MONTHLY REVIEW

Modern apartments account for the fast pace of residential building.

FEDERAL RESERVE BANK OF RICHMOND

AUGUST 1962

Housing and Business Expansion

In recent discussions of the disappointing rate of growth of the United States economy over the past three years, residential construction has frequently been singled out as a contributing factor. Despite encouraging strength in homebuilding activity in recent months, the trend since 1959 fails to display the expansionary vigor characteristic of the preceding dozen years. This slowdown in the rate of advance of this important area of the economy has raised the question of whether basic changes in supply and demand conditions over the past few years have altered, if only temporarily, the role played by housing in supporting business activity over most of the postwar period. The following paragraphs consider the principal points raised by observers in a broad reappraisal of the housing market that has been in process over the past two years. It is important to note that this reappraisal applies only to the near-term future. As explained below, most observers agree that the long-run prospects for housing continue good.

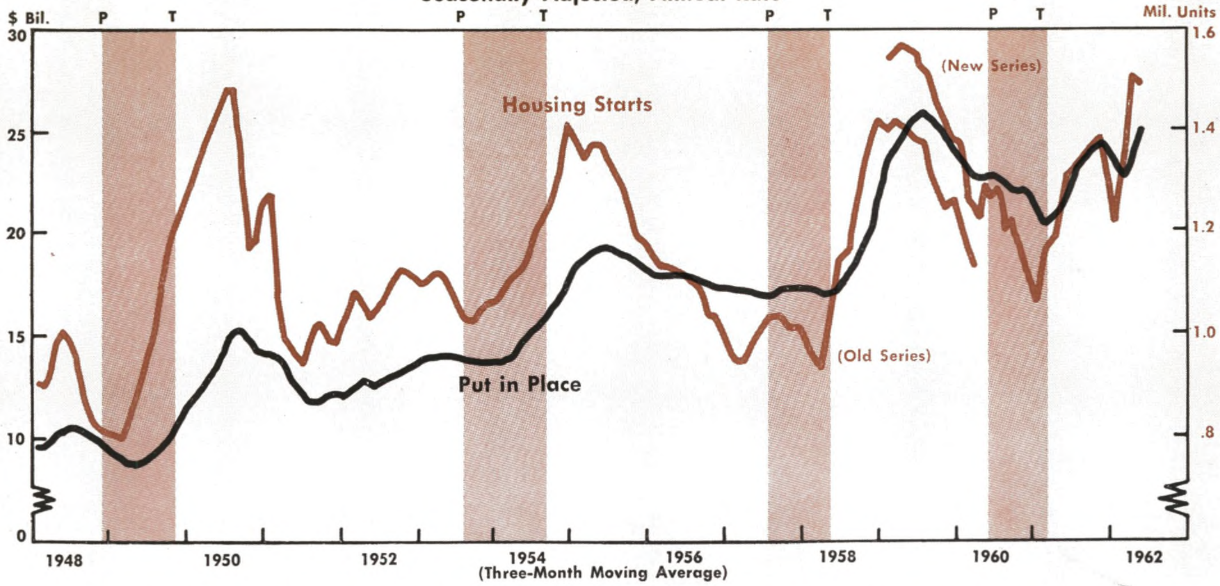
HOUSING IN THE FIFTIES Between 1946 and 1959 housing was a major factor of strength in the economy. An idea of its importance in sustaining the expansion of business over this period may be had from the chart on page 3. Bureau of the Census data show private nonfarm housing starts moving up strongly in the early postwar period, rising from some 660,000 in 1946 to just under 1 million in 1949. These starts peaked in 1950 at 1,352,000 (as measured by the old series), then dropped to around the 1 million level in the years of the Korean conflict. From this level, they trended irregularly upward until 1959, when they substantially regained the record 1950 level. Total outlays on residential construction followed the same general pattern.

The old method of collecting data on housing starts, as represented in the line labeled "old series," understates these starts by an estimated 5% to 15% in each year. According to this series, total starts in the period 1946-59 amounted to approximately 15½ million. Actual starts in this period were perhaps closer to 18 million, or more than three times the number in the preceding decade and a half. This was also about twice the increase in the number of families between 1946 and 1959 and indeed came to more than 40% of the total number of families in the country in the latter year. Throughout this period the most widely expressed concern respecting the housing market was its inflationary potential.

HOUSING AND THE CYCLE Apart from its contribution to general economic expansion, the housing market in the 1950's came to be looked upon as an important stabilizing force in the economy. Observers reasoned that falling interest rates accompanying a decline in business encouraged home building, which stimulated the demand for durable consumer goods and thereby promoted business recovery. By the same token, rising rates in expansion periods were viewed as discouraging housing outlays and tending to dampen business booms.

