Second Annual Report

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator
Home Loan Bank Board
Federal Housing Administration
Public Housing Administration

Calendar Year
1948

THE HOUSING AND HOME FINANCE AGENCY

Raymond M. Foley, Administrator

1626 K Street NW.

THE HOME LOAN BANK BOARD

William K. Divers, Chairman

J. Alston Adams, Member

O. K. LaRoque, Member

101 Indiana Avenue NW.

THE FEDERAL HOUSING ADMINISTRATION

Franklin D. Richards, Commissioner

1001 Vermont Avenue NW.

THE PUBLIC HOUSING ADMINISTRATION

John Taylor Egan, Commissioner

1201 Connecticut Avenue NW.

THE NATIONAL HOUSING COUNCIL

Housing and Home Finance Administrator

Chairman, Home Loan Bank Board

Federal Housing Commissioner

Public Housing Commissioner

Secretary of Agriculture (or his designee)

Administrator of Veterans' Affairs (or his designee)

Chairman, Reconstruction Finance Corporation (or his designee)

Secretary of Commerce (or his designee)

1626 K Street NW.

Second Annual Report

U.S.

HOUSING AND HOME FINANCE AGENCY

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1949

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.
Price 75 cents

LETTER OF TRANSMITTAL

SIRS: I have the honor to transmit herewith the Second Annual Report of the Housing and Home Finance Agency covering the housing activities of the Federal Government for the calendar year 1948.

In this Second Annual Report, the Housing and Home Finance Agency records the activities and accomplishments of the Office of the Administrator and the three constituents of the Agency—the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration, as well as the National Housing Council.

Sincerely,

RAYMOND M. FOLEY,
Administrator.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington 25, D. C.

PRESIDENT PRO TEMPORE, UNITED STATES SENATE,
Washington 25, D. C.

TABLE OF CONTENTS

CONTENTS OF PART I

Over-All Report of the Housing and Home Finance Agency
Office of the Administrator

CONTENTS OF PART II

HOME LOAN BANK BOARD

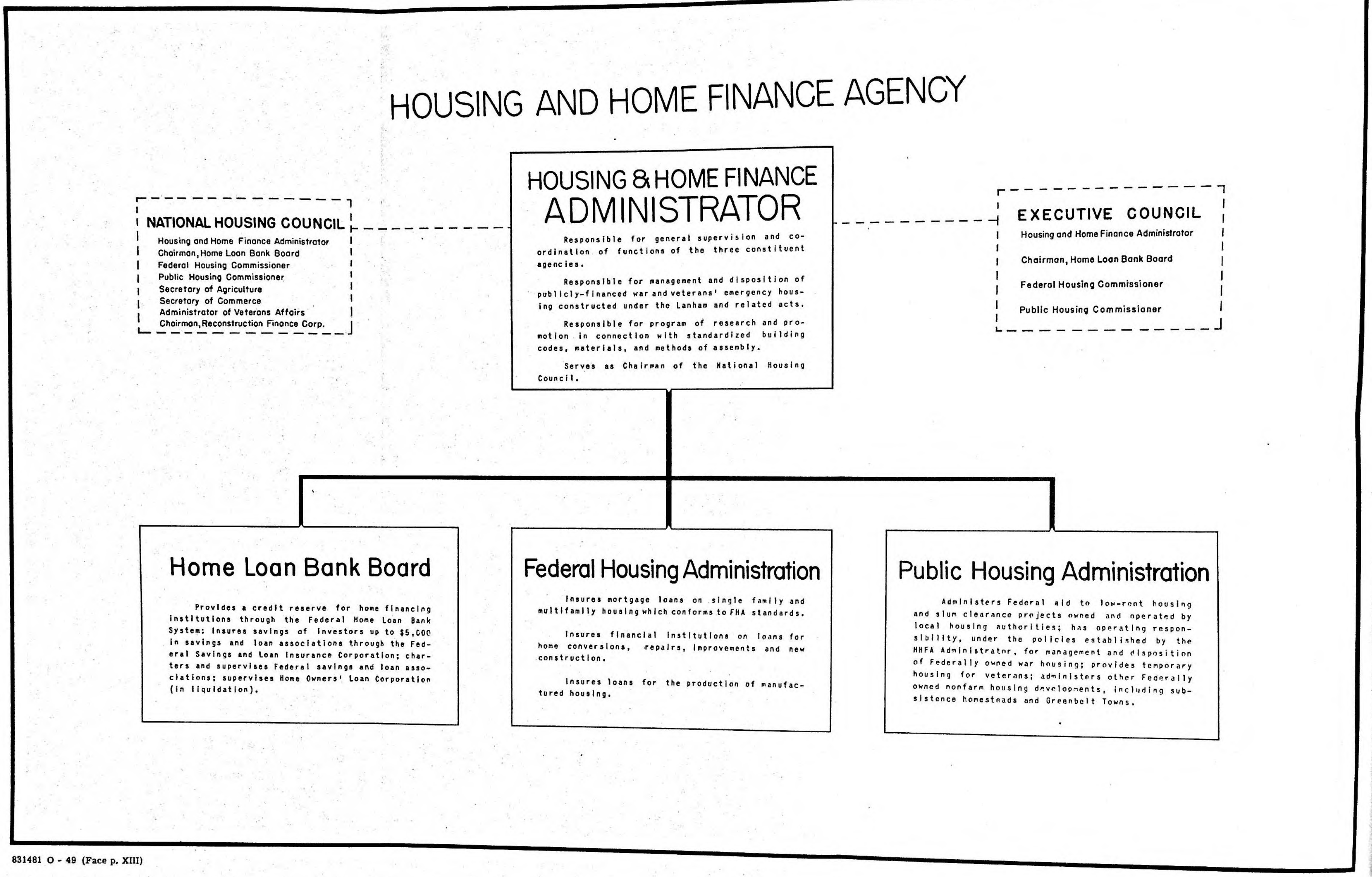
CONTENTS OF PART III

FEDERAL HOUSING ADMINISTRATION

CONTENTS OF PART IV

PUBLIC HOUSING ADMINISTRATION

Chart 1



831481 O - 49 (Face p. XIII)

INTRODUCTION TO PART ONE

In Part One of the Second Annual Report of the HHFA, the Housing and Home Finance Administrator, as the Government's chief housing officer and Chairman of the National Housing Council, presents summary data on the Government's Role in Housing as well as information on housing activities in general. This part of the report includes data on the over all activities of the HHFA as well as details on the activities of the Office of the Administrator. Specific detail on the programs and activities of the Home Loan Bank Board, the Federal Housing Administration and the Public Housing Administration will be found in Part Two, Three, and Four, respectively of this report. The material presented in Part One is in two major sections: *Housing in 1948* and *The Government Role.* It is preceded by a chronology of significant events in housing in 1948, and is followed by three appendixes: Appendix A contains various statistical tables—in addition pertinent statistical tables are included in the text. Appendix B lists Executive Orders, Presidential messages and Federal, State, and Local legislation affecting housing in 1948. Appendix C lists HHFA publications.

CHRONOLOGY OF SIGNIFICANT EVENTS IN HOUSING, 1948

1–3 By Executive Order 9919, the President delegated to the Secretary of Commerce his authority, under Public Law 395, Eightieth Congress, to consult with industry about voluntary agreements for allotment of scarce materials.

1–21 HHFA issued The Housing of Negro Veterans, a pamphlet discussing the housing problems of Negro veterans.

1– During January, FHA received applications for mortage insurance covering 91,324 dwelling units, an all time monthly high.

2–7 HHFA issued Housing Statistics Handbook, a compilation of statistical data relating to housing.

2–23 President Truman sent special message to Congress emphasizing need for long-range housing program as well as certain emergency measures such as extension of title VI, and rent control.

2–26 The Senate confirmed the appointment of J. Alston Adams as a member of HLBB.

3–15 Joint Committee on Housing, Eightieth Congress, issued its final majority report (H. R. 1564) recommending comprehensive housing legislation and adoption of national housing policy.

3–19 The Senate confirmed the appointment of Oscar K. LaRoque as a member of HLBB.

3–20 Issuance of draft proposed uniform plumbing code for housing. This was drafted by Uniform Plumbing Code Committee established by HHFA and composed of representatives of plumbing industry, labor and government.

3–30 Public Law 464, Eightieth Congress. Housing and Rent Act of 1948. Extended rent control and veterans preference in new housing to April 1, 1949.

4–3 Senate confirmed appointment of John Taylor Egan to be Commissioner of PHA and William K. Divers to be Chairman of HLBB.

4–17 Manual on Wood Construction for Prefabricated Houses issued by HHFA and OHE.

4–22 S. 866, long-range housing bill, passed by Senate.

5– During May 99,400 new dwelling units were started, probably an all time monthly high.

6–11 Public Law 624, Eightieth Congress; authorizing use of up to $10,000,000 of Lanham Act war housing funds to provide stopgap emergency housing needed as result of Vanport flood.

6–16 House of Representatives Banking and Currency Committee reports out long-range comprehensive housing legislation similar to S. 866 but bill fails to win approval of Rules Committee.

6–19 Public Law 689, Eightieth Congress; directed that purchase price of permanent war housing sold to veterans be at apportioned cost or appraised value, whichever is less.

6–19 Public Law 702, Eightieth Congress; authorized Veterans' Administrator to provide plans for building of special type homes for veteran paraplegics and to pay half the cost of such homes, but not to exceed $10,000.

6–28 Public Law 796, Eightieth Congress; (McGregor Act) authorized transfer of Federal interest in veterans temporary reuse housing located at educational institutions to such institutions. Extended date for removal of other temporary war and veterans reuse housing to January 1, 1950, and specifically made permanent war housing constructed under Public Law 781, Seventy-sixth Congress, and temporary shelter acts subject to disposition requirements of Lanham Act.

6–28 Pig Iron Voluntary Agreement goes into effect, first of three such allocations plans by voluntary agreement affecting housing materials (authorized under Public Law 395).

6– During June, FHA mortgage insurance written totaled $268,882,000, highest monthly volume in FHA history.

7–1 Voluntary agreement providing steel for warm-air furnaces goes into effect.

7–1 Public Law 864, Eightieth Congress; extended secondary market authorization of Federal National Mortgage Association to include GI-guaranteed or insured home and farm loans, but limited all purchases to certain GI and FHA loans (restricted to sales housing) executed after April 30, 1948. Also authorized FHA insurance of 95 percent mortgages on veterans' cooperative housing under title II of the National Housing Act.

7–3 Public Law 895, Eightieth Congress; authorized conversion of Federal savings and loan associations to State-chartered associations.

7–30 The Defense Homes Corporation, created in 1940 to provide housing for defense workers, showing a profit of about $2,100,000, was transferred to RFC for liquidation.

8–10 Public Law 901, Eightieth Congress. Housing Act of 1948. Authorized studies and encouragement of modernized and standardized building codes and of standardized measurements of housing materials and parts; revised FHA mortgage insurance with liberalized provisions for insured mortgages on lower-priced sales housing, moderate and low-rental housing and cooperative housing; authorized RFC loans and broadened FHA insurance of private credit to prefabricators and other mass producers of housing; authorized FHA insurance of minimum yield on debt-free moderate rental housing; liberalized secondary market provisions of Public Law 864, Eightieth Congress, particularly to permit purchase of FHA-insured rental housing mortgages; eliminated restriction on removal of over-income tenants of low-rent public housing projects.

9–1 Last of three voluntary agreements channeling scarce materials into housing goes into effect, this one providing steel for factory-built housing.

9–3 Announcement of reorganization of PHA to provide for centralization of many PHA functions in Washington formerly performed in the field.

9–4 Announcement of establishment of new HHFA Division of Standardized Codes and Materials.

9–14 Nation-wide meetings, under auspices of FHA and National Association of Homebuilders, held for purpose of reviewing with home-building and financing groups significant changes made in FHA mortgage insurance plans under Housing Act of 1948.

10–18 Representatives of about 50 national public interest organizations with active interest in housing meet with HHFA officials to review changes in Federal Housing Programs made by Housing Act of 1948.

10-26 Last date under McGregor Act for educational institutions to apply for relinquishment of Federal interest in veterans temporary housing on school campuses. In all, 711 institutions had applied for 97 percent of the 129,000 eligible units.

10- During October, construction costs, according to the Department of Commerce composite cost index, turned downwards for the first time since May 1943.

11-18 HHFA made available model State statute for authorizing adoption of building codes by reference. Enactment of such legislation by the States would enable municipalities to avoid excessive publication costs presently required when new codes are adopted. The bill was drafted in cooperation with the Council of State Governments, the Department of Justice, and the Department of Commerce.

11-24 HHFA Administrator Foley announced plans formulated for legislative and other action to stimulate larger volume of housing at lower costs and that the Agency was moving forward on two fronts: (1) Preparation of legislative proposals for submission to Congress, (2) A Nationwide concerted effort throughout the coming year to enlist cooperation of builders, lenders, labor, and other interested groups in getting maximum results from the parts of the President's program already enacted.

11-20 FHA announces issuance of rules and regulations for the Yield Insurance Program authorized under the Housing Act of 1948.

12-1 Key officials of Government agencies in the housing field, meet under sponsorship of National Housing Council to lay plans for major "economy house campaign."

12- Federal Home Loan Bank advances to its members reached $360,000,000 during 1948, an all-time peak. Total savings of individuals in HLBB member institutions reached $11,000,000,000 at the end of 1948 also an all-time peak.

SECTION ONE: HOUSING IN 1948

Chapter I

A SUMMARY

The American housing economy was at a postwar turning point at the close of 1948. The immediate problems of conversion from wartime to peacetime operations were rapidly giving way during 1948 to the longer-range problems of establishing a continuing and stable high-level production of housing for the years to come based on the needs of the country.

The problems involved in this reorientation of housing objectives dominated legislative discussion and action in the Congress during the year. By the end of 1948 they were also becoming the major factors in the policies and outlook of the private housing and home financing industry.

These problems were also a major concern of the Housing and Home Finance Agency which completed its first full calendar year during 1948. The establishment of this Agency on July 27, 1947, under the President's Reorganization Plan No. 3 of 1947, brought into one organization the three major Federal Agencies in the housing field, the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration, and provided for the establishment of a National Housing Council to coordinate Federal housing policies and programs. This action represented one of the first postwar steps in the development of a more stabilized long-range approach on the part of the Federal Government to housing and during the past year it also served to bring to bear in a consistent manner all the resources of the Federal Government, as authorized, in dealing with housing matters.

On the one hand, the year 1948 saw housing reach a postwar production record of 930,000 new nonfarm dwelling units put under construction, the second highest figure in the country's history. It saw also the highest annual production of building materials that the Nation had achieved, the highest dollar value of home building ($7,041,000,000); the highest dollar volume of mortgage recordings ($11,600,000,000); and the largest volume of home mortgage insurance in the history of the Federal Housing Administration ($3,341,000,000, more than twice the previous peak).

But with these record or near record highs, the year also recorded the highest home prices and construction costs known. Despite the high level of housing activity during 1948, it was apparent by year's end that the basic long-range need and potential demand for housing in the Nation were still to be met.

The quick postwar recovery of the home building industry, aided by the Government's various emergency programs, had by the end of 1948 begun to relieve the market pressure for housing by those whose incomes and savings enabled them to finance homes in spite of rising

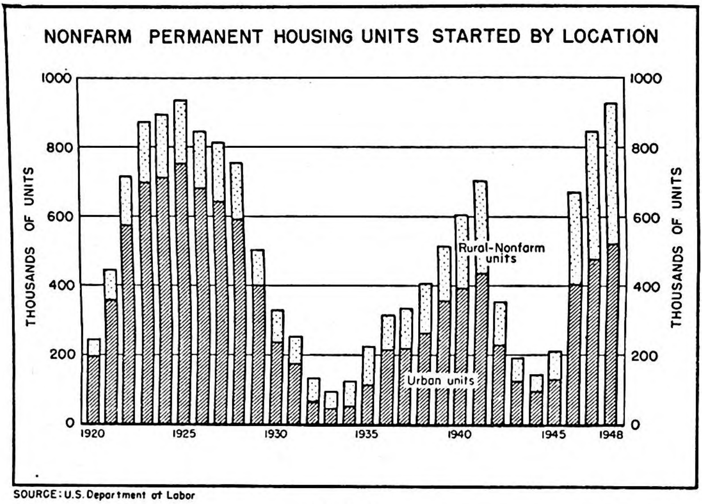


Chart 2

costs. At the same time, millions of families were still unable to obtain adequate accommodations within their income at the current level of prices, and many who had earlier hoped to obtain homes, were now priced out of the market. It became increasingly evident during the year that to insure a level of home building commensurate with the potential need in the country required the production of a much greater volume of housing within the financial reach of the average family. The size of the housing job ahead for American industry, labor, and government exceeded anything that had been accomplished to date. The problems involved required approaches and techniques that were more directly related to fulfilling the needs of the mass market.

The Setting Has Changed

The last quarter century has witnessed far-reaching changes in our over-all economy; changes which have not been sufficiently reflected in our housing economy. The highest volume of housebuilding ever achieved in any 1 year took place in 1925 when 937,000 new units were started. In 1948, 23 years later, we have almost approached that prior peak, falling short by only 1 percent. But over this same span of years our population increased by 30,000,000 to reach a total of 146,000,000; the number of families grew by more than 40 percent; our industrial production as measured by the Federal Reserve Board more than doubled; and our per capita dollar income, adjusted to reflect price changes, reached $1,303 in 1948, an increase of $440 over 1925.

This is not to say that there have been no changes in housing technology or the housing economy over this past quarter of a century. But such changes as have occurred are not large enough in comparison with changes in other aspects of our national life, and a housing economy that might have been satisfactory 23 years ago is not so satisfactory today.

The Problem is More Than Volume Alone

The vast emergency need at the end of World War II made necessary a concentration upon the production and supply side of the housing problem, and upon the revival of homebuilding which necessarily had been at extremely low levels during the war. Thus, the major immediate postwar task in the housing field was gearing homebuilding up to levels high enough to relieve to some degree the pressure caused by the postwar housing shortage. Government emergency programs to this end in 1946 and the first half of 1947 involved liberal use of government aids in the home mortgage field, in materials production and in restricting unessential construction which might otherwise compete with homebuilding for the limited supply of materials and labor available.

The postwar period thus saw a remarkably rapid revival of homebuilding and its speedy expansion within a short period of time to close to previous record levels. However, this occurred while other types of construction were also going ahead at a high volume. Thus, the heavy demand for materials meant costly delays and upward price pressures which, together with increases in the cost of land and labor, brought about a sharp rise in construction costs. In the 3½ years from VJ-day to the end of 1948, costs had increased by 56 percent and were more than double prewar levels. This situation, together with rising prices throughout the postwar economy, and the extreme pressure on the demand side because of the critical housing shortage, aided in bringing home prices to extremely high levels in 1948—beyond the reach of those most urgently in need. In late 1948 there were some indications of a possible leveling off in home construction costs; for the last 2 months of 1948, available residential construction cost indexes showed a decline for the first time in more than 5 years. For the year as a whole, however, home construction costs were at an all time annual peak.

Costs Are Too High

The most significant limiting factor on our housing production effort and the end of 1948 was the high cost of housing. This reflects not only the sharp rise in construction costs and prices since the end of the war but also the backwardness of the entire housing complex—a lag involving not only production and supply methods, financing and attraction for investment capital, but also taxation and the concept of the role of local, State, and Federal Governments in the housing field.

The high cost of housing was not merely a reflection of the inflationary trends in prices in recent years; even before the war housing costs and prices, reflecting the backwardness referred to above, were too high for the pocketbooks of many of our people. As is evidenced by the declining trend in home production, the disparity between costs and needs in the past year was even greater than before the war. Home seekers all over the land were reluctantly finding that because of high prices, down payments and carrying charges for housing of a kind suited to the requirements of their families were beyond their means.

The Pattern of Production hasn't Fitted the Pattern of Need

Despite the substantial expansion of homebuilding since the war the long range basic problem still remains. Moreover, production in recent years has not served all segments of the population equally, and in all too many cases has been beyond the reach of those most in need of adequate housing.

Most postwar housing has been relatively high in price, and so, available primarily to upper income groups, or with the aid of liberal government emergency financing measures, has been sold to people of low or moderate incomes.

Moreover, far too much of this housing has been sales housing, despite the fact that many of those in the housing market would prefer to rent. During 1948, only 17 percent of all housing started was rental type housing.

Starts Are Now Declining

Moreover, home starts were beginning to decline in the latter part of 1948, with the number of units started in each of the last 4 months of the year below the same months of 1947. Also, on the basis of late 1948 trends, a lower level of housing production was predicted for 1949.

This downtrend occurred not because of any substantial slackening in housing requirements, nor because of shortages of manpower or materials, but because housing prices were too high for many people who would otherwise have been in the housing market.

The decline in the number of units started in the late months of the year was not the only sign of a slackening in housing activity. It was accompanied by a gradual slowing down of sales, particularly for higher priced units, and the appearance of vacancies in some higher rental apartments. Although the volume of home lending was still high, mortgage money was growing harder to come by and somewhat more expensive.

These conditions underlined the alternatives facing the whole housing industry and the American people as well—finding practical means to reach the huge potential market for lower priced homes of acceptable quality and providing an adequate volume of housing or running the risk of another major decline in residential construction such as plagued homebuilding in the past. Homebuilding over the years has actually fluctuated more violently than any other segment of our economy and, in turn, has contributed in no small way to the instability of our economy as a whole.

HOUSING LEGISLATION

The Congress devoted a considerable amount of time to housing and housing legislation during 1948. About 130 bills affecting housing were introduced during the year. A major event on the legislative side was the completion of a broad-scale investigation into housing problems by the Joint Congressional Committee on Housing and the issuance, on March 15, 1948, of its Final Majority Report. This committee, set up in the fall of 1947, held extensive hearings throughout the country, issued reports covering such topics as The High Cost of Housing, The Effects of Taxation on Housing, and Slum Clearance, among others. Its final report recommended a three-way approach to housing problems in America. First, it made recommendations designed to lower costs by increasing the efficiency of the homebuilding industry; second, it suggested provisions to encourage a larger volume of lower-cost sales and rental housing; and, third, it recommended Federal aid for slum clearance, the provision of additional low rent public housing and the improvement of farm housing.

Most of the recommendations of the committee were incorporated in amendments to Senate bill 866, a bipartisan long range housing bill then before the Senate. This bill, which passed the Senate on April 22, 1948, and, in substantially the same form, was approved by the House Banking and Currency Committee, did not reach the floor of the House of Representatives for a vote.

The growing threat of rising prices was sufficiently apparent at the beginning of the year so that the Congress, after a temporary extension of FHA's emergency liberalized war and postwar mortgage insurance authority in title VI, allowed this authority to lapse on April 30 while legislative provisions were discussed that would continue to support housing production without encouraging any further increases in housing prices. Later in the year the provisions of title VI, relating to rental housing only, were again extended on a temporary and somewhat modified basis.

Housing legislation enacted during the regular session of the Eightieth Congress included an extension of modified rent control, provisions affecting disposition of public war and Veterans' reuse housing, special housing for veteran paraplegics, authorization for conversion of Federal savings and loan associations into State-chartered associations and provisions for the extension on a limited basis of the secondary mortgage market provided by the Federal National Mortgage Association.

The Housing Act of 1948

The Congress was called into special session by the President, convening on July 26, 1948, for the purposes of considering proposals in the housing field and anti-inflation legislation. The most important housing legislation enacted during 1948 came during this session. Public Law 901, the Housing Act of 1948 which became law on August 10, 1948, provided most of the aids to private enterprise contained in S. 866. It omitted, however, those provisions of S. 866 which would have established a national housing policy, authorized Federal aid for slum clearance, urban redevelopment and locally sponsored low-rent public housing, rural housing aids and part of the research provisions. The law was designed primarily to encourage the production by private industry of more housing for sale and rent, primarily for families in the middle and low income brackets. The major part of the act affected the programs of Federal insurance of housing credit administered by the FHA. The act:

Liberalized the provisions of the permanent programs of FHA mortgage insurance particularly for the construction of lower-priced sales housing through longer and higher percentage mortgages.

Liberalized the provision of FHA mortgage insurance for the financing of moderate rental housing and for housing projects undertaken by cooperatives.

Provided a new type of yield insurance to encourage large-scale, mortgage-free investment in moderate rental housing.

Liberalized insured credit facilities for the production and marketing of prefabricated houses and established insured credit for builders utilizing the economies of large-scale site production; and authorized RFC loans for production of prefabricated housing and components and for modernized large scale site construction.

Authorized a research program in the Housing and Home Finance Agency to develop and encourage the adoption of standardized and improved building codes and of standardized measurements and methods of assembly of housing parts and materials.

Liberalized secondary market program of Federal National Mortgage Association.

By the end of 1948, this act had been in existence less than 6 months. For most of the new type programs authorized, the time elapsed had been barely adequate for the development of procedures and regulations to cover the handling of these programs. This was particularly true of the new programs of mortgage insurance for cooperative housing projects and yield insurance in which considerable interest had been shown by the end of the year, although no mortgage insurance had yet been written, as well as measures designed to encourage large-scale production techniques in home building. More obvious and immediate results from this act were apparent with respect to such programs as the revival of FHA section 608 without which the volume of rental housing in late 1948 would have been far less; revisions in FHA's section 203 program which provided support for financing of one- to four-family homes; and the revisions in the secondary market operations of the Federal National Mortgage Association of the Reconstruction Finance Corporation.

Chapter II

HOUSING SUPPLY AND NEEDS

A. The Housing Supply

The latest figures assembled by the Bureau of the Census show that in April 1947 our inventory of housing in both farm and nonfarm areas combined had reached a new all-time peak of 41,625,000, an increase of nearly 12 percent over 1940. Of this total over 34,100,000 were located in nonfarm areas, the remaining 7,500,000 being in farm areas.

Reflecting the effects of a sustained period of full employment and high incomes during and after the war, coupled with a pressing demand for housing, property owners the country over made remarkable strides in repairing and rehabilitating properties, many of which had been allowed to fall into disrepair during the depression years. As a result the proportion of all dwellings which the Bureau of the Census found to be in good condition or needing only minor repairs rose from 82 percent in 1940 to 90 percent in 1947. In 1947 two-thirds of the Nation's houses had both a private bath and an indoor flush toilet. In 1940 only slightly more than half our homes were so equipped.

Encouraging as the improvement in the physical condition of our housing inventory has been, there are still slums and blighted areas in our cities and towns, large and small. In rural areas a distressingly large proportion of the housing fails to measure up to a minimum standard for health and decency. On the basis of Bureau of the Census figures there were in April 1947 over 6,100,000 nonfarm homes which did not meet generally accepted standards for adequate housing. In farm areas there were 1,400,000 dwellings in need of major repair to say nothing of several million more which lacked such basic amenities of life as running water, bathtubs, and inside flush toilets.

In addition to the families who live in substandard dwellings like these, the census reports that in April 1948 some 2,500,000 families were living doubled up with other families or living in furnished rooms, trailers, or other makeshift accommodations. This compares with the 1,846,000 doubled families and 100,000 families in makeshift accommodations in 1940.

The situation has been further aggravated by the fact that the marriage rate while lower than in the immediate postwar peak is still high. Thus vital statistics records show that there were about 1,833,000 marriages during 1948 compared with an average of less than 1,200,000 per year during the 1920's.

The magnitude of the Nation's housing needs are apparent from an examination of the scope of the job which must be done if the most critical needs are to be met between now and 1960.

An analysis of Bureau of the Census figures indicates that after deducting summer cottages, boarded-up mansions, uninhabitable shacks, etc., there was an effective supply of nonfarm dwelling units of 34,829,000 at the beginning of 1949 as the following table indicates:

Effective nonfarm housing inventory as of end of 1948

(In thousands)

Total number of nonfarm dwelling units in April 1947 according to Bureau of Census		[1] 34, 248
Substract:		
Uninhabitable dwellings	137	
Seasonal cottages, hunting lodges, etc	991	
Vacant units held off the market (boarded up mansions, units sold, or rented but not yet occupied)	391	1, 519
Effective supply of housing to meet nonfarm needs as of April 1947		32, 729
Add:		
Estimated additions to supply in 1947 and 1948 through new construction and conversion		2, 100
Estimated effective nonfarm supply, beginning of 1949		34, 829

[1] United States Bureau of the Census; Current Population Report Series P–70 No. 1. *Housing Characteristics of the United States, April 1947, table 1.*

B. Housing Needs

By 1960, it is estimated, there will be some 39,500,000 nonfarm families who will require shelter. When allowance is made for a 4-percent effective vacancy rate to permit the needed mobility in the population and to provide for reasonable freedom of choice in selection of a place to live this family forecast means that we will need an effective nonfarm housing inventory in 1960 of some 41,100,000 units or roughly 8,300,000 more than were on hand in 1947. Allowing for the fact that some 2,100,000 units have apparently been added to the nonfarm supply since 1947, this means that by 1960 at least 6,200,000 dwellings must be added to the nonfarm housing inventory just to keep pace with our expanding family requirements.

If we did no more than this, however, we would actually find the housing situation worse in 1960 than it was in 1947. No account would have been taken of the effects of the disaster and ravages of time upon our existing supply, to say nothing of the urgent need for doing something about the more than 6,000,000 nonfarm units which the Census figures show were inadequate in 1947. As the following table shows, there would be a need for replacing or rehabilitating close to 8,500,000 dwellings between now and 1960 if we hope to make any significant progress in improving the housing standards of the nonfarm population.

Nonfarm dwelling units needing replacement or rehabilitation (1947–60)

[In thousands]

Urban and rural nonfarm units which were in need of major repairs and urban units which lacked private bath and toilet in April 1947	[1] 5,600
Suburban units lacking private bath and toilet and currently standard nonfarm units which will deteriorate by 1960	2,000
Estimated losses through disaster, demolition, etc.	520
Losses through removal of temporary housing	350
Total replacement and rehabilitation need	8,470

[1] United States Bureau of the Census; Current Population Report Series P–70 No. 1. *Housing Characteristics of the United States, April 1947*, table 4.

There is in addition a need for building or rehabilitating between 2,000,000 and 3,000,000 farm dwellings before 1960.

Taken as a whole, therefore, the job which should be done between now and 1960 involves between 17,000,000 and 18,000,000 dwellings as may be seen in the table below.

Housing needs of the United States to 1960

[In thousands]

Number of nonfarm families which will require housing in 1960	[1] 39,500
Add: Allowance for 4 percent effective vacancy rate for rent or sale	1,600
Total effective supply of dwelling units needed in 1960	41,100
Subtract: Estimated effective supply, end of 1948 (from a previous table)	34,829
Net additional number of units which need to be added to the supply by 1960 to keep up with rate of family formation	6,271
Add: Total replacement and rehabilitation need (from table above)	8,470
Total nonfarm new construction conversion and rehabilitation need	14,741
Add: Total farm new construction and rehabilitation need	2,000–3,000
	16,741–17,741

[1] Derived from Bureau of the Census estimates of total families in 1960.

The above estimates although they include both farm and nonfarm needs do not cover the problems involved for the millions of homes in rural areas which lack modern sanitary facilities.

Some part of this job will be accomplished through a better utilization and conservation of our present supply. First, some additional housing may be accounted for by the conversion of larger structures into a greater number of smaller dwellings. Second, it may be possible to meet part of this need through a better preservation of our present stock of sound and acceptable housing than in the past. Third, it may also be possible to take care of some of the requirements through the rehabilitation of those substandard units which can be made into sound and acceptable housing, such as has been accomplished to some extent during the recent years. We cannot, however, count too heavily on rehabilitation since it would appear probable that much of the housing which has not been brought up to standard was, by reason of quality, location, and structural characteristics, not worth rehabilitating even during the recent period of unparalleled prosperity and unparalleled housing demand.

Housing for families of moderate and low incomes constitutes an important segment of our present and future housing requirements. According to Census Bureau figures, one-fifth of the Nation's urban families and over half of the Nation's farm families had total money incomes of less than $2,000 in even as prosperous a year as 1947.

While the rising costs of housing have been a burden to home seekers in all walks of life they have been unusually burdensome to those in the lower income brackets. This is particularly true, for example, with respect to minority groups who are concentrated so largely in the lower income levels. Although, according to Census Bureau data, a fourth of the urban nonwhite families had total money incomes of $3,000 or more for the year 1947, over half of such families had total money incomes for 1947 of less that $2,000. At the same time, the proportion of nonfarm dwelling units occupied by nonwhites which were overcrowded was roughly four times as high as that for whites, and the proportion of such units occupied by nonwhites which needed major repairs or lacked essential plumbing facilities was almost six times as high as that for whites.

From all indications, the housing problems of veterans during 1948 continued to be more acute than those of nonveterans. The most recent national surveys of veterans' housing problems were undertaken in 1946 and early 1947, and no national survey was undertaken during the past year. Some local studies were made in 1948, one in Maryland and one in Seattle, Wash.; these revealed that veterans were still having considerable difficulty in solving their housing problems.

Another indication of the housing situation of veterans is apparent from a Bureau of the Census survey of doubling-up based on April 1948 data. According to this survey, there were then 2,500,000 families living with other families; at least 1,100,000 of them were families headed by male veterans of World War II. The tabulations available on this survey showed data only for those veteran families which were living "doubled-up" with families to which they were related. Thus the 1,100,000 figure was an understatement since there was undoubtedly an additional—though unascertained—number of other veterans' families, included in the total 2,500,000 doubled-up families, to which they were not related. However, even on the basis of these minimum figures at least 15 percent of all veterans' families were living with other families in April 1948, nearly twice the national proportion for doubling-up, according to the Census Bureau.

C. Slum Clearance, Urban Development and Redevelopment

An analysis of the housing problem in America would necessarily include not only a statement of housing needs as presented above but also some indication of the problems involved in clearing out the slums and blight affecting large areas of nearly all American cities.

The very concentration of most of the bad housing of our cities in slums accentuates all the evil affects of such housing on the health and character of the families who must live under these conditions. It creates additional problems of environment which have an impact on the slum dwellers themselves, on the stability of adjoining areas, and on the financial structure of municipalities. In city after city, the rates of infant mortality, disease, juvenile delinquency, crime, and fires are at least twice as great in slum and blighted areas as in the city at large. The slums are thus social liabilities of the first magnitude. They are also financial liabilities since the costs of servicing them far exceed tax revenues from them. Further, as additional areas of cities experience the progressive deterioration of slums and blight, new residential construction is forced more and more beyond municipal boundaries into the suburbs beyond, creating additional problems both for the suburban communities and the central cities.

Cities are increasingly aware of the necessity of clearing slums and blighted areas and encouraging the kind of redevelopment that will provide decent living conditions for large segments of their populations and eliminate the heavy social and economic costs which these areas are now causing.

Several cities are now making surveys of their blighted areas, some are drafting specific redevelopment plans, and a few have actually initiated redevelopment operations. In the first group are such cities as Los Angeles, Minneapolis, and Norfolk, Va., all of which are engaged currently in identifying and analyzing specific areas of blight. In the second category are: Baltimore, with some 8 areas officially approved for redevelopment and plans being perfected for a first project on a close-in downtown area; Chicago, with a first project which has reached the stage of negotiation with a redeveloper and with several sites approved for rehousing families displaced from redeveloped areas; Milwaukee, with 3 areas selected and plans for their redevelopment well advanced; Philadelphia, with 10 areas certified to the redevelopment authority and detailed plans for 4 of them nearing completion; Pittsburgh, with its first project, which will be redevelopment for nonresidential uses, in the negotiation stage; Providence, with plans for 8 areas before the city council; San Francisco, with official designation of one sizable redevelopment area; and Washington, D. C., with a plan for a first project in the public hearing stage. Of these 8 cities, 5 have some funds available in larger or smaller amounts for initiating actual operations. In the third category are Detroit, with land acquisition, financed by annual appropriations from city funds, under way on 40 acres of a 100-acre redevelopment project; and Indianapolis, which is in the process of acquiring, with funds obtained from a special tax levy, its first 178-acre redevelopment site and has initiated work on a second one. This is not an exhaustive list of all the redevelopment efforts of one sort or another the country over but it indicates in broad outline the scope and status of urban redevelopment activity today.

Several cities have undertaken programs of law enforcement, with varying degrees of intensity, to require the elimination of the worst hazards to health and safety. Of these, probably the most widely known is the Baltimore plan which calls for a coordinated attack on such conditions by all departments of the city government concerned. It has relieved some of the worst conditions and clearly warrants wider use in appropriate areas. But as the mayor of that city has stated, it is no more than a "first aid" measure that provides only temporary relief until the slums can be torn down and adequate housing supplied.

The slum clearance task is enormous. Reference has been made above to the 6,000,000 odd nonfarm dwelling units which were below standard in 1947. Even if the rate of housing betterment which obtained between 1940 and 1947 has continued, deterioration likewise has continued and added its toll to the volume of substandard housing. The concentration of the majority of substandard areas of slums and blight makes them unsusceptible to rehabilitation on any economic terms. Nor will the situation be remedied by leaving these properties to drop out of the market or disintegrate completely, for they will only contaminate wider areas and increase rather than reduce the problem. The remedy is to remove them and rebuild the areas according to the appropriate needs of the community.

The clearance and rebuilding of such areas at a rate which will arrest and prevent the spread of slums and blight represents a task for which measures and instruments used in the past have been wholly inadequate. Private enterprise has been unable to cope with such a problem, for it could not afford to pay the price of land in blighted areas, which far exceeds the cost of raw land in outlying areas. Furthermore, even the largest developer, let alone the average one, could not assemble tracts sufficiently large for economical redevelopment operations and for protection of the investment against undue risks from neighboring developments of one sort or another. The cities alone have been unable even to check the further spread of blight, far less to recover such areas and redevelop them into useful sections. They have lacked the bonding and taxing powers sufficient to finance operations on the scale required. A combination of the power of eminent domain possessed by cities and the financial resources and know-how of private enterprise are clearly essential in any major effort to restore such sections to usefulness; but the continuing spread of slums and tax-deficit areas, common to all urban areas, emphasizes the need for some type of national approach and assistance in order to enable communities and private enterprise to cope effectively with the problem.

Chapter III

HOMEBUILDING IN 1948

A. Housing Production

Total nonfarm starts

Nineteen hundred and forty-eight was the second year in history that the number of new nonfarm permanent dwellings placed under construction exceeded 900,000 units although the rate of starts was falling off in the last half of the year. About 930,000 units were started in 1948. This number has been exceeded only in 1925 when 937,000 units were started. The 1948 total was 9.5 percent more than were started in 1947 and 38.7 percent above the 1946 figure. (See tables 3 and 4, appendix A.)

The annual average number of starts by decade of the twentieth century are as follows:

Decade:	*Annual average number of starts*
1900–09	403,000
1910–19	400,000
1920–29	703,000
1930–39	273,000
1940–48 [1]	517,000

[1] 9 years.

When the depression years 1920–21 and the war years 1942–45 are excluded, the annual average was 792,000 starts in the 20's as compared with 752,000 in the 40's.

From April through June of 1948, nearly 100,000 units per month were begun. This high rate together with anticipations of a repetition of the contra-seasonal upswing in the rate of starts that occurred in the fall of 1947 brought about midyear forecasts of 950,000 to 1,000,000 starts in 1948. Starts declined each month since May, however, and the 56,000 figure for December was 2,800 units or 4.8 percent below December 1947. The decline was especially pronounced in the South, Southwest, and North Central States.

Location

The general trend has been toward a larger proportion of total starts in rural nonfarm areas, i. e., areas outside of incorporated places of 2,500 population or more in 1940. During the postwar period September 1945 through August 1948, the latest month for which data by location are available, about 42.2 percent of all nonfarm units started were in rural nonfarm areas compared with 36.5 percent in the nineteen-thirties, and 20.2 percent in the 1920's. (See table 3, appendix A.)

FHA insured starts

About 291,000 new dwelling units were given first compliance inspections by FHA for mortgage insurance under titles II and VI of the National Housing Act in 1948 as compared with about 228,800 units in 1947 and 69,000 units in 1946. These units accounted for over 31 percent of all privately financed units started in 1948 as compared with about 27 percent in 1947 and 10 percent in 1946.

Prefabricated units

The number of prefabricated dwelling units shipped was estimated by the Prefabricated Home Manufacturer's Institute at 30,000 units in 1948 as compared with 37,400 units in 1947. The Institute indicated that the decline was largely due to the elimination of some firms included in the 1947 estimate (because they are considered site-prefabricators rather than factory-prefabricators); to some firms going out of business; and to consumer financing difficulties after the expiration of section 603 of the National Housing Act.

Rental housing starts

Preliminary estimates indicate that about 158,000 rental-type units, i. e., units in multifamily and two-family structures, were placed under construction during 1948. These rental-type units accounted for about 17 percent of all new permanent nonfarm dwelling units placed under construction during the year. (See table 4, appendix A.)

The trend in this relationship of rental-type units to total units started has been upward since the end of World War II—having risen from 12 percent in 1946 to 13 percent in 1947 and to 17 percent in 1948. The general trend since the middle 1920's, however, has been downward. Rental-type units accounted for about 40 percent of all new permanent nonfarm starts in the 1920's, declined to 22 percent in the 1930's, and has declined further to less than 16 percent in the 1940's.

Dollar volume

In dollar value, new nonfarm residential construction put in place, including major additions and alterations, reached the all-time peak of $7,041,000,000 in 1948. This amount was 29.4 percent above the

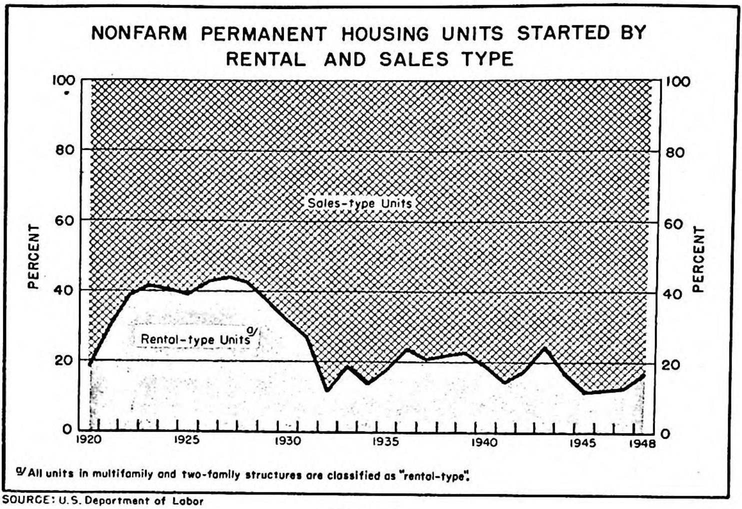


Chart 3

figure for 1947, the second highest year on record, and was almost double the amount for 1946. The value of new nonfarm building placed under construction, exclusive of nonresidential buildings for privately owned public utilities and for military and naval facilities, distributed by type of building for the past 3 years was as follows:

Type of building	In millions of dollars					
	1946		1947		1948	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Total, all types	$7,223	100.0	$9,078	100.0	$11,656	100.0
Residential	3,552	49.2	5,442	60.0	7,041	60.4
Industrial	1,773	24.5	1,727	19.0	1,410	12.1
Commercial	1,114	15.4	835	9.2	1,258	10.8
Educational	216	3.0	439	4.8	797	6.8
Hospital and institutional	166	2.3	188	2.1	320	2.7
Religious	72	1.0	118	1.3	239	2.1
All other types	330	4.6	329	3.6	591	5.1

NOTE.—Amounts are in current dollars which have not been adjusted for price changes.

The above table shows the relative importance of the different kinds of new nonfarm building construction to the total. The portion accounted for by residential construction has increased from 49.2 percent in 1946, to 60 percent in 1947, and to 60.4 percent in 1948. This relationship of residential to total new nonfarm building construction ranged from 32.8 percent to 57 percent in the 1930's, and from 39.5 percent to 63.7 percent in the 1920's. (See table 11, appendix A.)

When compared with the total value of all new construction put in place (including highways, streets, utilities, military and naval facilities, farm construction, etc., as well as nonfarm residential and nonresidential building) it is found that new nonfarm residential construction accounted for 34 percent of the total in 1946, for 38.9 percent in 1947, and for 39.9 percent in 1948. These percentage relationships for the past 3 years may be compared with the range in this relationship from 11.7 percent to 34.6 percent in the 1930's and from 25.3 percent to 43.9 percent in the 1920's.

B. Materials for Housing

Reflecting continued high postwar output levels, building materials supply in 1948—unlike the two year period immediately following VJ-day—was no longer a major factor in restricting and hampering home building. This over-all supply improvement, resulting from the extraordinary postwar recovery of the building materials industry—over-all production in 1948, for the second successive year, set a new record—began to be apparent about mid-1947 and has continued ever since. (See table 8, appendix A.)

Despite these record over-all levels, shortages were evident in a number of places from time to time for cement, metal building items such as nails, plumbing fixtures, cast-iron soil pipe and steel pipe; even with notable production increases the demand for millwork, particularly at the height of the building season, outran supply.

On the whole, however, the supply situation was good and, by year's end many of the more persistent shortages had eased, stocks were up and in some industries, such as those manufacturing some of the heating items, asphalt roofing, and clay products, production declines were taking place, reflecting the good supply situation.

1948 production record

Production of building materials in 1948, according to the composite production index compiled by the Department of Commerce, was 5 percent higher than in 1947, making 1948 the record year; the previous high year was 1947. Third best year in materials output was 1925. (See table 8, appendix A.)

Noteworthy increases occurred with respect to many of the 20 individual materials which enter into the Department of Commerce composite index. For five of them—gypsum lath, gypsum board, cement, cast iron soil pipe, and asphalt siding and felts—output was higher than ever before recorded; and for hardwood flooring, nails, and clay sewer pipe it reached levels not achived since the 1920's.

Compared with 1947 the output of gypsum lath was more than half as much again also, topping the previous record year (1941) by well over a third. The gain in gypsum board was 25 percent over 1947; in hardwood flooring, 32 percent; in asphalt siding and felts, 20 percent, in softwood plywood, 15 percent. Plumbing fixtures, except for kitchen sinks, showed production increases of a sixth to a third over 1947. Structural insulation board gained 21 percent; hardboard and laminated fiber board, nearly 10 percent. Brick output was up 16 percent. Cement and clay sewer pipe each showed an increase of 10 percent with cement at a new all time production peak. Lumber output was about 2 percent below the level of 1947, and about 3 percent above the 1946 level.

In the iron and steel group, where shortage of basic raw materials has been a constant deterrent to production and competitive demands for the same materials from other industries have been heavy, there were gains of 11 percent in output of cast iron soil pipe, 8 percent for nails, 7 percent in cast iron radiation, 9 percent in rigid steel electrical conduit, 6 percent in concrete reinforcing bars.

Reflecting in part the fuel oil shortage, manufacturers' shipments of residential type oil burners dropped from 850,000 in 1947 to 274,000 in 1948. Shipments of all types of mechanical stokers increased 24 percent.

A few important housing materials showed declines compared with 1947. Most important was warm air furnaces, for which the decrease was 9 percent. Others were asphalt roofing, 14 percent; range boilers, 22 percent; kitchen sinks, 3 percent; clay structural tile, 2 percent.

Voluntary allocation plans

The heavy competing demand from various industries for certain raw materials, and the necessity of achieving a more balanced over-all economy, led to the adoption of a number of voluntary allocation plans for raw materials, under Public Law 395, of the Eightieth Congress. These plans were intended to assure that essential industries such as those producing housing items were afforded an opportunity for raw materials which they might otherwise have had difficulty in obtaining.

Chief beneficiaries of the plans among producers of housing construction materials were the manufacturers of warm air furnaces, who were allotted approximately 29,000 tons of steel per month beginning in July. A total monthly allocation of 59,000 tons of steel was made to manufacturers of steel prefabricated houses.

With this assistance, the average monthly output of cast iron soil pipe in the last 5 months of the year rose approximately 20 percent; and that of cast iron pressure pipe approximately 10 percent, over that of the first 7 months. Output of warm air furnaces similarly increased about 40 percent, but still did not equal the production realized in 1947.

C. Manpower for Construction

Employment by construction contractors remained above the 2,000,000 mark for the last 8 months of 1948. The 1948 peak was reached in August when 2,253,000 persons were employed. Since August, employment has tapered off gradually, but it was estimated that 2,079,000 persons still were employed in December—a decline of only 7.3 percent from the August peak. For the entire year, average monthly employment was 2,060,000 persons in 1948 as compared with 1,921,000 in 1947, and 1,661,000 in 1946—the 1948 figure being 7.2 percent above the 1947 average and 24.2 percent above 1946. The estimate for 1946, the first full year after the close of World War II, was only 7.2 percent below average monthly employment in 1941 (1,790,000 persons) which was the peak year for the decade prior to the war. A considerable portion of this 1941 employment was on defense work, however, so a better comparison might be made with 1940—the second highest year of the prewar decade. Average monthly employment for 1946 was 28.4 percent above the 1940 figure (1,294,000 persons). Estimates for average monthly employment by construction contractors during the 1930's ranged from a high of 1,372,000 in 1930 to a low of 809,000 in 1933.

Average monthly total employment in the United States was estimated at 59,378,000 persons in 1948. The 1948 estimate figure was 1,351,000 or 2.3 percent above the monthly average for 1947, and was 4,128,000 or 7.5 percent higher than the estimate for 1946. In spite of the general tightening of the labor market during the past 3 years, the proportion employed on contract construction work has increased. Average monthly employment by construction contractors accounted for 3 percent of the average monthly total employment in 1946, but this proportion increased to 3.3 percent in 1947 and to 3.5 percent in 1948.

Apprenticeship

The supply of building trade workers has been helped considerably by the apprentice training program. According to reports received by the Bureau of Apprenticeship, there were about 134,300 building trade apprentices in training as of December 31, 1948. This is the highest number reported to be in training at the end of any month for the past 2 years—most months during this period showing an increase from the preceding month. The 134,300 trainees reported at the end of 1948 was 19,900 or 17.4 percent higher than the number at the end of 1947, and was 45,000 or 50.4 percent above the 1946 figure. Shortages of workers in the trowel trades have been more severe and more widespread than in the other building trades. There were 19,400 trowel trade apprentices reported to be in training at the end of 1948—3,600 or 22.8 percent above the number at the end of 1947 and 8,500 or 78 percent higher than at the end of 1947.

D. Costs and Prices

(There are significant current gaps in our statistical knowledge as it relates to housing, particularly in the area of housing costs and prices. For example, no over-all information on housing sales prices is available, and as the Congressional Joint Committee on the Economic Report pointed out in 1948, "There is need for a reliable general construction cost index for the predominant types of residential construction * * *." The material below is based on such information as is currently available.)

Construction costs

Starting from a level of costs that was too high for the pocketbooks of a large portion of the American people even before the war, by September of 1948 construction costs had reached an all time peak. The Department of Commerce composite cost index covering all types of construction in the month of September reached a level 117 percent above 1939, while the residential construction cost index (derived by the Department of Commerce from city indexes published by E. H. Boeckh and Associates) had risen to a point 120 percent above the 1939 average. More than a third of the increase since 1939 occurred in the past 2 years. (See tables 5, 6 and 7, appendix A.)

At the end of the year there was some evidence that construction costs may be stabilizing and that a turning point may have been reached. Reflecting primarily a small drop in the price of lumber, construction cost indexes showed some decline in late 1948, for the first time since May 1943. These declines had amounted to only about 2 percent from the all-time peak months of the last year, and the indexes were still at more than double the 1939 levels.

For the year 1948 as a whole, average residential construction costs were at an all-time record level, although they had begun to decline during the latter part of 1948. According to the index, average residential construction costs for 1948 were about 11.3 percent above the average for 1947, and were about one-third higher than the 1946 average. As measured by this index, residential construction costs in October 1948, reached the highest level ever recorded and then declined during the following 2 months so that December costs were about 2.4 percent below the October peak. The index for December 1948, was 4.3 percent above the index for December 1947, over 30 percent higher than for October 1946 (the last full month for price controls), almost 50 percent above August 1945 (the last month of World War II), and 115 percent above the average index for the year 1939. (See table 6, appendix A.)

According to estimates by the Bureau of Labor Statistics, the average construction cost of all types of new privately financed non-

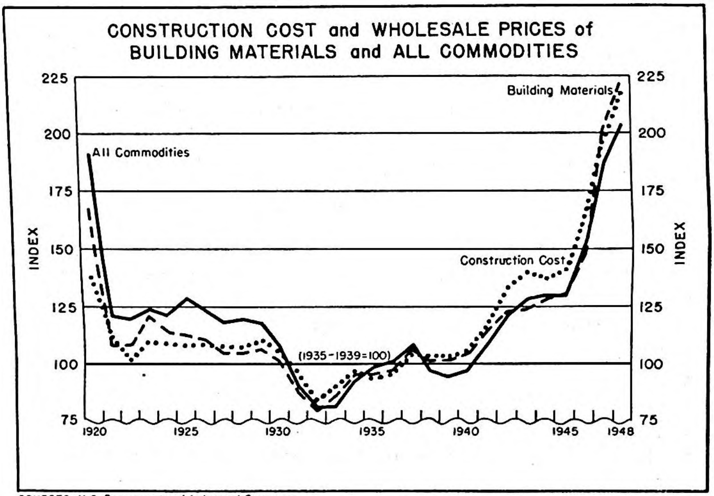


Chart 4

farm dwelling units started during 1948 ($7,525) was 13.2 percent above the average for 1947 ($6,650), was about one-third higher than the 1946 average ($5,600), and was almost two times the average cost ($3,850) in 1939. The foregoing construction costs, which are based on permit valuations, include only labor, materials, subcontracted work, and that part of the contractor's overhead and profit which is chargeable directly to the construction. These costs exclude sales profit, selling costs, the cost of land and site improvements, and all such nonconstruction expense as architectural and engineering fees, so they should not be confused with average selling prices. It also should be noted that dwelling units in all types of structures (multifamily and two-family as well as one-family structures) are included in the computation of average construction costs. (See table 5, appendix A.)

Wholesale prices of building materials

The composite average of wholesale prices of building materials reached an all-time high in 1948. The average for the year was 7.6 percent above the 1947 average, and was about 2⅛ times the average for the prewar year 1939. About three-fourths of this increase over 1939 prices has occurred since the end of World War II. (See table 7, appendix A.)

The peak for these prices was reached in September 1948. Small declines in the composite wholesale price of all building materials occurred in each of the three succeeding months so that the figure for December 1948 was 0.9 percent below the peak. This decline in the composite price was caused almost entirely by the decline of 4.6 percent in theDecember wholesale price of lumber from its postwar peak in August 1948. The price of paint and paint materials in December 1948, was 1.5 percent less than in December 1947, but the price for this item reached its lowest point for 1948 in March (when it was 4.5 below the December 1947 figure) and the general trend was upward during the last 9 months of the year.

Four of the seven basic building material groups included in the composite, however, were still at their postwar peaks in December 1948. These four groups were brick and tile, plumbing and heating, structural steel, and "other building materials" which includes such items as bulk asphalt, insulation board, pine window sash and frames, window glass, sand, and gravel, etc. Changes in the wholesale prices of all commodities except farm products and foods and of building materials are compared in the following:

Commodities	Percent increase in the average wholesale price for December 1948 from the average for—					
	December 1947	October 1946 [1]	August 1945 [2]	1939 [3]	1932 [4]	1925 [5]
All commodities except farm products and foods	5.0	32.0	53.0	87.9	117.7	48.9
All building materials	5.8	49.9	71.6	123.3	183.1	98.7
Brick and tile	7.9	25.6	43.8	75.6	107.6	60.3
Cement	9.8	25.4	34.3	46.2	79.7	30.1
Lumber	0.8	70.8	96.7	227.8	422.2	203.7
Paint and paint materials	[6] 1.5	35.5	50.5	95.0	127.1	47.8
Plumbing and heating	15.6	46.7	68.4	98.6	135.5	n. a.
Structural steel	25.0	48.9	66.6	66.6	121.0	75.0
Other building materials	13.8	44.4	69.6	95.9	122.5	76.2

[1] Last month for price control.
[2] Last month of World War II.
[3] Year before start of defense program.
[4] Lowest year for the 1930's.
[5] Peak year for dwelling unit starts.
[6] Decrease (all other figures are increases).

The above table shows that the composite of wholesale prices of all building materials has consistently increased more than the wholesale prices of all commodities exclusive of farm products and foods. For example, the increase in the average wholesale price from 1939 (annual average) to December 1948, was 123.3 percent for all building materials whereas the increase between the same periods for all commodities except farm products and foods amounted to 87.9 percent. Excepting the increase from December 1947 to December 1948, increases in the wholesale price for lumber have been much larger than for any of the other six groups of building materials. In December 1948, the wholesale price of lumber was about 3¼ times the average price in 1939 and was about 5¼ times the 1932 average. Increases in cement prices over prewar levels have been less than for any of the other six groups of building materials.

Average earnings and hours of work in construction

Along with other elements of construction costs, wages in the construction industry have also risen to new highs during 1948—although to a lesser extent than building materials. The December average of $1.945 per hour was 9.6 percent above the average ($1.774 per hour) for December 1947, 40.1 above the average ($1.388 per hour) for September 1945—the first month after the close of World War II and was 108.7 percent above the average ($0.932 per hour) for the year 1939. The annual average hourly earnings of these workers has risen continuously since 1934, the earliest year recorded for this series, as shown by the following:

Year	Average hourly earnings	Increase from preceding year	Year	Average hourly earnings	Increase from preceding year
		Percent			*Percent*
1934	$0.795	(1)	1942	$1.148	13.7
1935	.815	2.5	1943	1.252	9.1
1936	.824	1.1	1944	1.319	5.4
1937	.903	9.6	1945	1.370	4.5
1938	.908	.6	1946	1.478	7.2
1939	.932	2.6	1947	1.681	13.7
1940	.958	2.8	1948	1.869	11.2
1941	1.010	5.4			

[1] Not available.

Monthly averages of hours worked per week by site workers employed by contractors on privately financed building construction have remained fairly constant since the close of World War II, ranging from a low of 36.6 hours in November 1947, to a high of 38.8 in October 1946. Annual averages of hours worked per week have declined from 38.1 hours in 1946 to 37.6 hours in 1947, and to 37.3

hours in 1948. Because of the small declines in average hours worked per week, average weekly earnings have increased somewhat less than average hourly earnings. Average weekly earnings in 1948 ($69.79 per week) were 10.3 percent above the 1947 average ($63.30 per week), were 24.1 percent above the 1946 average ($56.24 per week) and 129.6 percent above the average for 1939 ($30.39). (See table 9, appendix A.)

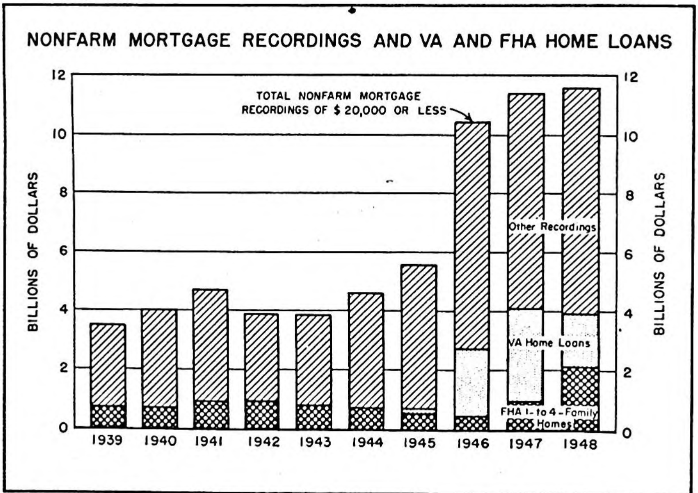
Chapter IV

FINANCING HOME CONSTRUCTION AND HOME OWNERSHIP IN 1948

A. The Over-all Situation

Home-financing activity established a new dollar volume record in 1948, although only slightly above the previous high in 1947. Mortgage lenders generally employed more selective policies in making construction or permanent mortgage loans and stiffened mortgage terms somewhat in 1948. However, the volume of mortgages recorded remained at high levels and it was not until the last 4 months of the year that the volume declined below the same months of 1947. Many lenders were skeptical of the soundness of long-term loans based on current market values and apparently were concerned over the implications of the decline in construction volume during the last half of the year.

Money rates in general moved to higher levels during the summer of 1948 but declined appreciably during the last 2 months of the year.



SOURCES: Home Loan Bank Board, Veterans' Administration, and FHA

Chart 5

At the end of the year, yields on Government bonds, high-grade municipals and prime corporate bonds were back to about the same levels which prevailed at the end of 1947. This recent softening in money rates has resulted in no appreciable change in mortgage interest rates, although a continuation of the decline in bond yields should relieve the pressure on mortgage interest rates, and the relatively more attractive return may cause lenders to invest more of their funds in mortgages.

Savings in mortgage lending institutions continued to increase in 1948 although at a slower rate than in prior postwar years. There was some minor reversal of this trend in the last few months of the year, which may or may not be temporary and probably reflects greater promotional efforts by lenders and in some cases higher interest rates offered to depositors in order to attract more savings. A factor tending to support the supply of mortgage funds was the reestablishment of the Government secondary market for VA guaranteed loans in mid-1948, and the increased activity in this market for both VA guaranteed and FHA insured mortgages.

B. Mortgage Loan Volume Up Slightly

The dollar volume of home mortgage loans made during 1948 exceeded 1947 by a small margin and established a new high, even though the volume for the last 4 months of the year fell below the same months of 1947. Nonfarm mortgages recorded during 1948 were estimated at $11,600,000,000—up 2 percent from 1947. This indicates a slowing down in the rate of increase, for the volume in 1947 increased 10 percent from 1946, and 1946 increased sharply—85 percent—from 1945. While the dollar volume was up 2 percent in 1948, the number of mortgages recorded declined by 1 percent and the average mortgage recorded rose by 3 percent. In comparison, the average mortgage recorded in 1947 increased 7 percent from 1946, and in 1946 increased 22 percent from 1945. (See table 13, appendix A.)

The following table shows the volume for 1948 and recent years in comparison with the prewar year 1939:

Number, amount, and average size of nonfarm mortgages recorded, $20,000 or less

Year	Number	Amount (in millions)	Average mortgage
1939	1,288,032	$3,507	$2,722
1945	1,634,865	5,623	3,440
1946	2,474,946	10,410	4,206
1947	2,526,530	11,400	4,512
1948	2,500,741	11,605	4,641

NOTE.—These statistics on mortgages reflect principally 1- to 4-family nonfarm residential properties, although they actually include all nonfarm mortgages of $20,000 or less.

Source: Home Loan Bank Board.

Lending volume of mortgage groups

Savings and loan associations continued as the leading type of mortgagee in the home financing field in 1948 although their proportion of the total volume of mortgages recorded declined slightly from 1947. Banks and trust companies continued in second place but their proportion of the total declined appreciably—from 25.9 percent of the total in 1947 to 22.7 percent of the total in 1948. Individuals, in third place, increased their relative volume slightly, while insurance companies and mutual savings banks showed significant increases. The "other" category bettered its position slightly in 1948.

Nonfarm mortgages recorded ($20,000 or less), total dollar amount and percent by type of lender

[Dollar amount in millions]

	1939	1945	1947	1948
Total dollar amount	$3,507	$5,623	$11,400	$11,605
Total percent	100.0	100.0	100.0	100.0
Savings and loan associations	30.2	35.7	31.1	30.6
Insurance companies	8.2	4.4	7.0	8.3
Banks and trust companies	25.4	19.4	25.9	22.7
Mutual savings banks	4.0	3.9	5.2	6.4
Individuals	16.8	24.9	17.3	18.3
Others [1]	15.4	11.7	13.5	13.7

[1] Includes mortgage companies, fiduciaries, educational institutions, etc.

Source: Home Loan Bank Board.

Outstanding mortgage debt at new high

The mortgage debt outstanding on 1- to 4-family nonfarm properties reached a new record high at the end of 1948. Although a firm estimate of the amount of the debt outstanding is presently not available, the provisional estimate of $35,000,000,000 indicates an increase of approximately $5,000,000,000 during the year—an increase of about the same dollar amount as in 1947 and in 1946. While the outstanding debt at the end of 1948 was not high in relation to disposable personal income—18 percent in 1948 as compared with 26 percent in 1939—it should be noted that a substantial part of this long-term debt was originated during the past 3 years in a period of high family income levels and high property values.

C. Role of Government Programs in the Home Financing Field

The various home-financing aids of the Federal Government continued to play an important role in 1948 in facilitating financing by private enterprise of the construction and sale of new nonfarm homes and rental properties, as well as the sale of existing homes. These financial aids include mortgage insurance on home and multifamily

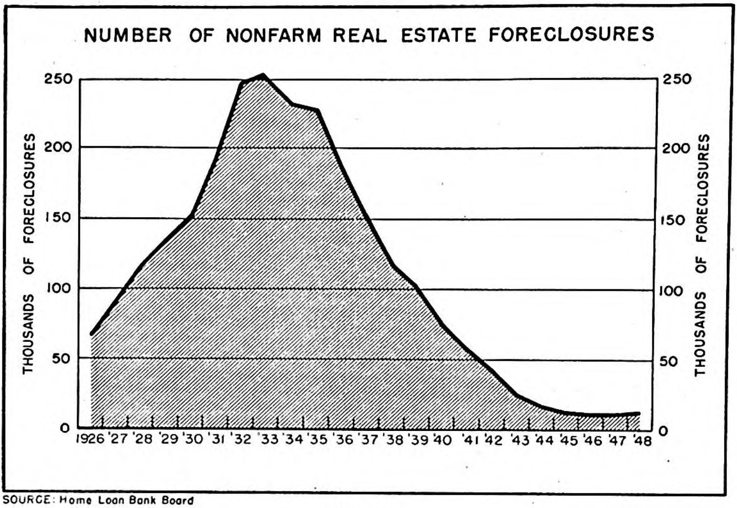


Chart 6

rental properties through the Federal Housing Administration, and the insurance or guaranty of home loans to veterans through the Veterans' Administration. A secondary market for FHA insured loans was provided by the Federal National Mortgage Association and, in the last half of 1948, a secondary market for VA guaranteed loans was reestablished under congressional authorization. In addition, a credit reserve for home financing institutions was provided through the Federal Home Loan Bank system, as well as insurance for investments in such institutions through the Federal Savings and Loan Insurance Corporation. Also, funds were made available late in 1948 for direct loans by the RFC for the production of prefabricated houses or prefabricated housing components or for large-scale modernized site construction.

D. Federal Housing Administration Mortgage Insurance

Insurance of mortgages and loans by the Federal Housing Administration under titles I, II, and VI of the National Housing Act were at an all-time peak in 1948, reaching an over-all dollar volume of about \$3,341,000,000. This volume was almost twice the previous high in 1947 and nearly three times any other year in FHA's history. (See part three of this annual report for detailed data on FHA operations.)

Of the \$3,341,000,000 insured in 1948, mortgages insured on 1- to 4-family properties under titles II and VI amounted to \$2,109,000,000, equal to 20 percent of the total volume of mortgages made on 1- to 4-family nonfarm properties during the year. The following table relates the volume of FHA mortgages insured on 1- to 4-family properties to all mortgages made on such properties:

	Millions of dollars			
	1945	1946	1947	1948
Mortgages made on 1- to 4-family nonfarm properties	$4,701	$9,453	$10,700	[1] $10,800
Mortgage insurance written by FHA under secs. 203 and 603 [2]	474	422	895	2,109
Percent of total mortgages made	10	4	8	20

[1] Preliminary estimate.
[2] Includes a small volume of mortgages made by Federal Home Loan Bank member savings and loan associations.
Sources: Home Loan Bank Board and Federal Housing Administration.

In addition to the mortgages insured on 1- to 4-family properties, FHA in 1948 insured a record-breaking volume of mortgages—$609,000,000—on large-scale rental housing projects under section 608, and about $2,000,000 under section 609 for manufactured housing. Another $622,000,000 of property improvement and modernization loans were insured under title I of the National Housing Act.

The importance of the FHA mortgage insurance operation in facilitating the production of new housing accommodations for sale or rent is indicated by the 291,053 new dwelling units on which FHA made its first compliance inspections under titles II and VI during 1948. This means that almost one out of every three nonfarm dwelling units started in 1948 was started under commitments issued by the FHA.

During 1948, a major step was taken in shifting from emergency to peacetime mortgage-insurance provisions. With the expiration of statutory authority early in 1948, the FHA ceased to issue commitments to insure mortgages on new homes for sale or rent under the emergency provisions of section 603, and concentrated on insurance under the peacetime provisions of section 203. After the expiration of statutory authority to issue 603 commitments, new dwelling units started under section 603 commitments previously issued—as indicated by first compliance inspections by FHA—declined sharply during the last half of 1948. Nevertheless the total for the year—130,464—accounted for nearly two-thirds of the 1- to 4-family units started under FHA inspection. On the other hand, the number of new units started under section 203 increased substantially during the last half of 1948, although not rapidly enough to make up for the decline in volume under section 603. Even so, the total for the year under the two sections aggregated 213,443 dwelling units, an increase of almost 20 percent from 1947.

New dwelling units started under FHA inspections in large-scale, multifamily rental housing projects attained an all-time high of 77,610 units in 1948—all under section 608, a 53-percent increase from the previous high of 50,766 units established in 1947. The total number of rental units started under FHA inspection is even greater than these figures indicate, for the 213,443 starts in 1- to 4-family structures also included a sizable, although indeterminable, number of units which will be offered for rent.

The following table shows the number of dwelling unit starts under FHA inspection compared with estimated total private nonfarm starts:

	1945	1946	1947	1948
Total private nonfarm units started	208,100	662,500	845,600	[1] 916,700
With first FHA compliance inspection:				
Units in 1- to 4-family structures	38,897	67,122	178,052	213,443
Units in rental housing projects	2,262	1,911	50,766	77,610
Total FHA	41,159	69,033	228,818	291,053
Percent of total private nonfarm starts	19.8	10.4	27.1	31.9

[1] Includes public units for the last 2 months of the year. Figures are presently not available separately for public units but the number of such units involved is believed to be small.

Sources: Bureau of Labor Statistics and Federal Housing Administration.

E. Veterans' Administration Guaranty of Home Loans

The volume of home loans guaranteed or insured by the Veterans' Administration under title III of the Servicemen's Readjustment Act declined sharply during 1948. A total of 349,934 loans were closed in 1948 involving almost $1,900,000,000, a drop of 35 percent in number and 43 percent in dollar amount from 1947. This reduced volume occurred at a time when the mortgage loan volume in general was increasing slightly, consequently VA guaranteed loans closed represented only 17 percent of total mortgages made on 1- to 4-family properties in 1948, as compared with 31 percent of the total in 1947. The following table relates the volume of VA guaranteed home loans closed to the total lending volume:

	Millions of dollars			
	1945	1946	1947	1948
Mortgages made on 1- to 4-family nonfarm properties	$4,701	$9,453	$10,700	[1] $10,800
VA-guaranteed home loans closed [2]	[3] 192	2,302	3,286	1,881
Percent of total mortgages made	4	24	31	17

[1] Preliminary estimate.
[2] Includes a substantial volume of loans made by Federal Home Loan Bank member savings and loan associations.
[3] Includes a small volume of loans made in 1944.

Sources: Home Loan Bank Board and Veterans' Administration.

VA operations show a marked shift during the past 2 years from section 501 loans, which are guaranteed by Veterans' Administration to the extent of 50 percent of the loan but not to exceed $4,000, to the two-loan plan wherein FHA insures the first loan and Veterans' Administration guarantees the second loan, thus providing the mortgagee with 100 percent protection of his investment. For example, in 1947 only 9 percent of the total number of Veterans' Administration home loans closed were second mortgages; in 1948 the figure increased to 27 percent, and in the last few months of the year, second mortgages were running at about 40 percent of all VA home loans closed during these months.

F. The Credit Reserve: The Federal Home Loan Bank System

The savings and loan association members of the Federal Home Loan Bank system made $3,300,000,000 of mortgage loans during 1948—or 31 percent of the total volume of new mortgages made on 1- to 4-family nonfarm properties. The following table shows the mortgage loan volume of these member associations and the proportion of total lending that they accounted for:

	Millions of dollars			
	1945	1946	1947	1948
Mortgages made on 1- to 4-family nonfarm properties	$4,701	$9,453	$10,700	[1] $10,800
Mortgages made by member savings and loan associations [2]	1,749	3,322	3,466	3,313
Percent of total mortgages made	37	35	32	31

[1] Preliminary estimate.
[2] Includes a small volume of mortgages insured by FHA and a substantial volume of home loans guaranteed by VA.

Source: Home Loan Bank Board.

A large part of the funds used by savings and loan associations in making mortgage loans represents savings which individuals have invested in these associations. Savings in all associations increased by approximately $1,200,000,000 or 13 percent during 1948. The dollar amount of increase was about the same as in 1947 and 1946, although the percentage increase was slightly less than in the previous 2 years. Even so, this constitutes a favorable record, because the annual increase in savings of individuals has been tapering off appreciably since the peak years of savings during the war. Associations whose savings accounts are insured by the Federal Savings and Loan Insurance Corporation showed a more favorable savings record during 1948 than the associations whose savings accounts were not insured.

Savings and loan associations financed more than $1,000,000,000 of home construction during 1948. This volume represents an increase of 17 percent from 1947 and occurred during a year when the total volume of loans made had declined slightly. Significantly, loans made for the purchase of homes declined sharply, although the volume of such loans still accounted for almost half of the total volume of the associations.

G. Secondary Mortgage Market

The Federal National Mortgage Association provides a secondary market under certain conditions for FHA titles II and VI insured loans, and for VA guaranteed loans. Authority for FNMA to purchase VA guaranteed loans was granted on July 1, 1948 and further expanded on August 10, 1948. Previously, VA guaranteed loans had been purchased by the RFC Mortgage Company prior to its dissolution on July 1, 1947. FNMA, whose capital stock is owned by RFC, is chartered under Title III of the National Housing Act.

During the last half of 1948, FNMA commitments to purchase FHA insured mortgages totaled $106,000,000. During these months, transfers of FHA insured mortgages to their portfolio aggregated $139,000,000. At year's end, their portfolio of FHA insured mortgages totaled $188,000,000 and their outstanding commitments to purchase FHA insured mortgages totaled $197,000,000.

During the last half of 1948, FNMA commitments to purchase VA guaranteed home loans totaled $41,000,000. During these months transfers of VA guaranteed home loans to FNMA's portfolio amounted to $11,000,000. At the end of 1948 there were $11,000,000 in VA guaranteed home loans in their portfolio and outstanding commitments to purchase such loans totaled $30,000,000.

Most of FNMA purchases during the last half of 1948 involved FHA insured mortgages—$139,000,000 FHA insured as compared with $11,000,000 VA guaranteed. However, this situation has been changing recently. Commitments to purchase made in recent months indicate that a substantially increasing proportion of future FNMA purchases will involve VA guaranteed home loans. For example, in December 1948 VA guaranteed home loans accounted for 45 percent of all FNMA commitments to purchase.

At the end of 1948, the outstanding balance on loans held by FNMA amounted to $199,000,000. Outstanding commitments at the year-end amounted to almost $227,000,000 and borrowing authority available after deducting purchases and outstanding commitments, totaled $526,000,000. (See Table 14, Appendix A)

831481—49——4

H. RFC Lending Activity

The Reconstruction Finance Corporation was authorized under section 102 of the Housing Act of 1948, effective August 10, to make direct loans—not to exceed $50,000,000 in all—for the production of prefabricated housing, housing components or large scale housing production. Under this authority, by the end of 1948, ten applications had been received for a total of $4,829,500; of these, four have been disapproved, two approved (for a total of $475,000) and four were pending (for a total of $2,777,000).

