



FEDERAL
HOME
LOAN
BANK

REVIEW

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THE ROAD TO PROGRESS

"History shows that great economic and social forces flow like a tide over communities only half conscious of that which is befalling them. Wise statesmen foresee what time is thus bringing, and try to shape institutions and mold men's thoughts and purposes in accordance with the change that is silently coming on.

"The unwise are those who bring nothing constructive to the process, and who greatly imperil the future of mankind, by leaving great questions to be fought out between ignorant change on the one hand, and ignorant opposition to change, on the other."

John Stuart Mill.

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APPROVED BY THE BUREAU OF THE BUDGET.

WHAT ARE YOUR LOCAL HOUSING NEEDS?

For three years new construction has been frozen with building allowed only to meet essential war needs. VE-Day has brought the first indications of a sizable thaw. How many institutional lenders know with certainty the extent and composition of local housing needs?

By FRED T. GREENE, *President*
Federal Home Loan Bank of Indianapolis

■ ADEQUATE knowledge of the housing requirements of the various communities of the nation will be more needed in the post-war period than at any time in the past. Practically all students of the subject are agreed that the post-war years will witness a large volume of new home construction to meet the wartime-induced shortages and to provide better homes for the citizens of the country.

The task of providing sound financing for the construction of new homes will properly fall upon the private home-financing institutions of the country. If financing is provided for a larger number of new homes than is actually needed in the community, or more than the people of the community can pay for under a sound program, the effects upon the real-estate market would be disastrous as values underlying the loans now in the private lending institutions' portfolios would be weakened. On the other hand, if financing sufficient for providing all of the necessary homes is not made readily available, the home seekers would request governmental aid either in the direct construction or in the financing of these homes, or both. Therefore, the managements of private thrift and home-financing institutions can adopt sound home-financing policies, both in the interests of the savers and investors whose funds they lend and in the interests of their communities, only where enough information of the right kind is available for the formulation of the most sound and comprehensive policies.

Certainly no manufacturer of consumer products would embark upon a large-scale manufacturing and sales program without first endeavoring to measure the market for the product. Nor would an up-to-date manufacturer enter a specific local market for his product without endeavoring to obtain as accurate information as is available about the ability of that market to absorb and pay for the product being offered. Likewise, the individuals or institutions which are financing the manufacturer

would make sure, insofar as is humanly possible, that the market data upon which the manufacturer was basing his sales and manufacturing quotas were complete and accurate.

Need for Market Information

The need for adequate market data is probably greater in the home-construction industry than in any other American business. The purchase of a house is usually the largest single financial transaction in the lifetime of an American family and in the aggregate involves funds in the billions of dollars. Thus, from the financial aspects alone, information is important in the protection of the builder, home owner and financing institution. Furthermore, the social and political implications involved in the failure of private enterprise to provide a sufficient quantity of houses of the type that will satisfy the needs of the public are of real importance to the future of private enterprise.

The institutions which finance the home-construction industry likewise have a greater need for market information than is required in the financing of practically any other industry. A larger portion of new homes need financing by their purchasers than is true of any other commodity. Moreover, this financing is carried on over a long period of years rather than in periods of 60 or 90 days, or a year or 18 months; as is typical of the financing of sales of other products.

In the past, the market information upon which the home-construction industry has operated has usually been hit or miss. The season-to-season judgment of operative builders, based on their current sales experience, has been the basis for determining the number of houses in various price ranges needed in a community. Because of the expected entrance of large-scale builders into the home-construction industry postwar, and because of the necessity for private industry to demonstrate its ability to meet the requirements of the people in the various income groups in the community, the use of more comprehensive market data on the need for homes becomes imperative.

Type of Data Needed

In studying the need for additional home construction in the community, certain background information would be the first line of approach to the problem: The community's resources that result in community development and in providing employment would first be surveyed. The population statistics of the past should be studied, as they throw light on the probable trends of the future.

Perhaps the period of 1919 to 1940 could serve as a basis for studying the trends in the community before the effects of World War II were felt. The trends in employment and payrolls, income, purchasing power and cost of living, and the industrial output and business activity of this period would throw considerable light on the peacetime trends of the community. Statistics revealing these pre-war peacetime trends almost always are readily obtainable from sources in each locality, from the Federal Census figures, from publications of the Department of Commerce, and from other sources.

When this background material has been gathered and studied to indicate the peacetime trends of the community, the effect of war production on the community should be given consideration. First of all, a survey of the new industries brought to the community by the war should be made and studied with particular emphasis on the likelihood of these industries remaining in the community postwar. The effect of these industries, if they are to remain post-war in the community, on the outlook for employment and the outlook for purchasing power should be carefully weighed because of the direct effect such post-war employment and purchasing power has on the market for housing in the community.

Housing Inventory

After having made estimates of the outlook for post-war employment and purchasing power and their effect upon the demand for housing accommodations in the city, the next logical step in the local market analysis might well be a survey of the present housing accommodations available, including such things as the number of dwelling units in the city, their type, age, condition and size, occupancy, rental value, and the like. In many communities, inventories of the housing supply of the city have been taken in recent times by various governmental and private agencies. Frequently these figures can be brought up to date without great additional cost.

In this connection, private enterprise in its studies of the existing homes of the city should earmark those areas containing dwelling units that are decidedly substandard so that private enterprise can make plans either for their demolition or for bringing them up to modern-day standards. If this phase of the local housing inventory is overlooked, private enterprise can be sure that its shortcomings in this respect will be forcefully called to the public's attention from time to time by groups interested in slum clearance and in raising the housing standards in the community. This is a real challenge to private enterprise which can be met only with a comprehensive program that will correct the situation. Merely making statements against public housing and crying "communism" and "socialism" will not satisfy the public demands for improved housing standards for low-income groups. This demand can be met only through a program that actually does something to provide such housing. Certainly the first step toward solution of the problem is to become aware of its existence through an actual study of the local conditions.

Cost Data

Following the study of the inventory of housing supply of the community, a study of the trends in the increase in dwelling units in the city should be made. Accurate statistics on new construction, remodeling and demolitions of substandard houses are available in most communities. Information on real-estate activity, which is an index of the market, frequently can be obtained through the assistance of local abstractors or title companies which can compile figures accurately reflecting real-estate transfers, mortgage recordings, foreclosures, and related information.

Obtaining data on sales prices is not quite so simple a problem. Sales-price data are usually available only in the form of opinions expressed by persons engaged in the real-estate brokerage business. Nevertheless, the building of an index on real-estate-price trends is important in the consideration of the market for new construction in that it is not easily possible to construct new houses in volume when existing houses are selling at prices substantially below their reproduction cost less depreciation and obsolescence.

In many communities today, existing houses are selling at more than current cost of reproduction less reasonable depreciation and obsolescence. When such a condition exists, it is good evidence of the need for additional homes in the community. Obviously,

when new houses can be built at costs which compare favorably with the prevailing sales prices of the existing houses, there is an opportunity for the creation of additional new housing units. In a normal market, used houses will sell at prices somewhat less than similar new homes. When existing houses sell above their reproduction cost, that in itself is an indication of the need for additional dwelling units in the community.

An index of local residential-construction costs should likewise be made as costs have a large bearing on the market price at which new houses can be offered, and the price in turn has a major effect upon the ability of the market to absorb the new houses. A comprehensive study of this kind should also take into account local tax rates and assessments. A comparison can then be made between these figures and those in suburban communities and other competing cities.

Financing Data

Another important sector in the study of the local market is the availability of mortgage funds and the terms and conditions under which they are available for new construction. Financing is not currently a problem for the construction industry in most communities but it has been in certain periods of the past and may be again in the future. Consequently, anyone who is making a comprehensive study of the community's housing market will wish to survey the available sources of mortgage funds and to obtain information regarding the terms upon which these funds will be provided.

All of this material, which has been suggested for a study of the local community, is primarily to be used as a basis for forecasting future trends. Consequently, all available statistics bearing on future trends will be needed. Such things as the in- and out-migration of the community, the number of marriages recorded, birth rates and other vital statistics will be of use in making such forecasts. Fundamentally, to arrive at an estimate of the number of additional dwelling units needed in the community, it is necessary to make estimates as to the number of families needing accommodations at some future time in comparison to the dwelling units now available in the community. To be usable by those interested in home construction and finance, an analysis of the housing market in the community must be made in terms of size of houses needed, types required, rental and sales values supportable, racial occupancy requirements, and suitable locations.

Methods for Market Analysis

If a comprehensive and thorough study of housing is to be made, the various elements of the home-construction and home-financing industry in the community should cooperate in financing the study and should endeavor to hire an experienced market analyst. In many parts of the country, the organizations which specialize in market studies would be available to conduct such a market survey. In some communities, a chamber of commerce may have on its staff qualified personnel to carry on such work. The bureaus of business research in various collegiate schools of business might sometimes be available for such studies. Where it is not possible to finance such a study and obtain the services of trained personnel under the sponsorship of an individual organization, these studies might be made through the joint efforts of local savings and loan groups, local real-estate boards, title companies, builders' organizations, and the like.

In smaller communities where there are a number of experienced men who have much of the information needed for such study available in their own files and in their own minds, data of this kind can be obtained from these individuals through the use of questionnaires and interviews. The data obtained in this manner can then be tested against the statistical information available from the various governmental agencies, real-estate boards, title companies, abstractors and from similar public and private sources.

Frequently, it would be possible for persons interested in making a market analysis of their community's housing needs to enlist the aid and support of the local newspapers. In this case much useful data as to the wishes and desires of the home-buying public can be gathered through the use of a questionnaire designed to ascertain the desires of the families of the community who are interested in buying or building new homes.

The methods of gathering comprehensive data that are necessary to make the best estimates of future needs in the community will vary according to the size of the community and the resources available for making this study. Certainly all those interested in private home construction and private home financing should make the best use possible of their community resources for getting the soundest data available on the future housing needs of the community, and then provide a comprehensive plan for meeting these needs under private enterprise.

WHAT IS THE RISK IN CURRENT LENDING?

It is generally conceded that real-estate prices have risen abruptly during the war years. However, there is question as to how much of this increase is justifiable. The following article presents considerations which throw some light on this subject.

■ FOR the past few years financial institutions have been carefully watching the upward swing in the prices of residential real estate. With rent control holding the rental index to a level line, there has been no comprehensive moving guide to changes in the supply-demand relationship. Yet symptoms of a rising ground swell in demand have appeared, with spot reports of increasing prices becoming more frequent as time has passed. On the basis of extensive surveys, it has been shown that this advance in sales prices has reached serious proportions, the magnitude in some localities being reported as high as 100 percent.

Justifiable Gain

That home prices are up is not disputed. The issue lies in the justifiable measure of increment to value for mortgage-lending purposes. Competent authorities point to the record of the past—every major war has, through the burden of destruction and military cost, produced a cheapening of money. For example, over the past 30 years, general commodity prices have not returned to the pre-World War I levels of 1914. In the case of that war, inflation (here taken to mean price increases subsequently offset by declines) occurred after the cessation of hostilities. Yet, can this be relied upon as the pattern for the present?

The record shows that, during the previous post-war periods reconstruction or the overhauling of pent-up demand has frequently been a secondary influence which has increased business activity, the most important factor usually being some new major stride in pursuit of industrial or commercial opportunity. Following the Civil War it was the development of heavy industries and the railroads. After the first World War there was still further industrial expansion which was typified, in large part, by a high volume of home building and the manufacture of automobiles merchantable to almost all income groups. Is there another such expansion in sight for post-World War II? The airplane, or possibly low-cost housing?

Our national post-war goal has been set at

55,000,000 jobs, but even if we achieve this goal it is not anticipated that the gross national product in peacetime will be as great as in the past two and one-half years. In terms of 1939 dollars, it is estimated that it would be about \$140,000,000,000. Yet, it should be noted that this would be based on a peacetime economy and be predicated in part upon replacement and expansion of our housing stock.

Recognized Increases

Only experience can define "justifiable" as applied to the present upward price movement. However, it is interesting to observe the measure of increment which mortgage-lending institutions seem to have recognized in determining value for their lending purposes. On a national basis, covering all types of lenders, this can be done only by statistical analysis. Thus, the following data are based entirely upon a study of trends in nonfarm mortgage recordings of \$20,000 or less. Admittedly, this process makes no allowance for margin of error. However, the procedure is believed to be of significance in that conclusions err on the conservative side. An institution conducting a similar study in its own locality would be able to correct for much of this deviation in that it could introduce factual data where this analysis must rely upon assumptions.

For purposes of this article, it is assumed that it is possible to derive a "stand-up value" for any residential property. This is not a denial of reasonable and unforeseen increments to value in the future. Rather, it is merely the presumption that on the basis of past experience there may be determined a price which might be paid by an average, well informed purchaser, buying in a typical market and without duress. Clearly, in local application, the period selected as a benchmark should reflect anticipated trends in the local economy. For example, in a region of declining activity, assumptions of an active market would not be reasonable.

The second major assumption is that ratios to property values for loans of all purposes (new construction, home purchase, refinancing, repair and reconditioning) remain constant throughout the time

series. On the face of it, this is an assumption contrary to fact. However, its effect produces a conservative conclusion, and data on this point as related to recordings are unobtainable. The following analysis is based exclusively on the acceptance of these two points.

