The discontinuance of Title VI applications has not affected the other insurance plans of the Federal Housing Administration.

This scene in Glen Oaks Village, New York City, is typical of hundreds of rental projects for veterans being built throughout the country under the FHA program

The Public Service Role of FHA

By FRANKLIN D. RICHARDS

Commissioner, Federal Housing Administration

The Commissioner tells how FHA has keyed up all its facilities for broader public service, and how his policy will be to fight the housing shortage through greater usefulness to lenders, builders, realtors, and the consumers of housing

IN ORDER to assist in relieving the present housing shortage, every facility of the Federal Housing Administration is keyed to increasing its usefulness to lenders, builders, realtors, and the consumers of housing.

Whether a transaction involves a small property improvement loan or a $5,000,000 mortgage on a rental housing project, the services of the FHA are available with an appropriate insurance plan. Teamwork with private industry is our goal—to the end that an adequate supply of privately financed housing will be produced and maintained for American families.

This means that the role of the Federal Housing Administration is first of all one of public service. It stands ready to do its part. All the resources of the Administration and its more than 13 years of experience are at the service of the public.

The Administration has expanded its services to extend its usefulness in the different housing fields. Briefly, the various FHA services now available are:

FHA insured loans under Title I of the National Housing Act are available to finance the improvement of existing structures, as well as for the conversion of existing dwellings to provide additional living accommodations for veterans of World War II.

Further expansion of insurance of private lending to embrace a wide field of new small homes for families of modest income was recently made possible through revision of regulations governing Title I, Class 3 loans. This should assist lenders and the building industry in producing acceptable housing of minimum type. Under this plan the responsibility for sound construction and suitability of location rests with the lending institutions and the builders.

The regular provisions of Title II of the Act make financing available for new home construction as well as the purchase of existing homes. Refinancing of existing home mortgages is also eligible. The accomplishments of this insurance plan under Title II (Sec. 203) for one- to four-family dwellings are now generally known.

FHA sets a standard

It was this FHA plan that to a considerable extent established the single, high percentage, long term, amortized mortgage that has today become a standard form of home financing. This insurance plan also gave the home mortgage superior investment qualities from the point of view of lending institutions. Some indication of the value of this service is demonstrated by the fact that it has met the financing needs of more than 1,300,000 families who have built new houses or purchased existing structures under this plan.

Another FHA service provided for by Title II (Sec. 207) is the insurance of mortgages on rental housing projects. This plan has clearly demonstrated the soundness of rental projects planned and financed with a view to gradual amortization of the mortgage and steady returns on the equity investment over a period of years.

The services that have been in greatest demand during the last few years have been the emergency insurance plans under Sections 603 and 608 of Title VI. The purpose of these services is to provide a type of loan conducive to the production of housing accommodations for veterans and their families. Mortgages on one- to four-family dwellings are eligible for insurance under Section 603 and mortgages on rental projects under Section 608.

A new FHA service is the insurance of loans under Section 609 of the National Housing Act. This insurance was designed to promote the production of houses for veterans through the application of modern industrial processes, commonly known as prefabrication.

Under certain circumstances the Administration can be of assistance in the development of privately financed cooperative housing. Several successful community projects have been built with the aid of FHA insured loans.

Still another available insurance plan of the Administration is that of Section 610 which permits the insurance of mortgages executed in connection with the sale by the Government of permanently built public war housing.

Under certain circumstances, a veteran of World War II may get 100 percent financing of a home with FHA insurance of a first mortgage and the remainder guaranteed by the Veterans' Administration under the provisions of Section 505 of the GI bill of rights.

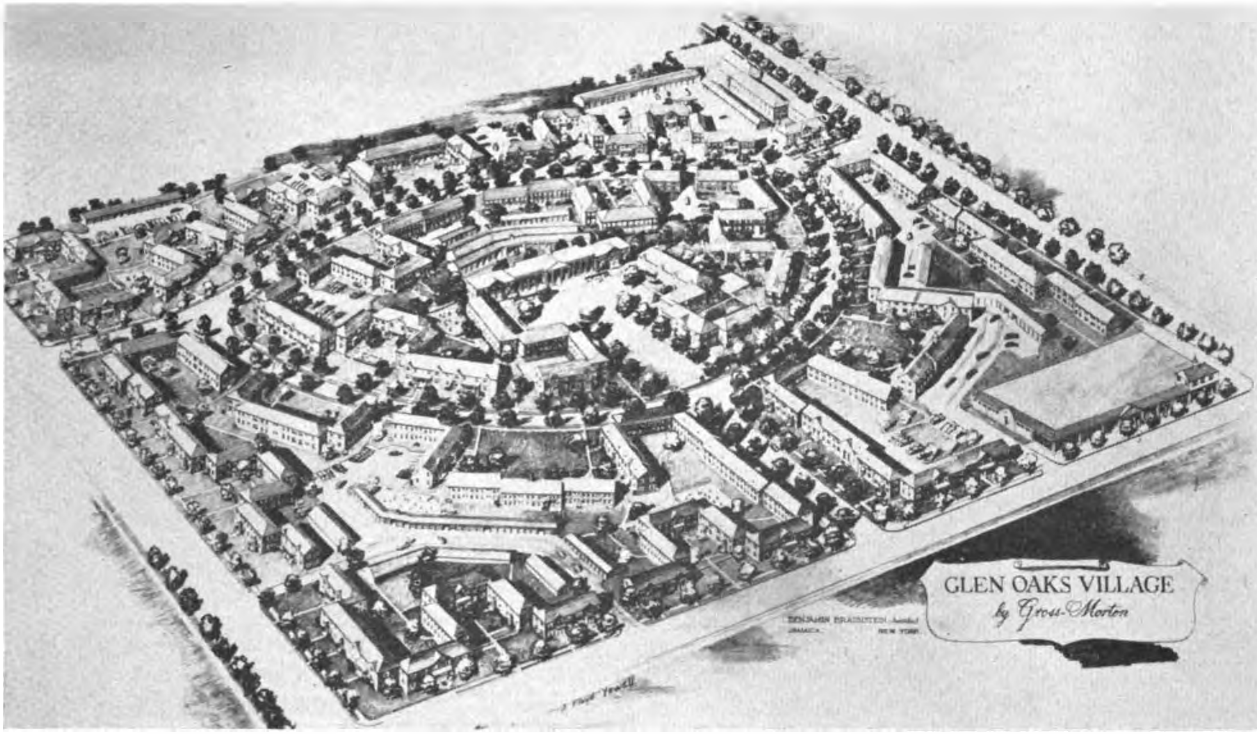
Interest in minority groups

FHA is vitally interested in the production of housing for minority groups. An expanding file of material on the successful experience of individuals, groups, and institutions which have already engaged in the production of housing for minority groups has been built up in order that it may be made available to indicate how such projects were built and financed.

Although a public service government organization, the FHA is self-supporting—last year its income exceeded $24,000,000 after payment of all operating expenses. Insurance reserves now total more than $150,000,000.

The various FHA insurance plans provide the means whereby government and private enterprise can work together in providing housing accommodations that are so urgently needed at the present time.

The FHA record of service is an enviable one—while I am Commissioner, I will endeavor to improve the service rendered and expand it wherever possible.



This project in Queens, New York City, is the largest FHA rental housing project yet started

A 3,800-Unit Project for Long Island

How Glen Oaks Village was conceived, built, and will be operated, by the Gross-Morton Co., aided and supervised by FHA, is told here. This is the largest rental housing project to date actually under construction and partly occupied

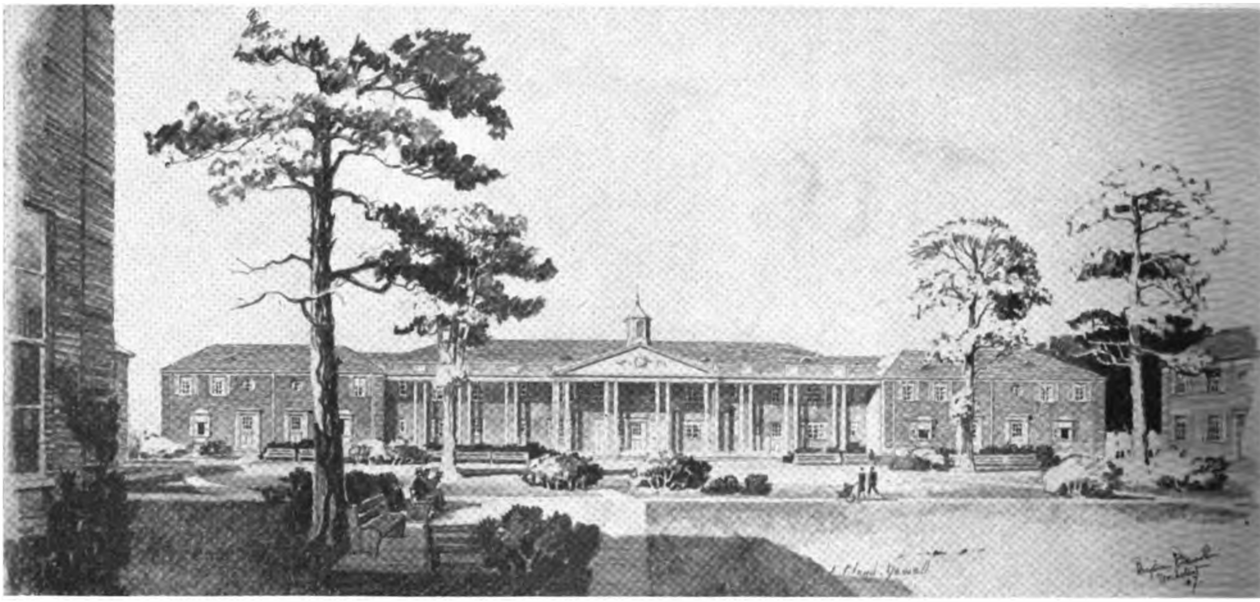
HOME builders in New York City's metropolitan area have recognized the World War II veteran's need for rental housing to meet the critical postwar shortage. Understanding the character of his primary housing requirements, that of apartment dwelling, the builders have provided an outstanding mode of living by constructing suburban garden-type rental apartments.

Among the leaders of these building organizations is the quarter-century-old Gross-Morton Co., producer of more than 7,500 private homes, 1,000 war housing units, 500 2-family veterans' homes on Long Island, and a number of apartment houses. The company conceived the idea of a garden-type rental-apartment, self-contained village of exceptional size. It brought the idea to local authorities and the New York office of the Federal Housing Administration.

Such interest was shown by both the New York City authorities and by FHA that steps were taken immediately to make the idea a reality. The result was Glen Oaks Village.

The site proposed for the projected development comprised 175 acres of land bordered by four arterial highways—Union Turnpike, Commonwealth Boulevard, Grand Central Parkway and Cross Island Parkway, Borough of Queens, City of New York. These bordering highways made the site a logical unit for a neighborhood, permitting convenient motor access to the city and to local recreational areas.

Gross-Morton had the technical and organizational know-how and resourcefulness to carry the idea to fruition. Working closely with the Federal Housing Administration and its Land Planning Division, brothers George



The artist's drawing of the Entrance Mall shows the Early American architectural influence

M. Gross and Alfred Gross, and brother-in-law Lawrence Morton, evolved the plan for Glen Oaks Village on a scale sufficiently large to provide 3,800 rental apartments for World War II veterans and their families, at an estimated construction cost of more than $30,000,000. The architect was Benjamin Braunstein.

"Cooperation during preliminary discussion and study between the Company and the Federal Housing Administration was excellent," said President Gross in discussing the project. "The FHA procured valuable data in surveying the rental housing needs in this area, offered important suggestions concerning the utilization of the site, and carefully studied the project's physical character, general lay-out, size, and composition.

"These activities made our task simpler and aided in the speed of construction.

"The FHA Land Planning Division worked closely with the Gross-Morton organization in connection with the design and lay-out of the new community. Wasteful street patterns of the gridiron type were avoided. Throughout, the stress was on design which would offer a greater degree of livability. Through use of super blocks and carefully planned grouping of buildings, Gross-Morton has been able to devote the equivalent of only 17 acres to streets, as against a total of 46 acres which the conventional pattern would have required.

"By adopting a design which offers a private-home atmosphere, garden space, maximum sunlight and air, the Company has indicated that it realizes there is more to family life than just shelter.

"Such facilities as a complete shopping district, schools, theaters, branch libraries, photographic dark rooms, a nursery for prekindergarten children, playgrounds, outdoor garden sunning places for adults, garages and laundry facilities are among the things that make for a better place to live, and for a more productive and happier community. Soundproof recreation rooms, with completely outfitted kitchens, will be at the disposal of tenants who wish to entertain.

"A community of the Glen Oaks character, accommodating only 22 families to the acre, will offer far longer stability than the average multi-story rental apartment house as regards neighborhood attractiveness. Glen Oaks should be an ideal self-contained village."

The site of Glen Oaks is rectangular in shape, with several broad tree-lined avenues leading to the interior, where the buildings are arranged in a general elliptical pattern. Row construction has been avoided throughout. The general appearance of the village is rambling, yet attractively parklike. Streets will be winding, to provide picturesque settings for the buildings and their surrounding landscaped areas.