Prior to passage of the Housing Act of 1948, the RFC under broad lending powers in section 4 (a) 1 of the RFC Act, as amended, had made loans for large scale modernized site production or factory production of housing. Under this section, by the end of 1948, there were four loans outstanding for a total loan commitment of $14,944,500. Over $6,000,000 had been disbursed against these loans by December 31, 1948.

Under its general business lending authority the RFC also has made a number of loans to producers of housing or housing materials, specific information on which was not available at the time this Annual Report was written.

SECTION TWO: THE GOVERNMENT ROLE

Chapter V

THE HHFA: FIRST FULL CALENDAR YEAR

A. The Background

The past year was the first full year of HHFA operations. Brought into existence on July 27, 1947, under the President's Reorganization Plan No. 3 of 1947, the Housing and Home Finance Agency became the Government's first over-all peacetime housing agency, succeeding the war born and temporary National Housing Agency. It consolidated in one agency three principal constituents, the Home Loan Bank Board, the Federal Housing Administration and the Public Housing Administration, as well as the Office of the Administrator. It was established to provide a basis for the coordination of the Government's policies and activities in connection with housing; its establishment was a reflection of the fact that housing occupied a special status in our national economy and general welfare and that the Government's many responsibilities in the housing field could be most effectively discharged through a coordinated Federal agency rather than by a patchwork of separate activities.

In the first full year of its operation the HHFA has become a functioning and accepted reality and appeared to have obtained wide acceptance as a convenient and logical focal point for Government activities in the housing field.

After a comprehensive review of the housing scene, the Congressional Joint Committee on Housing said of the HHFA in its final majority report:

> The establishment of the Housing and Home Finance Agency pursuant to Reorganization Plan No. 3 of 1947, as the permanent grouping of the principal housing functions of the Federal Government, has, in the opinion of the committee, been a signal forward step. While initially there were certain misgivings both in the Congress and in private industry as to the effects of this reorganization, the committee feels that the operations of the agency since its establishment in July of last year demonstrate that it provides a sound foundation for coordinated and effective administration of the various necessary housing programs on a basis fully responsive to the basic policies laid down by the Congress. (House Report No. 1564.)

B. HHFA "Tools" for Housing

The facilities available to the HHFA in providing Government aids and leadership in dealing with our housing problems during 1948 were, of course, those outlined in the various laws pertaining to the operations of the agency and its constituents. At the beginning of 1948, there was under way a broad review of these powers by the Congress, in accordance with recommendations by the President, to determine what additional legislation was required. As matters stood under existing laws major tools available during 1948 were those described below.

The following paragraphs present primarily a broad and generalized description of HHFA programs. Certain of these activities have already been discussed earlier in this report, particularly in Chapter 4, Financing Home Construction and Home Ownership in 1948. A fully detailed description of each of these programs will also be found in the appropriate constituent agency portion of this Annual Report. The operations of the Home Loan Bank Board and its affiliated institutions are described in part two; of the Federal Housing Administration in part three; and of the Public Housing Administration in part four.

Home financing aids

a. The ability to stimulate the flow of savings into home financing through the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation: in all, by the end of 1948 there were 3,769 institutions in the Home Loan Bank system with resources of $12,900,000,000 or 90 percent of the resources of all savings and loan institutions. Savings in these institutions reached a high point of $11,000,000,000 at the close of 1948. The Federal Home Loan Bank system also provides a credit reserve for member home financing institutions. Savings and loan institutions customarily account for about 30 percent of all home financing.

b. The ability through FHA insurance of housing mortgages, loans, and investment to aid and stimulate private enterprise in the construction and sale and in the modernization, improvement, and repair of homes: through establishment of standards on types of homes insured as well as on the financial transactions these activities have tended cumulatively to raise the levels of home mortagages and investments and to raise housing standards generally. FHA insuring operations during 1948 were at an all time peak of $3,341,000,000, double any previous year in its history; by the end of 1948, the FHA had outstanding mortgage insurance totalling $7,300,000,000.

c. The use of the National Housing Council—of which the Housing and Home Finance Administrator is chairman—to promote the most effective coordination of the housing activities of the Federal Government: housing activities in other Federal agencies include the guaranty and insurance of veterans' home loans by the Veterans' Administration, the secondary mortgage market in the Federal National Mortgage Association (a subsidiary of the RFC), and farm home loans and home loan insurance by the Department of Agriculture.

Public housing aids

This involves the use of Federal resources to make available low-rent public housing for low-income families: this program is operated by the PHA. There were nearly 215,000 dwelling units in the program in 1948, 191,000 of them in an active status and the remainder deferred, under construction, or in preconstruction status. Most of the units were built under the United States Housing Act of 1937 and its amendments, although about 22,000 were built during the mid-thirties as part of the Public Works Administration program. Most of the units are operated by Local Housing Authorities and receive some form of Federal contribution annually to help pay their operating expense.

War and emergency housing aids

This involves managing within statutory limitations the operations and disposition of federally owned or aided housing provided to meet war and postwar emergency needs in such manner as to relieve hardship, aiding in meeting the needs of specially affected groups such as veterans and protecting the existing housing market in localities where these units are located: all of these units are designed by law for ultimate disposition by the Federal Government and are not part of the permanent HHFA programs. Over 950,000 units have been included in these programs; by the end of 1948, as a result of disposition and removal activities, the program included only about 500,000 units.

Housing research

This involved primarily the limited program of technical research authorized under the Housing Act of 1948: it was designed to aid the homebuilding industry to realize as rapidly as possible economies and cost reductions available through better construction methods and improved building codes.

C. Economy Housing Campaign

The closing months of 1948 made clear that the time had come for vigorous effort by all elements in the housing field, industry as well as Government, to bring more housing within the reach of more people. In recognition of this situation, the Housing and Home Finance Administrator in a major announcement of future housing policy stated on November 24, 1948, that in addition to a legislative program, the Government would undertake a cooperative drive with lenders, builders, suppliers, and others involved in housing to develop a joint program for reducing the cost of producing housing so that good quality housing could be made available for more families. The campaign emphasized the great market available for homes built to meet the needs of families in the middle and lower income brackets.

Preliminary meetings looking toward the opening of this drive as a national program were held during December between the various Government agencies that would be concerned and with national representatives of groups who played a part in the financing and production of housing of all types. General objectives and plans were worked out to be put in readiness for a joint national meeting of all groups in January, which was to launch an economy housing campaign that would be carried into the principal towns and cities of the country with similar joint conferences at the local level.

D. National Housing Council

The National Housing Council was created within the HHFA to provide a central agency on which all Federal agencies having housing responsibilities are represented in order to obtain a unification of approach by the Federal housing agencies to problems in this area. The Council generally met once a month throughout 1948.

Represented on the council are: The HHFA Administrator who is chairman of the Council, heads of the three constituent agencies within the HHFA, and representatives of the Veterans' Administration, the Reconstruction Finance Corporation, and of the Secretary of Agriculture, and Secretary of Commerce. The major change to the Council during 1948 was made by the Housing Act of 1948 in adding the Secretary of Commerce, or his designee, to its membership.

By its very nature the Council is primarily a clearing house for the several Federal agencies having responsibilities in the field of housing. Its deliberations take form in action, as a rule, through the activities and policies of the agencies involved. Perhaps more importantly, the Council provides a medium through which the resources of the participating agencies may be brought to bear on the problem of obtaining general understanding and acceptance of improved housing standards and practices.

Under the common approach to common housing problems encouraged by the creation of the National Housing Council, the Council engaged in several long-term projects designed to aid the administration of the various Federal housing programs, and to promote a greater degree of consistency among them. Among these projects was the establishment of a committee on appraisals to review real estate appraisal practices and make recommendations aimed at a greater uniformity. As a result of the work of this committee, ways were recommended in which cost data assembled by the FHA for its mortgage insurance operations could be made more generally available to and used by other governmental agencies, or be adapted by them to meet their specific responsibilities.

Preliminary work was undertaken by the Council to increase the public understanding of and interest in the ill effects of improper subdivision, and to extend the appreciation and application of sound practices in land development operations.

The Council continued its study of housing financing proposals, both as such proposals applied to the problem of providing more housing at lower use costs, either in the form of payment or rents, and also as these proposals impinged upon the national anti-inflation policies. In this connection the Council established a committee on finance to make continuing reports on housing finance proposals.

A considerable portion of the Council's activity was directed toward the development of a financial program which would make possible a consistent anti-inflationary policy on the part of the several agencies on the Council without impairing the volume of new residential construction. These discussions resulted in recommendation of a secondary market for mortgage credit which aided in sustaining mortgage credit without adding to the inflationary pressures.

In addition to these long term and continuing activities, the Council provided a means for reaching a substantial degree of agreement on day to day problems affecting vitally important housing policies and legislation.

The Council discussions were also helpful in obtaining agreement upon the Government's position with respect to various legislative proposals originating outside of Government, and in reviewing numerous proposals to ascertain their effect upon housing production within existing framework of Federal laws.

As a result of discussions within the Council in late 1948, the HHFA launched the Economy Housing Program of 1949.

E. HHFA Publications

In general, and within the limitations of funds available, HHFA publications during 1948 were designed to furnish information about the agency's operations, developments in the housing field and about technical studies and projects that would aid in improving building techniques and reducing housing costs.

The Office of the Administrator and the three constituent agencies all participated in these activities, although not all of these activities resulted in documents for general public distribution. The HLBB for example, provided member institutions with a monthly series of mortgage recording letters. The FHA continued publication of the Insured Mortgage Portfolio. The PHA published a monthly pamphlet, the PHA Bulletin, primarily designed for its own personnel and local housing authorities.

The OA continued to issue the Technical Bulletin and to report on various research activities. It published the Housing Statistics Handbook, the Manual on Wood Construction for Prefabricated Houses, reports on minority housing; and started a new monthly statistical periodical, "Housing Statistics."

Major publications of the HHFA are listed in Appendix C: A list of HHFA Publications During 1948.

F. HHFA Personnel

During the calendar year 1948 the Housing and Home Finance Agency and its constituent agencies operated with a total staff of slightly more than 11,500 employees. The following table shows employment within the HHFA at the time the agency was established and at the begining and end of the calendar year:

	July 1947	January 1948	December 1948
Office of the Administrator	158	139	14
Home Loan Bank Board	1,214	1,020	94
Federal Housing Administration	4,833	4,490	5,1
Public Housing Administration (including project employees)	7,762	6,137	5,33
	13,967	11,786	11,59

A total of 946 persons were employed by the HLBB at the end of the year. Of these, 468 were employed by the HOLC; 77 by the FSLIC; and 145 on the immediate staff of the Board. The remaining 256 employees are employed on the staff of the examining division of the HLBB; these men are engaged wholly in examining the accounts of member institutions on a reimbursable basis and their salaries do not appear in the HLBB budget, but are treated as nonadministrative expenses.

The increase in the staff of the FHA during the year took place primarily after August as a result of the additional workload resulting from housing legislation passed in the special session of Congress.

The reduction of 987 employees from PHA during calendar year 1948 was attributable to (1) a reduction in administrative expense authorizations and a reorganization which centralized many functions formerly in field offices: (2) termination of site supervision and inspection personnel with the virtual completion of construction under the Veteran's Re-use Housing Program; and (3), the continued decline in direct site management operations following disposition activity. During the year the PHA continued to operate under a provision of its appropriation authorization to the effect that no more than 20 percent of the employees paid from administrative funds (as distinguished from the funds used to pay all of the employees on the housing projects), could be in positions at or above the grade CAF–11 level ($5,232).

G. HHFA Budget, Income, and Expense Data

The following paragraphs and tables 15, 16, and 17 of appendix A summarize the financial side of the agency's operations during the fiscal year 1948 and estimates for the fiscal year 1949. They show in summary form the relation of income to expenses, the sources of funds and the uses to which these funds were put, and the administrative expenses of the agency and its constituent units.

Income and expenses

As shown in table 16 of appendix A, total income from activities for fiscal year 1949 is estimated at $260,400,000, a decrease of $6,000,000 from the 1948 total of $266,500,000. Due to reduced expenses, however, the net income (before cost or value of properties disposed of) is estimated to increase by nearly $11,000,000—from $97,000,000 in 1948 to nearly $108,000,000 in 1949.

Income from agency operations is derived principally from the operation and maintenance of war and emergency housing ($75,000,000); disposition of surplus housing ($85,000,000); premiums, fees and other income of the Federal Housing Administration and Federal Savings and Loan Insurance Corporation insurance programs ($88,000,000); and income from the operation of low rent housing and interest on local housing authority obligations ($11,900,000).

In table 16, activities of a similar character are grouped and summarized. The group captioned "Activities in Support of Private Home Financing" brings together the operations of the Federal Home Loan Bank system, the Federal Savings and Loan Insurance Corporation and the Federal Housing Administration.

Under "Activities in Support of Low Rent Public Housing" are shown the operations of the United States Housing Act program administered by the Public Housing Administration.

"War and Emergency Housing Management" summarizes activities in connection with the operation and maintenance of the Public War Housing program, the Homes Conversion program, the Veterans' Re-Use program, and the Subsistence Homesteads and Greenbelt Towns program, all of which are administered by the Public Housing Administration, in some cases as the delegated agent of the Administrator of the HHFA.

"Liquidation and Disposition Activities" include the disposition of war and emergency and the liquidation of the Home Owners' Loan Corporation.

Sources and applications of funds

The source of funds available to the agency and its constituents and their disposition, are summarized in table 17 of appendix A. (This table differs from the statement of income and expense in that it deals with the actual movement of cash, and eliminates noncash items such as depreciation, etc.)

The total amount available for expenditure from all sources during 1948 was $744,500,000 and during 1949 it is estimated to be a little more than $494,000,000. About half of these funds come from liquidation of assets, such as repayments on loans and the disposition of war housing. The next largest source of funds is income, which is derived from rents of owned property; from premiums, fees and other income of the Federal Housing Administration and the Federal Savings and Loan Insurance Corporation; and from interest on Government bonds and local housing authority obligations. During 1948 the amount derived from income was $231,400,000 and in 1949, it is estimated to be $192,000,000.

An appropriation of $39,000,000 was provided during 1948. This item consisted in the main of additional funds to complete construction of Veterans' Re-Use housing. In 1949 appropriations are estimated to amount to $5,939,000, of which the largest item is the appropriation of annual contributions under the low rent housing program.

The funds made available from these various sources are largely returned to the Treasury for three purposes:

(1) to retire capital and borrowings—about $312,000,000 in 1948 and $155,000,000 in 1949;

(2) deposits to the general fund of the Treasury—$129,000,000 in 1948 and $133,000,000 in 1949; and,

(3) investments in securities (principally of the United States Government)—$111,000,000 in 1948 and an estimated $62,400,000 in 1949.

Land, property, equipment, and other assets acquired during 1948 amounted to $91,500,000. With the completion of the Veterans' Re-Use Housing program it is estimated that in 1949 this item will decline to $46,000,000. Expenses incurred during 1948 (principally costs of operation and maintenance of housing projects) were $101,000,000. In 1949 it is estimated that these expenses will amount to $98,000,000.

Administrative expenses

Although the average employment of the agency is expected to be less in fiscal 1949 than it was in fiscal year 1948, the total administrative expense budget of the agency for the 1949 fiscal year will be some $2,000,000 greater than that for fiscal 1948, as shown in table 15 appendix A. This increase is due to the general government salary increase under Public Law 900 (80th Cong.) which became effective during the first pay-roll period of the 1949 fiscal year as well as the additional responsibilities assumed under the provisions of the Housing Act of 1948.

The Housing Act of 1948, approved August 7, 1948, assigned substantial additional functions to the Office of the Administrator and to the Federal Housing Administration and it is these additional functions which account for the increases in the 1949 administrative expenses for these parts of the agency over the amounts actually spent in 1948.

The Office of the Administrator was given responsibility for undertaking a new program of technical research studies in connection with the development and promotion of the acceptance of the standardized building codes and of standardized dimensions and methods of assembly for building materials and equipment. The increased administrative expenses for the Office of the Administrator represent the cost of organizing the Division of Standardization Building Codes and Materials to carry out this program, and the provision of funds for specific research projects carried out through contracts or working fund agreements with other Government agencies and some non-Federal laboratories.

The most important item of workload for the Federal Housing Administration—processing of insurance applications—is expected to run at close to the high levels reached in 1948, about 582,000. The workload will reflect an increasing volume of applications from the Housing Act of 1948, and specifically from extension of section 608 rental housing insurance, a new high percentage mortgage insurance on moderate-cost dwellings under title II, and a new type of insurance on the yield of equity investors in rental housing. Increases in personnel are confined almost exclusively to the field offices and to the Comptroller's Office in Washington which directly handle the cases in process.

The Home Loan Bank Board workload is expected to continue at about the same level as last year. The backlog of past-due examinations of insured savings and loan associations is to be eliminated in the current fiscal year. The trend in Home Owners' Loan Corporation personnel and expenditures will depend on the rate of liquidation feasible during the coming year in the light of operating and economic conditions.

Public Housing Administration personnel and expenses have been reduced through a major reorganization, which brought about centralization of all administrative and fiscal services in Washington; and replace the former regional offices with ten much smaller area offices concerned chiefly with direct supervision of local housing project activities.

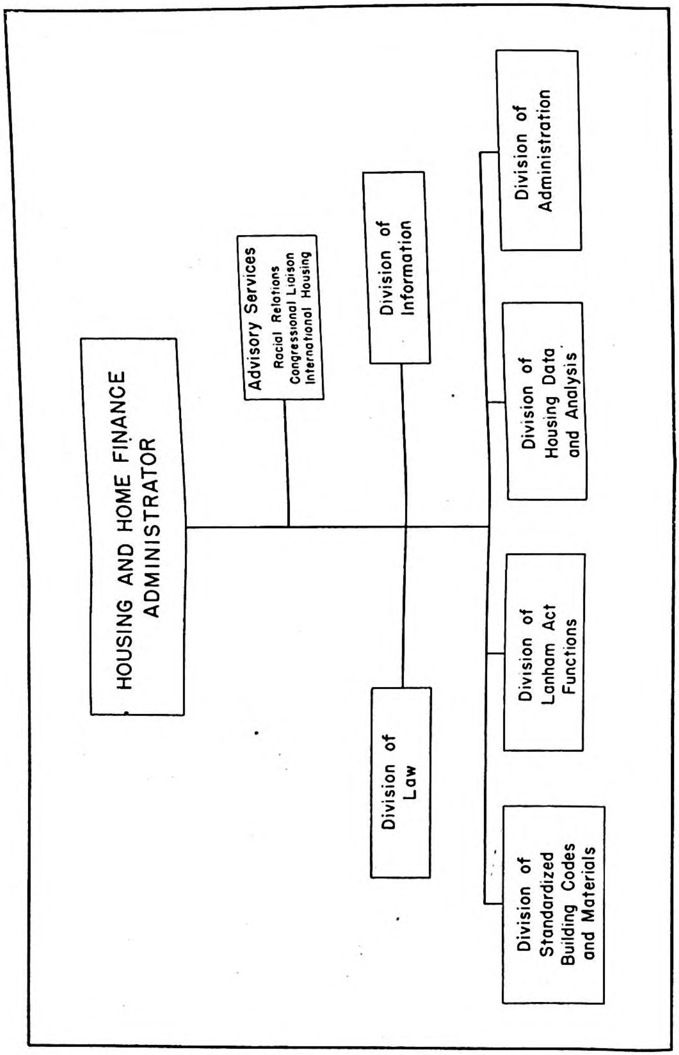

HOUSING AND HOME FINANCE ADMINISTRATOR
Advisory Services
Racial Relations
Congressional Liaison
International Housing
Division of Information
Division of Administration
Division of Law
Division of Housing Data and Analysis
Division of Lanham Act Functions
Division of Standardized Building Codes and Materials

Chart 7

Chapter 6

THE OFFICE OF THE ADMINISTRATOR

A. Functions and Organization

The Administrator of the Housing and Home Finance Agency, as the Government's principal housing official, is charged with general responsibility for the supervision and coordination of the Government's principal housing programs and activities. In this capacity, and as chairman of the National Housing Council, the Administrator also provides advice and assistance as required by the President and the Congress in their consideration of housing matters. The Administrator is assisted in the performance of these duties by the professional staff of the Office of the Administrator.

In addition to the general functions described above, the Administrator is directly responsible for the so-called "Lanham Act Functions," viz, the management and disposition of public housing provided under the war and postwar emergency housing programs (more than 900,000 units in all were programmed); while operating responsibilities for these are delegated to the Public Housing Administration, these programs are carried on under the immediate supervision of the Office of the Administrator, which establishes general policies for their handling.

The Housing Act of 1948 also assigned to the Administrator's Office direct responsibility for a limited program of technical research, making possible expansion of the research program already under way in the field of architecture and engineering; these activities, discussed in greater detail in section C of this chapter, include the development of standardized building codes, materials, and methods of home construction.

An important aspect of Office of Administrator activities during 1948, reflecting the seriousness of housing problems and the interest in housing matters throughout the year was the furnishing of statistical, economic, and technical assistance, as required, to the Congress in connection with numerous legislative proposals under consideration during 1948. With the extensive legislative interest in housing during the year—in all some 130 bills were introduced—it was natural for the Congress to look to the Housing and Home Finance Agency for information and technical assistance.

Also, throughout the year a considerable amount of staff time was spent furnishing housing information requested by the public, the press, industry and local government officials, all of whom came increasingly to look to the Housing and Home Finance Agency as the central point for the expression of Government housing policy and housing information.

The Office of the Administrator also provides certain services to the agency as a whole on a consolidated basis, where such services can be most economically rendered on this basis. These include legislative reference service, clearance of publications and statistical reports, and maintenance of over-all liaison with such agencies as the Bureau of the Budget, the General Accounting Office, and the Federal Personnel Council.

The accompanying chart shows the current organizational structure of the Office of the Administrator. It reflects the new responsibilities assigned the Office of the Administrator under the Housing Act of 1948 as well as experience during the first year of the agency's existence with the type of organization designed to provide efficient staff services for the Administrator in the performance of his responsibilities.

B. Lanham Act Functions

The Lanham Act functions of the Housing and Home Finance Agency arise from the efforts of the Federal Government to provide housing for war workers and to meet the emergency housing needs of veterans after the war. These functions have involved the construction and management of over 900,000 housing units as well as their eventual disposition. The Office of the Administrator of the Housing and Home Finance Agency—and of the National Housing Agency prior to the establishment of the HHFA—has responsibility for the supervision of these programs. Direct operating responsibility has been delegated to the Public Housing Administration. In order to carry out Office of Administrator policy making and supervisory functions, a division of Lanham Act functions has been established within the Office of Administrator. (See table 18, appendix A for expenditures under the Lanham and related acts.)

Of the 939,000 dwelling accommodations programmed under the various Lanham Act and veterans' emergency programs, 673,000 were public war housing and 266,000 veterans' reuse housing. Of the war housing, 432,500 were classified as temporary construction and 191,000 were either nontemporary or demountable units and 49,500 were in the homes conversion program. All of the veterans' reuse housing was temporary in nature.

Since the end of the war special attention has been given the disposition of Lanham Act housing. Such disposition activity, by the end of 1948, had involved the removal from workload of about 440,000 units. (The phrase "removed from workload" is a broad term which covers various types of disposition activity, including sale, demolition, transfer to other Government agencies, or—as in the case of a number of temporary war housing units—reuse in other programs such as the veterans emergency housing program.) The major part of the disposition so far accomplished has been in areas where the housing was more or less surplus as the result of postwar declines in employment and population; most of the remaining units present complex disposition problems, since they are located in areas of severe housing shortages.

At the end of 1948, of the remaining 499,000 accommodations, 142,000 were nontemporary and 332,000 were temporary construction (197,000 of the latter being war housing and 135,000 veterans reuse housing) and 25,000 were in the homes conversion program.

The Lanham Act, as amended by the McGregor Act, provides that all housing accommodations of temporary construction under Federal supervision be removed by January 1, 1950, except where the Administrator determines, after consultations with the local community, that the housing is still needed for the orderly demobilization of the war effort. Proposals for ultimate disposition of these units are under consideration.

Removal of nontemporary units is governed by Public Regulation No. 1 of the Housing and Home Finance Agency, first issued on August 27, 1947, which, among other things, gives veterans first priority.

During 1948, the Lanham Act activities of the OA, in addition to advancing the general disposition program and supervising the management of units not yet disposed of, included supervising the completion of the veterans reuse housing program.

About two-thirds of the 266,000 accommodations in the veterans reuse program were federally financed, the remainder being financed by the sponsoring localities. Rising building costs necessitated a cut-back of the federally financed projects in late 1946 and early 1947. An additional appropriation of $35,500,000 was made by the Congress under Public Law 256, on July 29, 1947, to finish construction of suspended projects that were 10 percent or more completed. Under this reactivated program, 8,000 units were completed, the last of them by August 1948.

Strict economies enabled the Housing and Home Finance Agency to return $4,650,000 of the $35,500,000 to the United States Treasury by the end of 1948, and to earmark at that time another $5,000,000 for return.

C. Technical Research Activities

Technical housing research received increasing recognitio throughout 1948 as a means of accelerating housing progress an lowering costs, particularly in promoting uniform building code and developing needed technical standards.

Since its inception, the Office of the Administrator has endeavore to develop and encourage housing research directed toward thes aims. It has conducted cooperative projects at established researc centers, within the limits of its funds and authority, and has dis seminated the results data to the housing industry. A large par of the technical program for 1948 consisted in bringing to comple tion a number of research studies previously initiated to provid data on new materials or troublesome problems in the field of equip ment, design, and construction methods.

The Housing Act of 1948, effective August 10, 1948, provided fo technical research by the Housing and Home Finance Agency directe specifically to the problems of building codes and dimensional stan ardization. Work in these fields is now carried on through th Division of Standardized Building Codes and Materials in the Offic of the Administrator.

During 1948 the technical program involved two major function The first was completion of research and developmental studies cove ing a broad variety of technical problems in the field of materia methods and design, and the continuation of its functions of review an coordination of some of the technical operations of the constitue agencies. Second, as a result of the Housing Act of 1948, the technic program was reorganized and expanded and by the end of 1948 staffe within the limit of available funds for its expanding assignment to give increased emphasis to building codes and technical standard

Previous operations in coordinating housing research, in workin with industry, other government agencies, and universities, plus th fact that a considerable portion of its work in the past had been pointe at improved housing standards, provided a framework adaptable t the kind of operations required by the new program.

Testing and research completed during 1948

A number of significant projects, previously initiated, were brough to completion during the year under cooperative agreements wit established laboratories which had staff and facilities adaptable t specialized investigations in particular technical problems. Th principal laboratories involved in this work were:

Forest Products Laboratory, Madison, Wis.

National Bureau of Standards, Washington, D. C.

United States Bureau of Reclamation Laboratory, Denver, Col.

Engineering Experiment Station, State College, Pa.

Water and Sanitation Investigation Station, United States Public Health Service, Cincinnati, Ohio.

The following investigations were completed during the year:

Lightweight concrete.—With the object of providing technical data on the structural and insulation characteristics of concrete made from lightweight aggregates, a research project was undertaken in 1947 with the cooperation of the National Bureau of Standards and the Bureau of Reclamation.

Work was divided between the two laboratories and representative samples of aggregates commercially available were tested. Approximately 30 different samples were obtained covering the following types of aggregates: pumice, perlite, vermiculite, expanded slag, clay and shale, diatomaceous earth, and volcanic scoria. Concrete made from these aggregates were subject to a wide range of mix-design studies and tests.

The data obtained provide a valuable addition to the knowledge in this field, useful to engineers, architects, builders, and others interested in the use of lightweight concrete. This work has also indicated the directions which additional research should follow.

Corrosion characteristics of light metals.—Increased use of aluminum and other light metals in house construction emphasizes the need for more complete data regarding their corrosion characteristics, particularly when used in combination with various fastening devices. A research program was set up in 1947 at the National Bureau of Standards to investigate the reaction of a variety of aluminum alloys in connection with various nail and washer combinations under actual exposure conditions.

Over a thousand aluminum alloy specimens were tested. To date test data have been accumulated covering 3, 6, and 12 months' exposure periods. These data are now being analyzed with a view to make it available to engineers and the light metal industry, to fill an important gap in the knowledge of the corrosion characteristics of aluminum and other light metals.

Vapor permeability.—Extensive tests were made during the year to determine the efficiency of various building papers, rubber-base paints, and other materials proposed as vapor barriers. This project provided considerable data of value to continuing studies of condensation control, as well as particular performance data on a variety of materials commercially available. Three laboratories were concerned with various phases of this program, including National Bureau of Standards, the Forest Products Laboratory and Pennsylvania State College.

Development of a uniform plumbing code.—Important phases of the broad research program for improvement and simplification of plumbing systems and the development of a uniform plumbing code were completed, including testing work covering self-siphonage of fixture traps, and stack vented and wet vented installations. New testing work initiated included investigations of maximum safe loading of building drains, soil and vent stacks, and flow rate of fixtures.

Under the sponsorship of the Housing and Home Finance Agency and working cooperatively with a uniform plumbing code committee, composed of representatives of labor, government, and industry, a preliminary draft of a uniform plumbing code for housing was prepared and widely distributed for review and comment.

This code was well received by a large number of cities, code authorities, and representatives of the plumbing industry. As an aid to the understanding of the testing program and the uniform code, a motion picture also was prepared and given wide circulation among both technical and lay groups. This code is now being revised to reflect further study and the comments received, as well as to broaden its scope into a uniform plumbing code for all structures. The Department of Commerce is cooperating with the Housing and Home Finance Agency in this program.

Wood technology.—Several comprehensive investigations in the field of wood technology were carried out in cooperation with the Forest Products Laboratory of the Forest Service, Department of Agriculture. These projects provided basic data on the use of wood and wood products for housing, strength and insulation characteristics of various type panels, and other data applicable to the development of performance standards and test procedures. The following list of projects upon which substantial work was completed indicates the range of this program:

Ventilation requirements for roof panels and attics.

Vapor transmission through various building materials.

Investigation of more economical construction systems, including tests of stressed cover panels with different covering materials; panel bowing under varying moisture conditions; development and determination of performance characteristics of sandwich panels; determination of the adequacy of light framing and wider stud spacing.

Investigation of more realistic evaluation methods of the fire resistance properties of materials and assemblies.

Development of resin impregnated paper overlays for veneer and plywood.

Studies of glues and glue techniques for housing.

Preparation of a manual on test methods and procedures for housing materials.

Preparation of a manual on the control of condensation in dwellings.

Individual sewage disposal.—Research in individual sewage disposal, in cooperation with the United States Public Health Service, involved a number of major problems of vital concern to an increasingly large number of home owners in rural and outlying areas who must depend upon septic tanks. Aimed at improved design, higher operating efficiency and lower costs, studies completed embraced analysis of available technical data, experimentally operated septic tanks, sludge and scum accumulation in septic tanks, sludge and yeast as starters of digestion, effect of zeolite softener salts on digestion, freezing aspects of household sewage disposal systems, and other aspects of the septic-tank problem. Results to date indicate that improvement in septic tank design and operation are possible and significant cost savings attainable. The work is directed to the development of performance standards for the design and installation of septic tanks, and at problems related to the disposal field, such as soil clogging characteristics of tank effluent.

Building codes and technical standards

Title III of the Housing Act of 1948 marked out for increased governmental action two important fields—the development of more uniform building codes and dimensional standardization of building materials and assemblies, or modular coordination. The lack of uniformity in building codes and their restrictive limitations have long been major problems in housing, responsible for many of the delays and considerable of the developmental lag in volume construction, lower costs, and the use of new materials. A great deal of attention is being given to needed corrective measures by local and State governmental authorities, industry, labor, and a number of standards associations that have been established for this purpose.

It is recognized that improved building codes involves both technical work in the field of performance standards and simplification of the complex administrative and procedural problems involved in revising local codes. The Agency is working closely with local and State officials and with industry and code groups in order to expand the field of technical knowledge on these subjects, with the Government undertaking such studies where they are not otherwise being done.

By the end of the year research projects were under way or were being planned including the following specialized projects applicable to the development of performance requirements of housing materials, assemblies or equipment: Structural characteristics of various wall, floor and roof assemblies; additional condensation control studies; low pressure warm air heating systems; hydraulics of household water piping; radiant heating; capacity of plumbing stacks and branches for the uniform plumbing code; additional research in individual sewage disposal systems, and others.

Additional staff studies underway applicable to space requirements, design, and the development of related standards included the following:

Analysis of planning aspects of existing building codes to establish a basis for more uniform recommendations on space standards.

Analysis of exit requirements for multifamily housing and the preparation of suggested revisions for existing and proposed codes to simplify these requirements.

Development of functional space requirements applicable to the minimum sized or economy dwelling based upon essential family furniture, fixtures, and household equipment.

Modular coordination

Modular coordination, or dimensional standardization, is generally defined as the relationship of sizes and dimensions that will permit the parts that are assembled during the erection of a building to fit together without extensive field cutting. This coordination is accomplished by applying a uniform size increment or module to the various building dimensions and sizes of parts.

The economies and simplification inherent in standardization of the dimensions of materials have long been recognized and most manufacturers of building items have tended to standardize their products. However, standardization on an industry-wide basis, as to sizes of similar products, has not advanced as rapidly as possible. Substantial work in the development of dimensional standardization has been carried forward by a number of research institutions, and associations of materials producers and architects, and sufficient progress has been made to indicate that substantial savings are possible by developing standard basic dimensions for housing materials and thus simplifying erection techniques and materials distribution and manufacture.

In its work in this field, the division has established cooperative relationships with the architectural profession and materials producers to develop wider usage of modular materials and dimensions already available, both in the design and the materials that go into housing. It has also established working relationships with a committee already set up in the American Standards Association to extend the range of building elements and subassemblies which can be made available in modular sizes.

To assist architects and builders in the use of modular design and materials, with resulting savings in costs, three specialized manuals are in preparation. One is a popular brochure to promote fuller understanding of modular coordination and its significance in homebuilding. A second is a manual of modern design for the guidance of architects and builders in the general technique of designing on a modular basis, utilizing modular elements, and in the graphic conventions to be observed in lay-out, detailing and dimensioning to achieve rapid plan production. The third manual will cover field assembly practice, and will describe for builders, workers, and apprentices the manner in which modular elements join together without further cutting and fitting.

As a further aid to guide the development of modular techniques, the HHFA has arranged with the National Academy of Sciences to bring together an advisory group to assist the Agency in studying and analyzing the problem and expanding the system's application and usefulness. This group will also advise in developing more uniform building codes and other technical standards.

Technical publications

Considerable attention has been given by HHFA to the preparation of technical information and research reports and the dissemination of this information to builders, architects, engineers, trade and professional associations, and to the home buyer.

Three principal methods have been employed in publishing the results of research and staff studies. These are (1) technical bulletins, a bimonthly periodical which carries articles and discussions of broad interest to builders and others on particular technical problems, or design and construction practices directed at lower costs; (2) special manuals and publications covering more extensive details on home building, construction techniques, prefabrication and other subjects; and (3) the series of technical papers which provide immediate presentations of specialized research findings and recommendations.

A list of the technical publications issued by the agency during 1948 is provided in appendix C.

D. International Aspects

In general, during 1948, the world-wide housing crisis deepened. In spite of the large volume of housing produced in the English-speaking countries, the Scandinavian countries, and a few others like Switzerland, homebuilding throughout most of the world did not make great headway in catching up with the enormous deficit of housing which resulted from the prewar backlog of need, the interruption of building during the war, the vast destruction by military action, the huge migrations of the past 10 years, and the steady deterioration of the housing supply.

The world-wide housing shortage adversely affects industrial and agriculture productiveness and production; and it constitutes one of the factors which underlie major political developments.

On the other hand, during 1948, many countries advanced considerably in their attack on the housing problem and there was marked progress in understanding of the problems and in arrangements for dealing with them. The housing crisis itself has stimulated the exploration of new methods which are valuable to all countries, including the United States; and the international interest in American methods has increased.

Within the limits of its facilities, HHFA has taken part in certain phases of international housing activities in the interest of housing in this country and in the interest of the policies and programs of the United States.

First, a beginning was made in the systematic combing out of the experience of other countries for use in this country. Reports and publications were secured; the knowledge of experts coming here and of experts going to other countries was drawn upon. And special projects were organized to tap the work in other countries which may be adapted to conditions in the United States.

Second, during 1948, HHFA advised various American nongovernmental groups concerning methods of other countries and international problems such as exports and imports of housing materials and equipment.

Third, the cooperation of HHFA with other agencies of this Government continued on housing matters which had an international aspect.

Assistance and advice were made available to the Department of Commerce, particularly with reference to controlling exports of materials and equipment needed for housing in this country.

The program of the Department of State was assisted through the distribution of HHFA publications abroad; by helping housing missions coming here from other countries; by arranging expert missions to other countries; by handling inquiries from other countries; in the preparation of the position to be taken by this Government with respect to the work of international organizations in the field of housing; by supplying information and advice to representatives in United States Embassies; in discussion of policies for dealing with displaced persons; in connection with international conferences, exhibitions, and broadcasts.

Fourth, under the wing of the State Department, further cooperation developed with international organizations such as the United Nations at Lake Success on the publication of the United Nations Bulletin on Housing and Town and Country Planning and the assembly of national experience for publication by UN, the Economic Commission for Europe with reference to the participation of the United States Delegation in the work of the ECE Subcommittee on Housing, the Food and Agriculture Organization, with reference to its interest in tropical housing, the Pan-American Union on its housing advisory services to the other American Republics, the Interamerican Congress of Architects, and the International Federation for Housing and Town Planning, with reference to its Biennial International Congress.

E. OA Budget and Personnel

With a move into new quarters in the Normandy Building at the beginning of 1948, the entire staff of the Office of the Administrator was brought together in one central place. The staff in January 1948 consisted of 141 persons; by June 30, the staff was reduced to 125 employees to bring it in line with the budget of $750,000 approved by the Congress for fiscal year 1949.

With the passage of the Housing Act of 1948 during the special congressional session in August, the Congress appropriated an additional $300,000 for research "to develop and promote—standardized building codes, standardized dimensions and methods for the assembly of homebuilding material and equipment." Almost half of these additional funds were earmarked for grants to the laboratories of other government agencies and to universities throughout the country to undertake testing and research necessary in the development of building codes and materials standards. The remainder was used in the employment of a technical staff necessary in the development of uniform codes and in the study of modular coordination.

These new research responsibilities of the Office of the Administrator necessitated a reorganization of the office and the establishment of a separate unit, the Division of Standardized Building Codes and Materials, to undertake the new work. The Division of Housing Data and Analysis absorbed the economic and statistical functions of the former Division of General Program which was abolished. The other four major divisions of the Office of the Administrator, Law, Administration, Information, and Lanham Act Functions continued with minor changes.

Employment in the office stood at 140 at the end of 1948.

Appendix A

STATISTICAL TABLES

TABLE 1.—*Comparison of estimated future housing requirements of the United States prepared by Congressional Joint Committee on Housing and the Housing and Home Finance Agency*

[In thousands]

Joint Committee [1]

1. Estimated 1960 families	[2] 39,500	
Allowance for 4 percent effective vacancies (i. e. units actually for rent or sale and habitable year round)	1,600	
Total dwelling units needed in 1960	41,100	
4. *Subtract:* Effective inventory as of April 1947	[3] 32,729	
5. Number of additional units needed from beginning of 1947	8,371	
6. Subtract: Units added to supply in 1947	1,000	
7. Net additional number needed between 1948 and 1960 to bring requirements and supply into into balance		7,371
Add:		
8. For replacement of estimated losses from 1947 to 1960 (fire, demolition, floods, etc.)	520	
9. For replacement of nonfarm units in need of major repairs and of urban units lacking private bath and toilet	[4] 5,200	
10. For replacement of substandard units in surrounding suburban areas and for replacement of standard units deteriorating by 1960	[5] 2,000	
11. For replacement of temporary structures	350	
12. Total replacement, 1948–60		8,070
13. Minimum construction needed		15,441
Add:		
14. To bring replacement rate to 1 percent		1,850
15. Optimum construction needed—nonfarm		17,291
Add:		
16. Farm housing required 1948–60		2,400–3,600
17. TOTAL U. S. housing requirements		19,691–20,891
Annual averages:		
Nonfarm (minimum)		1,287
Nonfarm (optimum)		1,441
Farm		200–300
Total (minimum)		1,487–1,587
Total (optimum)		1,641–1,741

HHFA

1. Estimated 1960 families according to Bureau of Census	[2] 39,500	
2. Allowance of 4 percent effective vacancies (i. e. units actually for rent or sale and habitable year round)	1,600	
3. Total dwelling units needed in 1960	41,100	
4. *Subtract:* Effective inventory as of April 1947	[3] 32,729	
5. Number of additional units needed from beginning of 1947	8,371	
6. Subtract: Units added to supply in 1947 and 1948	2,100	
7. Net additional number needed between 1948 and 1960 to bring requirements and supply into balance [5]		6,271
Add:		
8. For replacement of estimated losses from 1947 to 1960 (fire, demolition, floods, etc.)	520	
9. For rehabilitation or replacement of substandard units equivalent to nonfarm units in need of major repairs and of urban units lacking private bath and toilet	[5] 5,600	
10. For rehabilitation or replacement of substandard units in surrounding suburban areas and for rehabilitation or replacement of standard units deteriorating by 1960	[6] 2,000	
11. For replacement of temporary structures	350	
12. Total rehabilitation and replacement, to 1960		8,470
13. Total nonfarm requirements to 1960		14,741
Add:		
14. Rehabilitation or new construction of farm housing		2,000–3,000
15. TOTAL, U. S. housing requirements		16,741–17,741
Annual averages:		
Nonfarm		1,340
Farm		182–273
Total		1,522–1,613

[1] Estimate presented in Final Majority Report of the Joint Committee on Housing, 80th Cong., March 1948, pp. 8–11.

[2] United States Bureau of the Census estimate of nonfarm families presented before the Joint Committee on Housing, 80th Cong., Jan. 12, 1948.

[3] Computed from United States Bureau of the Census figures from Current Population Reports Series p. 70 No. 1, *Housing Characteristics of the United States, Apr. 1947* table 1, by deducting from the total nonfarm inventory of 34,248,000, a figure of 1,128,000 units representing uninhabitable units and seasonal dwellings and a figure of 391,000 units representing vacant units held off the market. See Majority Report of Joint Committee on Housing, 80th Cong., p. 9, table 1.

[4] Represents net additional number needed between 1948 and 1960 exclusive of the 870,000 units (items 8 and 11) needed to replace disaster losses and temporary structures. Excludes existing units covered in items 9 and 10 which will have to be replaced before 1960.

[5] Based upon United States Bureau of the Census figures on the quality of the housing inventory as presented in Current Population Reports Series, P-70, No. 1. *Housing Characteristics of the United States, Apr. 1947*, table 4. The Joint Committee figures represent "all ordinary occupied dwelling units" whereas the Housing and Home Finance Agency figures represent "all ordinary dwelling units."

[6] Presupposes an average life for houses of about 75 years for standard units deteriorating by 1960; includes also an estimate of roughly 500,000 units in rural nonfarm portions of metropolitan districts which while in good condition lacked private bath and toilet in April 1947.

TABLE 2.—*State of repair and plumbing equipment: Nonfarm and farm dwelling units, 1940 and 1947*

[Units in thousands]

Area, and state of repair and plumbing equipment	All ordinary dwelling units, 1947		All dwelling units, 1940	
	Number	Percent	Number	Percent
United States, total	41,625	100	37,325	100
In good condition or in need of minor repairs	37,505	90	30,534	82
With private bath and private flush toilet	26,510	64	19,093	51
Without private bath and private flush toilet	10,995	26	11,441	31
In need of major repairs	4,120	10	6,791	18
With private bath and private flush toilet	819	2	1,480	4
Without private bath and private flush toilet	3,301	8	5,311	14
Nonfarm	34,133	100	29,683	100
In good condition or in need of minor repairs	31,430	92	25,485	86
With private bath and private flush toilet	25,041	73	18,363	62
Without private bath and private flush toilet	6,389	19	7,122	24
In need of major repairs	2,703	8	4,198	14
With private bath and private flush toilet	781	2	1,400	5
Without private bath and private flush toilet	1,922	6	2,798	9
Farm	7,492	100	7,642	100
In good condition or in need of minor repairs	6,075	81	5,049	66
With private bath and private flush toilet	1,469	20	730	10
Without private bath and private flush toilet	4,606	61	4,319	56
In need of major repairs	1,417	19	2,593	34
With private bath and private flush toilet	38	1	80	1
Without private bath and private flush toilet	1,379	18	2,513	33

Source: Bureau of the Census.

TABLE 3.—*Housing starts by type of financing and by location: 1920–48*

Year and month	Number of new permanent nonfarm housing accommodations started						
	Total	Privately financed			Publicly financed		
		Total	Urban	Rural	Total	Urban	Rural
	Annual data						
1920	247,000	247,000	196,000	51,000	0	0	0
1921	449,000	449,000	359,000	90,000	0	0	0
1922	716,000	716,000	574,000	142,000	0	0	0
1923	871,000	871,000	698,000	173,000	0	0	0
1924	893,000	893,000	716,000	177,000	0	0	0
1925	937,000	937,000	752,000	185,000	0	0	0
1926	849,000	849,000	681,000	168,000	0	0	0
1927	810,000	810,000	643,000	167,000	0	0	0
1928	753,000	753,000	594,000	159,000	0	0	0
1929	509,000	509,000	400,000	109,000	0	0	0
1930	330,000	330,000	236,000	94,000	0	0	0
1931	254,000	254,000	174,000	80,000	0	0	0
1932	134,000	134,000	64,000	70,000	0	0	0
1933	93,000	93,000	45,000	48,000	0	0	0
1934	126,000	126,000	49,000	77,000	0	0	0
1935	221,000	215,705	112,591	103,114	5,295	4,409	88[illegible]
1936	319,000	304,225	197,648	106,577	14,775	13,352	1,42[illegible]
1937	336,000	332,406	214,406	118,000	3,594	3,594	0
1938	406,000	399,294	255,294	144,000	6,706	6,706	0
1939	515,000	458,458	303,547	154,911	56,542	55,453	1,0[illegible]
1940	602,600	529,571	333,154	196,417	73,029	63,446	9,5[illegible]
1941	706,100	619,511	369,499	250,012	86,589	64,801	21,7[illegible]
1942	356,000	301,191	184,914	116,277	54,809	42,486	12,3[illegible]
1943	191,000	183,703	119,714	63,989	7,297	4,686	2,61[illegible]
1944	141,800	138,692	93,216	45,476	3,108	2,984	12[illegible]
1945	209,300	208,059	132,659	75,400	1,241	1,241	0
1946	670,500	662,473	395,673	266,800	8,027	8,027	0
1947	849,000	845,560	476,360	369,200	3,440	3,440	0
1948 (preliminary)	928,900	910,900	508,800	402,100	18,000	14,800	3,20[illegible]
	Monthly data (1948—preliminary)						
1947—January	39,300	38,200	23,100	15,100	1,100	1,100	0
February	42,800	42,800	25,000	17,800	0	0	0
March	56,000	56,000	31,800	24,200	0	0	0
April	67,100	67,100	37,600	29,500	0	0	0
May	72,900	72,900	39,300	33,600	0	0	0
June	77,200	77,000	42,000	35,000	200	200	0
July	81,100	81,100	44,500	36,600	0	0	0
August	86,300	86,100	47,200	38,900	200	200	0
September	93,800	93,500	50,000	43,500	300	300	0
October	94,000	93,500	52,700	40,800	500	500	0
November	79,700	78,900	47,200	31,700	800	800	0
December	58,800	58,500	36,000	22,500	300	300	0
1948—January	52,600	51,800	29,600	22,200	800	800	0
February	49,600	48,400	27,800	20,600	1,200	1,000	200
March	75,100	74,800	41,700	33,100	300	300	0
April	98,800	97,500	54,100	43,400	1,300	300	1,000
May	99,400	97,900	55,700	42,200	1,500	1,000	500
June	97,500	96,400	54,000	42,000	1,100	400	700
July	93,500	92,200	50,300	41,900	1,300	1,300	0
August	86,300	84,900	46,500	38,400	1,400	900	500
September	82,200	80,400	42,500	37,900	1,800	1,800	0
October	72,900	71,400	39,300	32,100	1,500	1,500	0
November	65,000	62,700	36,600	26,100	2,300	2,200	100
December	56,000	52,500	30,700	21,800	3,500	3,300	200

Source: U. S. Department of Labor; also, see "Housing Statistics Handbook."

TABLE 4.—*Housing starts by type of structure: 1920–48*

Year and month	Total accommodations started	Number of new permanent units in— 1-family structures	2-family structures [1]	Multi-family structures [1]	Percentage of total units in— 1-family structures	2-family structures	Multi-family structures
	Annual data						
1920	247,000	202,000	24,000	21,000	81.8	9.7	8.5
1921	449,000	316,000	70,000	63,000	70.4	15.6	14.0
1922	716,000	437,000	146,000	133,000	61.0	20.4	18.6
1923	871,000	513,000	175,000	183,000	58.9	20.1	21.0
1924	893,000	534,000	173,000	186,000	59.8	19.4	20.8
1925	937,000	572,000	157,000	208,000	61.0	16.8	22.2
1926	849,000	491,000	117,000	241,000	57.8	13.8	28.4
1927	810,000	454,000	99,000	257,000	56.0	12.2	31.7
1928	753,000	436,000	78,000	239,000	57.9	10.4	31.7
1929	509,000	316,000	51,000	142,000	62.1	10.0	27.9
1930	330,000	227,000	29,000	74,000	68.8	8.8	22.4
1931	254,000	187,000	22,000	45,000	73.6	8.7	17.7
1932	134,000	118,000	7,000	9,000	88.1	5.2	6.7
1933	93,000	76,000	5,000	12,000	81.7	5.4	12.9
1934	126,000	109,000	5,000	12,000	86.5	4.0	9.5
1935	221,000	183,000	8,000	30,000	82.8	3.6	13.6
1936	319,000	244,000	14,000	61,000	76.5	4.4	19.1
1937	336,000	267,000	16,000	53,000	79.5	4.8	15.7
1938	406,000	317,000	18,000	71,000	78.1	4.4	17.5
1939	515,000	399,000	29,000	87,000	77.5	5.6	16.9
1940	602,600	485,700	37,300	79,600	80.5	6.2	13.2
1941	706,100	603,500	34,300	68,300	85.5	4.9	9.7
1942	356,000	292,800	20,100	43,100	82.2	5.6	12.1
1943	191,000	143,600	17,800	29,600	75.2	9.3	15.5
1944	141,800	117,700	10,600	13,500	83.0	7.5	9.5
1945	209,300	184,600	8,800	15,900	88.2	4.2	7.6
1946	670,500	590,000	24,300	56,200	88.0	3.6	8.4
1947	849,000	740,200	33,900	74,900	87.2	4.0	8.8
1948 (preliminary)	928,000	764,500	46,400	118,000	82.3	5.0	12.7
	Monthly data (1948—preliminary)						
1947—January	39,300	35,000	1,500	2,800	89.1	3.8	7.1
February	42,800	39,100	1,600	2,100	91.4	3.7	4.9
March	56,000	49,900	2,200	3,900	89.1	3.9	7.0
April	67,100	60,500	2,800	3,800	90.2	4.2	5.7
May	72,900	65,800	3,100	4,000	90.3	4.3	5.5
June	77,200	67,300	3,400	6,500	87.2	4.4	8.4
July	81,100	70,500	3,200	7,400	86.9	3.9	9.1
August	86,300	74,100	3,300	8,900	85.9	3.8	10.3
September	93,800	80,700	3,300	9,800	86.0	3.5	10.4
October	94,000	80,100	3,300	10,600	85.2	3.5	11.3
November	79,700	67,300	3,400	9,000	84.4	4.3	11.3
December	58,800	49,900	2,800	6,100	84.9	4.8	10.4
1948—January	52,600	41,300	2,600	8,700	78.5	4.9	16.5
February	49,600	38,300	2,400	8,900	77.2	4.8	17.9
March	75,100	60,900	4,200	10,000	81.1	5.6	13.3
April	98,800	79,300	7,100	12,400	80.3	7.2	12.6
May	99,400	83,500	5,100	10,800	84.0	5.1	10.9
June	97,500	81,900	4,100	11,500	84.0	4.2	11.8
July	93,500	79,300	4,000	10,200	84.8	4.3	10.9
August	86,300	72,800	3,000	10,500	84.4	3.5	12.2
September	82,200	69,900	3,700	8,600	85.0	4.5	10.5
October	72,900	61,900	3,200	7,800	84.9	4.4	10.7
November	65,000	53,600	2,500	8,900	82.5	3.8	13.7
December	56,000	43,500	3,000	9,500	77.7	5.3	17.0

[1] All units in multifamily and 2-family structures are classified as rental type.

Source: U. S. Department of Labor; also, see Housing Statistics Handbook.

TABLE 5.—*Estimated dollar volume and average unit construction cost of privately financed nonfarm dwelling starts: 1939–48*

Year and month	Construction cost (millions) [1]	Average cost per dwelling unit		Year and month	Construction cost (millions) [1]	Average cost per dwelling unit	
		All	1-family			All	1-family
ANNUAL DATA							
1939	$1,763.9	$3,850	n. a.	1944	$483.2	$3,475	$3,450
1940	2,072.2	3,900	$4,050	1945	959.3	4,625	4,650
1941	2,530.8	4,075	4,250	1946	3,713.8	5,600	5,525
1942	1,133.8	3,775	3,900	1947	5,617.4	6,650	6,750
1943	660.5	3,600	3,675	1948	[2] 6,978.6	[2] 7,525	7,875
MONTHLY DATA (1948—preliminary)							
1947—January	$215.9	$5,650	$5,700	1948—January	$365.9	$7,075	$7,45[illegible]
February	244.4	5,700	5,825	February	354.2	7,325	7,5[illegible]
March	340.3	6,075	6,150	March	548.6	7,325	7,62[illegible]
April	418.5	6,225	6,275	April	718.0	7,375	7,77[illegible]
May	452.2	6,200	6,250	May	739.6	7,550	7,92[illegible]
June	489.8	6,350	6,450	June	752.9	7,800	8,00[illegible]
July	539.3	6,650	6,725	July	726.3	7,875	8,00[illegible]
August	587.7	6,825	6,950	August	701.3	8,100	8,17[illegible]
September	643.4	6,875	7,025	September	627.0	7,800	7,97[illegible]
October	675.2	7,225	7,275	October	550.3	7,750	7,82[illegible]
November	578.3	7,325	7,525	November	486.3	7,750	7,9[illegible]
December	432.4	7,400	7,650	December	408.2	7,700	7,9[illegible]

[1] Private construction costs are based on permit valuation, adjusted for understatement of costs shown on permit application. They are based also on reports from individual construction contractors over the country who provided cost figures for a large and representative sample of projects at or near completion. These figures exclude sales profit, selling costs, the cost of land and site improvements, and all such nonconstruction expenses as architectural and engineering fees. They cover only the cost of labor, materials, and subcontracted work and that part of the builder's overhead and profit chargeable directly to the construction project. Thus, construction cost should not be confused with selling price.
[2] Preliminary.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE 6.—*Construction cost indexes: 1920–48*

[Base 1939=100]

Year and month	U. S. Department of Commerce composite index	American Appraisal Co.	Associated General Contractors	E. H. Boeckh and Associates			Engineering News-Record	
				Residences	Apartments, hotels, and office building	Commercial and factory building	Building [1]	Construction
				Annual data				
1920	133.9	141.1	132.0	121.1	113.6	112.0	104.7	107.6
1921	108.9	107.7	107.0	97.3	91.3	91.5	83.9	83.4
1922	97.7	99.7	99.0	89.5	85.7	84.8	78.3	74.8
1923	107.1	111.7	107.0	100.3	94.7	94.7	94.0	91.7
1924	106.2	110.7	108.0	98.8	93.0	94.3	93.6	91.1
1925	104.8	108.2	106.0	98.1	93.7	93.7	92.4	87.5
1926	105.2	108.2	105.0	98.8	94.5	94.4	93.6	88.4
1927	104.4	108.2	107.0	97.5	93.2	93.3	93.0	87.2
1928	104.5	108.2	106.0	97.8	93.6	93.4	95.2	87.9
1929	106.7	108.2	108.0	102.0	95.8	96.0	96.5	87.8
1930	102.4	99.7	107.0	99.5	94.3	94.6	93.3	85.5
1931	93.8	88.7	104.0	91.7	87.0	87.6	84.4	75.8
1932	81.1	77.3	91.0	77.6	74.2	75.4	70.8	66.4
1933	87.1	74.8	87.0	77.7	76.2	77.3	75.5	73.3
1934	94.4	80.3	95.0	84.6	84.1	84.4	84.5	84.3
1935	90.8	80.8	94.0	82.1	82.4	82.8	83.8	83.4
1936	92.8	84.7	95.0	85.9	85.7	86.2	87.7	88.2
1937	100.9	98.7	100.0	95.6	95.3	96.1	99.7	100.2
1938	99.7	99.2	100.6	98.2	98.9	99.1	99.4	99.8
1939	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1940	102.7	101.9	100.6	103.7	101.8	101.9	102.7	103.0
1941	112.3	108.5	105.3	111.8	106.6	106.9	107.2	110.0
1942	129.1	120.2	111.6	118.1	112.5	112.4	112.8	117.7
1943	135.7	125.4	115.2	123.6	116.8	116.8	115.8	123.4
1944	133.3	129.9	119.1	134.7	125.0	125.0	118.8	127.0
1945	137.4	135.1	123.0	143.7	132.7	132.2	121.1	131.0
1946	159.6	160.6	136.8	159.2	146.3	145.4	134.5	149.0
1947	190.3	214.3	157.8	193.0	172.3	171.0	159.8	177.1
1948	211.6	244.0	176.6	214.8	192.7	191.4	175.0	196.6
				Monthly data				
1947—January	174.9	189.9	147.6	174.8	158.6	157.5	152.4	167.0
February	180.6	194.4	149.2	184.9	163.3	162.5	153.3	167.7
March	182.1	201.4	150.2	186.5	165.1	164.1	154.3	169.4
April	183.8	206.4	152.4	187.8	166.5	165.4	154.0	169.6
May	186.0	208.9	154.5	190.1	169.2	167.9	155.4	172.4
June	188.0	212.9	156.6	192.6	171.9	170.5	156.1	175.5
July	190.8	217.8	157.2	194.6	175.0	173.4	160.6	179.3
August	192.4	222.3	159.8	195.0	175.8	174.5	163.0	180.8
September	195.5	225.3	163.7	199.7	178.6	177.0	165.4	184.3
October	196.6	227.3	166.2	200.4	179.3	177.7	166.4	185.3
November	198.5	231.3	167.3	203.3	180.9	179.3	168.3	187.1
December	200.8	233.3	169.4	206.2	182.8	181.7	168.6	187.3
1948—January	202.3	235.3	170.5	207.0	183.8	182.6	169.6	187.7
February	202.9	236.8	171.0	207.6	184.5	183.4	168.9	188.1
March	204.5	238.3	171.0	210.8	186.8	185.5	169.1	188.1
April	206.2	239.8	171.0	212.2	188.7	187.3	168.7	188.7
May	209.0	241.8	171.0	214.5	191.3	189.8	171.5	193.3
June	211.2	242.3	176.9	215.5	192.5	190.9	173.0	197.1
July	215.2	245.8	179.5	216.6	193.8	192.0	179.6	202.3
August	216.3	246.8	181.1	218.3	196.6	195.7	180.3	202.9
September	217.2	250.2	181.7	220.2	198.7	197.8	180.5	203.6
October	216.4	251.2	181.7	220.3	199.5	198.5	179.8	202.8
November	215.5	250.2	181.7	218.9	198.9	197.8	179.7	202.6
December	213.9	249.8	181.7	215.1	197.3	196.0	179.4	202.5

[1] Not included in the composite index.

Source: U. S. Department of Commerce; also, see "Housing Statistics Handbook", p. 33.

TABLE 7.—*Indexes of wholesale prices of building materials: 1920–48*

[1926=100]

Year and month	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other building materials
				Annual data				
1920	150.1	118.4	117.2	165.2	148.1	(1)	144.4	135.0
1921	97.4	105.7	110.8	88.9	83.9	(1)	104.4	111.1
1922	97.3	99.4	103.5	99.1	93.8	(1)	88.5	95.3
1923	108.7	103.6	107.9	111.8	101.3	(1)	123.7	105.5
1924	102.3	103.4	105.7	99.3	99.7	(1)	114.2	104.0
1925	101.7	100.1	102.6	100.6	109.3	(1)	100.0	100.0
1926	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1927	94.7	95.7	95.4	93.1	96.3	92.0	94.7	95.[illegible]
1928	94.1	95.6	92.5	90.5	93.1	95.1	95.2	96.[illegible]
1929	95.4	94.3	89.0	93.8	94.9	95.0	98.1	97.[illegible]
1930	89.9	89.8	89.8	85.8	90.5	88.6	87.3	93.[illegible]
1931	79.2	83.6	74.8	69.5	79.4	84.7	83.1	84.[illegible]
1932	71.4	77.3	74.3	58.5	71.1	66.8	80.9	79.[illegible]
1933	77.0	79.2	88.1	70.7	73.3	67.1	83.1	87.[illegible]
1934	86.2	90.2	93.1	84.5	79.5	72.6	90.8	90.[illegible]
1935	85.3	89.4	92.7	81.8	79.8	68.9	92.0	90.1
1936	86.7	88.7	92.2	87.0	80.1	75.0	95.0	90.[illegible]
1937	95.2	93.5	89.0	99.7	83.4	78.8	113.2	99.1
1938	90.3	91.0	90.3	87.4	81.3	78.5	111.0	92.[illegible]
1939	90.5	91.4	91.3	93.2	82.8	79.2	107.3	90.[illegible]
1940	94.8	90.5	90.8	102.9	85.7	80.4	107.3	93.[illegible]
1941	103.2	93.7	92.0	122.5	91.4	84.8	107.3	98.[illegible]
1942	110.2	98.0	94.0	133.0	100.3	95.4	107.3	103.[illegible]
1943	111.4	99.1	93.8	141.4	102.3	90.7	107.3	102.[illegible]
1944	115.5	101.7	95.8	153.3	105.2	92.2	107.3	103.[illegible]
1945	117.8	112.4	99.4	155.1	106.9	93.4	107.3	104.[illegible]
1946	132.6	122.9	104.1	178.4	118.5	103.8	118.4	118.[illegible]
1947	179.7	140.0	115.7	277.6	162.6	125.4	134.5	147.[illegible]
1948	199.0	156.3	130.5	312.2	159.8	147.8	163.7	167.[illegible]
				Monthly data				
1947—January	170.2	132.5	108.4	254.5	166.2	116.3	127.7	139.[illegible]
February	174.8	132.6	109.9	266.6	168.9	116.3	127.7	142.[illegible]
March	177.5	132.7	112.3	272.3	171.1	117.0	127.7	144.1
April	178.1	134.5	114.0	273.6	170.4	117.3	127.7	144.4
May	176.2	134.5	114.0	270.3	164.3	119.1	127.7	144.8
June	174.1	134.7	114.3	265.5	158.8	119.1	127.7	145.1
July	175.5	143.3	114.9	268.8	155.4	123.4	130.8	146.1
August	179.6	144.3	116.9	276.9	154.2	129.4	143.0	150.1
September	183.4	145.4	119.1	286.5	157.1	136.0	143.0	150.7
October	185.8	146.4	120.1	290.2	160.7	136.1	143.0	152.5
November	187.7	148.1	120.6	296.0	161.8	136.1	143.0	152.6
December	191.0	148.8	121.6	303.2	164.0	136.1	143.0	155.5
1948—January	193.3	150.9	126.5	307.3	163.2	138.8	143.0	157.9
February	192.7	151.1	127.2	303.8	159.6	138.7	149.4	159.8
March	103.1	151.6	127.4	303.8	156.7	138.7	155.8	161.8
April	195.0	152.5	127.5	309.2	158.6	138.7	155.8	162.2
May	196.4	152.8	128.2	312.9	158.4	143.2	153.3	163.1
June	196.8	153.3	128.8	313.2	158.7	145.3	153.3	163.5
July	199.9	157.9	132.2	318.1	157.9	145.3	159.6	167.1
August	203.6	158.6	133.2	319.5	158.1	153.9	178.8	173.4
September	204.0	158.9	133.3	317.1	160.2	157.0	178.8	174.8
October	203.5	160.1	133.7	314.5	160.4	157.3	178.8	174.8
November	203.0	160.4	133.7	310.7	161.6	157.3	178.8	175.6
December	202.1	160.5	133.5	305.5	161.5	157.3	178.8	176.9

[1] Included in other building materials prior to 1926.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 8.—*Indexes of production for selected construction materials: 1920–48*

[1939 monthly average=100]

Year and month	U. S. Department Commerce composite [1]	Lumber	Hardwood flooring	Brick	Cement	Wire nails [2]	Fabricated structural steel [2]	Concrete reinforcing bars [2]	Cast iron radiation	Rigid steel conduit and fittings [2]	Mechanical stokers	Galvanized range boilers [2]	Cast iron soil pipe and fittings	Softwood plywood	Gypsum board [2]	Gypsum lath [2]	Asphalt prepared roofing [2]	Asphalt siding felts [2]	Warm air furnaces	Structural clay tile	Clay sewer pipe
	Annual data																				
1920	95.9	121.7	32.5	119.3	81.8	122.0	117.0	50.6	n. a.	n. a.	n. a.	n. a.	67.2	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1921	82.2	100.9	37.8	112.6	80.8	88.2	77.3	20.1	n. a.	n. a.	n. a.	n. a.	61.8	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1922	104.7	122.6	70.1	154.8	93.9	111.7	151.5	50.9	n. a.	n. a.	n. a.	n. a.	96.0	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1923	123.8	142.6	90.2	194.9	112.4	131.1	151.0	60.2	n. a.	n. a.	n. a.	n. a.	116.4	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1924	125.4	137.4	112.2	194.4	122.2	112.0	184.5	58.0	n. a.	n. a.	n. a.	n. a.	128.0	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1925	134.0	142.6	138.9	212.4	132.2	114.7	208.2	72.5	n. a.	n. a.	n. a.	n. a.	137.1	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1926	133.3	138.2	147.2	210.7	134.6	110.3	223.5	72.1	n. a.	n. a.	n. a.	n. a.	126.1	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1927	128.9	129.5	135.8	200.5	141.7	106.8	198.2	72.2	n. a.	n. a.	n. a.	n. a.	129.6	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
1928	129.5	127.8	142.4	186.7	144.2	105.6	216.8	84.2	266.3	n. a.	n. a.	n. a.	134.7	27.6	147.4	35.7	107.0	n. a.	n. a.	n. a.	176.1
1929	129.2	134.7	111.8	161.7	139.6	97.2	229.6	85.2	211.1	n. a.	n. a.	n. a.	96.0	35.8	162.3	36.2	116.7	n. a.	n. a.	n. a.	155.7
1930	102.4	102.1	94.4	108.2	131.8	70.9	207.4	75.2	129.8	n. a.	n. a.	n. a.	67.2	30.5	109.5	30.0	81.6	n. a.	n. a.	n. a.	118.1
1931	73.4	69.5	61.2	68.1	102.6	56.3	125.8	56.9	111.1	n. a.	n. a.	n. a.	49.5	23.5	89.3	20.0	66.1	n. a.	n. a.	n. a.	76.5
1932	46.2	42.8	34.2	29.6	62.8	40.0	65.4	34.1	66.5	n. a.	n. a.	n. a.	31.7	20.0	51.3	11.3	66.7	n. a.	n. a.	n. a.	40.8
1933	50.9	57.1	34.9	27.3	51.9	66.2	57.5	32.7	65.8	n. a.	n. a.	n. a.	33.9	39.0	50.6	10.3	72.4	n. a.	n. a.	n. a.	41.9
1934	55.2	59.8	32.0	29.7	63.6	45.9	71.8	43.1	72.2	n. a.	n. a.	n. a.	29.8	38.4	51.6	11.2	70.3	n. a.	n. a.	n. a.	61.4
1935	65.9	75.9	52.3	48.3	62.8	65.8	76.1	49.3	101.2	n. a.	n. a.	n. a.	48.4	48.0	63.3	22.2	76.3	n. a.	n. a.	n. a.	62.3
1936	91.0	96.1	88.4	80.7	92.3	88.4	107.5	91.0	133.2	n. a.	n. a.	n. a.	83.1	70.0	83.9	42.1	94.4	n. a.	n. a.	n. a.	92.1
1937	93.8	100.9	93.6	88.7	95.0	80.6	115.3	74.7	104.6	103.6	97.4	85.5	84.9	72.5	93.9	65.0	87.7	99.7	89.3	126.7	90.4
1938	82.2	81.4	88.8	74.8	86.2	71.5	80.5	69.3	88.6	70.7	92.9	88.6	66.1	65.0	90.5	71.2	101.4	106.8	79.7	107.7	80.9
1939	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1940	106.4	108.4	117.4	86.3	106.5	96.2	105.2	112.6	128.0	109.8	148.3	102.7	106.7	120.0	141.4	127.5	95.5	94.1	121.0	96.9	84.3
1941	129.2	127.1	127.6	104.5	134.2	113.2	156.3	144.9	139.6	223.2	186.6	102.4	110.5	160.0	227.0	162.2	124.1	113.9	129.4	105.1	104.8
1942	126.9	126.4	84.9	71.7	149.5	122.5	141.7	144.5	99.1	183.3	82.5	61.5	76.1	184.0	357.4	84.3	158.8	121.5	64.0	97.8	128.3
1943	101.3	119.2	46.1	40.5	109.1	114.4	57.8	37.5	51.5	71.5	26.5	103.3	40.3	149.5	407.3	55.5	150.4	101.6	45.1	79.1	86.2
1944	92.1	114.5	45.1	39.7	74.4	91.1	41.5	49.7	28.9	72.7	38.6	93.5	44.4	148.5	362.5	55.1	143.2	103.3	70.0	67.0	68.7
1945	89.8	97.8	45.6	48.4	84.1	86.5	55.4	65.9	29.5	96.5	125.2	93.6	54.3	122.2	365.9	52.7	144.0	107.7	83.1	69.8	64.9
1946	125.1	121.9	58.3	103.0	134.0	89.6	107.7	93.9	63.8	149.7	184.7	113.2	108.3	144.1	486.1	101.1	178.3	105.1	160.8	119.2	100.5
1947	139.6	127.4	111.0	106.3	152.6	118.6	133.0	114.3	95.2	195.0	65.0	78.0	155.2	169.8	510.9	146.7	204.5	125.0	199.7	120.4	126.0
1948	145.0	125.4	146.6	123.6	168.0	127.5	138.5	121.8	101.4	212.8	80.9	60.7	171.9	196.1	659.4	220.1	175.6	150.4	180.3	118.2	139.0

[1] Covers 6 materials in addition to the 20 listed.
[2] Shipments.
n. a. Not available.

TABLE 8.—*Indexes of production for selected construction materials: 1920–48*—Continued

Year and month	U. S. Department Commerce composite	Lumber	Hardwood flooring	Brick	Cement	Wire nails	Fabricated structural steel	Concrete reinforcing bars	Cast iron radiation	Rigid steel conduit and fittings	Mechanical stokers	Galvanized range boilers	Cast iron soil pipe and fittings	Softwood plywood	Gypsum board	Gypsum lath	Asphalt prepared roofing	Asphalt siding felts	Warm air furnaces	Structural clay tile	Clay sewer pipe
	Monthly data unadjusted for seasonal variation																				
1947—January	124.6	105.6	85.6	95.6	131.6	138.0	117.2	98.7	92.0	165.8	50.8	104.3	168.7	168.1	578.1	125.6	204.8	109.7	225.7	126.0	126.0
February	124.0	114.8	81.1	84.9	123.9	120.2	113.4	100.9	83.1	170.0	27.4	79.6	159.0	155.5	508.0	127.7	186.3	108.0	214.6	109.5	117.1
March	132.7	123.7	91.1	86.3	139.4	133.4	114.8	108.2	96.9	182.1	42.7	93.6	167.1	167.7	484.7	127.7	204.2	119.8	194.7	109.5	121.5
April	138.2	129.1	100.9	95.8	143.0	132.3	131.2	121.1	96.1	191.3	48.2	90.1	175.5	176.6	516.8	124.5	214.3	123.3	177.0	120.8	113.7
May	141.2	139.1	103.8	104.6	131.4	123.9	129.1	107.5	99.3	200.7	62.6	85.1	165.8	171.0	487.6	147.8	209.8	119.0	175.3	118.7	130.4
June	139.7	131.0	101.0	105.2	156.8	113.1	126.6	116.9	89.1	201.4	69.4	74.8	159.0	168.4	496.4	147.8	204.1	121.3	153.1	114.3	129.3
July	142.8	137.1	118.6	111.3	160.4	99.1	141.6	113.0	85.7	188.7	84.1	67.2	131.3	129.2	513.9	152.0	196.8	117.3	159.8	133.5	122.6
August	147.6	136.9	123.2	118.4	171.6	108.5	131.6	124.6	81.2	179.0	107.2	75.9	140.3	167.3	496.4	147.8	199.4	124.6	206.8	128.3	123.7
September	149.1	135.9	132.8	116.0	170.0	111.3	136.9	117.3	94.6	214.2	116.7	67.1	142.9	176.5	467.2	153.0	206.9	137.7	225.0	125.0	130.4
October	159.0	138.8	148.8	129.8	179.6	121.8	163.4	126.5	116.9	214.5	97.2	75.1	166.8	204.2	502.2	166.8	233.4	150.9	266.8	130.2	134.9
November	139.6	121.7	120.6	117.0	165.0	114.2	145.8	116.3	103.9	202.4	44.1	59.0	136.5	173.6	531.4	166.8	195.0	132.1	195.8	119.3	130.4
December	136.5	115.3	124.1	110.7	158.3	107.4	144.1	120.9	103.6	229.5	29.6	64.2	149.0	180.6	557.7	172.0	199.3	136.5	201.7	109.4	134.9
1948—January	132.2	115.3	130.8	93.7	142.7	122.8	122.0	109.7	107.1	189.3	31.9	66.3	156.5	191.3	659.9	185.8	195.0	142.7	173.9	95.1	132.3
February	122.5	105.8	124.5	80.6	130.9	122.5	118.0	110.7	102.4	206.0	51.2	74.3	153.2	188.0	656.9	176.3	180.0	134.7	124.6	94.4	123.5
March	140.2	129.8	138.6	99.6	142.3	140.4	139.2	130.8	117.4	210.2	60.4	85.4	171.9	222.9	683.2	197.4	181.2	170.6	127.6	111.9	146.5
April	141.7	124.2	144.1	113.0	157.4	131.3	138.9	116.3	94.5	223.4	54.0	68.7	160.6	197.8	648.2	217.4	173.8	178.2	164.5	123.0	136.7
May	144.4	125.3	139.2	126.4	174.1	122.9	155.8	129.2	103.1	203.2	74.9	56.2	155.5	181.6	645.3	228.0	163.0	166.9	149.6	122.4	134.2
June	149.6	131.6	150.4	137.4	174.3	131.2	130.9	120.5	104.5	205.8	92.6	54.4	175.2	180.2	633.6	222.7	183.5	173.5	163.5	127.7	142.4
July	150.5	137.8	150.3	138.2	183.8	109.4	134.0	126.2	82.0	209.1	100.0	41.6	134.5	146.9	610.2	237.5	166.4	144.3	147.2	127.4	131.7
August	160.3	143.4	160.1	145.1	186.1	129.0	146.9	114.0	105.7	174.4	125.5	70.5	169.7	208.9	627.7	254.4	184.9	146.0	220.9	128.7	144.3
September	157.8	134.9	159.4	142.5	182.6	128.0	145.8	121.8	109.1	203.5	163.2	53.7	183.9	217.9	616.1	236.4	199.1	152.0	241.6	124.1	143.4
October	160.7	132.7	155.9	151.9	189.9	137.3	136.7	135.1	121.7	222.9	126.7	58.6	196.8	222.8	724.1	235.4	200.9	153.1	275.0	125.8	151.2
November	144.8	116.7	154.4	132.2	180.9	125.9	141.5	112.9	103.4	250.6	56.5	52.6	197.1	209.1	689.1	225.9	165.5	140.5	214.7	121.7	143.1
December	133.2	107.0	142.3	122.7	171.0	129.8	152.0	128.9	66.2	254.8	33.8	45.6	209.7	186.3	718.2	224.8	113.6	102.8	162.7	116.3	138.9

Source: U. S. Department of Commerce.