Nonfarm Recordings

Compilations of mortgage recordings for all lenders throughout the country are available only as far back as 1939. For this reason, as well as because 1939 was a year of peacetime activity, not reflecting the subsequent large volumes of defense and war expenditures, it is accepted as a base year from which changes in loan size and derived values will be computed. Here again, it should be noted that some rise above the level of real-estate prices in this base year may prove to be sound. At the present, though, it is impossible to determine the portion of increment which will endure.

In the base year, 1939, all lenders recorded a total of 1,288,032 mortgage instruments in the face amount of \$3,506,563,000. In 1944, a somewhat higher number of mortgages, 1,446,548, were recorded in the amount of \$4,610,629,000. Thus, the average recording—a composite of loans for all purposes—rose from \$2,722 in 1939 to \$3,187 in 1944, an increase of 17 percent above the base average. For the first quarter of 1945, the average mortgage recorded amounted to \$3,338, about 23 percent above the annual average of 1939.

Ratio to Stand-up Value

This upward movement in the size of the average loan recorded is evidence that lenders of all types are giving recognition to a partial rise in prices by admitting an increase in value, as defined for mortgage-lending purposes. Without pausing to go into the merits or stability of higher sales prices, it is proposed to examine the ratios that current loans might bear to the derived 1939 value, accepted for discussion as stand-up value. Is such a comparison sound? Consider that for three years the volume of new construction has been geared to that quantity and quality of housing consistent with our war needs. This means that most current lending for home purchase is concentrated in transactions involving the same housing stock as in the base year of 1939. The only exception is that it is three years older and that during this time repairs have been at a minimum. Thus, it can be seen that, to all intents and purposes, transactions in the periods

under consideration are involving substantially the same stock of properties.

Clearly, interest centers about the high-ratio loans—now almost exclusively those for home purchase since new construction has been virtually eliminated. Repair and reconditioning loans are not believed to show any substantial ratio change since they are subject to priority limitations, as is new construction, and also fall within the purview of Regulation W of the Federal Reserve Board. By a process of elimination, the bulk of the gain in average loan size may be identified with those loans coming under the heading of home purchase. The hypothetical cases described below are considered as loans in this category.

On the basis of the foregoing assumptions, what ratio does lending in the current period by all mortgagees bear to stand-up value? Earlier, it was observed that the average mortgage recorded in 1939 amounted to \$2,722; that in 1944 it had increased to \$3,187 and for the first quarter of the current year stood at \$3,338. The following table shows five loan ratios in common use in financing home purchase and construction. The second and third columns show the index (1939 average recording=100) of the average loan amount recorded in the full year 1944 and the first quarter of 1945. The ratios of the hypothetical loans to derived (stand-up) value of 1939 have been obtained by applying the respective index figures to the ratios to current values shown in the first column.

Since the following table is based on mortgages recorded, it reflects only that portion of the rise in real-estate prices which lenders have accepted in business practice. Correspondingly, increases which

Ratio to current value	Index of average recording (1939=100)		Ratio to derived 1939 (stand-up) value	
	1944	1st Quarter 1945	1944	1st Quarter 1945
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
A.....	50	117	122.6	58.5
B.....	60	117	122.6	70.2
C.....	70	117	122.6	81.9
D.....	80	117	122.6	93.5
E.....	90	117	122.6	105.3

The second and third columns in the table above relate the average mortgage of \$20,000 or less recorded in the full year 1944 and the first quarter of 1945 to the average recording in 1939. The ratio of loans to derived 1939 (stand-up) value is obtained by applying these index figures to the loan ratios appearing in the first column.

they have refused to countenance and which have been met by larger cash down payment are excluded. To some extent, these additional gains may be admitted by some mortgagees who would report their loans at a correspondingly lower ratio to current value than would be reflected here.

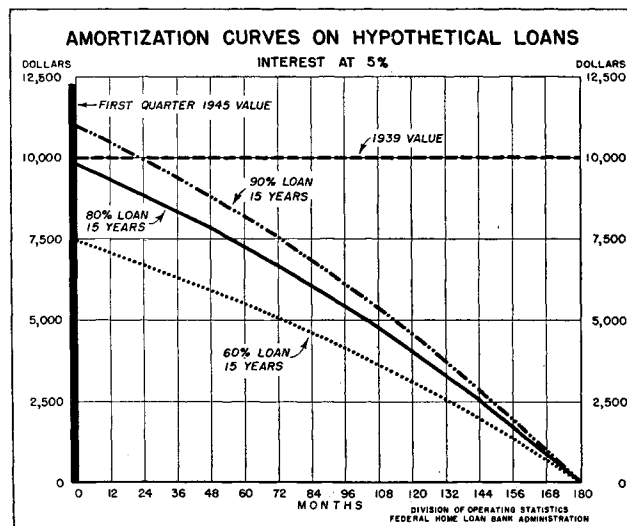
Case Analyses

Case A represents a loan of 50 percent of current derived value. Applying the index of the average mortgage recorded in 1944 gives a ratio to stand-up of 58.5 percent. However, such a loan made in the first three months of 1945 would carry the ratio to stand-up to 61.3 percent.

Moving down the first column—ratio of loan to current value—it will be noted that there is a progression of 10 points between each hypothetical case. A glance at the ratio of 1944 loans to 1939 stand-up value and a look at the corresponding column for the first quarter of 1945 shows that there is a progression of about 11.7 percent of stand-up between cases in the 1944 column and a gap of about 12.3 percent of stand-up in the first three months of 1945. Thus, the higher the ratio, the more deceptively acute becomes the risk on a rising market, particularly when current values are running higher than normal reproduction costs or sustained real-estate market expectations.

Case D at 80-percent financing represents the limit for many lenders, with the exception of those operating under Title VI of the National Housing Act, which makes possible loans up to 90 percent of appraised value. Here, though, it should be recalled that FHA regulations have consistently endeavored to preclude the insurance of inflated loans by judicious control of lending valuation as well as by construction inspections to prevent deterioration in the quality of building.

These figures give added meaning to the oft-repeated warnings of inflationary trends in real-estate prices finding their way into mortgage lending. Precisely where the danger point lies, no one can tell, yet it is not so much the fine dividing line as it is the general condition. If, as was suggested earlier, post-war activity finds expression in the mass production of low-cost homes, this is bound to produce some change if not reversal in the present movement of prices for residential properties. Naturally, such a development would not affect the nation uniformly, nor would all property prices within a given area necessarily respond in the same manner. Yet no community can be assured of a continuation of



present circumstances. A reversal might mean severe losses to lending institutions in addition to wiping out relatively large equities established by present purchasers through cash down payments on the basis of prices today.

A Hypothetical Loan

Reduced to absolute amounts, what do the figures in the foregoing table mean in terms of an actual loan? The property, for purposes of illustration, will be assumed to have a stand-up value (1939 price) of \$10,000. Applying the average percent increase in recordings (the first three months of the present year over the average recording in 1939) to the stand-up value of \$10,000 yields a hypothetical lending value of \$12,260 in the early spring of 1945. Thus, a loan of 80 percent of this current value would amount to \$9,808, only \$192 less than the \$10,000 price of 1939 which is taken as stand-up.

The foregoing chart illustrates the relation of three loans—60-percent financing, 80 percent and 90 percent—to the stand-up value of \$10,000. For purposes of illustration, the loan curve has been plotted in each case to 15 years maturity. This loan term has *not* been derived from mortgage recording statistics.

Remedial Action

Lenders are by no means oblivious to the implications of danger in current price trends. Evidence of this is to be found in the diversity of loan plans designed to discount excessive gains or reduce rapidly the added risks resulting from wartime increment in loan size. Parenthetically, some may wonder how much longer accelerated amortization may be relied

on to reduce high risk. The chart shown on this page is illustrative of the principal features of most of these plans, showing the effect of both shortened loan terms and accelerated amortization provision. Applied to the hypothetical property in the above discussion, this traces the loan-balance lines for 80-percent financing on a current value of \$12,260 and shows their relation to the stand-up value of \$10,000.

The broken line represents the unpaid balance of an \$8,000 loan (80 percent of stand-up value) to 180 months. The solid line portrays the extent to which additional risk would be taken on a \$9,800 loan (80 percent of current value and 98 percent of stand-up value) if the increased loan amount is not accompanied by a corresponding shortening of term or acceleration of amortization in the early period of the loan. The dotted line demonstrates that, with the loan period reduced to 132 months, the additional risk would be written off entirely within 61 months. On the other hand, were the period not shortened, the unpaid balance of the \$9,800 loan would be written down to about \$7,250 after 61 months instead of the \$5,920 which is shown for each of the other plans.

Significance

What is the purpose of this analysis? It is based on hypothetical loans and loan valuations derived from statistics relating to mortgage recordings of \$20,000 or under, as well as upon several assumptions which may conform to the experience of some mortgagees. Others may find that the trend in loans

placed in their portfolios bears little, if any, resemblance to these data.

The purpose of this article is to illustrate the dangers inherent in lending on inflated valuations. The selection of 1939 as a base year for stand-up values has been accepted for purposes of discussion only. The institution developing its own study of local lending and valuation trends would, naturally, select a market period, or individual valuation of property securing each loan, in accordance with its own judgment as to what the local economy could support on an enduring basis.

In illustrating that high-percentage lending on rising values which cannot endure becomes increasingly precarious as the loan ratio increases, no new facts have been brought to light. The attempt has been to relate the rising trend in average recordings to the known upward movement in real-estate prices and to interpret these in such manner as will identify specifically the nature of the danger involved in these added risks of loan-valuation increments. The specific line of danger, though, must be ascertained by local market studies which each lending institution is best qualified to undertake.

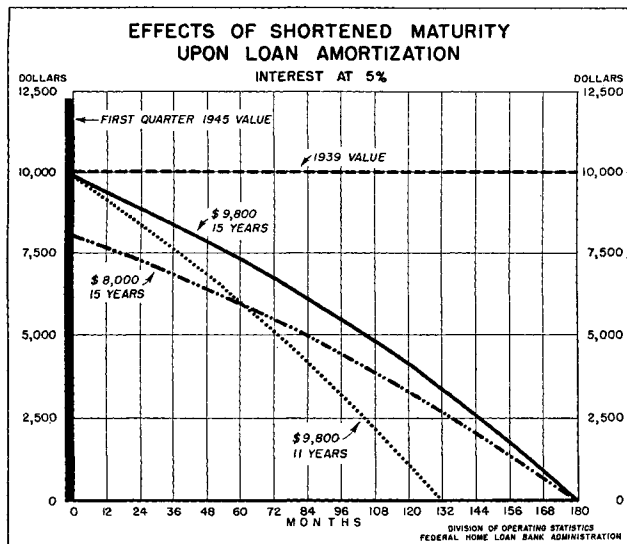
Construction Order L-41 Amended Following Victory in Europe

■ AT the end of last month, the War Production Board announced the first relaxation in control over construction activities. The principal changes made by the amended order are the raising of the annual dollar-value limited on various types of construction that may be undertaken without WPB authorization, and expansion of other exemptions from the provisions of the order.

The most significant change to home-financing institutions was that relating to repairs, maintenance, alterations and new construction on one- to five-family dwellings. Formerly, this was restricted to \$200 a year. The terms of the amended order are as follows:

One-family house, including a farmhouse, \$1,000; two-family house, \$2,000; three-family house, \$3,000; four-family house, \$4,000; and five-family house, \$5,000.

Order L-41-d, which provided exemptions for maintenance and repair of asbestos siding and roofing, was revoked. The increased allowances for residential construction and repairs now in L-41 make this order unnecessary.



TRAFFIC AND RESIDENTIAL REAL ESTATE

This is the fourth of a series of articles on urban planning.¹ Having previously considered planning problems, the significance of basic data, and land use, this article presents traffic as a cause of residential blight and discusses proposals for traffic control.

■ YOU have wondered why, in this wartime housing market, property over in "Downtown Neighborhood" is deteriorating so rapidly—resulting in higher occupancy turnover. Its neighbors are down-at-the-heel houses, one of which has already become a rooming house, another a tailoring shop, or perhaps a beauty parlor. Down the block a home mechanic has opened his backyard garage for automobile repair; at the corner an old house has given way to a super-garage serving the new flood of traffic resulting from the influx of war workers, the heavy trucking and the increased use of the "Downtown Neighborhood" facilities and services.

Is Traffic to Blame?

Study the city engineer's traffic-flow map. See how traffic divides and strangles residential development within reach of the city's center. Indiscriminately, almost every street fanning out from places of commerce and industry carries trucks, passenger cars and busses. Small wonder, then, that tenants, fearing for the safety of their children, shaken by the noise and clamor of traffic, seek surroundings more conducive to good living.

Nor is your community alone in its experience. Property values in Forest Hills Gardens, New York, for half a block to a block in from the edge of the development, have been lowered by the effect of heavy traffic on the parkway; the interior of the development is also suffering from objectionable traffic on its through streets. In Kingsport, Tennessee, a state highway channels traffic through business and residential areas. With the doubling of Kingsport's population, commercial development followed the traffic, intruding upon residential districts, while areas which were planned for business are still lying idle.

The intrusion of commercial development and heavy traffic into residential districts is followed by turnover in tenants, a smaller allotment for maintenance, physical deterioration of property and neighborhood, and the prospect of lower tax payments and rising costs of public services.