This is part of the first section of Glen Oaks Village, opened to tenants early in October

Buildings in the Village are grouped in clusters, facing in various directions, instead of in the stereotyped gridiorn street pattern. Through this grouping, the builders were able to devote four-fifths of the acreage to landscaping, playgrounds and parking areas.

According to the plans, each small child will have an estimated 25 square feet of playground area. Dozens of playgrounds will be placed in strategic areas throughout the village, each equipped with swings, slides and sand boxes. Older children will find public parks conveniently nearby.

Of special interest to the adults of the village is the 15-acre supershopping center, designed for department store branches, chain stores and a theater, with extensive parking space. The ratio is 1 linear foot of store frontage for every four families in the village, and more than 2 square feet of off-street parking for every square foot of store area.

All the buildings in Glen Oaks will be two stories high and will reflect early American architectural tradition in the use of red brick and white trim. Many of the units will feature outdoor terraces. Each apartment has its own private entrance, and each two-family section is separated from the others by a masonry fire wall—features which tend to reduce insurance and maintenance costs.

Features of the construction include poured concrete foundations, brick veneered frame walls, gypsum lath and plaster interiors, steel casement windows, steel door frames, oak floors, cellars and roofs of heavy individual asphalt shingles, with 3 inches of cotton insulation.

Apartments will consist of three, three and a half, four, and five rooms each. Almost all bedrooms are corner rooms to permit cross ventilation. Some of the smaller units have dining alcoves instead of dining rooms. Each unit is equipped with complete modern kitchen equipment and with its own laundry tub.

(Continued on page 34)

Insurance of Section 610 Mortgages

Rules for FHA-insured mortgages executed in connection with the sale by the Government of permanent war housing properties are discussed here, together with FHA's policy in appraising such properties for the purchasers of the properties

INSURED financing of the purchase, by individuals or corporations, from the Government, of properties acquired under the Lanham Act and related laws, has been put into operation by the Federal Housing Administration. These properties consist almost entirely of permanent public war housing. This insured financing operation is done by FHA under authorization provided by the new Section 610, Title VI, National Housing Act,[1] passed by Congress at its last session and approved by the President on August 5, 1947.

New administrative rules have been issued by the Commissioner governing insurance of mortgages under Sections 603 and 608 pursuant to Section 610. Current regulations for Sections 603 and 608 have been amended to include Section 610.

The prospective purchaser makes his application through an approved mortgagee for a loan insured under Section 603 or 608 pursuant to 610. Such application can be processed quickly in view of information previously furnished by the Public Housing Administration.

Standard forms, suitably amended to cover Section 610, are being used instead of new forms. They may be obtained by approved mortgagees from FHA field offices.

Section 610 mortgages actually are insured under either Section 603 (if the property is designed for not more than 7 families) or under Section 608 (if the properties are designed for 8 or more families) both pursuant to Section 610.

Loans may not exceed 90 percent of the appraised value of the mortgaged property as determined by the FHA (as distinguished from "necessary current cost"), or 90 percent of the mortgagor's total cost of acquisition, whichever is less. The term of the loan may not exceed 25 years, or 75 percent of the remaining economic life of the property, whichever is less.

There is no dollar ceiling to individual Section 610 mortgages insured under Section 603, or to the maximum mortgage amount per room if insured under Section 608, although the maximum amount financing a large-scale rental project remains at $5,000,000.

There is one thing for mortgagees to keep in mind in regard to this new type of FHA-insured financing: The Administrative Rules for War Housing Insurance under Sections 603 and 608 pursuant to Section 610 are applicable only to mortgages of the character described in Section 610 and do not in any way amend or supersede the rules applicable to other mortgages insured under Sections 603 and 608.

In other words, the new Administrative Rules apply only to mortgages executed in connection with the sale by the Government of property acquired under the Lanham Act and related laws. A mortgage executed in connection with a resale by the purchaser would not be eligible under Section 610.

Occupancy preference will be required for veterans of World War II and their immediate families.

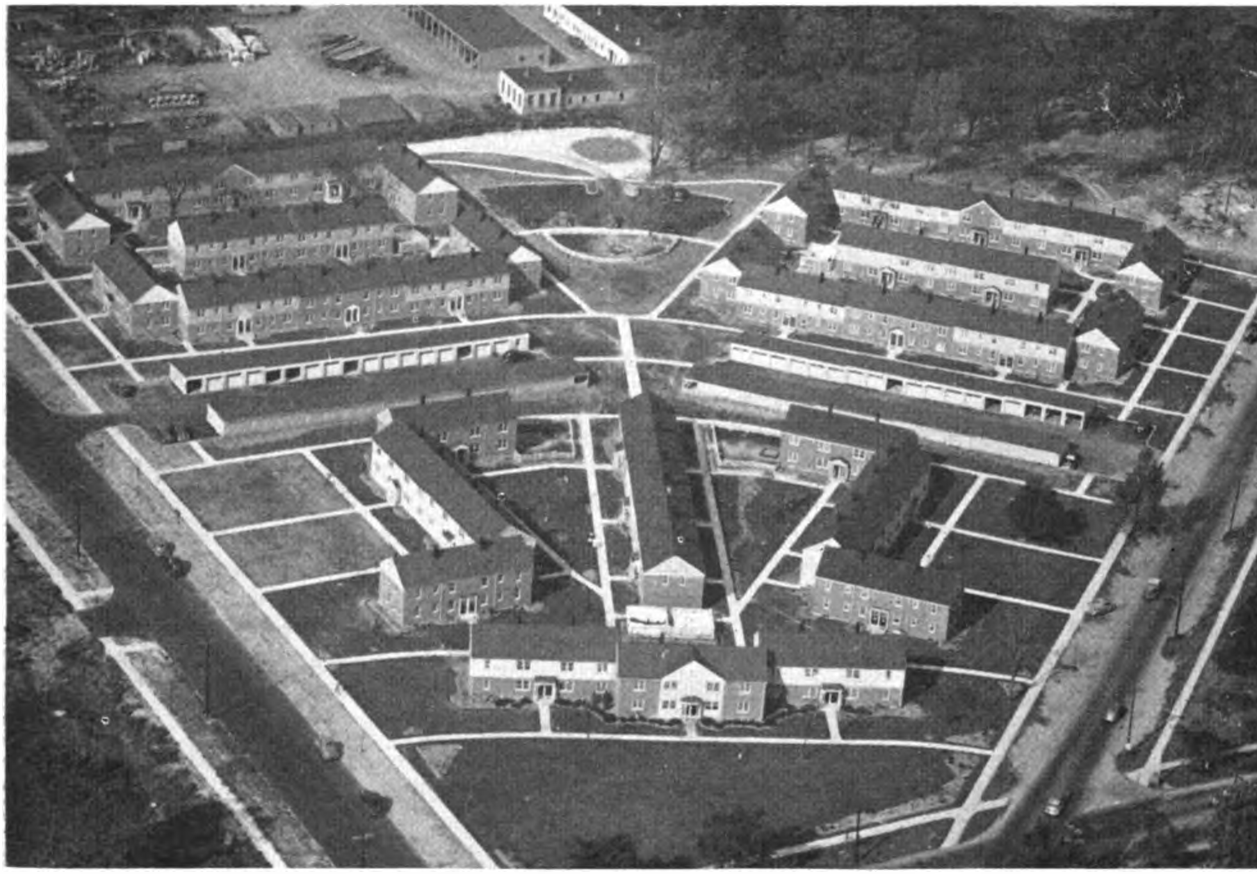
Neither the March 31, 1948, expiration date nor the $4,200,000,000 aggregate authorization are applicable to mortgages insured pursuant to Section 610, but the aggregate amount of such mortgages must not exceed $750,000,000.

The fees of FHA for Section 610 loans are the same as for other Title VI insurance, *i. e.*, in the case of loans insured under Section 603 pursuant to 610, $3 per $1,000 of the original principal amount of the loan applied for, but in no case less than $10; in the case of loans insured under Section 608 pursuant to 610, an "application fee" and a "commitment fee" aggregating $3 per $1,000 of the face amount of the loan approved for insurance. If an application is refused without an appraisal being made, the fee will be returned. No portion of the fee will be returned after appraisal.

Firm commitments only will be issued to

(*Continued on page 33*)

[1] See *Insured Mortgage Portfolio*, Vol. 11, No. 4, p. 4, for full text of Section 610.



Airplane view of Fernwood Park, Rochester, N. Y., the first veterans' housing project built under the FHA program in that city through the concerted action of the city's banks

Rochester's Plan for GI Housing

By ELMER B. MILLIMAN

President, Central Trust Co., Rochester, N. Y.

What can happen when the bankers, home builders, and Administration of a city get together is told here—3 different projects under 3 types of sponsors, with a current total of 500 and more new dwelling units for World War II veterans

THE city of Rochester is achieving some measure of success in its attempt to solve the housing problems of its own World War II veterans and others, rather than relying on direct aid from the Federal or State Governments.

One large-scale rental housing project was started and sponsored in 1946 by Rochester's five commercial and three savings banks; it has been completed and is fully occupied. A second project sponsored by the Rochester Home Builders Association is under construction. A third sponsored by the City of Rochester itself is in the preparation stage.

Sponsors of all three have the full cooperation of the Buffalo Insuring Office of the Federal Housing Administration, as all three are being financed with mortgages insured by FHA under the emergency provisions of the National Housing Act (Title VI).

How the first project began was described in the Second Quarter 1946 issue of the Insured Mortgage Portfolio, but I will review briefly.

This all started in the early part of 1946 when the local banks reviewed the housing situation which, at that time, was causing considerable unrest. Their review convinced them—

1. That the city's most urgent need was for additional low rental units;
2. That these units could not be furnished by ordinary methods at rentals which the average wage-earner could pay;
3. That, therefore, it seemed obvious that some sort of subsidization was necessary in order to provide such accommodation;
4. That it was highly desirable, if possible, that this subsidization be granted locally.

The banks consulted the city authorities and found them not only in full agreement with these conclusions but also anxious and willing to do their part in carrying them into effect. Consequently, the banks formed a corporation known as "Rochester Civic Rental Project, Inc." to which they contributed the entire capital stock of $16,000. The city then sold a 10-acre tract to the corporation for a nominal price, agreed to put in the necessary improvements, and make substantial tax concessions. In return, the corporation undertook to erect 152 apartments in a garden-type development to be leased to veterans on a nonprofit basis.

The project, called Fernwood Park, was financed under an FHA-insured mortgage of $1,158,000, shared by the Rochester banks at lower than the normal rate of interest.

Actual construction got under way in June of 1946. The project moved along rapidly. The first families moved in in October of that year and the entire development was completed and fully occupied in July of 1947.

The apartments, which are identical, have separate entrances, individual gas heating units, and rent for $48 each, exclusive of heat which will average somewhat less than $5 a month. In addition, garages are provided for about half the tenants at a rental of $6 a month.

It is estimated that the income will be sufficient to cover all operating costs and amortize the mortgage within 39 years. When this has been accomplished, the project will be sold and the proceeds turned over to the city for the reduction of its indebtedness or for necessary civic improvements.

The project received unanimous local support and attracted considerable attention from all over the country. But it soon became apparent that this one development was not a full solution of the city's housing problem. This was underlined by the fact that 1,000 families applied for the 152 available apartments.

Two new projects

Consequently, two additional projects have been started along the same lines. The plan for the first, called Romona Park, is practically identical with the Fernwood development except that the initial capital and responsibility is being assumed by the Rochester Home Builders Association. This group, which comprises most of the home builders in the city, have formed a nonprofit corporation to erect 136 low rental units. The cost of construction, again, will be largely covered by an FHA mortgage of $1,000,000 which the local banks have agreed to handle at an attractive rate. This development is already under way and it is anticipated that it will be fully completed in the fall of 1948.

The second development, known as Norton Village, was initiated by the city government itself which felt that still further rental units should be provided immediately. It called a group of leading businessmen of the city together for a further study of the situation. This led to another nonprofit rental housing project based upon the original plan with certain refinements.

A corporation known as the "Rochester Civic Redevelopment Co., Inc.," was formed under the Redevelopment Companies Law of New York State. According to the provisions of this law, the city may take stock for the value of the real estate used for low rental housing projects. Furthermore, it may enter into a 25-year contract with such a corporation to tax its development only for the cost of the unimproved real estate.

The city has set aside a 33-acre tract for this corporation's use. It proposes to develop 18 acres immediately, reserving the remaining 15 acres for its future use if necessary. As payment for the property, the city will receive stock in the corporation with a par value of approximately $27,500. The business and commercial interests of Rochester then will sub-

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Why We Like FHA Title I Loans

By GEORGE M. CLARK

President, Consumer Bankers Association

Mr. Clark, president of the Pioneer Bank, Chattanooga, Tenn., tells the experience of his own bank and other member banks of his 28-year-old association, most of whom have had from 25 to 35 years of experience in extending consumer credit

THE Pioneer Bank was organized in 1916 as one of the early institutions specializing in consumer credit in America. The experience gained in making and successfully collecting nearly 200,000 individual consumer loans through both wars and depressions, gave its personnel an understanding of the value of the honesty of the individuals of America and the sound appraisal of the paying capacity of these honest individuals.