TABLE 9.—*Average earnings and hours in private building construction: 1934–48*

Year and month	Average: Hours per week	Average: Weekly earnings	Average: Hourly earnings	Index (1935-39=100): Weekly earnings	Index (1935-39=100): Hourly earnings
	Annual data				
1934	28.9	$22.97	$0.795	81.3	90.7
1935	30.1	24.51	.815	86.8	93.0
1936	32.8	27.01	.824	95.6	94.0
1937	33.4	30.14	.903	106.7	103.0
1938	32.1	29.19	.908	103.3	103.6
1939	32.6	30.39	.932	107.6	106.4
1940	33.1	31.70	.958	112.2	109.3
1941	34.8	35.14	1.010	124.4	115.3
1942	36.4	41.80	1.148	148.0	131.0
1943	38.4	48.13	1.252	170.4	142.9
1944	39.6	52.19	1.319	184.8	150.5
1945	39.0	53.73	1.379	190.2	157.4
1946	38.1	56.24	1.478	199.1	168.7
1947	37.6	63.30	1.681	224.1	191.8
1948	37.3	69.79	1.869	247.1	213.3
	Monthly data				
1947—January	37.6	59.97	1.594	212.3	181.9
February	36.9	58.92	1.598	208.6	182.4
March	38.0	61.23	1.610	216.8	183.7
April	37.1	60.57	1.631	214.4	186.2
May	37.6	62.26	1.655	220.4	188.9
June	37.8	62.71	1.661	222.0	189.5
July	38.0	63.60	1.676	225.1	191.3
August	38.2	64.71	1.694	229.1	193.3
September	37.9	65.36	1.723	231.4	196.6
October	38.1	66.36	1.743	234.9	198.9
November	36.6	64.55	1.765	228.5	201.4
December	37.9	67.31	1.774	238.3	202.4
1948—January	37.2	66.28	1.781	234.6	203.2
February	36.7	66.31	1.806	234.7	206.1
March	37.1	66.89	1.805	236.8	206.0
April	37.0	67.31	1.818	238.3	207.5
May	37.1	68.13	1.835	241.2	209.4
June	37.9	70.49	1.858	249.5	212.0
July	37.8	71.38	1.890	252.7	215.7
August	37.8	71.89	1.901	254.5	216.9
September	37.5	72.06	1.919	255.1	219.0
October	37.4	71.69	1.919	253.8	219.0
November	36.7	70.73	1.929	250.4	220.1
December	37.8	73.44	1.945	260.0	222.0

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 10.—*Residential rent index: 1920–48*

(The rent component of the BLS consumers' price index for moderate income families in large cities)

Year	Rent index	Year	Rent index	1947	Rent index	1948	Rent index
Annual data				Monthly data			
1920	120.7	1935	94.2	January	108.8	January	115.9
1921	138.6	1936	96.4	February	108.9	February	116.0
1922	142.7	1937	100.9	March	109.0	March	116.3
1923	146.4	1938	104.1	April	109.2	April	116.3
1924	151.6	1939	104.3	May	109.2	May	116.7
1925	152.2	1940	104.6	June	[2] 109.2	June	117.0
1926	150.7	1941	106.2	July	110.0	July	117.3
1927	148.3	1942	[1] 108.5	August	111.2	August	117.7
1928	144.8	1943	108.0	September	113.6	September	118.5
1929	141.4	1944	108.2	October	114.9	October	118.7
1930	137.5	1945	108.3	November	115.2	November	118.8
1931	130.3	1946	108.6	December	115.4	December	119.5
1932	116.9	1947	111.2				
1933	100.7	1948	117.4				
1934	94.4						

[1] Rent controls were imposed in June 1942. [2] Modification of rent controls was abopted in June 1947.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 11.—*Comparison on private residential construction expenditures with gross national product and gross private domestic investment, 1929–48*

[Millions of dollars]

Year	Gross national product	Gross private domestic investment	Private residential construction expenditures
1929	103, 828	15, 824	2, 797
1930	90, 857	10, 209	1, 446
1931	75, 930	5, 362	1, 228
1932	58, 340	886	462
1933	55, 760	1, 306	278
1934	64, 868	2, 807	361
1935	72, 193	6, 146	665
1936	82, 483	8, 318	1, 131
1937	90, 213	11, 440	1, 372
1938	84, 683	6, 311	1, 511
1939	90, 426	9, 004	2, 114
1940	100, 477	12, 983	2, 355
1941	125, 294	17, 211	2, 765
1942	159, 628	9, 330	1, 315
1943	192, 573	4, 591	650
1944	212, 231	6, 395	535
1945	213, 429	9, 244	684
1946	209, 266	26, 458	3, 184
1947	231, 636	30, 031	5, 260
1948	254, 900	39, 700	6, 980

Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

TABLE 12.—*Nonfarm real estate foreclosures: 1926–48*

Year	Number of foreclosures	Year and month	Number of foreclosures
Annual data		Monthly data	
1926	68, 100	1947—January	849
1927	91, 100	February	828
1928	116, 000	March	985
1929	134, 900	April	851
1930	150, 100	May	908
1931	193, 800	June	963
1932	248, 700	July	895
1933	252, 400	August	861
1934	230, 350	September	887
1935	228, 713	October	849
1936	185, 439	November	785
1937	151, 366	December	898
1938	118, 357	1948—January	820
1939	100, 410	February	805
1940	75, 556	March	942
1941	58, 559	April	892
1942	41, 997	May	902
1943	25, 281	June	1,019
1944	17, 153	July	995
1945	12, 706	August	884
1946	10, 453	September	1,024
1947	10, 559	October	1,029
1948	11, 534	November	1,079
		December	1,143

Source: Home Loan Bank Board.

TABLE 13.—*Nonfarm mortgage recordings of $20,000 or less and VA and FHA home loans: 1939–48*

[Thousands of dollars]

Year and month	Estimated mortgage recordings	VA home loans closed	FHA 1- to 4-family homes: mortgage insurance written [1]	Other mortgage recordings
	Annual data			
1939	$3,506,563		$669,416	$2,837,147
1940	4,031,368		736,490	3,294,878
1941	4,731,960		890,138	3,841,822
1942	3,942,613		958,461	2,984,152
1943	3,861,401		762,170	3,099,231
1944	4,610,629		707,437	3,903,192
1945	5,623,190	$192,240	474,344	4,956,606
1946	10,409,831	2,302,307	422,009	7,685,515
1947	11,400,029	3,286,164	894,716	7,219,149
1948	11,605,014	1,880,966	2,110,391	7,613,657
	Monthly data			
1947—January	847,043	287,832	37,818	521,393
February	770,095	269,887	36,634	463,574
March	858,675	236,943	40,616	581,116
April	941,020	296,628	51,269	593,123
May	965,733	250,447	60,012	655,274
June	947,357	293,733	69,838	583,786
July	994,787	279,196	78,118	637,473
August	988,446	265,761	81,834	640,851
September	1,022,648	293,174	95,652	633,822
October	1,103,030	279,707	119,927	703,396
November	954,569	277,897	98,464	578,208
December	1,006,626	254,959	124,533	627,134
1948—January	909,447	255,274	138,614	515,559
February	826,874	234,185	130,322	462,367
March	955,441	201,416	159,987	594,038
April	993,678	167,285	151,665	674,728
May	999,456	161,075	151,704	686,677
June	1,049,591	150,606	187,105	711,880
July	1,018,397	130,679	164,410	723,308
August	1,024,323	136,371	180,175	707,777
September	991,408	118,583	201,069	671,756
October	977,830	110,214	217,153	650,463
November	919,631	113,707	212,911	593,013
December	938,938	101,571	215,275	622,092

[1] Includes mortgage insurance under secs. 203, 603—War, 603—VEH, 603–610 (1- to 7-family homes) and 609.

Sources: Home Loan Bank Board, Veterans' Administration, and Federal Housing Administration.

Table 14.—*FNMA commitments, purchases, and balance outstanding on mortgages insured by FHA or guaranteed by VA*

[Thousands of dollars]

Year and month	Total	Home mortgages insured by Federal Housing Administration				Home mortgages guaranteed by Veterans' Administration [1]		
		Total	Sec. 203	Sec. 603	Sec. 608	Total	Sec. 501	Sec. 505 (a)
Commitments:								
1948—June	0	0	0	0	0	0	0	0
July	4.885	4,885	114	4,772	0	0	0	0
August	11,360	11,302	577	10,726	0	57	46	11
September	16,250	14,978	1,700	12,631	648	1,271	974	298
October	27,645	21,016	5,558	11,100	4,359	6,628	5,591	1,038
November	46,296	31,697	9,476	14,807	7,414	14,599	12,256	2,343
December	40,150	22,075	7,271	11,956	2,848	18,075	16,614	1,461
Purchases:								
1948—June	0	0	0	0	0	0	0	0
July	12,889	12,889	334	12,555	0	0	0	0
August	16,372	16.372	198	16.174	0	0	0	0
September	20,443	20,174	320	19,853	0	269	225	44
October	26,415	25,131	882	24,249	0	1,284	1,067	217
November	34,877	31,228	1,477	28,635	1,116	3,648	3,168	481
December	39,574	33,648	2,656	30,551	441	5,926	5,142	784
Balance outstanding:								
1948—June	51,090	51,090	5,400	45,691	0	0	0	0
July	63,796	63,796	5,656	58,140	0	0	0	0
August	79,844	79,844	5,755	74,089	0	0	0	0
September	99,990	99,721	6,010	93,711	0	269	225	44
October	126,011	124,459	6,819	117,640	0	1,552	1,291	261
November	160,387	155,192	8,216	145,861	1,116	5,195	4,454	740
December	199,288	188,184	10,772	175,856	1,557	11,104	9,583	1,521

[1] Excludes sec. 502 farm loans.

Source: Reconstruction Finance Corporation: Federal National Mortgage Association.

Table 15.—*Comparison of HHFA administrative expenses, fiscal years 1948 and 1949*

	Actual fiscal year 1948	Revised estimate, fiscal year 1949 [1]	Increase (+) or decrease (−), 1949 over 1948
Office of the Administrator	$873,449	$1,080,000	$+206,551
Home Loan Bank Board:			
Office of the Board and Federal Home Loan Bank system	443,914	459,514	+15,600
Examining Division [2]	(948,935)	(1,410.000)	(+461.065)
Federal Savings & Loan Insurance Corporation	526,119	600.000	+73,881
Home Owners' Loan Corporation	2.733,543	2,300,000	−433,543
Federal Housing Administration	19,974,144	23,800,000	+3,825,856
Public Housing Administration	11.199.877	10.117,000	−1,082,877
Special veterans' re-use appropriation	596,598		−596,598
	36.347,644	38,356,514	+2.008,870
Less duplication from contributions to Office of the Administrator	31,275		+31,275
Total	36.316,369	38,356.514	+2,040.145

[1] Includes proposed supplementals for, or comparable to, pay increases under Public Law 900. Also includes, for FHA, supplemental request of $3,370,000 authorized by Public Law 904 for additional work under Housing Act of 1948.

[2] Defined as nonadministrative by Public Law 895 (approved July 3, 1948) and hence not included in totals.

TABLE 16.—*Housing and Home Finance Agency, summary comparative statement of income and expenses, fiscal years ending June 30, 1948 and 1949*

	Actual 1948	Estimate 1949
INCOME		
Activities in support of private home finance premiums, fees, and assessments	$67,437,859	$78,578,592
Other income	8,396,539	9,465,291
	75,834,398	88,043,883
Activities in support of low-rent public housing	12,813,886	11,947,300
War and emergency housing management:[1]		
Rents	93,931,778	74,536,200
Other income	471,645	469,200
	94,403,423	75,005,400
Liquidation and disposition operations	83,400,529	85,385,647
Total income	266,452,236	260,382,230
EXPENSE		
Activities in support of private home finance	3,131,361	4,266,741
Activities in support of low-rent public housing	13,662,223	15,179,400
War and emergency housing management [1]	77,843,141	51,284,529
Liquidation and disposition operations	5,435,295	3,147,600
Administrative expenses	35,742,962	38,112,514
Total expenses	135,814,982	111,990,784
Net income before reserve adjustments and cost or value of property disposed of	130,637,254	148,391,446
Net adjustments to reserves	−33,635,144	−40,461,489
Adjusted net income for year (before cost or value of property disposed of)[2]	97,002,110	107,929,957

[1] Includes subsistence Homesteads and Greenbelt Towns.

[2] Does not reflect cost or book value of property disposed of, consisting chiefly or war housing and veterans' reuse emergency housing projects transferred to educational institutions or other local bodies, dedicated for public use, sold, demolished, destroyed by fire, or otherwise disposed of.

TABLE 17.—*Housing and Home Finance Agency, summary comparative statement of sources and application of funds, fiscal years ending June 30, 1948 and 1949*

	Actual 1948	Estimate 1949
FUNDS APPLIED		
To acquisition of assets:		
Investments in securities	$111, 540, 504	$62, 360, 945
Land, property, and equipment	80, 779, 651	21, 016, 185
Other	10, 756, 066	25, 083, 280
	203, 076, 221	108, 460, 410
To expenses:		
Administrative	35, 742, 962	38, 112, 514
Other	65, 088, 900	59, 863, 927
	100, 831, 862	97, 976, 441
To retirement of capital and borrowings	311, 936, 559	154, 659, 859
To deposits to general fund of treasury	128, 658, 642	132, 925, 222
To net increase in working capital		
Total funds applied	744, 503, 284	494, 021, 932
FUNDS PROVIDED		
By realization of assets:		
Repayment of principal of loans, etc.	181, 654, 689	122, 691, 070
Disposal of assets	176, 760, 490	67, 179, 078
Other	6, 610, 515	6, 257, 740
	365, 025, 694	196, 127, 888
By income:		
Premiums, fees, and assessments	67, 437, 859	78, 578, 592
Rents	99, 027, 692	78, 634, 600
Interest	38, 583, 262	34, 674, 691
Other	26, 330, 074	191, 200
	231, 378, 887	192, 079, 083
By appropriations	39, 608, 006	5, 939, 000
By borrowings, debentures issued, etc.	25, 124, 250	12, 472, 000
By net decrease in working capital	83, 366, 447	87, 403, 961
Total funds provided	744, 503, 284	494, 021, 932

TABLE 18.—*Consolidated report of Lanham Act and related housing funds, Dec. 31, 1948*

Funds	Available funds	Allotments	Obligations	Expenditures	Unallotted balance
Housing and Home Finance Agency funds, Public Law 849—Lanham:					
Title I—Other than District of Columbia	$1, 451, 003, 969	$1, 446, 042, 402	$1, 443, 582, 177	$1, 443, 277, 436	$4, 961, 567
Title IV—District of Columbia	11, 542, 531	11, 542, 517	11, 256, 957	11, 256, 957	14
Title V—Veterans housing	454, 556, 533	447, 212, 366	440, 458, 889	435, 786, 873	7, 344, 167
Public Law 256—Veterans reuse	30, 850, 000	25, 588, 221	23, 030, 133	21, 427, 199	5, 261, 779
Public Law 375—Temporary housing	7, 357, 902	7, 357, 902	7, 218, 089	7, 217, 950	
Public Law 9—Temporary shelter	309, 002, 686	309, 002, 686	308, 898, 651	308, 897, 111	
Public Law 781—Army-Navy appropriation	54, 638, 438	54, 615, 018	54, 610, 367	54, 610, 367	23, 420
Public Law 28—Aid to public conversion	67, 096	67, 096	67, 096	67, 096	
Public Law 671—USHA loan funds	7, 907, 718	7, 907, 718	7, 907, 718	7, 196, 200	
Defense Homes Corporation	76, 353, 159	76, 353, 159	76, 353, 159	76, 353, 159	
Total	2, 403, 280, 032	2, 385, 689, 085	2, 373, 383, 236	2, 366, 090, 348	17, 590, 94

Appendix B

ORDERS, MESSAGES, AND FEDERAL, STATE, AND LOCAL LEGISLATION AFFECTING HOUSING IN 1948

A. Executive Orders and Messages

Voluntary allocations of building materials

In Executive Order 9919, issued January 3, 1948, the President delegated to the Secretary of Commerce his authority under Public Law 395, Eightieth Congress, to consult with representatives of industry with a view to making voluntary priority and allocation agreements with respect to scarce commodities. Pursuant to this authority agreements were entered into with various building materials producers, including the steel and pig iron industries, who agreed on certain allocations of their products to the housing program, allotting certain amounts to heating equipment and all-steel factory made houses.

Messages to Congress from the President of the United States

Every message of the President to Congress during 1948 on the needs of the country stressed the need for housing. Housing was linked with inflation control as one of the two most urgent needs of the American people when the President called the Congress back in special session in July.

In his State of the Union message on January 7, 1948, and his budget message on January 12, 1948, the President named the lack of housing legislation as one of the gaps in the country's framework of social-security laws aimed at protecting and developing its human resources, and emphasized the need for making into law his frequently recommended long-range housing program.

In the President's economic report to the Congress on January 14, 1948, the importance of housing in the national economy was stressed, and it was pointed out that unless housing costs dropped the value of private residential construction would decline thus placing new difficulties in the way of maintaining maximum employment. On February 23, 1948, the President transmitted a message to Congress urging the extension of rent control and emergency financial aids for housing construction, such as the extension of the title VI FHA mortgage insurance program and the secondary market for home-mortgage loans, as well as immediate enactment of the long-range housing legislation.

At the opening of the special session called by the President, the President told the Congress (on July 27, 1948), that the people demanded legislation first, to check inflation and the rising cost of living and, second, to help in meeting the acute housing shortage. Lower priced housing and more low-rental housing were urgently needed the President stated, and the enactment of the Taft-Ellender-Wagner bill was requested to provide aid to cities in clearing slums and building low-rent housing projects, aids to farm housing, research to bring down building costs and other far reaching stimulants to meeting the housing needs.

In his midyear economic report transmitted to the Congress in July 1948, the President again warned that the increase in housing costs was outrunning consumer ability to pay for the housing needed and urged that the Congress take action to control the inflation in housing costs.

B. The Congress and Federal Legislation

Joint Committee on Housing

The Joint Committee on Housing which had been established in 1947 to investigate all phases of housing, after hearing almost 1,300 witnesses at public hearings in 33 cities, filed its final report on March 15, 1948. The committee's number one recommendation was that the Congress should promptly enact comprehensive housing legislation designed to reach and maintain housing production at a rate of 1,250,000 to 1,500,000 dwellings per year and to establish a firm national housing policy.

The committee recommended that such legislation should include authority for a program of technical housing research aimed at the reduction of housing costs, amendments of existing mortgage insurance programs of FHA, broadening of aids to housing manufacturers, yield insurance on rental housing, provision of a secondary market for FHA-insured and VA-guaranteed loans, Federal aid to local communities for slum clearance and redevelopment, provision over a period of the next 5 years of a maximum of 500,000 units of low-rent public housing for families of low income, Federal aid to farm housing, and special housing to veteran paraplegics.

Secondary market for home loans—Veterans' cooperative loans

Public Law 864, approved July 1, 1948, carried out a portion of the Joint Committee's recommendations. A secondary market was provided in the Federal National Mortgage Association, a subsidiary of the Reconstruction Finance Corporation, for mortgages insured by the Federal Housing Administration after April 30, 1948 under sections 203 or 603 of the National Housing Act (titles II and VI sales housing), or guaranteed by the Veterans' Administrator under sections 501, 502, or 505 (a) of the Servicemen's Readjustment Act (first mortgage home or farm loans, or second mortgage home and farm loans). To provide additional funds to FNMA, the limit on the total amount of investments, loans, purchases and commitments made under the provisions of the RFC Act was increased from $1,500,000,000 (as set by Public Law 548, approved May 25, 1948) to $2,000,000,000.

Public Law 864 amended section 207 of the National Housing Act to provide that the FHA may insure mortgages up to 95 percent of value on veterans' nonprofit cooperative housing projects.

Housing Act of 1948

Public Law 901, the "Housing Act of 1948," approved August 10, 1948, was enacted by the special session of Congress called by the President to enact antiflation and housing laws. The law carried out further the recommendations of the Joint Committee on Housing but omitted enactment of a national housing policy, Federal aid to slum clearance and urban redevelopment, provisions for low-rent public housing, Federal aid to farm housing, and part of the desired program of housing research.

The existing mortgage insurance programs of FHA were amended by the Housing Act of 1948.

Amendments to Title VI Mortgage Insurance Program

The insurance authorization under title VI was increased by $800,000,000. FHA's section 608 rental housing insurance program was reinstated (the authorization having previously expired on April 30, 1948 [1]) through March 31, 1949, with the per room mortgage amount limitation changed to an $8,100 per family unit limitation, and a requirement added that the mortgagor will certify that he will not discriminate against tenants with children and that he will not sell the project unless the purchaser likewise so certifies. The section 603 sales housing insurance program was not reinstated by Public Law 901.

FHA's program of insuring loans for the manufacture of housing was liberalized through the addition of FHA insurance of interim credit to dealers of such housing.

A new FHA insurance program was authorized to provide production credit to builders using mass production methods on project sites. FHA insurance is authorized for loans on large-scale developments, consisting of not less than 25 new single-family dwellings. Loans may not exceed 80 percent of the estimated value of the completed property or project, or $6,000 or 80 percent of the valuation, whichever is the lesser, with respect to each single-family dwelling.

FHA insurance of mortgages on war housing sold by the Government was extended to mortgages executed in connection with the sale of Government-owned "Greenbelt" towns, and village properties of the Tennessee Valley Authority, as well as the first resale of the properties, or any portion of them, if within 2 years of acquisition from the Government.[2]

Amendments to Title II Mortgage Insurance Program

The act amended the FHA insurance program for 1–4 family, new or existing homes by lengthening the permitted maturities from 20 to 25 years in some cases and by increasing the insured mortgage amount limitations.

A new FHA insurance program for families of lower income, limited to single family dwellings approved for insurance prior to construction, was authorized whereby FHA may insure 90 percent (95 percent, if not inflationary) mortgage loans to owner-occupants, and 85 percent loans to builders, the insured mortgage not to exceed $6,000 or such lesser amount as determined by FHA. The mortgages may have a maximum maturity of 30 years and bear interest at a rate not in excess of 4 percent, which may be increased to not more than 5 percent if the mortgage market demands it.

The act amended the section 207 definitions of rental housing project "value" and "costs" so as to include certain previously excluded costs from the amount of the project cost that may be covered by the mortgage loan and substituted a maximum limitation of $8,100 per family unit for the previous limitation of $1,350 per room.

The FHA mortgage insurance program for projects of public or publicly restricted corporations was amended to make the FHA mortgage more adaptable for financing large rental housing projects in connection with the redevelopment of slums and blighted urban areas.

A new mortgage insurance program was authorized for families of lower income and cooperatives. FHA is authorized to insure up to 40 year mortgage

[1] Public Law 468, approved March 31, 1948, had extended from March 31, 1948 to April 30, 1948, the complete title VI FHA mortgage insurance program with a $400,000,000 increase in authorization.

[2] The Government Corporations Appropriation Act, 1948 (Public Law 860) also authorized the use of not to exceed $40,000 of the operating receipts of the Greenbelt, Greendale, and Greenhills resettlement projects for necessary expenses in connection with and to facilitate the disposition of the projects.

loans on 90 percent of the value of a project (95 percent of the replacement cost on the basis of December 1947 costs on veterans' cooperative projects).

Amendments to Title I Mortgage Insurance Program

The mortgage insurance authorization for the title I small home and modernization and improvement program was increased by $35,000,000. The maximum mortgage amount on new homes was increased from $3,000 to $4,500. The maximum mortgage amount for alterations and improvements of multifamily dwellings was increased from $2,500 to $10,000 and the maximum maturity was increased from 3 years, 32 days, to 7 years, 32 days.

FHA Yield Insurance Program Established

A new title VII was added to the National Housing Act providing for a special program of yield insurance, designed to supplement the existing programs of mortgage insurance and to encourage direct investment by institutional and other large-scale investors in rental housing for families of moderate income where no mortgage financing is involved.

RFC Loans for Production of Prefabricated or Large-Scale Site Constructed Housing

The RFC was authorized to make loans aggregating not more than $50,000,000 at any one time for the production of prefabricated houses or housing components or for large-scale site construction.

GI Home Loan Interest Rates

The Servicemen's Readjustment Act of 1944 was amended to authorize the Administrator of Veterans' Affairs, with the approval of the Secretary of the Treasury, to increase from 4 percent to 4½ percent the interest rate on GI home loans if the mortgage market demands it.

Housing Research

The Housing and Home Finance Agency was authorized to undertake research and promote acceptance of improved and standardized building codes and standardized dimensions and methods for the assembly of building materials and equipment.

Amendments to the Public Low-Rent Housing Program

The low-rent housing program was amended to permit eviction[3] of over-income tenants in public low-rent housing and to exclude Government disability or death payments in connection with military service from the computation of net income for tenant eligibility purposes.

National Housing Council

The Secretary of Commerce or his designee was added to the membership of the National Housing Council.

---

[3] Public Law 301, approved July 31, 1947, prohibited eviction of over-income tenants prior to March 1, 1948, if the proceeding would result in undue hardship. Public Law 422, approved February 27, 1948, changed the March 1, 1948, date to April 1, 1948, and Public Law 464, approved March 30, 1948, changed the April 1, 1948, date to April 1, 1949.

Housing for veteran paraplegics

Public Law 702, approved June 19, 1948, carried out another recommendation of the Joint Committee on Housing. The Veterans' Administrator was authorized (1) to provide plans for special-type homes for veteran paraplegics and (2) to pay half the cost of the home (with a dollar amount limitation of $10,000).

Conversion of Federal savings and loan associations to State-chartered institutions

Public Law 895, approved July 3, 1948, amends the Home Owners' Loan Act of 1933, as amended, to permit the conversion of a Federal savings and loan association into a comparable State association.

Transfer of FSLIC stock to Treasury

Public Law 860, approved June 30, 1948, the Government Corporations Appropriation Act, 1949, provides for the transfer of the capital stock owned by the HOLC in the Federal Savings and Loan Insurance Corporation to the Secretary of the Treasury and for the Secretary of the Treasury to cancel bonds of the HOLC in an amount equal to the par value of the stock of the FSLIC so transferred, plus accrued dividends on the stock.

Transfer of housing to educational institutions

Public Law 796, approved June 28, 1948, amends title V of the Lanham Act (Veterans' reuse program) to provide that if an educational institution so requests within 120 days from the date of the enactment of the law, temporary reuse housing located on land owned or controlled by the educational institution shall be transferred to the institution without monetary consideration.

Disposition of war housing

Section 313 of the Lanham Act with respect to the deadline for removal of temporary Lanham Act housing is amended by Public Law 796 to require the removal not later than January 1, 1950, with the exception only of such housing as the Administrator of the Housing and Home Finance Agency, after consultation with local communities, finds is still needed. Prior to this amendment the deadline was July 25, 1949.

The provisions of section 4 of the Lanham Act with respect to disposal and sale of war housing were extended by Public Law 796 to include housing provided under Public Law 781, Seventy-sixth Congress, or Public Laws 9, 73, or 353, Seventy-seventh Congress (the Temporary Shelter Acts).

Sales price on permanent war housing sold to veterans

Public Law 689, approved June 19, 1948, amended the Lanham Act to permit the sale of permanent Government war housing to veterans for their own occupancy at a purchase price not in excess of the cost of construction, or the long-term market value, whichever is less. Previous to this amendment, long-term market value was the sole determinant in sales to veterans.

Veterans' reuse housing funds returned to the Treasury

Public Law 860, approved June 30, 1948, the Government Corporations Appropriation Act, 1949, provided that $7,650,000 previously appropriated for title V Lanham Act veterans' reuse housing and which remained unobligated should be returned to the Treasury.

Annual contributions to low-rent housing—payments in lieu of taxes

The Government Corporations Appropriation Act, 1949, appropriated $4,840,000 for the payment of annual contributions to public housing agencies to maintain the low-rent character of housing provided under the United States Housing Act of 1937. The act also continued the 1948 fiscal year limitation that none of the appropriation shall be used for payments in lieu of taxes in excess of the amount specified in the original contract between the public housing agency and the Public Housing Administration.

Transfer of Slowe and Carver Halls to Howard University

Public Law 796, approved June 28, 1948, authorized the Defense Homes Corporation to convey to Howard University without reimbursement Lucy Diggs Slowe Hall and George Washington Carver Hall, subject to the condition that the properties shall revert to the United States if the President, prior to July 1, 1963, finds that the property is needed by the United States in connection with a national defense emergency.

Transfer and liquidation of Defense Homes Corporation

Public Law 860, approved June 30, 1948, provided that within 30 days of its enactment all of the capital stock of the Defense Homes Corporation was to be transferred to the Reconstruction Finance Corporation, together with all the assets, liabilities, and records of the DHC. (All of the DHC housing projects had been previously disposed of.)

Emergency housing—Vanport flood area

Public Law 624, approved June 11, 1948, provided that rentals and receipts from the operation of Lanham Act war housing and funds from the reserve account not exceeding in the aggregate $10,000,000, might be used to provide stopgap emergency housing in the Portland, Oreg.-Vancouver, Wash. area for persons and families displaced as the result of the destruction of the temporary housing at Vanport, Oreg., and other persons and families in the area rendered homeless as a result of the flood.

RFC disaster relief loans—Vanport and other disasters

Public Law 825, approved June 29, 1948, amended the Reconstruction Finance Corporation Act to increase the amount authorized to be available for disaster loans by the RFC from $25,000,000 to $40,000,000. This increase was motivated by the acute housing situation in the Portland-Vancouver flood area.

Office of the Housing Expediter—compliance investigations

Public Law 862 carried an appropriation of $15,172,100 to the Office of the Housing Expediter to enable the Expediter to investigate veterans' preference and related violations of the Veterans' Emergency Housing Act of 1946.

District of Columbia Life Insurance Company Investments

Public Law 672, approved June 19, 1948, authorized life insurance companies to invest in housing authority bonds and obligations secured by FHA or mortgages guaranteed or insured by the Veterans' Administrator.

Rent control

The Housing and Rent Control Act of 1948 (Public Law 464, approved March 30, 1948) amended the Housing and Rent Act of 1947 and continued rent control until March 31, 1949, to be administered by the Housing Expediter. Public Law 422, approved February 27, 1948, had extended the Housing and Rent Act of 1947 for 30 days pending the enactment of Public Law 464.

Public Law 466, approved March 30, 1948, continued the District of Columbia rent-control law for 1 month, and Public Law 507, approved April 29, 1948, extended rent control in the District of Columbia until the close of March 31, 1949, and amended the rent-control law.

C. State and Local Housing Legislation

At least 12 of the 20 State legislatures which met in 1948 enacted housing legislation. Most of the legislation amended existing housing laws or extended temporary emergency aids for veterans' housing. *Massachusetts*, however, enacted a new $200,000,000 State-aided veterans' low-rent housing program and *Louisiana* became the 25th State to enact urban redevelopment legislation. Several cities approved bond issues to finance urban redevelopment or housing projects.

Stimulants and aids to housing production

Chapter 200, acts of 1948, of *Massachusetts* authorized the Commonwealth, acting through the State board of housing, to guarantee the notes and bonds of local housing authorities to the extent of $200,000,000 and to make annual subsidies to local housing authorities in the amount of $5,000,000 a year for 25 years for low-rent housing for veterans. It is estimated that around 17,000 dwellings will be built under the program. As of December 31, 1948, 47 percent of the program had been allocated.

California, Connecticut, Massachusetts, Mississippi, New Jersey, and New York amended or continued in effect laws previously enacted designed to stimulate or aid the production of housing primarily for veterans.

In *California*, as of December 31, 1948, appropriations had been made totaling more than $15,000,000 for reimbursing local agencies for not more than 90 percent of the non-Federal costs of establishing temporary housing for veterans and their families. A total of 14,257 housing units had been provided.

When the legislature of the State of *California* failed in 1947 to enact legislation for a State-aided low-rent housing program an unusual procedure to obtain such a law was started during the early part of 1948. A petition was circulated among the citizens of the State for the legislation to be submitted directly to the voters for approval or rejection in the November 1948 election. "Proposition No. 14," as it was referred to, would have established a $100,000,000 housing loan fund for loans to local housing authorities and nonprofit housing associations and a $25,000,000 housing assistance fund for subventions to local housing authorities and also to guarantee bonds issued by local authorities. However, the proposition was rejected by the voters.

Connecticut amended its State moderate rental housing law and increased the aggregate amount of State-guaranteed local authority bonds which may be issued for financing such housing from $15,000,000 to $45,000,000.

The "Chapter 372" (acts of 1946) veterans' housing program of *Massachusetts* was further liberalized in 1948 to provide that (in addition to the Commonwealth reimbursing the city up to one-half of the loss suffered when housing projects are disposed of), beginning with the completion of a project, the Commonwealth would contribute 2 percent each year for 5 years of the cost of any project.

The "Veterans' Farm and Home Purchase" program of the State of *Mississippi* was amended in order to give a veteran a deed to the property being purchased immediately in cases where GI loan guaranty is obtained. Formerly he could not obtain a deed until 25 percent of the purchase price had been paid. The Mississippi Legislature in 1946 appropriated $5,000,000 to assist veterans in obtaining small farms or homes in communities and rural areas where private lending agencies are not prepared to make 4-percent loans, as contemplated under the GI bill of rights. The State Veterans' Farm and Home Board buys the property from the owner and takes title to it, and then conveys title to the veteran and the State takes a trust deed for security of the unpaid balance.

New Jersey extended until July 1, 1949, its emergency municipal housing legislation and the State emergency housing act. Under its State emergency act, $41,000,000 of State funds were provided in 1946 for allotment to the municipalities for emergency housing for the cost of constructing dwellings, not including sites and site improvements and utilities. As of January 1, 1949, all available funds had been allotted and it was estimated 7,727 veterans' dwelling units will be provided. The emergency municipal law authorized municipalities to provide housing and to issue municipal obligations therefor.

In 1948 several measures were adopted in *New York* to encourage increased activity in the field of privately financed limited dividend housing, and several temporary laws were extended, such as the legislation empowering the State and municipalities to construct emergency housing for veterans. While no new housing program was adopted in New York in 1948 the annual report of the New York Commissioner of Housing states, "New York State has kept pace with the Nation in private home construction and has been head and shoulders above all the other States in the development of quasi-private and public low rent housing. The provision of emergency housing for veterans and their families in New York has not been equalled elsewhere."

The veterans' housing program in *Wisconsin* was given a set-back in March of 1948 when the Wisconsin Supreme Court held that the State grants for veterans' housing under the 1947 veterans' housing law were unconstitutional because the law violated a constitutional ban against spending State funds for "internal improvements." In July of 1948, a special 2-day session of the legislature approved a proposed constitutional amendment to permit use of State funds for veterans' housing. Before final adoption the amendment will have to be approved by the 1949 regular session and then by the Wisconsin voters by referendum, probably in April 1949.

City Housing Legislation

Several cities initiated housing programs in 1948. The following are examples of city programs. *Denver, Colo.*, appropriated $29,000 to be used as equity for an FHA-insured loan to build 16 dwellings for moderate-income veterans. The houses are to be made available on a "rent-option" basis—the veterans will rent the houses and then buy them with initial rent payments counting toward the purchase price.

Chicago selected sites for low-rent housing for over 1,000 families to be displaced by its slum clearance program. The housing will be financed by a $15,000,000 bond issue approved by the Chicago voters in November 1947 which will supplement $3,333,000 of State funds made available to the city.

Boston, Mass., appropriated $20,000,000 for the construction of around 1,700 permanent veterans' housing units under the 1946 State housing law which authorized cities and towns to build such housing for veterans ("Chapter 372 program" *supra*).

The New York City Housing Authority[1] selected sites for four city-aided projects totaling 3,700 apartments for veterans earning $2,500 to $4,000 per

[1] Annual report of the Commissioner of Housing to the Governor and the legislature for the year ending March 31, 1948.

year. Two additional projects totaling 2,000 dwelling units were being planned. City subsidies will make up the difference between the anticipated $12.50 per room per month rental and the economic rent. The authority also completed rehabilitation of 319 apartments used to rehouse tenants on the sites of low-rent housing projects, and took title to 11 buildings which will be rehabilitated with a view toward providing 235 apartments for the same purpose.

Late in 1948 the New York City Housing Authority put on the market and sold the first issues of city-guaranteed bonds to finance a $200,000,000 city-financed nonsubsidized moderate rental housing program.

The State legislature authorized the city of *Woonsocket, R. I.* to provide financial aid to the local housing authority in the form of a guaranty of notes or bonds and payment of annual contributions for housing projects to be undertaken for families of low income. Notes or bonds guaranteed may not exceed $3,000,000 and annual contributions will be equal to 1½ percent of project cost, but may not exceed $45,000 for any 1 year. Local aid is to be terminated when Federal or State aid is available.

Also, the city of *Providence, R. I.*, was authorized to issue an additional $350,000 in bonds (raising the total authorization to $2,850,000) to assist the Providence Housing Authority in the development of any housing project. The authority started a moderate-rental housing development financed by a city grant of $1,250,000 and a non-interest-bearing loan by the city to the authority of $1,600,000. In addition, the development will be exempt from local real estate taxes.

The *Madison, Wis. Housing Authority* began construction of 120-family permanent veterans' rental housing development financed from the Madison authority first mortgage revenue bonds, a city grant derived from a city bond issue, and other housing authority funds.

In *Milwaukee, Wis.* the housing authority started construction of two permanent city-aided projects to house 580 veterans and their families. The city will make a grant of $2,300,000 to be derived from bond issues and the remaining $4,600,000 will come from housing authority first mortgage revenue bonds.

Urban redevelopment

Louisiana was the only State in 1948 to enact for the first time urban redevelopment laws, although other States amended their existing laws, and several cities started or continued urban redevelopment programs under their State laws. The Louisiana law applies only to New Orleans.

California amended its Community Redevelopment Act to permit 50 percent (formerly 10 percent) of write-down of property to be absorbed by the locality.

Kentucky extended the provisions of the redevelopment corporations law to cities of second class. The law formerly applied only to cities of the first class.

In the general election of 1948 the *Maryland* citizens approved a perfecting amendment to the State constitution, clarifying the powers of the redevelopment commission.

The *Rhode Island* Supreme Court was asked to rule on the constitutionality of the State redevelopment law. The major issue is whether redevelopment is a public purpose. In addition, the Community Redevelopment Act of Rhode Island was amended (1) to permit any community to appropriate tax funds and to borrow money for noninterest bearing loans or gifts to the local redevelopment agency, and (2) to permit sale of property by a redevelopment agency at its use value.

In July 1948 the board of supervisors of San Francisco passed an ordinance declaring a mile square blighted area to be a "redevelopment area" and in September the mayor appointed a five-member redevelopment agency.

A decision of the *Illinois* Supreme Court on March 18, 1948, upholding the con-stitutionality of State grants to localities for urban redevelopment and housin cleared the way for Chicago to proceed with its $50,000,000 combined city-Stat program. City bond issues of $30,000,000—half for land assembly and half fo relocation housing—were approved in November 1947.

The citizens of Baltimore on November 2, 1948, voted approval of a $5,000,00 city bond issue for urban redevelopment.

The city planning engineer of Minneapolis, Minn., recommended to the Munic-pal Housing and Redevelopment Authority of Minneapolis that swampy or othe-wise undesirable sites be prepared for building so that houses will not have be torn down, and that blighted areas be rehabilitated through a remodeling pr-gram if the structures are sound enough to warrant investment.

A proposed $16,000,000 city bond issue for redevelopment purposes was r-jected by the *St. Louis, Mo.*, voters in the November 1948 election.

The *Philadelphia City Planning Commission* recommends that $300,000 per ye for 6 years of city funds be expended for housing and urban redevelopment a is proceeding with site planning for the redevelopment of certain blighted are

In a city referendum on November 2, 1948, *Providence, R. I.* citizens approve a $2,000,000 redevelopment bond issue to provide funds to establish a redevelo-ment revolving fund.

The city council of *Norfolk, Va.*, gave the *Norfolk Redevelopment and Housi Authority* $25,000 to make studies and plans for housing and redevelopme projects.

In April 1948, *Milwaukee, Wis.*, voters approved redevelopment bond issu totaling $2,500,000.

Housing market surveys and investigations

Maryland conducted a survey of veterans' housing needs and issued a report

Massachusetts revived and continued a special commission to study housing.

New Jersey created a temporary committee on housing to be appointed by t governor. Also, the New Jersey Public Housing and Redevelopment Authori sent questionnaires to cities and towns in the State to determine the results of $41,000,000 housing program.

New York continued its joint legislative committees on housing and multip dwellings, and rents.

San Diego, Calif.; Waterbury, Conn.; Witchita, Kan.; Baltimore, Md.; Buffal Ithaca, Ogdensburg, Elmira, Utica, and Rome, N. Y.; and Seattle, Wash. we among the cities who conducted housing market surveys. Vancouver, Was made a survey of physical and human resources in its area aimed at a plan get rid of its temporary war housing and at the same time, keep the inhabitan of the housing in Vancouver.

Building codes

Louisiana provided for the adoption of building and other codes by munic-palities without the necessity of publishing the text of the codes in full.

Massachusetts continued its Emergency Housing Commission which has a thority to waive code requirements.

New York State continued a joint committee previously created to stud State-wide building codes with instructions for a report to be made by Marc 31, 1949.

Land for Veterans' Housing

The legislature authorized the city of *Pittsfield, Mass.*, to use for veterans' purposes certain premises held by the city and also the use of certain lands in the Dorchester district of Boston for housing for veterans. Also, the Massachusetts State Planning Board was authorized to make an investigation relative to all land owned by the commonwealth suitable for veterans' housing.

Amendments of local housing authority laws—low-rent public housing

New York created four new local housing authorities in Massena, Auburn, Poughkeepsie, and Watertown.

Massachusetts, Mississippi, New Jersey, and *New York* amended their housing authority laws with respect to administrative provisions, payments in lieu of taxes, and tenant eligibility.

Discrimination prohibited in public housing

Massachusetts amended its housing authorities law to prohibit discrimination because of race, color, creed, or religion in the selection of tenants.

Investors in housing

Michigan and *Virginia* enacted legislation permitting insurance companies to invest in housing and *New York* to allow fiduciaries to make such investments.

New housing exempted from taxation

The Rhode Island legislature authorized the town of Warren to exempt from taxation for a period of 3 years all new housing constructed between April 1, 1947, and March 31, 1949.

Evictions

New York further limited rights of landlords, sellers, or purchasers to evict tenants and Rhode Island provided that, with certain exceptions, all eviction proceedings should be stayed until after May 31, 1948.

Rent control

New York continued its emergency housing rent control law, validated all *New York City* rent control laws and continued its joint legislative committee to study rents until June 30, 1948.

Virginia continued its Emergency Fair Rent Act until July 1, 1950.

Appendix C

PUBLICATIONS OF THE HHFA

A. Office of the Administrator

Annual Report.—First annual report of HHFA covering calendar year 1947. Available from Government Printing Office, Washington 25, D. C., $0.75.

Housing and Home Finance Agency.—A descriptive analysis of the basic permanent functions being administered by the three constituent agencies of the HHFA. December 1948. Available upon request to the HHFA.

The Housing Situation: the Factual Background.—A compilation of factual information about housing. It was prepared by the HHFA primarily for the National Conference on Family Life, Inc., which met at the White House May 5 through 8, 1948. Available on request to the HHFA.

Housing Statistics.—A monthly periodical issued by the HHFA to present under one cover the available current statistical information on housing. Available upon request to the HHFA.

Veterans Housing Plans and Living Arrangements in 1946 for 108 Survey Areas: by Geographic Region and Division, and by Population size of Central City.—January 1948. Available upon request to the HHFA.

The Housing of Negro Veterans—Their Housing Plans and Living Arrangements in 32 Areas.—An analysis of Negro veterans' housing plans and living arrangements in 32 urban areas based on sample surveys conducted during 1946 and 1947 by the Bureau of the Census and the Bureau of Labor Statistics. The analysis shows the rents and prices Negro veterans can pay and the extent of their housing demand and needs in the localities surveyed. January, 1948. Available upon request to the HHFA.

Housing of the Nonwhite Population—1940 to 1947.—This pamphlet presents the housing situation of the nonwhite population for nonfarm areas in terms of recent changes in population, income, tenure, rents, conditions, and facilities as revealed by an analysis of comparative data from the 1940 census and the April 1947 census survey. June 1948. Available from Government Printing Office, Washington 25, D. C. $0.15.

State Statutes Authorizing Insurance Companies, Building and Loan Associations, and Savings Banks to Invest Funds Directly in Ownership and Operation or Construction and Sale, of Housing Accommodations.—January 1948 with supplement dated September 1948. Available upon request to HHFA.

Rental Housing—Direct Investments by Insurance Companies and Savings Banks.—A bibliography of references. References are arranged chronologically under subject groups. Included also is a chart, geographically arranged, listing major projects in which various insurance companies and savings banks have made direct investment. Available upon request to the HHFA.

Manual on Wood Construction for Prefabricated Houses.—Prepared by the Forest Products Laboratory, Forest Service, U. S. Department of Agriculture, in collaboration with the Technical Staff, HHFA. Issued April 1948. For sale by the Government Printing Office, Washington 25, D. C. $1.50.

Technical Papers.—These are specialized studies, produced in mimeograph or multilith form. Distributed only upon request. Technical papers issued during 1948 were:

The Uniform Plumbing Code for Housing.—Preliminary edition of the Uniform Plumbing Code for Housing developed by the Uniform Plumbing Code Committee, sponsored by the HHFA. Available for review and comment. February 1948. Technical Paper No. 6.

Physical Properties and Fabrication Details of Experimental Honeycomb-Core Sandwich House Panels.—Based upon research sponsored by the HHFA and prepared in collaboration with the Forest Products Laboratory, Forest Service, U. S. Department of Agriculture. February 1948. Technical Paper No. 7.

Condensation in Walls and Roofs.—Fourth process report on condensation studies made under the test program of the HHFA in the Climatometer of the Pennsylvania State College Engineering Experiment Station at State College, Pa. April 1948. Technical Paper No. 8.

Some Properties of Paper-Overlaid Veneer and Plywood.—Based on technical research sponsored by the HHFA at the Forest Products Laboratory, Forest Service, U. S. Department of Agriculture. May 1948. Technical Paper No. 9.

Properties of Four Experimental Flush-Type Doors.—A report covering experimental work, including a test procedure of flush-type doors, based upon research sponsored by the HHFA and prepared in collaboration with the Forest Products Laboratory, Forest Service, U. S. Department of Agriculture. August 1948. Technical Paper No. 10.

Properties of Experimental Wood-Base House Flooring Materials.—A report covering tests made of the mechanical and physical properties of several types of flooring materials. Particular attention is paid to the development of testing methods applicable to the evaluation of new flooring materials. Based upon research sponsored by the HHFA, it was prepared in collaboration with the Forest Products Laboratory, Forest Service, U. S. Department of Agriculture. November 1948. Technical Paper No. 11.

Technical Bulletin.—A periodic publication, issued approximately every 2 months, containing articles on research and techniques of building, together with original studies on other aspects of the design and construction of dwellings. Available upon request to HHFA.

B. Home Loan Bank Board Publications

Fifteenth Annual Report of the Federal Home Loan Bank Administration.—This report covers the fiscal year of 1947. Available upon request to the Home Loan Bank Board.

Report of the Home Loan Bank Board for the Year Ending December 31, 1947.—Available upon request to the Home Loan Bank Board.

Outline of Functions of the Home Loan Bank Board.—Describes the four primary obligations of the HLBB in the field of savings and home financing. August 1948. Available upon request to the HLBB.

C. Federal Housing Administration Publications

Annual Report.—Fourteenth annual report of the Federal Housing Administration; year ending December 31, 1947. Available from Government Printing Office, Washington 25, D. C., 35 cents.

The FHA Plan of Home Ownership.—Describes the operations of the FHA in aiding families to achieve home ownership, revised November 1948. Available upon request to the FHA.

Insured Mortgage Portfolio.—Issued quarterly. Available at the Government Printing Office, Washington 25, D. C. Single copies 15 cents. Annual subscription 50 cents.

National Housing Act as Amended, and provisions of other laws pertaining to the FHA, including all amendments to August 10, 1948. Revised September 15, 1948. Available upon request to the FHA.

Principles of Planning Small Houses. This publication gives the principles of planning the small house for economy and satisfactory use. Revised June 1948. Available from Government Printing Office, Washington 25, D. C., 15 cents.

Rules and Regulations

These publications may be obtained upon request to the FHA, either at Washington 25, D. C., or at the FHA State and District Offices.

Property improvement loans under title I of the National Housing Act; regulations governing classes 1 and 2 loans (including all amendments through October 25, 1948). October 1948.

Mutual mortgage insurance; administrative rules and regulations under section 203 of the National Housing Act, including all amendments through October 15, 1948.

Multifamily rental housing insurance; administrative rules and regulations under section 207 of title II of the National Housing Act. Revised August 20, 1948.

Administrative rules and regulations under section 609 of the National Housing Act. Revised September 3, 1948.

Administrative rules and regulations under section 611 of the National Housing Act. Issued August 23, 1948.

Insurance for investments in rental housing for families of moderate income; administrative rules and regulations under title VII of the National Housing Act. Issued November 12, 1948.

D. Public Housing Administration Publications

Annual Report.—First Annual Report of the Public Housing Administration covering the calendar year 1947. Available upon request to the Public Housing Administration.

PART II

OF THE

Second Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

HOME LOAN BANK BOARD

March 7, 1949.

LETTER OF TRANSMITTAL

Hon. Raymond M. Foley,
Administrator, Housing and Home Finance Agency,
Washington, D. C.

Dear Mr. Foley: Submitted herewith is the calendar year report of the Home Loan Bank Board for the year ending December 31, 1948.

Very truly yours,

William K. Divers, *Chairman.*

ANNUAL REPORT OF THE HOME LOAN BANK BOARD FOR THE CALENDAR YEAR 1948

This is the first full calendar-year report of the Home Loan Bank Board under the Reorganization Plan No. 3 approved July 27, 1947. The Board, in presenting this calendar-year report for 1948, speaks for itself and of itself as one of three constituents of the Housing and Home Finance Agency. It speaks also for each of the four operating units for which it is responsible, namely, the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Federal Savings and Loan Associations, and the Home Owners' Loan Corporation.

Activities of the Board in 1948

Throughout 1948, the Board members spent much of their time in the field familiarizing themselves with the problems, policies, and operating procedures of members of the Bank System and their 11 district banks. Frequent opportunities were accepted for meeting with State and regional groups in conventions and conferences. In addition, executives of savings and home financing institutions were encouraged to take up their problems with the Board as fully and freely as they desired. No barriers or restraints to frank, direct discussion were imposed. For the first time the Chairman of the Board of Directors of each of the Federal Home Loan Banks was invited to meet together and with the Board for a study and review of bank operations and allied subjects of mutual interest.

These meetings with officers and directors of district banks, with managers of local institutions, and with boards and committees of national and State trade associations enabled the Board to become more intimately acquainted with current work and plans of the savings and home financing organizations and related institutions than had formerly been possible.

Revision of rules and regulations

One of the products of its observations and study of bank operations and the points of view of managers of member institutions of the Bank System has been a recasting of the rules and regulations governing lending by Federal savings and loan associations and by savings associations insured by the Federal Savings and Loan Insurance Corporation. While only relatively minor changes were made in the substance, except to accomplish conformity with pertinent changes in Federal law, the related provisions were brought together in more clear and explicit language as a valuable and welcome working aid to association management, and to the Board's examining and supervisory staff as well. It is believed that the rules and regulations now present clear, simplified statements of the rights, powers, and duties of Federal associations and of such State-chartered institutions as are insured by the Federal Savings and Loan Insurance Corporation.

Changes in staff organization and functions

As a part of its internal activity, the Board made a critical examination of its staff organization with special reference to administrative needs and services. In this the Board was assisted by a committee of Presidents of the Federal Home Loan Banks. Toward the end of the year the Board abolished the offices of Governor, Deputy Governor, and Assistant Governor of the Federal Home Loan Bank System. Prior to this change and as a means of preparing for it A. R. Gardner, President of the Federal Home Loan Bank of Chicago served for several months as Acting Governor. The Board deeply appreciates his assistance and the cooperation of the Board of Directors of the Federal Home Loan Bank of Chicago in making his services available.

The department heads who formerly reported to the Governor now report directly to the Board. Of these there are four—the Comptroller (now Director of Operations of the Federal Home Loan Banks), the Chief Examiner, the Chief Supervisor, and the Director of Federal Savings and Loan Operations. In addition to these four, the Board has created the office of the Auditor. The Auditor is charged with the responsibility of making internal audits of the Board's administrative accounts and of the accounts of each of its operating units and the Federal Home Loan Banks. He reports directly to the Board.

Influences affecting thrift and home financing

As a definite part of its responsibility to the Federal Government and to its member institutions, the Board, through its staff, has undertaken to make a continuing study of the influences that directly affect private savings and the use of such savings in home finance. It has had the benefit of close cooperation with the Administrator's Office of the Housing and Home Finance Agency and the heads of other agencies of the Government represented on the National Housing Council. Likewise it has benefited by frequent conferences with executives of State governments and national trade associations and with smaller groups representing the interests of those who desire to increase the volume of home ownership and the quality and utility of homes that are privately owned.

The Board has viewed with considerable satisfaction the maintenance of a high level of private savings and the increased margin between purchase price and the loan, as well as the almost universal use of the direct-reduction loan plan. These evidences of prudence and caution by saver, lender, and borrower, supported also by a high level of liquidity and reserves within most of our lending institutions, provide grounds for increasing confidence and satisfaction in the operations of our savings and home financing institutions.

Need of additional private savings

Increased activity by our institutions in the encouragement and solicitation of savings is occasioned by the current need of more money for home mortgage financing. Refinements in the art of encouragement have grown out of increasing appreciation of the influences that cause people to save and appreciation too of the conveniences and rewards that tend to sustain the practice of saving and keep the total volume of savings on a high level. National, regional, and local surveys made during the current year on behalf of various financial organizations disclose that savers are influenced by several specific considerations. These, stated in the order of their importance, are:

1. Knowledge of and confidence in the institution which is to receive and invest their money. In one word, the primary consideration of those who save is—safety.

2. Easy access to their money. This in common bank parlance is called liquidity. Savers, without exception, expect and tacitly require prompt availability of their funds. They want to know with reasonable certainty that they can obtain their money without prior notice when, as, and if wanted. Unless they have reasonable confidence in their ability to obtain their money without any embarrassment or delay, they are inclined to have some question not only of its liquidity, but of its safety.

3. A third consideration is convenience. Those who save prefer institutions which are conveniently located, whose business hours serve their convenience, and whose methods of receiving and handling savings accounts involve a minimum of formality and detail.

4. A fourth but not unimportant consideration is yield or financial return. Savers expect that interest or dividends earned on their savings will reward them for their thrift and their trust. Although the factor of return is less important than the other three, according to current evidence, it nevertheless has a great influence on the volume,

continuity, and persistence of savings effort. Attractiveness of return in the vast majority of cases, however, occupies a relatively lower position than the other three major considerations. When a comparatively high yield is added to safety, liquidity, and convenience the institution offering it is in a favorable position. However, among executives of savings institutions, there is growing fear that the accounts of savers who look chiefly at return are more fickle and transient than are those of savers to whom yield is less important than safety, quick availability, and ease of handling their savings transactions.

Trends in savings

Savings funds continued to flow into savings and loan associations at a favorable rate during 1948, and at the year end approximately $11,000,000,000 was held in the share accounts of these institutions. This was approximately 2½ times the amount in the associations at the start of the war.

Both new savings and withdrawals were at peak levels, with $3,878,000,000 being invested and $2,731,000,000 being withdrawn during the year. The net accumulation of $1,147,000,000 was slightly under the 1947 peak level, but otherwise was the largest annual addition to savings on record, and represents the fourth consecutive year in which net savings receipts of associations have exceeded $1,000,000,000.

Since the close of the war, savings and loan associations have been accounting for larger proportions of the total long-term savings of individuals in principal types of institutions. Life insurance companies, commercial banks, mutual savings banks, and savings and loan associations together had $112,000,000,000 invested in them at the close of 1948; this total plus United States Savings Bonds and Postal Savings, amounted to $163,000,000,000. The $11,000,000,000 invested in the associations was equal to 11 percent of the total for private institutions, as compared with 9 percent in 1945 and in 1941. The associations' holdings on December 31, 1948, were the equivalent of 6.7 percent of the total including United States Savings Bonds and Postal Savings, while at the close of 1945 they amounted to 5.4 percent.

Use of savings in home finance

Practically all funds invested by members of the Bank System, except those held for liquidity, are used as loans to finance construction, purchase, or improvement of homes. Members of the Bank System continue to make more than one-third by number and volume of all loans on nonfarm homes valued at less than $20,000. Policies and methods of finance have changed little among its members over the past 15 years since the Bank System became well established.

Use of the long-term, amortized loan, repaid in regular monthly installments, with interest charged only on the declining unpaid balance, which is a characteristic practice of savings and loan associations, during this 15-year period has been more widely adopted by all types of institutions engaged in home mortgage finance. Recently, among member institutions of the Bank System, there has been increasing provision for including tax payments and insurance payments in the amortization payments of principal and interest. An increasingly large number of members have inserted also acceleration clauses in their mortgage contracts and offsetting these have provided for moratoria and lapses of payment without delinquency when substantial portions of the debt are repaid ahead of schedule.

During the year, among members of the Bank System, there has been a tendency to make more conservative loans. This conservatism is represented in a slight decrease in the ratio of loan to purchase price as well as a tendency to be more selective in the taking of credit risks, either by way of making a larger number of loans on houses in the lower price brackets or by making a large number of loans insured by the Federal Housing Administration or guaranteed by the Veterans Administration.

Volume of home financing

Mortgage lending by savings and loan associations, which reached an all-time record of $3,811,000,000 in 1947, declined to $3,607,000,000 for the year 1948—a drop of 5 percent. The reduction was due almost entirely to a 20-percent drop in loans for the purchase of homes, which resulted from a slower turn-over in sales of existing properties. Loans for the construction of new homes, while slowing down somewhat as 1948 drew to a close, were 17 percent higher for the year as a whole than in 1947. In 1948 construction loans were equal to 29 percent of all loans made by savings and loan associations, while 47 percent were for the purchase of homes. In contrast, construction loans in 1945 accounted for but 9 percent of new loans, while purchase loans were equal to 71 percent of the total.

Savings and loan associations continued as the principal lender in the home mortgage field, despite a slackening in loan volume in 1948. During that year, these institutions recorded nearly 31 percent of all nonfarm mortgages of $20,000 or less, while in 1947 it was slightly over this proportion. Commercial banks, which are second among the major types of mortgage lenders, recorded less than 23 percent of the 1948 total as campared with 26 percent in the previous year. While mutual savings banks and insurance companies continued to finance relatively small proportions of the nonfarm mortgages of $20,000 or less, they increased their proportions substantially during the year.

Loans, collections, and liquidity

Collection of money due on outstanding loans, maintenance of a safe margin of liquidity, and accumulation of adequate reserves for losses are perennial problems of lending institutions. In the lush days of full employment, high income, and larger than normal savings, members of the Bank System have lately enjoyed greater freedom from worry than are their wont. This period of relative ease of management has given them time to put their respective houses in order and prepare for the day when conditions may not be as favorable. That they have done so to the advantage of their customers is evident in low and virtual absence of delinquency, abnormally high level of liquidity, and the steady increase of reserves and other forms of surplus.

Trends in foreclosures

After declining persistently for well over a decade, nonfarm real estate foreclosures increased slightly for the second consecutive year. In 1948 there were 11,500 foreclosures on nonfarm properties, as compared with 10,600 in 1947, and 10,500 in 1946. While indicative of the end of the sharp downward trend in foreclosure activity, the level is lower than in any other year since records have been compiled (1926 to date). The volume of foreclosures is less than one-half that for 1943, one-tenth that for 1938, and less than one-twentieth of the peak volume of 252,000 nonfarm foreclosures recorded in the depression year of 1933.

Statistical services

As a continuing and regular service to its member institutions, the Board undertakes through its Operating Analysis Division to supply up-to-date statistics on the volume of private savings, mortgage recordings, and other phases of activity and balance-sheet information of member institutions and all public institutions engaged in home financing. These figures, together with records and analysis of operating procedures and accomplishments, are provided to keep the members informed on current activities and developments in the whole range of thrift and home finance.

Advertising, publicity, and public relations

It is the policy of the Board to leave to member institutions the handling of promotional advertising and general public relations, but from time to time it has been necessary, during the past year, to indicate the appropriate range and limitations which these forms of information and education should take. Some unfortunate advertising during the year gave rise to frictions which are injurious to the operation of all sound institutions and tend to confuse the public and destroy their respect and their confidence in financial integrity and administration.

Except for such advertising and public relations as is represented in speeches made by Board Members, in reports made to Congress, and in such occasional news releases as are desirable to report the activities and accomplishments of the Federal Home Loan Banks and their member institutions, the Board, during the year, did not engage directly in advertising or publicity. Each of the Federal Home Loan Banks has handled its own publicity and advertising. In their case, most of their publications were limited to their financial and fiscal reports to stockholders. Educational pamphlets and such material as is commonly supplied by publicity and advertising was left largely to the member institutions. Their material, supplemented by the publicity of their State and national trade associations, has provided practically all of the information supplied the public in 1948 concerning savings, home financing, and the other activities which engage the attention of the Federal Home Loan Banks and their members.

Responsibilities of the Examining Division of the Bank Board

The Examining Division, organized in 1934, reports directly to the Home Loan Bank Board. It is responsible for the conduct of examinations of Federal savings and loan associations and other member institutions of the Bank System which are insured by the Federal Savings and Loan Insurance Corporation and such State-chartered member institutions of the Bank System as are not insured and are not subject to State examination and supervision. The Division also examines savings and loan associations which apply for membership in the Bank System, for insurance of accounts, or for conversion from State to Federal charter.

Insured savings and loan associations, both Federal and State-chartered, are required to have an annual audit as well as a supervisory examination. If an association is not audited by a qualified independent accountant in a manner satisfactory to the Board, the examination by the Examining Division must include an audit. Approximately 83 percent of all insured associations elect to have their audits included with their supervisory examinations.

Organization of the Examining Division

The Examining Division is directed by the Chief Examiner who has a small staff in Washington to perform necessary administrative functions. Under the Chief Examiner there is in each Federal Home Loan Bank District a District Examiner who supervises the staff of field examiners in his District territory.

Among the principal responsibilities of the Chief Examiner, therefore, is that of coordinating the work of the several districts in order that, with the desired decentralization, the broad objectives of the Board will be carried out uniformly; examining standards in the several districts will be substantially similar; leadership will provide and encourage a helpful training program, and will keep examiners in all districts well informed; and cooperative relationships will be maintained with the State examining departments.

Responsibilities for examination broadened during the year

While there was no basic change in the separation of examining and supervisory responsibilities, there became effective in 1948 a revision of the Examining Division's original function of fact-finding only, so that the examiner now disposes of certain exceptions during the course of the examination. The examiner now selects and reports those facts of basic importance which should receive the further deliberate consideration of the association's directors and the supervisory authorities. However, matters which are not controversial or which do not involve major policies are promptly handled by the examiner. This revision in procedure has been well received by the associations examined.

Increased work load

There was a tremendous growth in the work load during the war years, and the volume of examining work since 1945 has continued to increase. As of December 31, 1945, there were 2,475 insured associations with total assets of $6,148,000,000, making the average size of each institution subject to examination $2,484,000. At the close of 1948, there were 2,616 insured associations with assets aggregating $9,734,000,000. The average size had thus increased to $3,721,000. The volume of new loans to be reviewed by the examiners had increased even more markedly. Loans made by insured associations in 1945 totaled $1,448,817,000. In 1948 the total was $2,754,577,000, an increase of more than 90 percent.

Examinations made in 1948

For the protection of the investing public and the Federal Savings and Loan Insurance Corporation as well as for the guidance of associations' executives and directors, it is of the utmost importance that insured institutions be examined at least annually. In the year ended December 31, 1948, the Examining Division made 1,841 supervisory examinations, 133 examinations of applicant institutions for membership, insurance, or conversion, 15 examinations of uninsured members, and 5 examinations of liquidating corporations. This was not sufficient coverage to make any net reduction during the year in the past-due supervisory examinations.

Status of overdue examinations

At the beginning of this calendar year there were 561 overdue examinations. The number steadily increased until July 1, when it was possible to start rebuilding the staff. With additional but inexperienced examiners, with longer periods of review because of the overdue situation, and with a greater number of examinations for insurance of accounts, it was impossible to make much headway in reducing the overdue work until the latter part of the calendar year. Following is a brief schedule showing the number of associations not examined in the preceding 12 months and the growth in the size of the field staff:

Date	Number of overdue examinations	Percent of number of associations	Number of field examiners
Dec. 31, 1947	561	22.2	129
Mar. 31, 1948	724	28.5	127
June 30, 1948	746	29.2	151
Sept. 30, 1948	706	27.5	185
Dec. 31, 1948	586	22.4	207

Shift from budget expense to "nonadministrative" expense

During the past several years restriction on the amount expendable for personal services held the staff of examiners considerably below that necessary to keep the work reasonably current. The institutions bear the costs of examination. The fees charged are calculated to meet all operating expenses of the Examining Division. The Examining Division is entirely self-sustaining and receives no appropriations from the United States Treasury to defray its expenses. However, these expenses were subject to annual authorization of the Congress until the current fiscal year or the beginning of the last half of the calendar year ending December 31, 1948. Public Law 895, Eightieth Congress, approved July 3, 1948, provided that "all necessary expenses in connection with the making of supervisory or other examinations (except examinations of Federal Home Loan Banks), including the provision of services and facilities therefor shall be considered as nonadministrative expenses." This means that the Examining Division should now be able to maintain an adequate staff. As a unit of the Board, the Examining Division reimburses the Board for its proportionate share of the Board's administrative expenses.

Rebuilding the staff

At the beginning of each fiscal year each District Examiner files with the Chief Examiner a detailed analysis of the work load of supervisory examinations and of the number and grade of examiners proposed to be assigned to each examination. Despite the growth in volume of examination work year after year, the staff of field examiners had declined in March 1948 to 127, the smallest number of examiners in the history of the Division following its first few months of existence. Six years earlier, in 1942, the average number of field examiners had been 193. The estimated need was in excess of 200.

Therefore, a large recruiting program was necessary. Only men with technical knowledge could be used. At the end of the year, with a staff of 207 field examiners, the program of recruiting was largely completed. Every effort will be made to maintain a well-trained and competent staff, and the large arrearage of overdue work should now be reduced very rapidly.

Responsibilities of supervision

The Board's responsibility for supervision originates primarily from two sources: Section 5 of the Home Owners' Loan Act of 1933, as amended, which provides for the chartering and supervision of Federal savings and loan associations; and Title IV of the National Housing Act, pertaining to insurance by the Federal Savings and Loan Insurance Corporation of the accounts of Federal associations and of State-chartered savings and loan associations. Tersely stated, the chief purpose of supervision by the Board in discharging its obligations under law is to prevent development or continuance in these institutions of unsafe and unsound financial practices.

Essential elements of supervision

The institutions supervised are privately owned and locally managed. Each is governed by a board of directors, of its own choosing, who are responsible for the conduct of its business and for the pursuance of policies and practices that are sound, and that are consistent with the dignity of financial institutions generally and with applicable laws and regulations. The law does not intend nor does the Board undertake to substitute supervision for those primary responsibilities of directors and management.

A fair and constructive administration of supervisory duty, entirely aside from any considerations of broad provisions of law or of ultimate power, must take these essential factors into account. It is therefore understandable that in its major accomplishments supervision relies upon an attitude of mutual respect and purpose between management and the supervisory authority. In undertaking to work out with the directors and management appropriate measures of correction in each instance where the facts disclose a reasonable need for supervisory action, the Board is concerned principally with questions of substance in respect to such fundamental matters as: Actual or threatened impairment of capital; strength of the reserve course being pursued;

soundness of lending, investment, and other financial practices; effectiveness of collection policies; adequacy of internal controls and of accounting practices and procedures; any improper use of position or wrongful act by any director, officer, or employee; conformance of competitive practices with standards of the savings and loan business in general; and compliance with laws and regulations.

The broad principles underlying sound financial practice may be said to apply independently of other considerations but, at the same time, practical and effective supervisory conclusions must be formulated in the individual case with due evaluation of local practices, conditions, and circumstances. Further, in instances involving State-chartered insured institutions, supervisory action must generally be determined upon and carried out in cooperation and under working arrangements with the respective State authorities who are not only charged with important supervisory responsibility but are also vested with the primary supervisory authority in respect to such institutions.

Those important factors have influenced the Board's administrative organization for carrying out its supervisory duties. This work is discharged by a Supervisory Division directed by the Chief Supervisor and is carried on through the Presidents of the Federal Home Loan Banks in their capacity as supervisory agents in their respective districts. A number of valuable advantages flow from such a decentralization. It facilitates and promotes favorable relationships between the Board's supervisory officials and the managements of individual associations, and with the several State authorities; and by gaining the benefits of personal contact and of first-hand acquaintance with local conditions and developments it contributes to the discharge of the supervisory responsibility in a practical manner.

Current operating conditions

Economic conditions affecting the business of savings and loan associations during 1948 were generally favorable, as is indicated by the continuance of the trends of the preceding year. The assets of Federal associations and other insured institutions increased from $8,547,000,000 to $9,734,000,000. Lending volume totaled approximately $2,775,000,000, including $848,000,000 of loans to finance new construction. Total loans outstanding increased $1,190,000,000 and there was a net gain of $1,075,000,000 in savings accounts. The number of supervised institutions increased from 2,536 to 2,616.

Even with this substantial growth and volume, however, other developments apparent in 1947 became more evident in 1948. While the rate of return on loan portfolios generally remained fairly constant, competitive factors and a loan demand in excess of the net inflow of savings led to a further firming of the competitive rate paid for savings, with increases or a movement toward increases in the rate particularly in highly competitive metropolitan areas. Where this has taken or is taking place, the result is a compressing of operating margins which were already affected by increased present-day costs of doing business. A levelling-off in the real estate market also became increasingly apparent.

The major current problems of management have to do with the maintenance of liquidity and other financial policies adequate to meet and to adjust to these forces which, as they continue or develop, will also add correspondingly to the demands upon the facilities and resources of supervision.

Receiverships and conservatorships

No conservatorships or receiverships were established in 1948. The conservatorship of the Long Beach Federal Savings and Loan Association, which had been established May 20, 1946, was terminated January 24, 1948.

Conferences with Bank Presidents

As has been its custom, the Board during the year made liberal use of the experience and points of view of the Presidents of the Federal Home Loan Banks which serve the 11 districts into which the United States, Puerto Rico, Alaska, and Hawaii are divided. Three formal conferences, each covering 3 or 4 days, were held in 1948. The subjects discussed included technical problems and items of policy and administration such as trends in interest rates and dividends; liquidity and reserve requirements; examination procedure and reporting; insurance standards; clarification of rules and regulations; marketing of consolidated obligations; and legislation. These conferences are another method of keeping in close touch with the member institutions of the Federal Home Loan Bank System and keeping advised of their current problems and views.

Federal Savings and Loan Advisory Council

The Federal Savings and Loan Advisory Council is a statutory body created under section 8 (a) of the Federal Home Loan Bank Act. Under this section the Council is required to meet in Washington, D. C., at least twice a year and oftener if requested by the Board. It is empowered to confer with the Board on general business conditions, and on special conditions affecting the Federal Home Loan Banks and their members and the Federal Savings and Loan Insurance Corporation; and it is empowered also to request information, and make recommendations, with respect to matters within the jurisdiction of the Board.

Two meetings were held by the Advisory Council during the year, one in May, the other in November. At these meetings the Advisory Council, in a 3-day session on each occasion, dealt with numerous items of business, among them legislation, revision of rules and regulations for the Bank System, advertising, community surveys, and secondary markets for FHA and VA insured loans.

The following members of the Council served for the period May 28, 1948, through December 31, 1948:

Advisory Council Members Appointed by Home Loan Bank Board

Boston

Judge Frederick J. Dillon, Probate Court for Suffolk County, Boston, Mass.

New York

Francis V. D. Lloyd, Attorney at Law, 210 Main Street, Hackensack, N. J.

Winston-Salem

Horace S. Haworth, Attorney at Law, Roberson, Haworth & Reese, High Point, N. C.

Cincinnati

Dr. Howard L. Bevis, President, Ohio State University, Columbus 10, Ohio.

Indianapolis

Charles T. Fischer, Jr., President National Bank of Detroit, Detroit 32, Mich.

Little Rock

Ben H. Wooten, Vice President, Republic National Bank of Dallas, Dallas, Tex.

Advisory Council Members Elected by Federal Home Loan Banks

Boston

E. Harrison Merrill, Secretary-treasurer, Laconia Federal Savings and Loan Association, 653 Main Street, Laconia, N. H.

New York

Cadman H. Frederick, President, Suffolk County Federal Savings and Loan Association, 136 West Main Street, Babylon, N. Y.

Pittsburgh

James J. O'Malley, President, First Federal Savings and Loan Association of Wilkes-Barre, 23 West Market Street, Wilkes-Barre, Pa.

Chicago

A. H. Koepke, President, Welfare Building and Loan Association, 2200 North Third Street, Milwaukee 12, Wis.

Des Moines

G. V. Kenton, Vice president and secretary, Farm and Home Savings and Loan Association of Missouri, 228 West Cherry Street, Nevada, Mo.

Little Rock

Louis D. Ross, President, St. Tammany Homestead Association, 210 New Hampshire Street, Covington, La.

Winston-Salem

Frank Muller, Jr., President, Liberty Federal Savings and Loan Association, 215 North Liberty Street, Baltimore 1, Md.

Cincinnati

W. Megrue Brock, President, The Gem City Building and Loan Association, 6 North Main Street, Dayton 2, Ohio.

Indianapolis

Fermor S. Cannon, President, Railroadmen's Federal Savings and Loan Association of Indianapolis, 21 Virginia Avenue, Indianapolis 4, Ind.

Topeka

L. S. Barnes, President, Ponca City Savings and Loan Association, Masonic Building, Ponca City, Okla.

San Francisco

Guy E. Jacques, President, Portland Federal Savings and Loan Association, 333 Southwest Fifth Avenue, Portland, Oreg.