¹ Prepared by Reginald R. Isaacs and Victor H. Bringe of the Urban Development Division, National Housing Agency.

Traffic and the Growth of Cities

Before 1880 the small American town was in many respects just what a community should be: quiet livable, spacious, blended with the countryside; all of the streets, but one or two, were residential. The area of the town was limited; both social and business activities fell well within reasonable pedestrian or horse and buggy distances, which generally were not more than two to two and one-half miles from the town's center.

This pleasant equilibrium, however, was soon upset. In the last two decades of the nineteenth century, immigration accelerated the expansion of our population, and many new citizens sank their roots in our large cities.

At about the same time streetcar systems were introduced, contributing to the development of the large metropolitan area as we know it today. As cities grew, there was incentive to develop these municipal transportation systems with the result that the area of potential urban development mushroomed to five miles within the next few decades.

As the automobile became an economical means of popular transportation the radius grew to 15 or 20 miles. In a haphazard way cities hastened to adapt themselves to this new vehicle. Without realizing the implications of such steps, streets were hurriedly paved, later widened. In their effort to attract trade through a hasty and ill-conceived adaptation to new transport media, many cities paved the way to their own undoing. The potential area of urbanization was expanding rapidly as the speed of transport increased, but changes were taking place slowly in legal boundaries which defined the area of the local taxing authority. Often the flow of population to cities slackened or actually reversed itself as people sought to avoid the congestion, noise and dirt of the downtown area.

The flight to the suburbs represented not only a loss of population but a loss of tax revenues. Yet it was not until the situation became acute that serious attention was paid to the deterioration of downtown realty. In the meantime the development of elaborate traffic systems placed these former residential neighborhoods in need of complete replanning.

Traffic and Decentralization

Nor are the conditions of "Downtown Neighborhood" the sole ill effects of unplanned traffic. In many cities the decay of central areas has been hastened by the building of highways, streets and transit services to scattered subdivisions in the suburbs. Decentralization does not assure desirable environment; sometimes the traffic hazards are as bad or worse than in older abandoned areas. The traffic-flow map illustrates clearly the advanced stage that decentralization has reached in the urban area. Residential and commercial development follow major roadways leading out from cities and concentrate at transit intersections where large numbers of people alight from and board transportation vehicles; scattered development in outlying suburban areas is encouraged by the provision of good fast routes from the center.

In horse and buggy days, roads followed the pattern of settled areas; quite naturally, new development occurred at crossroads and other strategic points. As a result of increased traffic, heterogeneous and unattractive commerce, sporadic housing and billboards sprang up along the length of the highway. For the 30-mile length of the Washington-Baltimore Boulevard outside of the two cities, there are over 600 commercial establishments and almost 700 houses having access to the highway, or an average of about one hazard per 125 feet. The private

investment in such housing has proven a loss, notwithstanding the potential commercial value of a few "choice" locations.

When roadside protection is left largely to the whim of the subdivider, discontinuous, sporadic suburban settlements, or ribbon developments appear along highways, with undeveloped areas between them. These greatly increase the cost and difficulties of providing the essential public facilities and services.

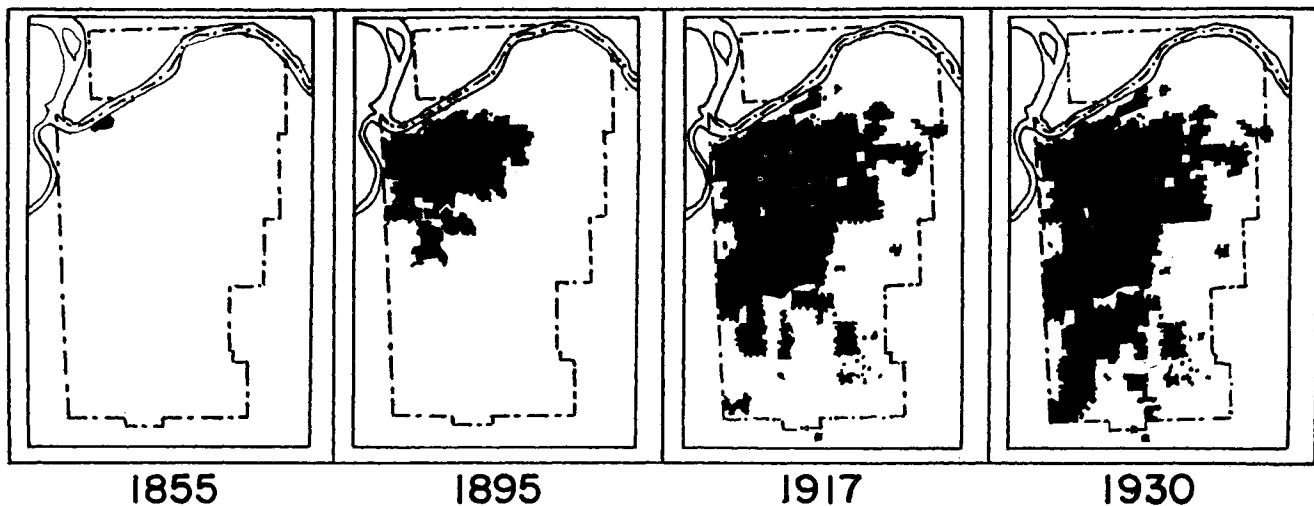
The Cost of Unplanned Traffic

It has been estimated that traffic congestion in Manhattan costs \$500,000 per day. This waste is not confined to the largest cities. Through careful observation in Worcester, Massachusetts, it has been estimated that congestion costs \$35,000 per day; in Cincinnati, \$100,000 per day.¹ Few realize that an outmoded street system, due to inadequacy or complete absence of neighborhood planning, is the cause of a large part of the increasing rate of traffic accidents and deaths. Contrary to popular belief, accidents are not concentrated in the central business districts; Syracuse has reported 40 to 50 percent of such accidents in residential areas. The costs of accident prevention are paid for by taxation on real estate.

The haphazard use of all varieties of vehicles on all sorts of streets and roadways has resulted in unanticipated costs of maintenance. Few residential

¹ *Urban Planning and Land Policies*, National Resources Committee, 1939.

GROWTH OF SETTLED AREAS IN KANSAS CITY, MISSOURI



SOURCE:- Federal Housing Adm.

streets are built for trucking and heavy busses; consequently macadam, oiled, graveled, brick and block roads have had to be replaced by heavy-duty reinforced concrete roads at high cost—resulting in heavier taxes, direct and benefit assessments. Increased, but not planned-for, traffic results in demands for wider streets. Yonkers, New York, spent a tremendous sum to accomplish street widening and found that the additional width was promptly used for parking.

The practice of storing cars along the curb makes many of the city's major streets inefficient. It is debatable whether the use of 25 to 30 percent of the total paved area for parking can be economically justified, although some allowance must be made for stops to discharge passengers and for emergency repairs.

Yet off-the-street parking must be both convenient and economical if it is to be enforced. In recent years there has been a trend toward making such facilities compulsory. For example, the Greenwich, Long Island, ordinance requires multiple-family units to provide automobile storage capacity in the ratio of two spaces to every three family units, while in New Rochelle, New York, the ratio is one storage space to every two family units with garages located within the building, beneath the side or rear yards, or courts, or in a separate structure.

The ordinances and regulations of many cities require far greater street construction than necessary

**EXISTING TRAFFIC VOLUME FLOWS
MINNEAPOLIS, MINNESOTA**

1940



SOURCE:- CITY PLANNING COMMISSION
MINNEAPOLIS, MINN.

for normal travel. For instance, the conventional grid patterns predicate monotonous, uninteresting streets, dangerous intersections, short blocks and unnecessary side streets resulting in high improvement costs. The Chicago code requires that streets be platted eight to the mile in one direction and 16 to the mile in the other, allowing widths of 66 feet (and a 16-foot alley at the rear of every lot); such requirements result in a dedication of 32 percent of the land for street purposes, a loss to the subdivider, and unnecessary expense to the home buyer.

The Appraiser Looks at Traffic

The Federal Housing Administration has recognized the dangers of indiscriminate traffic in residential areas. "If a high speed traffic artery passes directly through a desirable neighborhood area with similar development on each side of the artery, the noise and attendant danger constitute an adverse influence . . . The same principles apply when rating locations on ribbon developments along highways. Such locations tend to attract uses which are often considered, from a residential standpoint, as nuisances."¹ In *Rental Housing Standards* (1940), the FHA recommends: "Minor residential streets shall be designed to discourage through traffic and create as few intersections as possible with the main thoroughfares. Streets leading to the site . . . should provide safe and convenient access at all times." Based upon these and other criteria, the agency appraises individual properties, giving penalty scores where proper traffic and home relationships have been ignored.

The criteria for desirable residential developments used by the Mayor's Committee on City Planning of New York (1938) include no serious invasion by heavy traffic, and low traffic accident rates.

What is Being Done?

The variety of problems caused by obsolete design of streets, transit lines, terminal and parking facilities almost paralyzes movement in many cities. The results are observable in the rapid depreciation of residential neighborhoods, as well as in the declining values of central business and industrial districts. What will the results be if the prophecy of the American Safety Foundation for the post-war period is anywhere near correct? Its studies indicate a 30-percent increase in the number of vehicles and a 50-percent gain in mileage to be traveled. The Public Roads Administration in a study,

¹ *Underwriting Manual*, Federal Housing Administration, 1938.

Toll Roads and Free Roads, (1939) anticipates that the total vehicle mileage will double by 1960. Unless means can be found to make faster and more convenient the movement of goods and persons in cities, we may anticipate further decline in property values and uneconomic scattering of city dwellers over wide suburban areas.

What measures are available or planned to provide satisfactory circulation of traffic and conserve existing real-estate values? All levels of government, Federal, state and local, are moving to meet this problem.

In 1944, President Roosevelt transmitted to Congress the report of the National Committee on Interregional Highways, which devoted considerable attention to the problems of urban areas. Shortly after, the Federal-Aid Highway Act of 1944 was passed. For the first time, substantial funds were authorized for roads in urban areas. Distribution of these funds was entrusted to the Public Roads Administration.

Among the provisions of the Act are: \$125,000,000 yearly will be granted by the Federal Government for urban roads for the first three years after the war. Roads in urban areas are to be planned on a metropolitan-wide basis by all the units of government concerned.

State highway departments will be responsible for these projects; state expenditures will at least match Federal grants and may surpass them. The municipality may be called upon by its state government to contribute toward the cost of projects. Under almost any conceivable post-war conditions, large sums will be spent for urban roads.

Municipal Measures

What measures have the municipalities taken to ease their traffic problems? The New York City Planning Commission is required by its charter to include plans for all "transportation" in its master plan. The Transit Board and the Regional Association of Cleveland have proposed highway and transit plans, designed to be realized step by step, over a period of time. Chicago already enjoys the benefits of its first achievements in planning for both vehicular traffic and mass transit. The City Planning Commission of Minneapolis, in its survey of traffic on major streets, has made recommendations for the improvement of traffic facilities to channel through traffic around residential areas, and for the accomplishment of the full program in easy stages. Many other cities are planning for traffic needs on a metro-

politan-wide basis with the state and Federal officials concerned.

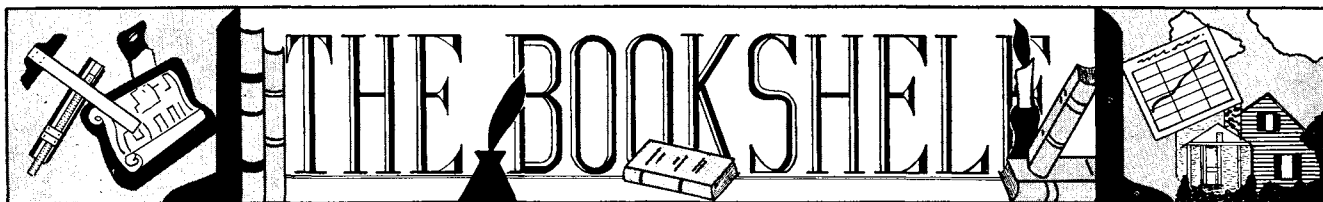
Local planning commissions are concerned with the stabilization of neighborhoods by protection from indiscriminate traffic. Proposals have generally included recommendations for a few major and secondary streets to channel the heavy traffic around residential areas, protected from noise and danger by well landscaped buffer strips. Consideration is given to street design in relation to volume and kind of traffic: a 60-foot street right-of-way is sufficient to serve multiple-family and apartment developments, 50 feet is adequate in single-family areas, and as low as 40 feet in cul-de-sac arrangements. Along with narrower roads, lighter and more economical construction is suggested as adequate for anticipated (and planned-for) smaller traffic volume.

One objective of progressive traffic planning is that only those vehicles shall enter the community which actually have business there. There are many communities in which this principle has taken concrete form; the first was built in 1929 at Radburn, New Jersey. Here homes turn their back doors on the street, fronting instead on green parks and safe playgrounds inside the large residential areas. Through traffic in residential sections is discouraged by the discontinuous pattern of local streets. Foot traffic has its own walkways separated from moving cars by over and underpasses. Similar examples of planning are to be found at Green Acres, Long Island; Greenbelt, Maryland; Buckingham, Virginia; Cerritos Park and Baldwin Hills Village, California; and in many temporary and permanent war-built communities.