Also developed during those early years, by trial and error sometimes . . . by the Pioneer Bank and approximately 100 noncompeting and closely affiliated members of the Consumer Bankers Association . . . were tested, proven methods of credit investigations, considerate but effective collection methods, and the like.

Invaluable experience had been gained in the normal relation of monthly installment payments to the individual consumer's income. The extent to which exceptions could be made to the norm because of family solidarity and gross family income had long been observed.

This afforded an ideal background that we found invaluable in our consideration of the FHA Title I modernization loan program in its inception.

As a matter of fact, the bank which now embraces the first banking institution founded in this country (at Norfolk in 1910) to serve the credit requirements of men and women as individuals . . . now the State-wide Bank of Virginia . . . loaned two of its most experienced credit officers to the Federal Housing Administration to aid in formulating policies, forms, and procedures in the early organization days of the national program.

It is small wonder, therefore, that my own bank and the other institutions already long experienced in the consumer credit field, promptly engaged in making these modernization loans with the utmost confidence from the very outset of the program. It was unnecessary to make any adjustment in the bank's machinery or to devise any forms other than those provided by FHA; and we were able to offer the public and contractor-dealers an efficient and speedy credit and discount service. This, to my mind, is the most important selling point in acquiring any substantial volume of business.

George M. Clark

When a consumer credit borrower has a need or use for funds, he wants his request granted promptly. It is equally obvious that a dealer in home improvements is equally desirous of this prompt service, without having to wait while a slow and inefficient credit department develops information upon which a lackadaisical officer gives a perfunctory and oftentimes ill-considered decision.

As soon as the various FHA dealers or contractors understood the marvelous vehicle that had been placed at their disposal, a larger and larger percentage of the total loans granted originated through this source, and soon approached 80 percent of the total, with only 20 percent being made direct to the borrower.

This percentage, 20 percent direct and 80 percent through dealer-contractors, holds good at the Pioneer Bank today; and I understand that in some of our member banks, with more aggressive dealer solicitation programs, better than 90 percent of the business is from dealers.

I distinctly recall, in the very early weeks of the FHA program, a general meeting of all those engaged in the building industry held at the Chamber of Commerce in Chattanooga and dinner meetings with the local electrical contractors association, lumber dealers association, and others.

The 18 years of prior experience in the consumer credit field, referred to previously, had enabled the officers of the Pioneer Bank quickly to grasp the entire significance of the FHA Title I program. The only essential difference from what the bank was already doing was the substitution of the FHA credit insurance for other forms of security. As a result, the bank's officers were invited to explain the operation of the plan at these meetings all over the various segments of the building and buildings supply industry, and the bank became the primary source of local information.

First loan in Tennessee

We are proud of the fact that the Pioneer Bank of Chattanooga made the first FHA modernization loan in Tennessee. A local widow of very modest means was threatened with the loss of her grocery store tenant if the store front was not modernized. She was without funds to do it; and the rent itself was insufficient to permit cash payment for the improvement. When we agreed to make the loan under the FHA plan, she was so grateful that she gladly acceded to the request from the newspaper (transmitted through us) for a good publicity story.

We do not believe that it is socially desirable for either dealers or lenders to high-pressure borrowers into making overly expensive or unnecessary improvements. We feel that it is an obligation of banks particularly to exert their influence toward wise and careful money management.

The FHA Modernization Loan Plan has been used by so many thousands of property owners in our area, and hence is already so well known—and our willingness to make these loans is likewise so well known—that we have not found it necessary to utilize any high-pressure promotional methods of advertising. Our business development efforts are almost entirely restricted to occasional friendly calls on the dealer-contractors by a representative of the bank.

I am confident that the banks of the Nation do not expect an unreasonable profit on FHA loans . . . and they will be disappointed if they do. On the other hand, the lifting of wartime restrictions on materials and labor, as well as credit itself, plus the increased dollar cost of building and repairs, must result in dollar transactions of a size and maturity where a reasonable profit will be obtained.

Competition in service

Inasmuch as competitive rates are not the factor in the FHA Modernization Loan Field that they are in other dealer financing, individual banks must compete largely on the basis of service.

We feel that it has been good service that has enabled the Pioneer Bank to make 8,407 of these loans to date (October 12) for a dollar amount of $3,119,000. We have been aided somewhat by the fact that we purchased a substantial block of Electric Home & Farm Authority receivables from the Reconstruction Finance Corporation. Some additional volume has been secured from these dealer contacts, where they have items of services eligible for FHA financing.

Further evidence of the value of streamlined service in this field is seen in the experience of the Bank of Virginia, previously referred to. To the best of my knowledge and belief, this bank originated the idea of combining the note, application blank, and completion certificate into a single-sheet form, with a rate chart and list of eligible improvements printed on the back of each form. In 1946, this bank did 40 percent of all FHA Modernization Loan business in the whole State . . . this in competition with 315 other banks, plus national and local sales finance companies, building and loan associations, and savings and loan associations.

In view of the fact that my bank and the other member institutions of the Consumer Bankers Association were so vociferous in their objections to Federal regulations of consumer

(*Continued on page 29*)

The first step in converting a barracks building into a house is to cut off the second floor

Salvaging Barracks for New Housing

By FREDERIC A. FAY

Technical Director, Portsmouth (Va.) Redevelopment and Housing Authority

Mr. Fay, who is also architect-engineer of the North Truxton Corporation, describes a revolutionary process by which 10 Navy barracks were converted into 181 homes selling for less than $4,000 in a low cost project in Portsmouth for Negroes

IT has long been a commonly accepted fallacy that private enterprise could not develop low-cost housing. This has been thought to be particularly true in this day of high building and labor costs.

There has been demonstrated in Portsmouth, Va., during the past year a technique which is completely revolutionary and which has been hailed as a means of alleviating the critical housing shortage, particularly for veterans. George T. McLean, chairman of the Portsmouth Redevelopment and Housing Authority, a man completely sold on the principle of making decent housing available to persons of low income for a figure within their means, was the driving force and inspiration behind it all.

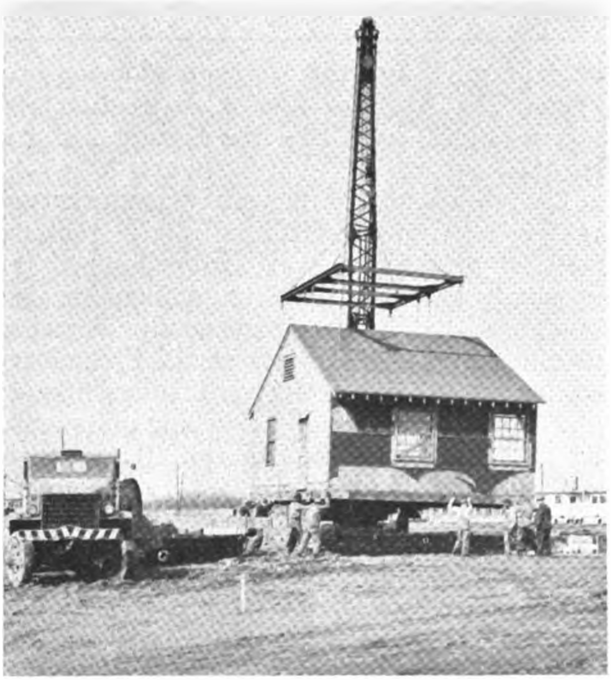
It all started in December 1946 when the Navy Shipyard in Portsmouth advertised for bids to cover the sale and removal of 10 H-shaped 2-story barracks buildings to provide space for boat storage. To meet a schedule the contract required that the building removal be accomplished within 35 calendar days. The Navy further provided that all material should be channelled into the Veterans Housing program. The McLean firm, Construction Associates, Inc., submitted the highest bid and got the contract.

The original idea of the usual demolition type of operation with a resulting sale of building material to veterans was scrapped when the proposal was advanced to sectionalize the buildings and make single-family detached dwellings with 4½ rooms each. Preliminary studies were carried forward sufficiently to determine that at least 15 dwelling units could be developed from each of the 10 structures without excessive work.

Mr. McLean then revealed his "impossible" sounding plan to Capt. Noah Gokey, USN, acting commander, and Capt. A. D. Alexis, Public Works officer of the shipyard, and requested an extension of 30 days for advance architectural, engineering, and land acquisition phases of the operation. The vision of these

The second step is to lift a section of the second floor out of the barracks building

officers in working out the extension and in material assistance in many other ways was an invaluable aid without which the project could not have succeeded.



The fourth step is to take the section off the trailer and put it on its foundation

The third step is to load the section on a special trailer and haul it to the site

Working closely with Region IV of the Public Housing Administration and the War Assets Administration, Mr. McLean set up an organization, The North Truxton Corp., to handle the development. In quick succession, he took the following steps: (1) Scheduled the sale and removal of 500 house trailers from a site leased by the Government and already provided with sewer, water, and streets; (2) purchased from the owners approximately 70 acres of land comprising the trailer camp site, thus placing the Corporation in the position of "previous owner" in order to negotiate the cancellation of the Government's lease originally taken under condemnation proceedings; and (3) finally secured dismissal of condemnation proceedings in the United States District Court and the return of the land to the owner by the Public Housing Administration.

Interestingly, the site was immediately contiguous to the most desirable Negro residential area in the city.

In the meantime the architectural and engineering studies had been proceeding and had developed the fact that a 20- by 28-foot house, containing 2 bedrooms, living room, kitchen, and bath would be the basis of the most economical operation. Conferences were held

The fifth step is for Negro veterans to move into their new two-bedroom houses

with the Richmond Insuring Office of the FHA. State Director H. Powell Seward was enthusiastic as to the possibilities and issued the FHA commitments for the first 150 houses.

The tremendous pressure and speed of the operation can be appreciated when it is understood that most of this activity was completed and out of the way when the first "house-section" was moved on February 3.

This was "the day." Not until the first test lift of a "house-section" was made could all of the elaborate preparations and calculations be verified. The first lift was successful. The method worked. From then on speed was of the essence. The Navy's schedule for clearance of the site still had to be met and it was met—with hours to spare.

A word as to the sectionalizing technique, illustrated in the photographs. The Navy barracks building was cut through sidewalls, plates and roof by power saws and cables lowered through the roof, ceiling and floor to fasten to a "strongback" bearing under the floor girders. Cables were attached to a "spreader" rig on the crane to prevent distortion and rocking of the building frame and the entire unit was lifted clear. It was not until this lifting operation was actually accomplished that the practical feasibility or the method was demonstrated beyond question.

The structures were built under a high Navy material specification in the fall of 1941. Consequently the material was all straight-grain Douglas fir of a superior grade, much finer than anything which could be bought today.

The uprights or wings of the H were 28 feet wide by 100 feet long, each floor providing five house units. Those on the second floor all had roof sections intact while the first floor units had to be provided with roof sections which came from the 28- by 112-foot two-story connecting central wing—the cross-bar of the H.

Thus, each barracks building contained 20 floor panels with side walls, the end units having 2 side walls and 1 end wall, the intermediate units having only the 2 side walls. It was possible to cut 5 roof sections from each central section which made a total of 150 units with roof sections available from the 10 buildings. The total possible number of floor panels available from the operation was 200, resulting from the cut of 20 from each building. It was necessary, of course, to use some material for outside walls and interior partitions.

The remarkable economy of the operation

(Continued on page 31)

Homes for Veterans by Veterans

By NATHANIEL G. SIMS

Member, Board of Directors, Independence Post Housing Corporation, Charlotte, N. C.

Mr. Sims tells of the direct-action method of a Legion Post to get housing for Charlotte veterans—a cooperative project which took lots of hard work and the aid of the City Savings Bank, the FHA, and a contractor who took $1 profit

IN the spring of 1946, with returning veterans of World War II adjusting themselves to civilian life, there existed in the United States a critical housing shortage. Charlotte, N. C., was no exception. The veterans of Charlotte were, as individuals, first angry, then frustrated and finally demoralized by housing conditions. Something had to be done and done quickly.

At a number of meetings of Independence Post No. 262 of the American Legion, composed entirely of World War II veterans, there were protestations from those boys who had not as yet become demoralized with the usual apathy which accompanies such a condition. There was agreement as to the critical condition of housing. A showing of hands demonstrated that an amazing number of the members of the Post were without housing accommodations. This was a time for action—not pleas for help, but cooperative group action.

In deciding what could be done, several members of the Post went to Asheville, N. C., to investigate a nonprofit corporation which had been formed by an American Legion Post in that city to move war-built government housing to Asheville to relieve the housing conditions there. Although impressed by the fine work of those interested in the Asheville project, it was thought inadvisable to attempt such a project in Charlotte.

From this investigation and much discussion, however, there came into being the idea that a nonprofit corporation should be formed by the Independence Post to build houses for veterans. This was recommended to the Post Executive Committee.