Such contracyclical movements in housing can be seen in the chart on page 3, where the four postwar recessions in general business are represented by the shaded areas between the lines labeled P and T (for peaks and troughs). The open areas of the chart represent periods of recovery and expansion. In the first two recessions both starts and expenditures moved up strongly while general business was de-

RESIDENTIAL CONSTRUCTION
Seasonally Adjusted, Annual Rate



Department of Commerce-Census Bureau data on housing starts and residential construction put in place are widely used as indicators of housing market conditions. Shaded areas represent periods of business decline. Three-month moving averages dampen swings.

clining. A similar, though less pronounced, movement is evident in the 1957-58 downturn. In each of the recoveries following these recessions both starts and expenditures peaked out and moved to lower levels well before the business expansions reached their high points.

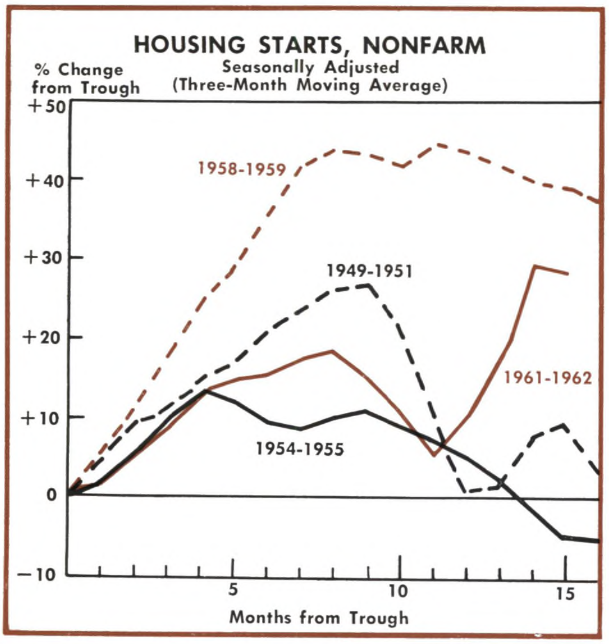
THE SAGGING SIXTIES Lack of vigor in the behavior of starts and outlays since 1959, as is evident in the chart, has raised doubts respecting both the growth potential and the stabilization potential of the housing market. The movement from record levels reached in 1959 has been predominantly downward, and until recent months both starts and outlays remained well below levels typical of much of the 1950's. Moreover, in the 1960-61 business recession both starts and outlays moved down with general business over most of the decline.

Until recent months, the performance of housing in the present business upswing had been especially disappointing. The basis for this disappointment can be seen best in the chart on page 4, which compares the movement of monthly data on housing starts in this recovery with that in three earlier recessions. It is clear from this chart that, until recent months, the rate of recovery of housing in the present expansion lagged well behind that in the 1949-51 and 1958-59 expansions. For ten months, the present recovery paralleled closely that in 1954-55. But, as the chart shows, housing starts entered a steep decline last November and by February were at a level not far above the recession low reached in December 1960. The improvement last spring, while substantial, has failed to bring this series to the peak levels reached in 1959. Moreover, it has not altogether dispelled fears that the current housing market is not as strong basically as in the 1950's.

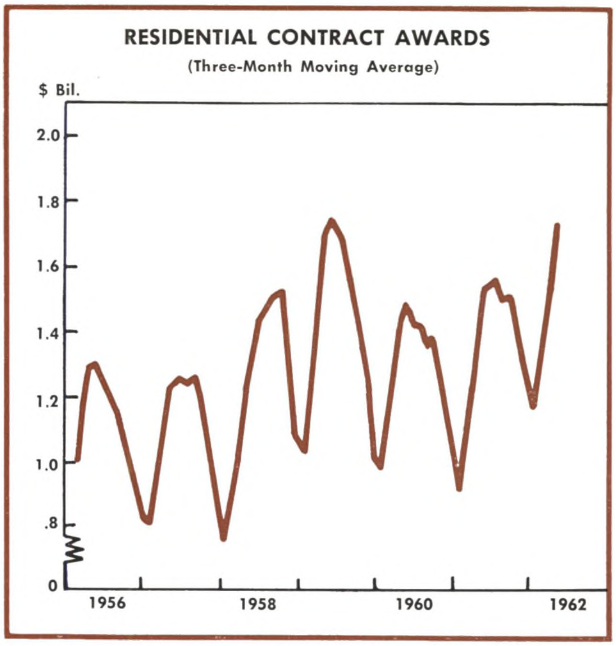
There are two reasons for this. In the first place the new series on housing starts, instituted in 1959, has proven more volatile than the old. Quite large short-run changes are not unusual. Some observers consider that it is accordingly premature to interpret the recent increases as evidence of a sustained renewal of the upswing. In the second place, there is the possibility that the March-May figures include a large number of starts postponed from the winter months. If, as some observers suspect, unusually severe weather pushed many starts from the November-February period into the spring months, the recent increases can hardly be expected to continue. Preliminary figures for June (not shown in the chart) indicate a 12% decline from the May level.