It is physically impossible to provide complete facilities for every individual motorist from home to work areas. Mass transit, by using street space more efficiently and economically, may provide the logical solution to this problem. However, in the past, transit policies sometimes contributed to over-concentration of population and thus to the unbalanced real-estate values resulting from this condition. The problem then is how to utilize urban transit as the most effective tool in furthering the desirable development of urban places in accordance with long-range comprehensive community plans.

What are some of the factors which must be considered if urban traffic needs are to be properly met; if residential values, commerce and trade, and industrial convenience are to be safeguarded in urban areas?

(Continued on p. 274)



BUILDING OR BUYING A HOUSE:

By B. K. Johnstone & Associates. 1945. McGraw-Hill Book Co., 330 West 42d St., New York 18, N. Y. \$2.75.

Addressed to the individual who intends to live in the house he builds or buys, *Building or Buying a House* is a timely and worthwhile addition to the growing literature on the subject. Recognizing that "building or buying a home represents one of the largest financial transactions of a lifetime for the average family," the authors have combined a mass of complicated and widely divergent information into a simple and specific guide to sound home ownership.

The five authors, all members of the architectural staff of Pennsylvania State College, have achieved that rare phenomenon, an understandable book about highly technical subjects written in non-technical terms for the layman. Where technical terminology is essential to a clear presentation of the facts, exact meanings have been carefully defined and illustrated.

Avoidance of the numerous pitfalls of unsound home ownership requires an honest and knowing evaluation of all the potential risks involved. This does not mean that the prospective homeowner should himself be an expert financier, lawyer, architect and contractor, but rather that he should recognize the type and extent of the information he needs to make a decision valid in his particular circumstances. This book gives him a yardstick to measure the risk of home ownership for his family.

In logical sequence the book covers the problems of financing, site selection, house planning, plan analysis, standards of house construction, cost analysis, choice of architect and contractor, working drawings and specifications, and all possible legal complications. General principles are laid down and specific examples are given to illustrate their application.

The authors point out that cheapest initial costs are not always the least

expensive in the long run. Though it is possible to pare costs through substitutions, only an experienced craftsman can determine what and where to substitute without sacrificing quality. Likewise, the authors stress that the added initial cost of employing a professional architect, a lawyer, and a reputable skilled contractor reduces the homeowner's expense in the long run in that he can rely on men qualified in their own fields to judge whether he receives what he pays for.

A MILLION HOMES A YEAR:

By Dorothy Rosenman. Harcourt, Brace & Co., 383 Madison Ave., New York 17, N. Y. \$3.50.

This work represents Mrs. Rosenman's analysis of problems in housing and related fields and her critique of various plans advanced from diverse quarters for their solution. Based on extensive examination of construction costs, land use, redevelopment, taxes, urban planning, ownership and tenancy, the author undertakes to point a course of action which is intended to lead to her three goals: (1) lower-cost homes; (2) stable home values; and (3) the provision of "homes in a convenient, prosperous, and pleasurable milieu.

" . . . To be successful, the capitalistic system must find a way either to raise present wage levels without raising the present costs of essentials, or to lower the present costs of essentials so that they will be within the reach of present wage levels."

Applying the foregoing alternative to housing, Mrs. Rosenman concludes that cost reduction must be effected in all components of housing if a gross reduction sufficient to achieve the first goal is to be realized.

The second goal, stability of home values, demands not only the maintenance of individual property, but careful neighborhood planning and maintenance. The third, environment, requires planning to integrate the community within its surrounding region and the region with the nation.

On this subject, Mrs. Rosenman states that "a national planning agency . . . should inventory the natural, commercial, and industrial resources of this country. It should chart their trends and influences and make these facts available to the people of the United States and their Congress, to state, county, and municipal officials, including planning bodies on all of these levels . . ."

The book emphasizes that the time has come when planning for urban housing redevelopment—the clearance of slums and the provision of adequate low-cost or low-rent accommodations—must materialize. Differences must be resolved, tenements razed, and well planned developments erected.

HOME OWNERSHIP: IS IT SOUND?

By John P. Dean. 1945. Harper & Bros., 49 East 33d St., New York 16, N. Y. \$2.50.

The answer to the question posed is: "For *some* families, *some* houses represent wise buys; but a culture and real estate industry that give blanket endorsement to ownership fail to indicate *which* families and *which* houses." The indictments presented will not make particularly pleasant reading to those connected with building, selling and financing homes, but every page contains a challenge to all who are anxious to see extensive home ownership on a sound basis. Because of the existing promotional pressures—by Government as well as industry—the author concentrates on presenting, for the prospective home-buying family, an analysis of why ownership does not *necessarily* represent a sound and economical solution to their housing needs; provide security; make a good investment; or help to solve the over-all housing problem of the country. In conclusion, some suggestions are made for improving the current situation.

The purchase of a home on an amortized basis is a long-term undertaking and family temperament, needs, neighborhood conditions, job locations

and incomes have a way of changing without regard to previously contracted obligations. True, home ownership provides an escape from "landlord trouble" but frequently it does not prove so economical as the purchaser had anticipated. Local assessments, hidden taxes and the twin bogeys of depreciation and deterioration too often upset calculations. Nor does the process of acquiring one's own home guarantee security. Two surveys are quoted showing that "40 percent of the renters over forty years of age had at one time owned their homes," and that "single-family foreclosures (not including farms) 1926-40 equal more than one-sixth of the single-family owner-occupied residences in the urban areas of the United States in 1930."

Neither does buying a home always represent a good investment, either as a means of securing lower housing costs or of insuring a good eventual selling price. The contention is not that home ownership cannot be a good investment but that "society does little to help a would-be owner to know how good or how bad for him is a specific purchase at a given time."

The author feels that Government encouragement of the "small down payment and long-term amortization arrangements necessary to reach the mass market naturally mean more risky marginal buying." On the other hand, the Registered Home Program was a good development unfortunately cut short by the war. Also under the FHA plan, the easier terms of purchase (although not an unmixed blessing) and the setting of certain standards of design, construction and neighborhood have made it harder for a family to make a serious mistake in the purchase of a home. A checklist for the prospective purchaser gives a list of 15 searching questions to indicate to a family whether or not it is psychologically and financially equipped to set out on the long road to home ownership.

The constructive proposals made include discouragement of those who cannot wisely buy, protection of those who do buy, provision of facilities for those who buy and must move to another city, and greater emphasis on providing a volume of homes and business through more good rental quarters.

★ ★ WORTH REPEATING ★ ★

HOUSES OVER 40: "Some years ago there was a considerable stir over the effects of technological unemployment on the older wage earners. Out of it came a reassuring book entitled 'Life Begins at Forty.' Then came the war and there were jobs for everybody, regardless of age.

"So far no one has sought to prove that life for a house begins at forty, but otherwise there are certain parallels between employment and real estate. For a variety of reasons older homes became something of a drug on the market during the 1930's—to their physical and financial detriment. During the war they have been in much greater demand, especially in war production centers. After the war, what with plans for a vast new housing program, they may again suffer from the lack of what salesmen call marketability.

". . . Sound master planning may slow down the deterioration of urban districts where new construction is carried out, but physical upkeep and the maintenance of value of millions of older homes—most of them occupied and many of them soundly constructed—will remain a problem. It is a broader problem than preservation of the owners' investment; for a long time these residences will continue to constitute the bulk of the housing in our cities and towns, and what happens to them is bound to have major effect on efforts to improve the economic and social life of the nation."

Tomorrow's Town,
April 1945.

INTEREST RATES: "It seems clear to me that the savings and loan associations, like all financial institutions, must reconcile themselves to a lower average rate of return on their earning assets than they have known in the past. Even if interest rates should go no lower, the savings and loan associations must adjust themselves for some time to a continued decline in their average rate of return on mortgage loans. Moreover, apart from the question of the national debt, other Government policies will tend to hold down interest rates. It is a fact that a large part of all loans will, in one way or another, be guaranteed by the

Government. In the field of residential housing loans the G. I. Bill of Rights will have an important influence in setting the upper limits on interest rates. This bill, together with the effects of mortgage insurance, with which we have already had a decade of experience, is bound to play an important part in preventing the return of 'the good old days' in interest rates"

Elliott V. Bell, before the
Annual Meeting of Stock-
holders of the Federal Home
Loan Bank of New York.

COMMON GOAL: "President Roosevelt, who always had a deep interest in the shelter needs of the nation, recognized in his Economic Bill of Rights—"the right of every family to a decent home." This would clearly seem to be an attainable goal in terms of present-day technical and economic development. But it is a goal that we were far from having reached at any time in the past, and it is the big challenge that faces us for the future. There is a clear relationship between good citizenship and a decent home in an attractive neighborhood in a well-planned city. Our goal is a nation of good homes.

". . . In undertaking that job, we will want to draw on the best experience wherever it may be found. And I can assure you that our experience here will be an open book for our friends in housing in other lands, and that we will stand ready at all times to share that experience in the interests of our common goal of building a better world after victory."

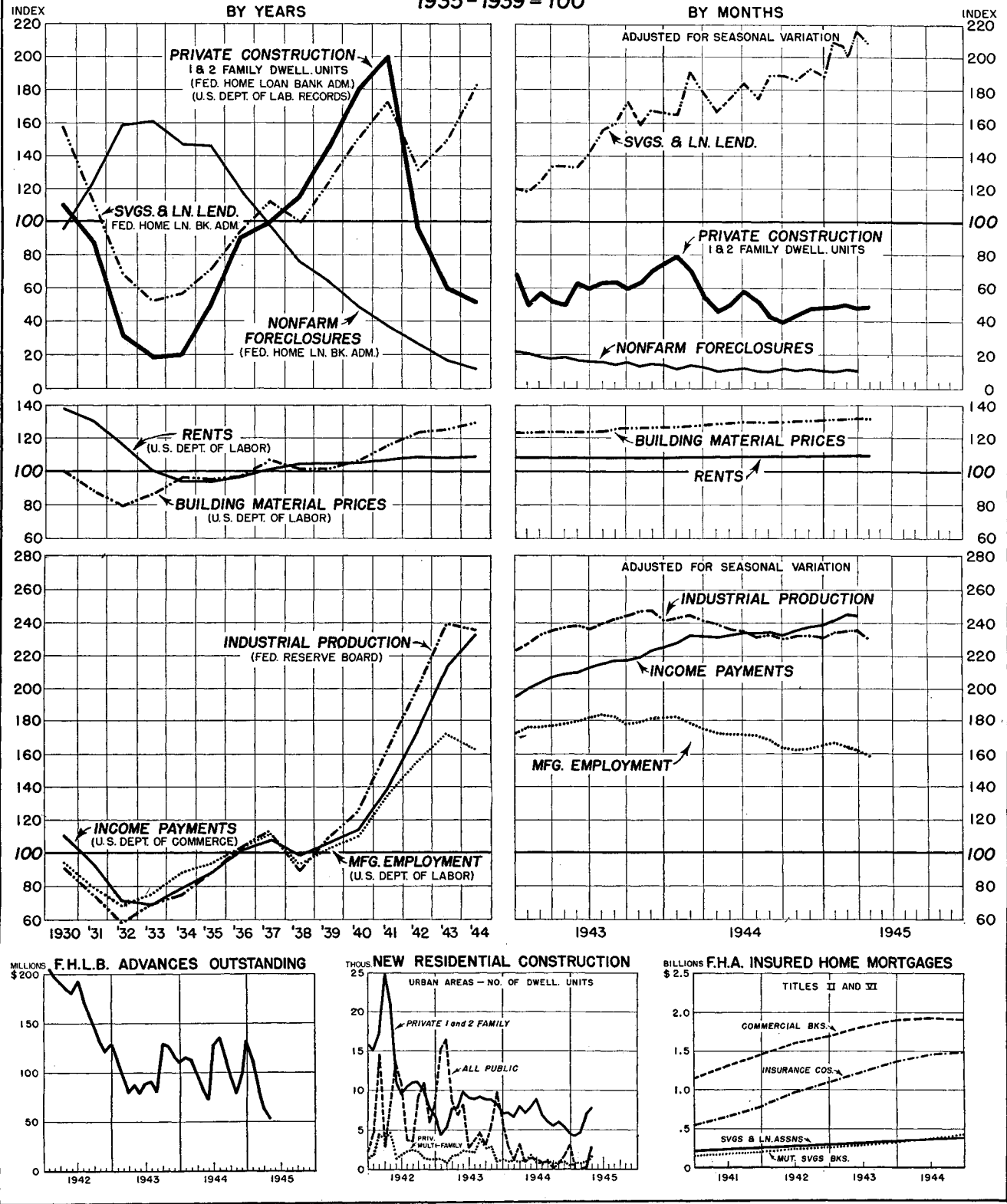
John B. Blandford, Jr., before
Diplomatic Corps, Washing-
ton, D. C., April 18, 1945.

DUAL NECESSITY: "More than \$40 billion of war bonds must be sold this year if we are to continue the war, operate civil administrative agencies and keep public credit sound. To the extent that individuals buy these bonds, to that extent will the American economy benefit and to that extent will the consumer bankers themselves benefit. It is not often that the highest patriotic duty can be so easily identified with sound business practice."