A resolution authorizing such an enterprise was presented to the June 1946 meeting of the Post and was passed. Six members, Ben Dickerson, Gibson Smith, Fred McPhail, Tom Watkins, Ed Stukes, and Nat Sims, were elected to form this corporation and to make this idea a reality. The businesses of these men were sales, real estate, insurance, newspaper reporting, and law. Little did they realize the work and hardships that lay ahead.

On June 12, 1946, the first meeting of the organizers was held. It was decided to build 50 houses and to ask for advice from 3 experienced, civic-minded Charlotte citizens in formulating and carrying through such a housing project. They selected a prominent banker, a reputable real estate man, and an expert engineer to be advisers to the directors of the embryo, nonprofit corporation. On June 26 the Independence Post Housing Corporation was formed. Assets consisted of $100 donated by Independence Post, a vision of homes for veterans and the untested courage, perseverance and capacity for gratuitous labor of the six directors.

Pursuant to the terms of the resolution of the Post, subscriptions in the amount of $100 were taken from all veterans of World War II interested in buying a home. The purpose of taking these subscriptions was twofold: To help defray the down payment in the purchase of the land for the proposed project and to demonstrate the good faith of those interested in housing.

Subscriptions were not restricted to members of the Post or of the American Legion. The project was for veterans of World War II.

After an extensive search for land suitable for the project, 50 lots in a suburban area of Charlotte were selected and were purchased on July 11. These lots were contiguous, affording an opportunity for economical construction and were situated on a winding ridge overlooking the Charlotte Country Club.

Thus the first big obstacle had been surmounted. But the directors were confronted with the two most important problems of all, financing and building.

The project was discussed with a number of bankers of Charlotte. With the above-mentioned assets it was understandable that these capable but conservative men would want to see something more tangible before affording the project any financial backing. Finally, the directors found W. Reynolds Cuthbertson, president of the City Savings Bank, who was willing to back such a venture and who suggested that a combination GI loan and FHA loan under Title VI of the National Housing Act be used.

Then the project was discussed thoroughly with the State officials of the Federal Housing Administration, who expressed keen interest in such a proposal. After careful investigation, FHA Title VI commitments were issued to insure mortgages up to $6,500 each on the 50 houses when completed.

These FHA commitments actually made the financing possible. The vision became a possibility.

The non-profit contractor

The final hurdle had to be taken. Who would build 50 houses for a nonprofit corporation for veterans? The directors talked with numerous builders who were considerate, but all too aware of the critical shortages in building materials in the summer of 1946, the unstable condition of prices and the vicissitudes ahead of a profit builder, much less a project run by amateurs.

This problem was resolved however by the unsolicited generous offer of Edwin L. Jones, head of the J. A. Jones Construction Co.—one of the largest contractors in the United States who had helped to build the Atomic Bomb Plant at Oak Ridge, Tenn. He proposed to build these houses for cost plus $1.

The vision was taking shape. The countless details that are necessary preliminaries to building houses were "sweated out" by the bank, the construction company, the FHA, and the directors of the corporation.

Though the houses were three-fourths of a mile from the city limits of Charlotte, a sewerage line connected to the city system was installed with the cooperation of the developer of the land that adjoined and lay between the land of the corporation and the city. It was necessary to conform to all governmental requirements regarding proper building and financing.

On December 6, the Independence Post conducted a ground breaking ceremony at the site of the proposed 50 houses. The vision was becoming a reality.

As the construction of the 50 houses progressed, from the laying of the foundations to the grading of the lots after the houses were completed, the magnitude of what had been and was being done first began to be realized by all who participated in the project. These buildings were not just wood and brick and plaster; they were the realization of dreams—home in the full meaning of the word for 50 young couples who had patiently waited, uncomplaining, as the struggling project was completed.

In July 1947 the houses were completed and 50 families began to occupy them. They found a white clapboard, 5-room cottage with hardwood floors, steel casement windows, plastered walls with metal lath for the interior walls, and an attic with disappearing stairway. They also found the standard Ingersoll unit of the Borg-Warner Corporation which is a packaged kitchen and bathroom unit together with an automatic oil blower type furnace with ducts leading to all rooms of the house—an all-electric house with refrigeration, stove, and hot-water heater.

This typical house was located on a lot at least 60 by 150 feet. Twenty-five of the houses cost $7,500 and the other 25 cost $7,825. Each house was financed with a $6,500 Title VI 25-year mortgage. In addition to the FHA-insured financing, most of the houses had a 20-year GI loan with a maximum of $1,325 for the total cost of either $7,500 or $7,825. The monthly payments are as follows:

	$7,500	$7,825
Principal and interest	$40. 38	$42. 46
Mortgage insurance	2. 61	2. 61
Taxes	4. 51	4. 47
Fire insurance	2. 50	2. 46
Total	50. 00	52. 00

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Independence Post Corporation Homes

These are some of the 50 homes in the cooperative housing project of Independence Post No. 262 of the American Legion in Charlotte, N. C., built and financed under the Veterans' Emergency Housing Program (Title VI) of the Federal Housing Administration. The project was financed by the City Savings Bank of Charlotte and built by the J. A. Jones Construction Co. for cost plus $1. The homes sold for $7,500 to $7,825, with monthly payments of $50 and $52, including principal, interest, taxes, mortgage, and fire insurance.









Small Homes Built Under Title I

Revival of the Class 3 small home program under Title I, mentioned briefly in the Third Quarter issue of the Portfolio, has attracted much attention from lending institutions and builders. Accordingly, it is discussed here in some detail

LATE in the summer it was decided to broaden the field of home building and financing under the program of the Federal Housing Administration by revising the regulations for private financial institutions to finance the construction of small homes with loans up to $3,000, insured under Class 3, Title I, National Housing Act.

During 1938 and 1939 a considerable number of small homes were financed with Class 3 loans, under requirements which approximated the provisions for regular mutual mortgage insurance under Title II. After the beginning of the war Class 3 loans stopped, one reason being that $3,000 was not enough to finance a wartime house and another being that the emergency provisions of Title VI became available.

Although building costs in 1947 were far higher than in 1939, Title VI financing was scheduled to end in the near future and there were indications of a demand for FHA-insured financing in the field of the "minimum house" which would be suitable for people in rural areas and smaller communities.

Minimum requirements

Accordingly, the minimum requirements for houses built with Class 3 loans were modified and practically everything in connection with such loans except their insurance was put into the hands of the lending institution making them. On August 19, 1947, the new Class 3 Title I regulations were put into effect and sent to FHA field offices and all qualified lending institutions. At the same time the building industry was notified of this action, and builders and building materials dealers were invited to cooperate in the program.

Responses from all over the country were received by the Commissioner. This interest, he thinks, bears out his belief that the simplified Class 3 method of home financing could be particularly effective in answering the critical demand for homes among citizens of the lower income and minority groups.

Lending institutions in various sections of the country have definitely indicated interest. Some have reported actual loans made on individual Class 3 homes and even on a few Class 3 housing projects. Among the areas in which applications for Class 3 loans have been entertained are the following:

Arizona—Valley National Bank, Phoenix.
California—Bank of America, San Francisco, and Security-First National Bank of Los Angeles.
Colorado—Denver Industrial Bank
Iowa—Harlan National Bank.
Michigan—Commercial Bank of L'Anse, and Traverse City State Bank.
Missouri—Mercantile-Commercial Bank & Trust Co., St. Louis.
New Jersey—Rutherford National Bank.
New York—Bank of East Syracuse, Franklin Square National Bank, and West Hempstead National Bank.

Builders also have shown active interest in Class 3 houses, in spite of their supposed reluctance to touch anything but high-cost houses. Active support of the National Association of Home Builders is indicated by the statement of Dan S. Morrison, secretary of its Mortgage Finance Committee, in a letter to the secretaries of local associations. It follows:

"We suggest that all secretaries urge their members to take a good look at the FHA Title I Class 3 loan which provides a loan up to $3,000 for construction by a builder or individual of a minimum type house.

"The $3,000 limit will undoubtedly lead many builders to believe that they will have no use for a Class 3 loan. But it should be remembered that the new program is just getting under way.

"This new loan has two great advantages. The first is its simplicity, as no FHA inspection is required (responsibility for inspection is up to the lending institution). The second is that it permits financing of a minimum type house in that the design requirements are much less strict under Title I than under Title II or Title VI; also structural requirements can be scaled down to conform to the smaller size house.

Under Class 3 regulations it is possible to finance a house with an area of as little as 360 square feet (or even smaller if FHA approves) and with but three rooms—one separate bedroom, a living room which provides kitchen and dining facilities and (where sewage and water facilities permit) a bath.

"An additional advantage is that progress payments not to exceed 80 percent of the amount of the loan are permitted."

Eligible improvements

Particular emphasis is placed on "eligible improvements," covered by Regulation IV. As the National Housing Act specifically states, the proceeds of a Class 3 loan must be used for financing the building of a new structure; therefore, they can be used only for financing cost of materials, labor, builder's profit, architect and engineering fees, and for "appurtenances." These "appurtenances" include landscaping, fencing, garage, sidewalks and drives, septic tanks, cesspools, wells, lighting, heating and plumbing systems, and other normally required improvements.

The proceeds of a loan may not be used to pay for any of the cost of the land or of off-site improvements.

It is the responsibility of the lending institutions to approve the site and to inspect construction. There are no inspections by the FHA. Success of the program is dependent on the good faith and sound practices of lending institutions, material dealers, and builders. However, a requirement is:

"The dwelling, accessory buildings, and all other improvements to the lot should be well designed and well planned. To attain this the property should be of a character that will not induce neighborhood blight nor adversely affect neighboring properties; the property must provide continuing utility, security and satisfaction to occupants."

An eligible borrower shall be the owner of unencumbered land on which the home is to be built, or the lessee of such unencumbered land under a long term lease. If the borrower is a lessee the provisions of his lease must be submitted to the Commissioner for the latter's approval.

Other factors to be considered by the lender and builder are:

Proper light and ventilation in the house and in such spaces as attics, and areas where there is no basement; necessary storage and adequate sanitary facilities; such arrangement of rooms as to give proper privacy and access to bathrooms; safety of ascent and descent on stairways, with adequate head room; well built frames and enclosures of both the dwelling and accessory buildings so as to provide proper weather resistant shelter and workmanship of a quality equal to good standard practices. Materials used must be of such quality to insure reasonable durability and economy of maintenance commensurate with the type and class of dwelling.

Minimum areas

Under the eligibility regulation the house must contain a minimum of 360 square feet on a lot with a minimum of 4,000 square feet, and all public utilities if available must be connected, otherwise they are not required; but in any event the property must have a good pure water supply.

In the event the house is being built for sale or for rent it is required that the footings, foundations, columns, and structural elements of load bearing sections of the structure, including exterior walls, interior partitions, floors, ceilings, roofs and, when included, heating, plumbing and electrical installations comply with the Federal Housing Administration minimum construction requirements contained in the "Minimum Property Requirements for Properties of One or Two Living Units" for the area in which the property is located.

One point that the lending institution might want to remember is that, in event of default and foreclosure of a Class 3 loan, the institution has the right to sell the property and make a claim to the FHA for the deficiency, if any.

Making a Class 3 loan is very simple. First, the borrower submits to the lender a description of the property and such plans and specifications as may be required by the latter, prior

(*Continued on page 33*)

Veterans Rental Projects Analyzed

By HERBERT SHAPIRO
Economist in FHA Division of Research and Statistics

Since the start of the Veterans Emergency Housing Program under the revived Title VI in May 1946, FHA has underwritten a record volume of mortgage insurance on rental housing projects. Their general characteristics are discussed in this article

TWO years after VJ-day, the FHA was issuing each month commitments for mortgage insurance on about 10,000 dwelling units in large-scale rental housing accommodations for veterans of World War II and their families under the Veterans Emergency Housing Program of Section 608, Title VI. This volume of rental housing is exclusive of rental units involved in the new small home mortgage insurance operations under Section 603.

From the May 22, 1946 enactment date of the Veterans Emergency Housing amendments to Title VI through September 30, 1947, FHA had written insurance on about $207,000,000 of mortgages on 551 new rental housing projects containing nearly 27,500 dwelling units. Commitments for the insurance of an additional $330,000,000 of mortgages on 1,138 projects with 43,600 dwelling units were outstanding as of September 30. Construction had been started on almost 32,000 dwelling units in 828 projects at that date.

In the 16 months of Section 608 VEH operations, applications totaling about $815,000,000 were received by FHA field offices for the insurance of mortgages on 2,643 new projects with 108,000 dwelling units. All but 2 offices in continental United States had reported applications and only 4 offices had as yet issued no commitments for Section 608 VEH mortgage insurance. Five-eighths of the total dwelling units underlying Section 608 VEH commitments issued through the end of September were accounted for by 11 offices—New York, Newark, Baltimore, Washington, D. C., Chicago, Richmond, Atlanta, Birmingham, Houston, Los Angeles, and Seattle.