Nor, so far as some observers are concerned, is there any comfort to be derived from the roughly parallel weakness in housing starts in the 1954-55 recovery, when despite this weakness general business registered a strong and sustained expansion. The weak performance of the housing data in 1954-55 was associated with tight mortgage money, rising interest rates, and more stringent mortgage terms. By contrast, the current market is characterized by abundant mortgage money, declining interest rates, and easier mortgage terms.

BASIC FACTORS A number of factors have been adduced by observers in explanation of the apparent slowdown in housing since 1959. Taken together, these factors appear to point to the conclusion that the present housing market, in terms of basic supply-demand conditions, is less strong than in the fifties



Until last spring's sharp increases, starts in the 1961-62 business expansion lagged well behind 1949-51 and 1958-59.



Residential contract awards, as reported by F. W. Dodge Corp., have shown sharp increases recently but remain below 1959 peaks.

and less likely to provide the support to general business that it did in the earlier period. Following are the more important of these factors.

DEPLETED BACKLOG Perhaps the most frequently mentioned factor is the working off of the large backlog of demand for housing built up during the depression of the thirties and the wartime scarcities of the forties. There is, of course, no way of measuring accurately this demand backlog. However, some indication of the extent to which it was met in the fifties may be obtained from the large number of housing starts relative to the growth in the number of families in this period. Census data on "subfamilies," or doubled-up families living with relatives, also provide some indication. Such families, which numbered over 3 million in 1947, were reduced to only 2 million in 1955 and to fewer than 1½ million in 1960. Separate data on "married couples without own households" show an even sharper decline, from some 3 million in 1947 to under 1 million in 1960.

SUBURBAN SLOWDOWN A second factor has been the marked slowdown in recent years in the suburban movement, which was a major source of strength in the housing market in the fifties. Indeed, at the moment it appears that a more important factor in the housing market is a "back to the city" movement. Just how this latter movement will affect the total housing picture is problematical, but it has apparently had a significant effect already on the kinds of housing facilities being provided. Its impact is perhaps best reflected in data on new apartment units, which have risen sharply in the last few years, even in periods when total housing starts were declining.

FAMILY FORMATION A third factor viewed as contributing to the recent slowdown is a decline in the rate of new family formation, a basic source of demand for new homes. Census data show that in the three years 1958-60 the number of families increased by 539,000 per year as compared with a rate of nearly 750,000 per year in the preceding three years and some 1,000,000 per year in the early postwar period.

This rate of increase is expected to move up to new record levels in the middle '60's, as the large wartime and postwar baby crops reach marriageable age. Until that time, however, no great increase in the demand for housing is expected from this source.

Trends in family formation are also partially responsible for the "back to the city" movement and for recent large increases in apartment building. While the over-all rate has been declining, the rate for the age group 55 and over has been increasing. This older age group accounts for much of the "back to the city" sentiment and for much of the growing demand for apartment facilities.

RISING COSTS Still a fourth factor is the steady increase in land prices and in home construction costs. Land prices moved up sharply in the fifties and are continuing to rise. Construction costs have moved up less spectacularly, but briskly nonetheless. The

E. H. Boeckh index of residential construction costs, for example, increased from 120 in 1953 to 141 in January 1962. Much of this increase has come since 1958 and, interestingly enough, in the face of the recent slowdown in housing demand.

Most observers agree that because of higher land and construction costs, people are increasingly inclined to remodel old homes rather than buy new ones. This helps to account for two other notable developments in the housing market recently: first, increasing activity in the market for existing homes; and second, relatively large expenditures for residential additions and alterations. The latter expenditures have continued strong since 1959, even in periods of declining starts.

GROWING RENTAL VACANCIES An indication of weaker supply-demand conditions in the housing market is seen by some observers in the relatively large recent rise in home vacancies. Vacancy rates in rental housing have risen from under 5% of all rental units at the end of 1956 to nearly 8% at the end of 1961. Home-owner vacancies (that is, houses available for occupancy which are offered for sale rather than for rent) have also risen, but at a much slower rate.