Consumer Credit,
April 1945.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935 - 1939 = 100



MONTHLY SURVEY

HIGHLIGHTS

- I. Industrial production in April dropped to 231 percent of the 1935-1939 average, a 5-point drop from the highest level attained during the first quarter of 1945.
- II. Building activity increased 55 percent during April and totaled 12,489 units.
 - A. Public construction in war-production areas accounted for more than half of this gain.
 - B. The cost of constructing the standard house increased fractionally while wholesale building material prices remained stationary
- III. New mortgage lending in April by all savings and loan associations totaled \$154,000,000—the greatest volume for any month since the late twenties.
 - A. Construction loans increased 29 percent but accounted for only 6 percent of total lending volume.
 - B. Loans for home purchase, after an 8-percent advance from March, accounted for \$74 out of each \$100 of credit extended.
- IV. Recordings of nonfarm mortgages of \$20,000 or less also reached a new peak in April—\$455,790,000—after a 5-percent increase from March and a gain of 23 percent over April 1944.
 - A. All types of mortgagees, except insurance companies, showed a greater volume of recordings during the first four months of this year than in the same 1944 period.
 - B. The average mortgage recorded during January-April 1945 was \$3,350, a gain of 6 percent over the same months of last year.
- V. The balance of FHLB advances outstanding on April 30, 1945 was \$52,040,000—the lowest since June 1933.
- VI. The private capital balance of insured associations has increased 6 percent since the first of the year to a total of \$4,600,000,000. New loans of \$113,300,000 were made during April.



BUSINESS CONDITIONS—First effects of VE-Day apparent

Reflecting the coming collapse of resistance in Europe, industrial production, which had been moving in high gear and showing virtually no change for a number of months, declined slightly in April. According to compilations by the Federal Reserve Board, it dropped to 231 percent of the 1935-1939 seasonally adjusted average in April from 236 percent, which had been the highest level attained in the first quarter of 1945. On an *unadjusted* basis, the April index was 229 percent of the 1935-1939 average as compared with 232 percent for March and 237 percent for the corresponding month of 1944. Manufacturing output was 4 points lower than in the preceding month, the *unadjusted* index figure being 245 percent. Minerals production was at 140 percent of the *unadjusted* base compared with 136 percent. However, as *adjusted* for seasonal variation, both manufacturing and extractive industries showed declines during the month.

Department store sales declined sharply in April, standing for the month at 181 percent of the Federal Reserve Board's seasonally adjusted 1935-1939 average compared with 223 percent the preceding month—a drop of 42 points.

With half of the job done and full weight coming to bear on the remaining half, WPB moved to chart

the reconversion of industry to peacetime production as rapidly as military requirements would permit. Following VE-Day, announcement was made of the shape of things to come, but the timing and quantity of materials available for civilian consumption remained to be determined by military needs. On July 1 the Controlled Materials Plan will be "open-ended" to permit delivery without allotment of steel, copper and aluminum where such action can be taken without interference with authorized CMP orders.

"The construction control order, L-41, will be retained, but will be progressively relaxed as resources become available." L-41 has been amended to increase the dollar exemption limits, and the standards for authorizing larger projects are being relaxed somewhat to permit approval of projects that contribute to large-scale future employment and to satisfy other highly essential needs.

[1935-1939=100]

Type of index	April 1945	March 1945	Percent change	April 1944	Percent change
Home construction (private) ¹ ..	48.9	48.6	+0.6	45.5	+7.5
Rental index (BLS)	108.3	108.3	0.0	108.1	+0.2
Building material prices	130.8	130.8	0.0	128.6	+1.7
Savings and loan lending ¹	208.5	217.2	-4.0	166.3	+25.4
Industrial production ¹	231.0	235.0	-1.7	239.0	-3.3
Manufacturing employment ¹	158.1	161.0	-1.8	172.3	-8.2
Income payments ¹	242.1	244.1	-0.8	231.1	+4.8

¹ Adjusted for normal seasonal variation.

^r Revised.

BUILDING ACTIVITY—Relatively large gain shown

Relatively speaking, residential construction in urban areas increased substantially during April, the 12,489 dwelling units provided during the month representing increases of 55 percent from the preceding month and 30 percent from April 1944. Public construction, concentrated in critical war-production areas, particularly California, accounted for more than half of this rise, totaling 2,959 units during April compared with only 72 units in March. The 9,530 privately financed dwelling units for which permits were issued during April represented a gain of 20 percent in this type of construction from March and 12 percent from April 1944.

During the first four months of this year, building permits were issued for an estimated 30,898 dwelling units, or approximately 26 percent less than the 42,019 units reported during the same period of last year. Private construction declined 17 percent in this comparison and public construction dropped 64 percent. [TABLES 1 and 2.]

BUILDING COSTS—Slow, steady advance continued

During April, the index of the cost of constructing the standard house continued its steady upward course. The fractional increase in the total cost index from 134.8 to 134.9 is attributable to rises in both material and labor costs, indexes of which stood at 132.1 and 140.5, respectively (1935-1939=100). During the last 12 months, total costs have risen 2.0 percent, the result of a 1.9-percent gain in the cost of materials and an advance of 2.6 percent in labor charges.

From March to April, the Department of Labor's index of wholesale building material prices showed no change, remaining at 130.8 percent of the 1935-1939 average. A decline of 0.1 percent during the month in the price of brick and tile products was offset by a corresponding increase in lumber prices;

Construction costs for the standard house

[Average month of 1935-1939=100]

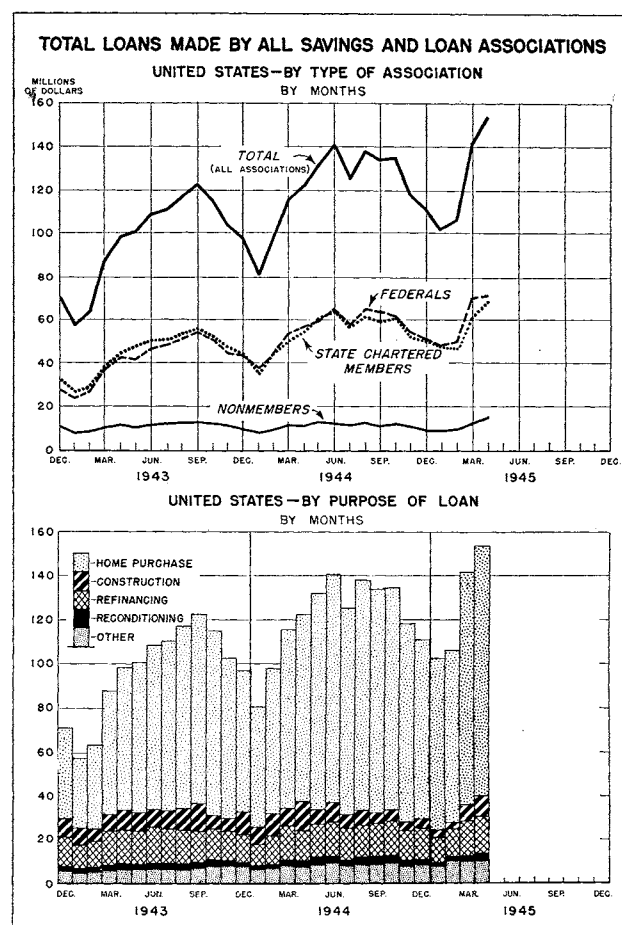
Element of cost	April 1945	March 1945	Percent change	April 1944	Percent change
Material.....	132.1	132.0	+0.1	129.7	+1.9
Labor.....	140.5	140.2	+0.2	137.0	+2.6
Total.....	134.9	134.8	+0.1	132.2	+2.0

* Revised.

other components of the index showed no change. During the last year, the composite index advanced 1.7 percent, all materials with the exception of structural steel participating in the rise. [TABLES 3, 4 and 5.]

MORTGAGE LENDING—New peak reached in April

Paced by an increasingly great demand for credit to finance the purchase of existing homes, the volume of new mortgage loans made by all savings and loan associations reached another new high level in April. It is estimated, on the basis of reports received from all insured associations and a sample of uninsured institutions, that savings and loans extended \$154,000,000 of new mortgage credit during the month, 9 percent more than in March and 25 percent above the April 1944 amount. Available data indicate that the April 1945 volume of new mortgage loans was the greatest made by these institutions in any month since the boom days of the late twenties.



New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	April 1945	March 1945	Per-cent change	April 1944	Per-cent change
Construction.....	\$9,541	\$7,406	+28.8	\$13,484	-29.2
Home purchase.....	113,687	105,307	+8.0	85,568	+32.9
Refinancing.....	16,800	15,922	+5.5	13,491	+24.5
Reconditioning.....	2,951	2,559	+15.3	2,679	+10.2
Other purposes.....	10,778	10,287	+4.8	7,421	+45.2
Total.....	153,754	141,481	+8.7	122,643	+25.4

All types of loans registered gains during April, the greatest percentage rise (29 percent) being shown in the construction category. It should be pointed out, however, that home-construction loans accounted for only about 6 percent of total lending compared with approximately 30 percent in pre-war years. Loans for the purchase of existing homes, which accounted for \$74 out of every \$100 loaned during April, increased 8 percent from March.

During the first four months of this year, new mortgage loans made by all savings and loan associations aggregated approximately \$504,000,000, a gain of 20 percent over the \$418,000,000 registered in the same months of 1944. [TABLES 6 and 7.]

MORTGAGE RECORDINGS—Highest for any month yet reported

Nonfarm mortgages of \$20,000 or less recorded during April totaled \$455,790,000, the highest amount reported for any month since this series was started in 1939. Standing 5 percent above March recordings and 23 percent higher than the volume in the corresponding month of last year, the April increase brought total recordings for the first four months of 1945 to \$1,582,402,000—another high for the recording series. Activity during the period January through April was 17 percent higher than in the same months of 1944. This high level for recordings in the first four months of this year is the result of increases in the dollar volume reported for all types of mortgagees, with the exception of insurance companies which declined 9 percent.

By type of lender, the most marked increase during the January-April period was shown by individuals, up 32 percent in dollar amount from the level of the first four months of 1944. Mutual savings banks had the next largest percent rise, 22 percent, followed by savings and loans, up 21 percent.

In 1945 the average mortgage recorded by all lenders, through April, was \$3,350, approximately 23 percent over the annual average for 1939 and 6 percent above that for the corresponding period last year. [TABLES 8 and 9.]

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Per-cent change from March 1945	Per-cent of 1945 amount	Cumulative recordings (4 months)	Per-cent of total recordings
Savings and loan associations.....	+3.8	34.5	531,198	33.6
Insurance companies.....	-4.6	4.3	74,303	4.7
Banks, trust companies.....	+10.9	19.5	297,791	18.8
Mutual savings banks.....	+15.3	3.4	52,122	3.3
Individuals.....	+3.3	26.1	426,132	26.9
Others.....	+5.7	12.2	200,856	12.7
Total.....	+5.2	100.0	1,582,402	100.0

FHLB SYSTEM—Repayments up from March total

Although April repayments in all Bank Districts reached almost four times the volume of advances made during that month, the dollar amount of repayments (\$12,079,000) fell substantially below the March figure of \$20,882,000. All Banks except Winston-Salem and Little Rock participated in this decline. The April repayments also lagged behind the \$20,201,000 reported for the same 1944 month.

Advances climbed in six Districts to raise the April total to \$3,061,000, a gain of \$291,000 over the \$2,770,000 advance in March. However, not only were the April advances exceeded by the \$3,468,000 advanced in April 1944, but they represented the smallest advances for this month since 1934.

The balance of advances outstanding at the end of April was \$52,040,000, a drop of \$9,019,000 from \$61,059,000 in March. This is the lowest balance outstanding since June 1933, and the lowest for any April since that same year. Topeka was the only Bank which showed an increased balance outstanding in April. [TABLE 12.]

FLOW OF PRIVATE REPURCHASABLE CAPITAL

Private savings invested in savings and loan associations during April approximated \$162,300,000 and withdrawals amounted to \$87,800,000. The resulting excess of new investments over repurchases,

Share investments and repurchases, April 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Non-members
Share investments:				
1st 4 mos. 1945	\$725, 898	\$593, 206	\$82, 844	\$49, 848
1st 4 mos. 1944	591, 908	456, 314	80, 406	55, 188
Percent change	+23	+30	+3	-10
April 1945	162, 345	133, 651	18, 176	10, 518
April 1944	138, 661	103, 713	19, 376	15, 572
Percent change	+17	+29	-6	-32
Repurchases:				
1st 4 mos. 1945	\$418, 368	\$324, 221	\$56, 720	\$37, 427
1st 4 mos. 1944	362, 841	269, 814	55, 039	37, 988
Percent change	+15	+20	+3	-1
April 1945	87, 788	65, 701	14, 785	7, 302
April 1944	71, 548	48, 392	12, 902	10, 254
Percent change	+23	+36	+15	-29
Repurchase ratio (percent):				
1st 4 mos. 1945	57. 6	54. 7	68. 5	75. 1
1st 4 mos. 1944	61. 3	59. 1	68. 5	68. 8
April 1945	54. 1	49. 2	81. 3	69. 4
April 1944	51. 6	46. 7	66. 6	65. 8

\$74,500,000, compares with a net increase of \$67,100,000 in private share capital in April 1944. The net increase for insured associations was \$67,900,000; for uninsured members, \$3,400,000; and for non-member savings and loan associations, \$3,200,000. During April 1944, net increases in the accounts of private investors in these institutions were, in the same order, \$55,300,000, \$6,500,000 and \$5,300,000.