Interim and coordinating committees

For purposes of special study and action upon important items requiring attention between its formal meetings, the Advisory Council has delegated a part of its responsibilities to two committees, one known as the Interim Committee, the other as the Coordinating Committee. The Interim Committee held three meetings in 1948—in April, October and December—and dealt with the Board on such problems of policy and administration as supervision, examinations, inflationary pressures affecting loans, interest rates, dividend rates, and advertising. The Coordinating Committee of the Advisory Council held two meetings during the year—in February and April. Most of its attention was given to legislative proposals submitted to it prior to submission to Congress and to legislative bills introduced in Congress and submitted to it for study. Out of its deliberations, the Coordinating Committee was instrumental in achieving harmony among proponents of various legislative proposals directly affecting operations of the Federal Home Loan Bank System and its members and in gaining greater unity of interest and purpose among the various elements of the savings and loan industry representing not only its member institutions but nonmembers and competitors.

Internal organization of the Board

Responsibility for directing and supervising the activities of the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation is exercised through a corps of officers and employees for each who are aided by a staff which serves and reports directly to the Board.

Combined organization and function charts of the Home Loan Bank Board and its staff and operating units are presented between pages 102 and 103. They show the relation of the parts to each other and to the whole, with particular emphasis on the fact that the Board, as the unifying and directing force, governs their diverse operations in the interests of economy, efficiency, and full-scale cooperation not only among themselves, but between them and other agencies—Federal, State, and local.

Administrative functions

Besides dealing with all matters of policy, program, and general administration of its own and its operating units, the Board deals

HOME LOAN BANK BOARD

ORGANIZATION AND FUNCTION CHART OF THE HOME OWNERS' LOAN CORPORATION

Created under the Act of June 13, 1933, for refinancing mortgages and extending relief to distressed home owners. Since June 12, 1936, it has been engaged in servicing its loans and liquidating its assets.

HOME LOAN BANK BOARD

The Board provides a number of staff services for itself and the subordinate Corporations. They include legal services by the Board's General Counsel; Personnel Department functions; Auditing; coordination of budget estimates and justifications.

GENERAL MANAGER

Under the direction and authority of the Home Loan Bank Board, plans, organizes, and directs the operations of the Corporation.

LOANS AND PROPERTIES DIVISION

Supervises and directs the servicing of the Corporation's loans, management of properties, reconditioning, and appraisal operations. Maintains records and provides for the payment of taxes and insurance coverage on security and owned properties.

Deputy General Manager

ACCOUNTING DIVISION

Responsible for the maintenance of all accounting records of the Corporation; the preparation and interpretation of all financial and statistical records and forecasts of financial condition and operating results.

Chief Accountant

PURCHASE AND SUPPLY SECTION

Responsible for purchase and sale operations; stock room; maintenance of equipment; processes and promulgates official regulations and procedures forms and instructions.

Supervisor

TREASURY DIVISION

Responsible for the safekeeping and proper disbursement of all funds of the Corporation, the safekeeping of bonds, investment certificates, agreements, and other valuable papers and instruments entrusted to its care.

Treasurer

HOME LOAN BANK BOARD

ORGANIZATION AND FUNCTION CHART OF THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Created by Title IV of the National Housing Act, 1934, for the purpose of insuring savings in all Federal savings and loan associations and in all State-chartered savings and loan, building and loan, and homestead associations, and cooperative banks which apply and qualify. The insurance coverage for each account is limited to $5,000.

HOME LOAN BANK BOARD

The Board provides a number of staff services for itself and the subordinate Corporations. They include legal services by the Board's General Counsel; Personnel Department functions; auditing; coordination of budget estimates and justifications, and such housekeeping services as procurement, files and records, mail and messenger services, and the like.

GENERAL MANAGER

Under supervision and authority of the Home Loan Bank Board, plans, organizes, and directs the operations of the Corporation.

UNDERWRITING DIVISION

Develops programs for insurance of accounts; passes upon all applications for insurance of accounts; coordinates underwriting activities with officials of Federal Home Loan Banks and State Supervisory Authorities.

Assistant General Manager

OPERATING ANALYSIS DIVISION

Provides analyses of financial and other operating information pertaining to the administrative and supervisory problems of the Corporation and the Federal Home Loan Bank System; compiles and analyzes statistical series in thrift, home mortgage, housing, and real estate activities; provides economic background and other data bearing upon problem cases of the Corporation.

Chief

INSURANCE SETTLEMENT DIVISION

Supervises the payment and settlement of insurance to insured shareholders of institutions in receivership. In addition to this primary function the services of the division are used to pass upon amendments to Charter, bylaw and security forms, and fidelity bond coverage for all insured associations.

Assistant General Manager

REHABILITATION AND RECOVERIES DIVISION

Responsible for taking necessary steps as provided by law to prevent a default in an insured institution or restore an insured institution in default to normal operation. Supervises recoveries and conversion into cash of assets in institutions for which Corporation has been appointed receiver.

Assistant General Manager

COMPTROLLER'S DIVISION

Plans, organizes, and directs accounting and fiscal activities of the Corporation. Controls all accounting operations including receiverships and prepares financial statements, reports, and analyses. Controls all operations pertaining to the receipt and disbursement of funds of the Corporation; maintains internal control of allotted budgetary funds.

Comptroller

specifically with applications for membership in the Federal Home Loan Bank System, applications for Federal Savings and Loan charters, and applications for insurance of savings accounts by the Federal Savings and Loan Insurance Corporation. Only the Board can approve membership in the Bank System, grant charters to Federal Savings and Loan Associations, and authorize insurance of savings accounts in Federal Savings and Loan Association and institutions of the savings and loan type. Their specific responsibility for these actions include also responsibility for the broad management of investments of the Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the liquidation of the Home Owners' Loan Corporation.

Personnel

Employed personnel of the Bank Board and its operating units varies from month to month. Taking only the average of personnel employed in each of the offices during the calendar year 1948 and combining them for the full year of service, the Board and its staff units had combined personnel of 75; the Bank System, combined personnel of 68; the Insurance Corporation, combined personnel of 77; and the Home Owners' Loan Corporation, combined personnel of 469, making a total personnel for all units of 689. These figures do not include the 256 employees of the Examining Division, salaries of which, as mentioned earlier in this report, are carried as nonadministrative expenses of the Board for the reason that all of their expenses are borne by the institutions examined and are recovered on a reimbursable basis.

Two of the units in the staff of the Bank Board are responsible for 55 of its total of 75 employees. These units—the Office of the Secretary and of the General Counsel—have employed personnel of 33 and 22, respectively. The Secretary's Office is responsible for the housekeeping functions of the Board, while the staff of the General Counsel is responsible for all legal work performed on behalf of the Board, including that of legislation, litigation, and general legal advice.

Legislation

During 1948 there were several legislative enactments which affected the operations under the Home Loan Bank Board.

Public Law 895, Eightieth Congress, approved July 3, 1948, amended section 5 of the Home Owners' Loan Act of 1933 to authorize Federal savings and loan associations under certain conditions to convert into State-chartered institutions. A principal condition of any such conversion specified by the new statute is that the law of the State where the Federal association is located permits the conversion of any

State-chartered savings and loan type of institution into a Federal savings and loan association.

Public Law 895, Eightieth Congress, also amended section 19 of the Federal Home Loan Bank Act to provide that examination expense, except expense for examination of Federal Home Loan Banks, shall be considered as nonadministrative expense. The expenses for examination of Federal savings and loan associations and certain State-chartered institutions, including State-chartered insured institutions, are charged against the institutions examined and thus such expenses are not borne by the Government. This change in the law facilitates the making of such examinations on a current basis.

The Government Corporations Appropriation Act, 1949, Public Law 860, Eightieth Congress, approved June 30, 1948, transferred the capital stock of the Federal Savings and Loan Insurance Corporation in the amount of $100,000,000 from the Home Owners' Loan Corporation to the Secretary of the Treasury. In connection with such transfer, the act directed the Secretary of the Treasury to cancel HOLC bonds in an amount equal to the par value of the transferred stock plus accrued dividends thereon which the statute prescribed were to be computed at a rate approximating the average interest cost incurred by the Home Owners' Loan Corporation on its total borrowings during each respective fiscal year.

Because most of the member institutions of the Bank System and a majority of State-chartered institutions which are insured by the Federal Savings and Loan Insurance Corporation are engaged in making loans to veterans insured or guaranteed by the Veterans Administration, and many of them also are engaged in making loans insured by the Federal Housing Administration, legislation during the year affecting these organizations was of interest to the Home Loan Bank Board. Of particular interest was the provision which extended the authority of the Federal National Mortgage Association to serve as a secondary market for FHA insured and VA guaranteed mortgages by the purchase of such mortgages under certain conditions from member institutions of the Bank System.

Of interest also was an act for the revision, codification, and enactment into positive law of title 18 of the United States Code, entitled "Claims and Criminal Procedure," approved June 25, 1948. This law repealed nearly all of the former penal provisions affecting the operating units of the Bank Board, including provisions of the Federal Home Loan Bank Act, the Home Owners' Loan Act, and title IV of the National Housing Act. There is now set up under title 18 a simplified code covering claims and criminal procedure which applies to all Federal agencies.

FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Banks were created by act of Congress approved July 22, 1932, to serve as a permanent reservoir of credit for thrift and home financing institutions. The Banks assist both borrowers and investors in such institutions through the supply of money to maintain liquidity or to provide for mortgage lending when local funds are insufficient. With the establishment of the Federal Home Loan Banks, a basic weakness of the American home financing structure—the lack of any credit reserve facilities—has been eliminated. The principal function of the Federal Home Loan Banks is to supply, primarily on first mortgage collateral, funds required by member institutions in order to enable them to meet the home financing needs in their communities as well as the withdrawal demands of savers and investors. Through the Federal Home Loan Bank System, thrift and home mortgage finance have been better protected against local and Nation-wide economic fluctuations, home ownership has been placed on a more secure basis, and the construction of new homes as well as the improvement of housing conditions has been encouraged. The establishment of the Federal Home Loan Bank System has afforded member home financing institutions not only a larger volume of potential credit, but cheaper money and a type of credit adapted to their special needs.

Membership of the Bank System

Membership in the System is open to building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. On December 31, 1948, the membership of the Federal Home Loan Bank System comprised 3,769, consisting of 3,733 savings and loan associations, 26 savings banks, and 10 insurance companies. This total membership represented a net increase of 64 members during the year, resulting from the admission of 74 State-chartered savings and loan associations, 7 new Federal savings and loan associations, 4 cooperative banks, and 2 savings banks, and the cancellation of 23 memberships through withdrawals. Eight of the withdrawals represented voluntary liquidations, 1 reincorporation, and 9 consolidations; 4 were due to members' requests, and 1 resulted from removal by action of the Home Loan Bank Board. As of December 31, 1948, 51 applications for membership were pending.

Advances to members

From October 15, 1932, when the 12 Federal Home Loan Banks (now 11 Federal Home Loan Banks) first opened for business, to December 31, 1948, advances to home financing institutions totaled $2,687,049,-028.65, of which $2,172,032,939.46 has been repaid, resulting in a balance of $515,016,089.19 outstanding on the latter date. This indicates the extent to which the Federal Home Loan Bank System has been called upon to serve as a national credit reservoir.

Advances made by the Federal Home Loan Banks during the year ended December 31, 1948, totaled $359,612,776.74. Repayments of advances aggregated $280,168,873.35, and the balance outstanding at the close of 1948, as stated above, aggregated $515,016,089.19. Exhibit 1 contains a summary of the lending operations of the Banks, by years, through December 31, 1948.

Number of borrowing members

On December 31, 1948, there were 1,993 member borrowers from the Banks, representing 52.9 percent of the total membership, as compared with 1,804 member borrowers and 48.7 percent of the membership on December 31, 1947. During the year 1948 the average number of borrowers was 1,863, which represented an increase of 24.5 percent over the average of 1,496 borrowers during the preceding calendar year. There have been no nonmember borrowers from the Federal Home Loan Banks since August 1939.

The 1,993 borrowing members as of December 31, 1948, consisted of 868 Federal savings and loan associations, the outstanding advances to which aggregated $308,100,000, which represented 5.9 percent of the share accounts in this type of association; 632 insured State-chartered members, the indebtedness of which to the Banks totaled $145,500,000, or 4.9 percent of the savings held by this type of institutional member; and 491 noninsured State-chartered associations with advances of $55,800,000, which amount approximated 3.3 percent of the total savings held by all members of this type. One insurance company and one savings bank member held advances outstanding to the Federal Home Loan Banks aggregating $5,400,000 and $300,000, respectively.

The following tabulation presents comparative figures on the number and percent of borrowing members as of December 31, 1948, and December 31, 1947:

	Dec. 31, 1948			Dec. 31, 1947		
	Number	Percent of—		Number	Percent of—	
		Type	Total		Type	Total
Borrowing members:						
Federals	808	58.5	43.6	849	57.4	47.1
Insured State	632	56.1	31.7	549	52.1	30.4
Noninsured State	493	42.6	24.7	406	34.6	22.5
Total borrowers	1,993	[1] 52.9	100.0	1,804	[1] 48.7	100.0
Nonborrowing members	1,776	[1] 47.1		1,901	[1] 51.3	
Total	3,769	100.0		3,705	100.0	

[1] Percentage of total membership.

Secured and unsecured advances

The growth in the volume of secured advances outstanding to a peak of $400,800,000 on December 31, 1948, represented the borrowings of 1,461 members. More than one-half of such advances were for terms in excess of 1 year. A total of 146,237 home mortgages having unpaid balances aggregating $684,300,000 together with $93,600,000 face amount of United States Treasury obligations and 16 insured home mortgages having a principal amount of $3,100,000, collateralized these advances. The face value of all collateral, exclusive of Federal Home Loan Bank stock, was $780,900,000, or 194.8 percent of the secured advances, while the collateral value assigned by the Banks was $556,500,000. A continued increase in the average unpaid balance of individual home mortgages is noted from the amounts of $4,680 on December 31, 1948, $4,426 on June 30, 1948, and $4,207 on December 31, 1947. The prewar average approximated $2,300.

Unsecured advances of $114,200,000 represented 22.2 percent of total advances outstanding to 770 members. The Federal Home Loan Banks held a statutory lien on $68,500,000 paid-in stock as further security to both types of advances outstanding on December 31, 1948.

Interest on advances

The changes in interest rates charged members on advances by the Federal Home Loan Banks followed the general firmness of the money markets during the year. One Federal Home Loan Bank increased its rate on all types of advances to members from 2 percent to 2.25 percent, while two Banks discontinued their 2 percent rates on short-term advances and placed all advances on a 2.5 percent basis. Exhibit 2 reflects the interest rates charged on advances which were in effect on December 31, 1948. Since the organization of the Federal Home Loan Banks, interest rates charged on their advances to members have been substantially reduced. In 1932, at the inception of the Federal

Home Loan Bank System, when money was still scarce and costly, interest rates on Federal Home Loan Bank advances ranged from 4 percent to 5 percent. On December 31, 1948, however, as here reported, such rates ranged from 2 percent to 2.5 percent.

Source of funds

The Federal Home Loan Banks obtain their funds from their capital stock, the proceeds from the sale of consolidated Federal Home Loan Bank obligations to the public, and deposits received from member institutions. From these sources the Federal Home Loan Banks are able to advance funds to their member institutions on long terms, up to 10 years, in line with the essential long-term character of the mortgage loans made by these institutions.

The capital stock of the Federal Home Loan Banks is made up by subscription of member institutions and of the United States Government. In order to assist in the organization of the Federal Home Loan Bank System, the Congress authorized the Secretary of the Treasury, in behalf of the United States Government, to invest up to $125,000,000 in the capital stock of the Federal Home Loan Banks. The amount originally invested by the Government aggregated $124,741,000. Initial investments of members were small. Each is required to invest an amount equal to 1 percent of the aggregate of the unpaid principal of its home mortgage loans, but in no event less than $500. With the growth in number and assets of member institutions, the proportion of Federal Home Loan Bank stock owned by the United States Government to the total capital stock of the Banks has decreased during 1948 to a point where, for the first time, the members owned a majority of the stock.

Retirement of Government stock

Pursuant to the provisions of the Federal Home Loan Bank Act, whereby the Government-owned capital stock in the Federal Home Loan Banks must be retired to the extent of 50 percent of all payments on capital stock made by members subsequent to such time as the amount of member-owned stock equals that owned by the Government, four of the Federal Home Loan Banks made further statutory retirements of Government-owned stock during the year to the extent of $2,881,000.

Within the 12 months ended December 31, 1948, the paid-in capital stock of the Banks held by members increased $18,159,900, to a total paid in by members of $121,237,475, which amount is 50.3 percent of the total stock subscriptions on that date. During the same period, the United States Government-owned stock was reduced to $119,791-200, resulting in a net increase in paid-in capital stock of $15,278,900.

On December 31, 1948, the total outstanding capital stock of the Banks was $241,028,675, of which $119,791,200 was owned by the Government and $121,237,475 was owned by the members. At that time the Government owned 49.7 percent of the outstanding total, whereas the members owned 50.3 percent. The following table reflects the capital structure of the Federal Home Loan Banks as of December 31, 1948, and December 31, 1947:

	Dec. 31, 1948	Dec. 31, 1947
Capital Stock:		
U. S. Government	$119,791,200	$122,672,200
Members:		
Stock subscribed	121,249,300	103,083,400
Less unpaid subscriptions	11,825	5,825
Total member	121,237,475	103,077,575
Total paid-in capital	241,028,675	225,749,775
Surplus:		
Legal reserve	12,232,449	11,307,097
Reserve for contingencies	4,283,027	4,291,612
Undivided profits	9,001,282	8,524,750
Total surplus	25,516,758	24,123,459
Total capital	266,545,433	249,873,234

Sale of consolidated obligations

Consolidated obligations as a supplementary source of funds of the Federal Home Loan Banks have been marketed for the past 12 years. The first public sale of $24,700,000 was made May 10, 1937. Up to January 1, 1948, total obligations of $1,152,200,000 had been issued, of which $890,500,000 had been retired, leaving $261,700,000 outstanding at the beginning of the year. During 1948, four public offerings were made aggregating $416,500,000 and one private sale of $40,000,000 was made. This financing represented $247,000,000 of new funds, $209,500,000 of refunding, and the paying off of $92,-200,000, resulting in a balance of $416,500,000 of consolidated Federal Home Loan Bank obligations outstanding on December 31, 1948. These mature on the dates and in the amounts indicated below:

Due	Amount
Jan. 20, 1949	$97,000,000
Apr. 15, 1949	84,500,000
July 22, 1949	115,000,000
Sept. 15, 1949	120,000,000
Total	416,500,000

Interbank deposits

Interbank deposits, i. e., deposits made by a Federal Home Loan Bank in another Federal Home Loan Bank, continued to play an important part in the operations of the Banks during the year. At the beginning of the year, $11,500,000 of interbank deposits were outstanding. Such deposits were made to the extent of $62,250,000 during the year; repayments aggregated $67,500,000, resulting in a balance outstanding on December 31, 1948, of $6,250,000, of which $2,000,000 were payable on demand and $4,250,000 on a time basis.

Members' deposits

As previously indicated, deposits of member institutions represent one of the sources of funds of the Federal Home Loan Banks. During the year 1948 there was a substantial increase in such deposits, the total amount of which as of December 31, 1948, aggregated $133,355,226, consisting of $24,554,177 on a demand and $108,801,049 on a time basis. While no interest is paid on the demand deposits of members, interest at the rate of from 1 percent to 1½ percent per annum is paid on members' time deposits remaining for 30 days or more.

As already indicated, the Federal Home Loan Banks obtain their funds (exclusive of interbank deposit transactions) from three sources, i. e., subscriptions to their capital stock, the sale of their consolidated obligations, and deposits of member institutions. During the year ending December 31, 1948, the net accretions to the funds of the Banks from these sources were as follows:

Paid in on capital stock	$15, 278, 900
Sale of consolidated obligations	154, 800, 000
Members' deposits	45, 520, 100
	215, 599, 000

Liquidity and reserves

Section 16 of the Federal Home Loan Bank Act, as amended, provides that each Federal Home Loan Bank shall carry to a reserve account semiannually 20 percent of its net earnings until such reserve account shall show a credit balance equal to 100 percent of the paid-in capital of the Bank, after which time 5 percent of the Bank's net earnings shall be added thereto semiannually. As already indicated, this reserve aggregated $12,232,449.37 as of December 31, 1948, in addition to which there was a reserve for contingencies amounting to $4,283,027.01, making total surplus reserves of $16,515,476.38. As of the same date, undivided profits of the Banks totaled $9,001,281.70, resulting in a total earned surplus of $25,516,758.08.

In order to enhance potential ability of the Banks to meet the demands of their member institutions, a liquidity reserve of $100,000,000 over and above the statutory reserve referred to in the preceding paragraph was established during the year 1948, to consist of 50 percent in 2 percent special series United States Treasury notes, 15 percent in 1½ percent special series United States Treasury notes, and 35 percent in cash, United States Treasury bills, United States certificates of indebtedness and/or United States Treasury notes commonly traded in on the market on the same basis as United States certificates of indebtedness.

Status of liquidity reserve

On December 31, 1948, the special liquidity reserve of $100,000,000 consisted of—

In cash, U. S. Treasury bills, certificates of indebtedness and/or notes	$35,000,000
2 percent special series U. S. Treasury notes	50,000,000
1½ percent U. S. Treasury notes	15,000,000
Total	100,000,000

In addition to the $100,000,000 liquidity reserve, the Banks held the following highly liquid resources:

U. S. Treasury bills and notes	$43,150,000
1½ percent special series U. S. Treasury notes	21,200,000
Cash	34,911,490
Total	99,261,490

As of December 31, 1948, the Banks also held $92,702,523 par value of other United States Government obligations in excess of the statutory requirements.

Government securities and consolidated balance sheet

During the year, United States Government obligations were purchased by the Federal Home Loan Banks to the extent of $546,084,000 face amount. Government securities having a face amount of $410,794,000 were matured or sold, and $271,893,000 face amount of such securities were held by the Banks on December 31, 1948.

A comparative consolidated statement of condition of the 11 Federal Home Loan Banks as of December 31, 1948, is contained in exhibit 3 of this report, from which it will be noted that the total resources of the Banks increased from $612,689,341 at the close of 1947 to $820,684,758 at the end of 1948.

Income and expense

A comparative consolidated statement of income and expense of the 11 Federal Home Loan Banks for the calendar years 1947 and 1948 is contained in exhibit 4 of this report. It will be noted from this exhibit that the total gross operating income of the Banks for the calendar year 1948 was $12,684,042.72, as compared with $8,673,487.26 for the preceding calendar year. This represents an increase in gross operating income of 46.4 percent over that for 1947, which resulted primarily from increased interest on advances and interest on investments which reflected gains of 53.3 percent and 32 percent, respectively. It will also be observed that the total operating expenses for the calendar year 1948 amounted to $8,104,323.98, as compared with $4,221,890.67 for the preceding year. Nonoperating income for the calendar year 1948 aggregated $99,970.61, as compared with a total of $376,086.64 for the preceding year. Nonoperating charges for 1948 amounted to $52,925.43, while such charges for the preceding calendar year aggregated $28,932.81. Net income of the Banks for the calendar year 1948 aggregated $4,626,763.92, as compared with $4,569,044.50 for the calendar year 1947. The increase in the cost of borrowed money and members' deposits, together with other operating expense increases, was sufficient to hold the net income of the Banks for the calendar year 1948 to the figure indicated, which is only 1.3 percent greater than that for the preceding calendar year.

While there was an increase of 46.9 percent in the average balance of Federal Home Loan Bank advances outstanding in 1948 over 1947, the Banks' return was 2.02 percent or only 0.09 percent in excess of the 1.93 percent for the calendar year 1947. However, a yield of 1.67 percent on an average investment balance of $228,000,000 was slightly lower than the yield of 1.73 percent on the average investment balance in the calendar year 1947. The average weekly balance of members' deposits during 1948 aggregated $91,000,000 and represented an annual cost of 0.79 percent. Funds derived by the Federal Home Loan Banks from consolidated Federal Home Loan Bank obligations issued and outstanding during 1948 averaged $347,200,000, the annual cost of which was 1.67 percent as compared with the 1947 average of $171,500,000, and an annual cost of 1.42 percent.

The total net income of the Banks for the calendar year 1948, which, as indicated above, amounted to $4,626,763.92, was distributed (in round figures) as follows:

		Percent
Dividends paid	$3,157,820	68.3
U. S. Government	1,567,989	33.9
Members	1,589,831	34.4
Retirement fund prior service	75,645	1.6
Legal reserve	925,352	20.0
Contingent reserve	(8,585)	(.2)
Undivided profits	476,532	10.3
Total	4,626,764	100.0

The net income of the Banks from the beginning of their operations through December 31, 1948, aggregated $60,530,687.75 and was distributed (in round figures) as follows:

		Percent
Dividends paid	$34, 511, 144	57. 0
U. S. Government	23, 897, 392	39. 5
Members	10, 613, 752	17. 5
Retirement fund prior service	502, 786	. 8
Legal reserve	12, 232, 449	20. 2
Contingent reserve	4, 283, 027	7. 1
Undivided profits	9, 001, 282	14. 9
Total	60, 530, 688	100. 0

Dividend payments

Dividend declarations by the Banks resulted in the distribution of $3,157,819 for the year 1948, which amount was $216,562 greater than that applicable to the preceding year. Of the amount of dividends distributed for the year 1948, the United States Government received $1,567,989 and member institutions received $1,589,830. The total amount of dividends received by the United States Government and member institutions on their stock investment in the Federal Home Loan Banks from October 15, 1932, through December 31, 1948, aggregates $23,897,392 and $10,613,752, respectively.

The following tabulation reflects the total dividend distribution, by Banks, from the beginning of operations through December 31, 1948:

Dividend distribution Oct. 15, 1932, to Dec. 31, 1948

	Members	United States Government	Total
Federal Home Loan Bank:			
Boston	$775, 704. 74	$1, 905, 204. 61	$2, 680, 909. 35
New York	1, 008, 053. 91	3, 297, 356. 75	4, 305, 410. 66
Pittsburgh	$747, 706. 30	2, 227, 398. 89	2, 975, 105. 19
Winston-Salem	1, 030, 479. 57	1, 641, 355. 79	2, 671, 835. 36
Cincinnati	2, 141, 926. 39	3, 128, 548. 08	5, 270, 474. 47
Indianapolis	1, 178, 281. 57	1, 523, 465. 34	2, 701, 746. 91
Chicago	1, 357, 395. 74	3, 468, 859. 70	4, 826, 255. 44
Des Moines	752, 911. 73	1, 649, 669. 09	2, 402, 580. 82
Little Rock	414, 185. 32	1, 538, 199. 62	1, 952, 384. 94
Topeka	344, 712. 88	1, 083, 280. 56	1, 427, 993. 44
San Francisco	862, 393. 94	2, 434, 053. 74	3, 296, 447. 68
Total	10, 613, 752. 09	23, 897, 392. 17	34, 511, 144. 26

Supervision of the Federal Home Loan Banks

In supervising the operations of the Federal Home Loan Banks pursuant to the provisions of the Federal Home Loan Bank Act, as amended, the Home Loan Bank Board requires each Federal Home Loan Bank to submit to it for approval an annual budget covering the expenses to be incurred by it. The semiannual and/or annual (the latter in the case of two of the Federal Home Loan Banks) dividend declarations authorized by the local boards of directors of the

Federal Home Loan Banks are likewise subject to the approval of the Home Loan Bank Board, as are also any changes in the rates of interest on advances, members' deposits, and interbank deposits which are not within the rate ceilings prescribed by the Board.

With the exception of the purchase and/or sale of United States Treasury bills, United States certificates of indebtedness, and United States Treasury notes commonly traded in on the market in the same manner as United States Treasury certificates of indebtedness, all transactions of the Banks in United States Government obligations are subject to the approval of the Home Loan Bank Board.

All officers and counsel appointed by the local Boards of Directors of the Federal Home Loan Banks and their salaries are subject to the approval of the Home Loan Bank Board. The management of each Federal Home Loan Bank is vested in a local Board of 12 directors, 4 of whom are appointed by the Home Loan Bank Board and 8 of whom are elected by the members. Annual elections are held under the auspices of the Home Loan Bank Board pursuant to its rules and regulations on the subject. A list of the directors and officers of each Federal Home Loan Bank as of December 31, 1948, is included in exhibit 5.

Examinations and reports

The Federal Home Loan Banks are subject to a semiannual examination by examiners attached to the staff of the auditor of the Home Loan Bank Board. In addition to such examination, the Banks as well as the internal fiscal operations of the Home Loan Bank Board are now audited annually by representatives of the Division of Corporation Audits of the General Accounting Office pursuant to the provisions of the Government Corporation Control Act of December 6, 1945. As provided in the same act, all Government security transactions of the Federal Home Loan Banks in excess of $100,000, as well as all issues by the Home Loan Bank Board of consolidated Federal Home Loan Bank obligations (which are the joint and several obligations of all the Federal Home Loan Banks) are cleared with the United States Treasury Department. Moreover, the Treasury is supplied not only with a copy of the Board's annual report to the Congress, but also with monthly reports reflecting all security transactions of the Federal Home Loan Banks and with special quarterly and annual reports required by Budget-Treasury Regulation No. 3.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Summary

Since June 27, 1934, the Federal Savings and Loan Insurance Corporation has been providing savings insurance for member State-chartered and Federal savings and loan associations. The costs of the insurance operation as well as reserves for future losses are obtained from the premiums paid by insured members and earnings on Corporation investments.

The year 1948 witnessed the largest annual net increase in the number of insured associations since the early years of the Corporation's history when the insurance program was in the organizational stage. The 2,616 institutions which were members of the Corporation on December 31, 1948, held assets of $9,734,000,000, reflecting a growth of 14 percent during the year. Significantly, their reserves which are available for losses increased 19 percent during the year and were equivalent to 6.6 percent of assets at year end.

It was natural that the Federal Government's program to strengthen the financial structure of the country during the 1930's should include application of the long-tested principles of insurance. To eliminate the causes of past loss as well as to establish a basis for building for the future, a Nationwide savings insurance plan was adopted as one of the constituent parts of the Federal program. In order to apply insurance principles to the particular characteristics of savings in mutual savings and loan associations, the Congress established the Federal Savings and Loan Insurance Corporation in mid-1934. It was recognized at the time that a system of insurance on a countrywide scale would strengthen the confidence of the public in savings and home-financing institutions, resulting in an increased flow of funds, which in turn would enlarge the capacity of the institutions to meet the home-financing needs of their communities.

Extent of insurance coverage

During the 14½ years since the creation of the Corporation, associations holding over 74 percent of the assets of the savings and loan business have qualified for insurance. On December 31, 1948, a total of 2,616 mutual institutions were insured, and their assets aggregated $9,734,000,000. Of these, 1,485 were Federal savings and loan associations, required by law to qualify for insurance, and 1,131 were institutions of the savings and loan type chartered by the governments of the States in which they are located. State-chartered institutions are not required to become insured, but may do so after applying and meeting the eligibility standards of the Corporation. Assets of the Federal group amounted to $6,162,000,000 and of the State-chartered membership to $3,572,000,000.

Over 6,100,000 savers and investors hold insured accounts in savings and loan associations. Their aggregate savings amount to $8,266,000,000, of which over 93 percent, or $7,714,000,000, is covered by insurance.

Admissions and terminations

The past year has seen a substantial increase in the number of institutions applying for admission to the insurance program. During 1948, 87 associations with estimated assets of $115,000,000 qualified for insurance, the largest number of admissions during any 1 year since 1940, when a total of 92 associations was admitted. It is evident that the current high rate of applications results from more widespread understanding of the value of an insurance program and an increasing demand from the public for the added protection which insurance provides.

Consistent with the freedom of a private enterprise economy, the insurance law provides that institutions may voluntarily terminate their insurance contract, provided adequate notice is given to all insured accountholders. No institution cancelled its insurance during 1948 and continued operations. There were, however, seven withdrawals from the insured membership during the year, two because of merger with other insured associations, four following voluntary dissolution, and one reincorporating as a State-chartered insured association.

Although the Corporation has the authority to terminate the insured status of an institution for a violation of the law or the rules and regulations, no insurance has been cancelled by the Corporation, except at the request of the institution.

The insurance contract

The inherent safety of savings in a financial institution of course derives first from the strength of the institution itself, which in large part is the result of capable, honest management and tested operating policies. Insurance provides an additional safeguard by guaranteeing that funds invested in a member association will be protected against all forms of loss within the insured maximum of $5,000. Included in the coverage is protection against those unexpected and emergency situations which even the most farsighted management cannot always anticipate.

Although all withdrawable savings accounts in an institution which is approved for insurance automatically become covered up to $5,000, the insurance contract actually runs to the insured saver, not to the institution. To achieve its purpose of protecting the saver against loss, the Corporation has authority to act in two specific areas—rehabilitation of impaired institutions and payment of insurance to accountholders of institutions placed in liquidation.

If the facts warrant, the Corporation may restore an impaired association to normal operation under capable management, in this manner protecting the savings entrusted to the institution not only from loss but also from any disturbance. To effect rehabilitation of an institution in trouble a cash contribution may be made to the association, or the Corporation may make a loan or may purchase assets with cash.

In those cases where rehabilitation does not appear feasible and the decision is made to liquidate the institution, the Corporation immediately effects payment of insurance, in the form of two methods of settlement which are optional with the saver. First, the individual may choose an insured account in another operating institution equal to his insured savings in the liquidating association. If he selects this method, his new account will share in earnings and be entitled to the same rights and privileges as other accounts of that association. To make this type of settlement, the Corporation contracts with other insured institutions to issue the required number of accounts, reimbursing those associations in cash. It is also possible to create a new Federal savings and loan association solely for this purpose.

If the investor prefers, he may choose to receive 10 percent of his insured account in cash and the balance in negotiable noninterest-bearing debentures of the Corporation, half of which are payable within 1 year and the remainder within three years from the date of default.

Loss experience

For over 4 years the Corporation has experienced no losses and for over 7 years no insured institution has been placed in liquidation. This record is obviously due in large part to the favorable economic conditions existing during the period, as well as to preventive efforts of the Corporation and Federal and State supervisory authorities aimed at minimizing the development of losses through encouraging adherence to sound operating policies by the insured membership.

Since the Corporation was established, it has removed the impairment of 28 institutions, with assets of $57,000,000, by making a cash contribution to cover known and expected losses. When reasonable doubt as to the exact extent of the loss existed, an agreement was executed with the rehabilitated institution providing for the return to the Corporation of that part of the cash grant not actually needed.

Accompanying rehabilitation, six of these institutions merged with other insured associations, three voluntarily dissolved, and the remaining 19 continued operations as separate entities. As an illustration of the success of the rehabilitated institutions, their condition on December 31, 1948, is compared with their status immediately prior to rehabilitation in exhibit 6. A total of $5,374,125 was disbursed to the 28 institutions in order to make rehabilitation possible. Since a contribution is primarily intended to cover existing loss, it is obvious that any recovery can be only a small percentage of the original disbursement. Indicative of this is the experience to date, which shows that a total of $475,796 of the cash grants has been recovered, resulting in an estimated final loss of $4,898,329 to the Corporation. No situation has arisen in which either a purchase of institutional assets or a loan by the Corporation has been deemed to be the most desirable method of removing impairment.

Thorough examination of the circumstances existing in seven cases proved that rehabilitation was not advisable, and the institutions were placed in liquidation by the supervisory authorities. Four were Federal savings and loan associations and three were State-chartered institutions.

Following the decision to liquidate and as soon as arrangements were made with other institutions for the issuance of new accounts, the Corporation made the two optional methods of settlement available to the insured savers. It is significant that nearly all of the 7,705 insured account holders chose new accounts in settlement of their insurance claims. Only six preferred to accept cash and Corporation debentures.

Insured savings accounts in the institutions placed in liquidation aggregated $6,706,841. Savers holding $6,683,494 of this amount were issued new insured accounts, the cash and debenture outlay amounted to $13,200, and accounts totaling $10,147 are still unsettled, because of the failure of the accountholders to file claims.

Following disbursement of funds by the Insurance Corporation to effect settlement of the insured accounts, liquidation of the assets of the seven associations proceeded. In two cases, a State authority acted as receiver; in one case a State authority and the Insurance Corporation served jointly; and for four associations, the Insurance Corporation was appointed sole receiver. Through orderly liquidation of the assets of the receiverships, the Insurance Corporation has recouped all but $312,000 of its original disbursement, and accountholders having accounts in excess of $5,000 have also participated in the distribution of liquidating dividends. In those cases where returns in excess of 100 percent were realized, the accountholders received the excess amount.

Total assets of the four associations for which the Insurance Corporation acted as sole receiver amounted to $8,668,778. Two of these receiverships were concluded basically during 1946 but final closure occurred during 1948. In exhibit 7 are shown condition and operating data of the receiverships conducted by the Corporation.

Condition of the Corporation

Not only must the Corporation be prepared at all times to absorb possible losses, but also it is equally important that it be ready to make payment upon the insured savings of member institutions affected. For this reason the Corporation maintains over 98 percent of its assets in the form of cash and securities of the United States Government; of the total assets of $202,800,000 on December 31, 1948, about $793,000 consisted of cash and $199,200,000 of Government securities. The major portion of the remaining assets consisted of insurance premiums due but not yet payable, in the amount of $2,650,000.

At the end of June 1948, ownership of the $100,000,000 capital stock of the Corporation, which had been held by the Home Owners' Loan Corporation, was transferred to the United States Treasury, as provided by a statute enacted June 30. In keeping with this legislation, dividends accumulated on the capital stock from July 1, 1935, through June 30, 1948, were computed at the figure of $25,182,000. Cumulative dividends subsequent to that date are being computed by the Corporation at the rate of 3 percent annually.

One feature which particularly reflects the condition of the Corporation is its reserve account. The reserve on December 31, 1948, amounted to $97,834,000, all of which is available to meet losses. However, it should be noted, as referred to above, that estimated cumulative dividends amounted to $26,681,750 at the end of 1948. Consistent with sound dividend policy, the declaration of dividends is dependent upon evaluation of business conditions and the status of the insured members. The dividend question will be referred to the Congress for final disposition.

A complete picture of the financial condition and the growth of the Corporation during the past year may be obtained from the comparative statements of condition appearing in exhibit 8.

Operations of the Corporation

The Corporation obtains its income mainly from three sources—premiums, interest on Government securities, and admission fees paid by new members. It is significant that in the early years of the Corporation's history, investment income was the most important of these, but, with the growth of the insured membership, premiums have steadily increased until today they are more than double the interest received on investments.

Premiums, paid by institutions at the rate of one-eighth of 1 percent of their share accounts and creditor obligations, amounted to $9,456,079 during 1948. Investment income reached $4,388,170, while admission fees, computed at four one-hundredths of 1 percent of the premium base, amounted to only $40,296.

As the workload of the Corporation has increased over the years, expenses of operation have necessarily risen, but have not grown proportionately to either income or the insured risk. Total administrative expenses amounted to 3.75 percent of operating income during 1948. For chart of organization and functions of the Corporation, see page 103. Of gross expenses of $557,500, salaries of Corporation employees accounted for $308,900. The sum of $156,000 was paid during the year for services of the Home Loan Bank Board and $370 to the Housing and Home Finance Agency. Miscellaneous operating items such as rent, supplies, communications, and audit expense, totaled $55,700. Expenses arising from liquidation activities and past insurance losses amounted tc $19,500, and depreciation of equipment reached $17,000. A complete income and expense statement of the Corporation for 1947 and 1948 appears in exhibit 9.

Condition of insured associations

Size.—The average size of insured associations is continuing the upward trend evident for some years. At the end of 1948, the average association had assets of $3,721,000, over 10 percent above the average of $3,370,000 a year earlier. As the average size of institutions has risen, the number of insured associations in the larger size groups has proportionately increased. A 3-year comparison of the frequency distribution of insured associations among the various asset size groups may be referred to in exhibit 10.

Assets.—The same trends in asset accounts of insured institutions which have been apparent since the end of the war continued during 1948, although at a decelerating rate. Mortgage loan holdings, for example, increased from 77 percent of assets to 79.9 percent during the year, while cash and Government securities dropped from a ratio of 19.8 percent to 16.6 percent of assets.

Total assets grew 14 percent during 1948 to a total of $9,734,000,000. Mortgage loans, which had increased 18 percent during the year, amounted to $7,777,000,000 at year end, and liquid holdings decreased nearly 5 percent to $1,615,000,000 on December 31. Exhibit 11 offers a comparison of the number and assets of insured associations at the end of 1948 and 1947, by States.

Included in the mortgage loan portfolio of insured associations were $1,886,222,000 of loans insured or guaranteed by the Veterans Administration and an additional $445,115,000 of loans insured by the Federal Housing Administration. About 30 percent of the mortgage loan portfolio, therefore, consisted of insured or guaranteed loans, while the balance were loans of the conventional uninsured type. The composition of the loan portfolio of insured institutions as of December 31, 1948, may be seen in exhibit 12.

Savings.—The period since the close of the war has witnessed increasing activity in the savings field. The flow of new savings into insured associations during 1948 was 15 percent greater than the inflow during 1947. On the other hand, withdrawals were 23.4 percent greater during 1948, so that the net inflow was only a fraction of one percent larger than the net increase of 1947.

In dollar amounts, new savings of $3,217,000,000 were received by insured institutions during 1948. After deduction of total withdrawals of $2,242,000,000, the net increase in savings during the year amounted to $975,000,000.

Reserves.—One of the best criteria for measuring a financial institution's stability and its capacity to withstand financial shock is its reserve account. The reserves and undivided profits of insured associations, which are available for the absorption of losses arising in the course of business, increased 19 percent during 1948. Insured institutions now hold aggregate reserves and undivided profits of $646,000,000, equivalent to 6.6 percent of assets, while a year earlier the reserve accounts amounted to $543,000,000 or 6.4 percent of assets.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Creation of Federal savings and loan associations was authorized by section 5 of the Home Owners' Loan Act of 1933. This section specified that in issuing charters, the Home Loan Bank Board (to which Congress assigned the responsibility for creation, examination, and supervision) must in each instance give "primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States." Federal savings and loan associations are required to raise their own capital in the form of shares or share accounts, which represent private individual savings. No Federal association is permitted to accept deposits and no certificates of indebtedness may be issued except for such borrowed money as may be authorized by regulations of the Board.

The law provides that Federal savings and loan associations may be established either by issuing charters to newly formed groups or to existing State-chartered institutions which qualify by conversion. As of December 31, 1948, a total of 1,485 Federal savings and loan associations were in operation. Of these, 642 represented associations originally organized under Federal charter, the remaining 843 associations having converted from State to Federal charter. At the year end, Federal charters were outstanding in each of the 48 States as well as in the District of Columbia, Alaska, Hawaii, and Puerto Rico. The combined resources of all Federal associations at the end of 1948 amounted to approximately $6,162,000,000, reflecting an increase in total assets of 12.9 percent during the year. The resources of the Federals now account for nearly one-half (47 percent) of the total assets of all institutions of the savings and loan type in the country. During the past year the average size of Federal savings and loan associations increased from $3,694,000 to $4,150,000, or by 12.3 percent.

New Federal associations

During 1948 seven new Federal savings and loan associations were organized and five State-chartered savings and loan associations converted to Federal charter. Among the new Federal associations chartered in 1948 was the First Federal Savings and Loan Association of Puerto Rico, with headquarters in San Juan. Chartering of the Federal in Puerto Rico was the culmination of a prolonged effort of a group of citizens of the islands to provide for their people this form of cooperative organization for the promotion of thrift and home financing. Of the other Federal associations formed in 1948, one was created by the consolidation of two Federal associations. During the year, three Federal associations ceased to exist by reason of voluntary dissolution, one merged with another insured association, and one reincorporated as a State-chartered insured association. The effect of these changes was a net increase of seven in the number of Federal savings and loan associations during 1948. In addition, five Federal associations received authorization from the Board in 1948 to establish branch offices. As of December 31, 1948, 45 of the 1,485 Federal associations were operating a total of 58 branch offices.

The development and use of branch offices by savings institutions in the United States has never been as aggressive as has been their development and use by commercial banks. As of December 31, 1947, the latest year end for which figures are available, commercial banks, numbering 14,181—State and National—had 4,161 branches, including a few designated statistically as "additional offices." Of these commercial banks, the national banks alone, totaling 5,005, had 1,870 branches.

Savings institutions, on the other hand, had a far smaller number of branches. Figures are not available for State-chartered institutions of the savings and loan type, but mutual savings banks, totaling 533, had 171 branches, and Federal savings and loan associations, totaling at the same time 1,478, had 53 branches, including in their number branches which converted Federal associations operated prior to conversion under the authority of their State charters.

The foregoing figures make clear that on December 31, 1947, all types of commercial banks had approximately 40 branches for every 140 institutions, whereas Federal savings and loan associations had only 5 branches for every 140 associations. In other words, the commercial banks of the country, operating under State and national charters, have roughly 8 times as many branches proportionately as Federal savings and loan associations.

Board policy on branches

The problem of creating branches of Federal associations has been a live one in many quarters throughout 1948. The public recognizes that as a general policy the Board is reluctant to authorize the establishment of a branch by a Federal unless there is clear, substantial evidence of need and large prospective value—a need and value comparable to that required as evidence for the establishment of a new association. · Several applications for authority to create branches, which were filed with the Board during the year, have not been acted upon, but are still under consideration.

Without formal expression of policy, the members of the Board have made clear in speeches and conferences their recognition of the point of view of State supervisory authorities whose influence for the most part, in the matter of creating additional branches, has been on the side of extreme caution and restraint. The atmosphere of cooperation and mutual respect which has characterized the relationships between the Board and State supervisory authorities on this subject and other kindred subjects of policy and administration has led to a liberal exchange of information which in itself has been a favorable factor in permitting full, free, and objective examination of varied points of view and prospective reactions. The Board is gratified that it has been able to work in close cooperation with State authorities. It desires both to continue and to improve this relationship. It does not, however, accept the thesis that its judgments or authority are bound by State laws or by the policies of State supervisory authorities with respect to the creation and approval of branch organizations. In its interpretation of Federal statutes, the Board has formed the opinion that to the extent that Congress empowered it to charter Federal associations, it likewise, under the law and for the same reasons and with the same general limitations, gave the Board authority to sanction and approve the creation of branches.

Flow of savings

In contrast to the postwar decline in the amount the American people have been able to save out of current income, the flow of individual savings into Federal savings and loan associations continued in record volume during 1948. During the year, savings of the public invested in Federals increased by $642,052,000, or 13.9 percent. This increase which, dollarwise, was the largest annual gain in the 15 year history of Federals, brought total private savings in these institutions to $5,250,821,000, as of December 31, 1948. The number of individuals holding savings accounts in Federals increased from 3,281,000 to 3,669,000 during the year.

Liquidity and reserves

Liquidity and reserves have been important subjects of policy and administration during 1948. Year-end reports reveal that cash and U. S. Government obligations held by all Federal associations amounted to $1,010,229,000, which is equivalent to 16.4 percent of their total assets. During the year liquid assets of this character declined $63,019,000, to a total 5.9 percent below the comparable figure for the preceding year end. General reserves and undivided profits accounts of Federal associations increased from $329,784,000 to $393,114,000. At the close of 1948, such reserve accounts were equivalent to approximately 6.4 percent of total assets, as compared with 6 percent at the end of 1947.

Mortgage loans

First mortgage loans, primarily on one- to four-family homes, normally represent from 75 percent to 85 percent of the total assets of Federal savings and loan associations. At the end of 1948, first mortgages constituted 80 percent of the total assets. Dollarwise, mortgage holdings of Federals increased from $4,225,963,000 to $4,937,758,000 during the year. This increase, which amounted to $711,795,000, or 16.8 percent, was somewhat less than the $868,381,000, or 25.9 percent, gain in mortgage portfolios registered in 1947. The smaller net increase in 1948 stemmed primarily from a decline in the volume of new mortgage loans made. During 1948, Federals made $1,719,537,000 of first mortgage loans, a volume 5.5 percent less than the 1947 record. Although the total volume of mortgage loans made by Federal associations declined during the reporting year, the volume of loans made to finance the construction of new homes continued to rise. The $551,354,000 of construction loans made during 1948 represented one-third of all loans made by Federals and was 12.9 percent greater than the aggregate amount of such loans made during 1947. A brief summary of new mortgage loans made by these institutions during 1947 and 1948, classified as to purpose of loan, is shown in the following table:

New mortgage loans made by all Federal savings and loan associations

Purpose	1948		1947		Percent change in 1948
	Amount	Percent of total	Amount	Percent of total	
Construction	$551, 354	32. 1	$488, 502	26. 9	+12. 9
Purchase	768, 040	44. 7	966, 932	53. 2	−20. 6
Refinancing	161, 853	9. 4	153, 779	8. 4	+5. 3
Reconditioning	61, 076	3. 5	49, 349	2. 7	+23. 8
Other	177, 214	10. 3	159, 948	8. 8	+10. 8
Total	1, 719, 537	100. 0	1, 818, 510	100. 0	−5. 5

HOME OWNERS' LOAN CORPORATION

12 years of liquidation

On June 12, 1936, the 3-year lending period of the Home Owners' Loan Corporation terminated. Since that time, the major activity of the Corporation has been the liquidation of its great volume of loans. The results attained during this 12-year period of liquidation have been extremely favorable. Of the total lending of approximately $3,500,000,000, over 89 percent has been liquidated. Less than $400,000,000 of the cumulative investment was outstanding at the end of the calendar year 1948.

The loans of the Corporation were originally made to refinance the mortgages of more than a million American home owners who were victims of the depression. Most of these home owners were in arrears nearly 2 years on principal and interest, and 3 years on taxes. At the time, it was felt that this rescue operation might result in a loss to the Government of one-half billion to a billion dollars. Instead, at the end of 12 years of liquidation, it now appears that, when liquidation of the remaining loans is completed, the Corporation will have repaid the $3,500,000,000 of bonds guaranteed by the Government and will be able to return, without impairment, after paying interest on its bonds and all of its administrative and operating expenses, the $200,000,000 of capital originally subscribed by the Government.

In the course of its operations, the Corporation extended a helping hand to thousands of financial institutions by taking over almost $2,000,000,000 of their mortgage loans at a time when no other refinancing was available. The Corporation also helped thousands of local Government units by advancing $485,000,000 to pay taxes, many of which were seriously delinquent. Not least among its services was the fact that the Corporation gave impetus to long-term direct-reduction loans which has had a beneficial influence on the entire structure and procedure of home financing. Its 15-year monthly payment loans with interest of not more than 5 percent on the declining unpaid balance gave substantial evidence throughout the United States of the fairness and value of this type of loan in contrast to the expensive, short-term loan with its renewal fees and its recurring threats of loss. Moreover, the lenient collection policy of the Corporation, together with the servicing methods which it developed to help home owners, also contributed to security. The successful outcome of this lending operation stands as a demonstration of the respect of borrowers for their financial obligations to their Federal Government and the soundness of a program gauged to the resources and capacity of the borrower.

The Home Owners' Loan Corporation has devoted much effort to individual servicing of its loan accounts. This servicing has enabled the Corporation to locate causes of trouble and to take prompt action to avoid foreclosure. As part of this servicing program, the Corporation collects funds from borrowers on a monthly instalment basis for the payment of taxes and insurance. This procedure assists borrowers to avoid tax difficulties and reduces the Corporation's expenses by eliminating the necessity for searching tax records to determine whether delinquencies exist. The proportion of such accounts increased from 72.1 percent of outstanding loan accounts at the beginning of the 1948 calendar year to 77.9 percent at the end of the year. A brief historical summary of HOLC operations, arranged in chronological order, is given in exhibit 13.

Administrative

The personnel and administrative expense of the Corporation has been reduced rapidly in recent years. The number of employees on December 31, 1948, was 473 as compared with 662 one year before, and 21,000 at the peak of its operations. The present organization and function chart of the Home Owners' Loan Corporation is presented on page 103 of this report. The administrative expenses of the Corporation during calendar year 1948 were $2,395,209 as compared with $3,422,839 during the preceding year, and $37,427,000 during its peak year.

General operations

From June 13, 1933, through June 12, 1936, the Corporation loaned $3,093,451,321. These loans were made to finance the home mortgages of 1,017,821 individuals who were unable to finance their loans elsewhere and were, therefore, dependent on the credit of the Government. The financial conditions prevailing then and later were so adverse that some of these home owners, despite the efforts of the Corporation, were unable to work out of their financial difficulties. However, the Corporation has enabled more than 800,000 families to avoid foreclosure on their homes.

The Corporation's original investment has been increased by supplementary advances made for the payment of taxes, insurance, maintenance, and reconditioning, the capitalization of delinquent interest, and acquisition costs. From the beginning of operations to December 31, 1948, these supplemental capitalizations totaled $402,437,585, and brought the Corporation's gross cumulative investment to $3,495,888,906.

Liquidation

Liquidation of this investment has proceeded rapidly. At the end of the 1948 calendar year, the balance of original loans, vendee accounts, and property accounts was $368,936,083, a decrease of 24 percent from the balance of $486,090,711 at the beginning of the year. Of the $3,495,888,906 gross cumulative investment, $3,126,952,823, or 89.4 percent had been liquidated by the end of the calendar year 1948. The reduction in these assets is summarized in the following table:

Original amount loaned		$3,093,451,321.01
Subsequent advances to borrowers, net additions included in capitalized value of properties, etc		402,437,584.79
Original loans plus advances, capitalized additions, etc		3,495,888,905.80
Outstanding on December 31, 1948:		
Original loans and advances	$234,144,621.20	
Vendee accounts and advances	134,763,440.22	
Property acquired and in process of acquisition	28,021.31	
Total outstanding		368,936,082.73
Net reduction in mortgage and property assets		3,126,952,823.07

Accelerated liquidation

During the current calendar year, a special program for accelerating liquidation was initiated for application in those States in which the aggregate loan balances were $1,000,000 or less, starting with Nevada in March and adding another State to the program each month thereafter. An additional program was also initiated for liquidating accounts with small loan balances in the other States, which has resulted in a substantial decrease in the number of these outstanding accounts. The following table shows the result of the State liquidation program:

Number of loans outstanding

	Start	Dec. 31, 1948	Percent of liquidation		Start	Dec. 31, 1948	Percent of liquidation
Nevada	163	1	99.4	New Hampshire	350	121	65.4
Wyoming	384	37	90.4	Delaware	473	393	16.9
Montana	552	162	70.7	Maine	724	598	17.4
Idaho	655	250	61.8				
New Mexico	368	152	58.7	Total	4,027	1,831	54.5
Vermont	358	117	67.3				

Investments in savings and loan associations

Congress in 1935 authorized the Home Owners' Loan Corporation to purchase shares of savings and loan associations in order to make funds available to stimulate the local financing of home loans. The cumulative investment in savings and loan shares made by the Corporation totaled $223,856,710 by December 31, 1948. Of this investment, only $5,882,650 remained outstanding at the end of the 1948 calendar year, as compared with $8,063,350 at the beginning of the year. Dividends aggregating $44,660,863 have been received by the Corporation from these investments.

Bond retirements

The Home Owners' Loan Act of 1933 requires that all payments upon principal of the Corporation's loans must be used to retire outstanding bonds. In order to retire bonds, the Corporation also uses certain other receipts such as amounts received as a result of the repurchase of shares in savings and loan associations. By the end of calendar 1948, the total applied to bond retirement was $3,176,628,822. The amounts deposited with the Treasurer of the United States and used or available to retire bonds are shown in the following table:

Disposition of funds allocated (through Dec. 31, 1948) to bond retirement fund

Applied to retirement of bonds	$3, 176, 628, 821. 55
Deposited for matured or called bonds on which interest has ceased	2, 557, 675. 00
Available for future retirement of unmatured bonds	99, 704. 30
Gross amount deposited in bond retirement fund	3, 179, 286, 200. 85
Balance due retirement fund for Dec. 1948 to be deposited in January 1949	943, 849. 23
Total applicable to bond retirement	3, 180, 230, 050. 08

As a result of bond retirements, the outstanding unmatured bonds of the Corporation on December 31, 1948, all of which are held by the United States Treasury, totaled $182,000,000, or 5.2 percent of the total amount of $3,489,453,550 of bonds issued.

Status of accounts

As previously stated, the Corporation made loans to 1,017,821 individuals during its 3 years of lending operations. Adding to this original number 1,968 subsequent divisions and acquisitions of property, and subtracting 103 subsequent consolidations, made a net total of 1,019,686 accounts. Of this net number, 778,514 or over two-thirds have been terminated, leaving 241,172 accounts outstanding as of December 31, 1948.

Included in the 778,514 terminated accounts were 652,307 original loans and 110,593 vendee accounts paid in full; 15,370 acquired properties sold for cash; and the remaining balances on 244 accounts charged off.

Of the 241,172 accounts outstanding as of December 31, 1948, there were 171,281 original loans, 69,871 vendee accounts and 20 properties. Of the outstanding debtor accounts, 115,643 original loans had been extended under the Mead-Barry Act. Of the 20 properties on hand, one was owned and 19 still subject to redemption.

Over 95 percent of the Corporation's outstanding accounts were paid on schedule or less than 3 months in arrears at the end of the reporting period. For the loans extended from the original 15 years to not more than 25 years under authorization of the Mead-Barry Act, the results have been especially noteworthy. All of these borrowers were behind in their payments when the extensions were granted. By December 31, 1948, there were 109,743, or 94.9 percent of the outstanding extended original loans, which were paid on schedule or less than 3 months in arrears. By reducing the required monthly payments, these extensions have averted many thousands of foreclosures which would have resulted in losses to the Corporation.

Properties

As a result of foreclosures, voluntary deeds, abandonments, etc., the Corporation had acquired up to December 31, 1948, a total of 198,217 properties including 19 still subject to redemption. Of this total, 4,000 were reacquisitions of properties sold and 74 other properties acquired, leaving 194,143 properties acquired from original borrowers. Subtracting these latter acquisitions from the 1,017,821 total original borrowers, leaves 823,678 or 80.9 percent of original borrowers whose homes have been saved from impending foreclosure which they faced when the loans were made.

The rapid decrease in the number and capital value of properties which the Corporation had on hand is shown in the following table:

Properties on hand including those subject to redemption

	Number	Capital value
Dec. 31, 1942	31,621	$226,925,127
Dec. 31, 1943	15,578	96,455,077
Dec. 31, 1944	1,935	11,407,422
Dec. 31, 1945	368	1,632,490
Dec. 31, 1946	106	418,326
Dec. 31, 1947	63	181,551
Dec. 31, 1948	20	28,021

Financial operations

In exhibit 14 the balance sheet of the Corporation as of December 31, 1948, is presented. Because of the rapid progress of the Corporation's liquidation during calendar 1948, the total assets decreased 35.4 percent during the year. Exhibit 15 presents a cumulative statement of income and expense from the beginning of operations through December 31, 1948, and exhibit 16 a statement of income and expense for calendar year 1948.

Up to December 31, 1948, the Corporation had a cumulative net income of $336,376,696 before actual losses and provisions for future losses.

The total cumulative loss on the sale of properties amounted to $336,531,405. This loss includes brokers' commissions, selling costs, and the difference between the sale price and capital value of the property. The capital value includes unpaid principal, delinquent interest and subsequent capital charges for taxes, reconditioning, acquisition, etc.

In addition to the $336,531,405 loss on property sales, there were other losses amounting to $1,375,338 from principal, interest, and properties charged off, fire and other hazards, and fidelity and casualty losses. This makes the cumulative total of all losses $337,906,743 as of December 31, 1948.

Deducting the $336,376,696 cumulative net income from the $337,906,743 losses, leaves $1,530,047 net loss as of December 31, 1948. Balances in reserves and provisions for future losses amounted to $2,877,069 and brought the total deficit to 4,407,116 as of December 31, 1948.

During the calendar year 1948 the total income of the Corporation amounted to $45,381,815. Expenses, including interest on bonds and administrative expenses, amounted to $5,751,970, leaving a net income, before provision for losses, of $39,629,845. The provision for losses amounted to $24,496, leaving a net income of $39,605,349. This latter figure included cumulative Federal Savings and Loan Insurance Corporation dividends for the period from July 1, 1935, to June 30, 1948, received in connection with transfer of the Corporation's investment to the United States Treasury.

Exhibit 1

FEDERAL HOME LOAN BANKS

Summary of lending operations

	Year 1948		Balance outstanding end of year
	Advances	Repayments	
Boston	$17,645,798.00	$12,385,020.00	$27,227,988.00
New York	30,763,703.32	33,562,855.14	36,973,142.29
Pittsburgh	22,282,000.00	19,300,449.00	43,042,127.50
Winston-Salem	59,158,175.00	40,472,606.85	93,219,570.25
Cincinnati	20,050,250.00	20,236,398.20	30,913,994.22
Indianapolis	20,827,925.00	14,024,775.05	37,123,144.41
Chicago	43,321,896.00	32,670,098.81	70,156,087.70
Des Moines	24,628,237.00	20,468,636.82	32,874,904.68
Little Rock	21,442,360.00	13,832,238.00	30,190,954.00
Topeka	11,794,590.00	9,714,855.00	23,125,618.50
San Francisco	87,697,842.42	63,500,940.48	90,168,527.64
Total, year 1948	359,612,776.74	280,168,873.35	515,016,089.19
1947	351,079,350.99	208,961,931.93	435,572,185.80
1946	329,231,890.68	230,649,366.93	293,454,766.74
1945	277,748,276.84	213,438,982.95	194,872,242.99
1944	239,254,221.89	218,759,089.74	130,562,949.10
1943	156,925,588.93	176,070,303.60	110,067,816.95
1942	99,461,876.19	189,695,394.41	129,212,531.62
1941	157,600,420.85	139,646,335.38	219,446,049.84
1940	134,212,165.93	114,033,192.20	201,491,964.37
1939	94,780,586.64	112,310,034.15	181,312,990.64
1938	81,958,343.39	83,153,601.22	198,842,438.15
1937	123,251,172.91	68,440,498.13	200,037,695.98
1936	93,257,057.50	50,715,704.66	145,227,021.20
1935	59,130,068.56	43,046,971.39	102,685,668.36
1934	38,680,566.12	37,505,249.30	86,602,571.19
1933	90,027,164.49	5,437,410.12	85,427,254.37
1932	837,500.00	------	837,500.00
Grand total	2,687,049,028.65	2,172,032,939.46	------

Exhibit 2

FEDERAL HOME LOAN BANKS

Schedule of interest rates on new advances and interest rates paid on members' time deposits Jan. 1, 1949

Advances to members	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Only 1 rate in effect	------	------	------	2.0	2.25	[1] 2.5	------	2.0	2.0	2.5	2.0
Secured advances:											
Not exceeding 1 year	2.0	2.0	2.0	------	------	------	2.0	------	------	------	------
1 year to 5 years	------	------	2.5	------	------	------	------	------	------	------	------
1 year to 10 years	2.5	2.5	------	------	------	------	2.5	------	------	------	------
Unsecured advances: 1 year or less	2.0	2.0	2.5	------	------	------	2.0	------	------	------	------
Rates paid on time deposits remaining:											
Over 30 days	1.0	[1] 1.5	1.0	1.0	1.0	[1] 1.5	1.0	------	------	1.0	1.0
Over 90 days	------	------	------	------	------	------	------	1.0	.5	------	------
Over 6 months	------	------	------	[1] 1.25	------	------	------	------	1.0	------	------
Certificates of deposit (1 year)	1.5	------	1.5	1.5	1.5	------	1.5	------	------	1.5	------

[1] New rate effective since Oct. 1, 1948.

Exhibit 3

FEDERAL HOME LOAN BANKS

Consolidated statement of condition as of Dec. 31, 1948

	Dec. 31, 1948	Increase or (decrease) since—	
		Dec. 31, 1947	June 30, 1948
ASSETS			
Cash:			
On hand—Including imprest funds	$30, 810. 02	$(37, 713. 32)	$(15, 242. 83)
On deposit with:			
Treasurer of the United States	9, 685, 084. 62	(4. 828, 350. 18)	3, 052, 976. 00
Commercial banks	20, 620, 594. 51	(1, 501, 627. 43)	1, 614, 226. 36
In transit		(269. 59)	(5, 049. 19)
Total cash	30, 336, 489. 15	(6, 367, 960. 52)	4, 646, 910. 34
Investments:			
Bills, certificate of indebtedness, and notes	159, 185. 717. 61	146, 249, 345. 71	106, 816, 017. 42
Bonds	114, 670, 830. 47	(11, 520, 289. 36)	2, 759, 318. 61
Total investments	273, 856, 548. 08	134, 729, 056. 35	109, 575, 336. 03
Advances outstanding to members:			
1 year or less	257, 178, 514. 93	38. 832, 725. 90	27, 452, 343. 87
Amortized—1 to 10 years	257, 837, 574. 26	40, 611, 177. 49	12, 316, 089. 77
Total advances outstanding to members	515, 016, 089. 19	79, 443, 903. 39	39, 768, 433. 64
Accrued interest receivable:			
Investments	580, 503. 18	(45, 942. 98)	(195, 766. 59)
Advances to members	696, 111. 04	250, 298. 19	137, 525. 62
Total accrued interest receivable	1, 276, 614. 22	204, 355. 21	(58, 240. 97)
Deferred charges:			
Discount on consolidated obligations		(34, 027. 77)	
Prepaid consolidated obligations expense	179, 689. 49	85, 453. 37	43, 418. 70
Prepaid surety bond premiums	11, 154. 57	6, 016. 40	4, 525. 32
Other prepaid expenses	811. 10	(951. 07)	519. 81
Total deferred charges	191, 655. 16	56, 490. 93	48, 463. 83
Other assets:			
U. S. savings bonds redeemed		(62, 415. 31)	(38, 736. 21)
Accounts receivable	7, 351. 65	(8, 012. 92)	(6, 845. 86)
Furniture and equipment	11. 00		
Total other assets	7, 362. 65	(70. 428. 23)	(45, 582. 07)
Total assets	820, 684, 758. 45	207, 995, 417. 13	153, 935, 320. 80
LIABILITIES AND CAPITAL			
Liabilities:			
Deposits:			
Members—Time	108, 801, 049. 43	42, 843, 576. 49	35, 767, 922. 20
Members—Demand	24, 554, 177. 12	2, 676, 578. 49	(1, 220, 724. 26)
Treasurer of United States—Sec. 14 of act		(10, 500, 000. 00)	
Government instrumentalities—Demand	98, 419. 70	(64, 772. 52)	(62, 894. 12)
Applicants	177, 400. 00	48, 825. 00	86, 450. 00
Total deposits	133, 631, 046. 25	35, 004, 207. 46	34, 570, 753. 82
Accrued interest payable:			
Deposits of members—Time	93, 507. 93	49, 967. 22	23, 625. 08
Consolidated obligations	3, 993, 950. 04	3, 277, 418. 77	2, 080, 069. 51
Total accrued interest payable	4, 087, 457. 97	3, 327, 385. 99	2, 103, 694. 59
Dividends payable:			
U. S. Treasury	849, 464. 88	(59, 888. 12)	320, 573. 00
Member institutions	934, 842. 56	127, 818. 19	389, 174. 98
Total dividends payable	1, 784, 307. 44	67, 930. 07	709, 747. 98
Accounts payable	6, 513. 71	(6, 305. 80)	(5, 227. 90)

Consolidated statement of condition as of Dec. 31, 1948—Continued

	Dec. 31, 1948	Increase or (decrease) since—	
		Dec. 31, 1947	June 30, 1948
LIABILITIES AND CAPITAL—continued			
Liabilities—Continued			
Consolidated obligations: [1]			
1.45 percent series C—1948 notes due 7-22-48			$(40,000,000.00)
1¼ percent series A—1948 notes due 9-15-48		$(85,000,000.00)	(85,000,000.00)
1¼ percent series A—1948 bonds due 4-15-48		(140,000,000.00)	
1⅜ percent series B—1948 notes due 2-16-48		(36,700,000.00)	
1¾ percent series A—1949 notes due 1-20-49	$97,000,000.00	97,000,000.00	
1⅝ percent series B—1949 notes due 4-15-49	84,500,000.00	84,500,000.00	
1.65 percent series C—1949 notes due 7-22-49	115,000,000.00	115,000,000.00	115,000,000.00
1¾ percent series D—1949 notes due 9-15-49	120,000,000.00	120,000,000.00	120,000,000.00
Total consolidated obligations	416,500,000.00	154,800,000.00	110,000,000.00
Less: Series A—1949 notes purchased, and held	(1,870,000.00)	(1,870,000.00)	(1,870,000.00)
Net consolidated obligations outstanding	414,630,000.00	152,930,000.00	108,130,000.00
Total liabilities	554,139,325.37	191,323,217.72	145,508,968.49
Capital:			
Capital stock outstanding (par):			
Members (fully paid)	121,224,000.00	18,151,700.00	8,061,000.00
Members (partially paid)	25,300.00	14,200.00	13,300.00
Total member subscriptions	121,249,300.00	18,165,900.00	8,074,300.00
Less: Unpaid subscriptions	11,825.00	(6,000.00)	(10,225.00)
Total paid in by members	121,237,475.00	18,159,900.00	8,064,075.00
U. S. Government subscriptions (fully paid)	119,791,200.00	(2,881,000.00)	
Total paid in on capital stock	241,028,675.00	15,278,900.00	8,064,075.00
Surplus—Earned:			
Legal reserve	12,232,449.37	925,352.79	459,847.38
Reserve for contingencies	4,283,027.01	(8,585.32)	(5,034.11)
Total surplus reserves	16,515,476.38	916,767.47	454,813.27
Undivided profits	9,001,281.70	476,531.94	(92,535.96)
Total earned surplus	25,516,758.08	1,393,299.41	362,277.31
Total capital	266,545,433.08	16,672,199.41	8,426,352.31
Total liabilities and capital	820,684,758.45	207,995,417.13	153,935,320.80

[1] Consolidated Federal Home Loan Bank obligations issued by the Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

Exhibit 4

FEDERAL HOME LOAN BANKS

Consolidated comparative statement of operations for the calendar years 1948 and 1947

	1948	1947
Earned operating income:		
Interest on advances	$8,884,812.97	$5,794,042.84
Interest on securities	3,796,212.15	2,876,335.46
Miscellaneous operating income	3,017.60	3,108.96
Total earned operating income	12,684,042.72	8,673,487.26
Operating expenses:		
Compensation, travel, and other expenses (detail below)	1,213,445.79	1,028,128.22
Interest on consolidated obligations	5,412,449.92	2,256,877.64
Consolidated obligations—Concessions	329,325.54	141,458.29
Office of fiscal agent	54,348.70	32,882.72
Interest on members' deposits	722,284.94	489,096.87
Interest on deposits—U. S. Treasurer	7,469.09	152.85
Assessment for expenses of HLBB	365,000.00	503,000.00
Total operating expenses	8,104,323.98	4,451,596.59
Net operating income	4,579,718.74	4,221,890.67
Nonoperating income:		
Profit—Sales of securities	99,377.28	362,275.27
HLB Board assessment refund		11,000.00
Miscellaneous nonoperating	593.33	2,811.37
Total nonoperating income	99,970.61	376,086.64
Nonoperating charges:		
Loss—Sales of securities	14,369.16	16,871.04
Furniture and equipment purchased	10,521.16	12,061.77
GAO audit expense (prior years)	28,035.11	
Total nonoperating charges	52,925.43	28,932.81
Net income	4,626,763.92	4,569,044.50

DETAIL OF COMPENSATION, TRAVEL, AND OTHER EXPENSES

	1948	1947
Compensation:		
Directors' fees	$46,490.22	$41,007.50
Officers' salaries	387,946.38	346,670.00
Counsel's compensation	76,519.63	36,400.00
Other salaries	285,942.36	264,436.27
Total compensation	796,898.59	688,513.77
Travel expense:		
Directors	47,054.14	41,914.01
Officers	28,517.91	23,724.38
Counsel and others	10,426.65	7,879.99
Maintenance and operation costs of automobile	4,032.71	3,665.32
Total travel expense	90,031.41	77,183.70
Other expenses:		
Retirement fund contributions	51,639.76	41,885.77
Telephone and telegraph	27,519.63	21,886.69
Postage and expressage	19,716.18	18,768.49
Stationery, printing, and office supplies	29,070.78	19,809.51
Rent of banking quarters (net)	85,440.89	79,550.73
Maintenance of quarters and equipment	20,427.77	13,401.01
Services of HLBB's examining division	5,880.11	5,822.95
Safekeeping and protection services	2,571.46	2,662.96
Insurance and surety bond premiums	15,628.67	14,411.04
Reports and other publications	7,885.33	7,019.23
Stockholders' annual meeting expense	14,463.11	13,008.16
Dues and subscriptions	14,579.84	9,818.02
Public relations expense	12,173.44	11,092.27
Miscellaneous operating expenses	19,518.82	3,293.92
Total other expenses	326,515.79	262,430.75
Total compensation, travel, and other expenses (carried above)	1,213,445.79	1,028,128.22

Exhibit 5

FEDERAL HOME LOAN BANKS

Schedule of directors and officers, Dec. 31, 1948

BOSTON

DIRECTORS

Rockwell C. Tenney (public interest).
J. Bertram Watson (public interest).
F. J. Dillon[1] (public interest).
William J. Pape (public interest).
George J. Holden (at large).
H. Dudley Mills (at large).
Raymond P. Harold (class A).
Edward H. Weeks[2] (class A).
Milton A. Barrett (class B).
William J. D. Ratcliff (class B).
E. Harrison Merrill (class C).
Leo G. Shesong (class C).

OFFICERS

Herbert N. Faulkner, President.
Lawrence E. Donovan, Vice President and Treasurer.
Paul H. Heywood, Vice President and Secretary.
Beatrice E. Holland, Assistant Secretary.

NEW YORK

DIRECTORS

Eustace Seligman (public interest).
George MacDonald[1] (public interest).
James Bruce (public interest).
F. V. D. Lloyd[2] (public interest).
Walter J. Babcock (at large).
E. H. Schoonmaker (at large).
Cadman H. Frederick (class A).
W. J. Almekinder (class A).
John W. Cadman (class B).
Joseph Holzka (class B).
Joseph A. O'Brien (class C).
Arthur C. Blackwell (class C).

OFFICERS

Nugent Fallon, President.
Denton C. Lyon, Vice President and Secretary.
H. B. Diffenderfer, Vice President and Treasurer.
Joseph F. X. O'Sullivan, Assistant Secretary.

PITTSBURGH

DIRECTORS

Walter B. Gibbons (public interest).
Ernest T. Trigg[1] (public interest).
Charles S. Tippitts[2] (public interest).
Arthur B. Koontz (public interest).
Alexander Salvatori (at large).
James J. O'Malley (at large).
C. Elwood Knapp (class A).
Norman E. Clark (class A).
William Reinhardt (class B).
N. F. Braun (class B).
Charles Warner (class C).
Francis E. McGill (class C).

OFFICERS

G. R. Parker, President.
H. L. Tweedy, Vice President.
William M. Stout, Vice President.
Dale Park, Treasurer.
Warren A. Sutton, Secretary.

WINSTON-SALEM

DIRECTORS

James G. Luttrell, (public interest).
W. Waverly Taylor (public interest).
Horace S. Haworth[1] (public interest).
Raymond D. Knight (public interest).
Frank Muller, Jr. (at large)
Marion M. Hewell (at large).
Edward C. Baltz[2] (class A).
Wallace O. DuVall (class A).
D. R. Fonville (class B).
Peyton R. Keller (class B).
H. L. Sudduth (class C).
George E. Rutledge (class C).