FINANCIAL FACTORS In the area of housing finance, two factors making for a weaker market have been noted. One is the rapid increase in residential mortgage indebtedness in the fifties. Mortgage debt on one- to four-family residential properties tripled in the decade, rising rapidly not only in absolute terms but also per housing unit and as a fraction of disposable personal income. Taken by itself, this increase does not imply any diminution in the demand for housing. It may, however, contribute to that end if, as is frequently mentioned, inflationary expectations have in fact become a thing of the past. Throughout much of the postwar period, inflation took much of the burden out of mortgage debt. Its passing will doubtless make this large debt more onerous than it has been in the past and may well reduce the public's disposition to take on additional mortgage obligations.

A second financial factor has to do with mortgage terms. Through most of the fifties, mortgage terms were steadily eased. This was a major factor stimulating housing demand and contributing to the rapid increase in mortgage indebtedness. Many observers now feel, however, that this source of additional demand has been exploited to the full. In their view, down payments can hardly get lower nor maturities longer.

LONG-RUN OPTIMISM The pessimism engendered by the several factors considered here pertain to the short run only—to perhaps the next year or two. Housing market observers are in rather general agreement that after 1965 a growing rate of family formation coupled with continuing population shifts and improving income levels will more than offset unfavorable market factors. As a matter of fact, housing starts are expected to move up smartly after 1965 and to reach 2 million or more annually by the end of the decade.

FAVORABLE FACTORS Even for the short run there are some favorable prospects that should be set against the unfavorable factors considered above. For example, one important source of demand for housing is upgrading, which is related closely to income levels. With improvements in income, this source, plus the related demand for second homes, should prove an important sustaining element in the market. Moreover, the American people are moving more frequently now than ever before. Every year one of every five Americans moves to a different home, many across state lines, chiefly in search of better job opportunities or a more congenial living environment. This results in additional demand for housing over and above that due to population growth and income gains.

Some recent statistics are also encouraging. Total residential construction outlays have increased for four months in a row. Moreover, residential contract awards (see chart, page 4), building permits, FHA and VA applications, and commitments of leading mortgage lenders—all indicators of future residential building activity—have recorded gains in most of the past several months.

The chart on page 4 shows a fairly sharp recent improvement in residential construction contract awards as reported by the F. W. Dodge Corporation. On the basis of this improvement the Dodge Corporation has revised upward its estimate of total housing starts for 1962. At the beginning of the year it had predicted a 7% increase over 1961, but now it is predicting a 10% rise. This means that they are expecting starts of something more than 1.4 million this year. Through the first quarter starts were running at a rate slightly below last year's 1.3 million. The indicated rate in the second quarter was about 1.5 million. It should be noted, however, that 1.4 million starts are still below the 1959 level and are probably fewer than in a number of other years of the fifties. Similarly, the contract award figures, despite recent increases, are still below 1959 levels.

Prehistoric ancestors of the Pueblo Ins took to the cliffs. They escaped some of the hostile elements of their environment bying into lofty ledges and walling up their excavations with primitive masonry. This of high living has had a certain amount of appeal ever since. Early in the twentiethury, for instance, urban business centers grew rapidly despite limited transportation, good living accommodations handy to the job became scarce. With elevators in com use, a new trend toward taller dwellings helped to solve this housing problem. At same time, however, automobiles were bringing new freedom to these early twentcentury cliff dwellers. Soon they were migrating in droves to the suburbs where theyd spread out a little, breathe fresh air, and raise petunias in their own little gardens. d by delayed demand and "easy" mortgage payments, home building reached new hig the period following World War II. These were primarily single-unit dwellings, and opers strained ads and architecture as the little-home-in-the-suburbs movement approd a climax.

The mid-twentieth century migration bo the cliffs began around the middle of the 1950's. In 1955 about 10% of all new ate dwelling units were in multiple-unit structures. Thereafter the proportion of neits in multiple-family buildings rose steadily, reaching one-fifth in 1960, one-fourth in', and one-third in the early months of the current year. Between 1959 and 1961 coction of one-family houses dropped 22% while multi-family units rose 24%.

The motives of modern cliff dwellers more complex than those of their predecessors. There may be some disenchantmwith suburban living, some tendency to escape the responsibilities of home ownershBut for the most part the principal key to the current trend seems to lie in the age ccition of the population. Retired citizens, who naturally want to simplify their livingts and are more independent than formerly, make up a growing portion of the popu. At the other end of the adult population, the boys and girls born during and ifter the war are beginning their careers and usually prefer the relative freedom oftment living. Since present population trends seem destined to continue for a whe trend in housing seems almost certain to do likewise.