For each \$100 invested in savings and loan shares during April of this year, \$54 was withdrawn. This compares with \$52 in the same month of 1944.

During the first four months of 1945, approximately \$726,000,000 of private savings were invested in savings and loan associations, about 23 percent more than in the same months of last year. Withdrawals through April of this year amounted to \$418,000,000, resulting in a net increase of \$308,000,000 in the amount of private savings held by these institutions. During January-April 1944, share accounts of savings and loan associations were increased by approximately \$229,000,000.

INSURED ASSOCIATIONS—Private capital balance up

Since the beginning of the year insured savings and loan associations have increased their private capital balance by 6 percent to a total of \$4,600,000,000. At the close of April, the 2,469 institutions whose

accounts are insured by the FSLIC had total resources of approximately \$5,200,000,000 compared with \$4,370,000,000 a year ago when insured associations totaled 2,453. New loans of \$113,300,000 were made during April this year in comparison with \$91,300,000 in the same month of 1944, a 24-percent rise in lending activity. Four state-chartered associations received insurance of accounts during the month, while there were no cancellations of insurance. [TABLE 13.]

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Total resources of the 1,465 Federal savings and loan associations amounted to \$3,281,000,000 at the close of April, a gain of 3.5 percent since the beginning of the year. Private capital has increased nearly 7 percent from \$2,761,000,000 at the turn of the year to \$2,942,000,000 at the end of April. Federals extended credit of approximately \$71,400,000 for new loans during the month.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	April 30, 1945	March 31, 1945	April 30, 1945	March 31, 1945
New	632	632	\$1, 113, 484	\$1, 098, 328
Converted	833	833	2, 167, 022	2, 139, 614
Total	1, 465	1, 465	3, 280, 506	3, 237, 942

FSLIC Bulletin No. 17

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS RELATING TO PROVISIONS FOR FIDELITY BONDS COVERING DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF INSURED SAVINGS AND LOAN ASSOCIATIONS. (Adopted and effective May 16, 1945.)

Paragraph (a) of Section 301.16 of the Rules and Regulations for Insurance of Accounts has been amended by rescinding the fifth sentence thereof. The deleted sentence reads as follows:

"A true copy of such bond shall be filed with the Federal Home Loan Bank of which such insured institution is a member of, if such insured institution is not a member, then with the Federal home loan bank of the district in which such insured institution is located, as agent for the Corporation, and either the original of such bond or a true copy thereof shall be kept in the principal office of such institution."

This minor and procedural amendment became effective on filing with *The Federal Register*.

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas in April 1945, by Federal Home Loan Bank District and by State

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

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family-dwelling units		Permit valuation		Number of family-dwelling units		Permit valuation	
	April 1945	April 1944	April 1945	April 1944	April 1945	April 1944	April 1945	April 1944
UNITED STATES.....	12,489	9,592	\$39,802	\$29,146	7,926	7,362	\$28,313	\$23,647
No. 1—Boston.....	134	82	561	287	134	82	561	283
Connecticut.....	52	40	298	162	52	40	298	162
Maine.....	3	10	3	31	3	10	3	31
Massachusetts.....	63	26	213	85	63	26	213	82
New Hampshire.....	3		3		3		3	
Rhode Island.....	13	6	44	9	13	6	44	8
Vermont.....								
No. 2—New York.....	273	79	1,068	320	124	75	594	310
New Jersey.....	111	26	437	88	51	22	211	78
New York.....	162	53	631	232	73	53	383	232
No. 3—Pittsburgh.....	98	162	317	435	68	148	247	416
Delaware.....	1		4		1		4	
Pennsylvania.....	58	152	164	432	28	138	94	413
West Virginia.....	39	10	149	3	39	10	149	3
No. 4—Winston-Salem.....	1,839	1,249	5,317	2,478	1,211	646	3,719	1,237
Alabama.....	98	86	89	69	98	86	89	69
District of Columbia.....	656	141	1,749	374	119	69	428	201
Florida.....	355	233	1,148	308	344	209	1,119	236
Georgia.....	171	617	557	1,229	159	117	540	234
Maryland.....	34	5	94	11	34	5	94	11
North Carolina.....	77	58	221	99	77	55	221	98
South Carolina.....	28	14	40	23	28	14	40	23
Virginia.....	420	95	1,419	365	352	91	1,188	365
No. 5—Cincinnati.....	598	960	2,691	3,523	536	960	2,424	3,523
Kentucky.....	30	30	92	52	22	30	72	52
Ohio.....	341	719	2,041	2,741	287	719	1,794	2,741
Tennessee.....	227	211	558	730	227	211	558	730
No. 6—Indianapolis.....	483	974	2,264	3,804	479	771	2,256	3,401
Indiana.....	281	442	1,201	1,320	277	253	1,193	967
Michigan.....	202	532	1,063	2,484	202	518	1,063	2,434
No. 7—Chicago.....	643	736	3,170	3,097	571	600	2,858	2,854
Illinois.....	588	709	2,894	2,977	516	573	2,582	2,734
Wisconsin.....	55	27	276	120	55	27	276	120
No. 8—Des Moines.....	361	112	1,530	269	328	74	1,332	189
Iowa.....	42	5	137	9	42	5	137	9
Minnesota.....	193	9	912	7	193	9	912	7
Missouri.....	54	94	216	251	51	56	141	171
North Dakota.....	5		14		5		14	
South Dakota.....	67	4	251	2	37	4	128	2
No. 9—Little Rock.....	1,876	1,553	3,724	3,025	1,570	1,312	3,143	2,407
Arkansas.....	111	28	205	14	61	28	94	14
Louisiana.....	469	148	746	351	253	132	404	311
Mississippi.....	110	37	138	8	106	37	126	8
New Mexico.....	83	29	169	41	83	29	169	41
Texas.....	1,103	1,311	2,466	2,611	1,067	1,086	2,350	2,033
No. 10—Topeka.....	578	589	1,752	1,845	481	189	1,466	524
Colorado.....	358	86	1,149	248	261	53	863	156
Kansas.....	37	363	76	1,214	37	13	76	14
Nebraska.....	50	52	189	208	50	44	189	188
Oklahoma.....	133	88	338	175	133	79	338	166
No. 11—Portland.....	1,050	633	3,753	2,210	545	527	2,430	1,919
Idaho.....	38	20	203	19	38	20	203	19
Montana.....	33	86	104	396	24	86	84	396
Oregon.....	145	162	412	545	77	122	263	443
Utah.....	62	76	232	259	62	76	232	259
Washington.....	752	242	2,701	830	324	220	1,547	801
Wyoming.....	20	47	101	161	20	3	101	1
No. 12—Los Angeles.....	4,556	2,463	13,655	7,853	1,879	1,978	7,283	6,584
Arizona.....	181	26	660	39	139	26	514	39
California.....	4,363	2,434	12,942	7,808	1,718	1,949	6,716	6,539
Nevada.....	12	3	53	6	12	3	53	6

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas of the United States

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type of construction	Number of family-dwelling units					Permit valuation				
	Monthly totals			January-April totals		Monthly totals			January-April totals	
	April 1945	March 1945	April 1944	1945	1944	April 1945	March 1945	April 1944	1945	1944
	Private construction.....	9,530	7,967	8,528	27,867	33,632	\$32,722	\$26,165	\$26,935	\$84,146
1-family dwellings.....	7,062	6,350	6,359	21,833	25,699	25,767	21,541	20,143	66,839	81,868
2-family dwellings ¹	864	899	1,003	2,342	3,554	2,546	2,496	3,504	7,576	12,120
3- and more-family dwellings ²	1,604	718	1,166	3,692	4,379	4,409	2,128	3,288	9,731	13,151
Public construction.....	2,959	72	1,064	3,031	8,387	7,080	185	2,211	2,396	18,834
Total urban construction.....	12,489	8,039	9,592	30,898	42,019	39,802	26,350	29,146	86,542	125,973

¹ Includes 1- and 2-family dwellings combined with stores.
² Includes multi-family dwellings combined with stores.

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months¹

[Average month of 1935-1939 = 100]

Federal Home Loan Bank District and city	1945		1944			1943	1942	1941	1940	1939
	May	Feb.	Nov.	Aug.	May	May	May	May	May	
No. 3—Pittsburgh:										
Philadelphia, Pa.*.....	151.9	151.4	151.1	149.7	150.0	146.2	137.6	117.5	107.4	102.6
Charleston, W. Va.*.....	134.1	134.2	134.2	133.3	132.3	121.3	119.1	110.1	101.8	101.6
No. 5—Cincinnati:										
Louisville, Ky.*.....	136.3	135.2	134.7	134.3	133.7	121.2	114.9	106.2	104.8	101.0
Cleveland, Ohio*.....	147.5	147.9	147.8	142.6	142.6	128.9	127.1	116.3	105.4	101.9
Memphis, Tenn.*.....	136.9	136.0	135.6	135.3	134.4	120.1	117.9	108.8	103.6	102.5
No. 9—Little Rock:										
Little Rock, Ark.*.....	139.0	138.4	138.5	138.1	137.6	134.7	128.5	112.7	104.4	102.1
New Orleans, La.*.....	141.9	141.9	141.7	141.2	141.2	131.4	128.9	121.6	103.6	101.2
Jackson, Miss.*.....	139.0	137.2	137.2	137.2	136.8	123.5	122.7	117.7	106.3	103.3
Houston, Texas*.....	126.8	126.4	126.8	126.7	123.6	116.2	116.1	107.5	100.5	100.7
No. 12—Los Angeles:										
Los Angeles, Calif.*.....	155.5	155.0	151.3	148.9	148.2	132.9	120.3	102.7	95.3	96.0
Reno, Nev.*.....	133.0	133.0	132.9	133.0	127.5	120.6	117.5	109.2	105.5	102.1

*Indexes of May 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

^r Revised.

¹ This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.

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

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

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

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

BUY WAR BONDS AND STAMPS

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

[Average month of 1935-1939=100]

Element of cost	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944	Oct. 1944	Sept. 1944	Aug. 1944	July 1944	June 1944	May 1944	Apr. 1944
Material.....	132.1	132.0	131.9	131.7	131.5	131.5	131.3	131.2	131.3	131.0	130.7	130.3	129.7
Labor.....	140.5	140.2	140.1	140.1	140.0	139.9	139.1	138.5	137.3	137.3	137.5	137.3	137.0
Total.....	134.9	134.8	134.6	134.5	134.4	134.4	133.9	133.7	133.3	133.1	133.0	132.7	132.2

* Revised.

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

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

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1943: April.....	123.2	108.6	103.4	152.3	126.0	118.8	103.5	109.9
1944: April.....	128.6	110.4	103.1	170.8	128.4	120.6	103.5	111.2
May.....	129.2	110.6	105.8	171.5	128.7	121.4	103.5	111.4
June.....	129.4	110.7	105.8	171.5	130.0	121.4	103.5	111.4
July.....	129.4	110.8	105.8	171.7	129.7	121.4	103.5	111.5
August.....	129.5	110.8	105.8	171.9	129.7	121.4	103.5	111.6
September.....	129.5	111.7	106.3	171.5	129.7	121.4	103.5	111.7
October.....	129.9	115.3	107.0	171.3	130.3	121.4	103.5	111.7
November.....	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December.....	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
1945: January.....	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February.....	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March.....	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
April.....	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
Percent change:								
April 1945-March 1945.....	0.0	-0.1	0.0	+0.1	0.0	0.0	0.0	0.0
April 1945-April 1944.....	+1.7	+10.2	+5.8	+0.4	+1.8	+0.7	0.0	+1.0

* Revised.