OFFICERS

Joseph W. Holt, Executive Vice-President-Treasurer.
J. Moyer Sink, Vice President.
C. Edwin Kline, Assistant Secretary.
James T. Spence, Assistant Treasurer.

[1] Chairman. [2] Vice chairman.

Schedule of directors and officers, Dec. 31, 1948—Continued

Cincinnati

DIRECTORS

Frazer D. LeBus (public interest).
Frank K. Vaughn (public interst).
W. D. Gradison (public interest).
Howard L. Bevis [1] (public interest).
W. B. Furgerson (at large).
W. Megrue Brock [2] (at large).
Allen C. Knowles (class A).
A. E. Albright (class A).
Charles J. Haase (class B).
John C. Minderman (class B).
R. A. Stevens (class C).
H. F. Cellarius (class C).

OFFICERS

W. D. Shultz, President.
W. E. Julius, Vice President-Treasurer.
J. W. Whittaker, Vice President.
E. T. Berry, Secretary.

Indianapolis

DIRECTORS

Carleton B. McCulloch (public interest).
S. Rudolph Light (public interest).
Herman B. Wells [1] (public interest).
Charles T. Fisher, Jr. (public interest).
Fermor S. Cannon [2] (at large).
Arthur H. Deitsch (at large).
Joseph G. Standart (class A).
W. B. Burdick (class A).
Grant H. Longenecker (class B).
Donald L. Adair (class B).
Amos N. Adams (class C).
D. L. Cooley (class C).

OFFICERS

Fred T. Greene, President-Secretary.
Fermor S. Cannon, Vice President.
G. E. Ohmart, Vice resident-Treasurer.
Sylvia F. Brown, Assistant Secretary.
Caroline F. White, Assistant Treasurer.

Chicago

DIRECTORS

Henry G. Zander, Jr.[2] (public interest).
George F. Rowe (public interest).
Ralph M. Monk (public interest).
Charles E. Broughton [1] (public interest).
Edward J. Czekala [1] (at large).
Arthur G. Erdmann (at large).
Robert M. Brown (class A).
A. H. Koepke (class A).
Rilen McConachie (class B).
Allen R. Calhoun (class B).
Earl S. Larson (class C).
Robert L. Hirschinger (class C).

OFFICERS

A. R. Gardner, President.
John P. Domeier, Vice President and Treasurer.
Constance M. Wright, Secretary.
Lauretta Quam, Assistant Treasurer.

Des Moines

DIRECTORS

Robert E. Lee Hill [1] (public interest).
John D. Adams (public interest).
J. B. Bridston (at large).
J. W. Davis (at large).
Sylvester A. Koster (class A).
C. B. Fletcher (class A).
E. Raymond Hughes [2] (class B).
W. L. Sloan (class B).
W. W. Pinson (class C).
Edward A. Murphy (class C).

OFFICERS

R. J. Richardson, President, and Secretary.
W. H. Lohman, Vice President, and Treasurer.
A. E. Mueller, Assistant Treasurer.
J. M. Martin, Assistant Secretary.

---

[1] Chairman.
[2] Vice chairman.

Schedule of directors and officers, Dec. 31, 1948—Continued

LITTLE ROCK

DIRECTORS

Gordon H. Campbell (public interest).
B. H. Wooten[1] (public interest).
T. J. Butler (public interest).
O. W. Boswell (at large).
W. P. Gulley[2] (at large).
J. J. Miranne (class A).
Irvin H. Schonberg (class A).
R. H. McCune (class B).
A. J. Bush (class B).
Robert T. Love (class C).
Louis D. Ross (class C).

OFFICERS

H. D. Wallace, President-Secretary.
J. C. Conway, Vice President.
W. F. Tarvin, Treasurer.

TOPEKA

DIRECTORS

Paul F. Good (public interest).
William M. Jardine[1] (public interest).
A. O. Johnson (public interest).
Harrington Wimberly (public interest).
Henry A. Bubb[2] (at large).
S. W. Humphreys (class A).
D. A. Willbern (class A).
Arthur W. Hiner, Jr. (class B).
Leo Smith (class B).
A. G. Hartronft (class C).
Cecil Calvert (class C).

OFFICERS

C. A. Sterling, President and Secretary.
R. H. Burton, Vice President and Treasurer.

SAN FRANCISCO

DIRECTORS

C. W. Leaphart (public interest).
Ben A. Perham[1] (public interest).
William A. Davis[2] (public interest).
L. H. Hoffman (public interest).
Guy E. Jaques (at large).
R. Floyd Hewitt (at large).
Roy E. Hegg (class A).
J. H. Andrews (class A).
D. H. Driggs (class B).
C. N. Bloomfield (class B).
M. L. Carrier (class C).
P. C. Bulen (class C).

OFFICERS

Irving Bogardus, Acting President.
Guy E. Jaques, Vice President.
L. F. Nolan, Assistant Treasurer.
Helen C. Eck, Assistant Treasurer.
Kathleen McCliment, Assistant Secretary.
E. M. Jenness, Assistant Secretary.
E. E. Pearson, Assistant Secretary.

Exhibit 6

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Progress of 19 insured associations following rehabilitation by Federal Savings and Loan Insurance Corporation

Item	Date immediately prior to rehabilitation	Dec. 31, 1948	Increase or decrease	Percentage change
Assets:				
Total assets	$52,259,000	$132,835,600	$80,576,600	154.19
Mortgage loans	32,750,000	110,675,900	77,925,900	237.94
Owned real estate	11,371,000	89,400	−11,281,600	−99.21
Cash and U. S. Government securities	1,990,000	18,032,500	16,042,500	806.16
Liabilities:				
Total savings	43,810,000	115,743,800	71,933,800	164.19
Borrowed money	5,212,000	6,339,400	1,127,400	21.63
General reserves and undivided profits	−3,633,000	6,670,700	10,303,700	
Ratios to total assets:	*Percent*	*Percent*		
Owned real estate	21.76	0.07		
Cash and U. S. Government securities	3.81	13.58		
General reserves and undivided profits	−6.95	5.02		

[1] Chairman. [2] Vice chairman.

Exhibit 7

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Statements of condition and operation for Federal institutions placed in receivership

CONDENSED COMPARATIVE STATEMENTS OF CONDITION

	In process of liquidation				Receiverships terminated			
	Aetna F. S. & L. A. Topeka, Kans.		First F. S. & L. A. of Oklahoma, Oklahoma City, Okla.		Security F. S. & L. A. of Guymon, Guymon, Okla.		Community F. S. & L. A. o Independence, Independence, Mo.	
	Date of receivership, Aug. 27, 1941	As of Dec. 31, 1948	Date of receivership, Aug. 30, 1941	As of Dec. 31, 1948	Date of receivership, Feb. 12, 1940	As of Dec. 31, 1948	Date of receivership, June 26, 1940	As of Dec. 31 1948
ASSETS								
Mortgage loans	$3,369,490.13		$838,573.90		$96,496.34		$892,380.31	
Share loans	14,110.99		4,056.87				12,427.73	
Real estate sold on contract	798,133.72		32,973.99		1,147.14		64,909.46	
Real estate owned—includes office building	1,334,352.47		374,286.24	$5.00	118,457.27		213,607.94	
Cash and investments	309,115.93	$73,198.57	99,664.33	30,129.55	8,697.00		52,429.44	
Furniture, fixtures and equipment	10,597.23		2,198.55		455.00		2,251.99	
Other assets	8,012.03		2,381.35		28.00		7,542.80	
Total	5,843,812.50	73,198.57	1,354,135.23	30,134.55	225,280.75		1,245,549.76	
LIABILITIES AND CAPITAL								
Secured claims of creditors	527,459.59		336,380.44		14,236.01		274,730.50	
Unsecured claims of creditors	13,740.80		9,278.50	1,720.05	364.48		2,276.69	
Loans in process	101,886.79		706.09				2,015.00	
Advance payments by borrowers	34,593.25		2,017.84					
Other liabilities	48,880.42	32.47	15,425.91	478.42	1,684.20			
Reserve for uncollected interest	10,622.67		873.18		1,880.39		7,244.71	
Allowance for losses	522,286.28		66,858.58		48,916.59		101,472.59	
Surplus or deficit	[1] 387,830.69	[1] 180,627.29	[1] 141,035.30	[1] 134,904.40	[1] 7,741.23		[1] 19,559.68	
Shares purchased by the F. S. & L. I. C		245,844.99		120,000.79				
Other share account claims	4,072,173.39	7,948.40	1,063,629.99	42,839.69	165,940.31		877,369.95	
Total	5,843,812.50	73,198.57	1,354,135.23	30,134.55	225,280.75		1,245,549.76	

[1] Indicates loss.

Statements of condition and operation for Federal institutions placed in receivership—Continued

CONDENSED STATEMENT OF OPERATION

	Year ended Dec. 31, 1948	Cumulative Aug. 27, 1941 to Dec. 31, 1948	Year ended Dec. 31, 1948	Cumulative Aug. 30, 1941 to Dec. 31, 1948	Year ended Dec. 31, 1948	Cumulative Feb. 12, 1940 to Dec. 31, 1948	Year ended Dec. 31, 1948	Cumulative June 26, 1940 to Dec. 31, 1948
Gross operating income		$776,477.48		$181,449.53		$32,063.04		$176,721.54
Less: Gross operating expense	$769.95	440,835.08	$1,222.99	105,921.86	$80.16	27,799.34	$75.35	80,835.56
Net income or expense	[1] 769.95	335,642.40	[1] 1,222,90	75,527.67	[1] 80.16	4,263.70	[1] 75.35	95,885.98
Gross capital gains	37.46	72,079.77		39,889.30	50.00	6,409.40	57.77	25,294.42
Less: Gross capital losses	2,326.72	722,805.05		176,144.65		50,046.02		137,800.72
Net gain or loss	[1] 2,289.26	[1] 650,725.28		[1] 136,255.35	50.00	[1] 43,636.62	57.77	[1] 112,506.30
Net profit or loss—All operations	[1] 3,059.21	[1] 315,082.88	[1] 1,222.90	[1] 60,727.68	[1] 30.16	[1] 39,372.92	[1] 17.58	[1] 16,620.32
Percent of liquidating dividends declared		95.0		85.0		101.1		107.7

[1] Indicates loss.

Exhibit 8

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Statement of condition

	Dec. 31, 1948	Dec. 31, 1947
ASSETS		
Cash	$792,925.15	$1,761,910.40
Accounts receivable:		
Insurance premiums—payments due	96,808.25	69.389.62
Insurance premiums—payments deferred	2,647,449.48	2,297,910.41
Admission fees receivable	3.20	
Due from receiver for institutions in liquidation		1,843.03
Due from Governmental agencies	886.46	3.741.70
	2.745,147.39	2,372.884.76
Investments:		
U. S. Government securities (par value)	198,962,000.00	184,462,000.00
Unamortized premium on investments	17,503.91	18,439.67
	198,979,503.91	184.480,439.67
Accrued interest on investments	171,576.69	170.587.68
Subrogated accounts in insured institutions in liquidation	365,845.78	372,077.06
Less: Allowance for losses	280,025.28	287,555.38
	85,820.50	84,521.68
Insured accounts in institutions in liquidation—Pending and unclaimed	10,146.38	10,895.12
Less: Allowance for losses	718.61	810.63
	9,427.77	10,084.49
Furniture, fixtures, and equipment	52,629.74	35,651.54
Less: Reserve for depreciation	52,629.74	35,651.54
Deferred charges:		
Home Loan Bank Board	44,621.51	
Fidelity bond and other insurance premiums	927.28	
Unallocated preliminary expense on problem cases		126.06
	45,548.79	126.06
Total assets	202,829,950.20	188,880,554.74
LIABILITIES AND CAPITAL		
Liabilities:		
Accounts payable	69.51	8,947.29
Accrued liabilities	21,540.23	79,547.91
Deductions from employees' salaries	13,304.12	14,160.33
Pending and unclaimed accounts in insured institutions in liquidation	10,146.38	10,895.12
Custodial funds—receiverships	2,655.97	26.52
	47,716.21	113,577.17
Deferred credits:		
Unearned insurance premiums	4,948,599.94	4,268,081.37
Prepaid insurance premiums	26.01	72.98
	4,948,625.95	4.268,154.35
Capital:		
Capital stock	100,000,000.00	100,000,000.00
Reserve fund as provided by law	[1] 92,206,266.04	42,457,624.50
Special reserve for contingencies		37,500,000.00
Unallocated income	5,627,342.00	4,541,198.72
	97,833,608.04	84,498,823.22
Total liabilities and capital	202,829,950.20	188,880,554.74

[1] Pursuant to Public Law 860, 80th Cong., cumulative dividends as of June 30, 1948, were determined to be $25,181,749.98. Cumulative dividends thereafter are being computed by the Corporation at the rate o $250,000 monthly.

Exhibit 9

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Income and expense statement

	Jan. 1, 1948 through Dec. 31, 1948	Jan. 1, 1947 through Dec. 31, 1947
Operating income and recoveries:		
Insurance premiums earned	$9,456,079.50	$8,099,643.22
Admission fees earned	40,295.52	14,884.48
Interest earned on U. S. Government securities	4,388,169.53	4,130,005.16
Miscellaneous	103.74	.30
Recoveries on contributions to insured institutions		145,241.56
Total operating income and recoveries	13,884,648.29	12,389,774.72
Operating expenses and losses:		
Administrative expenses	515,806.52	541,924.04
Liquidation and other expenses	13,140.64	14,517.39
Depreciation of furniture, fixtures, and equipment	16,940.80	5,878.63
Losses on subrogated accounts	6,343.59	
Total operating expenses and losses	552,231.55	562,320.06
Net income from operations	13,332,416.74	11,827,454.66
Nonoperating income:		
Profit on sale of furniture, fixtures, and equipment		474.50
Miscellaneous	18.51	12.25
Total nonoperating income	18.51	486.75
Nonoperating charges:		
Commission on securities	156.26	
Net income before adjustment of valuation reserves	13,332,278.99	11,827,941.41
Adjustment of valuation reserves:		
Provision for losses on subrogated accounts in insured institutions in liquidation	7,530.10	−2,289.69
Provision for losses on insured accounts in institutions in liquidation-pending and unclaimed	92.02	39.45
Cancellation of approved contributions		54,148.10
Net adjustments of valuation reserves	7,622.12	51,897.86
Net income for period	13,339,901.11	11,879,839.27
Adjustment of net income for prior years	−5,116.29	−2,154.94
Net income	13,334,784.82	11,877,684.33

Exhibit 10

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Frequency distribution of insured associations by asset size groups, Dec. 31, 1946, 1947, and 1948

Asset size group	Number of insured associations		
	1948 [1]	1947	1946
United States total	2,616	2,536	2,496
Under $250,000	93	132	193
$250,000-$500,000	242	259	290
$500,000-$1,000,000	408	419	435
$1,000,000-$2,500,000	764	749	752
$2,500,000-$5,000,000	588	526	465
$5,000,000-$10,000,000	312	281	230
$10,000,000-$25,000,000	176	143	112
$25,000,000 and over	33	27	19

[1] Preliminary.

831481—49— 11

Exhibit 11

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Number and assets of all insured savings and loan associations, by type, Dec. 31, 1947 and 1948

	All insured				Federal				Insured State			
	1948		1947		1948		1947		1948		1947	
	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets
United States	2,616	$9,733,723,000	2,530	$8,547,297,000	1,485	$6,162,094,000	1,478	$5,459,640,000	1,131	$3,571,629,000	1,058	$3,087,657,000
District No. 1—Boston	67	464,652,000	66	405,744,000	53	416,457,000	53	374,766,000	14	48,195,000	13	30,978,000
Connecticut	28	150,935,000	28	131,259,000	17	117,103,000	17	101,551,000	11	33,832,000	11	29,708,000
Maine	5	6,298,000	5	5,511,000	5	6,298,000	5	5,511,000				
Massachusetts	26	254,797,000	26	232,356,000	26	254,797,000	26	232,356,000				
New Hampshire	4	19,761,000	4	18,785,000	2	18,368,000	2	17,515,000	2	1,393,000	2	1,270,000
Rhode Island	2	22,011,000	1	7,723,000	1	9,041,000	1	7,723,000	1	12,970,000		
Vermont	2	10,850,000	2	10,110,000	2	10,850,000	2	10,110,000				
District No. 2—New York	267	1,298,574,000	252	1,082,692,000	82	652,888,000	82	545,485,000	185	645,986,000	170	537,207,000
New Jersey	135	396,521,000	132	356,556,000	17	42,108,000	16	37,633,000	118	354,413,000	116	318,923,000
New York	132	902,353,000	120	726,136,000	65	610,780,000	66	507,852,000	67	291,573,000	54	218,284,000
District No. 3—Pittsburgh	250	628,728,000	247	565,757,000	135	413,924,000	136	378,391,000	115	214,804,000	111	187,366,000
Delaware	1	1,250,000	1	949,000	1	1,250,000	1	949,000				
Pennsylvania	224	582,015,000	220	523,803,000	113	373,935,000	113	341,996,000	111	208,080,000	107	181,807,000
West Virginia	25	45,463,000	26	41,005,000	21	38,739,000	22	35,446,000	4	6,724,000	4	5,559,000
District No. 4—Winston-Salem	320	1,147,838,000	302	1,003,109,000	232	903,583,000	226	792,638,000	88	244,255,000	76	210,471,000
Alabama	26	49,377,000	26	41,451,000	18	40,820,000	18	34,215,000	8	8,557,000	8	7,236,000
District of Columbia	14	115,540,000	11	106,436,000	7	72,960,000	5	63,449,000	7	42,580,000	6	42,987,000
Florida	50	267,048,000	49	229,858,000	49	264,319,000	48	227,178,000	1	2,729,000	1	2,680,000
Georgia	53	170,582,000	51	147,448,000	47	145,557,000	46	126,077,000	6	25,025,000	5	21,371,000
Maryland	42	185,551,000	42	171,134,000	32	142,650,000	32	133,818,000	10	42,901,000	10	37,316,000
North Carolina	65	161,909,000	56	135,941,000	27	88,922,000	27	78,865,000	38	72,987,000	29	57,076,000
South Carolina	42	89,563,000	40	76,165,000	32	70,748,000	30	60,374,000	10	18,815,000	10	15,791,000
Virginia	28	108,268,000	27	94,676,000	20	77,607,000	20	68,662,000	8	30,661,000	7	26,014,000
District No. 5—Cincinnati	349	1,536,764,000	343	1,409,787,000	218	885,375,000	216	794,147,000	131	651,389,000	127	615,640,000
Kentucky	56	156,186,000	56	140,849,000	54	152,145,000	54	137,138,000	2	4,041,000	2	3,711,000
Ohio	258	1,266,922,000	252	1,171,626,000	129	619,574,000	127	559,697,000	129	647,348,000	125	611,929,000
Tennessee	35	113,656,000	35	97,312,000	35	113,656,000	35	97,312,000				
District No. 6—Indianapolis	183	619,072,000	183	557,915,000	102	431,438,000	101	387,601,000	81	187,634,000	82	170,314,000
Indiana	137	375,912,000	137	338,904,000	69	256,555,000	69	233,500,000	68	119,357,000	68	105,404,000
Michigan	46	243,160,000	46	219,011,000	33	174,883,000	32	154,101,000	13	68,277,000	14	64,910,000

District No. 7—Chicago	326	1,121,566,000	308	971,575,000	140	592,751,000	139	529,269,000	186	528,815,000	160	442,306,000
Illinois	234	897,713,000	218	779,138,000	100	512,128,000	99	459,461,000	134	385,585,000	119	310,077,000
Wisconsin	92	223,853,000	90	192,437,000	40	80,623,000	40	69,808,000	52	143,230,000	50	122,029,000
District No. 8—Des Moines	160	544,730,000	156	487,645,000	106	410,573,000	106	373,382,000	54	134,157,000	50	114,263,000
Iowa	43	85,815,000	42	78,667,000	32	67,951,000	32	63,423,000	11	17,864,000	10	15,244,000
Minnesota	35	210,412,000	35	190,567,000	30	205,881,000	30	187,073,000	5	4,531,000	5	3,494,000
Missouri	69	219,287,000	66	192,694,000	34	120,507,000	34	108,461,000	35	98,780,000	32	84,233,000
North Dakota	7	21,411,000	7	18,858,000	6	11,065,000	6	9,819,000	1	10,346,000	1	9,039,000
South Dakota	6	7,805,000	6	6,859,000	4	5,169,000	4	4,606,000	2	2,636,000	2	2,253,000
District No. 9—Little Rock	269	556,073,000	263	474,950,000	159	252,748,000	160	212,329,000	110	303,325,000	103	262,621,000
Arkansas	38	47,297,000	38	38,793,000	34	40,106,000	34	33,087,000	4	7,191,000	4	5,706,000
Louisiana	71	188,470,000	69	164,116,000	13	29,741,000	13	24,150,000	58	158,729,000	56	139,966,000
Mississippi	24	29,019,000	23	22,928,000	20	25,885,000	20	21,076,000	4	3,134,000	3	1,852,000
New Mexico	13	20,964,000	13	16,827,000	7	13,320,000	7	10,462,000	6	7,644,000	6	6,365,000
Texas	123	270,323,000	120	232,286,000	85	143,696,000	86	123,554,000	38	126,627,000	34	108,732,000
District No. 10—Topeka	157	388,836,000	153	341,711,000	97	287,302,000	97	258,052,000	60	101,534,000	56	83,659,000
Colorado	36	99,344,000	35	82,792,000	23	72,418,000	23	63,406,000	13	26,926,000	12	19,386,000
Kansas	59	113,933,000	58	102,514,000	28	72,461,000	28	65,824,000	31	41,472,000	30	36,690,000
Nebraska	19	24,380,000	19	22,080,000	15	19,447,000	15	18,001,000	4	4,933,000	4	4,079,000
Oklahoma	43	151,179,000	41	134,325,000	31	122,976,000	31	110,821,000	12	28,203,000	10	23,504,000
District No. 11—San Francisco	268	1,426,590,000	263	1,246,412,000	161	915,055,000	162	813,580,000	107	511,535,000	101	432,832,000
Arizona	3	26,839,000	3	25,150,000	2	19,652,000	2	19,416,000	1	7,187,000	1	5,734,000
California	148	971,947,000	143	826,287,000	73	585,571,000	74	508,842,000	75	386,376,000	69	317,445,000
Idaho	8	29,759,000	8	27,147,000	8	29,759,000	8	27,147,000				
Montana	10	22,792,000	10	20,238,000	3	3,536,000	3	3,137,000	7	19,256,000	7	17,101,000
Nevada	1	4,063,000	1	3,379,000	1	4,063,000	1	3,379,000				
Oregon	21	59,169,000	21	53,463,000	21	59,169,000	21	53,463,000				
Utah	9	50,038,000	9	46,019,000	6	22,299,000	6	20,775,000	3	27,739,000	3	25,244,000
Washington	54	237,407,000	54	222,665,000	36	170,742,000	36	159,584,000	18	66,665,000	18	63,081,000
Wyoming	9	13,690,000	9	11,936,000	9	13,690,000	9	11,936,000				
Alaska	1	1,302,000	1	1,336,000	1	1,302,000	1	1,336,000				
Hawaii	4	9,584,000	4	8,792,000	1	5,272,000	1	4,565,000	3	4,312,000	3	4,227,000

Source: Monthly reports of insured associations.

Exhibit 12

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Mortgage portfolio of all insured savings and loan associations, by type of loan, Dec. 31, 1947 and 1948

[In thousands of dollars]

	Dec. 31, 1948	Dec. 31, 1947	Percent increase	Average size	
				1948	1947
Amount of mortgage loans:					
FHA insured	$445,115	$376,872	18.1	$4,933	$4,574
VA insured or guaranteed	1,886,222	1,648,091	14.4	5,562	5,567
Conventional	5,451,451	4,567,245	19.4	3,340	3,185
Total	7,782,788	6,592,208	18.1	3,775	3,638
Percent to total mortgage loans:					
FHA insured	5.7	5.7			
VA insured or guaranteed	24.2	25.0			
Conventional	70.1	69.3			
Total	100.0	100.0			

Exhibit 13

HOME OWNERS' LOAN CORPORATION

Historical facts

Date of origin and authority for creation: June 13, 1933, by Home Owners' Loan Act. Capital stock authorized, issued, and outstanding December 31, 1948: $200,000.000 subscribed by the United States Treasury.

Bond authority: $4,750,000,000 fully guaranteed by the Government as to interest and principal.

Bonds issued: $3,489,589,700.

Bonds outstanding December 31, 1948: $184,693,825.

Authorized lending period: Three years beginning June 13, 1933, ending June 12, 1936.

Number of applications received: 1,886,491. (This figure does not include applications presented but not accepted because ineligible.)

Number of loans closed: 1,017,821.

Dollar amount of loans closed: $3,093,451,321.

Average size of loans made: $3,039.

Number of cities and towns in which loans were made: Approximately 19,000.

Period for which loans were made: 15 years; subsequently extended where the facts justified, to 25 years.

Interest charged on loans: 5 percent; subsequently accepted 4½ percent after October 16, 1939, without rewriting of the mortgage contract.

Total disbursement to mortgagees in refinancing operations: $2,750,000,000.

To banks and trust companies: $935,000,000.

To savings and loan associations and similar institutions: $770,000,000.

To finance and mortgage companies: $195,000,000.

To insurance companies: $165,000,000.

To estates: $110,000,000.

To individuals: $575,000,000.

Cumulative disbursements for taxes, insurance, reconditioning, and repairs: $711,000,000.

Personnel at peak: 20,811 as of November 1934.

Personnel on December 31, 1948: 473.

Number of offices at peak: 458, including State and regional offices.

Number of offices as of December 31, 1948: 1.

Investments in savings and loan associations:

Shares purchased	$223, 856, 710
Repurchases	217, 974, 060
On hand December 31, 1948	5, 882, 650

Percent of liquidation as of December 31, 1948: 89.4 percent.

Exhibit 14

HOME OWNERS' LOAN CORPORATION

Balance sheet at Dec. 31, 1948

ASSETS

Mortgage loans, vendee accounts, and advances—at present face value			$368, 908, 061. 42
Interest receivable			1, 184, 649. 59
Property:			
Owned		$3, 687. 61	
In process of acquiring title		24, 333. 70	
			[1] 28, 021. 31
			370, 120, 732. 32
Less: Reserve for losses			2, 629, 943. 96
			367, 490, 788. 36
Investments—at cost:			
Savings and loan associations:			
Federal chartered	$3, 667, 150. 00		
State chartered	2, 215, 500. 00		
		5, 882, 650. 00	
Public debt obligations of the United States (borrowers' special deposits)—at face value		12, 400, 000. 00	
			18, 282, 650. 00
Bond retirement fund: Cash (including $2,557,675.00 deposited with U. S. Treasury for retirement of matured bonds)			2, 657, 379. 30

[1] Property owned and property in process of acquiring title are stated at values represented by unpaid balances of loans and advances, unpaid interest to date of foreclosure sale or judgment, foreclosure costs, net charges prior to date of acquisition, and permanent additions, initial repairs and reconditioning subsequent to acquisition. Unpaid interest included in these values amounts to $1,224.95.

Balance sheet at Dec. 31, 1948—Continued

ASSETS—continued

Cash:		
Operating funds (includes $943,849.23 payable to bond retirement fund in January 1949; and $1,276,861.34 deposited by borrowers and employees—see contra)	$5,995,624.47	
Special funds held by U. S. Treasury for payment of interest coupons (see contra)	278,649.10	
Special funds—Federal tax withheld (see contra)	40,711.80	
Special funds—held by U. S. Treasury for refunding of 1½ percent series M bonds called as of June 1, 1945	136,150.00	
		$6,451,135.37
Fixed assets:		
Furniture, fixtures, and equipment—at cost	310,044.22	
Less: Reserve for depreciation	310,044.22	
Other assets:		
Accounts receivable	77,082.44	
Less: Reserve for uncollectible accounts receivable	70,781.46	
	6,300.98	
Dividends receivable	67,519.00	
		73,819.98
Deferred and unapplied charges		29,728.36
		394,985,501.37

LIABILITIES AND CAPITAL

Bonded indebtedness:		
(Guaranteed as to principal and interest by United States, except $103,400 of unpaid matured 4 percent bonds guaranteed as to interest only):		
Bonds outstanding—not matured	$182,000,000.00	
Bonds matured—on which interest has ceased	2,693,825.00	
		$184,693,825.00

Balance sheet at Dec. 31, 1948—Continued

LIABILITIES AND CAPITAL—continued

Accounts payable:			
Interest due (see contra)		$278,649.10	
Accrued payroll		30,450.59	
Insurance premiums		103,240.01	
Special deposits:—			
By borrowers		13,664,121.61	
By employees (savings bonds)		4,135.15	
Civil service retirement deductions		8,604.58	
Federal tax withheld (see contra)		40,711.80	
Miscellaneous		19,306.87	
			$14,149,219.71
Accrued liabilities			46,912.72
Deferred and unapplied credits			255,535.58
Reserve for fidelity and casualties			247,125.00
Capital stock less deficit:			
Capital stock: Authorized, issued, and outstanding		200,000,000.00	
Deficit:			
Losses in excess of net earnings	[2] $1,530,047.68		
Reserves for future losses	2,877,068.96	4,407,116.64	
			195,592,883.36
			394,985,501.37

[2] Reflects the Corporation's actual losses sustained in the sale of its acquired properties, on mortgage loans and other losses, on fire and other hazards and on fidelity and casualties in excess of its cumulative net earnings.

Except for property transactions which are recorded on a cash basis, major items of income and expense are recorded on an accrual basis. Therefore, no asset has been recognized with respect to uncollectible rental or prepaid taxes nor liability for accrued taxes.

Exhibit 15

HOME OWNERS' LOAN CORPORATION

Statement of income and expense from the beginning of operations—June 13, 1933 to December 31, 1948

Operating and other income:			
Interest:			
Mortgage loans and advances		$1,043,903,366.82	
Vendee accounts and advances		129,491,806.46	
		1,173,395,173.28	
Special investments		1,250,144.88	
			$1,174,645,318.16
Property income			138,645,358.38
Dividends received—F. S. & L. I. C.			28,217,076.07
Dividends on investments in savings and loan associations			44,660,863.36
Miscellaneous			9,425,620.04
			1,395,594,236.01
Operating and other expenses:			
Interest on bonded indebtedness	$653,706,094.94		
Less: Premium on bonds sold	1,618,866.43		
		$652,087,228.51	
Discount on refunded bonds		7,147,710.28	
		659,234,938.79	
Administrative expenses		268,508,909.38	
General expenses		18,647,210.52	
Property expense		112,826,481.56	
			1,059,217,540.25
Net income before provision for losses which may be sustained in the liquidation of assets			336,376,695.76
Provision for losses:			
On mortgage loans, interest, and property		$349,737,153.25	
For fidelity and casualties		1,355,270.86	
For fire and other hazards		881,252.50	
For uncollectible accounts receivable		63,421.26	
			352,037,097.87
Loss for period June 13, 1933 to Dec. 31, 1948			15,660,402.11
Deduct: Surplus adjustments—reserve against fire and other hazards, reserve for losses on mortgage loans, interest and property and unlocated payments (net)			11,253,285.47
Deficit at Dec. 31, 1948			4,407,116.64

Exhibit 16

HOME OWNERS' LOAN CORPORATION

Statement of income and expense for the calendar year 1948

Operating and other income:		
Interest:		
Mortgage loans and advances		$12, 200, 039. 36
Vendee accounts and advances		6, 893, 087. 50
		19, 093, 126. 86
Special investments		141, 763. 10
Total		19, 234, 889. 96
Property income		2, 663. 71
Dividends received from savings and loans associations		178, 235. 80
Dividends received from F. S. & L. I. C		25, 181, 749. 98
Miscellaneous		784, 275. 89
Total income		45, 381, 815. 34
Operating and other expenses:		
Interest on bonded indebtedness		3, 337, 890. 13
Administrative and general expenses:		
Administrative expenses		2, 395, 209. 25
General expenses		25, 524. 70
Property expense		[1] 6, 654. 20
Total expense		5, 751, 969. 88
Net income before provision for losses which may be sustained in the liquidation of assets		39, 629. 845. 46
Provision for losses:		
On mortgage loans, interest and property		—
For fidelity and casualties		17, 123. 00
For fire and other hazards		—
For uncollectible accounts receivable		7, 373. 57
		24, 496. 57
Net income for calendar year after provision for losses		39, 605, 348. 89
Deficit at Dec. 31, 1947	$54,012, 370. 57	
Deduct: Surplus adjustments—net	9, 999, 905. 04	
		44, 012, 465. 53
Deficit at Dec. 31, 1948		4, 407, 116. 64

[1] Net credit.

PART III

OF THE

Second Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

FEDERAL HOUSING ADMINISTRATION

LETTER OF TRANSMITTAL

To the Congress of the United States:

In accordance with Section 5 of the National Housing Act, as amended, I transmit herewith the Fifteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1948.

Respectfully,

FRANKLIN D. RICHARDS, *Commissioner.*

Functions of the Federal Housing Administration

Under authority provided in Titles I, II, VI, and VII of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates an insurance program designed to encourage improvement in housing standards and conditions and to guide the creation of a sound mortgage market. The FHA itself makes no loans and does no building.

Title I, Housing Renovation and Modernization:

Title I of the act authorizes the FHA to insure qualified lending institutions against loss on loans made to finance the alteration, repair, improvement, or conversion of existing structures, and the building of small new structures.

Title II, Mortgage Insurance:

Section 203 of Title II authorizes the insurance of mortgages in amounts up to $16,000 on one- to four-family homes.

Section 207 authorizes the insurance of loans on multifamily rental housing projects and projects built by nonprofit cooperatives to provide housing for their members.

Title VI, War Housing Insurance:

Section 603 (added to the act in 1941) authorizes the insurance of mortgages on one- to four-family dwellings. The authority to issue commitments on new construction under this section expired April 30, 1948.

Section 608 (added in 1942) authorizes the insurance of mortgages in amounts up to $5,000,000 on rental housing projects.

Section 609 (added in 1947) authorizes the insurance of short-term loans to finance the manufacture of housing, and the insurance of lending institutions against loss on notes given in part payment by purchasers of manufactured housing financed with insured loans.

Section 610 (added in 1947) authorizes the insurance under Sections 603 and 608 of mortgages on specified types of permanent housing sold by the Government.

Section 611 (added in 1948) in order to encourage the application of cost-reduction techniques through large-scale modernized construction operations authorizes the insurance of mortgages, including construction advances, on projects of 25 or more new single-family dwellings.

Title VII, Insurance for Investments in Rental Housing for Families of Moderate Income:

Title VII (added in 1948) authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in rental projects for moderate-income families, where no mortgage financing is involved.

[illegible]

Section I

GENERAL REVIEW

Significant Developments in 1948

Two notable events of 1948 were the passage of the Housing Act of 1948, which placed increased responsibilities on the Federal Housing Administration, and the writing of a record volume of FHA insurance during the year.

Provisions of the 1948 Housing Act and Other Legislation

Public Law 468, Eightieth Congress, approved March 31, 1948, extended from March 31 to April 30 the expiration date of the authority to issue commitments for the insurance of new-construction mortgages under Sections 603 and 608 of the National Housing Act, and substituted value for necessary current cost as the basis for considering applications under Section 603 received during the period of the extension. This law also increased the insurance authorization under Title VI from $4,950,000,000 to $5,350,000,000.

The chief purposes of the Housing Act of 1948 (Public Law 901, 80th Congress, approved August 10) were to stimulate the production through private enterprise of housing in the lower price and rental ranges where the greatest demand exists, and to aid the transition from emergency to normal peacetime conditions in home financing. The provisions of the act that directly affected FHA operations took the form of amendments to the National Housing Act, including the following:

Title I was amended to provide insurance coverage for loans in amounts up to $10,000, with maturities up to 7 years, to finance the alteration, repair, improvement, or conversion of existing structures used or to be used as apartment houses or dwellings for two or more families. The maximum amount of a Title I "Class 3" loan to finance the construction of a single-family dwelling was increased from $3,000 to $4,500. The limitation on aggregate outstanding insurance liability under Title I was increased from $165,000,000 to $200,000,000.

Section 203 of Title II was amended by increasing the maximum amount of a 90 percent mortgage from $5,400 to $6,300, and the maximum amount of a 90–80 percent mortgage from $8,600 to $9,500 (90 percent of the first $7,000 of appraised value and 80 percent of the remainder up to $11,000). The 25-year maximum maturity formerly applicable only to mortgages of $5,400 or less on single-family owner-occupied homes now applies to mortgages up to $16,000 on property approved for insurance before construction is begun.

Section 203 was further amended by the addition of a new subsection 203(b)(2)(D) to authorize the insurance of mortgages on single-family dwellings up to 95 percent of appraised value when the loan is made to an owner-occupant, or 85 percent when made to an operative builder. The maximum amount of such a loan is $6,000, and the maximum maturity is 30 years.

Section 204 was amended to permit the inclusion of a limited amount of foreclosure costs in the debentures issued with respect to mortgages insured under Section 203(b)(2)(B) when the amount of mortgage principal amortized before foreclosure is less than 10 percent of the appraised value of the property. Inclusion of these costs was formerly limited to mortgages accepted for insurance before July 1, 1944. Similar costs may be included in debentures issued with respect to mortgages insured under the new Section 203(b)(2)(D), and mortgages on cooperative projects and projects for low-income families insured under Section 207. Section 204 was further amended to provide that when the amount realized from a property insured under Section 207 and conveyed to the FHA exceeds the claims of the FHA and the mortgagee against the property the excess is to be credited to the Housing Insurance Fund instead of being refunded to the mortgagor.

Section 207 was amended to provide for:

(1) Insurance of mortgages in amounts up to $50,000,000 when the mortgagor is a governmental agency or a limited-dividend, redevelopment, or housing corporation restricted by Federal or State laws or regulations of State banking or insurance departments. Other mortgages insured under Section 207 may not exceed $5,000,000.

(2) Insurance of mortgages up to 90 percent of estimated value on special projects for low-income families and on cooperative projects, and mortgages up to 95 percent of replacement costs as of December 31, 1947, on cooperative projects for veterans. Other mortgages insured under Section 207 may not exceed 80 percent of estimated value, and may not exceed the estimated cost of the completed physical improvements.

(3) Limitation of maximum mortage amount attributable to dwelling use to $8,100 per family dwelling unit; or, for a cooperative project, to $8,100 per dwelling unit or $1,800 per room if the FHA finds that the per-room basis more adequately meets the needs of the cooperative.

(4) Amortization within a maximum term of 40 years for mortgages on cooperative projects or projects for low-income families. Other mortgages insured under Section 207 are to provide for amortization "within such term as the Commissioner shall prescribe."

The insurance authorization under Title VI was increased from \$5,350,000,000 to \$5,750,000,000, with an additional \$400,000,000 to be made available at the discretion of the President.

Under Section 608 of Title VI, the authority to issue commitments of mortgage insurance on new construction, which had expired April 30, was extended to March 31, 1949, with the stipulation that in selecting tenants no discrimination should be made against families with children. The limitation on maximum mortgage amount was amended to provide for (1) not over \$5,000,000, (2) not over 90 percent of necessary current cost, (3) not to exceed the cost of the completed physical improvements, (4) not over 90 percent of the FHA estimate of replacement costs as of December 31, 1947, and (5) not over \$8,100 per family dwelling unit. The former limitations were \$5,000,000, 90 percent of necessary current cost, cost of the completed physical improvements, and \$1,500 to \$1,800 per room.

Section 609 was amended to provide for insurance of lenders against loss on notes given by purchasers in part payment for houses the manufacture of which was financed under this section, and for a premium charge of not over 1 percent for such insurance.

Section 610 was amended to include mortgages on additional types of permanent housing sold by the Government.

Section 611, providing for the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings, was added to Title VI "in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes." The amount of the blanket mortgage may not exceed 80 percent of the estimated value of the completed project, and further may not exceed a sum computed on the basis of \$6,000 or 80 percent of valuation per dwelling unit, whichever is less. The maximum interest rate permitted is 4 percent per annum, or 4½ percent if the Commissioner determines that the mortgage market demands it. The mortgage may provide for release of individual dwellings from the mortgage lien. Occupancy preference is to be given to World War II veterans and their families and to hardship cases.

Title VII, Insurance for Investments in Rental Housing for Families of Moderate Income, was added to the National Housing Act to encourage investments in rental housing for moderate-income families, where no mortgage financing is involved. It authorizes the insurance of a minimum annual amortization charge of 2 percent of the established investment and an annual return of 2¾ percent on the outstanding investment. The aggregate insurance liability outstanding at any one time may not exceed $1,000,000,000. A revolving fund of $10,000,000 is established for carrying out the provisions of this title.

Industry Meetings

In order that all elements of the building industry might have a clear understanding of the nature of the changes in the FHA program brought about by the provisions of the Housing Act of 1948, and might appreciate the underlying purposes of the legislation, the Federal Housing Administration and the National Association of Home Builders jointly sponsored a series of meetings held in 120 cities throughout the country in September, soon after the new housing act became effective. To these meetings were invited builders, dealers, representatives of lending institutions and labor organizations, and other industry groups. Approximately 14,500 persons attended.

In discussing the new legislation and the consequent amendments to FHA administrative rules and regulations, the meetings stressed possibilities of reducing housing costs at all price and rental levels without sacrifice of sound standards or fair return, the need for an expanded production of good housing at lower prices, and the importance of cooperation between industry and government if the desired results were to be attained.

Plans for the 1949 Economy Housing Program

The industry meetings held in September 1948 highlighted several aspects of the housing market: (1) The demand for moderate- and high-priced housing was rapidly being satisfied; (2) with the passing of the critical phase of the postwar housing emergency consumers were better able to resist prices they could not afford to pay and were becoming more selective from the standpoint of quality, so that a lessening of demand for new housing seemed inevitable unless prices and rents at all levels could be reduced; (3) the demand at the lower price and rent levels was not only the largest but the most constant; (4) to bring down costs without sacrifice of quality it would be necessary to effect economies at every stage of planning, building, and marketing.

Confident that a series of economies could be effected which in the aggregate would represent substantial reductions, the FHA in the remaining months of the year made plans to take part in an intensive campaign beginning early in 1949, to promote the realization of such economies.

The economy housing program represents a joint effort by all constituent parts of the home building industry and all agencies of government, Federal and local, concerned with housing. It encompasses both conventional and insured financing. It emphasizes sound construction, good design, and livability, combined with increased efficiency in production, and in particular seeks to provide a greater volume of good housing at the lower price levels where demand is most insistent. By the end of the year plans were nearly completed for a series of meetings in February at which the program would be inaugurated.

Minority Group Housing

A conference held in Washington September 21–24 marked the completion of the first year of service of the five racial relations advisers appointed by the FHA in August 1947. The conference had as its chief purposes the presentation of reports by the racial relations advisers on their activities during the year, an evaluation of their accomplishments, and discussions of common problems and possibilities of increased usefulness in the future.

The efforts of these men have been of great value in stimulating the interest of builders, financial institutions, and others in finding ways to meet the urgent housing needs of minorities. FHA field directors have been instructed to cooperate to the fullest extent in such efforts. Particular encouragement is being given to steps taken by minority groups themselves, such as the formation of savings and loan associations, the organization of housing cooperatives, and work done by established builders and financial institutions among members of these groups. It is realized, however, that the work done by these groups can only supplement the major task that needs to be done.

Insured Financing for Prefabricators

Three loans to manufacturers of prefabricated houses were insured in 1948 under the provisions of Section 609 of the National Housing Act.

The first loan, which was insured in February under the original provisions of the section, was made by the Trust Company of New Jersey to the Housemart, Inc., of Cleveland, Ohio, to finance the manufacture in the Housemart's Cleveland plant of 194 houses to be sold to a Cleveland building company.

The second and third loans, which were insured under the amended provisions, were made by the County Trust Company of Tarrytown, N. Y.: one to Reliance Homes, Inc., Philadelphia, for the production of

230 houses to be purchased by two Philadelphia builders; the other to the New Jersey Permacrete Corporation, Philadelphia, for the production of 100 houses to be purchased by the Burlington Housing Corporation for erection at Burlington, N. J.

Interest of lenders in the Section 609 insurance was accelerated by the provisions in the Housing Act of 1948 affecting purchases of manufactured houses financed with insured loans. By the end of the year 14 applications for insurance under the new provisions, involving a total of $6,826,964, were under consideration by the FHA. The number of houses covered by these applications was 3,887.

Yield Insurance

FHA rules and regulations for the rental housing yield insurance program provided in the Housing Act of 1948 were issued on November 12.

Yield insurance is available to individuals, unincorporated groups, corporations, trusts, and other legal entities approved by the FHA. The purpose of the insurance is to attract equity capital into the production of housing for families of moderate income, where no mortgage financing is involved. The FHA is authorized to insure the minimum amortization charge of 2 percent of the established investment (including all approved costs prior to initial occupancy), and an annual return of 2¾ percent on the outstanding investment. An annual premium of one-half of 1 percent of the outstanding investment is charged for the insurance.

When the earnings of a project in any year amount to more than 3½ percent in addition to the minimum amortization charge, 50 percent of the excess may be added to the return for the year, which may not, however, total more than 5 percent. The remainder of the excess earnings may be applied to amortization of the investment over and above the minimum amortization charge.

When the net income for the year is less than the sum of the minimum annual amortization charge and the insured annual return, the investor may make claim under the insurance contract for the difference and receive payment in cash of an amount not exceeding 2 percent of the established investment plus 2¾ percent of the outstanding investment.

If aggregate claims paid under the contract amount to 15 percent or more of the established investment, the FHA has the option of acquiring the project in exchange for 2¾ percent debentures with a total face value of 90 percent of the outstanding investment, guaranteed by the Government and maturing in 40 years or less. If aggregate operating losses exceed 5 percent of the established investment, the investor may convey the project to the FHA in return for similar debentures.

Field Organization

The record volume of business handled in 1948 and the expansion of the FHA program resulting from the Housing Act of 1948 placed a greatly increased burden of work on the field organization. At the end of the year there were 120 field offices, 7 more than at the end of 1947. The number of insuring offices increased by 3 during the year, and the number of valuation stations by 5. There was a decrease of 1 service office. The total at the end of 1948 included 68 insuring offices, in which applications for mortgage insurance are received and undergo complete processing; 12 service offices which receive applications for mortgage insurance and prepare architectural and valuation reports; and 40 valuation stations in which technical personnel are located for special assignments.

Volume of Insurance

Insurance written by the FHA in the 14½ years from its establishment in 1934 through 1948 totaled $14,569,243,203. It was estimated that $7,276,341,716, or about half of the total amount of insurance written, was outstanding at the end of the year.

The $3,340,865,390 of insurance written in 1948 is by far the largest volume for any one year. It represents an increase of nearly 87 percent over the volume for 1947, which itself greatly exceeded that for any previous year.

As can be see from Chart 1 and Table 1, there was an increase in

YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1948

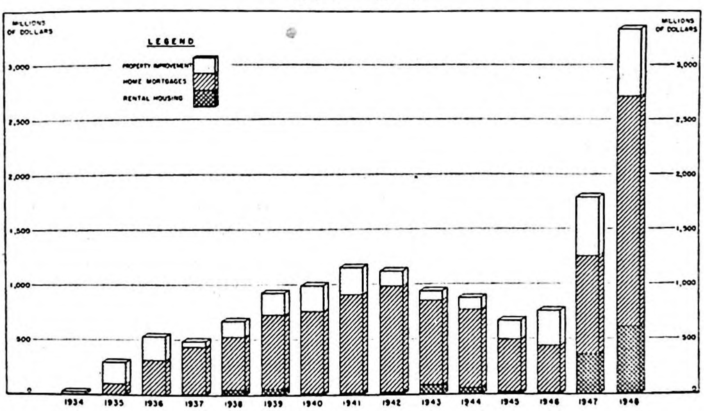


CHART I

TABLE 1.—*Yearly volume of mortgages and loans insured by FHA under all titles: Face amount of mortgages written and net proceeds of loans insured, 1934–1948*

Year	Total all titles (amount)	Title I: Classes 1, 2, and 3 loans		Title II: Section 203 home mortgages		Title II: Section 207 [1] rental projects	
		Number	Net proceeds	Number	Amount	Units	Amount
1934	$27, 405, 525	72, 658	$27, 405, 525	-	-	-	-
1935	297, 495, 144	635, 747	201, 258, 132	23, 397	$93, 882, 012	738	$2, 355, 000
1936	532, 581, 028	617, 697	221, 534, 922	77, 231	308, 945, 106	624	2, 101, 000
1937	489, 200, 337	124, 758	54, 344, 338	102, 076	424, 372, 999	3, 023	10, 483, 000
1938	671, 593, 326	382, 325	150, 709, 152	109, 279	473, 246, 124	11, 930	47, 638, 050
1939	925, 262, 132	513, 091	203, 994, 512	153, 747	669, 416, 154	13, 462	51, 851, 466
1940	991, 173, 855	662, 948	241, 734, 821	168, 293	736, 490, 344	3, 559	12, 948, 690
1941	1, 152, 342, 183	687, 837	248, 638, 549	198, 799	876, 707, 384	3, 741	13, 565, 000
1942	1, 120, 839, 108	432, 755	141, 163, 398	149, 635	691, 445, 427	1, 547	5, 792, 000
1943	933, 986, 444	308, 161	87, 194, 156	52, 408	244, 514, 138	185	714, 000
1944	877, 472, 057	389, 592	113, 939, 150	46, 677	216, 368, 057	2, 181	7, 175, 806
1945	664, 984, 729	501, 401	170, 823, 788	46, 572	219, 299, 950	891	3, 806, 015
1946	755, 777, 661	799, 284	320, 593, 183	66, 858	347, 356, 890	694	2, 509, 977
1947	1, 788, 264, 284	1, 247, 590	533, 604, 178	76, 813	445, 667, 150	-	[2] 32, 000
1948	3, 340, 865, 390	1, 359, 776	621, 612, 484	133, 280	880, 353, 450	-	-
Total	14, 569, 243, 203	8, 735, 620	3, 338, 550, 288	1, 405, 065	6, 628, 065, 185	[3] 42, 575	[3] 160, 972, 004

Year	Title VI [4]: Section 603 home mortgages		Section 608 rental projects		Section 609 manufactured housing		Section 603–610 home mortgages		Section 608–610 rental projects	
	Number	Amount	Units	Amount	Units	Amount	Number	Amount	Units	Amount
1941	3, 778	$13, 431, 250	-	-	-	-	-	-	-	-
1942	68, 706	267, 015, 578	4, 295	$15, 422, 705	-	-	-	-	-	-
1943	113, 659	517, 656, 180	19, 994	83, 907, 970	-	-	-	-	-	-
1944	100, 320	491, 068, 944	10, 249	48, 920, 100	-	-	-	-	-	-
1945	50, 244	255, 044, 040	3, 167	16, 010, 936	-	-	-	-	-	-
1946	14, 034	74, 652, 600	1, 538	10, 665, 011	-	-	-	-	-	-
1947	64, 570	449, 027, 650	46, 604	359, 912, 206	-	-	4	$21, 100	-	-
1948	163, 444	1, 224, 925, 850	77, 818	605, 862, 784	524	$1, 871, 972	920	3, 390, 350	1, 366	$2, 848, 500
Total	578, 755	3, 292, 822, 092	163, 665	1, 140, 701, 712	524	1, 871, 972	924	3, 411, 450	1, 366	2, 848, 500

[1] Includes also rental and release-clause projects insured under Sec. 210.
[2] Increase in amount of a mortgage insured prior to 1947.
[3] Includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[4] Sec. 603 enacted on Mar. 28, 1941, Sec. 608 on May 26, 1942, Sec. 609 on June 30, 1947, and Sec. 610 on Aug. 5, 1947.

1948 in the amount of insurance written under every section of the act, except Section 207. The greatest increase occurred in mortgage insurance under Section 603, although no commitments for the insurance of new-construction mortgages under this section were issued after April 30. There was an increase of over 68 percent in the amount of rental housing mortgages insured under Section 608, although the authorization for the issuance of new-construction commitments under this section expired April 30 and was not renewed until August 10.

In 1948 two FHA field offices, Detroit and Los Angeles, passed the billion-dollar mark in aggregate volume of insurance written since the beginning of operations.

Table 2 shows the status of insuring operations at the end of 1948.

TABLE 2.—*Status of insurance written under all titles, as of Dec. 31, 1948*

Status of insurance written	Total all titles (amount)	Title I [1]		Title II			
		Classes 1, 2, and 3 loans		Section 203 home mortgages		Section 207 rental projects [2]	
		Number	Amount	Number	Amount	Units	Amount
Face amount written	$14,569,243,203	8,735,620	[3] $3,338,550,288	1,405,065	$6,628,065,185	42,575	$160,972,004
Less: Insurance terminated	5,951,224,065	6,281,620	1,831,703,212	720,036	3,167,619,702	32,561	122,019,908
Face amount in force	8,618,019,138	2,454,000	1,506,847,076	685,029	3,460,445,483	10,014	38,952,096
Less: Estimated amount amortized on mortgages in force	1,341,677,422		626,000,000		569,913,937		6,586,352
Net insurance outstanding	7,276,341,716	2,454,000	880,847,076	685,029	2,890,531,546	10,014	32,365,744

Status of insurance written	Title VI					
	Section 603 home mortgages [4]		Section 608 rental projects [4]		Section 609 manufactured housing	
	Number	Amount	Units	Amount	Units	Amount
Face amount written	579,679	$3,296,233,542	165,031	$1,143,550,212	524	$1,871,972
Less: Insurance terminated	176,465	811,188,471	4,632	18,692,772		
Face amount in force	403,214	2,485,045,071	160,399	1,124,857,440	524	1,871,972
Less: Estimated amount amortized on mortgages in force		124,266,154		14,892,249		18,730
Net insurance outstanding	403,214	2,360,778,917	160,399	1,109,965,191	524	1,853,242

[1] Other than face amount written, all items are estimated.
[2] Includes rental and release-clause projects insured under Sec. 210.
[3] Based on net proceeds.
[4] Includes public housing-disposition mortgages insured pursuant to Sec. 610.

As shown in Table 3 and Chart II, the FHA has been instrumental in providing 1,835,819 new dwelling units in properties financed under its program. Of this total, 291,053 units were started in 1948, representing about 32 percent of all privately financed nonfarm dwelling units started during the year as reported by the Bureau of Labor Statistics.

Mortgage Insurance

Increased efficiency of operation and greater emphasis on housing to meet the needs of lower-income groups characterized FHA mortgage insurance operations in 1948.

TABLE 3.—*New dwelling units started under FHA inspection and total number of privately financed nonfarm dwelling units provided, 1935–48*

Year	1- to 4-family homes				Rental projects			Total FHA units	Total nonfarm units [2]	Percent FHA to total
	Class 3	Sec. 203	Sec. 603	Total	Sec. 207 [1]	Sec. 608	Total			
1935	....	13,226	....	13,226	738	....	738	13,964	216,000	6.5
1936	....	48,752	....	48,752	624	....	624	49,376	304,000	16.2
1937	....	56,980	....	56,980	3,023	....	3,023	60,003	332,000	18.1
1938	5,845	100,966	....	106,811	11,930	....	11,930	118,741	399,000	29.8
1939	10,783	133,874	....	144,657	13,462	....	13,462	158,119	458,000	34.5
1940	10,194	166,451	....	176,645	3,446	....	3,446	180,091	530,000	34.0
1941	9,145	180,156	27,790	217,091	3,296	....	3,296	220,387	619,000	35.
1942	4,010	41,578	114,616	160,204	1,163	4,295	5,458	165,662	301,000	55.0
1943	307	338	125,474	126,119	41	19,994	20,035	146,154	184,000	79.4
1944	....	208	83,396	83,604	....	9,655	9,655	93,259	139,000	67.1
1945	....	17,049	21,848	38,897	200	2,062	2,262	41,159	208,000	19.8
1946	....	44,244	22,878	67,122	41	1,870	1,911	69,033	662,000	10.4
1947	(3)	20,884	157,168	178,052	....	50,766	50,766	228,818	846,000	27.0
1948	(3)	82,979	130,464	213,443	....	77,610	77,610	291,053	914,000	31.8
Total	40,284	907,685	683,634	1,631,603	37,964	166,252	204,216	1,835,819	6,112,000	30.0

[1] Includes rental and release-clause projects insured under Sec. 210.
[2] Total number of privately financed nonfarm dwelling units started as reported by the Bureau of Labor Statistics.
[3] Not available.

NEW DWELLING UNITS STARTED UNDER FHA INSPECTION
AND TOTAL NUMBER OF NONFARM DWELLING UNITS PROVIDED*
1935 - 1948

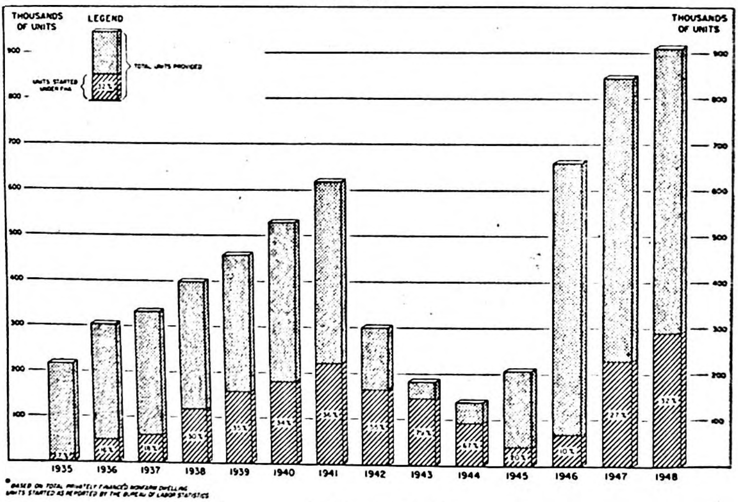


CHART II

Early in the year a series of biweekly chief underwriters' conferences was initiated at Washington headquarters attended by small groups of four or five chief underwriters from various field offices.

The discussions centered on recurring underwriting problems and methods of solving them.

In September, for the second year, a special field committee made up of State and district directors, chief underwriters, and office managers from all over the country met to re-examine insuring procedures and recommend improvements. The committee suggested some 30 changes to shorten processing time and improve service, most of which were adopted.

The meeting of racial relations advisers, also held in September, helped to broaden the service rendered by these advisers.

The FHA-sponsored industry meetings throughout the country, shortly after the Housing Act of 1948 was enacted, called attention to the new FHA facilities provided by the act to stimulate the production of housing at lower levels of price and rent, and the importance to the industry and the consumer alike of producing housing at these levels and of bringing down the cost of housing at all levels.

FHA land planning activities were considerably expanded during the year. In addition to technical advice and assistance to insuring offices, land planners rendered professional assistance in matters pertaining to zoning and town planning when consulted by civic officials and boards. Under direction of the headquarters land planning staff a Nation-wide street improvement program was encouraged, and special engineering problems incident to such a program were carefully reviewed. In order to improve the processing of proposed subdivisions and land developments, the headquarters staff reviewed and revised existing forms and procedure. Considerable assistance was rendered to the Atomic Energy Commission and other national and local organizations.

The FHA analyzed an unusually large number of new building methods and special methods of construction in 1948. Approximately 200 special and general engineering bulletins were issued to field offices to establish a basis for structural acceptance of particular methods of construction.

Some changes were made in the minimum property requirements to facilitate justified construction economies and use of satisfactory building material assemblies and equipment. A number of prefabricated-housing manufacturers were given assistance in the initial development of the typical house structure and architectural features as related to essential FHA minimum requirements. These determinations included technical investigation of shop-fabricated houses submitted by manufacturers for consideration under Section 609.

Systems of heating and mechanical equipment such as radiant panel heating systems, compact mechanical equipment assemblies, and types of insulating materials and improved plumbing techniques were analyzed.

Cooperation was given to local and State health authorities in effecting minimum sanitary engineering requirements. Economy and efficiency were promoted through water-supply and sewage-disposal systems using new and improved materials.

Rental Housing

The need for new rental housing continued to be acute throughout the year. A total of 77,610 new units was started under Section 608 of the FHA program, exceeding by more than 50 percent the number provided in the previous record year of 1947. This does not include rental housing in new two-, three-, and four-family structures financed under the provisions of Sections 203 and 603. Altogether 141,600 privately financed rental units were started in 1948 with and without FHA insurance. In spite of this, it was felt that further incentives were needed to stimulate the production by private enterprise of a greater volume of rental housing, particularly for families in the moderate and lower income groups. To provide these incentives and also to bridge the period of transition from the postwar emergency to peacetime conditions, a number of amendments were made during the year in the rental housing provisions of Sections 207 and 608 of the National Housing Act.

Section 608 provides for the insurance of mortgages on rental housing during the war and postwar emergencies. The authorization to issue insurance commitments on new-construction mortgages under this section expired April 30 and was renewed on August 10 with a new expiration date set at March 31, 1949. The entire volume of FHA rental housing insurance in 1948 was written under this section.

As extended on August 10, the section provides for insurance of a mortgage with the amount allocable to dwelling use not to exceed $8,100 per family dwelling unit and not to exceed 90 percent of FHA estimate of replacement costs prevailing on December 31, 1947, or necessary current costs, whichever is less. The former limitations were $1,500 to $1,800 per room and 90 percent of the necessary current cost. The section as extended August 10 also requires certification by the mortgagor that in selecting tenants he will not discriminate against families with children. Veterans of World War II and their families have preference of occupancy.

Mortgages insured under Section 608 in 1948 totaled $605,862,784, bringing the aggregate amount insured since the section was enacted in 1942 to $1,140,701,712. The amount of insurance and the number of units provided each year are shown in Table 1 on page 166. Of the aggregate insurance written, an estimated $1,109,965,191 was outstanding at the end of 1948.

Section 207 of the act, which embodies the long-range FHA rental housing insurance program, was amended on August 10 with special provisions made for cooperative projects and projects for low-income families. The amendments are briefly outlined on pages 160 and 161 of this report.

A further incentive to the production of rental housing was provided in the Housing Act of 1948 by the addition of Title VII to the National Housing Act. This new title authorizes the insurance of an annual minimum amortization charge of 2 percent on the established investment and an annual return of 2¾ percent on outstanding investments in rental housing for moderate-income families where no mortgage financing is involved. Its purpose is to attract equity capital into this form of investment.

A special section has been set up in the Washington office of the FHA to assist in developing cooperative and yield insurance projects along lines that will assure the broadest possible benefits in meeting current rental housing needs. Considerable interest has been manifested in both types of projects since the rules and regulations were issued late in the year, and at the end of December several applications for mortgage insurance on cooperative projects were under consideration.

For detailed statistics of rental housing insurance operations see pages 224 to 239.

One- to four-family homes

The FHA insured 296,724 mortgages amounting to over $2,000,000,000 in 1948 under Sections 203 and 603. Of these, 133,280 totaling $880,353,450 were insured under Section 203, the long-range program inaugurated in 1934. This volume represented the largest number of mortgages insured under Section 203 since 1942, and the largest dollar amount of insurance written in any one year of FHA operation. At the end of the year 685,029 mortgages insured under this section were outstanding with balances estimated at $2,890,531,546.

Although, in accordance with the provisions of the act, no commitments of mortgage insurance on new construction under Section 603 were issued after April 30, the volume of insurance under the provisions of this section was much larger than in any previous 12-month period. It totaled 163,444 mortgages in the amount of $1,224,925,850, nearly 2¾ times the amount insured in 1947. At the end of 1948, 403,214 mortgages insured under Section 603 were outstanding with unpaid balances totaling $2,360,778,917.

Several amendments to Section 203 were contained in the Housing Act of 1948, having as their object an increased production of homes at lower prices and providing for higher percentage mortgages and longer maturities for such mortgages.

Under the provisions of Section 203, as amended by the Housing Act of 1948, the FHA insures the following classes of mortgages:

Type of property	Type of borrower	Maximum mortgage amount	Maximum percent of appraised value	Maximum maturity
1- to 4-family	Owner-occupant, or long-term investor.	$16,000	80 percent	20 years.
1- to 4-family [1]	do	16,000	do	25 years.
1-family [1]	Owner-occupant	6,300	90 percent	Do.
Do.[1]	do	9,500	90 percent of 1st $7,000, 80 percent of remainder up to $11,000.	Do.
Do.[1]	do	6,000	95 percent	30 years.
3- or 4-family [1]	Operative builder	16,000	80 percent	20 years.
2-family [1]	do	[2] 12,800	80 percent of 1st $10,000, 60 percent of remainder up to $18,000.	Do.
1-family [1]	do	[2] 10,400	80 percent of 1st $7,000, 60 percent of remainder up to $15,000.	Do.
Do.[1]	do	6,000	85 percent	30 years.

[1] Must be approved for mortgage insurance before construction starts.
[2] The maximum mortgage amounts of $12,800 on a 2-family dwelling and $10,400 on a single-family dwelling on loans to operative builders have been determined by administrative policy.

Applications for mortgage insurance under Section 203 are submitted by approved mortgagees to the FHA insuring office having jurisdiction over the area in which the property is located. The insuring office is a complete operating unit of FHA and handles the entire processing of the application. If the mortgage is on new construction, plans and specifications are submitted with the application, together with a plot plan and other pertinent information. For an existing structure, the mortgagee gives the location and a description of the property.

FHA appraisers examine the neighborhood and the property, the Architectural Section reviews the plans and specifications, and FHA valuators determine the valuation to be placed on the property, making an estimate of replacement cost as the upper limit of valuation. The mortgagor's credit is checked, as well as his estimated ability to repay the loan in accordance with its terms.

If the insuring office determines that the transaction is an acceptable risk, it issues a commitment to the mortgagee that when the loan is made and the terms of the commitment are fulfilled the FHA will insure the mortgage. When the mortgagor is unknown and so cannot be specified in the application, a conditional commitment is issued, indicating the maximum mortgage that will be insurable when an acceptable mortgagor is named. A firm commitment is issued when a mortgagor is named in the application. A firm commitment issued when an operative builder is mortgagor may also indicate the maximum term and amount that will be issued if an owner-occupant becomes mortgagor. After the lending institution makes the loan it sends the mortgage note to the FHA insuring office for the insurance endorsement.

Approximately one out of every five (19.3%) applications submitted to the FHA are rejected or withdrawn by the mortgagee before processing is completed, while commitments are issued on the balance of 80.7 percent. Of the commitments issued, about one-third expire as conditional commitments and one-tenth as firm commitments. Thus, of the total applications received, a net of just under 40 percent results in insurance.

Detailed statistics of home mortgage insurance operations are presented on pages 179 to 224.

Title I Insurance

For the third consecutive year the outstanding fact in reporting Title I operations is the record volume of loans insured. It exceeded by nearly $100,000,000 the amount insured in 1947, which in itself was a record volume. Loans insured under Title I in 1948 financed the repair and preservation of more than a million homes. Most of the loans were for repairs to roofs and side walls, for heating and plumbing systems, and for structural alterations. Through this plan thousands of home owners were able to maintain their homes in a comfortable and livable condition and thus were not forced to compete in the crowded market for new houses.

This year also was the first full calendar year since the end of the war in which loans insured under Title I financed the erection of new low-cost homes. By the end of 1948 approximately 3,500 houses having a total valuation of over $14,000,000 had been completed or were under construction. Frequently the borrower had built the house himself or, acting as his own contractor, had performed varying amounts of the labor himself. This method enabled him to obtain a house at a much lower cost than otherwise would have been possible.

Scope of Title I

Under authority of Title I of the National Housing Act, as amended, the Federal Housing Administration insures qualified lending institutions against loss on the following classes of property improvement loans:

Type of loan	Type of improvement	Maximum maturity	Maximum amount	Maximum financing charge
Class 1 (a)	Repair, alteration, or improvement of an existing structure.	3 years, 32 days	$2,500	$5 discount per $100 per year.
Class 1 (b)	Alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families.	7 years, 32 days	10,000	$5 discount per $100 per year if $2,500 or less, $4 discount per $100 if in excess of $2,500.
Class 2 (a)	Construction of a new structure to be used exclusively for other than residential or agricultural purposes.	3 years, 32 days	3,000	$5 discount per $100 per year.
Class 2 (b)	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes.	7 years, 32 days; if secured by first lien, 15 years, 32 days.	3,000	$5 discount per $100 per year, $3.50 discount per $100 if maturity is in excess of 7 years, 32 days.
Class 3	Construction of a new structure to be used for residential purposes.	20 years, 5 months.	4,500	Interest at 4½ percent per year, or equivalent charge on discount basis.

Application for a loan is made direct to the lending institution or through a contractor or dealer. The lending institution has full responsibility for approving the applicant's credit and for using prudent business judgment in making the loan.

The lending institution is insured against loss up to 10 percent of its total net advances under Title I. The aggregate outstanding insurance liability plus the amount of claims paid, less the amount collected from insurance premiums and other sources, is limited in the act to $200,000,000. The Housing Act of 1948 authorized an increase to this amount from the former limitation of $165,000,000.

The FHA has charged a premium for Title I insurance since July 1, 1939. The income from premiums, plus the recoveries obtained on defaulted notes on which claims were paid, has exceeded the amount of claims paid since that date plus the amount of all administrative expenses incurred in the same period. Thus, the operation of this title of the act is self-supporting.

During the year some important changes were made in the regulations governing Title I loans. In line with the efforts of the Government to combat inflation, an amendment effective May 10, 1948 requires the borrower on a Class 1 or Class 2 loan to make a cash down payment of 10 percent of the cost of the work. A second amendment effective as of the same date requires the lending institution to obtain a statement signed by the dealer or contractor showing the type and extent of the improvements and a brief description of the materials used. The program has been relatively free from abuse by unethical dealers, and it is felt that these amendments have done much to counteract any tendency to evade the intent of the regulations.

On a Class 3 loan the borrower is required to have a 5 percent equity in the property.

With the enactment of the Housing Act of 1948 in August, two additional amendments to the regulations became necessary. One increased from $5,000 to $10,000 the maximum amount of a loan to repair or convert an existing structure so as to further its use for two or more families. The other amendment increased the maximum amount of a Title I Class 3 loan from $3,000 to $4,500, providing the means of producing a better low-cost home.

Insurance Operations Under Title I

The number of loans insured under Title I in 1948 totaled 1,359,776 with net proceeds of $621,612,484. This volume exceeded that of 1947 by almost 9 percent in number of loans and almost 17 percent in dollar amount. Included in the figures for 1948 are 2,407 Class 3 loans for $7,405,046, made for the purpose of constructing low-cost homes in rural and suburban areas. Since the beginning of Title I activity in 1934, 8,735,620 loans with net proceeds of $3,338,550,288 have been insured. It is estimated that the total amount outstanding as of December 31, 1948 was $880,800,000.

Banks and other lending institutions making Title I loans during the year numbered 3,898. More insured institutions were active on a monthly basis during 1948 than in previous years. Active institutions by months during the year varied from 2,530 to just under 3,000, while during 1947 the range was from 2,081 to 2,450 except for December which showed 2,835.

New contracts of insurance totaling 464 were issued during the year, with 239 of them insuring savings and loan and building and loan associations. This type of institution is becoming progressively more active under Title I. At the end of the year 5,812 lending institutions with 3,280 branches held contracts of insurance, thus affording 9,092 outlets for this type of financing, exclusive of the thousands of dealers available.

Each year as of April 30 lending institutions report on the status of their outstanding Title I loans. As of April 30, 1948, 2,142,387 loans were reported outstanding with balances totaling $769,030,000. Of these 29,374 loans, or only 1.37 percent, were more than 90 days past due.

The unpaid balances on these past due notes totaled $12,092,000, representing 1.57 percent of total outstanding balances. While the amount of notes past due over 90 days was slightly more than double that of the preceding April, the ratio to total amount outstanding increased only 0.29 percent, since the total amount outstanding almost doubled that reported in 1947.

Claims and Recoveries

The past year showed a heavy increase in the number of claims paid on defaulted loans. A total of 38,482 claims were paid, amounting to $14,345,659, as against 17,511 claims for $5,829,750 in 1947. However, an increase in claims was to be expected, considering the tremendous increase in loans insured in 1947 and 1948. While the number of claims more than doubled, the ratio of claims paid to loans insured for the entire period of operations since 1934 increased only 0.02 percent. This percentage was 2.24 at the end of 1948 and 2.22 at the end of 1947.

The total of $74,766,871 in claims paid since 1934 is offset by total cash recoveries of $40,840,706 ($30,539,311 in cash and $10,301,445 anticipated from claims in process of collection), leaving net unrecovered claims of $33,926,115 or 1.02 percent of the net proceeds of loans insured.

After a claim on a defaulted note is paid, the FHA makes every effort to effect collection of the obligation. This is done by correspondence, by personal contact with the debtor through the staffs of the FHA field offices, and by reference of cases to the Department of Justice for legal action when such a course is deemed advisable. If all efforts fail the case is held in suspense as uncollectible, although periodic attempts at collection on such accounts result in some recoveries.

Total recoveries in 1948 amounted to $2,838,077 (including interest of $335,033). One fact noticed during the latter part of the year was that, while the increase in claims paid caused the number of individual collections to increase (although not proportionately), the average amount collected per item decreased. This undoubtedly reflects the economic conditions prevailing during the year. The direct cost of collections for 1948 was $516,660, or an average of 18 cents per dollar recovered. For the year 1947 the cost was 19 cents per dollar recovered, and the cumulative direct collection cost since 1934 is 14 cents for each dollar recovered.

For detailed statistics of Title I operations see pages 240 through 252.

Financial Position

From the establishment of the Federal Housing Administration in 1934 through December 31, 1948, its gross revenues under all titles of the National Housing Act from fees, insurance premiums, and income on investments amounted to $351,110,297, while operating expenses were $182,335,841. Administrative expenses during the first three fiscal years of its existence, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. During the next three fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, FHA operating expenses have been paid in total by allocation from its insurance funds.

Gross income during the calendar year 1948 under all insurance operations of the FHA totaled $65,690,760. Expenses of administering the Federal Housing Administration during 1948 amounted to $21,824,605, leaving an excess of gross income over operating expenses of $43,866,155 to be added to the various insurance funds.

At the end of 1948 the Federal Housing Administration had capital and operating reserves of $200,369,176 in all funds as follows:

Title I Insurance Fund and Title I Claims Account	$28, 742, 988
Mutual Mortgage Insurance Fund	122, 458, 280
Housing Insurance Fund	4, 708, 670
War Housing Insurance Fund	41, 339, 975
Housing Investment Insurance Fund	1, 000, 000
Administrative Expense Account	2, 219, 163
	200, 369, 176

Of this amount the Government had contributed $16,000,000 as paid-in surplus ($10,000,000 allocation to the Mutual Mortgage Insurance Fund, $5,000,000 to the War Housing Insurance Fund, and $1,000,000 to the Housing Investment Insurance Fund) and $64,600,854 expended appropriations for administrative expenses and for Title I claims prior to the time that such expenditures were met from FHA income. The remainder, $119,768,322, had been built up from income.

Participation payments from group accounts, in the amount of $5,295,432 for 55,079 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration, were accrued or paid during the year 1948. The first participation payments were made as of January 1, 1944, and during the 5 years following that date total payments of $13,590,041 were made on 182,989 insured loans. These payments were made in connection with small-home mortgages insured through the Mutual Mortgage Insurance Fund under the provisions of Section 203 of the National Housing Act. To be eligible for a participation payment, a mortgage must be in a group account which has developed a credit balance exceeding all actual and estimated charges and must have matured or been prepaid in full.

Publications

The following are the principal new or revised FHA publications issued in 1948. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Annual report: Fourteenth annual report of the Federal Housing Administration; year ending December 31, 1947. Government Printing Office, Washington 25, D. C. 35 cents.