MID-20th CENTUR CLIFF DWELLERS

HOUSING FINANCE

When the average person buys a house, he is generally faced with the problem of finding credit since very few purchases are made for cash. In selecting his home and the arrangements for financing it, he will typically operate within two basic constraints. First, he has a limited nest egg out of which to make the down payment, and secondly, a limited income out of which to make the monthly payments. Governed by these constraints, he will generally buy the best house which his income and wealth position permit. In other words, he will generally take the most liberal terms he can find.

In financing he has a number of alternatives. As to type, he can get a conventional loan, a loan insured by the Federal Housing Administration, or, if he is a veteran, a loan guaranteed by the Veterans' Administration. As to source, he can get funds from a commercial bank, a mutual savings bank, a savings and loan association, a life insurance company, a mortgage company, or perhaps from an individual. The kind of loan he gets and the source of funds he chooses will depend in large part on the size of down payment and monthly instalments he can afford.

If he has a small nest egg and modest income, he will probably seek a FHA loan because of the very liberal terms. Or he may try to get a VA loan if he is a veteran and has not already used his eligibility right. However, mortgages guaranteed by the Veterans' Administration have recently been selling so far below par that as a general rule VA loans have been available only in big housing projects where the builder has been willing to absorb the discount.

A person who can make a sizable down payment will probably get a conventional loan, the terms of which will vary depending on the source of funds. National banks are now permitted to make loans up to 75% of appraised value and to offer maturities up to 20 years. As a practical matter, however, they generally use a maximum loan-value ratio of 66⅔%. Mortgage companies, on the other hand, will frequently lend up to 75% of value and usually offer maturities of 25 years. Savings and loan associations will lend up to 80% of value for maturities up to 25 years, and a certain proportion of their portfolio may consist of 90% loans.

Obviously, a wide range of terms is available, and a borrower has the opportunity to shop around and find a combination of down payment and maturity which is more or less optimum from the standpoint of his income and wealth position. Moreover, he can exercise some choice over the interest rate he pays by choosing a combination of down payment and maturity which reduces the risk to the lender.

Credit terms vary from section to section and even from town to town, depending on general credit availability, non-real estate demand for funds, and such things as customs and institutional arrangements. Furthermore, the terms vary according to the type of property being financed. Existing houses, for example, generally provide less desirable collateral than new ones, and terms on existing units generally are somewhat more restrictive. Terms also vary because of the varying characteristics of borrowers.

The real estate mortgage, therefore, is not a homogeneous instrument. The Government insurance and guaranty programs have imparted a significant degree of uniformity to FHA and VA mortgages, and these are commonly bought and sold nationwide. Conventional mortgages, on the other hand, vary appreciably in quality and for this reason are generally restricted to the local market.

MORTGAGE DEBT BY TYPE OF LENDER Who holds the nation's mortgage debt on residential properties, and how has the market share of each of the principal lenders varied over time? The answer to these interesting questions can be found by studying the following chart which shows the mortgage debt on nonfarm one- to four-family projects by type of lender from 1946 through 1960. Since it is drawn on a ratio scale, a straight line on the graph shows a constant percentage rate of change. Moreover, the direction of change of each lender's market share can be seen by comparing the slope of the line which shows the debt held by a lender group with the slope of the line which shows total mortgage debt outstanding. For example, the growth of debt held by "others" has obviously been less than the growth of total debt. Therefore, the share held by "others" has decreased substantially over the 16-year period.