The following summary indicates the sharp increase in the volume of commitments covering new projects during the second and third quarters of 1947:

Month	Projects	Mortgage amounts	Dwelling units
1946			
May–December	76	$45, 672, 860	6, 446
1947			
January	30	14, 736, 100	1, 979
February	57	17, 873, 700	2, 485
March	89	27, 404, 500	3, 797
April	137	41, 941, 300	5, 758
May	234	68, 376, 305	9, 049
June	274	83, 725, 649	11, 095
July	285	93, 514, 300	12, 063
August	274	80, 450, 300	10, 761
September	261	63, 947, 900	8, 405

The typical rental project involved in Section 608 operations during 1947 is a garden-type development consisting of 2-story, walk-up structures containing about 20 dwelling units (median 19.4). The typical dwelling unit has about 4½ rooms—a living room, dining alcove, 2 bedrooms, kitchen and bath—and rents for about $83 monthly. Included in this rental, in addition to shelter rent, are charges for the use of a range, refrigerator, laundry facilities, hot and cold water, space heat, and janitor and grounds maintenance services.

This information has been revealed in an analysis of the projects covered by commitments for insurance issued under the Veterans Emergency Housing Program of Section 608 during April, May, June, July, and September of 1947. The analysis embraced about 89 percent of the projects and 87 percent of the total dwelling units and mortgage amounts involved in commitments issued during the 5 months. Summaries of the significant characteristics of these rental housing projects are presented in the following sections.

Size of project.—The average size of Section 608 VEH projects underlying commitments issued during 1947 is small—about 38 dwelling units, compared with prewar Section 207 projects averaging 120 units and Section 608 War Housing projects averaging 75 units.

Number of dwelling units per project	Percentage distribution	
	Projects	Dwelling units
8 to 9	18.2	3.9
10 to 24	53.0	23.6
25 to 49	13.2	11.6
50 to 99	6.7	12.4
100 to 149	3.7	11.4
150 to 199	1.2	5.2
200 or more	4.0	31.9
Total	100.0	100.0
	Median	Average
Units per project	19.4	38.0

As indicated in the preceding table, about 7 of every 10 Section 608 VEH projects contain fewer than 25 units, 13 percent have 25 to 50 units, and slightly more than 15 percent provide 50 or more units. Less than 9 percent have 100 or more units while 4 percent contain 200 or more units. On the other hand, three-fifths of the total dwelling units are in projects of 50 or more units, almost one-half in projects of 100 or more units, and nearly one-third in projects of 200 or more units.

Number of rooms per dwelling unit	Distribution of dwelling units	Median monthly rental
	Percent	
2 to 3	1.4	$55.35
3	4.7	64.86
3½	17.1	71.84
4	13.6	77.52
4½	29.1	84.58
5	29.6	87.47
5½	1.1	98.33
6 or more	3.4	94.59
Total	100.0	82.88
Median number of rooms 4.73.		

Size of dwelling unit.—Individual dwelling units in Section 608 VEH projects are large, with the median unit containing 4.73 rooms as compared with a median of 3.7 rooms for prewar Section 207 projects. The preceding table shows that the most popular dwelling unit sizes are 4½ and 5 rooms, each typifying about 30 percent of the total units. These are followed by the 3½-room apartments representing one-sixth of the units, and the 4-room apartments accounting for about 1 out of every 8 units.

Monthly dwelling unit rental.—The rentals indicated for dwelling units in the Section 608 VEH projects range from $30 to more than $100 monthly, with three-fifths of the units in the $75 to $95 bracket. As indicated in the following table, about one-fourth of the units were approved for rents of less than $75, while rentals of $95 or more were reported for about one-eighth of the units.

Monthly rental	Distribution of dwelling units	Median number of rooms
	Percent	
Less than $60	4.4	3.45
$60 to $69.99	13.1	3.83
$70 to $74.99	8.7	4.21
$75 to $79.99	11.9	4.39
$80 to $84.99	20.6	4.86
$85 to $89.99	15.6	5.11
$90 to $94.99	13.4	4.85
$95 to $99.99	7.0	5.20
$100 or more	5.3	5.25
Total	100.0	4.73
Median rental $82.88.		

The monthly rentals reported for dwelling units in FHA rental housing projects generally include, in addition to shelter rent, charges for the use of equipment, utilities, and services furnished by the sponsor. For slightly over one-half of the dwelling units, the indicated monthly rentals include, in addition to shelter rent, charges for the use of a range, refrigerator, and laundry facilities, space heat, hot and cold water, janitor service and grounds maintenance. Rentals covering little more than shelter rent are reported for 1 out of 10 units.

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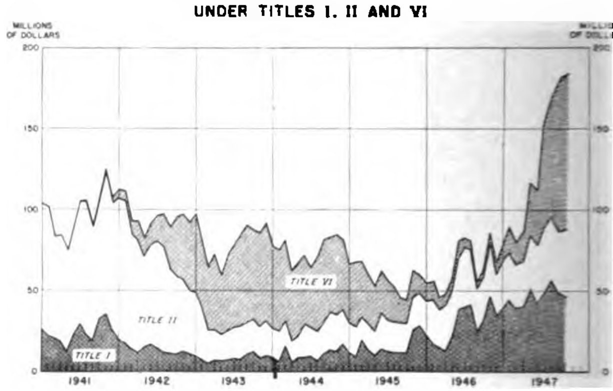
Statistics of FHA Mortgage Insurance

APPLICATIONS for FHA mortgage insurance continued at a marked high level during the third quarter of 1947. Applications were received involving 98,223 new dwelling units, or more than 2½ times the number reported during the corresponding period of 1946. Applications proposing the insurance of mortgages secured by rental housing projects covered 27,144 new units—more than 27.5 percent of the above total and more than 6½ times the corresponding 1946 volume. The balance of 71,079 new units were accounted for by applications for the insurance of 1- to 4-family home mortgages submitted under the provisions of Section 203, Title II; Section 603, Title VI; and Class 3, Title I of the National Housing Act. Of these, 61,154 units—or more than 62.2 percent of the total—were involved in mortgages submitted under the Section 603 Veterans Emergency Housing Program.

Each month of the quarter saw the establishment of a new record in the number of applications submitted for insurance under Section 203

DOLLAR VOLUME OF FHA INSURANCE WRITTEN UNDER TITLES I, II AND VI



NUMBER OF NEW DWELLING UNITS PROVIDED UNDER ALL TITLES

1- TO 4-FAMILY HOMES AND RENTAL PROJECTS

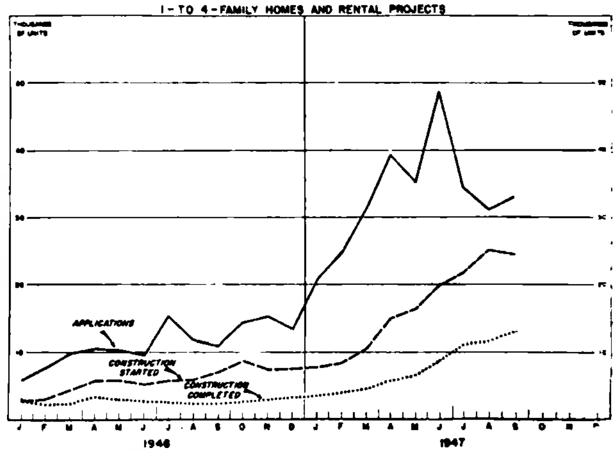


TABLE I.—*Total FHA Insurance Written as of Sept. 30, 1947*

	First 9 months of 1947		
	Number	Amount	Units
Title I: Classes 1, 2, and 3	877,707	$418,570,374	(1)
Title II: Sec. 203—Small-home mortgages:			
New housing	7,942	51,890,550	8,144
Existing housing	46,202	258,754,050	49,088
Title II: Sec. 207—Rental housing:			
New projects	....	....	....
Refinanced projects	....	....	....
Title VI: Sec. 603—Small-home mortgages:			
New war housing	468	2,449,800	481
New veterans emergency housing	30,072	208,376,650	31,584
Existing housing	5,202	30,320,700	5,917
Title VI: Sec. 608—Rental housing:			
New war housing	1	51,156	12
New veterans emergency housing [2]	532	197,624,100	26,130
Refinanced projects	4	633,000	158
Total—All titles	968,130	1,168,670,380	(1)

	Cumulative through September 1947		
	Number	Amount	Units
Title I: Classes 1, 2, and 3 [3]	7,005,961	$2,870,056,424	(1)
Title II: Sec. 203—Small-home mortgages:			
New housing	626,437	2,886,403,419	638,753
Existing housing	622,679	2,726,285,766	670,634
Title II: Sec. 207—Rental housing:			
New projects	359	144,386,206	37,964
Refinanced projects	20	16,585,798	4,611
Title VI: Sec. 603—Small-home mortgages:			
New war housing	339,531	1,564,438,302	379,858
New veterans emergency housing	31,413	216,443,450	33,042
Existing housing	15,539	79,133,990	18,118
Title VI: Sec. 608—Rental housing:			
New war housing	493	163,085,678	37,089
New veterans emergency housing [2]	[4] 551	[4] 206,945,200	[4] 27,469
Refinanced projects	6	4,506,000	982
Total—All titles	8,642,989	10,878,270,233	(1)

[1] Not available.
[2] Includes release clause projects and rehabilitation projects.
[3] Cumulative totals include 38,918 Class 3 loans for $99,594,897.
[4] Includes 11 release clause projects for $1,227,900 for 170 units.

TABLE II.—*New Dwelling Units Provided Under FHA*

	Number of units—January–September 1947		
	Applications	Construction started	Construction completed
1-4 family:			
Sec. 203	27,466	15,027	16,282
Sec. 603	174,783	106,999	50,309
Class 3 of Title I	117	1	1
Rental housing:			
Sec. 207	....	....	....
Sec. 608—War housing	....	....	738
Sec. 608—Veterans emergency housing [1]	95,846	30,103	648
Total	298,212	152,130	67,978

[1] Includes release clause projects and rehabilitation projects.

of mortgages secured by existing construction. The 14,066 applications involving 15,187 dwelling units which were reported in September brought the total for the 3 months to 40,967 applications covering 44,198 units—an increase of more than 18 percent over the 37,377 existing units involved in Section 203 applications received in the preceding quarter.

During the third quarter of 1947 FHA insured 40,434 mortgages under Titles II and VI with mortgage amounts totaling $382,244,300. These mortgages were secured by properties containing 58,989 dwelling units. Property improvement loans under Title I added $151,991,454 to the total of all mortgages and loans insured, making an aggregate of $534,235,754 for the 3 months of July, August, and September. This represents an increase of 40.6 percent over the preceding quarter of 1947, and is more than 2½ times the amount insured from July through September 1946.

In the first 9 months of 1947 property improvement loans were insured under Title I at a monthly rate ranging from 85,049 in February to a high of 114,737 in July. Amounting to $418,570,374, these loans constituted 35.8 percent of the total of $1,168,670,380 in all mortgages and loans insured during this period. One- to four-family small-home mortgages accounted for $551,791,750 or 47.2 percent of this total. Of these small-home mortgages, 54,144 amounting to $310,644,600 and secured by properties including 8,144 new dwelling units and 49,088 existing units were insured under Section 203. The balance of 35,742 mortgages totaling $241,147,150 and involving 37,982 dwelling units—including 31,584 new Veterans Emergency Housing units—were insured under the provisions of Section 603.

TABLE III.—*Summary of Operations Under Title II and VI; Cumulative Through Sept. 30, 1947*

	1- to 4-family homes, number of mortages		
	Title II Sec. 203	Title VI—Sec. 603 [1] Total	Title VI—Sec. 603 [1] Veterans housing, new
Total applications received	2,020,867	655,354	217,318
Applications in process	7,582	11,036	10,587
Total applications processed	2,013,285	644,318	206,731
Rejections and withdrawals (net)	343,225	54,621	16,704
Total commitments issued	1,670,060	589,697	190,027
Conditional commitments expired (net)	231,708	2,400	1,953
Conditional commitments outstanding	38,357	23,294	22,922
Gross firm commitments issued	1,399,995	564,003	165,152
Firm commitments expired (net)	124,589	47,216	5,564
Firm commitments outstanding	26,290	130,304	128,175
Total insurance written	1,249,116	386,483	31,413
	Rental housing projects, number of units		
	Title II Sec. 207	Title VI—Sec. 608 [1] Total	Title VI—Sec. 608 [1] Veterans housing, new
Total applications received	(2)	156,580	107,911
Under examination	....	27,458	27,458
Rejected (net)	(2)	17,344	8,746
Net commitments issued	42,575	109,112	71,041
Commitments outstanding	....	43,572	43,572
Total insurance written	42,575	65,540	27,469

[1] Enacted for War Housing (small homes)—Mar. 28, 1941; War Rental Housing—May 22, 1942. Extended for Veterans Emergency Housing—May 22, 1946.
[2] Not available.

Rental volume large

Rental housing under the Veterans Emergency Housing program continued to increase in relative importance. Including 532 new construction mortgages insured under this program, 1 new war housing mortgage, and 4 mortgages on refinanced projects, the FHA insured in the 9 months ending September 30, 1947 a total of $198,308,256 in rental housing mortgages. This amount represented 17.0 percent of the above total of all insurance reported and provided a total of 26,142 new rental units. These figures are even more significant when it is remembered that rental housing mortgages insured during the first 9 months of 1946 under Section 207 and under both the War Housing and Veterans Emergency Housing programs of Section 608 provided only 704 new rental units.