The FHA Plan of Home Ownership: FHA 2098, revised November 1948.

Insured Mortgage Portfolio (issued quarterly): Vol. 12, Nos. 3 and 4; Vol. 13, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

National Housing Act as amended, and provisions of other laws pertaining to the Federal Housing Administration, including all amendments to August 10, 1948: FHA 107, revised September 15, 1948.

Principles of Planning Small Houses.—FHA Form 2219, revised June 1948 (formerly Technical Bulletin No. 4). Government Printing Office, Washington 25, D. C. 15 cents.

Rules and Regulations

Property Improvement loans under Title I of the National Housing Act: regulations governing Classes 1 and 2 loans (including all amendments through October 25, 1948): FH–20, October 1948.

Mutual Mortgage Insurance; administrative rules and regulations under Section 203 of the National Housing Act, including all amendments through October 15, 1948: FHA Form 2010.

Multifamily Rental Housing Insurance; administrative rules and regulations under Section 207 of Title II of the National Housing Act: FHA Form 2012, revised August 26, 1948.

Administrative Rules and Regulations under Section 609 of the National Housing Act: revised September 3, 1948.

Administrative Rules and Regulations under Section 611 of the National Housing Act: FHA Form 2900, issued August 23, 1948.

Insurance for Investments in Rental Housing for Families of Moderate Income; administrative rules and regulations under Title VII of the National Housing Act: FHA Form 3000, issued November 12, 1948.

Section II

STATISTICS OF INSURING OPERATIONS

Under the provisions of Titles I, II, and VI of the National Housing Act, a record volume of $3,340,865,390 of insurance was written by the Federal Housing Administration during 1948, bringing the cumulative amount written since the beginning of operations to $14,569,243,203. Of the total dollar volume of insurance written during the year, about 63 percent was written under the home mortgage sections of the act, and 18 percent under the rental housing sections, while the remaining 19 percent was accounted for by property improvement loans under Title I. On a cumulative basis, relative activity under each of the three programs has been somewhat different. Home mortgage insurance operations have accounted for about 68 percent of the total amount of insurance written since the beginning of operations, rental housing for about 9 percent, and property improvement loans for approximately 23 percent.

The following is an analysis of the volume of insuring operations and of the characteristics of the individual cases insured under each of these three programs.

Home Mortgage Insurance under Titles II and VI

During 1948 home mortgages secured by one- to four-family structures were insured by the Federal Housing Administration under Section 203 of Title II and Section 603 of Title VI of the National Housing Act. One- to seven-family home mortgages were insured under Section 603 pursuant to Section 610, which provides for the insurance of mortgages in connection with the sale by the Government of specified types of publicly financed housing. In addition, a few production loans were insured under Section 609 of Title VI, which provides for credit to manufacturers of prefabricated houses. For a discussion of Section 609 operations see page 163.

Volume of Business

A total of $2,108,669,650 of home mortgage insurance was written during 1948, involving 297,644 mortgage contracts and 318,335 dwelling units. As Table 4 shows, $1,424,614,084, or about 68 percent of this total, was secured by newly constructed homes containing 203,978 dwelling units. The average mortgage amount per dwelling unit in 1948 was $6,624, while in 1947 the comparable average amounted to

$5,960. The 1948 volume of home mortgage operations brought the cumulative amount of insurance written under this program to $9,-924,298,727 involving 1,984,744 mortgages and 2,113,640 units.

TABLE 4.—*Yearly volume of all home mortgages insured by FHA: Number of units and amount of mortgages on new and existing homes, by sections, 1935–48*

Year	Grand total [1] [2] new and existing		New construction					
			Sec. 203		Sec. 603		Total, new	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	25,453	$93,882,012	5,091	$22,331,303	....	....	5,091	$22,331,303
1936	83,920	308,945,106	21,415	95,060,335	....	....	21,415	95,060,335
1937	110,850	424,372,999	38,479	168,866,553	....	....	38,479	168,866,553
1938	116,315	473,246,124	50,592	227,399,275	....	....	50,592	227,399,275
1939	160,449	669,416,154	103,186	461,018,197	....	....	103,186	461,018,197
1940	173,867	736,490,344	127,455	561,542,477	....	....	127,455	561,542,477
1941	208,044	890,138,634	157,541	693,695,100	3,968	$13,431,250	161,509	707,126,350
1942	230,545	958,461,005	104,958	490,044,149	75,005	260,785,166	179,963	750,829,315
1943	189,398	762,170,318	9,186	45,184,400	131,246	507,034,046	140,432	552,218,446
1944	157,161	707,437,001	327	1,758,050	105,992	481,982,338	106,319	483,740,388
1945	103,418	474,313,990	1,585	7,600,450	53,244	249,642,850	54,829	257,243,300
1946	85,771	422,009,490	11,143	62,968,857	11,380	57,179,652	22,523	120,148,509
1947	150,114	894,715,900	10,643	69,701,400	60,741	407,225,800	71,384	476,927,200
1948	318,335	2,108,669,650	29,348	215,413,484	174,630	1,209,200,600	203,978	1,424,614,084
Total	2,113,640	9,924,298,727	670,949	3,122,584,030	616,206	3,186,481,702	1,287,155	6,309,065,732

Year	Existing or refinanced construction							
	Sec. 203		Sec. 603		Secs. 603-610		Total, existing or refinanced	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	20,362	$71,550,709	....	....	....	....	20,362	$71,550,709
1936	62,505	213,884,771	....	....	....	....	62,505	213,884,771
1937	72,371	255,506,446	....	....	....	....	72,371	255,506,446
1938	65,723	245,846,849	....	....	....	....	65,723	245,846,849
1939	57,263	208,397,957	....	....	....	....	57,263	208,397,957
1940	46,412	174,947,867	....	....	....	....	46,412	174,947,867
1941	46,535	183,012,284	....	....	....	....	46,535	183,012,284
1942	49,179	201,401,278	1,403	$6,230,412	....	....	50,582	207,631,690
1943	46,043	199,329,738	2,923	10,622,134	....	....	48,966	209,951,872
1944	48,568	214,610,007	2,274	9,086,606	....	....	50,842	223,696,613
1945	47,284	211,699,500	1,305	5,401,190	....	....	48,589	217,100,690
1946	58,952	284,388,033	4,296	17,472,948	....	....	63,248	301,860,981
1947	70,603	375,965,750	8,119	41,801,850	8	$21,100	78,730	417,788,700
1948	110,297	664,939,966	2,989	15,725,250	1,071	3,390,350	114,357	684,055,566
Total	802,097	3,505,481,155	23,309	106,340,390	1,079	3,411,450	826,485	3,615,232,995

[1] For yearly volume of all home mortgages insured by sections, see Table 1.
[2] Excludes 3 manufactured-housing loans covering 524 units for $1,871,972 insuredunder Sec. 609.

The long-range Section 203 program accounted for about 42 percent of the total dollar amount of FHA home mortgages insured in 1948. Practically all mortgages secured by existing or refinanced construction were processed under this section. Except for insurance written pursuant to Section 610, mortgages on existing homes may be insured under Section 603 only in connection with the refinancing of existing Section 603 mortgages. In such cases, the refinanced mortgage may not exceed the original principal amount and the unexpired term of the preceding mortgage.

Status of Processing.—Home mortgage insuring operations during 1948 involved the processing of 476,821 applications, bringing the cumulative number processed since the beginning of operations to 3,246,321. In addition to these, 13,601 applications were under examination as of December 31, 1948. About 85 percent of the applications processed during 1948 resulted in commitments to insure; and, of those passing through the commitment stage, 74 percent were insured.

In spite of the expiration on April 30, 1948 of legislative authority to issue new-construction commitments under the provisions of Section 603, total commitments issued under this section for the year amounted to about 26 percent of all home mortgage commitments issued. A total of 73,414 Section 603 commitments and 164,609 Section 203 commitments were outstanding as of the year end.

State Distribution

Totals for the year.—With nearly $353,800,000 in home mortgages on properties located within the State, California led all other States in amount of insurance written on one- to four-family home mortgages during 1948. In Texas, which was the second leading State, the $165,600,000 in home mortgages insured amounted to less than half of the amount written on California properties. The next four leading States were Michigan with $138,500,000, Washington with $98,700,000, Florida with $92,900,000, and New York with $91,300,000 (Table 5). The six States mentioned accounted for a total of $940,700,000, or approximately 45 percent of the total amount of insurance written under these sections of the act. The percentage distribution of the volume of insurance written during the year by geographical divisions shows that the Pacific States accounted for 23 percent of the total, the East North Central States for 17 percent, and the West South Central States for 15 percent. The New England States ranked lowest and accounted for less than 2 percent of the total amount of home mortgage insurance written during 1948.

Both for the United States and for the six leading States combined, about two out of every three home mortgages insured during 1948 involved new construction. Only in the West North Central and New England States did as many as one out of two home mortgages cover newly constructed homes.

The average home mortgage insured in 1948 under Sections 203 and 603 (based on cases tabulated in Washington during 1948) was $7,094. Only in the District of Columbia, where it resulted from the prevalence of multifamily construction, did the average exceed $10,000. In only six States or Territories did the average amount per mortgage come to less than $6,200.

Cumulative totals.—On a cumulative basis, the ranking of States is somewhat different. The six States with the largest dollar amounts of home mortgages insured accounted for 47 percent of the total amount written in the country. Included were California with

TABLE 5.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, for the year 1948*

State location of property	Total [1]		Sec. 603		Sec. 203			
			Total construction [2]		New construction		Existing construction	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	4,701	$31,207,100	2,023	$14,209,350	1,010	$7,192,650	1,668	$9,805,100
Arizona	5,273	32,825,500	3,753	24,092,350	524	3,677,650	996	5,055,500
Arkansas	4,837	28,573,450	1,095	7,267,400	1,461	8,880,500	2,281	12,425,550
California	46,054	353,799,300	35,916	283,691,700	1,269	9,994,150	8,869	60,113,450
Colorado	3,240	22,354,600	1,394	9,951,900	714	5,181,000	1,132	7,221,700
Connecticut	2,260	17,562,350	630	3,882,400	152	1,412,000	1,478	12,267,950
Delaware	426	3,456,800	262	2,295,250	134	978,000	30	183,550
District of Columbia	421	4,247,600	289	2,913,800	38	357,500	94	976,300
Florida	12,181	92,907,700	9,662	74,705,200	1,314	10,183,700	1,205	8,018,800
Georgia	5,422	36,686,000	2,875	19,791,850	896	6,458,200	1,651	10,435,950
Idaho	1,193	7,076,850	160	1,072,200	256	1,700,100	777	4,304,550
Illinois	8,375	65,249,000	3,101	23,836,800	830	7,045,200	4,444	34,367,000
Indiana	8,335	57,232,250	3,906	28,957,000	803	5,907,950	3,626	22,367,300
Iowa	2,455	16,433,700	648	4,785,550	180	1,396,300	1,627	10,251,850
Kansas	5,136	33,960,300	2,380	16,917,900	772	5,773,850	1,984	11,268,550
Kentucky	3,097	21,391,300	1,220	9,058,050	260	1,971,950	1,617	10,361,300
Louisiana	6,716	47,659,600	2,796	20,590,650	1,602	11,642,650	2,318	15,426,300
Maine	723	4,399,450	196	1,288,500	72	487,300	455	2,623,650
Maryland	4,212	33,156,900	2,837	23,837,350	345	2,209,200	1,030	7,110,350
Massachusetts	1,303	9,362,400	725	5,405,700	42	322,800	536	3,633,900
Michigan	19,102	138,523,122	10,708	82,599,272	1,521	12,033,650	6,873	43,890,200
Minnesota	2,775	21,826,200	1,624	13,144,900	285	2,248,800	866	6,432,500
Mississippi	2,335	14,789,150	1,388	9,390,600	288	1,902,050	659	3,496,500
Missouri	7,059	48,913,900	1,530	11,693,300	852	6,531,050	4,677	30,689,550
Montana	823	4,576,900	94	646,100	105	678,650	624	3,252,150
Nebraska	2,455	16,609,750	1,087	8,241,450	195	1,383,850	1,173	6,984,450
Nevada	807	6,165,850	332	2,574,800	174	1,405,200	301	2,185,850
New Hampshire	395	2,669,700	199	1.445,500	20	140,400	176	1,083,800
New Jersey	8,575	61,746,450	4,116	32,470,150	832	6,296,100	3,627	22,980,200
New Mexico	1,561	11,324,300	944	7,305,100	380	2,615,100	237	1,404,100
New York	12,234	91,274,200	8,925	67,315,350	508	4,197,800	2,801	19,761,050
North Carolina	4,851	34,907,050	3,398	24,945,850	375	2,856,850	1,078	7,104,350
North Dakota	169	1,178,450	68	486,950	38	284,600	63	406,900
Ohio	9,899	73,943,960	4,995	38,623,550	1,246	9,452,200	3,658	25,868,210
Oklahoma	12,093	77,924,300	5,152	35,756,650	1,715	11,933,250	5,226	30,234,400
Oregon	3,629	25,445,650	1,681	12,738,150	231	1,762,000	1,717	10,945,500
Pennsylvania	9,676	69,787,600	6,368	48,531,050	746	5,843,450	2,562	15,413,100
Rhode Island	243	1,884,400	56	456,200	82	679,500	105	748,700
South Carolina	2,933	18,058,050	1,468	10,230,600	267	1,804,600	1,198	6,022,850
South Dakota	750	4,482,650	200	1,488,250	130	881,900	420	2,112,500
Tennessee	7,633	53,655.000	5,475	39,514,750	693	5,166,150	1,465	8,974,100
Texas	24,406	165,586,750	14,039	103,458,350	3,121	20,582,900	7,246	41,545,500
Utah	2,381	16,598,450	1,232	9,240,750	340	2,506,750	809	4,850,950
Vermont	175	1,197,157	56	379,900	30	228,650	89	588,607
Virginia	7,785	52,930,400	4,056	27,472,000	597	4,533,150	3,132	20,925,250
Washington	14,945	98,650,650	3,174	24,440,600	1,025	7,057,600	10,746	67,152,450
West Virginia	1,679	10,701,250	151	1,077,450	234	1,801,500	1,294	7,822,300
Wisconsin	1,699	13,464,000	787	6,067,700	269	2,230,500	643	5,165,800
Wyoming	720	4,481,800	221	1,673,000	113	687,600	386	2,121,200
Alaska	59	510,500	1	7,000	10	89,600	48	413,900
Hawaii	581	5,123,300	143	1,085,700	270	2,506,700	168	1,530,900
Puerto Rico	3,147	16,568,900	2,396	10,865,800	375	3,231,200	376	2,471,900
Virgin Islands	2	12,800	2	12,800				
Total [3]	293,930	2,085,054,739	161,934	1,213,930,472	29,741	218,325,950	102,261	652,798,317

[1] Excludes 920 mortgages for $3,390,350 insured under Sec. 603 pursuant to Sec. 610, and 3 manufactured-about housing loans for $1,871,972 insured under Sec. 609.
[2] Includes 2,800 refinanced cases amounting to approximately $15,000,000.
[3] Cases tabulated in Washington during the period Jan. 1, 1948 through Dec. 31, 1948.

$1,704,000,000, Michigan with $738,800,000, Illinois with $587,300,000, Texas with $567,000,000, Pennsylvania with $526,400,000, and Ohio with $503,200,000 (Table 6). The East North Central States accounted for the largest cumulative volume of insurance written, almost 23 percent of the total, followed by the Pacific States with about 22 percent, and the Middle Atlantic States with about 15

TABLE 6.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, cumulative through 1948*

State location of property	Total [1]		Sec. 603		Sec. 203	
	Number	Amount	Number	Amount	Number	Amount
Alabama	24,577	$119,851,022	9,479	$49,576,050	15,098	$70,274,972
Arizona	15,595	76,348,624	6,066	36,336,850	9,529	40,011,774
Arkansas	18,530	84,284,467	4,855	24,388,600	13,675	59,895,867
California	342,219	1,703,964,243	116,889	669,598,300	225,330	1,034,365,943
Colorado	20,675	97,499,124	4,970	28,655,150	15,705	68,843,974
Connecticut	20,641	112,253,813	7,360	36,603,850	13,281	75,649,963
Delaware	4,727	24,993,850	2.612	14,475,300	2,115	10,518,550
District of Columbia	5,586	37,862,100	2,663	19,504,300	2,923	18,357,800
Florida	54,204	276,855,346	25,505	152,928,340	28,699	123,927,006
Georgia	32,780	153,736,902	12,577	65,791,600	20,203	87,945,302
Idaho	8,057	33,100,955	518	3,048,750	7,539	30,052,205
Illinois	104,681	587,338,182	20,047	113,309,000	84,634	474,029,182
Indiana	66,940	311,513,733	14,389	82,750,150	52,551	228,763,583
Iowa	16,787	75,503,649	2,447	13,103,150	14,340	62,400,499
Kansas	31,324	144,410,467	10,113	56,098,550	21,211	88,311,917
Kentucky	17,895	92,127,556	4,481	25,690,400	13,414	66,437,156
Louisiana	30,374	165,573,745	12,052	72,839,924	18,322	92,733,821
Maine	5,998	24,218,250	1,232	6,414,300	4,766	17,803,950
Maryland	33,014	169,770,335	12,952	75,409,700	20,062	94,360,635
Massachusetts	11,267	57,890,069	2,880	15,801,085	8,387	42,088,984
Michigan	142,480	738,775,479	38,882	229,018,472	103,598	509,757,007
Minnesota	20,197	98,325,408	4,110	26,268,250	16,087	72,057,158
Mississippi	12,837	53,964,789	3,989	21,854,900	8,848	32,109,889
Missouri	48,719	237,528,153	6,851	36,642,350	41,868	200,885,803
Montana	6,126	26,669,041	326	2,790,650	5,800	23,878,391
Nebraska	17,210	78,094,487	5,558	29,021,280	11,652	49,073,207
Nevada	4,368	23,774,355	1,918	10,121,150	2,450	13,653,205
New Hampshire	3,154	13,904,386	316	2,032,950	2,838	11,871,436
New Jersey	87,528	451,260,492	14,801	91,999,850	72,727	359,260,642
New Mexico	6,923	34,258,025	2,458	15,233,950	4,465	19,024,075
New York	91,150	496,297,108	18,913	119,418,850	72,237	376,878,258
North Carolina	21,985	112,364,523	8,091	48,399,800	13,894	63,964,723
North Dakota	1,389	5,518,795	123	842,700	1,266	4,676,095
Ohio	95,909	503,178,321	23,222	134,357,350	72,687	368,820,971
Oklahoma	48,505	239,545,238	16,954	96,141,100	31,551	143,404,138
Oregon	20,582	96,304,200	6,006	33,893,850	14,576	62,410,350
Pennsylvania	111,450	526,357,972	25,311	145,119,100	86,139	381,238,872
Rhode Island	5,056	24,965,570	1,228	6,463,200	3,828	18,502,370
South Carolina	15,245	69,633,482	5,908	29,849,900	9,337	39,783,582
South Dakota	5,110	19,284,580	496	3,255,150	4,614	16,029,430
Tennessee	37,902	187,409,338	15,199	90,558,000	22,703	96,851,338
Texas	118,951	567,014,389	49,207	261,702,075	69,744	305,312,314
Utah	19,363	91,939,775	7,508	39,802,400	11,855	52,137,375
Vermont	2,883	11,297,571	279	1,341,700	2,604	9,955,871
Virginia	44,182	230,521,349	17,691	95,360,988	26,491	135,160,361
Washington	76,181	363,734,342	18,136	95,981,950	58,045	267,752,392
West Virginia	15,077	72,329,699	1,236	5,934,250	13,841	66,395,449
Wisconsin	18,492	97,804,666	4,136	23,215,050	14,356	74,589,616
Wyoming	6,917	27,780,401	1,008	5,717,250	5,909	22,063,151
Alaska	552	2,958,860	1	7,000	551	2,951,860
Hawaii	2,947	16,047,940	447	2,893,100	2,500	13,154,840
Puerto Rico	5,789	32,710,750	2,847	14,252,000	2,942	18,458,750
Virgin Islands	2	12,800	2	12,800	----------	----------
Total [2]	1,981,032	9,900,662,716	577,245	3,281,826,714	1,403,787	6,618,836,002

[1] Excludes 924 mortgages for $3,411,450 insured under Sec. 603 pursuant to Sec. 610, and 3 manufactured-housing loans for $1,871,972 insured under Sec. 609.
[2] Cases tabulated in Washington through Dec. 31, 1948.

percent. Less than 3 percent of the total amount of home mortgages insured since the beginning of operations has involved properties located in the New England States.

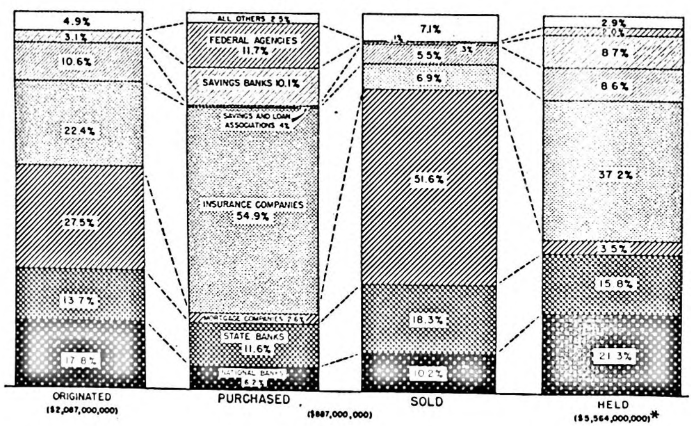
Financial Institutions

Originations and holdings.—During 1948, Section 203 mortgages were originated by almost 4,000 individual financial institutions, while Section 603 mortgages were originated by more than 1,900 institutions. As of December 31, 1948, over 8,900 institutions held Section 203 insured mortgages in their portfolios, while 3,800 institutions held Section 603 mortgages.

Table 7 shows the number of institutions, by type, originating and holding mortgages insured under these sections of the act, with the volume of activity for each type of institution.

The number and amount of originations under Sections 203 and 603 tabulated in Washington totaled 1,981,032 mortgages for $9,900,662,-716. Of this volume, 294,187 mortgages for $2,086,644,839 were originated during 1948. As might be expected, the number and

TYPE OF INSTITUTION ORIGINATING, TRANSFERRING OR HOLDING HOME MORTGAGES
(BASED ON DOLLAR AMOUNT OF MORTGAGES INSURED UNDER SECTIONS 203 AND 603)
FOR THE YEAR 1948



*CUMULATIVE AMOUNT HELD AS OF DECEMBER 31, 1948, AND DIFFERS FROM INSURANCE IN FORCE DUE TO LAG IN TABULATION

CHART III

TABLE 7.—*Type of institution originating and holding all home mortgages: Number and face amount of Secs. 203 and 603 mortgages originated for the year 1948 and held in portfolio as of Dec. 31, 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions		Mortgages originated [1]			Mortgages held [2]		
	Originating	Holding	Number	Amount	Percentage distribution [3]	Number	Amount	Percentage distribution [3]
Sec. 203								
National bank	1,143	2,764	23,451	$155,466,507	17.8	170,404	$813,266,820	25.1
State bank	1,274	3,397	18,218	122,264,950	14.0	123,489	595,499,577	18.4
Mortgage company	352	380	34,952	225,860,410	25.9	13,053	81,457,473	2.6
Insurance company	359	493	33,347	222,831,650	25.6	218,544	1,112,768,389	34.3
Savings and loan association	685	1,535	14,073	89,914,700	10.3	55,010	268,672,333	8.3
Savings bank	129	249	4,625	33,256,750	3.8	55,569	285,379,850	8.8
Federal agency	------	4	------	------	------	2,062	8,699,121	.3
All other [4]	29	119	3,516	22,625,050	2.6	15,034	70,941,398	2.2
Total	3,971	8,941	132,182	872,220,017	100.0	653,165	3,236,684,961	100.0
Sec. 603								
National bank	413	1,011	28,014	$215,464,450	17.8	63,556	$373,938,887	16.1
State bank	464	1,286	22,691	163,846,650	13.5	48,368	285,603,634	12.3
Mortage company	274	280	46,864	348,872,800	28.7	15,371	110,178,350	4.7
Insurance company	243	320	32,741	245,519,172	20.2	161,359	964,380,020	41.4
Savings and loan association	437	711	17,199	131,355,700	10.8	33,778	208,494,252	9.0
Savings bank	84	140	4,057	30,324,450	2.5	32,346	197,669,529	8.5
Federal agency	------	4	------	------	------	14,237	101,037,850	4.3
All other [4]	20	49	10,439	79,041,600	6.5	13,251	86,301,210	3.7
Total	1,935	3,801	162,005	1,214,424,822	100.0	382,266	2,327,603,732	100.0
Total [5]								
National bank			51,465	$370,930,957	17.8	233,960	$1,187,205,707	21.3
State bank			40,909	286,111,600	13.7	171,857	881,103,211	15.8
Mortgage company			81,816	574,733,210	27.5	28,424	191,635,823	3.5
Insurance company			66,088	468,350,822	22.4	379,903	2,077,148,409	37.2
Savings and loan association			31,272	221,270,400	10.6	88,788	477,166,585	8.6
Savings bank			8,682	63,581,200	3.1	87,915	483,049,370	8.7
Federal agency			------	------	------	16,299	109,736,971	2.0
All other [4]			13,955	101,666,650	4.9	28,285	157,242,608	2.9
Total			294,187	2,086,644,839	100.0	1,035,431	5,564,288,693	100.0

[1] Total originations for the year do not agree with insurance written for the year shown elsewhere, due to lag in tabulation.
[2] Less than face amount in force, due to lag in tabulation.
[3] Based on amount of mortgage.
[4] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[5] Excludes mortgages insured under Sec. 603 pursuant to Sec. 610 and those insured under Sec. 609.

amount of mortgages originated by the various types of institution through 1948 have not been in proportion to the number of institutions in each category. For both Section 203 and Section 603, the largest number of institutions originating or holding mortgages as of December 31, 1948, were the State banks, but (as shown in Chart III) these institutions ranked fourth in the amount of insurance originated and third in the amount held at the year end.

Mortgage companies have originated some $2,474,315,650, or more than one-fourth, of the total amount of home mortgages insured by the Federal Housing Administration since the beginning of operations. In 1948, these institutions originated 81,816 mortgages under Sections 203 and 603 amounting to $574,733,210, or, as the chart and table show, about 27.5 percent of the total amount written under these sections. Insurance companies ranked second, originating 66,088 mortgages for $468,350,822, or 22.4 percent of the total amount. National banks, ranking third in volume, together with State banks, which ranked fourth, brought the amount written for all commercial banks to 92,374 mortgages for $657,042,557, or 31.5 percent of the total amount.

The institutions holding the greatest volume of FHA-insured home mortgages on December 31, 1948 were the insurance companies with 379,903 mortgages for $2,077,148,409—more than one out of every three mortgages held in portfolio as of that date. These institutions had in their portfolios almost one-third more FHA mortgages than they had originated since the beginning of operations. National banks, as of the year end, held 233,960 mortgages for $1,187,205,707, or about 21.3 percent of the total amount held. National banks and State banks combined brought the holdings of all commercial banks to about the same as that of insurance companies. Mortgage companies, which originated the greatest volume of mortgages, held only 3.5 percent of the total.

Transfers.—Table 8 shows, for the year 1948, the participation in the secondary market of financial institutions buying and selling mortgages insured under Sections 203 and 603. Including resales, a total of 133,924 of these mortgages with an original face amount of $886,573,530 were transferred during the year. Some 1,165 separate institutions purchased 51,730 Section 203 mortgages totaling $304,-879,152, while 1,145 institutions sold these mortgages. Under Section 603, 82,194 mortgages totaling $581,694,378 were purchased by 689 institutions and sold by 878 institutions.

With sales of mortgages aggregating $458,354,492, mortgage companies accounted for over half the dollar volume of home mortgages sold during 1948. These institutions frequently originate FHA mortgages with the intention of selling them and acting as servicing agent for the purchasers. As the table and chart show, they purchased only 2.6 percent of the dollar amount of mortgages transferred during the year. State banks, which sold 25,597 mortgages with original face amount of $162,329,161, ranked second in volume of sales, accounting for 18.3 percent of the total amount sold. National banks were third with 13,757 mortgages for $90,444,727 or 10.2 percent of

TABLE 8.—*Type of institution purchasing and selling all home mortgages: Number and face amount of home mortgages transferred (including resales) under Secs. 203 and 603, for the year 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions: Purchasing	Number of institutions: Selling	Mortgages purchased: Number	Mortgages purchased: Amount	Mortgages purchased: Percentage distribution[1]	Mortgages sold: Number	Mortgages sold: Amount	Mortgages sold: Percent age distribution[1]
				Sec. 203				
National bank	330	235	5,362	$29,279,784	9.6	4,896	$28,274,299	9.3
State bank	445	278	9,095	50,984,078	16.7	11,445	66,580,211	21.8
Mortgage company	53	329	1,213	6,768,900	2.2	26,480	157,777,842	51.8
Insurance company	185	176	29,854	180,976,850	59.3	4,300	26,727,000	8.7
Savings and loan association	55	97	380	2,249,750	.8	2,381	12,942,800	4.2
Savings bank	70	9	4,340	26,186,540	8.6	147	939,800	.4
Federal agency	2	2	545	2,859,150	.9	101	359,450	.1
All other[2]	25	19	941	5,574,100	1.9	1,980	11,277,750	3.7
Total	1,165	1,145	51,730	304,879,152	100.0	51,730	304,879,152	100.0
				Sec. 603				
National bank	164	159	3,707	$25,362,400	4.4	8,861	$62,170,428	10.7
State bank	257	176	7,830	51,784,950	8.9	14,152	95,748,950	16.5
Mortgage company	48	272	2,428	16,879,850	2.9	41,650	300,576,650	51.6
Insurance company	127	125	42,824	305,890,978	52.5	4,639	33,746,850	5.8
Savings and loan association	33	112	163	1,098,850	.2	4,956	35,533,250	6.1
Savings bank	43	12	8,569	63,462,800	11.0	251	1,907,350	.4
Federal agency	2	2	14,343	101,404,550	17.4	319	1,101,350	.1
All other[2]	15	20	2,330	15,810,000	2.7	7,366	50,909,550	8.8
Total	689	878	82,194	581,694,378	100.0	82,194	581,694,378	100.0
				Total[3]				
National bank			9,069	$54,642,184	6.2	13,757	$90,444,727	10.2
State bank			16,925	102,769,028	11.6	25,597	162,329,161	18.3
Mortgage company			3,641	23,648,750	2.6	68,130	458,354,492	51.6
Insurance company			72,678	486,867,828	54.9	8,939	60,473,850	6.9
Savings and loan association			543	3,348,600	.4	7,337	48,476,050	5.5
Savings bank			12,909	89,649,340	10.1	398	2,847,150	.3
Federal agency			14,888	104,263,700	11.7	420	1,460,800	.1
All other[2]			3,271	21,384,100	2.5	9,346	62,187,300	7.1
Total			133,924	886,573,530	100.0	133,924	886,573,530	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Excludes mortgages insured under Sec. 603 pursuant to Sec. 610 and under Sec. 609.

the dollar amount. National and State banks combined brought the sales of all commercial banks to 28.5 percent of total sales.

The dominant type of purchasing institution in 1948 was insurance companies. These institutions bought 72,678 mortgages for $486,-867,828, or 54.9 percent of the total amount transferred. Again approaching their prewar share of the market, Federal agencies acquired a total of 14,888 mortgages with an original face amount of $104,263,700—11.7 percent of the total amount transferred. Nearly all ($100,435,250) of these mortgages were purchased by the Federal National Mortgage Association. Most of the FHA home mortgages purchased by Federal agencies in 1948 were mortgages insured under Section 603. As the table shows, about 17.4 percent of the volume of Section 603 mortgages transferred were purchased by Federal agencies, while only 0.9 percent of the Section 203 mortgages transferred were acquired by these agencies. Yearly purchases by Federal agencies of mortgages insured under the two sections combined, amounting to less than one-half of one percent of the total purchase in 1946 and 1947, rose to 11.7 percent in 1948.

Terminations and Foreclosures

Of the 1,983,820 mortgages insured under Sections 203 and 603 through December 31, 1948, 896,500, or 45.2 percent, have been terminated. Some 121,305 of these terminations occurred during 1948—28.4 percent below the number terminated during 1947 and 31.8 percent under the 177,908 insurance contracts terminated in 1946.

Disposition.—An FHA-insured mortgage is terminated whenever it is paid off in full prior to maturity, is superseded by a new FHA mortgage, matures according to the terms of the mortgage contract, or is foreclosed by the mortgagee. Table 9 shows the cumulative number and dollar amount of all home mortgages insured, terminated, and in force, as of December 31, 1948. When a mortgage

TABLE 9.—*Disposition of all home mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1948*

Disposition	Total [1]		Sec. 203		Sec. 603		Secs. 603–610	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	1,984,744	$9,924,298,727	1,405,065	$6,628,065,185	578,755	$3,292,822,092	924	$3,411,450
Mortgages terminated:								
Prepayments in full	750,976	3,334,465,141	623,855	2,747,038,687	127,120	586,521,454	1	5,000
Prepayments by supersession	129,639	574,803,272	87,136	385,420,905	42,503	189,382,367	-----	-----
Matured loans	3,175	6,766,349	3,175	6,766,349	-----	-----	-----	-----
Properties acquired by FHA	10,303	52,090,901	4,071	19,422,951	6,232	32,667,950	-----	-----
Withdrawals	1,898	8,489,401	1,413	6,361,701	485	2,127,700	-----	-----
Other terminations	510	2,193,109	386	1,709,109	124	484,000	-----	-----
Total terminations	896,501	3,978,808,173	720,036	3,167,619,702	176,464	811,183,471	1	5,000
Mortgages in force	1,088,243	5,945,490,554	685,029	3,460,445,483	402,291	2,481,638,621	923	3,406,450

[1] Excludes mortgages insured under Sec. 609.

is foreclosed, the title to the property may be held by the mortgagee or may, at his discretion, be transferred to the Federal Housing Administration in exchange for debentures and certificates of claim.

Yearly trend.—Table 10 shows the yearly trend of terminations of mortgage insurance contracts, with special emphasis on titles acquired by mortgagees and foreclosures in process as of the end of each year. The 45.2 percent of the total mortgages insured under Sections 203 and 603 which had been terminated by the end of 1948 included over half of the total number of mortgages insured under Section 203 and some 30 percent of the Section 603 insured cases. The 1948 increase of 323 in titles acquired by mortgagees under these sections brought the cumulative number acquired since the beginning of operations to 12,508, or about 0.63 percent of the total number insured under these sections of the act—0.39 percent of the mortgages insured under Section 203 and 1.21 percent of those insured under Section 603. As of the close of 1948, 263 cases were in process of foreclosure, 116 more than at the end of 1947, but still only 0.02 percent of the number of insured mortgages in force.

State distribution.—The State distributions of Section 203 and Section 603 mortgages insured, terminated (including titles acquired by mortgagees), and in force are presented in Tables 11 and 12.

In four States or Territories, the cumulative ratio of mortgages terminated to mortgages insured under Section 203 exceeded 60 percent. Over 70 percent of the mortgages insured under Section 203 on properties located in North Dakota have been terminated. Hawaii was second with 66 percent, followed by California with 63 percent. Minnesota was fourth with 62.5 percent. Only in Puerto Rico, Arkansas, Louisiana, and New York have terminations been lower than 40 percent.

In the 8-year period during which insuring operations have been carried on under Section 603, cumulative terminations of Section 603 mortgages have remained relatively low, with the number of terminations exceeding 45 percent of the number of mortgages insured in only four States—Connecticut, Delaware, Massachusetts, and West Virginia.

In relation to the number of mortgages insured, the number of titles acquired was higher under Section 603 than under Section 203—about 1.21 percent for Section 603 as compared to slightly under 0.39 percent for Section 203. In West Virginia and Connecticut the Section 603 ratio exceeded 21 percent. In addition to these two States, three others showed a ratio greater than 5 percent—Maryland with 6.94 percent, Iowa with 5.97 percent, and Utah with 5.27 percent. Under Section 203, the four States showing the highest percentages of titles

TABLE 10.—*Yearly trend of terminations of all home mortgage insurance contracts: Total terminations, titles acquired by mortgagees, and foreclosures in process under Secs. 203 and 603, 1935–48*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Foreclosures in process as of end of year	
	Number for the year	Cumulative through end of year		Annual increase	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
	Sec. 203							
1935	95	95	0.41	2	2	0.01	(3)	(3)
1936	1,362	1,457	1.45	30	32	.03	(3)	(3)
1937	5,065	6,522	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.74	1,122	4,669	.56	750	.10
1942	37,340	118,460	12.06	572	5,241	.53	530	.06
1943	75,609	194,069	18.75	133	5,374	.52	164	.03
1944	103,595	297,664	27.52	29	5,403	.50	99	.01
1945	104,879	402,543	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.46	59	.01
1947	107,466	633,743	49.83	15	5,489	.43	62	.01
1948	86,203	[4] 720,036	51.25	39	5,528	.39	93	.01
	Sec. 603							
1941	----	----	----	----	----	----	----	----
1942	812	812	1.12	1	1	(3)	160	0.22
1943	3,250	4,062	2.18	841	842	0.45	156	.09
1944	8,207	12,269	4.28	2,762	3,604	1.26	721	.26
1945	12,979	25,248	7.50	2,133	5,737	1.70	827	.27
1946	54,174	79,422	22.64	797	6,534	1.86	50	.02
1947	62,030	141,452	34.06	162	6,696	1.61	85	.03
1948	35,012	[4] 176,464	30.49	284	6,980	1.21	170	.04
	Total							
1935	95	95	0.41	2	2	0.01	(3)	(3)
1936	1,362	1,457	1.45	30	32	.03	(3)	(3)
1937	5,065	6,522	3.22	218	250	.12	(3)	(3)
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.70	1,122	4,669	.56	750	.10
1942	38,152	119,272	11.31	573	5,242	.50	690	.07
1943	78,859	198,131	16.23	974	6,216	.51	320	.03
1944	111,802	309,933	22.66	2,791	9,007	.66	820	.08
1945	117,858	427,791	29.20	2,163	11,170	.76	929	.09
1946	177,908	605,699	30.19	838	12,008	.78	109	.01
1947	169,496	775,195	45.95	177	12,185	.72	147	.02
1948 [5]	121,305	[4] 896,500	45.19	323	12,508	.63	263	.02

[1] Include terminations of mortgage insurance after acquisition of titles by mortgagees.
[2] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 44 foreclosed properties under Sec. 203, and 263 foreclosed properties under Sec. 603, which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.
[4] Of the cumulative number of terminated mortgages, FHA refinanced 87,136 Sec. 203 cases and 42,503 Sec. 603 cases. A refinanced mortgage involves the same property as covered by the original FHA insurance contract.
[5] Excludes one mortgage insured under Sec. 603, pursuant to Sec. 610, terminated during 1948.

acquired by mortgagees were Massachusetts with 1.86 percent, Kansas with 1.65 percent, Vermont with 1.42 percent, and Delaware with 1.18 percent.

TABLE 11.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 203, 1935–48*

Location of property	Total mortgages insured	Terminations: Number: Total	Terminations: Number: Titles acquired [1]	Terminations: As a percent of mortgages insured: Total	Terminations: As a percent of mortgages insured: Titles acquired	Insured mortgages in force Dec. 31, 1948
Alabama	15, 098	6, 045	40	40. 04	0. 26	9, 053
Arizona	9, 529	4, 484	25	47. 06	. 26	5, 045
Arkansas	13, 675	4, 582	49	33. 51	. 36	9, 093
California	225, 330	141, 977	418	63. 01	. 19	83, 353
Colorado	15, 705	8, 612	39	54. 84	. 25	7, 093
Connecticut	13, 281	5, 355	40	40. 32	. 30	7, 926
Delaware	2, 115	1, 099	25	51. 96	1. 18	1, 016
District of Columbia	2, 923	1, 564	2	53. 51	. 07	1, 359
Florida	28, 699	14, 470	172	50. 42	. 60	14, 229
Georgia	20, 203	10, 069	87	49. 84	. 43	10, 134
Idaho	7, 539	4, 001	20	53. 07	. 27	3, 538
Illinois	84, 634	48, 294	202	57. 06	. 24	36, 340
Indiana	52, 551	25, 613	145	48. 74	. 28	26, 938
Iowa	14, 340	7, 808	30	54. 45	. 21	6, 532
Kansas	21, 211	11, 236	349	52. 97	1. 65	9, 975
Kentucky	13, 414	6, 396	78	47. 68	. 58	7, 018
Louisiana	18, 322	7, 085	48	38. 67	. 26	11, 237
Maine	4, 766	2, 130	45	44. 69	. 94	2, 636
Maryland	20, 062	11, 736	71	58. 50	. 35	8, 326
Massachusetts	8, 387	4, 889	156	58. 29	1. 86	3, 498
Michigan	103, 598	49, 670	528	47. 94	. 51	53, 928
Minnesota	16, 087	10, 054	81	62. 50	. 50	6, 033
Mississippi	8, 848	4, 779	61	54. 01	. 69	4, 069
Missouri	41, 868	19, 367	198	46. 26	. 47	22, 501
Montana	5, 800	2, 881	10	49. 67	. 17	2, 919
Nebraska	11, 652	6, 432	45	55. 20	. 39	5, 220
Nevada	2, 450	1, 200	----------	48. 98	----------	1, 250
New Hampshire	2, 838	1, 462	22	51. 52	. 78	1, 376
New Jersey	72, 727	34, 214	544	47. 04	. 75	38, 513
New Mexico	4, 465	2, 337	4	52. 34	. 09	2, 128
New York	72, 237	28, 693	639	39. 72	. 88	43, 544
North Carolina	13, 894	7, 495	53	53. 94	. 38	6, 399
North Dakota	1, 266	891	8	70. 38	. 63	375
Ohio	72, 687	43, 488	174	59. 83	. 24	29, 199
Oklahoma	31, 551	13, 090	135	41. 49	. 43	18, 461
Oregon	14, 576	7, 346	23	50. 40	. 16	7, 230
Pennsylvania	86, 139	42, 696	235	49. 57	. 27	43, 443
Rhode Island	3, 828	1, 976	26	51. 62	. 68	1, 852
South Carolina	9, 337	4, 016	51	43. 01	. 55	5, 321
South Dakota	4, 614	2, 585	21	56. 03	. 46	2, 029
Tennessee	22, 703	11, 081	124	48. 81	. 55	11, 622
Texas	69, 744	31, 782	170	45. 57	. 24	37, 962
Utah	11, 855	6, 375	38	53. 77	. 32	5, 480
Vermont	2, 604	1, 493	37	57. 33	1. 42	1, 111
Virginia	26, 491	11, 243	84	42. 44	. 32	15, 248
Washington	58, 045	25, 462	88	43. 87	. 15	32, 583
West Virginia	13, 841	5, 767	18	41. 67	. 13	8, 074
Wisconsin	14, 356	8, 570	52	59. 70	. 36	5, 786
Wyoming	5, 909	3, 520	16	59. 57	. 27	2, 389
Alaska	551	284	2	51. 54	36	267
Hawaii	2, 500	1, 649	----------	65. 96	----------	851
Puerto Rico	2, 942	693	----------	23. 56	----------	2, 249
Total	[2] 1, 405, 065	720, 036	5, 528	51. 25	0. 39	[2] 685, 029

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 44 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.

[2] Includes 1,278 insured cases not yet tabulated by States as of Dec. 31, 1948.

Table 12.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 603, 1941–48*

Location of property	Total mortgages insured	Terminations				Insured mortgages in force Dec. 31, 1948
		Number		As a percent of mortgages insured		
		Total	Titles acquired [1]	Total	Titles acquired	
Alabama	9,479	2,642	275	27.87	2.90	6,837
Arizona	6,066	396	3	6.53	.05	5,670
Arkansas	4,855	1,558	2	32.09	.04	3,297
California	116,889	38,354	5	32.81	(2)	78,535
Colorado	4,970	1,168	----	23.50	----	3,802
Connecticut	7,360	3,632	1,592	49.35	21.63	3,728
Delaware	2,612	1,350	----	51.68	----	1,262
District of Columbia	2,663	700	1	26.29	.04	1,963
Florida	25,505	3,349	65	13.13	.25	22,156
Georgia	12,577	3,820	52	30.37	41	8,757
Idaho	518	99	----	19.11	----	419
Illinois	20,047	8,660	6	43.20	.03	11,387
Indiana	14,389	4,082	10	28.37	.07	10,307
Iowa	2,447	903	146	36.90	5.97	1,544
Kansas	10,113	3,497	83	34.58	82	6,616
Kentucky	4,481	1,284	1	28.65	.02	3,197
Louisiana	12,052	4,590	297	38.08	2.46	7,462
Maine	1,232	551	5	44.72	.41	681
Maryland	12,952	5,504	899	42.50	6.94	7,448
Massachusetts	2,880	1,308	2	45.42	.07	1,572
Michigan	38,882	9,867	665	25.38	1.71	29,015
Minnesota	4,110	1,226	2	29.83	.05	2,884
Mississippi	3,989	603	----	15.12	----	3,386
Missouri	6,851	2,620	175	38.24	2.55	4,231
Montana	326	73	----	22.39	----	253
Nebraska	5,558	2,421	114	43.56	2.05	3,137
Nevada	1,918	631	----	32.90	----	1,287
New Hampshire	316	75	1	23.73	.32	241
New Jersey	14,801	4,986	123	33.69	.83	9,815
New Mexico	2,458	339	----	13.79	----	2,119
New York	18,913	4,040	312	21.36	1.65	14,873
North Carolina	8,091	1,562	3	19.31	.04	6,529
North Dakota	123	9	----	7.32	----	114
Ohio	23,222	9,061	74	39.02	.32	14,161
Oklahoma	16,954	4,269	209	25.18	1.23	12,685
Oregon	6,006	1,566	1	26.07	.02	4,440
Pennsylvania	25,311	9,770	18	38.60	.07	15,541
Rhode Island	1,228	501	----	40.80	----	727
South Carolina	5,908	1,247	15	21.11	.25	4,661
South Dakota	496	91	----	18.35	----	405
Tennessee	15,199	2,403	35	15.81	.23	12,796
Texas	49,207	12,423	147	25.25	.30	36,784
Utah	7,508	2,585	396	34.43	5.27	4,923
Vermont	279	102	9	36.56	3.23	177
Virginia	17,691	6,553	823	37.04	4.65	11,138
Washington	18,136	7,610	139	41.96	.77	10,526
West Virginia	1,236	559	275	45.23	22.25	677
Wisconsin	4,136	1,592	----	38.49	----	2,544
Wyoming	1,008	158	----	15.67	----	850
Alaska	1	----	----	----	----	1
Hawaii	447	74	----	16.55	----	373
Puerto Rico	2,847	1	----	.04	----	2,846
Virgin Islands	2	----	----	----	----	2
Total	[3] 578,755	176,464	6,980	30.49	1.21	[3] 402,291

[1] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance and titles to 263 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Less than 0.005 percent.
[3] Includes 1,510 insured cases not yet tabulated by States as of Dec. 31, 1948.

Mortgage Characteristics

As shown in Table 1, on page 166, the Federal Housing Administration insured 296,724 home mortgages in 1948 under the provisions of Sections 203 and 603 of the National Housing Act. As in the earlier years of operations under Section 603, the great majority of the homes securing mortgages insured in 1948 under this section were newly constructed—the 1948 volume of 160,904 new homes representing 98 percent of all homes covered by mortgage insurance under Section 603 during the year. The 28,779 new dwellings covered by mortgages insured under Section 203 accounted for some 22 percent of the 1948 total of all homes securing mortgages insured under this section—the highest proportion in any year since 1942. To a considerable extent, the revival of new-home activity under this section may be attributed to the expiration, on April 30, 1948, of FHA's authority to issue commitments for the insurance of new-home mortgages under the emergency provisions of Section 603. However, it should be noted that the 160,904 new-home mortgages insured under Section 603 during the year (including 110,667 from commitments outstanding on April 30) was 45 percent over the previous Section 603 peak of 111,183 new-home mortgages insured in 1943.

Typically, the dwelling securing a Section 203 new-home mortgage insured in 1948 was a one-family structure of 5.4 rooms, the average floor area being 972 square feet.[1] The property was valued by the Federal Housing Administration at $8,721, including the value of the house, other physical improvements such as garages (which were reported in about one out of every two cases), and land, which on the average accounted for $1,049 or about 12 percent of the estimated total valuation. Included in the average land value were rough grading, terracing, and the construction of any necessary retaining walls. The typical new-home owner financed his purchase with a loan of $7,058 which he contracted to amortize over a 20-year period with monthly payments of $58.08. These payments represented about one-sixth of his $4,000 effective annual income, which FHA estimated would prevail for approximately the first one-third of the mortgage term. The monthly payment included payment to principal, interest at not more than 4½ percent, the FHA insurance premium of one-half of 1 percent, hazard insurance, taxes and special assessments, and miscellaneous items, including ground rent, if any.

---

[1] The characteristics of the mortgages, homes, and mortgagors insured under Section 203 are analyzed on the basis of a sample of 15,740 mortgages secured by new homes and 40,804 existing-home mortgages, which were selected from those insured in the first 10 months of 1948.

Section 203 trends.—These and other characteristics associated with the typical Section 203 insured single-family home mortgage transaction are shown in Table 13, together with comparable data for selected years since 1940. The 1948 data indicate a continued strong upward trend in the median or average amounts associated with all of

TABLE 13.—*Characteristics of mortgages, homes, and mortgagors: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Mortgage principal [1]		Duration in years [2]		Loan as a percent of FHA value [3]		1-family as a percent of 1- to 4-family	
1948	$7,058	$5,969	20.1	19.3	80.1	76.5	98.0	94.4
1947	6,201	5,363	20.2	19.1	81.2	77.3	97.5	94.1
1946	5,504	4,697	21.0	18.9	84.1	78.6	98.7	93.6
1944	(4)	4,317	(4)	18.0	(4)	78.9	(4)	95.9
1942	4,692	4,076	23.5	18.1	86.7	77.9	99.4	93.2
1940	[2] 4,410	[2] 3,902	[5] 23.0	[5] 17.5	84.8	75.3	99.0	92.7
	Property valuation [1 6]		Land valuation [3 7]		Number of rooms [1 8]		Percent with garages	
1948	$8,721	$7,579	$1,049	$970	5.4	5.6	55.1	70.5
1947	7,574	6,769	893	915	5.3	5.7	56.1	73.1
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1944	(4)	5,484	(4)	924	(4)	[5] 6.3	(4)	84.2
1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1 9]		Total monthly payment [1 10]		Payment as a percent of income [3 9 10]		Ratio of property valuation to annual income [3 6 9]	
1948	$4,000	$3,731	$58.08	$49.76	16.1	14.4	2.04	1.87
1947	3,643	3,614	50.84	45.25	15.7	14.5	1.97	1.83
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1944	(4)	3,120	(4)	[5] 40.50	(4)	14.5	(4)	1.64
1942	2,416	2,751	37.46	37.80	16.8	15.1	1.98	1.72
1940	2,416	2,490	[5] 35.15	[5] 34.56	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Based on arithmetic means.
[4] Data not available.
[5] Estimated.
[6] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[7] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[8] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[9] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[10] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.

those characteristics which are measured in terms of dollars—including the mortgage principal, which had increased more than $850 over the 1947 median of $6,201; property valuation, which was 15 percent above its 1947 level; land valuation, up $156 or 17 percent; mortgagor's effective income, up $357 or about 10 percent; and total monthly payment, which had increased by 14 percent, from $50.84 in

1947 to $58.08 in 1948. This upward trend is shown graphically in Chart IV for the typical valuation, mortgage amount, income, and land value associated with Section 203 new-home mortgages.

It should be noted that, although increasing at the rate of 0.4 percent per year since 1946, payment as a percent of income is still below the prewar level. This comparison, however, makes no allowance for the

CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS

FHA - INSURED NEW SINGLE-FAMILY HOME MORTGAGES

SECTION 203, FOR SELECTED YEARS 1940-1948

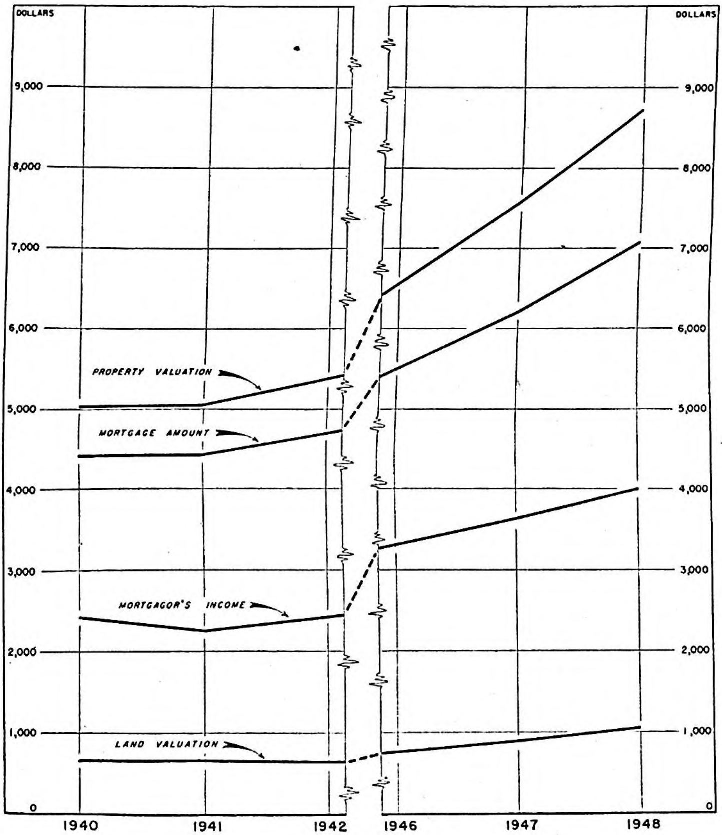


CHART IV

marked increase in income taxes and other taxes which has occurred since 1940. It is also of interest to note that the ratio of property valuation to income reached 2.04 in 1948—0.07 above 1947. The 1948 homes were very slightly larger than those securing new-home mortgages insured under Section 203 in 1947, 5.4 rooms compared with 5.3; but 1 percent fewer homes had garages.

The typical 1948 property valuation estimated by the Underwriting Division for existing homes securing Section 203 insured mortgages was $7,579—up about 12 percent over the 1947 median of $6,769. Included in this figure was an average land value of $970—$55 higher than for the preceding year. The typical mortgagor contracted to repay the $5,969 loan necessary to finance his purchase with a monthly payment of $49.76 over a period of slightly more than 19 years. This payment represented about 14.4 percent of his $3,731 annual income. This is 0.1 percent below the comparable percentage for 1947, while the ratio of property valuation to income reached a new postwar high of 1.87.

Continuing a trend first observed in 1946, the typical room count for existing homes declined to 5.6 rooms—the average floor area being 1,075 square feet, or about 100 square feet larger than for the newly constructed dwellings. Also declining for the third consecutive year was the ratio of loan to value, which averaged 76.5 percent or 3.6 percent below the ratio for new-home mortgages.

Section 603 trends.—Selected characteristics of the one-family new-home mortgages insured during the year under Section 603 and of the dwellings securing these mortgages are given in Table 14.[1] This table presents comparable information for the 3 years in which the Veterans' Emergency Housing Program has been in operation—1946, 1947, and 1948.[2]

Unlike the Section 203 mortgages insured during 1948, which were processed on the basis of the estimated long-term valuation of the properties involved, the mortgages insured under the provisions of Section 603 were processed on the basis of the estimated necessary current cost of the properties. The typical one-family home securing a Section 603 new-home mortgage insured during the year had an estimated current cost of $8,476, including the cost of the house, other physical improvements, and land, which averaged $898. To finance his purchase, the buyer contracted to repay a loan of $7,424 at the rate

[1] The characteristics of the mortgages and homes insured under Section 603 are analyzed on the basis of a sample of 45,219 new-home mortgages which were insured during the first 10 months of 1948.

[2] For information on the characteristics of mortgages and homes committed or insured under the Section 603 War Housing Program, 1941–45, see the 14th annual report of the Federal Housing Administration covering the year 1947.

TABLE 14.—*Characteristics of mortgages and homes: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48* [1]

Year	Mortgage principal [2]	Duration in years [3]	Loan as a percent of cost [4]	1-family as a percent of 1- to 4-family	Total monthly payment [2,5]
1948	$7,424	24.4	85.1	92.9	$52.28
1947	6,914	24.3	84.5	95.4	49.18
1946	6,733	24.2	84.3	94.1	48.19
	Necessary current cost [2,6]	**Land valuation [2,7]**	**Number of rooms [2,8]**	**Percent with garages**	**Monthly rental value [2,9]**
1948	$8,476	$898	5.1	51.6	$64.77
1947	8,020	835	5.2	49.9	61.14
1946	7,860	1,071	5.2	40.8	60.81

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] Data shown are medians.
[3] Data shown are averages (arithmetic means).
[4] Based on arithmetic means.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] FHA estimate of necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[7] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[8] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[9] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

of $52.28 a month over a term of 24.4 years. The homes insured under this section were slightly smaller than the new homes covered by Section 203 insured mortgages, the median size being 5.1 rooms. Only about 52 percent had garage facilities. These dwellings had an estimated monthly rental value of $64.77, the estimate being based on typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or the newness of individual properties.

As noted in connection with Section 203 transactions, practically all of the characteristics of the Section 603 insured contracts were higher in 1948 than in 1947. The median necessary current cost increased by 6 percent from $8,020 to $8,476; mortgage principal by 7 percent from $6,914 to $7,424, average loan-cost ratio from 84.5 to 85.1 percent; and total monthly payment from $49.18 to $52.28—an increase of 6 percent. The dwellings were very slightly smaller in 1948 than those covered by insurance written in the preceding year, while the percent with garages increased from 49.9 to 51.6.

It should be noted with respect to the Section 603 operations in 1946 and 1947 that, since the 1946 data are based on commitments issued and the 1947 data on mortgages insured during the respective years, there is a considerable amount of duplication in the cases covered by the statistics for the two years. Because of a shorter construction time for homes built in Southern States, and, consequently, a shorter period of time between date of commitment and date of insurance, a higher proportion of the cases insured in 1947 were in Southern States than was true of commitments issued in 1946. This condition influenced the extent of the change between 1946 and 1947 in national medians for many of the characteristics described in this analysis or covered by the tables showing data on Section 603 operations for these 2 years. This is particularly true of necessary current cost, mortgage principal, land valuation, and 1-family structures as a percent of total.

Amount of mortgage.—The distributions of the mortgage amounts involved in the purchase of new and existing single-family homes securing mortgages insured under Section 203 in 1948 are shown in Table 15, together with comparable data for selected years since 1941.

The median new-home mortgage insured in 1948 was $7,058—14 percent above the comparable 1947 figure of $6,201 and more than $2,600 above the 1941 median loan of $4,419. Only about 47 percent of the new-home mortgages insured in 1948 under Section 203 were for less than $7,000, a markedly smaller proportion than the 65 percent under this amount in 1947. In 1941, the last year prior to the war, less than 5 percent of the new-home mortgages amounted to as much as $7,000.

TABLE 15.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1941–48*

Mortgage principal	New homes,[1] percentage distribution					Existing homes, percentage distribution					
	1948	1947	1946	1942	1941	1948	1947	1946	1944	1942	1941
Less than $2,000	(2)	0.1	0.1	0.1	0.3	0.3	0.6	1.0	2.4	2.8	5.2
$2,000 to $2,999	0.2	.5	1.1	3.7	8.0	1.8	4.0	7.6	14.3	18.0	22.4
$3,000 to $3,999	1.7	4.2	7.1	19.2	28.6	7.4	11.6	19.2	24.2	26.9	26.4
$4,000 to $4,999	7.4	14.6	22.6	38.8	31.4	17.8	23.4	28.9	24.5	24.4	21.4
$5,000 to $5,999	16.8	25.2	31.4	30.1	21.4	23.0	24.1	21.3	15.8	13.6	10.9
$6,000 to $6,999	21.4	20.4	25.0	5.0	5.8	20.0	17.0	11.0	9.0	6.7	6.1
$7,000 to $7,999	18.9	17.9	9.5	1.6	2.4	12.6	9.2	4.7	3.8	2.9	2.6
$8,000 to $8,999	19.3	11.9	2.4	.8	1.2	8.0	4.9	2.7	2.1	2.0	1.9
$9,000 to $9,999	6.5	2.3	.4	.2	.3	3.3	1.8	1.2	1.1	.8	.9
$10,000 to $10,999	3.6	1.3	.2	.2	.3	2.5	1.4	1.1	1.1	.8	1.1
$11,000 to $11,999	1.8	.5	.2	.1		1.0	.6	.2	.3	.2	
$12,000 to $12,999	1.1	.4	(2)	.1	.3	.9	.6	.4	.5	.4	1.1
$13,000 to $16,000	1.3	.7	------	.1		1.4	.8	.7	.9	.5	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$7,184	$6,345	$5,548	$4,670	$4,483	$6,181	$5,561	$4,929	$4,586	$4,298	$4,129
Median mortgage	7,058	6,201	5,504	4,692	4,419	5,969	5,363	4,697	4,317	4,076	3,847

[1] Data not available 1943-45.
[2] Less than 0.05 percent.

Increasing at nearly the same rate indicated in the preceding paragraph for new homes, the typical mortgage amount for Section 203 existing-home mortgages reached $5,969 in 1948—$600 above the 1947 level and more than $2,100 higher than the 1941 figure of $3,847. The proportion of these loans involving amounts of less than $6,000 declined from 86 percent in 1941 to only 50 percent in 1948.

New-home mortgages secured by single-family structures and insured under the Section 603 Veterans' Emergency Housing Program have a statutory limitation of $8,100, compared with $16,000 for mortgages insured under Section 203. As a result, the distributions of the mortgages insured under this section, which are shown in Table 16, are much more concentrated than the distributions of Section 203 insured mortgages previously discussed. In 1948, almost one out of every four mortgages insured under Section 603 involved an amount of $8,000 to $8,100, with 80 percent reported in the range between $6,500 and the $8,100 limit. Comparatively, this range accounted for 65 percent of the mortgages insured in 1947. The 1948 median amount for mortgages insured under this section was $7,424—an increase of $510 over the 1947 figure and $366 above that for new-home mortgages insured in 1948 under Section 203.

TABLE 16.—*Amount of mortgage principal: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48* [1]

Mortgage principal	New homes, percentage distribution		
	1948	1947	1946
Less than $3,500	0.1	0.4	(2)
$3,500 to $3,999	1.2	.3	0.3
$4,000 to $4,499	1.1	1.2	1.1
$4,500 to $4,999	.8	2.1	3.3
$5,000 to $5,499	2.8	6.6	8.7
$5,500 to $5,999	5.0	9.0	10.2
$6,000 to $6,499	9.1	15.3	18.8
$6,500 to $6,999	14.4	17.7	17.4
$7,000 to $7,499	18.0	17.8	16.8
$7,500 to $7,999	23.2	16.0	16.9
$8,000 to $8,100	24.3	13.6	6.5
Total	100.0	100.0	100.0
Average mortgage principal	$7,139	$6,783	$6,619
Median mortgage principal	$7,424	$6,914	$6,733

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] Less than 0.05 percent.

Monthly mortgage payment.—Table 17 presents the percentage distributions of the total monthly mortgage payments for new and existing single-family home mortgages insured under Section 203 and for new-home mortgages insured under Section 603 in 1948. Comparable data are included for Section 603 for 1946 and 1947—years in which the great bulk of new-home mortgage insurance was written under that section. The 1948 distributions of the monthly payments involved in mortgages insured under both sections are shown graphically in Chart V.

TABLE 17.—*Total monthly mortgage payment: Based on FHA-insured mortgages secured by single-family homes, Secs. 203, 1948, and 603 VEH, 1946–48* [1]

Total monthly mortgage payment [2]	Sec. 203, percentage distribution 1948		Sec. 603, percentage distribution new homes		
	New homes	Existing homes	1948	1947	1946
Less than $25.00	0.2	1.2	(3)	0.2	(3)
$25.00 to $29.99	.7	3.0	1.5	1.0	0.3
$30.00 to $34.99	2.6	6.5	1.9	2.6	2.6
$35.00 to $39.99	6.7	11.6	4.3	9.4	11.6
$40.00 to $44.99	8.1	14.0	10.8	17.2	20.4
$45.00 to $49.99	11.4	14.4	20.4	23.9	23.5
$50.00 to $54.99	13.1	12.5	27.1	23.2	15.9
$55.00 to $59.99	11.7	10.7	24.9	16.6	21.6
$60.00 to $64.99	11.8	7.5	8.0	4.7	3.3
$65.00 to $69.99	11.5	5.7	.8	.9	.2
$70.00 to $74.99	8.5	3.8	[4] .3	[4] .3	[4] .6
$75.00 to $79.99	5.0	2.4	----	----	----
$80.00 to $89.99	4.6	2.9	----	----	----
$90.00 to $99.99	2.1	1.5	----	----	----
$100.00 or more	2.0	2.3	----	----	----
	100.0	100.0	100.0	100.0	100.0
Average payment	$58.70	$52.18	$51.41	$48.62	$48.11
Median payment	58.08	49.76	52.28	49.18	48.19

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[3] Less than 0.05 percent.
[4] Includes all payments of $70 or more.

DISTRIBUTION OF TOTAL MONTHLY MORTGAGE PAYMENT

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTIONS 203 AND 603, 1948

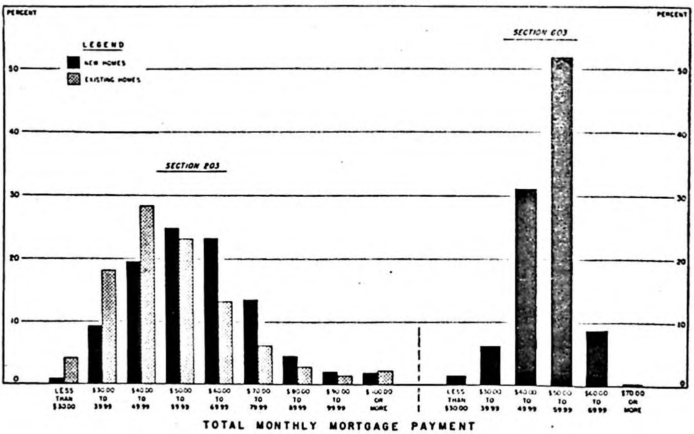


Chart V

About 60 percent of the 1948 buyers of new single-family dwellings who financed their purchases with Section 203 insured mortgages contracted to repay their loans at the rate of $45.00 to $69.99 per month, including the payment to principal, interest, FHA insurance premium, hazard insurance premiums, taxes and special assessments, and miscellaneous items, including ground rent, if any. Reflecting a typical mortgage term differential of more than 4 years, the Section 603 payment distribution is concentrated within a somewhat lower range, with more than 72 percent of the payments reported between $45.00 and $59.99—even though the Section 603 median mortgage was more than $350 above that for Section 203. This condition is of course reflected in the median monthly payments, which were $58.08 and $52.28, respectively, for Section 203 and Section 603 mortgages insured during the year. It may be noted that the typical payment under Section 603 was about $3 higher than in 1947.

Payments on Section 203 insured existing-home contracts ranged somewhat lower than those given above in connection with new-home purchases. The median payment was $49.76, with about two out of every three mortgages requiring repayment at the rate of from $35 to $59.99 per month.

Property Characteristics

Valuation for single-family home.—The distributions of FHA property valuation, including the valuation of the house, all other physical improvements, and land, are shown in Table 18 for new and existing homes securing mortgages insured under Section 203 in selected years between 1940 and 1948. More than 60 percent of the 1948 new-home valuations were reported in the range from $6,000 to $9,999, with an additional 26 percent between $10,000 and $13,999. The table clearly shows the marked increase which has occurred in the valuation of new dwellings during the eight years since 1940. In that year, with only about 6 percent of the new homes valued at $8,000 or more, the median value was $5,028. The corresponding figure reached $6,558 in 1946, increased by more than $1,000 to $7,574 in 1947, and by nearly $1,200 more to its 1948 level of $8,721—some 73 percent over 1940. Less than 1 in 12 of the new homes covered by Section 203 mortgages insured during 1948 were valued by the FHA at less than $6,000.

Comparable increases, though at a somewhat lower rate, are apparent in the existing-home property valuation distributions shown in the table. The 1948 median of $7,579 represented an increase of about 65 percent over the 1940 level of $4,600. More than 62 percent of the existing dwellings covered by mortgages insured in 1948 were valued between $6,000 and $9,999, with 18 percent below, and the remaining 20 percent above, this range.

TABLE 18.—*Property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

FHA property valuation [1]	New homes, percentage distribution [2]					Existing homes, percentage distribution					
	1948	1947	1946	1942	1940	1948	1947	1946	1944	1942	1940
Less than $2,000	-------	(3)	-------	(3)	0.1	(3)	(3)	-------	0.7	0.4	1.1
$2,000 to $2,999	-------	(3)	-------	0.9	3.1	0.2	0.6	1.6	4.1	4.9	9.8
$3,000 to $3,999	0.1	0.5	2.3	9.5	18.6	1.2	3.0	7.3	13.8	16.6	21.8
$4,000 to $4,999	1.0	3.4	10.0	26.8	26.8	4.7	8.2	16.8	20.7	22.1	22.5
$5,000 to $5,999	6.7	14.3	20.2	33.7	23.6	11.7	18.0	24.6	20.7	20.8	17.3
$6,000 to $6,999	14.1	20.3	27.9	20.7	16.5	19.0	22.5	20.3	16.2	14.9	10.8
$7,000 to $7,999	16.0	17.8	22.4	4.4	5.7	17.9	17.4	12.1	9.8	8.3	6.1
$8,000 to $8,999	15.7	16.8	11.1	1.8	2.6	15.1	11.5	7.0	5.2	4.3	3.6
$9,000 to $9,999	15.6	12.7	3.4	.9	1.2	10.1	7.2	3.4	2.8	2.4	1.9
$10,000 to $10,999	11.8	7.2	1.5	.5	.7	7.1	4.5	2.5	1.8	1.8	1.5
$11,000 to $11,999	7.1	2.9	.5	.2	.3	4.2	2.2	1.1	1.0	1.0	.9
$12,000 to $13,999	7.4	2.4	.5	.3	.4	4.9	2.7	1.8	1.5	1.2	1.3
$14,000 to $15,999	2.7	.9	.2	.2	.2	1.9	1.1	.7	.7	.6	.7
$16,000 or more	1.8	.8	(3)	.1	.2	2.0	1.1	.8	1.0	.7	.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$8,965	$7,817	$6,527	$5,385	$5,199	$8,075	$7,190	$6,269	$5,809	$5,568	$5,179
Median valuation	$8,721	$7,574	$6,558	$5,368	$5,028	$7,579	$6,769	$5,934	$5,484	$5,272	$4,600

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Data not available for 1943–45.
[3] Less than 0.05 percent.

Cost of single- and two-family homes.—As previously mentioned in this report, mortgages insured under the Section 603 Veterans' Emergency Housing Program in the period between May 22, 1946, and the end of 1948 were processed on the basis of the necessary current cost, rather than the long-term valuation of the properties. As in 1947, about 53 percent of these homes involved 1948 costs of from $7,000 to $8,999 (Table 19). The proportion costing $9,000 or more,

TABLE 19.—*Necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1946–48* [1]

Necessary current cost [2]	New homes, percentage distribution		
	1948	1947	1946
Less than $4,000	(3)	(3)	-------
$4,000 to $4,499	1.1	0.2	0.2
$4,500 to $4,999	.6	.8	.5
$5,000 to $5,499	.7	1.3	2.4
$5,000 to $5,999	1.6	3.3	4.1
$6,000 to $6,999	8.6	16.2	16.8
$7,000 to $7,999	22.6	27.5	30.2
$8,000 to $8,999	30.2	25.3	27.3
$9,000 to $9,999	24.3	16.9	11.9
$10,000 to $10,999	7.6	6.6	5.5
$11,000 or more	2.7	1.9	1.1
Total	100.0	100.0	100.0
Average cost	$8,387	$8,025	$7,852
Median cost	$8,476	$8,020	$7,860

[1] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.
[2] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[3] Less than 0.05 percent.

however, increased from 18 percent in 1946 to 25 percent in 1947 and, more markedly, to 35 percent in 1948. This increase is reflected in the 1948 median cost of $8,476—$456 above the $8,020 reported in 1947. Only about 13 percent of the homes securing 1948 insured mortgages cost less than $7,000. This was slightly more than half of the comparable proportion for mortgages committed in 1946. Chart VI shows the distribution of current costs for new homes insured under this section in 1948 together with the distributions of valuation for new and existing homes securing Section 203 insured mortgages.

DISTRIBUTION OF PROPERTY VALUATION AND NECESSARY CURRENT COST
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTIONS 203 AND 603, 1948

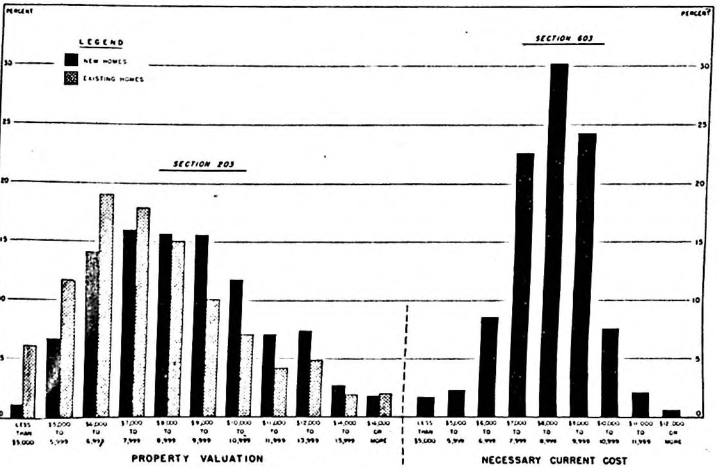


CHART VI

The distribution of the current costs of two-family structures covered by Section 603 mortgages insured in 1948 is presented in Table 20. With nearly 80 percent reported as costing from $11,000 to $14,999 in 1948, their median cost reached $13,603—nearly $750 higher than the corresponding figure for 1947.

Loan-value ratio under Section 203.—Section 203 of the National Housing Act provides that the maximum insurable mortgage amount shall not exceed 80 percent of the estimated property valuation, with the exception of single-family owner-occupied homes approved for mortgage insurance prior to the beginning of construction and valued at not more than $11,000. For properties in this valuation range, the

TABLE 20.—*Necessary current cost: Based on FHA-insured mortgages secured by new 1- and 2-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution of structures		Necessary current cost [1]	Percentage cumulation of structures	
	1-family	2-family		1-family	2-family
Less than $4,000	(2)	--------	Less than $4,000	(2)	--------
$4,000 to $4,999	1.7	--------	Less than $5,000	1.7	--------
$5,000 to $5,999	2.3	--------	Less than $6,000	4.0	--------
$6,000 to $6,999	8.6	--------	Less than $7,000	12.6	--------
$7,000 to $7,999	22.6	0.3	Less than $8,000	35.2	0.3
$8,000 to $8,999	30.2	.6	Less than $9,000	65.4	.9
$9,000 to $9,999	24.3	3.2	Less than $10,000	89.7	4.1
$10,000 to $10,999	7.6	3.8	Less than $11,000	97.3	7.9
$11,000 to $11,999	2.1	15.2	Less than $12,000	99.4	23.1
$12,000 to $12,999	.4	15.4	Less than $13,000	99.8	38.5
$13,000 to $13,999	.1	21.8	Less than $14,000	99.9	60.3
$14,000 to $14,999	(2)	24.5	Less than $15,000	99.9	84.8
$15,000 to $15,999	(2)	9.4	Less than $16,000	99.9	94.2
$16,000 to $16,999	(2) } .1	2.4	Less than $17,000	99.9	96.6
$17,000 to $17,999	(2)	1.6	Less than $18,000	99.9	98.2
$18,000 or more	(2)	1.8	All groups	100.0	100.0
Total	100.0	100.0	Median cost	$8,476	$13,603
Average cost	$8,387	$13,411			

[1] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Less than 0.05 percent.

maximum mortgage amount may represent 90 percent of the first $7,000 valuation and 80 percent of the balance up to $11,000. At the discretion of the Commissioner, the loan-value ratio may be as high as 95 percent, provided the mortgage amount does not exceed $6,000.