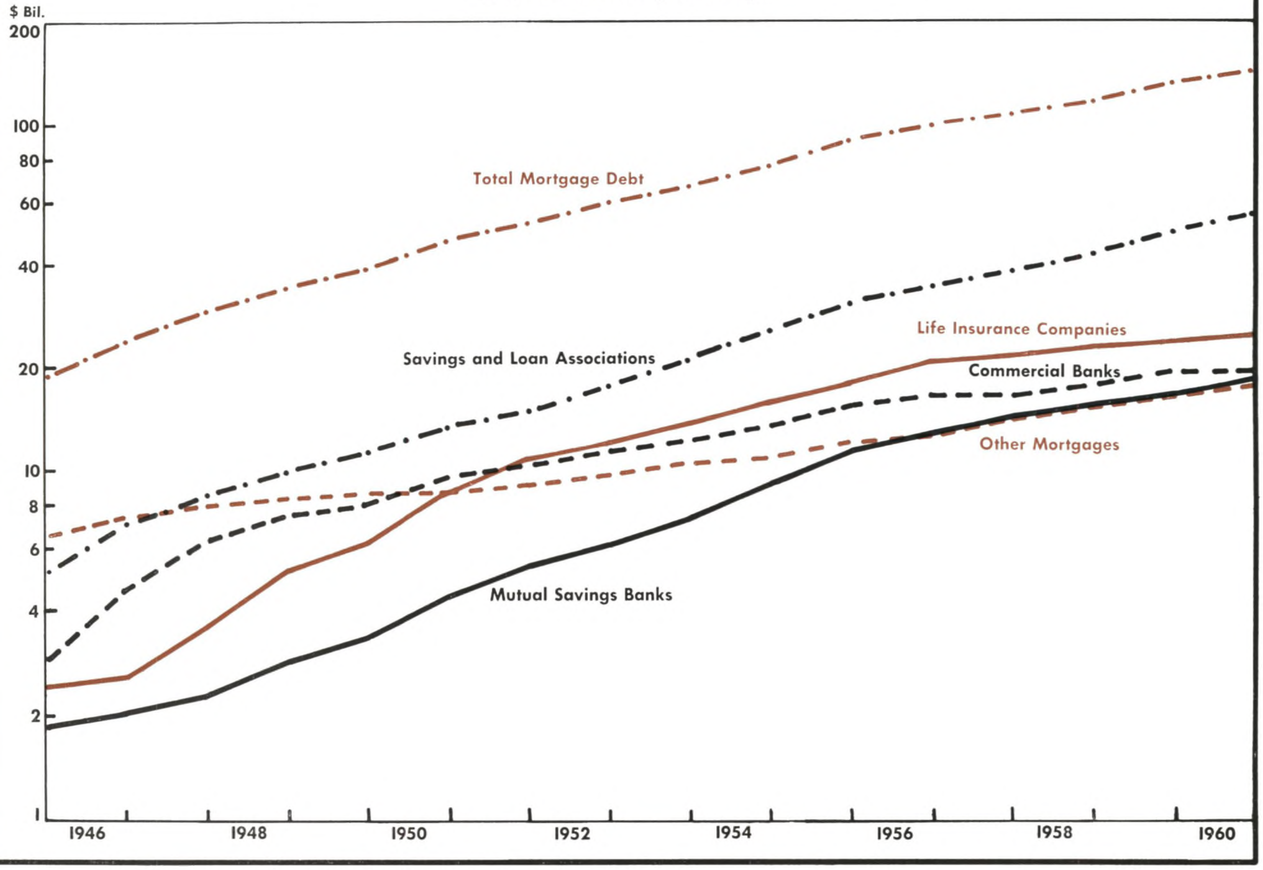
A glance at the chart reveals two things: (1) the pattern of debt ownership has shifted drastically since World War II, and (2) these developments have not occurred according to any straight-line trend. At times a particular lender's share of the market would increase rapidly and at other times remain constant or decline. Savings and loan associations, for example, held a roughly constant share of about 29% until 1951, at which time their share began to grow rapidly, and at the end of the period they held almost 40% of the total mortgage debt. The share held by life insurance companies declined in the first year after the war, rose rapidly until 1951, remained constant at 20% until 1957, and declined to close the period at about 17.5%. Commercial banks increased their share rapidly until 1947, but thereafter their share steadily declined to about 14% in 1960. The share held by mutual savings banks followed an almost converse pattern, decreasing until 1947, then increasing to about 13% by the end of the period. And the share held by "others" decreased from 34% in 1945 to about 13% in 1956 and remained constant thereafter.

What accounts for the shifting importance of the principal lender groups in the mortgage market? The answer is extremely complicated if all the relevant factors are considered. In general, however, the growth of mortgage holdings is related to the growth of loanable funds and the preference of the various lenders for mortgages as an investment type.

In the early postwar period (1945-1947), commercial banks expanded their mortgage portfolios very rapidly in an effort to finance the backlog of demand for housing which had been built up during the war. Banks, on the whole, were in an excellent position to move rapidly into the mortgage field. They held abundant reserves, large amounts of Government securities which could be liquidated at pegged prices to meet loan demand, and large quantities of time deposits. After 1947, when life insurance companies

MORTGAGE DEBT ON NONFARM HOUSES, BY TYPE OF LENDER

(One- to Four-Family Dwellings)



and mutual savings banks began to supply larger quantities of mortgage funds, the commercial banks began to revert to their more usual role as primary suppliers of short-term credit and became more active in supplying construction credit to builders and interim credit to mortgage companies.