The first chart presents an over-all picture of the monthly variations in the dollar volume of FHA insurance written under all titles from January 1941 through September 1947. Table I presents a summary of FHA insurance written during 1947, and cumulatively since the beginning of operations in 1934. The second chart shows the number of dwelling units in applications received, construction started, and construction completed in each month of 1946 and 1947. The figures underlying the chart are presented in Table II. The average monthly volume of new units covered by applications reported in the third quarter of 1947 approximated the over-all average for the first 9 months of the year of 33,135. Individual monthly volumes have ranged from 20,719 units in

Table IV.—*Status of Mortgage Insurance Operations—June 1934 Through September 1947*

Item	Title II				Title VI			
	Small homes (203)		Rental and release clause projects (207–210)		Small homes (603)		Rental projects (608)	
	Number	Amount	Number of units	Amount	Number	Amount	Number of units	Amount
Insurance written	1,249,116	$5,612,689,185	42,575	$160,972,004	386,483	$1,860,015,742	65,540	$374,536,875
Insurance terminated	609,113	2,658,937,594	30,158	112,376,234	127,893	583,715,300	7,980	10,165,694
In force (face amount)	640,003	2,953,751,591	12,417	48,595,770	258,590	1,276,300,442	57,560	364,371,154
Amortized (estimated)	640,003	546,097,140	12,417	7,665,821	258,590	90,531,410	57,560	8,642,595
Outstanding (net) (estimated)	640,003	2,407,654,451	12,417	40,929,949	258,590	1,185,769,032	57,560	355,728,539

January to a high of 48,684 in June. The July–September monthly average of 24,343 new units started, however, was substantially higher than the monthly average for the first 6 months of 13,184 new units started, and was more than 40 percent above the average for the preceding quarter. It may also be noted that the 73,028 new units started in the third quarter of 1947 represent about 74.3 percent of the number of new units involved in applications—an increase over the comparable ratio of 39.6 percent for the first 6 months of the year. The number of new units being completed under the several FHA programs is also increasing. The monthly average for the third quarter of 11,752 units was more than double the average for the first 6 months of 5,454 new units per month in completions.

A summary of all FHA operations under Titles II and VI is presented in Table III for the entire period of FHA activity through September 30, 1947. Of the total insurance written as of that date, the number and amount of the terminated insurance contracts together with the estimated amounts amortized for the insured mortgages in force are given in Table IV for the several sections under these Titles of the National Housing Act.

Status of Funds and Foreclosures

Resources and liabilities of the Title I Insurance, Mutual Mortgage Insurance, Housing Insurance, and War Housing Insurance Funds of the Federal Housing Administration as of September 30, 1947, are on the next page.

As of September 30, 1947, certificates of claim paid or to be paid under the provisions of Section 203 of the National Housing Act totaled $390,020, certificates of claim canceled amounted to $856,087, and certificates of claim held in suspense pending final liquidation of mortgage notes totaled $410,849. There was no contingent liability for certificates of claim on September 30, 1947, as no foreclosed properties remained on hand.

A total of 4,067 of the 1,249,116 premium-paying small-home mortgages insured under the provisions of Section 203 through September 30, 1947, had been foreclosed by mortgagees and the properties turned over to the FHA Commissioner. The Commissioner had sold all 4,067 properties at prices which left a net charge against the fund of $2,404,733; representing 13 percent of the cost of acquisition (debentures and cash adjustments issued). More than offsetting this net charge were the prepayment premiums of $9,504,946 received on insured mortgages paid in full prior to maturity.

With regard to the 379 properties insured under Sections 207 and 210 through September 30, 1947, 17 foreclosed properties had been acquired and 1 mortgage note had been assigned to the Commissioner. All 17 acquired projects and the mortgage note had been sold, with a resultant net charge against the fund of $46,359. Certificates of claim paid or to be paid under the provisions of Sections 207 and 210 totaled $224,110, certificates of claim canceled amounted to $63,152, and certificates of claim held in suspense pending final liquidation of mortgage notes totaled $34,671. There was no contingent liability for certificates of claim on September 30, 1947, as no acquired projects under the Housing Insurance Fund remained on hand.

TITLE I INSURANCE FUND

Resources	
Cash	$16,818,079.27
Accrued income receivable	1,676.39
Mortgage notes and sales contracts acquired on sale of properties	213,546.94
Defaulted Title I notes (less reserves for losses)	3,407,896.03
Total resources	20,441,198.63
Liabilities	
Mortgagors' escrow deposits	2,631.85
Total liabilities	2,631.85
Excess of resources over liabilities	20,438,566.78

MUTUAL MORTGAGE INSURANCE FUND

Resources	
Cash	$6,434,366.24
Accrued income receivable	538,572.80
U. S. Treasury bonds and notes (amortized)	109,568,447.59
Mortgage notes and sales contracts acquired on sale of properties	2,262,232.99
Total resources	118,803,619.62
Liabilities	
Accrued interest payable on debentures	55,834.05
Unliquidated obligations:	
On properties	82.82
On certificates of claim and refunds to mortgagors	95,667.93
Participation dividends payable	681,712.91
Mortgagors' escrow deposits	54,267.89
Deferred credits	11,437.18
Debentures payable (issued)	7,444,536.23
Total liabilities	8,343,539.01
Excess of resources over liabilities	110,460,080.61

HOUSING INSURANCE FUND

Resources	
Cash	$2,170,269.84
Accrued income receivable	26,732.77
U. S. Treasury bonds (amortized)	2,439,702.47
Purchased stock (6,808 shares)[1]	7,450.00
Mortgage notes and sales contracts acquired on sale of properties	5,988,665.04
Total resources	10,632,820.12
Liabilities	
Accrued interest payable on debentures	40,826.50
Unliquidated obligations:	
On certificates of claim and refunds to mortgagors	97,237.01
Mortgagors' escrow deposits	87,801.88
Debentures payable	5,938,400.00
Total liabilities	6,164,265.39
Excess of resources over liabilities	4,468,554.73

[1] In addition, donated rental housing stock in the amount of 403 shares is held in the MMI Fund and 1,380 shares in the HI Fund.

WAR HOUSING INSURANCE FUND

Resources	
Cash	$5,800,846.35
Accrued income receivable and prepaid expenses	142,376.63
U. S. Treasury bonds and notes (amortized)	13,500,000.00
Mortgage notes acquired on sale of property	17,393,337.95
Real property (at cost less reserve for loss)	6,300,714.97
Purchased stock (30,145 shares)	31,655.00
Total resources	43,168,930.90
Liabilities	
Accrued interest payable on debentures	131,469.88
Unliquidated obligations:	
Real property and miscellaneous expenses	130,319.76
Certificates of claim and refunds to mortgagors	434,607.17
Debentures payable (issued)	20,897,400.00
Debentures payable (authorized and in audit)	20,150.00
Deposits held for account of mortgagors and lessees	189,054.98
Earnest money and collections on sales in process	25,223.17
Deferred credits	94,942.16
Total liabilities	21,923,167.12
Excess of resources over liabilities	21,245,763.78

Under the War Housing Insurance Fund 6,108 (8,573 dwelling units) of the 386,483 mortgages on 1- to 4-family homes insured under Section 603 had been acquired by the Commissioner under the terms of insurance. Four thousand eight hundred and ninety-six properties (7,292 units) had been sold at an estimated charge against the fund of $1,315,206.

Of the 1,050 rental housing projects insured under Section 608, 2 projects and 1 mortgage note had been acquired by the Commissioner under the terms of insurance. One project and 1 mortgage note had been settled with no loss to the fund, and the remaining acquired project was operating under FHA supervision.

Certificates of claim paid or to be paid under the provisions of Sections 603 and 608 totaled $207,428; certificates of claim canceled amounted to $9,605; and certificates of claim held in suspense pending final liquidation of mortgage notes totaled $413,152. The contingent liability for certificates of claim at September 30, 1947, totaled $181,778.

Gross income of the FHA was averaging over $4,466,000 a month as the third quarter ended. Of this amount $1,724,000 was derived from operations under Title II, approximately $887,000 from Title I, and $1,855,000 from Title VI.

State Distribution of Mortgages Insured in First Half of 1947

The State distributions by location of property secured by small-home and rental housing mortgages insured in the first 6 months of 1947, which are shown in Table V, may be used by mortgagees in comparing their volume of insured lending with the total insured mortgage business for the States in which they operate.

In each of 5 States the total amount of FHA mortgage insurance written exceeded $20,000,000 during the 6-month period, while for each of 12 States, more than $10,000,000 of insured mortgages were reported. The 5 leading States—California, Texas, Washington, New Jersey, and Virginia—reported insured mortgages of $120,488,050, or 32.7 percent of the total amount of small-home and rental housing mortgages insured during this 6 months period.

The relative volume of total insurance written in Florida, Oklahoma, Virginia, and Washington is especially notable, as compared with

TABLE V.—*State Distributions of Mortgage Insurance Written Jan. 1, 1947–June 30, 1947*

State location of property	1- to 4-family homes				Rental housing projects			Small-homes and rental housing
	Sec. 203		Sec. 603		Sec. 608			Secs. 203, 603, and 608
	Number	Amount	Number	Amount	Number	Amount	Units	Total Mortgage amount
United States	33,949	$192,936,050	15,869	$103,250,700	[1] 171	[1] $72,053,256	[1] 9,593	$368,240,006
Alabama	654	3,854,300	374	2,680,550	4	1,306,700	188	7,841,550
Arizona	432	2,115,700	416	2,510,100	1	55,000	12	4,680,800
Arkansas	1,190	5,994,950	441	2,740,900	3	340,000	53	9,075,850
California	2,966	18,322,050	1,137	8,450,550	2	588,200	76	27,360,750
Colorado	426	2,611,700	258	1,572,950	2	314,600	45	4,499,250
Connecticut	207	1,568,550	45	224,750	2	829,300	99	2,622,600
Delaware	25	116,150	19	147,250	....	....	....	263,400
District of Columbia	12	103,500	139	1,049,200	3	3,448,100	474	4,600,800
Florida	523	3,197,250	1,332	8,528,350	5	5,987,800	673	17,713,400
Georgia	403	2,375,500	252	1,576,550	2	601,100	82	4,553,150
Idaho	293	1,536,650	28	167,000	....	....	....	1,703,650
Illinois	1,141	7,973,600	167	1,223,300	13	2,069,200	261	11,266,100
Indiana	1,068	5,605,100	592	3,766,300	5	523,200	71	9,894,600
Iowa	390	2,125,150	99	643,400	....	....	....	2,768,550
Kansas	723	3,921,950	486	3,164,500	1	139,500	18	7,225,950
Kentucky	419	2,402,200	221	1,388,350	4	285,156	39	4,075,706
Louisiana	944	5,782,900	529	3,915,800	....	....	....	9,698,700
Maine	121	595,600	25	170,650	....	....	....	766,250
Maryland	416	2,684,500	66	525,100	13	8,777,400	1,169	11,987,000
Massachusetts	15	81,800	3	20,600	3	1,152,000	149	1,254,400
Michigan	2,385	13,449,500	584	4,178,350	6	631,700	90	18,259,550
Minnesota	240	1,459,300	174	1,164,150	4	293,500	48	2,916,950
Mississippi	320	1,462,000	372	2,164,100	....	....	....	3,626,100
Missouri	1,412	7,857,400	83	598,700	2	489,000	64	8,945,100
Montana	243	1,275,700	5	31,600	....	....	....	1,307,300
Nebraska	412	2,091,300	215	1,350,400	....	....	....	3,441,700
Nevada	131	839,100	26	179,400	....	....	....	1,018,500
New Hampshire	80	458,950	5	33,000	....	....	....	491,950
New Jersey	1,195	6,798,350	610	4,261,200	18	12,147,700	1,666	23,207,250
New Mexico	65	359,150	138	927,400	....	....	....	1,286,550
New York	877	5,816,500	77	647,100	5	5,586,700	753	12,050,300
North Carolina	193	1,102,100	225	1,457,350	1	1,285,000	153	3,844,450
North Dakota	17	70,700	11	70,100	....	....	....	140,800
Ohio	972	6,254,300	436	2,960,300	11	1,562,100	254	10,776,700
Oklahoma	1,479	7,449,200	1,408	8,758,450	16	2,101,000	334	18,308,650
Oregon	632	3,486,850	113	837,700	7	1,030,400	156	5,354,950
Pennsylvania	967	4,925,000	352	2,516,400	2	455,600	68	7,897,000
Rhode Island	60	418,800	15	97,100	....	....	....	515,900
South Carolina	346	1,853,700	227	1,249,200	....	....	....	3,102,900
South Dakota	157	687,700	26	158,650	....	....	....	846,350
Tennessee	505	2,953,000	1,144	7,041,750	....	....	....	9,994,750
Texas	2,574	13,786,450	1,814	10,623,900	3	484,100	71	24,894,450
Utah	375	2,224,050	228	1,207,950	....	....	....	3,432,000
Vermont	35	205,800	16	97,450	....	....	....	303,250
Virginia	959	5,814,250	398	2,545,600	21	12,274,900	1,599	20,634,750
Washington	3,519	19,200,150	72	492,500	5	4,698,200	622	24,390,850
West Virginia	607	2,992,100	32	135,950	....	....	....	3,128,050
Wisconsin	255	1,690,300	114	636,500	7	2,596,100	306	4,922,900
Wyoming	198	972,350	31	206,350	....	....	....	1,178,700
Alaska	25	169,200	....	....	....	....	....	169,200
Hawaii	33	261,100	7	56,700	....	....	....	317,800
Puerto Rico	223	1,582,600	282	2,099,300	....	....	....	3,681,900

[1] Includes 5 release-clause projects for $451,400 including 70 units.

some of the more populous States such as New York, Pennsylvania, Ohio, and Illinois. Under the Veterans Emergency Housing Program for 1- to 4-family houses (Section 603), with all except $18,336,450 of insurance relating to new construction, mortgages were concentrated in the South and Southwest. Under the VEH program for rental housing (Section 608), on the other hand, more than 70 percent of the mortgages related to projects in Atlantic Coast States. Section 203 insurance during the 6-month period, including $157,529,050 or 81.6 percent relating to existing properties, was distributed throughout the Nation more nearly according to population concentrations.