Table 21 shows the distributions of the loan-value ratios involved in Section 203 new- and existing-home mortgages insured in 1948 for all mortgages and in relation to selected property-valuation intervals. More than 35 percent of the new-home mortgages insured during the year involved loan-value ratios of from 86 to 90 percent, with an additional 48 percent reporting mortgage amounts which represented from 76 percent to 85 percent of the property valuation.

With respect to Section 203 insured mortgages, more than half of the purchasers of new single-family dwellings valued between $5,000 and $9,999 financed their homes with loans representing 81 to 90 percent of the property valuation. Some 49 percent of the insured mortgages on properties valued between $10,000 and $10,999 also came within this category. For properties valued at $11,000 or more, nearly three out of every four secured mortgages of from 76 to 80 percent. The small proportion of 81- to 90-percent mortgages on properties in the $11,000 range involved properties valued at exactly $11,000, with mortgages representing a maximum of 90 percent of the first $7,000 valuation and 80 percent of the balance.

TABLE 21.—*Percentage distribution of ratio of loan to value by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median loan-value ratio	Ratio of loan to value: 50 percent or less	51 to 55 percent	56 to 60 percent	61 to 65 percent	66 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	Total
New homes												
Less than $4,000	0.1	77.7	9.5	------	4.8	4.8	9.5	------	61.8	4.8	4.8	100.0
$4,000 to $4,999	1.0	78.5	.6	------	.6	4.9	7.4	8.6	55.2	3.7	19.0	100.0
$5,000 to $5,999	6.7	86.5	.6	0.4	.6	.8	3.1	3.4	29.1	6.1	55.9	100.0
$6,000 to $6,999	14.1	86.6	.4	.3	.9	1.0	2.6	4.5	21.9	11.3	57.1	100.0
$7,000 to $7,999	16.0	86.3	1.0	.5	1.0	1.0	3.1	5.1	21.3	13.6	53.4	100.0
$8,000 to $8,999	15.7	84.9	1.4	.4	1.3	2.1	3.1	8.4	19.8	17.3	46.2	100.0
$9,000 to $9,999	15.6	83.0	1.8	1.1	1.1	2.1	3.8	7.6	21.5	27.5	33.5	100.0
$10,000 to $10,999	11.8	80.8	2.5	.7	1.8	2.2	4.2	7.4	32.5	31.0	17.7	100.0
$11,000 to $11,999	7.1	77.7	1.7	1.3	1.7	2.2	8.0	9.3	74.4	1.0	.4	100.0
$12,000 to $13,999	7.4	77.5	2.0	1.1	1.4	3.7	9.5	10.0	72.3	------	------	100.0
$14,000 to$15,999	2.7	77.6	1.9	1.1	1.9	3.3	8.4	9.6	73.8	------	------	100.0
$16,000 or more	1.8	77.3	4.8	3.3	4.8	5.1	5.1	10.2	66.7	------	------	100.0
Total	100.0	81.0	1.5	.7	1.3	1.9	4.3	7.0	33.1	15.0	35.2	100.0
Existing homes												
Less than $4,000	1.4	77.1	2.2	1.6	2.2	6.0	11.1	13.7	61.7	0.2	1.3	100.0
$4,000 to $4,999	4.7	77.4	3.2	.9	1.4	4.4	10.7	12.0	61.1	1.5	4.8	100.0
$5,000 to $5,999	11.7	78.5	1.1	1.1	2.3	2.1	8.4	6.8	57.6	3.8	16.8	100.0
$6,000 to $6,999	19.0	78.5	1.6	1.0	1.8	2.9	8.8	8.3	50.8	5.4	19.4	100.0
$7,000 to $7,999	17.9	78.2	1.8	1.4	2.4	3.1	9.6	8.7	53.3	6.1	13.6	100.0
$8,000 to $8,999	15.1	77.9	2.6	1.3	2.8	4.0	10.2	9.8	51.5	6.0	11.8	100.0
$9,000 to $9,999	10.1	77.7	2.1	2.6	1.8	4.6	10.1	10.5	52.9	5.7	9.7	100.0
$10,000 to $10,999	7.1	77.5	3.4	1.8	4.1	3.7	10.8	8.5	58.5	5.2	4.0	100.0
$11,000 to $11,999	4.2	77.1	3.8	2.8	3.8	4.3	10.1	11.5	63.4	.2	.1	100.0
$12,000 to $13,999	4.9	77.1	4.2	1.8	4.1	3.6	11.2	10.3	64.8	------	------	100.0
$14,000 to $15,999	1.9	77.1	4.8	3.0	3.6	4.2	13.5	7.6	63.3	------	------	100.0
$16,000 or more	2.0	76.9	4.2	2.1	3.1	5.7	13.4	10.5	61.0	------	------	100.0
Total	100.0	77.9	2.3	1.5	2.5	3.5	9.9	9.2	55.2	4.5	11.4	100.0

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.

About 55 percent of all existing-home transactions involved mortgage financing of 76 to 80 percent. Approximately one in six of the mortgages secured by existing homes involved loans of 81 to 90 percent, all being on properties originally approved for mortgage insurance prior to the start of construction and valued at not more than $11,000.

Loan-cost ratio under Section 603.—The distribution of the ratio of mortgage amount to necessary current cost by cost groups is shown in Table 22 for new single-family home mortgages insured under Section 603. Together with the distribution of loan-value ratios for

TABLE 22.—*Percentage distribution of ratio of loan to cost by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Median loan-cost ratio	Ratio of loan to cost: 50 percent or less	51 to 55 percent	56 to 60 percent	61 to 65 percent	66 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	Total
Less than $4,000	(2)	------	------	------	------	------	------	------	------	------	------	------
$4,000 to $4,999	1.7	88.4	------	------	------	0.1	------	------	0.4	2.1	97.4	100.0
$5,000 to $5,999	2.3	87.9	0.2	------	------	------	0.8	0.7	3.4	14.0	80.9	100.0
$6,000 to $6,999	8.6	88.0	(2)	------	0.1	.1	.3	1.1	2.5	12.2	83.7	100.0
$7,000 to $7,999	22.6	88.2	.1	0.1	.1	.2	.3	.7	2.5	8.2	87.8	100.0
$8,000 to $8,999	30.2	87.9	.2	.1	.2	.3	.6	1.2	3.9	12.4	81.1	100.0
$9,000 to $9,999	24.3	84.6	.3	.3	.3	.6	.7	3.0	12.6	44.8	37.4	100.0
$10,000 to $10,999	7.6	77.4	.9	.4	1.4	1.6	4.4	24.0	61.4	5.9	------	100.0
$11,000 to $11,999	2.1	70.4	2.1	1.9	2.9	5.7	42.9	44.5	------	------	------	100.0
$12,000 or more	.6	63.2	6.3	8.6	16.0	43.7	25.4	------	------	------	------	100.0
Total	100.0	87.1	.3	.2	.4	.8	1.8	4.1	9.7	18.4	64.3	100.0

[1] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Less than 0.05 percent.

new single-family home mortgages insured under Section 203, this distribution is shown in Chart VII.

Mortgages insured under Section 603 in 1948 were processed under regulations permitting loans up to 90 percent of the necessary current cost but not to exceed $8,100 for single-family dwellings. Nearly

DISTRIBUTION OF LOAN-VALUE RATIO BY PROPERTY VALUATION
AND OF LOAN-COST RATIO BY NECESSARY CURRENT COST, 1948
FHA-INSURED NEW SINGLE-FAMILY HOME MORTGAGES

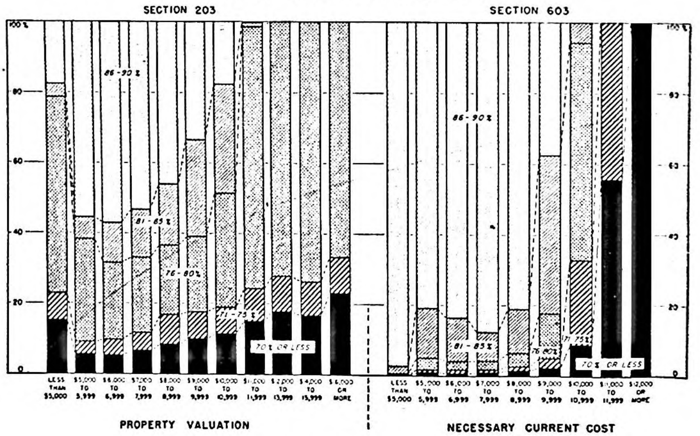


CHART VII

two-thirds of all the mortgages insured during the year provided for loans of 86 to 90 percent of the estimated cost, with four out of every five in the cost groups below $9,000 falling in this category. For properties costing more than $9,000, the $8,100 mortgage limitation served to reduce the permitted loan-cost ratio, the maximum ratio for a $12,000 home being 67.5 percent. It is interesting to note that the median loan-cost ratio for Section 603 insured mortgages secured by homes costing from $5,000 to $9,999 was consistently between 1.4 and 3 percent above the corresponding median loan-value ratios for Section 203 insured mortgages.

Value- and cost-group averages.—The averages for selected characteristics of the new and existing single-family homes securing 1948 Section 203 insured mortgages are shown in Table 23 by property valuation intervals. The average valuation for new homes increased from $3,700 in the less than $4,000 group to $18,265 for those properties valued at $16,000 or more. Correspondingly, the median amount of mortgage increased from $3,125 to $13,819, the over-all loan-value ratio of 81 percent varying between a maximum of 86.6 percent for homes in the $6,000 value range down to 77.3 percent for the small proportion of properties appraised at $16,000 or more. Increasing progressively throughout the range of valuations, average land value varied between $410 and $2,616, representing from 10 to 14 percent of the average property valuation; estimated monthly taxes ranged from $3.19 up to $16.32; monthly mortgage payment was between $24.67 and $111.49; and monthly rental value was between $33.05 and $131.87, typically about 20 percent above the amount of the mortgage payment. In size these new homes varied between an average of 3.8 rooms for homes valued at less than $4,000 to 6.3 rooms for structures in the highest valuation group; floor area, reported for the first time in 1948, ranged upward from 741 square feet for homes in the $5,000 value group to a maximum of 1,759 square feet. About half of these properties provided garage facilities.

Reflecting the greater concentration of properties in the lower value groups (55 percent of the cases in the sample being valued at less than $8,000 as compared with 38 percent for new homes), nearly all of the characteristics shown in the table had lower over-all averages for existing homes than those for new construction which were discussed in the preceding paragraphs. The only exceptions to this were room count and size of structure—the existing homes averaging about one-third of a room and 100 square feet larger—and the fact that 70 percent included garage facilities, compared with 55 percent of the new homes. Within individual valuation groups, the average value, mortgage principal, and loan-value ratio are uniformly lower, and

TABLE 23.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Average								Median loan-value ratio (percent)	Ratio of land to total value (percent)	Percentage of structures with garages
		Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated mo. rental value [6]	Number of rooms [7]	Floor area (sq. ft.) [8]			
New homes												
Less than $4,000	0.1	$3,700	$3,125	$410	$3.19	$24.67	$33.05	3.8	(9)	77.7	11.1	4.8
$4,000 to $4,999	1.0	4,523	3,594	451	3.56	29.99	37.66	4.2	(9)	78.5	10.0	15.6
$5,000 to $5,999	6.7	5,497	4,693	599	4.10	36.45	46.15	4.2	741	86.5	10.9	24.6
$6,000 to $6,999	14.1	6,405	5,490	743	4.86	43.54	52.67	4.4	809	86.6	11.6	42.1
$7,000 to $7,999	16.0	7,412	6,357	787	5.93	50.05	61.25	4.6	866	86.3	10.6	49.2
$8,000 to $8,999	15.7	8,397	7,202	918	7.48	56.09	67.59	4.8	928	84.9	10.9	53.8
$9,000 to $9,999	15.6	9,389	7,805	1,094	9.06	62.40	75.62	5.1	999	83.0	11.7	58.3
$10,000 to $10,999	11.8	10,274	8,364	1,238	10.04	66.73	79.63	5.3	1,086	80.8	12.0	65.1
$11,000 to $11,999	7.1	11,343	9,016	1,358	10.57	71.31	85.14	5.5	1,163	77.7	12.0	66.7
$12,000 to $13,999	7.4	12,691	9,957	1,582	11.39	79.05	94.67	5.7	1,272	77.5	12.5	73.7
$14,000 to $15,999	2.7	14,712	11,614	1,942	13.08	92.25	108.94	6.0	1,398	77.6	13.2	85.7
$16,000 or more	1.8	18,265	13,819	2,616	16.32	111.49	131.87	6.3	1,759	77.3	14.3	89.5
Total	100.0	8,965	7,058	1,049	7.95	58.70	70.84	4.9	972	81.0	11.7	55.1
Existing homes												
Less than $4,000	1.4	$3,335	$2,577	$475	$3.78	$24.96	$33.20	4.7	839	77.1	14.2	45.2
$4,000 to $4,999	4.7	4,428	3,461	561	4.22	30.75	40.54	4.8	908	77.4	12.7	51.7
$5,000 to $5,999	11.7	5,396	4,439	653	4.99	36.37	47.76	4.8	887	78.5	12.1	57.5
$6,000 to $6,999	19.0	6,355	5,212	737	5.79	42.19	54.54	4.8	920	78.5	11.6	64.3
$7,000 to $7,999	17.9	7,339	5,875	851	6.88	47.85	61.71	5.0	970	78.2	11.6	69.3
$8,000 to $8,999	15.1	8,330	6,565	967	8.09	53.73	68.81	5.2	1,043	77.9	11.6	73.6
$9,000 to $9,999	10.1	9,284	7,360	1,078	8.96	59.19	75.68	5.4	1,118	77.7	11.6	78.1
$10,000 to $10,999	7.1	10,240	8,244	1,208	9.96	64.85	82.55	5.6	1,213	77.5	11.8	81.2
$11,000 to $11,999	4.2	11,275	8,711	1,343	10.46	70.15	88.85	5.8	1,283	77.1	11.9	83.1
$12,000 to $13,999	4.9	12,633	9,853	1,602	12.01	78.56	98.66	6.1	1,442	77.1	12.7	84.6
$14,000 to $15,999	1.9	14,698	11,470	2,004	14.16	91.34	114.24	6.5	1,656	77.1	13.6	89.3
$16,000 or more	2.0	18,374	13,975	2,698	18.20	114.48	142.09	6.9	1,967	76.9	14.7	92.1
Total	100.0	8,075	5,969	970	7.67	52.18	66.87	5.2	1,075	77.9	12.0	70.5

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space or finished spaces in attic are excluded.
[9] Data not significant.

the average rental value and proportion with garage uniformly higher, for existing properties than for new homes.

The averages for selected characteristics of the new single-family home mortgages insured under Section 603 in 1948, and of the properties securing these mortgages, are shown in Table 24 for specific current cost groups. As the average current cost increased from $4,285 in the lowest cost group to $12,879 in the highest, the average mortgage principal varied between $3,733 and $8,100, the median loan-cost ratio declining from 88.4 percent for transactions involving homes in the $4,000 cost range to 63.4 percent for those in which the properties had an estimated cost of $12,000 or more.

TABLE 24.—*Average characteristics by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Average						Median loan-cost ratio (percent)	Ratio of land to total cost (percent)
		Necessary current cost [1]	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]		
Less than $4,000	(7)								
$4,000 to $4,999	1.7	$4,285	$3,733	$929	$4.42	$29.34	$36.43	88.4	21.7
$5,000 to $5,999	2.3	5,546	4,135	525	4.90	35.62	46.30	87.9	9.5
$6,000 to $6,999	8.6	6,554	5,807	642	5.65	42.36	53.75	88.0	9.8
$7,000 to $7,999	22.6	7,509	6,640	796	6.77	47.43	60.04	88.2	10.6
$8,000 to $8,999	30.2	8,457	7,481	880	8.31	53.15	65.84	87.9	10.4
$9,000 to $9,999	24.3	9,364	8,100	1,003	9.41	56.58	70.57	84.6	10.7
$10,000 to $10,999	7.6	10,321	8,100	1,200	10.25	57.57	74.62	77.5	11.6
$11,000 to $11,999	2.1	11,357	8,100	1,242	10.33	57.53	78.99	70.5	10.9
$12,000 or more	.6	12,879	8,100	1,388	10.49	59.37	84.97	63.4	10.8
Total	100.0	8,387	7,424	898	8.05	51.41	64.77	87.1	10.7

[1] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Less than 0.05 percent.

The monthly mortgage payment varied between $29.34 and $59.37, of which about one-sixth was attributable to estimated monthly taxes. Rental value ranged between $36.43 and $84.97 per month, the over-all average of $64.77 being about 26 percent above the average mortgage payment ($51.41) for all groups. Land valuation typically represented 10.7 percent of the estimated current cost, ranging between 9.5 and 11.6 percent for all cost groups except the $4,000 to $4,999 interval, in which the average land value of $929 represented 21.7 percent of the $4,285 average cost.

Number of rooms.—The median size of the new single-family homes securing mortgages insured under Section 203 in 1948 was 5.4 rooms—0.1 larger than in 1947. Table 25 shows the distribution of the number of rooms within the various valuation intervals for both new and existing homes. For new homes valued below $7,000, the median size ranges from 4.3 to 4.8 rooms, compared with a variation of 5.0 to 5.2 rooms for existing structures in the same valuation interval. The difference is not as marked in the case of valuations between $7,000 and $11,999—new-home medians of 5.1 to 6.1 rooms being only slightly below the 5.4 to 6.2 room count that was typical of the existing dwellings. This is also true of the higher valued homes, except for the group valued above $16,000, where the existing-home median of 7.3 rooms is 0.6 rooms above that for new dwellings.

TABLE 25.—*Rooms by property valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median number of rooms [2]	Percentage distribution of rooms: 3 rooms	4 rooms	5 rooms	6 rooms	7-9 rooms	Total
			New homes					
Less than $4,000	0.1	4.3	42.8	28.6	23.8	4.8		100.0
$4,000 to $4,999	1.0	4.6	11.1	68.7	15.3	3.7	1.2	100.0
$5,000 to $5,999	6.7	4.6	3.1	75.6	19.2	1.8	.3	100.0
$6,000 to $6,999	14.1	4.8	2.2	56.7	37.0	3.6	.5	100.0
$7,000 to $7,999	16.0	5.1	.6	46.5	42.5	10.0	.4	100.0
$8,000 to $8,999	15.7	5.3	.3	36.8	43.7	18.2	1.0	100.0
$9,000 to $9,999	15.6	5.6	.2	23.7	44.4	30.3	1.4	100.0
$10,000 to $10,999	11.8	5.9	.3	16.8	38.3	41.9	2.7	100.0
$11,000 to $11,999	7.1	6.1	.3	10.1	36.0	48.1	5.5	100.0
$12,000 to $13,999	7.4	6.3	.2	6.4	29.7	51.7	9.0	100.0
$14,000 to $15,999	2.7	6.5		2.8	20.6	56.4	20.2	100.0
$16,000 or more	1.8	6.7		3.0	15.1	42.1	39.8	100.0
Total	100.0	5.4	.9	34.0	37.4	24.5	3.2	100.0
Median valuation			$6,306	$7,431	$8,756	$10,484	$12,971	$8,721
			Existing homes					
Less than $4,000	1.4	5.0	12.9	37.9	26.2	17.7	5.3	100.0
$4,000 to $4,999	4.7	5.2	5.5	38.8	33.3	16.7	5.7	100.0
$5,000 to $5,999	11.7	5.1	2.0	45.8	33.5	13.6	5.1	100.0
$6,000 to $6,999	19.0	5.2	1.2	40.0	38.6	14.9	5.3	100.0
$7,000 to $7,999	17.9	5.4	.5	31.9	41.8	18.5	7.3	100.0
$8,000 to $8,999	15.1	5.6	.4	22.6	42.6	25.0	9.4	100.0
$9,000 to $9,999	10.1	5.8	.3	15.4	42.2	30.6	11.5	100.0
$10,000 to $10,999	7.1	6.1	.3	9.7	37.7	35.6	16.7	100.0
$11,000 to $11,999	4.2	6.2	.4	5.4	35.1	40.3	18.8	100.0
$12,000 to $13,999	4.9	6.5	.2	2.7	24.9	43.7	28.5	100.0
$14,000 to $15,999	1.9	6.8	.2	1.8	13.3	43.0	41.7	100.0
$16,000 or more	2.0	7.3	.5	.6	6.1	36.4	56.4	100.0
Total	100.0	5.6	1.1	27.1	37.1	23.6	11.1	100.0
Median valuation			$5,565	$6,767	$7,718	$8,799	$9,781	$7,57[illegible]

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.

Table 26 shows the room-count distribution for the new single-family homes covered by Section 603 mortgages insured during the year. The median size of 5.1 rooms for all homes is very slightly smaller than the comparable figure based on cases insured in 1947. Within the individual cost groups, the typical room-count follows the same general pattern discussed above in connection with Section 203 dwellings. The distributions of the number of rooms by property valuation and current cost intervals are shown in Chart VIII.

TABLE 26.—*Rooms by necessary current cost: Based on FHA-insured mortgages secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Median number of rooms	Percentage distribution of rooms [2]					
			3 rooms	4 rooms	5 rooms	6 rooms	7-9 rooms	Total
Less than $4,000	(3)							
$4,000 to $4,999	1.7	5.2	6.7	31.4	61.9			100.0
$5,000 to $5,999	2.3	4.5	6.7	86.5	6.2	0.6		100.0
$6,000 to $6,999	8.6	4.7	1.4	71.1	26.6	.9	(3)	100.0
$7,000 to $7,999	22.6	4.9	.9	55.2	38.1	5.8	(3)	100.0
$8,000 to $8,999	30.2	5.1	.4	46.3	38.8	14.5	(3)	100.0
$9,000 to $9,999	24.3	5.5	.2	29.0	42.3	27.2	1.3	100.0
$10,000 to $10,999	7.6	5.8	.1	17.6	38.2	43.7	.4	100.0
$11,000 to $11,999	2.1	6.0	.3	13.1	34.2	51.3	1.1	100.0
$12,000 or more	.6	6.1		8.3	36.3	49.6	5.8	100.0
Total	100.0	5.1	.8	44.0	37.9	16.9	.4	100.0
Median necessary current cost			$6,963	$8,047	$8,571	$9,395	$9,624	$8,476

[1] FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[3] Less than 0.05 percent.

DISTRIBUTION OF ROOMS BY PROPERTY VALUATION
AND BY NECESSARY CURRENT COST, 1948
FHA - INSURED NEW SINGLE - FAMILY HOME MORTGAGES

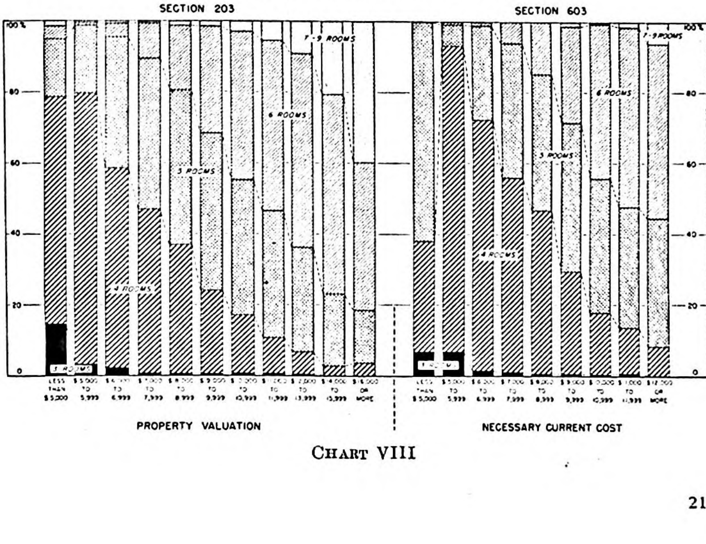


CHART VIII

Floor area.—Nearly 43 percent of the new homes covered by Section 203 insured mortgages had calculated floor areas of from 700 to 899 square feet, with more than 64 percent reporting areas of less than 1,000 square feet. These areas include spaces in the main building above the basement or foundations, measured at the outside surfaces of the exterior walls. They are exclusive of garage space or finished spaces in the attic. Table 27 shows the percentage distribution of calculated floor areas by property valuation intervals for both new and existing homes. Within specific value groups, the typical existing-home areas ranged from 49 to 214 square feet above corresponding new-home medians. Only about half of the existing dwellings had areas under 1,000 square feet. The relationship between new- and existing-home areas and FHA property valuations for Section 203 cases is shown graphically in Chart IX.

AVERAGE FLOOR AREA BY PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1948

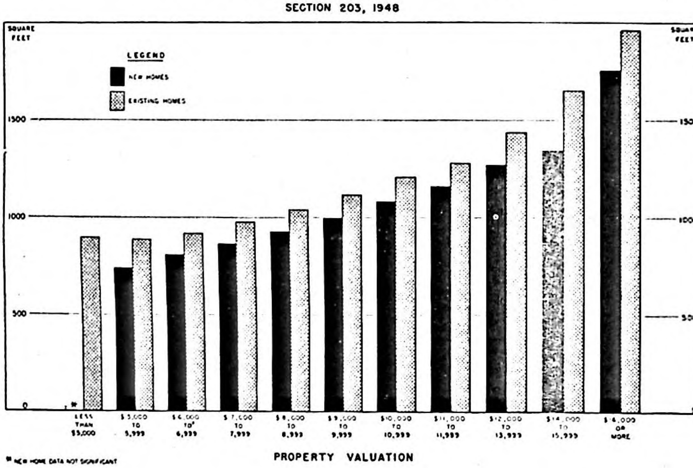


CHART IX

Floor area group averages.—Table 28 presents data covering the average floor area, property valuation, and number of rooms by calculated floor area for new and existing Section 203 homes. With the minor exception of the small proportion of homes involving floor areas of less than 600 square feet, the estimated FHA valuation increases steadily (although at a decreasing rate) from a minimum of $6,481 for new homes in the 600 to 699 square-feet interval to a maxi-

TABLE 27.—*Percentage distribution of calculated floor area by FHA valuation: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Median floor area (square feet) [2]	Calculated floor area in 100 square feet: Less than 600	600 to 699	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,299	1,300 to 1,399	1,400 to 1,499	1,500 to 1,599	1,600 to 1,699	1,700 to 1,799	1,800 to 1,899	1,900 to 1,999	2,000 or more	Total
										New homes									
Less than $4,000	0.1	(3)	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	
$4,000 to $4,999	1.0	700	8.6	42.9	11.5	14.3	14.3	2.8	......	2.8	2.8	......	......	......	......	......	......	......	100.0
$5,000 to $5,999	6.7	738	4.2	28.3	46.2	16.2	3.4	1.1	0.3	.3	......	......	......	......	......	......	......	......	100.0
$6,000 to $6,999	14.1	788	2.6	8.1	44.5	30.4	10.3	3.0	.8	......	.3	......	......	......	......	......	......	......	100.0
$7,000 to $7,999	16.0	855	.3	6.6	24.2	34.3	22.3	8.1	2.7	1.1	.1	0.1	0.1	0.1	......	......	......	......	100.0
$8,000 to $8,999	15.7	910	.5	1.8	23.4	22.1	23.7	13.6	8.3	3.7	1.6	.8	.2	.1	......	0.2	......	......	100.0
$9,000 to $9,999	15.6	972	.3	.9	12.2	22.0	20.5	17.5	12.7	8.0	3.7	1.4	.3	.4	......	.1	......	......	100.0
$10,000 to $10,999	11.8	1,081	......	.1	4.3	17.1	14.0	18.0	19.7	15.0	5.5	2.5	2.3	.9	.1	.3	0.1	0.1	100.0
$11,000 to $11,999	7.1	1,156	.2	.4	2.9	7.5	11.1	18.0	17.5	20.0	9.8	5.5	4.2	1.8	.9	......	......	.2	100.0
$12,000 to $13,999	7.4	1,249	......	......	1.4	3.9	7.7	12.9	15.4	17.6	12.7	13.5	7.1	2.9	2.5	.8	.4	1.2	100.0
$14,000 to $15,999	2.7	1,374	......	......	......	1.2	2.4	4.1	12.9	15.3	18.2	13.5	12.4	7.6	7.6	1.2	1.2	2.4	100.0
$16,000 or more	1.8	1,686	......	......	......	......	1.2	1.2	5.9	1.2	5.9	7.0	16.5	12.9	14.1	10.6	3.5	20.0	100.0
Total	100.0	912	.9	4.6	20.6	22.0	16.2	11.2	8.7	6.4	3.4	2.2	1.5	.8	.6	.3	.1	.5	100.0
										Existing homes									
Less than $4,000	1.4	787	15.2	18.4	18.9	15.2	7.8	9.4	5.7	3.3	2.9	0.8	0.4	0.8	......	0.8	0.4	......	100.0
$4,000 to $4,999	4.7	836	6.3	15.6	21.7	17.8	10.7	8.6	5.4	4.6	3.2	2.2	.7	1.2	0.5	.7	.3	0.5	100.0
$5,000 to $5,999	11.7	818	1.9	12.8	31.3	21.7	11.2	6.1	4.1	3.5	2.1	1.7	1.0	.9	.5	.4	.2	.6	100.0
$6,000 to $6,999	19.0	858	1.0	7.6	25.3	27.9	14.0	7.8	4.9	4.0	2.4	1.6	1.1	.7	.5	.4	.2	.6	100.0
$7,000 to $7,999	17.9	904	.4	4.8	18.8	25.3	16.2	12.1	6.5	4.7	3.6	2.2	1.7	1.3	.8	.4	.3	.9	100.0
$8,000 to $8,999	15.1	980	.3	2.0	16.5	17.9	16.8	14.6	9.2	7.9	4.2	3.4	2.2	1.5	1.1	.6	.5	1.3	100.0
$9,000 to $9,999	10.1	1,057	.3	.8	10.2	15.4	14.8	14.9	12.1	9.4	6.7	5.0	3.0	1.9	1.6	1.1	1.0	1.8	100.0
$10,000 to $10,999	7.1	1,147	.3	.3	3.9	11.4	14.6	13.7	12.4	11.3	10.1	5.4	4.6	3.0	2.4	2.1	1.2	3.3	100.0
$11,000 to $11,999	4.2	1,222	.2	.4	1.4	6.9	11.3	13.3	13.7	13.0	10.9	7.8	5.8	4.4	2.8	2.0	2.0	4.1	100.0
$12,000 to $13,999	4.9	1,375	.3	.2	.8	2.7	4.5	9.5	11.9	11.0	12.0	10.7	8.9	6.5	4.3	4.5	3.3	8.9	100.0
$14,000 to $15,999	1.9	1,588	......	......	.2	.4	1.1	4.6	6.8	8.7	9.3	9.3	10.7	11.4	8.2	5.0	5.2	19.1	100.0
$16,000 or more	2.0	1,876	......	.2	......	.4	.2	1.8	1.9	2.8	4.4	6.7	8.7	8.3	7.1	9.8	7.3	40.4	100.0
Total	100.0	972	.9	4.7	16.3	18.5	13.3	10.9	8.0	6.8	5.1	3.7	2.8	2.2	1.5	1.3	1.0	3.0	100.0

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[3] Data not significant.

mum of $14,568 for structures containing 1,700 to 1,999 square feet. The average valuation of existing dwellings follows much the same pattern, though at a somewhat lower level. It is interesting that for dwelling areas below 1,400 square feet there is little difference in the average number of rooms for new and existing homes. For larger areas, however, the average number of rooms in existing units runs somewhat higher than the new-home averages.

TABLE 28.—*Average characteristics by calculated floor area: Based on FHA-insured mortgages secured by new and existing single-family homes, Section 203, 1948*

Calculated floor area (square feet)[1]	New homes, average				Existing homes, average			
	Percentage distribution	Calculated floor area (square feet)	FHA valuation[2]	Number of rooms[3]	Percentage distribution	Calculated floor area (square feet)	FHA valuation[2]	Number of rooms[3]
Less than 600	0.9	524	$6,624	3.6	0.9	526	$5,764	3.9
600 to 699	4.6	668	6,481	4.0	4.7	663	6,138	4.1
700 to 799	20.6	756	7,321	4.2	16.3	751	6,865	4.3
800 to 899	22.0	844	7,966	4.5	18.5	815	7,289	4.6
900 to 999	16.2	945	8,553	4.9	13.3	945	7,834	4.9
1,000 to 1,099	11.2	1,048	9,351	5.2	10.9	1,045	8,347	5.2
1,100 to 1,199	8.7	1,142	10,089	5.5	8.0	1,146	8,826	5.5
1,200 to 1,299	6.4	1,242	10,653	5.7	6.8	1,241	9,032	5.7
1,300 to 1,399	3.4	1,345	11,239	5.9	5.1	1,344	9,494	6.0
1,400 to 1,499	2.2	1,443	12,020	5.9	3.7	1,444	9,862	6.2
1,500 to 1,699	2.3	1,576	12,854	6.1	5.0	1,587	10,531	6.5
1,700 to 1,999	1.0	1,804	14,568	6.3	3.8	1,825	11,335	6.8
2,000 or more	.5	2,705	14,315	6.3	3.0	2,457	13,201	7.6
Total	100.0	972	8,774	4.8	100.0	1,075	8,281	5.2

[1] Area of spaces in the main building above basement or foundations measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.

Family units.—Of the new 1- to 4-family homes securing mortgages insured in 1948, 98 percent of the Section 203 cases and about 93 percent of those processed under Section 603 were single-family dwellings. This is an increase of 0.5 percent over 1947 for Section 203, but a decrease of 2.5 percent in the case of Section 603. As Table 29 shows, the proportion of dwelling units in Section 603 two-family structures increased from 7.3 percent in 1947 to 11.5 in 1948, the proportion in single-family dwellings declining by nearly 5 percent to 85.7 or some 10 percent less than the corresponding figure for cases insured under Section 203.

The distributions for existing-home mortgages insured under Section 203 (94.4 percent of the structures were single-family dwellings, accounting for 88.6 percent of the total units insured) show but little change from 1947.

TABLE 29.—*Structures and dwelling units: Based on FHA-insured mortgages secured by 1- to 4-family homes, Sec. 203 for selected years, 1940–48 and Sec. 603 VEH, 1946–48*

Year	Structures, percentage distribution					Dwelling units, percentage distribution					Average dwelling units
	1-family	2-family	3-family	4-family	Total	1-family	2-family	3-family	4-family	Total	
	Sec. 203 new homes										
1948	98.0	1.7	0.1	0.2	100.0	95.6	3.4	0.3	0.7	100.0	1.02
1947	97.5	2.2	.1	.2	100.0	94.6	4.4	.3	.7	100.0	1.03
1946	98.7	1.0	.1	.2	100.0	96.9	2.1	.2	.8	100.0	1.02
1942	99.4	.5	(1)	.1	100.0	98.7	.9	.1	.3	100.0	1.01
1940	99.0	.7	.1	.2	100.0	97.7	1.5	.2	.6	100.0	1.01
	Sec. 603 new homes [2]										
1948	92.9	6.3	0.3	0.5	100.0	85.7	11.5	0.9	1.9	100.0	1.08
1947	95.4	3.8	.2	.6	100.0	90.1	7.3	.5	2.1	100.0	1.06
1946	94.1	5.2	.1	.6	100.0	87.9	9.7	.3	2.1	100.0	1.07
	Sec. 203 existing homes										
1948	94.4	4.9	0.3	0.4	100.0	88.6	9.2	0.8	1.4	100.0	1.07
1947	94.1	5.0	.3	.6	100.0	87.5	9.2	.8	2.5	100.0	1.08
1946	93.6	5.8	.3	.3	100.0	87.4	10.9	.7	1.0	100.0	1.07
1944	95.9	3.5	.3	.3	100.0	91.3	6.7	.9	1.1	100.0	1.05
1942	93.2	5.8	.7	.3	100.0	86.1	10.8	1.8	1.3	100.0	1.08
1940	92.7	6.1	.7	.5	100.0	85.0	11.3	1.8	1.9	100.0	1.09

[1] Less than 0.05 percent.
[2] 1946 data based on firm commitments issued; 1947–48 data, mortgages insured.

Borrower Characteristics

Annual income trends.—The median income of the purchasers of new single-family homes with 1948 Section 203 insured mortgages was $4,000—10 percent higher than for the preceding year. The increase for existing-home buyers was only about 3 percent, from $3,614 in 1947 to $3,731 in 1948. For purposes of comparison it may be noted that between 1940 and 1947 the income of typical FHA new-home mortgagors increased by about 51 percent, while, based on reports issued by the Bureau of the Census, the income of all nonfarm families more than doubled—from about $1,400 to $2,863—in the period between 1939 and 1947.

As shown in Table 30 and Chart X, more than three out of four of the FHA mortgagors had effective incomes, estimated by the Underwriting Division as the income that is likely to prevail during approximately the first third of the mortgage term, in 1948 of between $3,000 and $6,999—divided about equally between the $3,000 to $3,999 and $4,000 to $6,999 intervals. In 1940, less than 10 percent of the purchasers of new homes and only about 20 percent of the existing-home buyers had incomes above the level of the 1948 medians.

TABLE 30.—*Mortgagor's effective annual income: Based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years 1940–48*

Mortgagor's effective annual income [1]	New homes, percentage distribution					Existing homes, percentage distribution					
	1948	1947	1946	1942	1940	1948	1947	1946	1944	1942	1940
Less than $1,500	(2)	0.1	0.2	1.5	5.1	0.1	0.1	0.3	0.6	1.5	5.2
$1,500 to $1,999	0.6	1.2	2.7	17.6	23.4	.9	1.7	4.2	5.1	14.0	20.5
$2,000 to $2,499	5.1	11.3	16.0	37.0	28.3	6.5	12.2	19.4	26.4	27.9	25.0
$2,500 to $2,999	7.7	11.2	15.8	14.7	15.4	9.0	12.9	14.8	13.7	13.0	13.9
$3,000 to $3,499	17.8	19.8	19.7	12.8	11.9	19.4	20.5	19.3	17.1	15.5	11.6
$3,500 to $3,999	18.7	18.9	17.6	7.0	6.2	18.8	17.1	14.5	12.8	9.2	6.9
$4,000 to $4,999	24.7	19.7	16.3	5.2	5.2	21.8	17.5	13.8	11.5	8.2	7.1
$5,000 to $6,999	17.2	12.1	8.4	2.8	3.1	14.2	11.7	8.7	7.4	6.2	5.8
$7,000 to $9,999	6.3	4.5	2.4	1.0	.9	6.2	4.5	3.5	3.7	2.8	2.5
$10,000 and over	1.9	1.2	.9	.4	.5	2.2	1.8	1.5	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,404	$3,978	$3,619	$2,721	$2,665	$4,308	$3,941	$3,640	$3,539	$3,229	$3,012
Median income	4,000	3,643	3,313	2,416	2,416	3,731	3,614	3,101	3,120	2,751	2,490

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] Less than 0.05 percent.

DISTRIBUTION OF MORTGAGOR'S EFFECTIVE ANNUAL INCOME

FHA-INSURED SINGLE-FAMILY OWNER-OCCUPIED-HOME MORTGAGES

SECTION 203, 1948

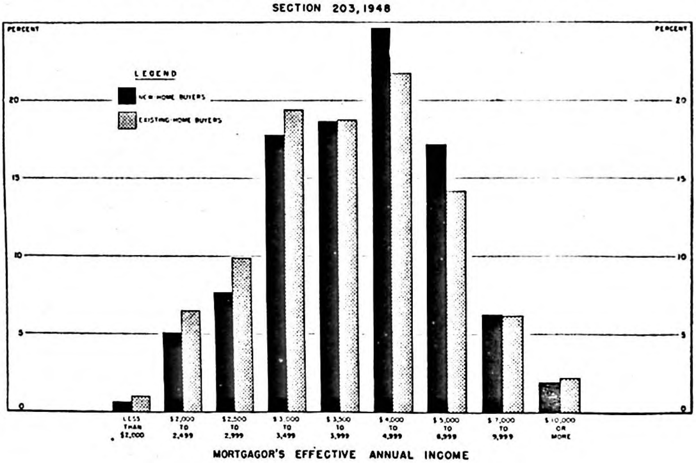


CHART X

Income group averages.—Averages for selected characteristics by monthly income groups for mortgagors financing their purchases of new or existing single-family homes with Section 203 insured mortgages are shown in Table 31. The monthly effective incomes for new-home buyers averaged $367.36, ranging from about $132 to $1,182.

Paralleling the average incomes, FHA property valuation for these owner-occupied dwellings varied between $5,443 and $13,714, averaging $8,943. Within specific income groups, the ratio of average valuation to average annual income varied between 3.4 in the lowest income group and 1.0 in the case of incomes exceeding $1,000 per month.

TABLE 31.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages secured by new and existing single-family, owner-occupied homes, Sec. 203, 1948*

Mortgagor's effective monthly income [1]	Percentage distribution	Average							
		Mortgagor's monthly income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Total monthly housing expense [4]	Monthly rental value	Mortgage as a percent of FHA valuation	Ratio FHA valuation to income
	New homes								
Less than $150	0.1	$131.71	$5,443	$3,593	$29.57	$44.71	$45.14	66.0	3.4
$150 to $199.99	2.3	172.60	5,953	4,731	37.23	54.45	48.96	79.5	2.9
$200 to $249.99	11.1	214.81	6,719	5,439	43.47	61.99	54.96	80.9	2.6
$250 to $299.99	19.2	262.44	7,684	6,227	50.42	70.66	61.72	81.0	2.4
$300 to $349.99	20.5	310.67	8,480	6,892	56.10	76.73	68.58	81.3	2.3
$350 to $399.99	12.0	361.00	9,234	7,526	61.71	82.95	73.01	81.5	2.1
$400 to $499.99	18.1	421.71	9,979	8,015	65.62	87.69	77.89	80.3	2.0
$500 to $599.99	9.0	516.43	10,744	8,612	71.12	93.28	84.17	80.2	1.7
$600 to $799.99	5.1	651.83	12,035	9,577	79.73	103.48	92.67	79.6	1.5
$800 to $999.99	1.4	834.69	12,814	10,079	83.88	108.07	94.55	78.7	1.3
$1,000 or more	1.2	1,181.90	13,714	10,518	88.98	114.42	103.18	76.7	1.0
Total	100.0	367.36	8,943	7,211	58.92	79.89	70.92	80.6	2.0
	Existing homes								
Less than $150	0.2	$125.38	$4,913	$3,269	$29.05	$44.73	$42.91	66.3	3.3
$150 to $199.99	3.0	171.34	5,477	4,053	34.53	51.86	46.80	74.0	2.7
$200 to $249.99	14.2	215.39	6,229	4,755	39.81	59.39	53.02	76.3	2.4
$250 to $299.99	20.9	262.08	7,022	5,363	45.08	65.83	59.34	76.4	2.2
$300 to $349.99	20.3	310.39	7,724	5,902	49.72	70.73	64.39	76.4	2.1
$350 to $399.99	11.0	361.28	8,394	6,410	53.96	75.84	69.34	76.4	1.9
$400 to $499.99	14.9	421.57	8,998	6,918	58.47	80.92	73.60	76.9	1.8
$500 to $599.99	7.5	518.54	10,113	7,711	65.70	89.39	81.36	76.2	1.6
$600 to $799.99	5.1	653.38	11,603	8,936	75.81	101.20	92.99	77.0	1.5
$800 to $999.99	1.4	839.41	13,334	10,222	87.87	116.00	105.49	76.7	1.3
$1,000 or more	1.5	1,250.33	14,362	10,861	94.35	123.95	113.31	75.6	1.0
Total	100.0	358.85	8,110	6,198	51.82	73.18	67.10	76.4	1.9

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[4] Includes total monthly mortgage payment for first year of mortgage; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home-purchase with aid of an additional loan guaranteed by the Veterans' Administration.

Mortgage principal, monthly payment, housing expense, and rental value all varied directly with the average monthly income. Monthly housing expense averaged about $20 higher per month than the mortgage payment and nearly $9 above the monthly rental value.

Comparable data are included in the table for purchasers of existing dwellings. In nearly every case these averages run somewhat below the corresponding new-home figures, but the over-all pattern is very similar.

Loans With VA-Guaranteed Second Mortgages

Section 505 of the Servicemen's Readjustment Act of 1944 authorizes the Veterans' Administration to guarantee second mortgages on properties securing FHA-insured first mortgages in cases where the mortgagors are veterans of World War II. These second mortgages may be in any amount up to $4,000, not exceeding 20 percent of the purchase price of the property. They must be amortized within 25 years at an interest rate not exceeding 4 percent.

According to reports of the Veterans' Administration, some 93,624 second mortgages amounting to $136,941,226 were guaranteed during 1948, bringing the cumulative total through the year end to 155,983 mortgages totaling $212,614,702. This represents an average amount of $1,363 for each second-mortgage loan guaranteed by that Administration.

Of the 296,724 home mortgages insured by the Federal Housing Administration in 1948 under Sections 203 and 603 of the National Housing Act, 59,343 for $392,585,531 were identified by FHA insuring offices as being secured by properties on which there were VA-guaranteed second mortgages. This brought the FHA cumulative total of known loans of this type to 107,119 amounting to $668,987,499—an average of $6,245. Excluded from this total are all mortgages insured by the FHA which involve veterans as mortgagors where no second mortgage is guaranteed by the Veterans' Administration. Also excluded are an unknown number of cases in which first mortgages insured by the FHA for nonveteran borrowers have been assumed by veterans of World War II who have been assisted in financing their purchases through VA-guaranteed second mortgages.

The following analysis presents in some detail the characteristics of the first mortgages insured by the FHA under either Section 203 or Section 603 which were secured by properties also covered by VA-guaranteed second mortgage loans.[1]

[1] The characteristics of the mortgages, homes, and mortgagors insured under Sections 203 and 603, with secondary financing guaranteed by the Veterans' Administration, are analyzed on the basis of a sample of 4,782 new- and 9,091 existing-home mortgages insured under Section 203 and 8,096 new-home mortgages insured under Section 603. The mortgages were selected from those insured in the first 10 months of 1948.

Mortgage principal.—The typical new-home "505" first mortgage insured under Section 203 in 1948 amounted to $6,442—more than $600 under the comparable figure for all new-home mortgages insured under this section during the year. A similar disparity may be observed for existing-home mortgages, those cases involving VA-guaranteed secondary financing having a median first mortgage of $5,454 compared with $5,969 for all cases. The difference is not quite so large for Section 603 insured mortgages, the $7,018 median "505" mortgage being $406 below the figure for all new-home cases insured under this section. As Table 32 shows, nearly 39 percent of the Section 603 "505" mortgages were in the $7,000 interval, with only about 45 percent amounting to less than $7,000, as compared with 63 percent of the new- and 85 percent of the existing-home "505" mortgages insured under Section 203.

TABLE 32.—*Amount of mortgage principal: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by single-family homes, Secs. 203 and 603 VEH, 1948*

Mortgage principal	Section 203-505		Section 603-505—New homes
	New homes	Existing homes	
	Percent	*Percent*	*Percent*
Less than $4,000	1.4	9.1	0.1
$4,000 to $4,999	10.0	25.4	1.6
$5,000 to $5,999	24.9	30.3	12.5
$6,000 to $6,999	26.0	19.9	31.3
$7,000 to $7,999	18.2	8.3	38.7
$8,000 to $8,999	12.8	3.9	[1] 15.8
$9,000 to $9,999	3.3	1.3	
$10,000 or more	2.5	1.8	
Total	100.0	100.0	100.0
Average mortgage	$6,583	$5,603	$6,949
Median mortgage	$6,442	$5,454	$7,018

[1] Statutory limitation $8,100.

Value- and cost-group averages.—The averages for selected characteristics of new and existing single-family home mortgages insured under Section 203 during 1948, with second mortgages guaranteed by the Veterans' Administration, are shown in Table 33 by property valuation intervals. Comparable averages by necessary current cost groups are presented in Table 34 based on new-home "505" mortgages insured under Section 603.

A comparison of Table 33 with Table 23 on page 208, which presents comparable data for all Section 203 mortgages insured during 1948, reveals that veterans financed homes of an estimated property valuation which averaged $1,000 less than the valuation for all homes.

TABLE 33.—*Average characteristics by property valuation: Based on FHA-insured mortgages, with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family homes, Sec. 203, 1948*

FHA property valuation [1]	Percentage distribution	Average								Median loan-value ratio	Ratio of land to total value	Percentage of structures with garage
		Property valuation	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]	Number of rooms [7]	Floor area (square feet) [8]			
New homes												
Less than $4,000	(9)	$4,543	$3,670	$471	$3.00	$30.59	$37.95	4.1	727	79.3	10.4	8.6
$4,000 to $4,999	1.3	5,509	4,750	598	3.82	36.28	46.05	4.1	737	87.2	10.9	26.3
$5,000 to $5,999	12.1	6,415	5,540	697	4.66	43.32	52.72	4.4	810	87.1	10.9	48.7
$6,000 to $6,999	21.6	7,387	6,401	803	5.36	50.01	61.14	4.5	850	86.7	10.9	50.9
$7,000 to $7,999	20.9	8,371	7,233	950	6.93	55.89	67.48	4.7	884	85.6	11.3	56.0
$8,000 to $8,999	17.4	9,373	7,837	1,156	8.43	62.33	74.01	5.1	993	83.7	12.3	66.1
$9,000 to $9,999	11.3	10,250	8,415	1,268	9.34	67.41	78.81	5.3	1,076	81.8	12.4	67.0
$10,000 to $10,999	7.7	11,346	9,078	1,439	9.89	70.76	85.64	5.5	1,147	77.9	12.7	72.7
$11,000 to $11,999	3.7	12,592	9,873	1,612	11.03	79.30	95.43	5.6	1,246	77.7	12.8	82.4
$12,000 to $13,999	2.7	14,650	11,571	1,956	12.11	90.97	104.03	6.0	1,488	77.7	13.4	88.2
$14,000 to $15,999	.8	17,976	13,900	2,528	18.88	117.92	137.20	6.4	1,657	77.7	14.1	91.7
$16,000 or more	.5											
Total	100.0	7,924	6,442	916	6.33	52.62	63.65	4.7	897	85.4	11.6	53.0
Existing homes												
Less than $4,000	1.5	$3,381	$2,665	$438	$3.08	$23.68	$31.35	4.4	786	77.8	13.0	41.3
$4,000 to $4,999	6.7	4,436	3,541	531	3.36	29.70	39.51	4.5	812	78.5	12.0	43.8
$5,000 to $5,999	19.8	5,425	4,520	639	4.64	36.06	46.65	4.5	827	79.4	11.8	52.2
$6,000 to $6,999	26.8	6,352	5,329	714	5.42	42.27	54.05	4.7	863	79.5	11.2	60.4
$7,000 to $7,999	19.3	7,318	5,953	841	6.20	47.71	61.18	4.8	918	78.9	11.5	68.3
$8,000 to $8,999	12.2	8,297	6,634	954	7.48	53.72	68.20	5.0	1,004	78.6	11.5	71.8
$9,000 to $9,999	6.1	9,285	7,442	1,085	8.23	58.98	74.56	5.3	1,098	78.3	11.7	76.8
$10,000 to $10,999	3.3	10,255	8,297	1,198	9.38	64.29	81.78	5.5	1,179	77.9	11.7	79.2
$11,000 to $11,999	1.7	11,298	8,906	1,342	9.94	69.50	88.88	5.7	1,230	77.6	11.9	78.7
$12,000 to $13,999	1.5	12,670	10,044	1,635	11.94	79.14	99.41	6.1	1,365	77.4	12.9	85.9
$14,000 to $15,999	.5	14,683	11,526	2,027	13.81	89.56	114.58	6.5	1,708	77.3	13.8	85.1
$16,000 or more	.6	18,600	14,200	2,706	19.57	114.48	143.37	7.2	2,063	77.5	14.5	91.8
Total	100.0	7,019	5,454	818	6.08	45.79	58.64	4.8	942	78.9	11.7	63.1

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[9] Data not significant.

More than 55 percent of the "505" properties were valued under $8,000, compared with less than 38 percent of the larger group. Reflecting this lower valuation, the selected characteristics nearly all average somewhat lower for the veterans' mortgages than the comparable averages based on all Section 203 insured transactions. Notable exceptions are land value and mortgage principal, which generally average higher for the veterans' cases in specific valuation intervals even though, due to the larger proportion of "505" transactions in the lower valuation groups, the average loan and land values for all "505" loans were lower than the comparable figures for all cases.

TABLE 34.—*Average characteristics by necessary current cost: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration secured by new single-family homes, Sec. 603 VEH, 1948*

Necessary current cost [1]	Percentage distribution	Average						Median loan-cost ratio	Ratio of land to total cost (percent)
		Necessary current cost [1]	Mortgage principal [2]	Land valuation [3]	Estimated monthly taxes [4]	Total monthly payment [5]	Estimated monthly rental value [6]		
Less than $5,000	0.2	$4,668	$4,406	$305	$4.31	$27.42	$38.42	87.6	6.5
$5,000 to $5,999	3.1	5,580	5,104	558	4.78	35.85	46.55	88.0	10.0
$6,000 to $6,999	14.8	6,531	5,775	630	5.45	42.10	53.88	88.0	9.6
$7,000 to $7,999	26.4	7,464	6,546	757	6.09	46.62	58.93	87.9	10.1
$8,000 to $8,999	28.0	8,443	7,442	917	7.69	51.90	65.38	87.6	10.9
$9,000 to $9,999	18.8	9,372	7,958	978	8.79	55.70	71.30	83.7	10.4
$10,000 to $10,999	6.6	10,320	8,100	1,131	10.03	57.17	74.40	77.2	11.0
$11,000 to $11,999	1.5	11,314	8,100	1,295	10.18	57.82	75.88	71.0	11.4
$12,000 or more	.6	13,457	8,100	1,570	10.77	60.72	80.89	61.0	11.7
Total	100.0	8,176	7,018	855	7.25	49.71	63.33	87.0	10.5

[1] The FHA estimate of the necessary current cost of the property includes cost of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

Similar comparisons may be made for existing-home mortgages insured under Section 203. Three out of four of these properties involving VA-guaranteed secondary financing were valued below $8,000, compared with about one out of two for all existing-home transactions. Generally speaking, the various averages have about the same relationship to each other as described above in connection with new-home mortgages. It may be noted that, except for properties valued above $12,000, land value averages slightly lower for the "505" properties than for all Section 203 existing homes.

A comparison of Table 34 showing characteristics of Section 603-"505" mortgages with Table 24 on page 209, which is based on all Section 603 insured new-home transactions, reveals a higher concentration of the veterans' properties in the lower cost groups comparable to that mentioned above in connection with Section 203. Within specific cost groups, the various characteristics of the "505" cases generally average somewhat lower than the comparable figures for all Section 603 transactions.

Income group averages.—Characteristics of property, mortgage, and mortgagor for various borrower-income groups are presented in Tables 35 and 36 for new and existing homes with mortgages insured

TABLE 35.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by new and existing single-family, owner-occupied homes, Sec. 203, 1948*

Mortgagor's effective monthly income [1]	Percentage distribution	Average							Mortgage as a percent of FHA valuation
		Mortgagor's monthly income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Monthly rental value [6]	
				New homes					
Less than $150.00	0.1	$140.00	$4.360	$3.660	$28.40	$2.00	$44.80	$38.00	83.9
$150 to $199.99	3.2	175.61	5.698	4.762	36.47	3.95	56.09	47.81	83.6
$200 to 249.99	15.6	215.77	6.290	5.256	40.75	4.34	62.84	51.60	83.6
$250 to $299.99	24.4	262.78	7.138	6.018	47.77	5.39	72.14	58.45	84.3
$300 to $349.99	21.6	310.59	7.769	6.532	52.37	6.15	77.56	64.22	84.1
$350 to $399.99	11.4	362.29	8.570	7.154	57.56	7.00	84.38	68.82	83.5
$400 to $499.99	14.3	421.68	9.346	7.731	62.52	7.98	91.75	73.38	82.7
$500 to $599.99	5.8	517.05	9.941	8.144	66.28	8.82	96.80	78.50	81.9
$600 to $799.99	2.6	642.74	11.321	9.149	76.60	12.00	111.56	87.94	80.8
$800 to $999.99	.6	835.38	12.200	9.769	79.35	10.77	115.85	86.73	80.1
$1,000 or more	.4	1,119.52	12.638	10.148	90.67	11.48	118.81	99.52	80.3
Total	100.0	328.73	7.899	6.588	52.67	6.33	78.45	63.88	83.4
				Existing homes					
Less than $150.00	0.2	$128.33	$4.250	$3.289	$26.83	$2.50	$44.61	$36.00	77.4
$150 to $199.99	4.7	172.81	5.109	4.037	32.86	3.93	52.81	43.35	79.0
$200 to $249.99	21.6	214.97	5,824	4.667	37.33	4.72	60.83	49.22	80.1
$250 to $299.99	26.4	261.48	6.609	5.273	42.96	5.55	68.06	55.71	79.8
$300 to $349.99	20.4	309.72	7.227	5.731	46.82	6.11	73.01	59.89	79.3
$350 to $399.99	9.6	361.40	7.787	6.218	51.18	7.13	78.96	64.67	79.9
$400 to $499.99	10.6	420.45	8.328	6.627	54.44	7.63	84.19	68.54	79.6
$500 to $599.99	3.6	516.37	9.320	7.424	63.24	9.13	86.90	76.17	79.7
$600 to $799.99	1.9	652.33	10.853	8.562	70.14	9.70	107.47	87.24	78.9
$800 to $909.99	.5	840.89	12.738	9.962	86.20	13.93	127.96	102.44	78.2
$1,000 or more	.5	1,236.04	15.050	11.423	94.13	16.67	145.50	119.15	75.9
Total	100.0	307.94	7.039	5.604	45.66	6.08	71.64	58.66	79.6

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.

[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.

[3] Includes monthly payment for the first year to principal, interest, FHA insurance premium, hazard nsurance, taxes and special assessments, and ground rent and miscellaneous items if any.

[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.

[5] Includes total monthly mortgage payment for first year, estimated monthly cost of maintenance, regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan.

[6] The monthly rental value is estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

under Section 203 and for new-home mortgages insured under Section 603, each in conjunction with a "505" second mortgage guaranteed by the Veterans' Administration. Some 43 to 52 percent of the veterans purchasing homes with FHA-insured mortgages had annual effective incomes below $3,600. A larger proportion of purchasers with incomes below this amount are found among existing-home buyers than among those investing in new homes.

Data on all Section 203 cases (Table 31, page 217) indicate that, while veterans using "505" loans had an income typically lower than that for all mortgagors, this over-all difference is registered for the most part in the highest income group. Most of the income groups show comparatively little variation in average income within the group as between veteran and combined veteran and nonveteran groups. However, some 65 percent of the veteran "505" new-home cases were in the group with incomes of less than $350 per month, while 53 percent of the over-all group fell in the same division. About 2.6 percent of all new-home buyers were in the $800 to $1,000 income group, compared with only 1 percent of those who had second mortgages guaranteed by the Veterans' Administration.

TABLE 36.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages with second mortgages guaranteed by the Veterans' Administration, secured by new single-family, owner-occupied homes, Sec. 603 VEH, 1948*

Mortgagor's effective annual income [1]	Percentage distribution	Average							Ratio of cost to income	Mortgage as a percent of cost
		Mortgagor's annual income [1]	Necessary current cost [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Monthly rental value		
Less than $2,000	0.5	$1,832	$5,729	$4,897	$32.85	$2.88	$47.97	$46.94	3.13	85.5
$2,000 to $2,499	7.6	2,318	6,688	5,775	40.79	4.67	59.45	53.38	2.89	86.3
$2,500 to $2,999	14.3	2,701	7,455	6,431	45.31	6.00	65.83	59.42	2.76	86.3
$3,000 to $3,499	29.2	3,139	8,124	6,940	49.13	6.78	71.27	62.90	2.59	85.4
$3,500 to $3,999	24.8	3,666	8,474	7,215	51.39	7.49	75.16	65.31	2.31	85.1
$4,000 to $4,499	9.3	4,179	8,714	7,354	52.52	8.06	77.39	67.40	2.00	84.4
$4,500 to $4,999	7.8	4,725	9,065	7,453	53.37	8.11	78.63	68.69	1.91	82.2
$5,000 to $5,999	3.7	5,325	9,061	7,503	54.03	8.52	79.98	68.22	1.70	82.8
$6,000 to $6,999	1.8	6,131	8,999	7,531	54.57	8.33	81.02	69.52	1.47	83.7
$7,000 to $9,999	.9	7,825	9,364	7,575	54.30	8.44	82.87	71.35	1.20	80.9
$10,000 or more	.1	12,686	9,743	8,014	57.86	8.43	85.29	74.57	.77	82.3
Total	100.0	3,545	8,185	6,953	49.40	7.00	72.20	63.47	2.31	85.0

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] The FHA estimate of the necessary current cost of the property includes the cost of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes total monthly mortgage payment for first year; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; and monthly payment on secondary loan.

All characteristics listed for the two groups bear generally the same relationships. FHA valuation and amount of mortgage principal are almost consistently lower in the veteran group. The amount of the FHA-insured mortgage excludes the second mortgage guaranteed by the Veterans' Administration. This group of veterans obtained a higher ratio mortgage loan than that for the total group, and, because of the second mortgage payments, their housing expense was also higher than that for other groups.

A comparison of Table 35 with Table 31 shows much the same picture for existing-home buyers. More than 73 percent of the veteran purchasers of existing homes had incomes of less than $350 per month as compared with 59 percent of the total group of existing-home buyers. As noted for the new-home buyers, the ratio of the mortgage amount to the FHA valuation and the housing expense are both higher for veteran purchasers within the various income groups than for the total buyers.

Rental Housing Mortgage Insurance under Titles II and VI

Volume of Business

The volume of insurance written in 1948 under FHA's rental housing programs reached an all-time high of $608,711,284, which represents about one-fifth of the total amount of insurance written under all titles during the year. Nearly all of these rental-project mortgages were insured under the Veterans' Emergency Housing provisions of Section 608. Only $2,848,500 of insurance was written on public housing-disposition mortgages under Section 608 pursuant to Section 610, while no rental-project mortgages were insured under Section 207 or the War Housing provisions of Section 608.

As of the end of 1948, FHA had insured rental housing mortgages totaling $1,304,522,216, three-fourths of which represented insurance written in the last 2½ years under the Section 608 Veterans' Emergency Housing Program. Table 37 shows the yearly volume of insurance written under the various rental housing programs from 1935 through 1948.

Practically all of this FHA rental housing insurance covered the financing of new construction, with less than 2 percent utilized for refinancing purposes. More than 200,000 new dwelling units are provided in the rental projects built or being constructed with the aid of FHA mortgage insurance, 77,800 of which are covered by rental-project mortgages insured in 1948.

TABLE 37.—*Yearly volume of all rental-project mortgages insured by FHA; Number of units and amount of mortgage on new and existing or refinanced construction, by sections, 1935–48*

Year	Grand total [1] new and existing		New construction					
			Secs. 207 and 210		Sec. 608		Total, new	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935	738	$2,355,000	738	$2,355,000			738	$2,355,000
1936	624	2,101,000	624	2,101,000			624	2,101,000
1937	3,023	10,483,000	3,023	10,483,000			3,023	10,483,000
1938	11,930	47,638,050	11,930	47,638,050			11,930	47,638,050
1939	13,462	51,851,466	13,462	51,851,466			13,462	51,851,466
1940	3,559	12,948,690	3,446	12,488,690			3,446	12,488,690
1941	3,741	13,565,000	3,296	12,014,000			3,296	12,014,000
1942	5,812	21,214,705	1,163	4,110,000	4,295	$15,422,705	5,458	19,532,705
1943	20,179	84,621,970	41	139,000	19,994	83,907,970	20,035	84,046,970
1944	12,430	56,095,906			9,655	46,105,100	9,655	46,105,100
1945	4,058	19,816,951	200	950,000	2,937	14,952,936	3,137	15,902,936
1946	2,232	13,174,988	41	221,000	1,538	10,665,011	1,579	10,889,011
1947	46,604	359,944,206		[2] 32,000	46,446	358,570,206	46,446	358,602,206
1948	79,184	608,711,284			77,808	605,799,784	77,808	605,799,784
Total	207,606	1,304,522,216	37,961	144,386,206	162,673	1,135,423,712	200,637	1,279,809,918

Year	Existing or refinanced construction							
	Secs. 207 and 210		Sec. 608		Secs. 608–610		Total, existing or refinanced	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935								
1936								
1937								
1938								
1939								
1940	113	$460,000					113	$460,000
1941	445	1,551,000					445	1,551,000
1942	384	1,682,000					384	1,682,000
1943	144	575,000					144	575,000
1944	2,181	7,175,806	594	$2,815,000			2,775	9,990,806
1945	691	2,856,015	230	1,058,000			921	3,914,015
1946	653	2,285,977					653	2,285,977
1947			158	1,342,000			158	1,342,000
1948			10	63,000	1,366	$2,848,500	1,376	2,911,500
Total	4,611	16,585,798	992	5,278,000	1,266	2,848,500	6,969	24,712,298

[1] For yearly volume of home mortgages insured by sections for total construction, see Table 1.
[2] Increase in amount of a mortgage insured prior to 1947.

Some 1,428 applications—three under Section 207 and 1,425 under Section 608—for insurance of new rental-project mortgages totaling $651,293,624 and involving 81,197 dwelling units were received during 1948. In addition to these, one application was received for the refinancing of a Section 608 mortgage for $63,000 covering 10 units, and seven applications totaling $2,784,400 and covering 1,286 units were received under Section 608 pursuant to Section 610. A total of 1,494 commitments for $611,940,934 covering 77,392 dwelling units were issued under the rental-project sections of the act during 1948, and 785 commitments involving 39,118 units for $307,591,700 were outstanding as of the year end.

State Distribution

Between the enactment of the Veterans' Emergency Housing Act of 1946 and the close of 1948, mortgage insurance had been written on 2,856 Section 608 VEH rental projects located in 45 States, the District of Columbia, and Hawaii. About two-thirds of these projects were insured during 1948. Table 38 shows by State location the number of projects, face amount of mortgages, and number of dwelling units covered by insurance written under the Veterans' Emergency Housing provisions of Section 608 during the year 1948 and cumulative through the end of 1948. Over half of the $605,862,784 of mortgage insurance written during 1948 was on projects located in the five States of New York, New Jersey, Maryland, Virginia, and California.

The State distributions for the previous Section 608 War Housing and the long-range Sections 207 and 210 rental programs, not included here, were shown in FHA's Fourteenth Annual Report for the year 1947, on pages 62 and 44, respectively.

Financial Institutions

The extent of participation by various types of financial institutions in originating and holding rental housing mortgages insured under Sections 207 and 210, and the Section 608 Veterans' Emergency Housing and War Housing Programs is shown in Table 39. For all programs combined, life insurance companies were the leading type of institution, accounting for 34 percent of the total amount of mortgages originated, and 44 percent of the total amount held at the end of 1948. State banks were the second leading type of institution, having originated almost 30 percent of the amount of rental housing insurance written and holding 24 percent of the face amount outstanding at the end of 1948. Life insurance companies and State banks together accounted for approximately two-thirds of the financing of rental housing mortgages under all programs, on the basis of mortgages either originated or held at the end of 1948, although the relative extent to which each type participated under the separate programs varied.

Under the Section 608 Veterans' Emergency Housing Program—currently the most active and also the largest of FHA's rental programs—State banks, life insurance companies, and national banks, in that order, have been the leading types of originating mortgagees, collectively financing almost 80 percent of the dollar volume of mortgages insured through December 31, 1948.

Af the Section 608 VEH mortgages in force at the close of 1948, the largest proportions were held by life insurance companies (41 percent of the dollar amount) and State banks (27 percent). Savings banks

TABLE 38.—*Volume of all rental-project mortgages: Number, face amount, and units of FHA-insured mortgages under all rental housing programs, with State distribution of mortgages insured under Sec. 608 VEH, 1948 and cumulative through 1948*

Location of projects	Year 1948			Cumulative through 1948		
	Projects	Amount	Units	Projects	Amount	Units
Section 608—Veterans' Emergency Housing:						
Alabama	51	$15,992,100	2,358	71	$25,097,300	3,645
Arizona	27	3,113,850	434	34	4,073,600	609
Arkansas	10	963,300	122	36	5,389,000	754
California	457	58,431,812	8,419	493	62,677,212	9,077
Colorado	6	606,100	76	22	2,762,400	381
Connecticut	10	5,336,100	636	21	9,515,900	1,154
Delaware	3	4,021,400	502	4	6,516,800	826
District of Columbia	19	11,904,900	1,508	33	19,960,100	2,579
Florida	130	27,594,300	4,034	209	45,123,100	6,436
Georgia	25	22,776,000	2,674	42	35,151,700	4,104
Idaho	2	1,046,500	124	4	3,505,300	430
Illinois	44	10,818,648	1,390	109	46,387,148	5,436
Indiana	23	3,105,292	379	37	10,223,892	1,329
Iowa	1	76,500	15	1	76,500	15
Kansas	11	3,169,300	410	27	5,561,900	756
Kentucky	18	2,774,400	370	55	9,331,400	1,245
Louisiana	44	14,709,100	1,801	47	15,382,500	1,897
Maine	------	------	------	1	120,000	28
Maryland	77	59,995,100	7,342	122	90,833,600	11,374
Massachusetts	8	6,841,300	850	17	12,054,200	1,468
Michigan	64	10,034,753	1,228	117	16,737,653	2,096
Minnesota	12	1,041,070	166	22	1,730,470	279
Mississippi	7	964,600	131	8	1,060,000	143
Missouri	32	10,215,400	1,336	36	11,061,800	1,452
Montana	1	90,000	20	1	90,000	20
Nebraska	13	1,779,800	250	14	1,812,800	258
Nevada	10	1,039,300	168	10	1,039,300	168
New Hampshire	2	101,400	26	2	101,400	26
New Jersey	112	76,913,750	9,642	200	135,679,750	17,506
New Mexico	------	------	------	------	------	------
New York	150	100,129,400	12,194	242	141,579,900	17,407
North Carolina	20	6,102,400	740	26	10,723,700	1,356
North Dakota	1	45,000	11	1	45,000	11
Ohio	26	5,783,070	625	71	16,014,970	1,950
Oklahoma	29	9,521,500	1,259	70	15,127,900	2,110
Oregon	37	10,863,900	1,352	62	14,351,800	1,844
Pennsylvania	66	24,621,350	2,981	99	33,048,450	4,079
Rhode Island	2	738,000	114	2	738,000	114
South Carolina	5	4,636,000	574	12	6,035,100	754
South Dakota	4	541,100	77	4	541,100	77
Tennessee	21	4,522,500	662	22	4,642,700	678
Texas	124	25,065,317	3,165	170	34,823,117	4,318
Utah	------	------	------	1	481,700	64
Vermont	------	------	------	------	------	------
Virginia	71	37,672,200	4,889	133	77,097,500	10,044
Washington	29	14,808,787	1,929	62	26,743,187	3,583
West Virginia	------	------	------	------	------	------
Wisconsin	15	2,161,485	270	38	8,291,185	1,060
Wyoming	1	50,400	8	1	50,400	8
Alaska	------	------	------	------	------	------
Hawaii	35	3,144,300	546	45	4,350,600	793
Puerto Rico	------	------	------	------	------	------
Total [1]	1,855	605,862,784	77,807	2,856	973,743,034	125,741
Sections 207 and 210 [2] [3]	------	------	------	379	160,972,004	42,575
Section 608—War Housing [2] [4]	------	------	------	495	166,958,678	37,924
Section 608–610—Public housing disposition	6	2,848,500	1,366	6	2,848,500	1,366
Grand total—all rental-project mortgages	1,861	608,711,284	[5] 79,184	3,736	1,304,522,216	207,606

[1] Cumulative includes 125,573 new units provided with insured mortgages totaling $973,047,034.
[2] See 1947 annual report for State distribution of insurance written cumulative through Dec. 31, 1947.
[3] Cumulative includes 37,964 units in new and rehabilitation projects insured for $144,386,206.
[4] Cumulative includes 37,025 new units provided with insured mortgages totaling $164,444,573.
[5] Includes 11 units, not shown above, reported in 1948 for a war housing project insured prior to 1948.

TABLE 39.—*Type of institution originating holding and all rental-project mortgages: Number and face amount of Secs. 207 and 608 mortgages financed through 1948 and held in portfolios as of Dec. 31, 1948*

Type of institution as classified Dec. 31, 1948	Number of institutions: Originating	Number of institutions: Holding	Mortgages orginated: Number	Mortgages orginated: Amount	Mortgages orginated: Percentage distribution [1]	Mortgages held: Number	Mortgages held: Amount	Mortgages held: Percentage distribution [1]
	Secs. 207 and 210 [2]							
National bank	18	3	37	$4,591,400	2.8	3	$60,700	0.2
State bank	16	5	25	6,901,869	4.3	7	2,513,219	6.4
Mortgage company	13	1	14	1,991,750	1.2	1	431,000	1.1
Life insurance company	26	16	212	98,381,876	61.1	48	21,033,177	54.0
Other insurance company	1	1	1	800,000	.5	1	800,000	2.0
Savings bank	12	6	25	13,793,484	8.6	13	9,436,000	24.2
Savings and loan association	5	1	8	932,300	.6	1	64,000	.2
Federal agency	3	1	25	18,949,500	11.8	1	35,000	.1
All other	5	2	32	14,629,825	9.1	5	4,579,000	11.8
Total	99	36	379	160,972,004	100.0	80	38,952,096	100.0
	Sec. 608—Veterans' Emergency Housing Program							
National bank	74	64	563	$154,762,178	15.9	413	$121,626,592	12.5
State bank	71	63	653	327,765,420	33.7	499	262,510,448	27.0
Mortgage company	95	43	378	81,576,240	8.4	95	32,555,800	3.3
Life insurance company	74	80	913	294,916,963	30.3	1,398	395,010,065	40.6
Other insurance company	4	4	10	1,343,300	.1	19	2,164,100	.2
Savings bank	29	36	133	74,003,402	7.6	276	127,791,220	13.1
Savings and loan association	46	33	115	20,056,502	2.0	69	11,208,702	1.2
Federal agency	-----	1	-----	-----	-----	4	446,700	.1
All other	5	8	91	19,319,029	2.0	77	19,551,629	2.0
Total	398	332	2,856	973,743,034	100.0	2,850	972,865,256	100.0
	Sec. 608—War Housing Program [2]							
National bank	26	12	52	$13,265,197	8.0	50	$8,536,097	5.7
State bank	23	10	106	46,656,356	27.9	27	14,770,900	9.9
Mortgage company	37	8	134	33,974,299	20.3	12	3,970,900	2.7
Life insurance company	18	38	119	50,024,859	30.0	251	95,353,175	63.9
Other insurance company	1	3	1	108,000	.1	3	415,200	.3
Savings bank	7	11	39	9,897,600	5.9	65	21,938,387	14.7
Savings and loan association	17	12	25	5,721,242	3.4	15	3,522,400	2.4
Federal agency	-----	-----	-----	-----	-----	-----	-----	-----
All other	5	2	19	7,311,125	4.4	5	636,625	.4
Total	134	96	495	166,958,678	100.0	428	149,143,684	100.0
	Total [3]							
National bank			652	$172,618,775	13.3	466	$130,223,389	11.2
State bank			784	381,323,645	29.3	533	279,794,567	24.1
Mortgage company			526	117,542,289	9.0	108	36,957,700	3.2
Life insurance company			1,244	443,323,698	34.1	1,697	511,396,417	44.0
Other insurance company			12	2,251,300	.2	23	3,379,300	.3
Savings bank			197	97,694,486	7.5	354	159,165,607	13.7
Savings and loan association			148	26,570,044	2.0	85	14,795,102	1.3
Federal agency			25	18,949,500	1.4	5	481,700	.1
All other			142	41,399,979	3.2	87	24,767,254	2.1
Total			3,730	1,301,673,716	100.0	3,358	1,160,961,036	100.0

[1] Based on amount of mortgages.
[2] Type of institution holding mortgages at date of termination or as of Dec. 31, 1948.
[3] Excludes mortgages financed and held under Sec. 608 pursuant to Sec. 610.

ranked third, holding 13 percent, followed closely by national banks with 12.5 percent.