Life insurance companies got off to a slow start in the competitive race to finance the postwar housing boom because of institutional difficulties. They generally do not originate mortgages directly but acquire them instead through correspondent relationships with mortgage companies and other local institutions. Their correspondent networks had fallen into decay through disuse during the 1930's and the war years, and it took time to re-establish old connections and make new ones. By 1947, however, a workable system for acquiring mortgages had been worked out, and from this date through 1951 life insurance companies expanded their holdings of mortgages faster than any other group. The rapid increase in their holdings in these years can be attributed to their increasing preference for mortgages. Mortgages on one- to four-family dwellings as a fraction of total assets grew from 5% at the beginning of 1947 to 15% at the end of 1951. This increasing preference can in turn be explained by the relative attractiveness of mortgage yields and the fact that Government securities could be liquidated at pegged prices to meet emergency situations.

Mutual savings banks also got off to a slow start after World War II. Their difficulty stemmed from state laws which prohibited the acquisition of mortgages on properties located outside the state of domicile. These laws placed most of the savings banks, which are located primarily in the Northeast, at a disadvantage because their loanable funds were more than adequate to meet the needs of the local situation as construction activity did not advance as rapidly in New England and the Middle Atlantic states as in other parts of the nation. Most state laws were changed in 1949 and 1950, permitting the acquisition of out-of-state mortgages, and mutual savings banks began to move into the mortgage market in volume.

In 1951 there occurred a development which profoundly altered the complexion of the mortgage market insofar as at least two of the principal lenders were concerned. This important event was the Federal Reserve-Treasury accord which ended the System's peg of bond prices. Prior to this time life insurance companies had relied heavily on Government securities as a source of liquidity and had not hesitated to invest heavily in mortgages. Following the accord and the resulting reduction in the liquidity of their Government portfolios, they became more concerned about asset mix and began to diversify investments. This provided an opportunity for the savings and loan associations, whose share of the market had remained virtually constant since the war. Throughout the period, however, their growth of savings capital had been extremely rapid(faster than the growth of loanable funds at other financial institutions), and as soon as competition in the mortgage market eased, they rapidly expanded their market share. The competitive position of savings and loan associations *vis-a-vis* the other mortgage lenders improved still further in the period after 1957. The assets of life insurance companies since 1957 have grown less rapidly while at the same time their preference for mortgages on one- to four-family dwellings has declined. Much the same situation has been true of mutual savings banks. Their rate of deposit growth has slackened, and their preference for residential mortgages (as measured by the mortgage-asset ratio) has somewhat abated.

SUMMARY Presumably there is some sort of optimum combination of down payment, maturity, and interest rate for each home buyer, and this combination will vary depending on the individual's income and wealth position. The active role of the Federal Government in the mortgage market has resulted in new loan types and new standards and terms for mortgage lending, but the market itself has adjusted to the diversity of loan demand, and a number of different financial institutions have evolved which offer a variety of mortgage terms.

Except for the early postwar period when temporary historical and institutional factors were at work, the participation of the principal lenders in the mortgage market has depended primarily on the growth of their loanable funds and their preference for mortgages. In general, it is possible to divide the history of the mortgage market in the postwar period into four periods—the period through 1947 during which commercial banks rushed into the mortgage market in response to the strong demand for loans; the period from 1948 through 1951 in which life insurance companies and mutual savings banks became more competitive and commercial banks reverted to their more traditional role; the period from the accord through 1956 in which savings and loan associations rapidly expanded their market share while life insurance companies became less competitive; and the period from 1957 to date in which both life insurance companies and mutual savings banks have experienced a slower rate of growth in their loanable funds and have evidenced a somewhat more moderate preference for mortgage investments.

THE FIFTH DISTRICT

For many months the construction business has been a source of strength in the Fifth District. In fact, since February of last year when the 1960-61 recession ended, seasonally adjusted contract construction employment in the District rose 15% compared to a 4% increase in all nonmanufacturing jobs and a 5% gain in factory employment. In the nation as a whole seasonally adjusted contract construction employment declined by 2%, while nonmanufacturing and factory employment rose by 3% and 6%, respectively. District construction employment seasonally adjusted reached a new high in May, marking a full year of record or near-record levels. Contract awards during this period fluctuated sharply, as usual, but at levels that were, with few exceptions, new highs for the months in question.

RESIDENTIAL SECTOR STRONG Residential award values in the District have maintained a run of monthly highs that began a year ago. In so doing the series achieved in August, October, November, December, February, March, and May the highest figures ever reached for those months. For each of the other months during this period the value of residential contract awards was the second highest ever recorded for those months. The strong wave of new contracts that developed in the second half made 1961 the District's record year for residential awards. This year's figures have been running well ahead of last year's. The cumulative value of residential awards from January through May was 42% greater in 1962 than in 1961. The national gain similarly computed was only 21%.