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

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1943.....	\$106,497	\$802,371	\$167,254	\$30,441	\$77,398	\$1,183,961	\$511,757	\$539,299	\$132,905
January-April.....	30,192	192,227	53,832	8,481	22,368	307,100	130,523	138,141	38,436
April.....	9,853	65,088	15,040	2,484	6,270	98,735	42,717	44,461	11,557
1944.....	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January-April.....	41,678	288,552	49,844	8,426	29,415	417,915	192,148	184,493	41,274
April.....	13,484	85,568	13,491	2,679	7,421	122,643	57,045	54,212	11,386
May.....	7,338	98,872	14,415	2,967	8,931	132,523	59,229	60,141	13,153
June.....	9,663	103,276	14,963	2,957	9,850	140,709	64,474	63,851	12,384
July.....	7,078	93,232	13,871	2,841	8,014	125,036	57,164	56,539	11,333
August.....	7,589	105,050	14,152	3,067	8,816	138,674	64,400	61,377	12,897
September.....	5,923	101,884	14,495	3,160	8,993	134,455	63,489	59,162	11,804
October.....	6,095	101,461	15,253	2,699	9,720	135,228	61,965	60,945	12,318
November.....	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
December.....	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945.....	23,800	373,626	57,413	9,372	39,334	503,545	237,144	221,670	44,731
January-April.....	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
January.....	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
February.....	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363
March.....	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424

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

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (4 months)		
	April 1945	March 1945	April 1944	1945	1944	Percent change
UNITED STATES.....	\$153,754	\$141,481	\$122,643	\$503,545	\$417,915	+20.5
Federal.....	71,375	69,430	57,045	237,144	192,148	+23.4
State member.....	67,955	60,688	54,212	221,670	184,493	+20.2
Nonmember.....	14,424	11,363	11,386	44,731	41,274	+8.4
Boston.....	11,384	7,541	8,056	31,652	26,441	+19.7
Federal.....	4,118	3,742	2,817	12,806	9,050	+41.5
State member.....	5,791	3,059	4,381	15,282	13,619	+12.2
Nonmember.....	1,475	740	858	3,564	3,772	-5.5
New York.....	15,062	12,741	9,316	46,131	31,526	+46.3
Federal.....	5,491	4,385	2,942	16,071	8,583	+87.2
State member.....	6,913	6,241	4,721	22,151	17,177	+29.0
Nonmember.....	2,658	2,115	1,653	7,909	5,766	+37.2
Pittsburgh.....	13,674	11,198	11,294	41,784	35,756	+16.9
Federal.....	6,271	5,395	5,458	19,469	16,338	+19.2
State member.....	4,757	3,661	3,571	14,639	11,539	+26.9
Nonmember.....	2,646	2,142	2,265	7,676	7,879	-2.6
Winston-Salem.....	18,721	17,097	14,416	63,359	52,075	+21.7
Federal.....	9,800	9,577	7,801	34,017	28,383	+19.8
State member.....	7,840	6,656	5,675	25,840	20,668	+25.0
Nonmember.....	1,081	864	940	3,502	3,024	+15.8
Cincinnati.....	27,011	24,140	20,463	82,800	68,913	+20.2
Federal.....	11,576	11,273	8,151	35,866	27,733	+29.3
State member.....	13,419	11,465	10,635	41,176	34,932	+17.9
Nonmember.....	2,016	1,402	1,677	5,758	6,248	-7.8
Indianapolis.....	8,530	7,517	6,259	28,641	22,975	+24.7
Federal.....	4,553	3,961	2,880	14,861	11,050	+34.5
State member.....	3,478	3,323	3,192	12,290	10,862	+13.1
Nonmember.....	499	233	187	1,490	1,063	+40.2
Chicago.....	18,555	17,176	14,215	57,492	46,098	+24.7
Federal.....	7,949	7,437	6,083	24,232	19,141	+26.6
State member.....	8,984	8,635	6,854	28,411	22,673	+25.3
Nonmember.....	1,622	1,104	1,278	4,849	4,284	+13.2
Des Moines.....	8,835	8,915	7,890	29,959	24,370	+22.9
Federal.....	4,661	4,561	3,946	14,833	11,707	+26.7
State member.....	3,239	3,139	2,877	11,032	9,202	+19.9
Nonmember.....	935	1,215	1,067	4,094	3,461	+18.3
Little Rock.....	6,267	7,448	7,712	25,908	25,727	+0.7
Federal.....	3,193	3,647	2,681	12,906	9,847	+31.1
State member.....	2,994	3,717	4,979	12,672	15,587	-18.7
Nonmember.....	80	84	52	330	293	+12.6
Topeka.....	7,165	7,645	5,552	27,234	20,423	+33.3
Federal.....	3,790	4,087	2,993	14,493	10,277	+41.0
State member.....	2,187	2,314	1,423	8,123	5,559	+46.1
Nonmember.....	1,188	1,244	1,136	4,618	4,587	+0.7
Portland.....	5,054	4,923	3,575	17,956	12,939	+38.8
Federal.....	3,077	3,242	2,580	11,407	8,976	+27.1
State member.....	1,857	1,526	839	5,954	3,431	+73.5
Nonmember.....	120	155	156	595	532	+11.8
Los Angeles.....	13,496	15,140	13,895	50,629	50,672	-0.1
Federal.....	6,896	8,123	8,713	26,183	31,063	-15.7
State member.....	6,496	6,952	5,065	24,100	19,244	+25.2
Nonmember.....	104	65	117	346	363	-5.2

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

APRIL 1945

[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES.....	\$157,181	\$19,718	\$88,749	\$15,680	\$118,713	\$55,749	\$455,79
Boston.....	11,379	413	3,594	7,948	6,424	2,758	32,51
Connecticut.....	1,486	297	1,597	1,304	1,975	890	7,54
Maine.....	672	18	255	783	561	63	2,35
Massachusetts.....	7,465	98	1,130	4,463	2,776	1,812	17,24
New Hampshire.....	368	-----	164	654	353	47	1,58
Rhode Island.....	1,142	-----	369	382	503	418	2,81
Vermont.....	246	-----	79	362	256	28	97
New York.....	12,236	1,612	6,651	5,649	15,871	5,287	47,30
New Jersey.....	3,551	617	3,255	708	4,071	2,062	14,26
New York.....	8,685	995	3,396	4,941	11,800	3,225	33,04
Pittsburgh.....	11,924	1,908	7,696	478	7,017	2,774	31,79
Delaware.....	238	135	163	32	280	54	92
Pennsylvania.....	10,761	1,440	6,232	446	6,050	2,577	27,50
West Virginia.....	925	333	1,281	-----	687	143	3,36
Winston-Salem.....	10,132	2,949	6,241	148	18,344	5,339	49,15
Alabama.....	538	224	505	-----	971	453	2,69
District of Columbia.....	2,361	410	833	-----	3,277	961	7,84
Florida.....	2,048	732	843	-----	6,046	1,104	10,77
Georgia.....	1,912	224	1,154	-----	1,532	768	5,59
Maryland.....	4,269	128	818	148	2,032	292	7,68
North Carolina.....	2,416	546	461	-----	1,395	630	5,44
South Carolina.....	455	206	433	-----	784	375	2,25
Virginia.....	2,133	479	1,194	-----	2,307	756	6,86
Cincinnati.....	32,410	1,912	11,277	458	6,356	4,400	56,81
Kentucky.....	3,048	293	1,040	-----	437	161	4,97
Ohio.....	28,546	1,125	9,157	458	5,407	1,474	46,16
Tennessee.....	816	494	1,080	-----	512	2,765	5,66
Indianapolis.....	9,201	2,088	8,316	63	3,574	1,930	25,17
Indiana.....	5,910	656	2,983	63	1,327	784	11,72
Michigan.....	3,291	1,432	5,333	-----	2,247	1,146	13,44
Chicago.....	19,695	1,049	6,471	19	7,621	9,336	44,19
Illinois.....	15,651	772	4,308	-----	4,496	8,709	33,93
Wisconsin.....	4,044	277	2,163	19	3,125	627	10,25
Des Moines.....	9,874	1,870	7,029	327	5,984	4,933	30,01
Iowa.....	2,671	256	1,734	-----	942	499	6,10
Minnesota.....	3,498	420	1,550	327	1,505	1,248	8,54
Missouri.....	3,194	1,134	3,455	-----	3,253	3,114	14,15
North Dakota.....	316	44	123	-----	152	49	68
South Dakota.....	195	16	167	-----	132	23	53
Little Rock.....	8,473	2,285	2,816	-----	8,427	2,819	24,82
Arkansas.....	601	106	461	-----	537	32	1,73
Louisiana.....	2,215	264	152	-----	1,592	332	4,55
Mississippi.....	382	111	324	-----	806	163	1,48
New Mexico.....	177	-----	155	-----	421	15	76
Texas.....	5,098	1,804	1,724	-----	5,371	2,277	16,27
Topeka.....	8,138	841	2,349	-----	5,478	2,657	19,46
Colorado.....	1,492	89	543	-----	2,572	1,687	6,38
Kansas.....	2,443	89	746	-----	648	257	4,18
Nebraska.....	1,236	310	318	-----	486	101	2,44
Oklahoma.....	2,967	353	742	-----	1,772	612	6,44
Portland.....	4,889	499	3,909	590	3,864	2,381	16,21
Idaho.....	350	58	233	-----	431	95	1,16
Montana.....	304	10	156	-----	327	9	80
Oregon.....	1,424	201	302	77	1,452	234	3,66
Utah.....	499	122	638	-----	330	193	1,78
Washington.....	2,125	108	2,538	513	1,097	1,846	8,22
Wyoming.....	187	-----	122	-----	227	4	54
Los Angeles.....	12,830	2,292	22,320	-----	29,753	11,135	78,33
Arizona.....	302	58	559	-----	1,398	90	2,44
California.....	12,448	2,220	21,624	-----	28,014	11,023	75,33
Nevada.....	80	14	137	-----	341	22	55

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

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	\$1,563,678	33.9	\$256,173	5.6	\$877,762	19.0	\$165,054	3.6	\$1,134,054	24.6	\$613,908	13.3	\$4,610,629	100.0
January-April	440,231	32.6	81,669	6.0	265,534	19.7	42,618	3.2	322,448	24.0	195,601	14.5	1,349,101	100.0
April	127,429	34.5	19,671	5.3	72,438	19.6	12,338	3.4	89,466	24.2	47,926	13.0	369,268	100.0
May	139,748	34.5	21,794	5.4	79,083	19.5	14,882	3.7	95,730	23.6	53,858	13.3	405,095	100.0
June	145,893	34.6	22,215	5.3	79,453	18.8	15,536	3.7	99,140	23.5	59,394	14.1	421,631	100.0
July	138,762	33.7	24,707	6.0	80,858	19.7	15,261	3.7	98,194	23.9	53,354	13.0	411,136	100.0
August	149,835	34.8	22,646	5.2	83,094	19.3	15,920	3.7	104,215	24.2	55,066	12.8	430,776	100.0
September	146,151	35.1	22,432	5.4	77,000	18.5	15,447	3.7	104,479	25.1	50,676	12.2	416,185	100.0
October	148,131	35.0	20,985	5.0	76,181	18.0	16,552	3.9	109,767	26.0	51,223	12.1	422,839	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January-April	513,198	33.6	74,303	4.7	297,791	18.8	52,122	3.3	426,132	26.9	200,856	12.7	1,582,402	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0
April	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0

Table 10.—SAVINGS—Sales of war bonds¹

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	\$12,379,891	\$772,767	\$2,891,427	\$16,044,085	\$13,263,168
April	605,709	19,306	113,528	738,543	230,614
May	624,253	15,287	111,088	750,628	271,597
June	1,349,794	115,119	377,284	1,842,197	241,278
July	1,686,509	101,082	337,459	2,125,050	220,145
August	499,357	17,807	85,272	602,436	272,125
September	590,827	15,953	85,286	692,066	277,445
October	598,570	13,653	82,871	695,094	394,846
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	170,456	889,076	437,892
April	684,424	23,112	130,100	837,636	381,198

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

Table 11.—FHA—Home mortgages insured¹

[Premium paying; thousands of dollars]

Period	Title II		Title VI (603)	Total insured at end of period
	New	Existing		
1944: April	\$130	\$13,200	\$36,793	\$5,544,497
May	81	18,319	37,739	5,600,636
June	81	17,768	34,238	5,652,723
July	82	18,322	42,322	5,713,449
August	90	20,256	48,166	5,781,961
September	79	19,867	42,592	5,844,599
October	40	21,841	43,354	5,909,934
November	54	21,646	38,053	5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205
April	63	14,813	26,885	6,215,966

¹ Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

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

[Thousands of dollars]

Federal Home Loan Bank	Lending operations, April 1945		Principal assets, April 30, 1945			Capital and principal liabilities, April 30, 1945			Total assets, ¹ Apr. 30, 1945
	Advances	Repayments	Advances outstanding	Cash ¹	Government securities	Capital ²	Debentures	Member deposits	
Boston	\$247	\$650	\$6,419	\$1,345	\$16,039	\$20,273	\$2,000	\$1,565	\$23,880
New York	40	1,061	3,426	1,156	51,506	27,993	5,000	23,214	56,245
Pittsburgh	516	1,102	6,442	3,830	15,729	16,976	5,500	3,592	26,097
Portland-Salem	210	1,364	3,241	1,079	14,605	18,052	0	926	18,980
Cincinnati	40	595	2,564	1,826	44,913	26,896	2,500	20,106	49,534
Indianapolis	40	1,089	4,709	1,255	21,447	14,878	5,000	7,649	27,551
Chicago	1,417	2,402	9,501	2,395	23,444	23,344	6,000	6,114	35,486
Des Moines	9	621	1,655	896	22,985	13,331	8,500	3,753	25,609
Little Rock	99	644	3,197	1,345	10,219	12,596	2,000	225	14,828
Omaha	113	86	2,902	1,345	8,191	10,909	1,000	568	12,479
Portland	130	402	105	526	11,412	8,639	2,000	1,462	12,107
Los Angeles	200	2,063	7,879	1,545	23,708	16,408	10,500	6,201	33,240
April 1945 (combined total)	3,061	12,079	52,040	18,543	264,198	210,295	50,000	75,465	336,036
March 1945	2,770	20,882	61,059	24,740	233,377	209,547	50,000	60,742	320,469
April 1944	3,468	20,201	82,645	27,174	185,218	202,493	64,300	26,336	295,948

¹ Includes interbank deposits.

² Capital stock, surplus, and undivided profits.