The 5 States with the largest volume of mortgages included under Section 203 were Washington, California, Texas, Michigan, and Illinois, with the total for the group amounting to $72,731,750 or 37.7 percent of the national total. With the exception of Illinois, each of these States accounted for more than $10,000,000 of mortgages insured under this section of the Act. Nine other States reported mortgages totaling as much as $5,000,000 while 10 States or territories reported totals of less than $500,000.

The largest dollar amounts of mortgages insured under Section 603—almost entirely new-home mortgages—were reported by Texas, Oklahoma, Florida, California, and Tennessee. Aggregating $43,402,950, mortgages in these States accounted for 42 percent of the national total of $103,250,700. No other States reported mortgages amounting to as much as $5,000,000 while 17 States or territories had totals of less than $500,000.

More than 62 percent of the national total of $368,240,006 in rental housing mortgages insured during the first half of 1947 was reported by the 5 States of Virginia, New Jersey, Maryland, Florida, and New York. Ten additional States reported as much as $1,000,000 in these mortgages while 23 States or territories reported no insurance written under this section of the Act.

Why We Like Title I Loans

(Continued from page 12)

credit in a peacetime economy, the question has been raised as to how we could consistently at the same time cooperate in and support the Federal Housing Administration's program.

There is a very fundamental point of difference between the two programs that strikes at the very heart of the American free enterprise system:

The FHA program is purely a voluntary program. You can use it, abiding by its rules and regulations, or not . . . as you like. You can insure some of your loans and . . . if you wish to offer special terms to meet unusual local or individual or seasonal problems not in accordance with FHA regulations . . . not insure others. This is a far cry from the regimentation of Regulation W, compulsory in every respect.

Under the recent 2-year extension of the FHA Title I program by Congress, new insurance reserves were set up for all registrants (qualified institutions) as of July 1, 1947. This means that all banks, practically speaking, are in the same boat insurancewise. That is, even a bank such as my own, which has been making Modernization Loans since the inception of the program in 1934, started again from scratch on July 1 as far as its loss reserve insurance accumulation is concerned. It is not a valid excuse, therefore, for a bank to say that it would make the loans . . . "if we had accumulated a big loss reserve like yours."

As well as I recall some figures I saw about a year ago, it was estimated that the national finance companies were getting about a third of all the Modernization Loan business throughout the whole country.

This is of course a tribute to their aggressive salesmanship. It is also, in my own personal opinion, somewhat of a reflection on the banks throughout the country. Every dealer-contractor must have an account of some kind with some bank. You would think that with a close financial relationship already established, the banks would have the inside track on the financing requirements of their own customers; but apparently too many banks are still either asleep or inept.

As bankers we are charged with the obligation of at least *seeking* to serve the financial requirements of our communities. To be successful in that mission, to be sure, requires a certain measure of experience and "know-how." It also requires imagination and the *will* to do.

An example of the potentialities of consumer-distribution financing is the program of the Rural Electrification Administration, which has lent and is lending hundreds of millions of dollars throughout rural America for the construction of power lines into millions of farms. It has been estimated that the average newly electrified farm purchases $700 of equipment and household appliances. This does not include the cost of wiring the buildings, the probable installation of water system, bathroom, modernized kitchen, and other general improvements. Think of the potential market here for Modernization Loans and other types of financing.

So far only Class 1 (a) loans have been mentioned, that is, loans for the repair, alteration, or improvement of existing structures. There are other classes of loans under Title I of which the average banker is only dimly aware:

Class 1 (b).—For the repair, alteration, improvement, or conversion of existing structures to provide additional living accommodations, which may be made up to $5,000 for as long as 7 years.

Class 2 (a).—For erecting new structures for other than residential or agricultural purposes, which may be made up to $3,000 for as long as 3 years.

Class 2 (b).—For erecting new structures in whole or in part for agricultural purposes, exclusive of residential purposes, which may be made up to $3,000 for as long as 7 years, or up to 15 years, if a first lien is taken.

Class 3.—For erecting new structures for residential purposes, which may be made up to $3,000 for as long as 20 years.

There is no reason why any bank cannot safely and profitably make any and all of the several classes of Title I loans, with bona fide losses insured up to 10 percent of the aggregate sum total of such loans made, if you will observe elementary safeguards:

(1) *Check credits closely.* Don't allow competition to force you into loose credit policies. (2) *Make spot checks* on the premises of the borrower to inspect the article or service being financed and the validity of proffered deals . . . the FHA of course not being responsible for forged or fictitious notes. (3) *Watch collections closely.* Don't make a claim on every loan as soon as it goes delinquent. At least follow up and find out the why's and wherefore's of delinquency. (4) *Know your dealer.*

Investigate every dealer

A thorough investigation should be made of every dealer whose paper you discount. Keep records segregated by dealers, so you can appraise your experience with each. It is the 10 percent of the dealers who cause you 90 percent of your grief that you want to be able to spot and keep a close rein on . . . or stop doing business with them.

It is my feeling that the FHA program is the responsibility as well as the opportunity of all banks extending credit to individuals. This includes the banks long experienced in consumer credit which comprise the membership of the Association of which I happen to be president. It also includes all the 12,000 banks throughout the country which have indicated their activity or desire to participate in this broad undertaking of financing those appliances and improvements and services which are vital to the continued advancement of the standard of living for the American people.

The bank which services the financial requirements of the individual serves him directly whom all others must serve indirectly.

Rochester's Plan for G. I. Housing

(Continued from page 10)

scribe to $30,000 of nondividend paying stock so that control of the corporation may be permanently kept out of the realm of politics.

Firm bids have just been received from a number of prominent local contractors for the construction of 228 apartments on this tract, to be called Norton Village, arranged in a garden-type development. It will be financed with an FHA-insured mortgage of approximately $1,847,000. It is expected that construction will start within the next few weeks. These apartments will differ somewhat from those of the other two projects in that they will be duplex apartments with a first floor, second floor, and basement for each unit. This, it is believed, will not only lower the construction cost but will also lessen the noise problem and also simplify management. The present estimates indicate that these apartments can be rented for not more than $45 a month.

Competent, experienced management has been secured which will supervise the operation of all three developments. This will tend to reduce the overhead of each group and will result in uniform policies being applied.

As a result of these 3 projects, Rochester will be furnishing 500 rental units on a nonprofit basis to its citizens. It does not look upon this as charity, but rather as an intelligent attempt to assist its citizens and industries in solving a problem that underlies their future welfare.

Incidentally, the direct housing efforts of Rochester's bankers, home builders, and city administration apparently have not hampered nor retarded the individual undertakings of other builders and investors in this city. At least half a dozen other projects in addition to the 3 mentioned have been started or are in the preparatory stage. They will provide over 150 new dwelling units with FHA-insured financing of more than a million and a quarter dollars. All such individual efforts are being encouraged by Rochester's bankers, builders and city officials.

Salvaging Barracks for New Housing

(*Continued from page 15*)

can be demonstrated by the fact that of a possible 200 floor panels, 181 finished complete houses were developed. Less than one *boxcar* of waste material resulted from the construction of the 181 houses.

Following sectionalizing of the buildings, each house section (weighing approximately 11 tons) was placed on a waiting "shovel taxi" trailer equipped with a special bearing frame and hauled a mile and a half over a specially constructed roadway on land belonging to Mr. McLean to the erection site. There a continuous masonry foundation had already been erected for each house section and a crane was waiting to lift the house unit from the trailer and place it on the foundation. Waiting crews quickly set in place the prefabricated partitions which had been developed from existing partitions in the barracks building.

Material processed in shop

Although all material was used material, it had been processed through a shop operation, cleaned, presawn and delivered to the site so that a minimum of time and effort was necessary to place it.

House units were moved to the erection site at the rate of 11 per 8-hour day. Other trucks carried partition materials, plumbing, fixtures, pipe, and other items which developed in an orderly flow from the demounting operation. The average house was completely finished within 30 days after the house was moved on the foundation. During this time all work such as plumbing, carpentry, floor finishing, painting, masonry, flashing, and roofing was completed.

While the construction operations were proceeding the Veterans Service Center interviewed Negro veterans, established their eligibility and referred them to the sales office where they were given their choice of lots in the order of their registration. The response was tremendous.

The sites in North Truxton were developed in accordance with the best subdivision planning principles, thus assuring a permanently attractive neighborhood, protection of property values and maximum sales appeal. The minimum lot frontage was 60 feet, the average depth 100 feet. The lot was included in the purchase price as was the cost of grading, seeding, and landscaping. Also included was an apartment-size gas range, automatic gas hot-water heater, kerosene space heater and a gas refrigerator, all connected to a "bottle gas" installation.

Arrangements were made with the Investment Corporation of Norfolk to act as mortgagee on the 181 cases. The purchase price was fixed at around $3,800, including house, lot, gas range, hot-water heater, kerosene space heater, gas refrigerator and full screens.

The amount of the FHA-insured 20-year, 4 percent mortgage was $3,400, insured under the emergency provisions of the National Housing Act (Title VI). Thus the owner's payments (including payments on principal and interest, taxes and insurance) are approximately $26 a month. This figure is less than the rentals paid for some of the slum properties previously occupied by these people.

Profit for contractor

Even at the low cost, the contractor made an acceptable profit. But his sense of public responsibility and sincere desire to help the low-income families made him determine to take only a *normal* profit.

The secret, if there be one, was in the initiative, the drive and the vision which made the dream possible. There were no hidden costs—there can be none in such an operation. It was an honest venture, brilliantly conceived and carefully executed. The operation was a private one throughout. The Portsmouth Redevelopment and Housing Authority, while perhaps providing the spark and the appreciation of need, was not actively in the picture except in expediting the site disposition with the PHA.

Comments received during construction were varied and interesting but all were agreed on the worth and value of the operation. Mortgage and investment bankers, racial relations specialists and housing specialists characterized the development as the "outstanding Negro housing project in the United States." Both the Office of the Housing Expediter and the National Housing Agency (now the Housing and Home Finance Agency) were of considerable assistance in locating and obtaining equipment.

Now North Truxton is finished. It has grown already to 250 homes for Negro veterans. It has made possible at a low cost, decent, safe, and sanitary housing which would not have been possible without the vision and initiative of a man who was determined to see that something was done.

What has been done in Portsmouth can be done elsewhere. In every center of war activity there are still numbers of barracks which can be used in a similar manner. The way has been shown. The challenge is there—why not take it up? Here is a means close at hand to help relieve the still-critical housing shortage. Why not use it?

Veterans' Projects Analyzed

(Continued from page 23)

The median rental for all the surveyed dwelling units is $82.88. By room size, the median rentals range from $55.35 for units with less than 3 rooms up to $98.33 for the 5½-room apartments, with respective medians of $84.58 and $87.47 for the 4½- and 5-room units.

Monthly rentals reported for apartments of the same size vary considerably. This is due primarily to the following factors: (1) Variation in the construction and land costs of the different projects and (2) variation in the amount of equipment, utilities, and services to be furnished by the sponsor and included in the rent.

Monthly rentals of the most popular size of apartment—the five-room units—range from $55 to $120 with over one-half (56.1 percent) approved for rentals of $80 to $90 and nearly one-fourth for rentals of $90 to $100. One out of every nine (11.3 percent) of the five-room units are to rent for $100 or more, while 7.5 percent are in the $70 to $80 rental range.

The amount of equipment, utilities, and services to be furnished the tenant by the project sponsor for apartments of the same size appears to vary in direct proportion to the monthly rental.

For example, for the five-room units, the full complement of equipment and services—a range, refrigerator, laundry facilities, space heat, hot and cold water, janitor service and grounds maintenance—are provided for only 4.6 percent of the units in the $70 to $80 range, 29.7 percent of those with rentals of $80 to $90, three-fifths of the units in the $90 to $100 bracket, and almost 90 percent of the five-room apartments approved for rentals of $100 or more. The proportion of five-room apartments for which the reported monthly rental covers little more than shelter rent ranges from 43.5 percent of the units in the $70 to $80 group to 2.5 percent of those with rentals of $90 to $100, with all rentals of $100 or more providing equipment and services in varying amounts.