Statistics reported by the U. S. Department of Commerce on the number of residential housing permits reflect similar increases for this year compared with last. The District percentage gain was nearly twice as great as the national rise. March, however, is the latest month for which figures are available. New housing units authorized by District localities during the first quarter of 1962 exceeded those a year earlier by 29% while new authorizations nationally increased only 15%. Maryland contributed a 61% rise in permits between the 1961 and 1962 first quarters. Gains were also reported for Virginia (28%), South Carolina (13%), and the District of Columbia (13%). By the same comparison, however, authorizations decreased 10% in North Carolina and 7% in West Virginia.

1960 CENSUS OF HOUSING The rapid growth of new housing facilities probably means that qualitative characteristics of District residential property are improving also. The most recent and most extensive source of such information is the 1960 Census of Housing, which provides a detailed picture of District living conditions as they were in 1960. A comparative evaluation of regional conditions must await publication of the national summary, but regional trends can be studied by comparing 1960 data with the 1950 Census of Housing.

DISTRICT HOUSING IN 1960 The typical Fifth District residence in 1960 consisted of five rooms, but one-sixth of the total had fewer than four and another sixth had seven or more. Owners occupied 60% of District housing units; renters occupied 40%. Owner-occupied properties tended to be more spacious, units occupied by renters containing on average only four rooms. About 55% of District dwellings housed fewer than four persons and only 8% sheltered more than six. Three-quarters of all dwellings units were considered in sound condition, one-sixth in need of repairs, and the remaining homes dilapidated. More than three-fourths were equipped with both hot and cold running water, but more than an eighth had no piped water whatever, and nearly a fourth lacked bath facilities. Central heating was present in 42% of all District homes, and another 10% contained floor or wall furnaces. Stoves or fireplaces heated 47%, and only 1% lacked heating facilities of any kind. The heating fuel was oil in nearly half the residences counted, gas in almost a quarter, and coal or wood in most of the others. Six-tenths of 1% —a small fraction but nevertheless over 28,000 homes —were heated by electricity.

By 1960, at least two-thirds of Fifth District households had most of the other common types of equipment. Thus, 72% had washing machines, 83% had television sets, 87% had radios, 75% possessed automobiles, and 67% had telephones. On the other hand, only 18% had food freezers, 12% air con-

Half of the Fifth District's owner-occupied homes were valued at over $10,000 in 1960, an increase from one-fourth in 1950.

ditioners, and 9% clothes dryers. Gas and electricity, "running neck-and-neck," fueled 85% of the District's cooking facilities, while wood, coal, and kerosene accounted for the remaining 15%.

At the time of the 1960 Census, 15% of all District housing was under six years old, 14% was from six to ten years of age, and 19% had been in existence more than ten but no more than 20 years. Thus, at the 1960 checkpoint, 52% of all residential property dated back more than 20 years. The 1960 Census counted a total of 4.9 million housing units in the District. Since then about 147,000 additional units have been authorized. Moreover, many houses have been built in areas where building permits have not been required. Therefore, additions since 1960 have amounted to more than 3% of the 1960 total, enough to reduce slightly the average age of typical Fifth District dwellings.

According to estimates made by their owners in 1960, owner-occupied dwellings valued at $5,000 or less accounted for 20% of the total, those in the $5,000 to $10,000 range for 30%, those worth $10,000 to $15,000 for about 25%, and those above $15,000 for the remaining fourth. Nearly two-thirds of the vacant properties available for sale at the time of the 1960 Census were priced above $10,000. Monthly rentals on leased residential property averaged about $70. Only a tenth of these rentals were less than $30 per month; an eighth exceeded $100.

DIFFERENCES OVER THE DECADE During the decade of the 1950's a small but significant change occurred in the occupancy characteristics of District dwellings. Homes sheltering seven or more persons declined from 10% of the total to 8%, while those occupied by fewer than four increased from 54% to 56%. The portion of units housing four to six persons decreased slightly.

Facilities, however, showed marked improvement. A decade ago more than one-fourth were still without piped water. Little more than half had both hot and cold water, a fraction that grew to 76% by 1960. Residences with neither bathtub nor shower accounted for more than two-fifths of the 1950 total. At that time central heating was present in only one-third of the homes, and wood was still the principal heating fuel in rather extensive areas of the District.

Price differences must be taken into account, but values have changed notably nevertheless. In 1950 nearly three-fourths of owner-occupied dwellings were valued below $10,000, and the typical monthly rental on leased property was around $40 per month. The changes that have been brought about over the past decade measure progress in understandable terms. If social and economic trends display as much momentum in the future as they have in the recent past, the present decade will see even more dramatic changes in District housing.

PHOTO CREDITS

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