Table 13.—INSURED ASSOCIATIONS—
Progress of institutions insured by the FSLIC ¹

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Operations			
			New mortgage loans	New private investments	Private repurchases	Re-purchase ratio
ALL INSURED						
1944: April.....	2,453	\$4,374,338	\$91,344	\$103,713	\$48,392	46.7
May.....	2,459	4,442,608	97,454	109,049	44,403	40.7
June.....	2,461	4,583,568	105,245	127,945	46,560	36.4
July.....	2,463	4,619,867	93,305	155,218	120,349	77.5
August.....	2,461	4,667,060	104,008	126,641	64,619	51.0
September.....	2,460	4,713,815	101,658	122,016	56,102	46.0
October.....	2,462	4,774,160	100,642	129,938	54,719	42.1
November.....	2,462	4,867,068	88,227	115,008	52,378	45.5
December.....	2,466	5,012,662	83,408	142,291	45,985	32.3
1945: January.....	2,466	5,035,626	76,215	195,077	123,943	63.5
February.....	2,463	5,076,554	79,479	125,769	63,089	50.2
March.....	2,465	5,136,903	110,287	138,709	71,488	51.5
April.....	2,469	5,204,641	113,296	133,651	65,701	49.2
FEDERAL						
1944: April.....	1,466	2,737,017	57,045	68,549	30,279	44.2
May.....	1,466	2,775,665	59,229	72,413	27,676	38.2
June.....	1,465	2,881,276	64,474	83,856	25,969	31.0
July.....	1,466	2,907,974	57,164	101,500	79,735	78.6
August.....	1,465	2,934,647	64,400	82,105	40,825	49.7
September.....	1,464	2,961,860	63,489	79,126	35,570	45.0
October.....	1,465	3,000,365	61,965	85,297	33,746	39.6
November.....	1,464	3,059,556	54,978	75,372	32,665	43.3
December.....	1,464	3,168,731	51,586	93,400	26,049	27.9
1945: January.....	1,464	3,178,132	46,439	129,640	84,624	65.3
February.....	1,464	3,200,324	49,900	82,862	41,374	49.9
March.....	1,465	3,237,942	69,430	91,627	46,574	50.8
April.....	1,465	3,280,506	71,375	88,356	41,856	47.4
STATE						
1944: April.....	987	1,637,321	34,299	35,164	18,113	51.5
May.....	993	1,666,943	38,225	36,636	16,727	45.7
June.....	996	1,617,971	33,280	36,218	20,511	56.6
July.....	997	1,711,893	36,141	53,718	40,614	75.6
August.....	996	1,732,413	39,608	44,536	23,794	53.4
September.....	996	1,752,015	38,169	42,890	20,532	47.9
October.....	997	1,773,795	38,677	44,641	20,973	47.0
November.....	998	1,807,512	33,249	39,636	19,713	49.7
December.....	1,002	1,843,931	31,822	48,891	19,936	40.8
1945: January.....	1,002	1,857,494	29,776	65,437	39,319	60.1
February.....	999	1,876,230	29,579	42,907	21,715	50.6
March.....	1,000	1,898,961	40,857	47,082	24,914	52.9
April.....	1,004	1,924,135	41,921	45,295	23,845	52.6

¹ Balance-sheet items, formerly shown each month, now appear only in the February, May, August, and November issues of the REVIEW.

Tables 14 and 15 now appear quarterly in the February, May, August and November issues.

Traffic and Real Estate

(Continued from p. 261)

It is to be taken as an axiom that in planning for traffic, the urban locality's needs must be considered as a whole, and consideration given to the views of those concerned with enhancing residential, business and industrial values.

The effects and limitations of particular projects must be understood before work is begun. For example, will an express highway project, undertaken before the transit system is improved, tend toward

uneconomic scattering of city dwellers? Can the modern city provide central parking for all those who desire to drive to work in the central area?

When a balanced plan has been agreed upon by local authorities, the progressive steps to be taken should be decided upon so that each project assumes its place in the long-term development of the area.

Investments in real property of all kinds—homes, stores, apartment houses—are at the mercy of the traffic stream. Properly channeled and controlled, this stream will stabilize and enhance property values. Uncontrolled, it can undermine the value of individual homes and neighborhoods of a city. Broadly conceived plans and action are needed to conserve values and achieve supportable communities



DIRECTORY CHANGES



APRIL 16—MAY 15, 1945

Key to Changes

- * Admission to Membership in Bank System
- ** Termination of Membership in Bank System
- # Federal Charter Granted
- ## Federal Charter Canceled
- Ø Insurance Certificate Granted
- ØØ Insurance Certificate Canceled

DISTRICT No. 3

PENNSYLVANIA:

Greensburg:

ØGreensburg Building and Loan Association, 11 East Otterman Street.

Philadelphia:

ØAetna Federal Savings and Loan Association, 1520 South Broad Street.

**Penn Mutual Building and Loan Association of Germantown, 572 Germantown Avenue.

Pittsburgh:

ØEast Park Savings and Loan Association, 118 East Ohio Street, N. S.

**Harmony Building and Loan Association #2, Sixth Ward, 1509 Fifth Avenue.

DISTRICT No. 5

OHIO:

Cincinnati:

*Glenway Loan and Deposit Company, Glenway and Winfield Avenues

DISTRICT No. 6

INDIANA:

Terre Haute:

**Twelve Points Savings and Loan Association, 1279 Maple Avenue.

DISTRICT No. 9

TEXAS:

Wharton:

**Wharton Building and Loan Association, Monterey Square.

NATIONAL HOUSING AGENCY

John B. Blandford, Jr., Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION;

John H. Fahey, Commissioner

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

[Dollar amounts are shown in thousands]

Period	Due on original loans	Due on property sold	Properties owned	
			Book value	Number ¹
1940: April	\$1,764,672	\$254,266	\$421,510	68,535
1941: April	1,558,930	340,611	316,266	47,588
1942: April	1,347,703	360,762	265,159	37,176
1943: April	1,123,056	358,966	207,571	27,864
1944: April	885,304	375,093	55,456	7,735
May	856,889	373,732	45,576	6,413
June	847,180	373,732	34,890	5,042
July	828,977	370,059	28,771	4,245
August	810,320	366,561	23,318	3,478
September	792,620	362,874	19,009	2,863
October	774,179	358,541	15,641	2,362
November	757,028	354,117	12,660	1,941
December	741,656	349,707	10,701	1,659
1945: January	724,306	344,311	9,157	1,446
February	709,620	339,642	8,278	1,337
March	693,190	334,092	7,342	1,207
April	678,134	328,846	6,439	1,071

¹ Includes re-acquisitions of properties previously sold.

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

[Dollar amounts are shown in thousands]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals ²	Federals	State members	Total
October 1935—March 1945:				
Applications:				
Number	1,862	4,710	995	5,705
Amount	\$50,401	\$213,701	\$66,495	\$280,196
Investments:				
Number	1,831	4,243	738	4,981
Amount	\$49,300	\$178,416	\$45,441	\$223,857
Repurchases	\$46,645	\$158,320	\$39,230	\$197,550
Net outstanding investments	\$2,655	\$20,096	\$6,211	\$26,307
First quarter 1945:				
Applications:				
Number	0	0	0	0
Amount	0	0	0	0
Investments:				
Number	0	0	0	0
Amount	0	0	0	0
Repurchases	\$834	\$6,354	\$1,890	\$8,244

¹ Refers to number of separate investments, not to number of associations in which investments are made.

² Investments in Federals by the Treasury were made between December 1933 and November 1935.

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

[Dollar amounts are shown in thousands]

Type of institution	1945		1944		1943			
	March		December		March			
	No.	Assets	No.	Assets	No.	Assets		
All members	3,696	\$7,392,554	3,699	\$7,265,763	3,731	\$6,531,180	3,781	\$5,820,090
Savings and loan associations	3,657	6,541,038	3,659	6,415,119	3,688	5,690,372	3,736	5,055,500
Federal	1,465	3,237,942	1,464	3,168,731	1,466	2,709,897	1,467	2,300,638
Insured state	996	1,892,876	998	1,837,873	982	1,612,275	944	1,384,663
Uninsured state	1,196	1,410,220	1,197	1,408,515	1,240	1,368,200	1,325	1,370,199
Mutual savings banks	24	510,230	22	480,221	22	451,429	22	415,199
Insurance companies	15	341,286	18	370,423	21	389,379	23	349,391

Table 19.—WAR HOUSING—Progress of war-housing construction program

Type of construction	Total number of accommodations allocated to localities			Number of accommodations under construction			Number of accommodations completed		
	As of Mar. 31, 1945	As of Dec. 31, 1944	As of Sept. 30, 1944	As of Mar. 31, 1945	As of Dec. 31, 1944	As of Sept. 30, 1944	As of Mar. 31, 1945	As of Dec. 31, 1944	As of Sept. 30, 1944
Privately financed: ¹									
New construction	851,434	841,000	835,363	26,591	39,544	56,610	789,524	767,717	737,590
Conversion	203,466	204,632	209,182	2,234	3,324	4,017	196,506	194,763	192,123
Publicly financed: ²									
Family units:									
New construction ³	550,110	539,491	535,333	15,520	19,746	22,240	522,550	515,886	504,731
Conversion (HOLC) ⁴	48,308	48,341	48,442	384	2,549	5,676	49,126	47,195	44,027
Single-person units	171,654	168,749	166,142	2,454	1,288	2,550	167,375	165,567	162,726
Stop-gap accommodations	82,540	80,205	76,186	2,989	3,360	6,222	77,581	74,797	68,582

¹ Represents privately financed war housing built under P-55, plus an estimated 302,000 new units and 175,000 converted units built without P-55 orders.

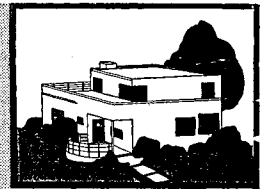
² Data for September and December 1944 revised as of March 31, 1945. Excludes suspended, canceled and limited projects but includes units started in projects which have been removed to other localities, sold, converted to nonresidential use or placed in standby status. As of March 1945 such units numbered 79,299 (18,840 family units, 21,294 single-person units and 39,165 stop-gap accommodations); as of December 31, 1944 there were 74,909 units (18,128 family units, 18,467 single-person units, and 38,314 stop-gap accommodations); as of September 30, 1944 there were 64,905 units (18,235 family units, 12,445 single-person units and 34,225 stop-gap accommodations).

³ Includes a small number of units in converted projects built by FPHA and other Federal agencies.

⁴ The number of units assigned represents only the number of additional accommodations to be provided through the conversion program, whereas the number started and completed also include existing units which were taken over intact in structures in which conversion work was done.



THE HOME FRONT



U. S. Court upholds war-housing policy

In the first case of its kind, court action prevented the eviction of a war worker and his family from housing built under the war-priorities system. The action, announced the middle of May, resulted from a nationwide policy set up jointly by WPB, NHA and OPA.

In May 1943, a Cleveland, Ohio, builder applied to FHA for priorities under the WPB program. Under NHA General Order 60-3 the builder certified that he would not rent, nor allow the building to be sublet, to anyone other than eligible war workers. The order further stipulated that such a "priority dwelling" should be sold only to someone who likewise would rent solely to eligible workers.

After completing the two-unit house, the builder rented part of it to a war worker and his family then, a year later, he sold the house. The new owners who wanted the unit for their own use, immediately began eviction proceedings against the war worker. After WPB and NHA regional representatives determined that apparently the regulations under which the house was built were being violated, they referred the case to the U. S. District Attorney. The U. S. District Court held hearings and granted a permanent injunction against the eviction of the war worker.

Federal court action thus upheld the stand of WPB, NHA and OPA that war-housing units constructed with WPB help must continue to be held for use of war workers during the emergency, unless specific permission to do otherwise is granted by the Government.

Post-VE-Day survey of manpower

If the War Production Board can make available materials in sufficient quantity for reconverted plants to start producing civilian goods, total unemployment within the next year

should not amount to more than 2.1 million at any one time. This is the conclusion of a Government post-VE-Day estimate made of the manpower potential of the country, based on the assumption that the war with Japan will continue for at least another year.

This projection by the War Manpower Commission is the result of their estimate that, in spite of an announced 25-percent cut in draft calls commencing July 1, probably 50,000 young men per month will be lost by industry. The expectation is that manpower needs for direct war work will decline 2.8 million within three months and 4.7 million by the end of six months. Although all of these figures are tentative, they form the groundwork for the present reconversion policy as it affects the labor supply.

All-important lumber supply dwindling

That the lumber situation constitutes a real problem is apparent from the accompanying chart. With production in the first quarter of 1945 at the lowest point since Pearl Harbor and the stock on hand at the beginning of the year 11,000,000,000 board

feet less than it had been in January 1941, the War Production Board estimates that 1945 consumption will amount to 31,000,000,000 board feet, only 6,000,000,000 less than during the last full civilian-production year. This 1945 estimate allows for taking only 1,000,000,000 feet from stocks essential to cover the lag in curing.

J. A. Krug, WPB Chairman, stated recently, "Production must be maintained for the Pacific war, and at the same time civilian production must be expanded to the extent that manpower, materials and facilities are released from war production." Post-VE-Day reconversion will depend in large measure on lumber supplies that can be made available. Already 13 percent more lumber is being allotted for civilian construction during the third quarter than was scheduled for the preceding three months.

To alleviate the current tight situation, Mr. Krug assured the industry of all possible aids to production. This will include channeling of supplies and equipment, particularly trucks and tires, and increasing the availability of manpower, long a bottleneck in lumber production.