Type of structures.—Almost 85 percent of the projects are composed of walk-up apartment buildings. The following table shows that in five out of every eight projects the structures are two-story walk-ups, and one out of eight projects consists of three-story walk-up buildings.

Type of structure	Percentage distribution	
	Projects	Dwelling units
Walk-up total	84.5	85.9
2-story	63.0	49.5
3-story	12.7	14.7
2- and 3-story combined	5.2	10.5
1- and 2-story combined	3.6	11.2
Row house	10.8	9.4
Semidetached (2-family)	3.1	1.8
Detached (1-family)	.6	.3
Elevator	1.0	2.6
Total	100.0	100.0

Row-house structures comprise about 1 out of every 10 projects, while projects with elevator-type structures represent but 1 percent of the projects, providing, however, 2.6 percent of the total units.

Mortgage allocable to dwellings, amount per room.—A little over one-sixth (17.7 percent) of the Section 608 projects have mortgage amounts allocable to dwelling use averaging *less* than $1,500 per room. Under the Veterans Emergency Housing amendments to Section 608, that part of the mortgage attributable to dwelling use may not exceed $1,500 per room, excepting that the FHA Commissioner has the authority to increase this amount to $1,800 "where in his discretion cost levels so require." As indicated in the table below, the mortgage amounts for 18.3 percent of the projects average $1,800 per room.

Mortgage allocable to dwellings, amount per room [1]	Percent of projects
Less than $1,500	17.7
$1,500 to $1,549	6.3
$1,550 to $1,599	4.8
$1,600 to $1,649	6.9
$1,650 to $1,699	11.5
$1,700 to $1,749	12.3
$1,750 to $1,799	22.2
$1,800	18.3
Total	100.0
Average amount	$1,709

[1] Non-income producing rooms are included in computation of this average.

Mortgage amounts averaging *less* than $1,350 per room, the maximum under Section 207 and the superseded War Housing provisions of Section 608, have been reported for only 5 percent of the Section 608 VEH projects. Over one-third of the projects have average mortgage amounts of $1,700 to $1,799. The average amount of mortgage attributable to dwelling use for all projects is $1,709 per room.

Section 610 Mortgages

(Continued from page 8)

mortgagees pursuant to Section 610, good for a period of 90 days. No firm commitment may be issued unless the transaction as shown in the application represents a pending direct purchase from the Public Housing Administration and no conditional commitment will be issued in any event.

In determining the eligibility of individual properties, current instructions for the application of Minimum Property Requirements to existing structures are applied. Location considerations shall be those that presently apply under Title II.

When repairs or alterations are required by the FHA commitment, compliance inspections will be necessary.

Small Homes Built Under Title I

(Continued from page 21)

to the start of construction and to disbursement of any portion of the proceeds of the loan. Next the lender inspects the site and determines that it is suitable for a home and that the proposed structure will not adversely affect surrounding properties.

It is also the responsibility of the lending institution to make an estimate of the value of the property and that the borrower will have at least a 5 percent equity.

In the case of a building intended for sale or rent the Commissioner must approve the project on a one-page form furnished by FHA. The next step is to have the borrower sign a note and mortgage furnished by FHA, and then construction starts. Progress payments for construction advances may be made up to 80 percent of the loan. It is the responsibility of the lending institution to be satisfied that the value of the work done and the materials on hand at the time of any progress payment is equal to at least 110 percent, plus previous progress payments, if any. It is also the responsibility of the lending institution to see that the construction follows the plans and specifications submitted by the borrower.

After the structure is completed and ready for occupancy, the lending institution will make a final inspection and will have the borrower execute a completion certificate, after which a report on final completion is sent to FHA, Washington.

To sum up briefly the following seven simple steps are a guide in a successful Title I, Class 3 program:

1. The borrower executes a credit application (Form FH 51) which is submitted to the lending institution with plans and specifications of the proposed home.
2. The lending institution:

(a) Checks and approves the borrower's credit.
(b) Approves the site.
(c) Determines that the borrower will have an equity of at least 5 percent of the appraised value of the completed property.
(d) Checks the plans and specifications to see that they comply with regulations.
(e) In case the proposed structure is for rent or sale the lending institution requests the approval of the local FHA office.

3. The borrower executes the proper note and mortgage form after the institution satisfies itself as to the sufficiency of the title and the property will be free and clear.

4. Construction starts—It is recommended that the lending institution make at least three construction inspections. (If progress payments are made it must assure itself that the value of labor and material equal 110 percent, plus previous progress payments, if any.)

5. Within 31 days from date of first disbursement the lending institution must submit its last report (FH 56) to the FHA, Washington, for insurance recordation.

6. When the structure is completed and ready for occupancy the borrower will sign a completion certificate (FH 55) and the lending institution will make the final inspection and final disbursement.

7. The lending institution then submits a report of final completion to FHA, Washington (FH 57) which is the duplicate copy of FH 56.

Homes for Veterans by Veterans

(*Continued from page 17*)

Similar houses in this neighborhood would rent from $80 to $90 per month.

At the completion ceremony held in July, which was fittingly attended by FHA Commissioner Franklin D. Richards and other notables, all persons who had given so unstintingly and generously of their time and efforts were well repaid in seeing the happy faces of the veterans with their wives and children living in the dream houses. Within 12 months the vision had become a reality.

A 3,800-Unit Project

(*Continued from page 7*)

Available to each apartment will be complete modern laundry facilities in the basement, including electric washing machines and gas driers. Outdoor drying yards are also available. Basement storage space and baby carriage rooms are made accessible by convenient ramps.

Rentals begin at $66 a month for three-room apartment, $78 for three and a half rooms, $88 for four rooms, and $96 for five rooms. Individual garages are available at a moderate rental, while free parking facilities also are provided.

Construction policy was formulated to provide occupancy in progressive stages, independent of building operations continuing in other sections of the village. The project as a whole is divided into 6 staggered but overlapping stages. The first section totals 27 acres and contains 24 2-story buildings with 576 apartments, supplemented by 277 garages, basement facilities for 87 cars and off-street parking for 156 more. Also included will be 25,000 feet of store area, to be supplemented by the 15-acre central shopping center.

Some units occupied

Some units of the first section have been completed and occupied. The construction schedule calls for a new group of tenants moving in about every 10 days, with the inflow regulated by Manager Arthur M. Ahrens.

Insured financing was arranged under the emergency provisions of the National Housing Act (Sec. 608, Title VI). The New York insuring office of FHA, through State Director Thomas G. Grace, issued a commitment to insure a mortgage of $4,348,400 on the first section of Glen Oaks Village. This was the largest at that time for the New York office and one of the largest for any of the FHA insuring offices.

Excluding the land, valued at $380,000, construction of the initial section was estimated at $4,850,000, about $8,400 for each of the apartments. The mortgage, which will be amortized over a period of 32 years, was originated by the Bank of Manhattan Co., to be assigned later to the Prudential Insurance Co. of America.

Preference in occupancy at Glen Oaks is being given to veterans of World War II and their families. Evidence of the gravity of the housing shortage in that area was provided immediately following announcement of beginning of construction. More than 10,000 mail applications and hundreds of telephone applications deluged the Gross-Morton office.

In a statement on the project made last summer, FHA State Director Grace said:

"Glen Oaks Village is an outstanding example of the rental type of dwelling the FHA would like to see erected wherever possible to alleviate the critical current housing shortage.

"By making the village a completely self-contained community, and by incorporating all of the features which the FHA Land Planning Division considers desirable and necessary, the Gross-Morton Co. has met a serious challenge to private builders."

Change in Class 1 and 2 Regulations

TITLE I Regulations governing Class 1 and 2 loans by private financial institutions to be insured by the Federal Housing Administration have been amended by Commissioner Franklin D. Richards. Part I, Regulation VI, Section 5, now reads as follows:

> 5. *Prior approval by Commissioner.*—Any loan which increases the principal amount outstanding as to all Class 1 or Class 2 loans to any individual borrower to an amount in excess of five thousand dollars ($5,000), exclusive of financing charges, will be accepted for insurance only upon prior approval of the Commissioner.

In his letter to qualified lending institutions, the Commissioner explained that the former limit was $2,500. He added:

"In increasing your responsibility creditwise, we know that you will continue to exercise sound judgment in your credit determinations. A thorough investigation should be made of the applicant's credit and no advance of funds should be made until you are satisfied that he not only has the capacity to pay but the reputation for paying his obligations."

Any Class 1 or Class 2 loan that increases the principal amount outstanding as to all such loans (exclusive of Class 3 loans) to any one borrower, to an amount in excess of $5,000, shall be submitted for prior approval to the local FHA office having jurisdiction over the site of the property to be improved.

In computing the principal amount outstanding to any borrower, include all prior Class 1 or Class 2 obligations on which he is primarily or secondarily liable. The submittal file should contain all information necessary to pass upon the reasonableness of the credit risk.

HOUSING AND HOME FINANCE AGENCY

Federal Housing Administration

FRANKLIN D. RICHARDS, *Commissioner*

Insuring or Service Offices are maintained at

Alaska: Federal Bldg., Juneau.
Alabama: 2225 Third Ave., N., Birmingham 3.
Arizona: 140 S. Central Ave., Phoenix.
Congress Hotel Bldg., Tucson.
Arkansas: Old Post Office Bldg., Little Rock.
California: 315 Montgomery St., San Francisco 4.
Broadway Bldg., San Diego 1.
Rives-Strong Bldg., 112 W. 9th St., Los Angeles 15.
283 F St., San Bernardino.
Colorado: Film Exchange Bldg., 2106 N. Broadway, Denver 2.
Connecticut: 125 Trumbull St., Hartford 3.
Delaware: Industrial Trust Bldg., Tenth and Shipley Sts., Wilmington.
District of Columbia: Sixth Floor, 734 Fifteenth St. NW., Washington 25.
Florida: Greenleaf Bldg., Jacksonville 2.
Coral Gables City Hall, Miami 34.
Fonte Bldg., 1529 Grand Central Ave., Tampa.
Georgia: 101 Marietta Street Bldg., Atlanta 3.
Hawaii: 334-336 Federal Bldg., Honolulu.
Idaho: Rm. 410, Baird Bldg., 805 Idaho St., Boise.
Illinois: Rm. 506, Merchandise Mart, Chicago 54.
605 Illinois Bldg., Springfield.
Indiana: Guaranty Bldg., Monument Circle, Indianapolis 9.
Post Office Bldg., Gary.
Iowa: Insurance Exchange Bldg., Des Moines 9.
Kansas: National Bank Bldg., Topeka.
Wheeler Kelly Hagny Bldg., Wichita.
Kentucky: Rm. 505, Post Office Bldg., Louisville 2.
Louisiana: Farm Credit Adm. Bldg., 860 St. Charles Ave., New Orleans.
Bossier City Bank & Trust Co. Bldg., Bossier City.
Maine: Exchange Bldg., Bangor.
Maryland: 915 Fidelity Bldg., Baltimore 1.
Massachusetts: 5th Floor, 40 Broad St., Boston 9.
Security Bldg., 44 Vernon St., Springfield 3.
500 U. S. Post Office and Courthouse Bldg., Franklin Square, Worcester.
Michigan: 3d Fl., Penobscot Bldg., Detroit 26.
516-518 Grand Rapids National Bank Bldg., Grand Rapids.
Minnesota: New Post Office Bldg., Minneapolis 1.
Mississippi: 203-A Lamar Life Bldg., Jackson.
Missouri: 315 North Seventh St., St. Louis 1.
Fidelity Bldg., 911 Walnut St., Kansas City 6.
Montana: Federal Bldg., Helena.
Nevada: Lunsford Bldg., Reno.
Nebraska; Woodmen of the World Bldg., Fourteenth and Farnam Sts., Omaha 2.
New Hampshire: Post Office Bldg., Manchester.
New Jersey: Raymond-Commerce Bldg., Newark 2.
Post Office Bldg., Camden 2.
New Mexico: 401 N. Second St., Albuquerque.
New York: Federal Bldg., 90 Church St., N. Y. City 7.
The City and County Savings Bk. Bldg., 100 State St., Albany 7.
Post Office Bldg., Buffalo 3.
North Carolina: Guilford Bldg., Greensboro.
Robinson Bldg., Charlotte.
North Dakota: 510 First National Bank Bldg., Fargo.
Ohio: Old Post Office Bldg., Columbus 15.
New Post Office Bldg., Cleveland 13.
Fifth-Third Union Trust Bldg., Fourth and Walnut Sts., Cincinnati.
Oklahoma: 900 Leonhardt Bldg., 228 Northwest Second St., Oklahoma City 2.
Richard Bldg., 106 E. Third St., Tulsa.
Oregon: Rm. 520, Platt Bldg., Portland 5.
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Henry W. Oliver Bldg., 535 Smithfield St., Pittsburgh 22.
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Tennessee: 210 Federal Bldg., Memphis 1.
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West Virginia: Chamber of Commerce Bldg., Charleston 32.
Wisconsin: 4th Floor, Wisconsin-Broadway Bldg., Milwaukee 2.
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