As apparent from Table 39, national and State banks, mortgage companies, and savings and loan associations, have been sellers of Section 608 VEH mortgages, holding lesser amounts than they originated. Conversely, life insurance and other insurance companies, as well as savings banks, have been active purchasers of these mortgages. At the end of 1948, the four mortgages totaling $446,700 held by a Federal agency—The Federal National Mortgage Association— had been purchased in the secondary market as provided for under Title III of the National Housing Act.

The difference between the total amounts of mortgages originated and mortgages held at the end of 1948, which is substantial under the long-range Section 207 program, is due to the termination of insurance, as explained in the following text and table.

Terminations and Foreclosures

As shown in Table 40, of the 3,736 rental-project mortgages in the amount of $1,304,522,216 insured under all sections of the act, 3,364 mortgages with original face amounts aggregating $1,163,809,536 were still in force as of December 31, 1948. Only 372 mortgages for $140,712,680, or about 10.8 percent in dollar amount, had been terminated through the year end. As might be expected, the proportion of mortgages terminated is substantially higher for mortgages in-

TABLE 40.—*Disposition of all rental-project mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1948*

Disposition	Total		Secs. 207 and 210		Sec. 608		Sec. 608-610	
	Projects	Amount	Projects	Amount	Projects	Amount	Projects	Amount
Mortgages insured	3,736	$1,304,522,216	379	$160,972,004	3,351	$1,140,701,712	6	$2,848,500
Mortgages terminated:								
Prepayments in full	308	110,835,375	253	96,250,608	55	14,584,767		
Prepayments by supersession	25	9,671,600	13	8,032,000	12	1,639,600		
Matured loans								
Mortgages assigned to FHA [1]	2	3,170,000	1	3,000,000	1	170,000		
Properties acquired by FHA [2]	19	14,824,605	17	12,752,100	2	2,072,505		
Withdrawals	7	1,406,900	7	1,406,900				
Other terminations	11	804,200	8	578,300	3	225,900		
Total terminations	372	140,712,680	299	122,019,908	73	18,692,772		
Mortgages in force	3,364	1,163,809,536	80	38,952,096	3,278	1,122,008,940	6	2,848,500

[1] Under Secs. 207 and 210, property was sold with reinsurance.
[2] Under Secs. 207 and 210, of the properties acquired by FHA, 9 projects were sold with mortgage held by FHA, 7 projects were sold by FHA with reinsurance, and 1 project was sold by FHA without reinsurance. Of the acquired Sec. 608 projects, 1 was sold with reinsurance, the other is operating under FHA supervision.

sured under Sections 207 and 210 than for those insured under the other rental housing sections.

Project Characteristics

During 1948 commitments were issued by FHA under the Veterans' Emergency Housing provisions of Section 608 for the insurance of mortgages on 1,486 new projects containing 75,216 dwelling units. Over four-fifths of these units were covered by commitments issued during the first 4 months of the year prior to the expiration of the Section 608 insurance authorization on April 30. The rest were covered by commitments issued after the revival of the insurance authorization on August 10. Most of the sites selected for these projects are located in metropolitan districts, with the six districts of New York, Philadelphia, Baltimore, Washington, Chicago, and Los Angeles accounting for more than half of the units.

The typical rental project covered by Section 608 commitments issued during 1948 was a garden-type development consisting of 2-story walk-up structures and containing 22 apartments.[1] The mortgage on this project averaged $1,785 per room, with the land valued at $1,015 per dwelling unit. The typical apartment of 4½ rooms—living room, dining alcove, two bedrooms, kitchen, and bath—rents for about $87 per month. Included in this rental are a range, a refrigerator, laundry facilities, heat, hot and cold water, and janitor and grounds maintenance services.

Yearly trends.—Selected characteristics of the rental projects and dwelling units provided under the several rental housing programs of FHA are presented in Table 41. Data are shown for the prewar Section 207 projects covered by mortgage insurance written from 1935 through 1941, the wartime Section 608 projects with mortgages insured from 1942 through 1946, and the postwar Section 608 projects covered by commitments issued during 1947 and 1948 under the Veterans' Emergency Housing Program.

Although the size of the median Section 608 VEH project increased from 20.3 to 22.5 units between 1947 and 1948, it was still only about one-half the size of the typical wartime Section 608 project of 41 units and slightly less than one-third as large as the typical Section 207 prewar project of 72 units.

In projects underlying Section 608 VEH commitments issued in 1948, walk-up structures continued to predominate, although to a lesser degree than in 1947. Units in walk-up structures represented 76.7

[1] The characteristics of the mortgages and projects insured under Section 608 are analyzed on the basis of 1,463 projects containing 74,822 units covered by commitments issued during 1948.

TABLE 41.—*Trend of characteristics of FHA rental housing projects and dwelling units under Sec. 207 and Sec. 608, 1935–48*

Year and program [1]	Median					
	Size of project (units)	Percent of units in walk-up projects	Land value [2]	Size of dwelling unit (rooms)	Monthly rental per unit	Mortgage per room [3]
1935–41, Sec. 207	72.2	84.4	[4]	3.86	$53.09	$1,011
1942–46, Sec. 608 War	41.0	79.4	$640	3.98	56.45	1,207
1947, Sec. 608 VEH	20.3	83.6	949	4.71	[5] 84.13	1,767
1948, Sec. 608 VEH	22.5	76.7	1,015	4.67	87.56	[6] 1,785

[1] Data on Sec. 207 and Sec. 608 war rental projects based on mortgages insured; Sec. 608 VEH data based on FHA commitments issued.
[2] Includes estimated cost of land improvements.
[3] Mortgage allocable to dwellings.
[4] Data not available.
[5] Based on units in projects securing mortgages in excess of $200,000.
[6] Based on commitments issued January-April 1948, subject to a maximum limitation of $1,800 per room. For commitments issued after revival of Sec. 608 on August 10 (subject to a revised maximum of $8,100 per family unit), the median is $7,790 per unit.

percent of the total in 1948, compared to 83.6 percent in the preceding year. A substantial increase—from 3 to 13 percent—in the proportion of dwelling units in elevator-type projects offset declines in the proportions of walk-up, row house, and semidetached units in 1948.

The $1,015 land value for the typical dwelling unit in 1948 rental projects is about 7 percent higher than the 1947 figure of $949, and nearly 60 percent higher than the median land value of $640 for Section 608 war projects. The latter increase reflects the over-all rise in land prices and development costs since the end of the war.

The mortgage per room of $1,785 for the typical Section 608 project approved in 1948 was only one percent more than the 1947 median of $1,767. It was 48 percent higher than the median for Section 608 war projects, however, and 77 percent higher than the median for Section 207 prewar projects. These latter increases reflect the change in the maximum amount of mortgage attributable to dwelling use, in line with increases in construction and land costs, from the $1,350 per room permitted for Section 207 prewar projects and Section 608 war projects to the $1,800 per room permitted for Section 608 VEH projects committed through April 30, 1948. Section 207 mortgages, moreover, could not exceed 80 percent of the FHA estimate of long-term value, while those committed under Section 608 were limited to 90 percent of the estimated replacement cost of the project.

The size of the median dwelling unit in Section 608 VEH projects did not change significantly from 1947 to 1948 (4.71 and 4.67 rooms respectively), and continued to be slightly more than a half room larger than the median war housing unit and about one room larger than the typical Section 207 unit. The median monthly rental of

$87.56 approved in 1948 is about 4 percent above the 1947 rental and more than $30 higher than the median rental for the prewar Section 207 and wartime Section 608 apartments. The rentals shown for the Section 207 and Section 608 war dwelling units are based on rentals reported at the time the projects were completed and initially occupied.

A more detailed discussion of the characteristics of the Section 608 projects covered by commitments issued in 1948 is presented in the following sections:

Size of project.—Section 608 projects approved by FHA in 1948 were small, as evidenced by the 22.5 dwelling units in the median project. Individual projects, however, ranged in size from the prescribed minimum of eight units to one project of 630 units. As shown in Table 42, three of every five projects have fewer than 25 units, but these provide only about one-fifth of the total number of units. On the other hand, projects with 200 or more units, representing only 6 percent of total projects, contain 35 percent of the units.

TABLE 42.—*Size of project: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of dwelling units per project	Percentage distribution	
	Projects	Dwelling units
8 to 9	8.7	1.6
10 to 24	51.9	17.8
25 to 49	15.0	9.7
50 to 99	10.6	14.3
100 to 149	5.0	12.1
150 to 199	2.8	9.5
200 to 299	4.0	18.9
300 or more	2.0	16.1
Total	100.0	100.0
	Median	*Average*
Units per project	22.5	51.1

Although three-fifths of the projects have fewer than 25 units and three-fourths less than 50 units, further analysis reveals that approximately 40 percent of these projects are actually component parts of larger projects being developed by the same sponsor.

Type of structure.—Two-story walk-up structures are by far the most popular in the rental projects approved by FHA in 1948, predominating in nearly 65 percent of the projects, which projects contained over 50 percent of the dwelling units (Table 43).

Elevator projects, representing only 3 percent of the projects, provided 13 percent of the units, while the 10 percent of the projects of the row-house type included 9 percent of the units.

Elevator projects are by far the largest, averaging nearly 214 units per project, contrasted with an average of 46½ units for walk-up projects and 42 units for row-house projects.

TABLE 43.—*Type of structure: Based on FHA commitments to insure mortgages secured by ental housing projects, Sec. 608 VEH, 1948*

Type of structure	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Walk-up total	84.4	76.7	46.5
1- and 2-story combined	2.0	2.4	61.9
2-story	64.7	51.6	40.8
2- and 3-story combined	3.5	8.9	131.2
3-story	14.1	13.6	49.4
4-story	.1	.2	16.0
Row house	10.9	9.0	42.4
Semidetached (2-family)	1.6	1.2	36.9
Elevator	3.1	13.1	213.8
Total	100.0	100.0	51.1

Land value per dwelling unit.—The typical dwelling unit covered by an FHA commitment issued in 1948 has a land value of $1,015 including costs of installing utilities and landscaping. As shown in Table 44, land values range from less than $400 to more than $2,000 per unit, with approximately half of the units contained in projects with land values averaging between $800 and $1,199 per unit. Less than 3 percent of the units have land values of $2,000 or more.

TABLE 44.—*Land value per dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Land value per dwelling unit [1]	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Less than $400	3.0	2.4	41.4
$400 to $599	8.1	6.9	43.5
$600 to $799	15.0	14.2	49.5
$800 to $999	22.9	24.5	54.5
$1,000 to $1,199	23.6	25.2	54.8
$1,200 to $1,499	16.7	17.4	53.3
$1,500 to $1,999	9.2	6.7	37.2
$2,000 or more	1.5	2.7	91.3
Total	100.0	100.0	51.1
Median land value per unit	$1,008	$1,015	

[1] Including estimated cost of land improvements.

On the basis of the average number of dwelling units per project in the various land value classes, higher land values tend to typify the larger projects, except for projects with land values of $1,500 to $1,999 per unit.

Size of dwelling unit.[1]—Apartments of 4½ and 5 rooms are the most popular in Section 608 projects approved in 1948, accounting for nearly 54 percent of the total units. These are followed by the 3½- and 4-room units representing almost 35 percent of the total. The median unit has 4.67 rooms. (See Table 45.)

Dwelling unit sizes range from 2-room efficiency apartments consisting of a living room-bedroom-dining space combination, kitchenette, dressing closet, and bath to 6-room dwellings which generally include a living room, dining room, three bedrooms, kitchen, and bath.

TABLE 45.—*Size of dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of rooms per dwelling unit [1]	Distribution of dwelling units (percent)	Median monthly rental
Less than 3	2.3	$69.87
3	3.7	71.76
3½	18.9	82.24
4	15.9	78.74
4½	26.3	87.41
5	27.5	94.01
5½	2.1	112.21
6	3.3	108.72
Total	100.0	87.56
Median number of rooms	4.67	

[1] FHA rom count excludes baths, dressing closets, and hall space.

Monthly rental.—Almost half of the dwelling units in Section 608 projects covered by commitments issued in 1948 are approved for monthly rentals of $80 to $99, nearly 30 percent have rents of less than $80, while rents of $100 or more are reported for the remaining 20 percent of the units. (See Table 46.)

The median monthly rental is $87.56. Rentals range, however, from a low of $32 for a 3-room unit to more than $150 for 6-room apartments in the elevator-type projects.

Charges for equipment, services, and utilities furnished by the sponsor are included in most of the reported rentals. For 65 percent of the dwelling units, the indicated rentals provide a full complement of range, refrigerator, and laundry facilities, heat, hot and cold water, janitor service, and grounds maintenance. Gas or elec-

[1] FHA room count excludes baths, dressing closets, and hall space. Typical unit compositions are as follows:

3½-room units—living room, dining alcove, kitchen, 1 bedroom, and bath;

4-room units—living room, dining room, kitchen, 1 bedroom, and bath; or living room, kitchen, 2 bedrooms, and bath;

4½-room units—living room, dining alcove, kitchen, 2 bedrooms, and bath;
5-room units—living room, dining room, kitchen, 2 bedrooms, and bath.

TABLE 46.—*Monthly rental: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Monthly rental	Distribution of dwelling units (percent)	Median number of rooms
Less than $60.00	3.1	3.84
$60 to $69.99	8.8	3.94
$70 to $74.99	8.5	4.13
$75 to $79.99	9.0	4.33
$80 to $84.99	13.0	4.55
$85 to $89.99	14.6	4.93
$90 to $94.99	11.0	4.84
$95 to $99.99	11.2	4.81
$100 to $109.99	11.5	5.08
$110 to $124.99	6.8	5.27
$125 or more	2.5	5.24
Total	100.0	4.67
Median rental	$87.56	

tricity for cooking, for refrigeration, and often for lighting, is included in the rentals of 10 percent of the units in addition to the full complement of equipment, services, and utilities. In 12 percent of the units, the tenants are required to supply their own ranges, refrigerators, heat, and hot water.

Rentals by dwelling size groups.—Monthly rentals reported for Section 608 projects approved in 1948 generally tend to increase as the size of the dwelling unit increases. This is evident from the distribution of the dwelling units by monthly rental for the various unit size groups shown in Table 47 and Chart XI. The principal rental range for the 3½-room units is between $60 and $84; for the 4½-room units, between $80 and $99; and for the 5½- and 6-room units, between $100 and $125. As indicated in Table 45, median rentals by size of unit vary from $69.87 for units of less than 3 rooms to $112.21 for 5½-room apartments, with typical rents of $87.41 and $94.01 for the 4½- and 5-room units, respectively.

Monthly rentals reported for dwelling units of the same size tend to vary considerably, as is apparent in Table 47. The 4-, 4½-, and 5-room units all have reported rentals ranging from less than $60 to more than $125. Differences in construction and land costs, and differences in the amount of equipment, utilities, and services covered by the rent are the major factors contributing to this marked spread in rentals for the same size units.

The effect on rentals of the inclusion of equipment and services is illustrated clearly by the example of the 4½-room units. The full complement of range, refrigerator, heat, hot and cold water, and other services is provided for only 19 percent of these units with $70 to $79 rentals, compared with 84 percent in the $90 to $99 rental range and 95 percent in the $110 and $124 bracket.

DISTRIBUTION OF DWELLING UNIT GROUPS BY MONTHLY RENTAL, 1948

FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL - PROJECT MORTGAGES

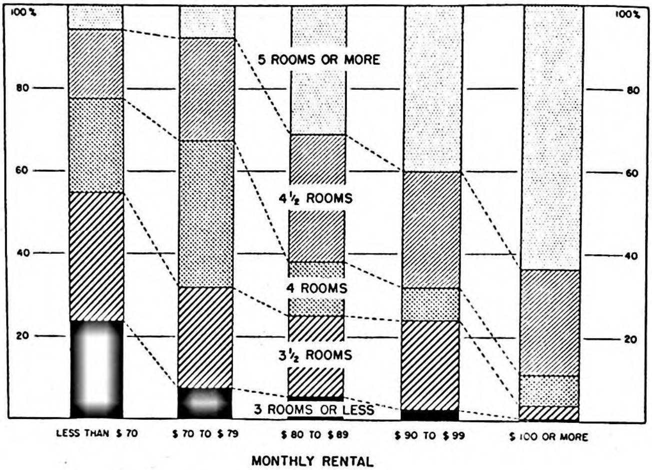


CHART XI

DISTRIBUTION OF MONTHLY RENTAL GROUPS BY SIZE OF DWELLING UNIT, 1948

FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL - PROJECT MORTGAGES

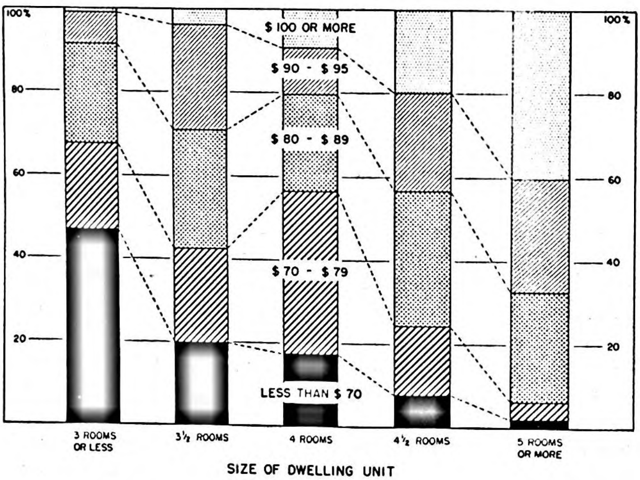


CHART XII

TABLE 47.—*Monthly rental by size of dwelling unit: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Number of rooms per dwelling unit [1]	Percentage distribution	Monthly rental per dwelling unit										
		Less than $60	$60 to $69.99	$70 to $79.99	$80 to $84.99	$85 to $89.99	$90 to $94.99	$95 to $99.99	$100 to $109.99	$110 to $124.99	$125 or more	Total
	(percentage distribution of dwelling units)											
Less than 3	2.3	10.5	40.0	4.9	35.6	9.0						100.0
3	3.7	23.9	20.6	30.6	7.5	3.6	7.5	5.2	1.1			100.0
3½	18.9	3.6	16.1	22.7	16.9	11.6	8.8	16.4	2.0	1.9		100.0
4	15.9	7.4	9.9	39.1	10.8	12.3	8.0	3.1	6.1	3.0	0.3	100.0
4½	26.3	.3	7.3	16.7	19.7	12.6	12.6	11.0	13.6	3.0	3.2	100.0
5	27.5	.5	1.9	3.9	6.4	24.9	15.4	15.0	17.6	11.9	2.5	100.0
5½	2.1			1.0	1.6		5.8	6.9	26.3	57.3	1.1	100.0
6	3.3			9.3		.8	2.4	7.3	34.6	20.0	25.6	100.0
Total	100.0	3.1	8.8	17.5	13.0	14.6	11.0	11.2	11.5	6.8	2.5	100.0

[1] FHA room count excludes baths, dressing closets, and hall space.

An example of the influence of construction costs on rents is the three and one-half-room apartments, a substantial proportion of which are included in high-cost elevator projects. Almost 30 percent of the three and one-half-room units have rentals of $90 or more and the median rental for this group—$82.24—is about $4 more than the median for the four-room units.

Size of dwelling by rental groups.—Size of dwelling units is influenced to a lesser extent by differences in rentals. The median unit sizes shown for the several rental groups in Table 46 range only from 3.84 rooms for units with rents of less than $60 monthly to 5.27 rooms for apartments in the $110 to $124 rental—a differential of only about one and a half rooms.

Table 48 and Chart XII present the distribution of the dwelling units by size of unit for each of the rental ranges. Almost 70 percent of the

TABLE 48.—*Size of dwelling unit by monthly rental: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Monthly rental	Percentage distribution	Number of rooms per dwelling unit [1]								
		Less than 3	3	3½	4	4½	5	5½	6	Total
	(percentage distribution of dwelling units)									
Less than $60	3.1	7.7	27.9	21.1	36.5	2.4	4.4			100.0
$60 to $ 69.99	8.8	10.7	8.8	34.8	17.9	21.8	6.0			100.0
$70 to $79.99	17.5	.7	6.5	24.5	35.5	24.9	6.0	0.1	1.8	100.0
$80 to $84.99	13.0	6.4	2.2	24.5	13.2	30.8	13.6	.3		100.0
$85 to $89.99	14.6	1.4	.9	15.0	13.3	22.6	46.6		.2	100.0
$90 to $94.99	11.0		2.6	15.2	11.6	30.2	38.6	1.1	.7	100.0
$95 to $99.99	11.2		1.8	27.7	4.5	25.9	36.7	1.3	2.1	100.0
$100 to $109.99	11.5		.4	3.3	8.4	31.2	41.0	4.8	10.0	100.0
$110 to $124.99	6.8			5.3	7.1	11.6	48.4	17.9	9.7	100.0
$125 or more	2.5				2.1	34.5	28.1	1.0	34.3	100.0
Total	100.0	2.3	3.7	18.9	15.9	26.3	27.5	2.1	3.3	100.0

[1] FHA room count excludes baths, dressing closets, and hall space.

units in the $85 to $89 group represent 4½- and 5-room apartments. These unit sizes continue to predominate in substantially the same degree in the $90 to $94, $95 to $99, and $100 to $109 groups, despite the increase in rent.

Mortgage allocable to dwellings.—Section 608 commitments issued during 1948 were subject to two different limitations on the maximum amount of mortgage allocable to dwelling purposes—(1) $1,800 per room for commitments issued through April 30, and (2) $8,100 per dwelling unit for commitments issued after August 10. Table 49, therefore, presents percentage distributions of the number of projects and units on the mortgage per-room basis for the January–April commitments and the mortgage per-unit basis for the August–December commitments.

The median mortgage amount for the January-April commitments (covering over four-fifths of the units committed during the year) is $1,785 per room, only slightly below the $1,800 maximum effective during that period. Close to 70 percent (67.7) of the total units are in projects having mortgage amounts of $1,750 or more per room, including more than 40 percent at the $1,800 maximum. Only 5 percent of the units have mortgage amounts of less than $1,500 per room, while only 2 percent are below the statutory maximum of $1,350 per room prescribed in the prewar Section 207 and the wartime Section 608.

The median mortgage amount for commitments issued after August 10, 1948, is $7,790—about $300 less than the maximum permissible mortgage of $8,100 per unit. Nearly 70 percent (67.6) of the units are in projects with mortgages of $7,500 or more, including 20 percent at the $8,100 maximum. Mortgages of less than $6,500 per unit typify almost 15 percent of the units.

As indicated in Table 49, there is almost no correlation between the size of the project and the average mortgage per room or per unit for projects underlying Section 608 commitments issued in 1948. However, projects with the highest average mortgage per room ($1,750 to $1,800) and per unit ($7,500 to $8,100) are decidedly larger than projects with lower average mortgage amounts per room or per unit.

Ratio of mortgage amount to replacement cost.—The typical Section 608 project approved for FHA insurance in 1948 had a mortgage principal averaging 89 percent of the FHA estimate of the cost of the project including land, or 1 percent below the maximum 90 percent ratio permitted by law. For projects providing 60 percent of the dwelling units, the ratio of mortgage principal to cost of the project is 89 to 90 percent. Some 17 percent of the units are in projects with mortgages

TABLE 49.—*Mortgage allocable to dwellings: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Average amount of mortgage [1]	Percent of projects	Percent of dwelling units	Average number of units per project
PER ROOM [2] (commitments issued January-April 1948):			
Less than $1,500	8.2	5.2	30.8
$1,500 to $1,549	3.1	2.9	43.8
$1,550 to $1,599	6.9	4.4	30.3
$1,600 to $1,649	8.5	4.3	24.4
$1,650 to $1,699	9.5	5.4	27.5
$1,700 to $1,749	11.9	10.1	41.0
$1,750 to $1,799	22.2	25.5	55.1
$1,800	29.7	42.2	68.3
Total	100.0	100.0	48.1
	Average	*Median*	
Amount of mortgage per room	$1,734	$1,785	
Per dwelling unit [3] (commitments issued Aug.-Dec. 1948):			
Less than $5,000	2.8	2.8	66.3
$5,000 to $5,999	8.4	4.2	32.7
$6,000 to $6,499	19.6	7.9	26.6
$6,500 to $6,999	7.6	7.1	61.6
$7,000 to $7,499	12.4	10.4	55.3
$7,500 to $7,999	22.0	30.4	91.5
$8,000 to $8,099	13.2	17.1	85.5
$8,100	14.0	20.1	94.7
Total	100.0	100.0	66.0
	Average	*Median*	
Amount of mortgage per unit	$7,464	$7,790	

[1] Dwelling units and rooms not producing income (e. g. janitor units) are included in the computation of this average.
[2] Through Apr. 30, 1948, the amount of mortgage allocable to dwellings could not exceed $1,800 per room.
[3] Under Public Law 901, which revived Sec. 608 on Aug. 10, 1948, the amount of mortgage allocable to dwellings cannot exceed $8,100 per family unit.

averaging less than 85 percent of the project cost. Projects with the highest ratios of mortgage to cost (87.5 to 90 percent) tend to be somewhat larger in size. (See Table 50.)

TABLE 50.—*Ratio of mortgage amount to replacement cost: Based on FHA commitments to insure mortgages secured by rental housing projects, Sec. 608 VEH, 1948*

Mortgage as a percent of replacement cost	Percentage distribution		Average number of units per project
	Projects	Dwelling units	
Less than 70	0.9	0.3	17.5
70 to 79.9	8.5	6.5	39.1
80 to 82.4	4.6	3.0	33.0
82.5 to 84.9	8.4	7.4	45.0
85 to 87.4	13.2	9.5	36.9
87.5 to 89.9	[1] 43.2	[1] 48.1	56.9
90	21.2	25.2	60.9
Total	100.0	100.0	51.1
Median ratio	89.0	89.3	

[1] 29.9 percent of all projects and 35.1 percent of all dwelling units had a ratio of mortgage to replacement cost of from 89.0 to 89.9 percent.

Property Improvement Loan Insurance Under Title I

The terms and financing charges prescribed by the regulations of the Commissioner for each class of loan under the Title I program are outlined on page 174 of this report, and a discussion of the changes made in the regulations during the year appears on the same page.

Volume of Business

The 1,359,776 property improvement loans insured during 1948 with net proceeds to borrowers amounting to $621,612,484 followed the yearly trend maintained since 1946 in surpassing the number and amount insured in any previous year. An increase of 9 percent in number and 16.4 percent in amount over the volume of loans insured in 1947 was registered.

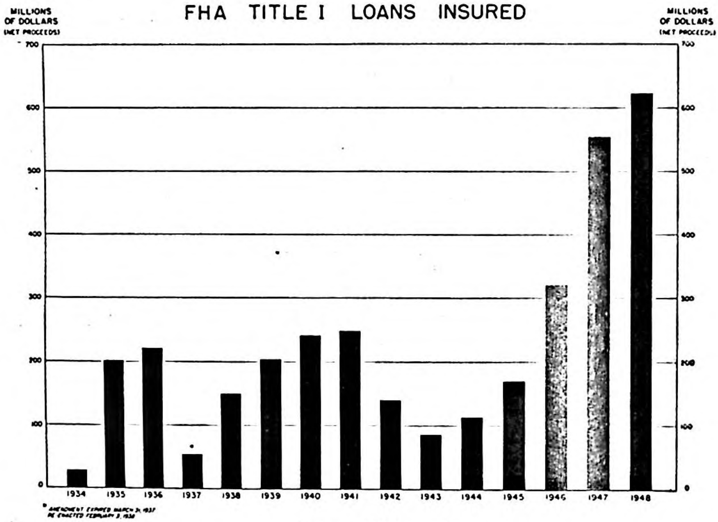


CHART XIII

Property improvement loans represented 18.6 percent of the total amount of insurance written by FHA during 1948 under all titles of the National Housing Act. The 1948 volume brought the cumulative loans insured since 1934 under Title I to 8,735,620 with net proceeds of $3,338,550,288. Insurance claims had been paid on 261,979 of these loans for $74,766,871. Table 51 shows the yearly trend of loans insured, claims for insurance paid, and ratio of amount of claims paid to loans insured.

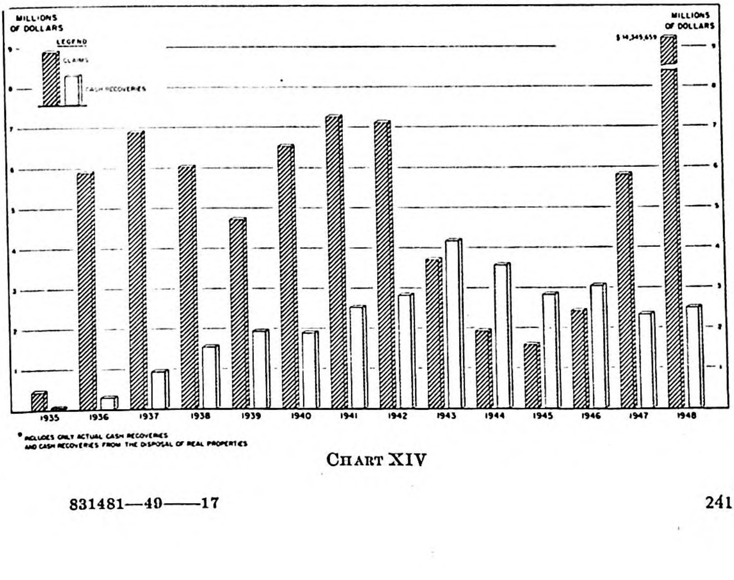
TABLE 51.—*Trend of property improvement loans insured and claims paid: Volume of loans insured, claims paid, and the gross FHA loss ratio under Title I, 1934–48*

Period	For the year				Cumulative				Amount of claims paid as percent of loans insured
	Loans insured		Claims paid		Loans insured		Claims paid		
	Number	Net proceeds	Number	Amount	Number	Net proceeds	Number	Amount	
1934	72,658	$27,405,525	------	------	72,658	$27,405,525	------	------	------
1935	635,747	201,258,132	1,288	$447,448	708,405	228,663,657	1,288	$447,448	0.196
1936	617,697	221,534,922	25,315	5,884,885	1,326,102	450,198,579	26,603	6,332,333	.141
1937 [1]	124,758	54,344,338	28,824	6,890,897	1,450,860	504,542,917	55,427	13,223,230	2.621
1938	382,325	150,709,152	29,433	6,016,306	1,833,185	655,252,069	84,860	19,239,536	2.936
1939	513,091	203,994,512	18,566	4,728,346	2,346,276	859,246,581	103,426	23,967,882	2.789
1940	662,948	241,734,821	18,672	6,543,568	3,009,224	1,100,981,402	122,098	30,511,450	2.771
1941	687,837	248,638,549	21,900	7,265,059	3,697,061	1,349,619,951	143,998	37,776,509	2.799
1942	432,755	141,163,398	22,691	7,132,210	4,129,816	1,490,783,349	166,689	44,908,719	3.012
1943	308,161	87,194,156	15,243	3,718,643	4,437,977	1,577,977,505	181,932	48,627,362	3.082
1944	389,592	113,939,150	8,009	1,939,261	4,827,569	1,691,916,655	189,941	50,566,623	2.989
1945	501,401	170,823,788	6,791	1,588,875	5,328,970	1,862,740,443	196,732	52,155,498	2.800
1946	799,284	320,593,183	9,254	2,435,964	6,128,254	2,183,333,626	205,986	54,591,462	2.500
1947	1,247,590	533,604,178	17,511	5,829,750	7,375,844	2,716,937,804	223,497	60,421,212	2.224
1948	1,359,776	621,612,484	38,482	14,345,659	8,735,620	3,338,550,288	261,979	74,766,871	2.240

[1] Title I expired Apr. 1, 1937 and was renewed by amendment of Feb. 3, 1938.

Chart XIII depicts graphically the yearly amount of property improvement loans insured since the beginning of operations in 1934. The rapidly increasing volume of insurance written annually since 1945 reflects the backlog of necessary improvements which had accumulated during the war years, and the more general availability of

FHA TITLE I CLAIMS PAID
AND RECOVERIES* ON DEFAULTED NOTES



* INCLUDES ONLY ACTUAL CASH RECOVERIES AND CASH RECOVERIES FROM THE DISPOSAL OF REAL PROPERTIES

CHART XIV

building materials and labor which had been scarce during the same period.

The relationship between the yearly volume of claims paid and recoveries made is presented in Chart XIV. Collections and recoveries have followed in general the trend of claims paid, with a time lag of approximately 1 year. That this trend did not hold during the war years may be attributed to the general increase in employment and the rise in family incomes during the period. From 1942 claim payments on defaulted loans declined sharply, while Chart XIV shows an increasing volume of recoveries recorded through 1945.

Table 51 shows that despite the increasing volume of claims paid from 1945 through 1947 the gross ratio of amount of claims paid to net proceeds of loans insured declined from 2.80 percent in 1945 to 2.50 percent in 1946 and to 2.22 percent in 1947. Even with the increase in 1948 over 1947 of 146.1 percent in the dollar volume of claims paid, the sharp increase in the volume of loans insured limited the gross claim ratio to only 2.24 percent.

Insurance claims paid by the close of 1948 numbered 261,979 and amounted to $74,766,871. Recoveries—consisting of cash collections of $29,768,740, $770,571 from the disposal of real properties, and a net estimated $10,301,445 recovery from defaulted notes in process of collection—totaled $40,840,756 or 55 percent of the $74,766,871 of claims paid. When these recoveries were deducted from claims paid, a net claim amount of $33,926,115 remained unrecovered at the end of 1948, resulting in a net loss ratio of 1.02 percent as compared to 1.04 percent at the previous year end and 1.22 percent at the end of 1946.

State Distribution

From 1934 through 1948 more than one-half billion dollars ($510,-394,670) of Title I loans were insured to improve properties located in New York State, exceeding by far the insurance written for any of the other States. California, with $342,359,526, ranked second, as in the past. It was followed by Michigan with $249,711,972, Pennsylvania with $213,987,736, and Illinois with $206,001,203. These five States together accounted for $1,522,455,107 or 45.6 percent of the $3,338,550,288 United States total. In four other States—Ohio, New Jersey, Texas, and Massachusetts—net proceeds of Title I loans ranged from $100,000,000 to nearly $200,000,000. Borrowers in each of the nearly 3,100 counties in the United States have improved properties with the proceeds from FHA loans insured under Title I.

Table 52 shows property improvement insurance written and claims paid distributed by State location of property, with the percentage relationships between the two and the average amounts for each item.

TABLE 52.—*State distribution of property improvement loans insured and insurance claims paid: Volume of loans insured and insurance claims paid under Title I by FHA, cumulative 1934–48*

Location of property	Loans insured			Insurance claims paid			Amount claims paid as percent loans insured	Average	
	Number	Net proceeds	Percent of net proceeds	Number	Amount	Percent of amount		Loan insured	Claim paid
Alabama	118, 817	$36, 310, 540	1. 1	3, 735	$832, 394	1. 1	2. 29	$306	$223
Arizona	53, 541	24, 053, 409	. 7	1, 316	422, 865	. 6	1. 76	449	321
Arkansas	66, 646	21, 839, 749	. 7	3, 069	699, 969	. 9	3. 21	328	228
California	908, 034	342, 359, 526	10. 3	24, 937	8, 222, 725	11. 0	2. 40	377	330
Colorado	57, 087	20, 919, 004	. 6	1, 204	331, 248	. 4	1. 58	366	275
Connecticut	123, 041	49, 862, 246	1. 5	3, 220	1, 050, 243	1. 4	2. 11	405	326
Delaware	12, 989	5, 584, 649	. 2	414	153, 832	. 2	2. 75	430	372
District of Columbia	49, 417	21, 975, 759	. 7	1, 460	472, 559	. 6	2. 15	445	324
Florida	153, 140	64, 110, 558	1. 9	6, 498	2, 046, 974	2. 7	3. 19	419	315
Georgia	111, 595	37, 764, 007	1. 1	4, 481	1, 030, 499	1. 4	2. 73	338	230
Idaho	44, 171	16, 339, 838	. 5	1, 319	347, 483	. 5	2. 13	370	263
Illinois	549, 660	206, 001, 203	6. 2	11, 505	3, 142, 828	4. 2	1. 53	375	273
Indiana	312, 363	98, 236, 626	2. 9	9, 684	2, 330, 210	3. 1	2. 37	314	241
Iowa	122, 146	40, 183, 220	1. 2	2, 961	783, 983	1. 1	1. 95	329	265
Kansas	73, 940	21, 533, 237	. 6	2, 014	449, 935	. 6	2. 09	291	223
Kentucky	90, 773	29, 869, 723	. 9	2, 857	790, 543	1. 1	2. 65	329	277
Louisiana	76, 638	25, 053, 096	. 8	2, 760	580, 867	. 8	2. 32	327	210
Maine	37, 398	14, 572, 945	. 4	1, 190	409, 764	. 6	2. 81	390	342
Maryland	149, 956	58, 447, 447	1. 7	4, 159	1, 179, 873	1. 6	2. 02	390	284
Massachusetts	274, 415	105, 704, 809	3. 2	8, 760	2, 646, 232	3. 5	2. 50	385	302
Michigan	694, 361	249, 711, 972	7. 5	21, 479	5, 571, 690	7. 5	2. 23	360	259
Minnesota	188, 573	63, 146, 007	1. 9	3, 765	1, 086, 211	1. 5	1. 72	335	289
Mississippi	59, 075	21, 170, 256	. 6	2, 935	716, 704	1. 0	3. 39	358	244
Missouri	225, 215	70, 039, 521	2. 1	7, 130	1, 628, 495	2. 2	2. 33	311	228
Montana	21, 550	8, 984, 123	. 3	548	191, 091	. 3	2. 13	417	349
Nebraska	51, 403	17, 945, 056	. 5	1, 389	381, 972	. 5	2. 13	349	275
Nevada	11, 205	4, 981, 558	. 1	234	86, 301	. 1	1. 73	445	369
New Hampshire	25, 486	10. 016, 500	. 3	1, 084	339, 004	. 5	3. 38	393	313
New Jersey	378, 639	177, 699, 594	5. 3	16, 500	4, 613, 822	6. 2	2. 60	469	280
New Mexico	14, 203	6, 487, 419	. 2	782	248, 104	. 3	3. 82	457	317
New York	990, 628	510, 394, 670	15. 3	33, 559	12, 002, 465	16. 0	2. 35	515	358
North Carolina	82, 517	29, 258, 576	. 9	2, 921	708, 371	. 9	2. 42	355	243
North Dakota	15, 131	5, 884, 864	. 2	408	103, 870	. 1	1. 77	389	255
Ohio	544, 304	183, 538, 583	5. 5	12, 411	3, 552, 961	4. 8	1. 94	337	286
Oklahoma	124, 058	39, 052, 778	1. 2	3, 657	823, 195	1. 1	2. 11	315	225
Oregon	105, 619	37, 901, 375	1. 1	2, 860	774, 181	1. 0	2. 04	359	271
Pennsylvania	575, 268	213, 987, 736	6. 4	16, 639	4, 502, 551	6. 0	2. 10	372	271
Rhode Island	43, 914	17, 731, 476	. 5	1, 276	383, 061	. 5	2. 16	404	300
South Carolina	46, 142	16, 251, 211	. 5	2, 162	474, 719	. 6	2. 92	352	220
South Dakota	12, 670	4, 705, 651	. 1	323	87, 422	. 1	1. 86	371	271
Tennessee	165, 816	50, 445, 202	1. 5	4, 472	1, 390, 809	1. 9	2. 76	304	311
Texas	364, 450	127, 620, 466	3. 8	11, 336	2, 203, 483	2. 9	1. 73	350	194
Utah	71, 043	23, 085, 220	. 7	1, 270	324, 296	. 4	1. 40	325	255
Vermont	12, 732	5, 267, 481	. 2	666	240, 601	. 3	4. 57	414	361
Virginia	110, 751	52, 302, 719	1. 6	3, 225	1, 285, 244	1. 7	2. 46	472	399
Washington	210, 493	73, 798, 159	2. 2	6, 514	1, 557, 748	2. 1	2. 11	351	239
West Virginia	40, 293	15, 909, 608	. 5	1, 126	413, 219	. 6	2. 60	395	367
Wisconsin	148, 960	56, 315, 682	1. 7	3, 232	1, 032, 338	1. 4	1. 83	378	319
Wyoming	8, 493	4, 018, 391	. 1	178	63, 106	. 1	1. 57	473	355
Alaska	357	323, 051	([1])	25	6, 677	([1])	2. 07	905	267
Hawaii	859	436, 017	([1])	6	2, 873	([1])	. 66	508	478
Puerto Rico	20	17, 199	([1])	...	...	...	...	860	...
Canal Zone	3	3, 541	([1])	...	...	...	...	1, 180	...
Adjustments	5, 622	−602, 965	([1])	315	45, 252	([1])	...	...	...
Total	8, 735, 620	3, 338, 550, 288	100. 0	261, 979	74, 766, 871	100. 0	2. 24	382	285

[1] Less than 0.05 percent.

In only 20 States have claims for insurance amounted to more than $1,000,000 since the payment of the first claims on defaulted Title I loans in 1935. Claims paid in New York of $12,002,465 are not considered excessive in view of the large volume of loans insured, and the resulting loss ratio of 2.35 percent of net proceeds only slightly exceeds the national average of 2.24 percent. Claims paid through 1948 on defaulted Title I loans financing improvements to properties in California amounted to $8,222,725, in Michigan to $5,571,690, Pennsylvania $4,502,551, Ohio $3,552,961, New Jersey $4,613,822, Texas $2,203,483, and Massachusetts $2,646,232. The data shown in Table 52 are based upon loans insured by location of the property improved. This distribution may vary considerably from a tabulation of loans insured by location of head office of the institution financing the loan because of the many institutions which operate on a national and regional scale.

Financial Institutions

The number of lending institutions participating in the Title I program has declined from more than 6,200 active prior to April 1937 to approximately 3,900 under the current reserve established in 1947. However, this reduction has been more than offset by the many branch offices servicing localities some distance from the head offices of the financial institutions and the many dealers who have serviced thousands of borrowers in every State.

Table 53 shows the volume of loans insured and claims paid, distributed by type of institution financing the loans. The three leading types of institutions, national banks, State chartered banks, and finance companies, have financed 98.5 percent of all property improvement loans insured since the inception of the program in 1934. As shown in the table national banks led all other types, reporting 40.7 percent of the net proceeds of loans insured as compared to 30.8 percent for finance companies and 27 percent for State chartered banks.

TABLE 53.—*Type of institution originating property improvement loans and receiving claim payments: Number and net proceeds of Title I loans insured and insurance claims paid by FHA, cumulative 1934–48*

Type of institution	Loans insured				Claims paid				Amount of claims paid as percent of loans insured
	Number	Net proceeds	Percent of net proceeds	Average net proceeds	Number	Amount	Percent of amount	Average claim	
National banks	3,446,659	$1,359,248,947	40.7	$394	88,745	$25,661,434	34.3	$289	1.89
State chartered banks [1]	2,246,520	902,138,694	27.0	402	67,140	18,261,078	24.4	272	2.02
Finance companies	2,952,807	1,026,224,165	30.8	348	104,922	30,111,422	40.3	287	2.93
Savings and loan associations	76,189	36,370,377	1.1	477	718	252,156	.3	351	.69
Others	13,445	14,568,105	.4	1,084	454	480,781	.7	1,059	3.30
Total	8,735,620	3,338,550,288	100.0	382	261,979	74,766,871	100.0	285	2.24

[1] Includes State banks, industrial banks, and savings banks.

This last group includes all financial institutions operating under State charters, such as State banks, savings banks, and industrial banks.

TABLE 54.—*Type of institution originating property improvement loans and receiving claim payments: Title I loans insured and insurance claims paid by the FHA under the July 1947 reserve, cumulative July 1, 1947 through Dec. 31, 1948*

Type of institution	Number of institutions	Loans insured				Number of institutions	Claims paid				Amount of claims paid as percent of loans insured
		Number	Net proceeds	Percent of net proceeds	Average net proceeds		Number	Amount	Percent of amount	Average claim	
National banks	1,616	883,078	$380,954,434	45.2	$431	416	4,020	$1,675,773	29.4	$417	0.4
State chartered banks [1]	1,654	476,225	221,221,498	26.2	465	374	2,406	1,081,625	18.9	450	.5
Finance companies	77	476,070	223,668,111	26.5	470	27	5,853	2,924,106	51.2	500	1.3
Savings and loan associations	517	34,411	16,316,913	1.9	474	26	71	27,284	.5	384	.2
Others	34	3,730	1,633,735	.2	438	2	4	1,062		266	.1
Total	3,898	1,873,514	843,794,691	100.0	450	845	12,354	5,709,850	100.0	462	.7

[1] Includes State banks, industrial banks, and savings banks.

TYPE OF INSTITUTION FINANCING PROPERTY IMPROVEMENT LOANS AND RATIO OF CLAIMS PAID TO LOANS INSURED

1934 – 1948

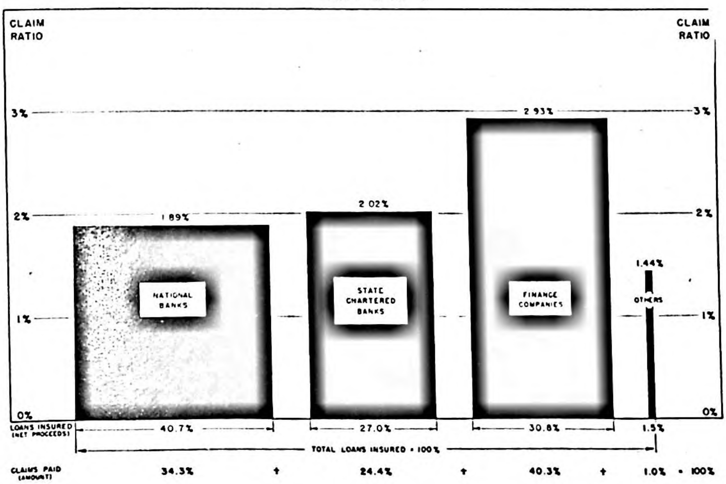


CHART XV

FHA claim payments to finance companies have not been proportionate to loans insured by these companies. In fact, Table 53 indicates that claims paid have equaled 2.93 percent of the dollar amount of loans insured for finance companies, as compared to 2.02 percent for State chartered banks and only 1.89 percent for national banks. Data on subsequent recoveries from cash collections, real properties acquired, and repossessed equipment after payment of claims are not available by type of institution. The net loss ratio of 1.02 percent for all institutions is discussed on page 242.

Characteristics of Insured Loans

The typical Title I borrower obtained a larger loan for property improvements in 1948 than in 1947—$456 as indicated by the average loan reported in 1948 and $428 during the previous year. The average loan was written with a maturity of 3 years and a monthly payment of approximately $15. The principal improvements financed from the proceeds of the typical loan included heating installations and repairs, additions and alterations, exterior finishing—consisting mainly of siding and painting work—and insulation.

Type of property and improvement.—In Table 55 are shown the types of property improved and the major types of improvement financed by Title I loans under the current reserve in operation since June 1947, for the period through the 1948 year end.

Only the major improvements financed are reported to FHA by the lending institution financing the loan. As an example, loans reported as financing roofing perhaps included miscellaneous minor repairs such as plumbing, heating, or painting.

Single-family dwellings were improved with four-fifths of the dollar amount insured, as shown in Table 55. Multifamily dwellings accounted for $91,000,000 of the $844,000,000 total amount insured, commercial and industrial properties $36,000,000, farm improvement loans $25,000,000, and miscellaneous properties $17,000,000. In this last category were 19,210 loans for $11,206,502 reported as financing the erection of garages.

An increasing number of requests from insured lenders prompted the Commissioner to order a tabulation of insurance claims paid under Title I from July 1, 1947 through December 31, 1948, distributed by type of improvement financed by the insured loans. This tabulation, which is summarized in Table 56, affords participating institutions the opportunity of comparing their portfolio experience with that of other

TABLE 55.—*Type of property and type of improvement financed: Property improvement loans insured by FHA under the July 1947 reserve, cumulative July 1, 1947 through Dec. 31, 1948*

Major type of improvement [1]	Type of property improved						
	Single-family dwellings	2- to 4-family dwellings	Commercial and industrial	Farm homes and buildings	Others [2]	Total	Percent of total
	Number of loans insured						
New residence construction	2,458					2,458	0.1
New nonresidence construction			2,489	3,779	21,248	27,516	1.5
Additions and alterations	150,169	14,630	5,656	3,894	3,078	177,427	9.5
Exterior finish	202,339	18,459	1,648	4,588	490	227,524	12.1
Interior finish	111,717	13,577	3,936	1,171	263	130,664	7.0
Roofing	145,084	12,689	1,608	5,254	478	165,113	8.8
Plumbing	141,586	12,793	2,680	5,533	506	163,098	8.7
Heating	360,585	34,955	8,410	5,975	680	410,605	21.9
Insulation	374,144	15,120	1,975	7,255	298	398,792	21.3
Miscellaneous	153,994	7,412	4,600	3,411	900	170,317	9.1
Total	1,642,076	129,635	33,002	40,860	27,941	1,873,514	100.0
Percent of total	87.6	6.9	1.8	2.2	1.5	100.0	
	Net proceeds of loans insured						
New residence construction	$7,460,916					$7,460,916	0.9
New nonresidence construction			$3,892,461	$3,746,936	$12,994,845	20,634,242	2.4
Additions and alterations	100,524,067	$16,614,998	8,290,223	3,520,177	2,020,680	130,970,145	15.6
Exterior finish	103,212,405	14,495,274	1,585,433	2,932,461	275,230	122,500,803	14.5
Interior finish	48,739,327	9,603,684	4,655,052	859,324	182,335	64,039,722	7.6
Roofing	48,941,477	5,491,597	1,116,459	2,423,083	184,282	58,156,898	6.9
Plumbing	55,779,424	8,790,832	2,605,137	3,447,328	392,680	71,015,401	8.4
Heating	158,112,337	25,392,068	8,528,074	3,291,037	560,298	195,883,814	23.2
Insulation	104,021,759	5,663,027	1,068,578	2,480,978	118,211	113,352,553	13.4
Miscellaneous	47,989,905	4,898,744	3,952,648	2,380,592	558,308	59,780,197	7.1
Total	674,781,617	90,950,224	35,694,065	25,081,916	17,286,869	843,794,691	100.0
Percent of total	80.0	10.8	4.2	3.0	2.0	100.0	
	Average net proceeds						
New residence construction	$3,035					$3,035	
New nonresidence construction			$1,564	$992	$612	750	
Additions and alterations	669	$1,136	1,466	904	656	738	
Exterior finish	510	785	962	639	562	538	
Interior finish	436	707	1,183	734	693	490	
Roofing	337	433	694	461	386	352	
Plumbing	394	687	972	623	776	435	
Heating	438	726	1,014	551	824	477	
Insulation	278	375	541	342	397	284	
Miscellaneous	312	661	859	608	620	351	
Total	411	702	1,082	614	619	450	

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Includes 19,210 loans for $11,206,502 reported as financing garages.

insured lenders, and may serve as a guide for planning future lending policies. Also shown in the table are average claims paid, net proceeds of these claims, and the proportion amortized prior to payment of claim by FHA.

TABLE 56.—*Claims paid by improvement financed: Insurance claims paid under Title I by type of improvement financed July 1, 1947–Dec. 31, 1948, under the July 1947 reserve*

Major type of improvement	Claims paid				Loans insured	
	Number	Percent	Amount	Percent	Net proceeds	Percent
New nonresidence construction	162	1.3	$108,966	1.9	$118,002	1.9
Additions and alterations	838	6.8	586,369	10.3	631,919	10.5
Exterior finish	2,172	17.6	1,288,127	22.5	1,341,664	22.1
Interior finish	741	6.0	336,612	5.9	368,257	6.1
Roofing	1,212	9.8	490,841	8.6	518,779	8.6
Plumbing	927	7.5	410,720	7.2	444,670	7.3
Heating	2,607	21.1	1,312,557	23.0	1,385,806	22.9
Insulation	2,752	22.3	849,566	14.9	891,295	14.7
Miscellaneous	943	7.6	326,092	5.7	355,877	5.9
Total	12,354	100.0	5,709,850	100.0	6,056,260	100.0

	Average claim paid	Average net proceeds	Percent paid off prior to claim
New nonresidence construction	$673	$728	7.7
Additions and alterations	700	754	7.2
Exterior finish	593	618	4.0
Interior finish	454	497	8.6
Roofing	405	428	5.4
Plumbing	443	480	7.6
Heating	503	532	5.3
Insulation	309	324	4.7
Miscellaneous	346	377	8.4
Total	462	490	5.7

RATIO OF CLAIMS PAID TO AMOUNT OF LOANS INSURED BY TYPE OF IMPROVEMENT

JULY 1947 RESERVE OF TITLE I

THRU DECEMBER 1948

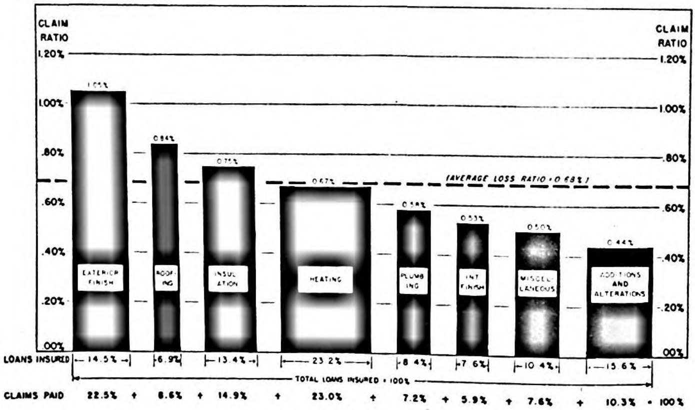


CHART XVI

Many lending institutions that have financed heating installations and repairs, exterior finishing, and insulation, both by purchasing loans from dealers and by making loans direct to borrowers, have experienced a very low claim volume in these markets, despite the fact that 60 percent of the dollar volume of claims paid during this period reimbursed lenders for loans financing these types of improvements.

The ratio of claims paid to amount of loans insured by type of improvement financed are shown in Chart XVI; also shown are the average gross loss ratio for all types of improvements, and the percentage distribution of claims paid. The horizontal axis of each type of improvement is determined by the percentage distribution of loans insured as indicated at the bottom of the chart, while the percent of claims paid by type of improvement is added to facilitate comparisons in each category.

Size of insured loan.—A distribution of property improvement loans by amount of net proceeds by class of loan is shown in Table 57. The great majority of property owners (98.5 percent) who obtained such

TABLE 57.—*Size of loan: Percentage distribution of the number and net proceeds of Classes 1, 2, and 3 property improvement loans*[1] *insured under Title I by FHA under the July 1947 reserve during 1948*

Net proceeds of loan	Number, percentage distribution						Net proceeds, percentage distribution					
	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
Less than $100	4.6	4.7	0.4	0.4	1.2	------	0.8	0.8	(2)	(2)	0.1	------
$100 to $199	20.2	20.5	1.2	2.5	5.7	------	6.6	6.9	0.1	0.6	.8	------
$200 to $299	20.4	20.7	1.4	6.8	8.8	------	10.8	11.4	.1	2.2	2.0	------
$300 to $399	15.3	15.4	1.2	12.0	7.8	------	11.3	11.8	.2	5.6	2.5	------
$400 to $499	9.6	9.6	1.0	14.5	8.0	------	9.2	9.4	.2	8.5	3.4	------
$500 to $599	7.8	7.8	2.6	14.9	7.9	------	9.1	9.3	.6	10.4	4.1	------
$600 to $799	8.4	8.2	3.3	20.0	11.3	------	12.3	12.5	1.1	18.5	7.3	------
$800 to $999	4.5	4.5	4.7	10.7	7.8	------	8.7	8.9	1.9	12.3	6.6	------
$1,000 to $1,499	5.2	5.1	14.5	8.4	14.1	0.1	12.8	13.1	7.9	12.8	15.4	(2)
$1,500 to $1,999	1.8	1.7	15.3	3.3	9.4	.6	6.4	6.3	11.7	7.2	15.1	0.4
$2,000 to $2,499	.9	.8	14.5	2.1	6.0	1.9	4.2	3.9	14.6	6.2	12.4	1.3
$2,500 to $2,999	1.1	1.0	17.0	3.0	9.4	8.7	6.0	5.7	20.2	10.0	22.9	7.7
$3,000 to $3,999	.2	------	12.9	1.4	2.6	80.6	1.3	------	19.6	5.7	7.4	78.9
$4,000 to $4,999	(2)	------	4.4	------	------	8.1	.3	------	8.6	------	------	11.7
$5,000 or more	(2)	------	5.6	------	------	------	.2	------	13.2	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	98.2	.3	1.2	.1	.2	100.0	95.1	1.4	1.9	.4	1.2
	Median amount of loan						Average amount of loan					
Size of loan	$331	$327	$2,151	$593	$788	$3,481	$456	$442	$2,188	$742	$1,038	$3,076

[1] A Class 1 (a) loan is used to finance the repair, alteration, or improvement of an existing structure; Class 1 (b) loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; Class 2 (a) loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; Class 2 (b) loan to finance the construction of a new structure to be used in whole or in part for agricultural, nonresidential purposes; and a Class 3 loan to finance new small homes.

[2] Less than 0.05 percent.

loans borrowed funds insured by FHA to improve or repair existing structures.

The typical borrower during the past year received \$456 for all property improvements, and as many loans were written with net proceeds below \$331 as were written above that sum. Slightly more than 6 of every 10 loans were written with net proceeds below \$400, and more than 4 of every 10 loans showed net proceeds of less than \$300. Less than 10 percent of all classes of loans were written with net proceeds amounting to \$1,000 or more.

Duration of loan.—There has been only slight variation in the yearly trend of duration of loans insured under Title I since the abolition of the Federal Reserve Board restrictions in 1945. The average duration of 33.7 months recorded in 1948 for all classes of loans compares with the 30.1-month average duration recorded in 1947. The differential may be attributable to the longer maturities of the Class 3 new small-home loans, which were reported in considerable volume for 1948—the first year since the war that this has been true; these loans are permitted a maximum term of 20 years, 5 months.

Table 58 shows a distribution of number and net proceeds of Title I loans by duration for each class of loan. More than half of the loans, accounting for nearly 62 percent of the total net proceeds insured, were reported to have a maturity of 3 years.

TABLE 58.—*Duration of loan: Percentage distribution of the number and net proceeds of Classes 1, 2, and 3 property improvement loans*[1] *insured by the FHA under the July 1947 reserve during 1948*

Duration[2]	Number, percentage distribution						Net proceeds, percentage distribution					
	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3	Classes 1, 2, and 3	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
6 months	1.5	1.4	(3)	0.5	1.4	------	1.2	1.3	(3)	.2	.7	------
12 months	11.7	11.8	1.7	5.9	9.6	------	6.8	7.1	.4	3.2	3.9	------
18 months	9.0	9.1	1.0	5.5	7.5	------	5.2	5.4	.3	3.5	3.3	------
24 months	10.1	10.2	1.5	7.2	10.5	------	7.5	7.7	.6	5.5	8.2	------
30 months	4.7	4.8	.5	2.8	3.0	(3)	3.2	3.4	.2	2.3	3.4	(3)
36 months	52.8	62.7	9.2	48.8	50.9	.1	61.7	75.1	7.4	53.5	57.9	.1
48 months	9.8	------	5.7	29.3	12.0	.1	11.9	------	5.0	31.8	13.1	.1
60 or more	.4	------	80.4	------	5.1	99.8	2.5	------	86.1	------	9.5	99.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Median duration (months)						Average duration (months)					
	36.3	36.2	73.5	36.4	36.3	144.8	33.7	31.8	70.0	33.9	35.6	150.8

[1] A Class 1 (a) loan is used to finance the repair, alteration, or improvement of an existing structure; Class 1 (b) loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; Class 2 (a) loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; Class 2 (b) loan to finance the construction of a new structure to be used in whole or in part for agricultural, nonresidential purposes; and a Class 3 loan to finance new small homes.

[2] The period stated for each particular interval is shown in order to emphasize the month of heavy concentration.

[3] Less than 0.05 percent.

TABLE 59.—*Claims paid on Title I loans: Number of payments made prior to default on claims paid during 1948 under the July 1944 and July 1947 reserves, distributed by duration of loan*

Payments made prior to default	Maturity						Total claims paid [1]				Average claim paid
	6–23 months		24–30 months		31–36 months						
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Amount	Percent	
0	177	1.7	112	1.0	989	9.2	1,278	11.9	$687,488	17.4	$538
1	104	.9	76	.7	524	4.9	704	6.5	357,465	9.0	508
2	115	1.1	69	.6	539	5.0	723	6.7	337,355	8.5	467
3	113	1.1	73	.7	530	4.9	716	6.7	304,370	7.7	425
4	91	.8	63	.6	496	4.6	650	6.0	297,465	7.5	458
5	85	.8	70	.7	433	4.0	588	5.5	251,026	6.4	427
6–10	451	4.2	301	2.8	1,758	16.3	2,510	23.3	908,189	22.9	362
11–15	153	1.4	269	2.5	1,177	11.0	1,599	14.9	446,513	11.3	279
16–20	32	.3	197	1.8	859	8.0	1,088	10.1	246,284	6.2	226
21–25			103	1.0	444	4.1	547	5.1	90,672	2.3	166
26–30			14	.1	204	1.9	218	2.0	25,457	.6	117
31–35					144	1.3	144	1.3	6,344	.2	44
Total	1,321	12.3	1,347	12.5	8,097	75.2	10,765	100.0	$3,958,628	100.0	368

[1] Data based on claims paid during January, May, August, and November, 1948.

Number of payments prior to claim.—The statistics presented in Table 59 showing a distribution of claims paid by number of payments

PAYMENTS MADE ON TITLE I LOANS PRIOR TO PAYMENT OF CLAIM
UNDER THE 1944 AND 1947 RESERVES
DURING 1948

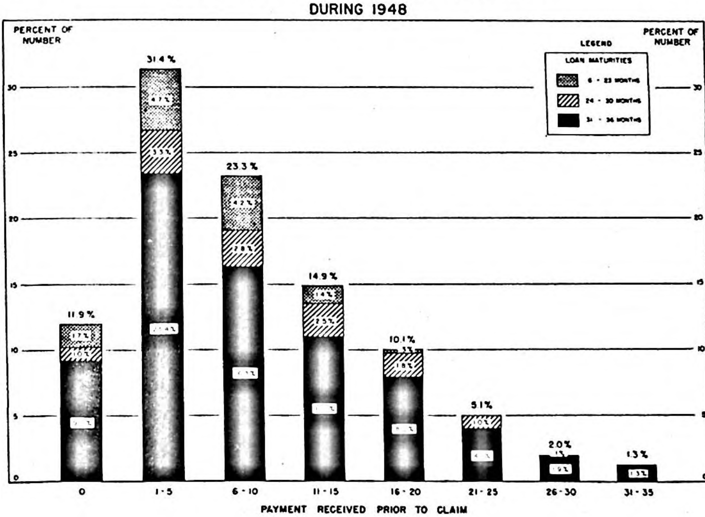


CHART XVII

made prior to default are based on a 4-month claim experience, January, May, August, and November of 1948, covering loans insured by FHA under the July 1944 and the July 1947 reserves of Title I. Chart XVII includes only the number of claims paid during the same period.

Of the total number of claims paid during the period covered, 11.9 percent represented loans on which no payments had been made and 43.3 percent represented loans on which five or less payments had been made. For both number and dollar amount of claims paid the 6–10 payment group appears to represent the heaviest concentration of claims paid, 23.3 percent of number and 22.9 percent of amount.

An average amount of $368 was paid by FHA on the 10.765 claims shown in Table 59. However, for those claims on which no payments were made prior to default an average amount of $538 was paid by FHA.

Section III

ACCOUNTS AND FINANCE

Gross Income and Operating Expenses, 1948

Gross income for the year 1948 under all insurance operations totaled $65,690,760 and was derived from fees, insurance premiums, and income on investments. Expenses of administering the agency during the year 1948 totaled $21,824,605. This left $43,866,155 to be added to the various insurance funds.

Cumulative Gross Income and Operating Expenses, by Years

From the establishment of FHA in 1934 through 1948, gross income totaled $351,110,297, while operating expenses totaled $182,335,841. Gross income and operating expenses for each calendar year are detailed below:

Income and operating expenses through Dec. 31, 1948

Calendar year	Income from fees, premiums, and investments	Operating expenses	Calendar year	Income from fees, premiums, and investments	Operating expenses
1934	$113,423	$1,759,318	1943	26,575,968	11,136,146
1935	1,539,839	10,362,413	1944	29,596,417	10,919,456
1936	4,143,033	11,472,221	1945	29,850,168	10,593,517
1937	6,554,282	9,334,864	1946	36,739,935	12,557,587
1938	10,022,449	11,432,341	1947	50,455,609	18,968,821
1939	14,411,396	12,975,198	1948	65,690,760	21,824,605
1940	21,240,966	13,299,859			
1941	26,877,350	13,913,430	Total	351,110,297	182,335,841
1942	27,298,702	11,786,065			

NOTE.—Operating expenses include charges for depreciation on furniture and equipment.

The above income was derived from the following insurance operations: Title I (property improvement loans), $48,722,986; Title II (small-home mortgages), $208,957,323; Title II (rental housing projects), $6,799,181; and Title VI (war and veterans' emergency housing), $86,630,807. An analysis of gross income by calendar year under each insurance fund is given in Statement 1.

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, and VI by calendar years, 1934–1948*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064				$1,302,814
1940	146,363	4,251,135	$20,844			4,418,342
1941	128,270	4,959,945	99,881			5,188,096
1942	55,891	2,310,497	170,877			2,537,265
1943	3,035	1,295,477	241,960			1,540,472
1944	580	1,640,128	251,793			1,892,501
1945	60	2,309,364	207,496			2,516,920

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, and VI by calendar years, 1934–1948*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I—Continued.						
1946	$225	$5,799,165	$184,994			$5,984,384
1947	90	9,739,643	157,084			9,896,817
1948	25	13,222,493	222,857			13,445,375
Total	369,289	46,795,911	1,557,786			[1] 48,722,986
Title II, Sec. 203:						
1934					$113,423	113,423
1935	763,654	424,843	54,082	$523	284,962	1,528,064
1936	1,662,068	1,541,664	544,865	27,938	344,923	4,121,458
1937	1,777,320	2,112,038	1,952,844	148,211	486,346	6,476,759
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,529	416,116	596,640	12,375,774
1940	4,360,609	3,601,555	6,919,909	614,281	659,795	16,156,149
1941	4,887,262	4,310,312	9,455,651	981,488	751,423	20,386,136
1942	2,125,095	3,415,243	12,522,503	806,617	1,010,557	19,880,015
1943	878,173	1,135,344	13,626,210	350,211	1,383,430	17,373,368
1944	939,268	1,079,164	14,245,705	386,933	1,810,199	18,461,269
1945	1,570,674	1,072,934	11,692,037	1,413,420	2,580,528	18,329,593
1946	2,287,171	1,701,304	10,773,475	2,477,805	2,431,926	19,671,681
1947	2,912,594	2,259,403	9,669,806	2,133,140	2,642,270	19,617,213
1948	6,282,719	4,347,133	9,773,281	1,669,407	2,999,498	25,072,038
Total	37,213,795	31,681,956	109,736,420	11,666,781	18,658,371	208,957,323
Title II, Sec. 207–210:						
1935		11,775				11,775
1936		9,800	11,775			21,575
1937	555	53,250	23,718			77,523
1938	319,506	219,254	69,850		19,456	628,066
1939	139,252	259,164	296,805	1,700	35,887	732,808
1940	22,921	64,555	502,807	31,914	44,278	666,475
1941	39,087	60,379	456,929	13,350	47,116	616,861
1942	15,227	27,255	517,455	28,527	40,217	628,681
1943	714	2,875	520,118	37,676	63,433	624,816
1944	−8,410	37,516	474,639	88,985	63,455	656,185
1945	2,584	19,975	416,441	179,472	63,389	681,861
1946	2,199	12,603	314,084	272,698	63,370	664,954
1947	−925	100	217,349	179,624	65,595	461,743
1948	24,720		170,897	46,967	83,274	325,858
Total	557,430	778,501	3,992,867	880,913	589,470	6,799,181
Title VI, Sec. 603–608–609–611:						
1941	511,432	97,277		130	77,418	686,257
1942	2,416,050	1,657,266	66,936	2,688	109,801	4,252,741
1943	2,816,805	2,926,904	1,107,478	5,059	181,066	7,037,312
1944	1,683,069	2,707,731	4,167,756	9,534	18,372	8,586,462
1945	756,368	1,299,204	5,938,411	188,286	139,525	8,321,794
1946	1,321,632	401,758	6,430,413	2,017,230	247,883	10,418,916
1947	9,133,257	4,269,438	5,272,845	1,482,754	321,542	20,479,836
1948	8,238,196	9,034,748	8,440,335	755,783	378,427	26,847,489
Total	26,876,809	22,394,326	31,424,174	4,461,464	1,474,034	86,630,807
Total income:						
1934					113,423	113,423
1935	763,654	436,618	54,082	523	284,962	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	344,923	4,143,033
1937	1,777,875	2,165,288	1,976,562	148,211	486,346	6,554,282
1938	3,469,521	2,277,957	3,452,373	240,691	581,907	10,022,449
1939	3,791,175	4,149,544	5,420,334	417,816	632,527	14,411,396
1940	4,529,893	7,917,245	7,443,560	646,195	704,073	21,240,966
1941	5,566,051	9,427,913	10,012,461	994,968	875,957	26,877,350
1942	4,612,263	7,410,261	13,277,771	837,832	1,160,575	27,298,702
1943	3,698,727	5,360,600	15,495,766	392,946	1,627,929	26,575,968
1944	2,614,507	5,464,539	19,139,893	485,452	1,892,026	29,596,417
1945	2,329,686	4,701,477	18,254,385	1,781,178	2,783,442	29,850,168
1946	3,611,227	7,914,830	17,702,966	4,767,733	2,743,179	36,739,935
1947	12,045,016	16,268,584	15,317,084	3,795,518	3,029,407	50,455,609
1948	14,545,660	26,604,374	18,607,370	2,472,157	3,461,199	65,690,760
Total	65,017,323	101,650,694	146,711,247	17,009,158	20,721,875	351,110,297

Minus figures caused by adjustments relating to prior years.

[1] In addition, cash recoveries and other income in the amount of $15,441,071 have been collected on claims paid on insurance granted on and after July 1, 1939, and credited to the Title I Insurance Fund.

Administrative Expenses

The current fiscal year is the ninth in which the Federal Housing Administration has met all expenses of administration by allocation from its insurance funds.

The amount which may be used for administrative expenses during a fiscal year is fixed by Congress. Under the terms of the National Housing Act the amount expended for the administration of each title and section is charged against the corresponding insurance fund.

Administrative expenses during the fiscal year ended June 30, 1948, covering operating costs, as well as furniture and equipment purchased, have been charged against the titles and sections of the act as follows:

Administrative expenses, fiscal year 1948 (July 1, 1947 to June 30, 1948)

Title and section	Amount	Percent
Title I	$1,419,105	7.07
Title II:		
Sec. 203	6,979,512	34.80
Sec. 207–210	93,821	.47
Title VI:		
Sec. 603	7,426,042	37.03
Sec. 608	4,081,460	20.35
Sec. 609	56,829	.28
Total	20,056,769	100.00

Government Corporation Control Act

Section 501(b) of the Housing Act of 1948 (Public Law 901, 80th Congress) made the Federal Housing Administration subject to the Government Corporation Control Act (Public Law 248, 79th Congress) and provided that the audit, required under Section 105 of that act to be made by the General Accounting Office in accordance with principles and procedures applicable to corporate transactions, shall begin with the fiscal year commencing July 1, 1948.

The changes in fiscal and accounting procedures which were necessary in order to comply with the regulations under the Government Corporation Control Act have been effected.

Capital and Operating Reserves of Combined FHA Funds

During the year it was administratively determined that operating reserves to meet possible future insurance losses, expenses, and other charges should be established, and allocations were made for this purpose from the surplus of the insurance funds. These reserves amounted to $151,475,127 as of December 31, 1948, of which the sum of $28,652,006 was allocated from income received during 1948.

Figures in the financial statements as of December 31, 1947 have been revised to reflect these reserves and to place them on a comparable basis with those of December 31, 1948.

The combined capital and operating reserves of all FHA funds on December 31, 1948 amounted to $200,369,176, and consisted of $48,-894,049 capital and $151,475,127 operating reserves, as shown in Statement 2.

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease—
ASSETS			
Cash with U. S. Treasury	$37,478,870.92	$41,134,755.74	$3,655,878.82
Investments:			
U. S. Government securities (amortized)	132,026,868.11	143,647,823.58	11,620,955.47
Other securities (stock in rental housing corporations)	50,205.00	110,305.00	60,100.00
Total investments	132,077,073.11	143,758,128.58	11,681,055.47
Loans receivable:			
Mortgage notes and contracts for deed	24,800,923.14	21,699,923.71	−3,100,999.43
Less reserve for losses	413,187.32	360,683.13	−52,504.19
Net loans receivable	24,387,735.82	21,339,240.58	−3,048,495.24
Accounts and notes receivable	72,787.66	60,139.28	−12,648.38
Accrued assets:			
Interest on U. S. Government securities	672,072.59	521,742.41	−150,330.18
Interest on mortgage notes and contracts for deed	82,555.97	70,548.26	−12,007.71
Total accrued assets	754,628.56	592,290.67	−162,337.89
Commodities, supplies, and materials: Supplies held for use	100,245.67	84,017.73	−16,227.94
Land, structures, and equipment:			
Furniture and equipment	1,417,324.72	1,587,168.19	169,843.47
Less reserve for depreciation	736,691.67	820,452.73	83,761.06
Net furniture and equipment	680,633.05	766,715.46	86,082.41
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	5,808,620.61	2,947,044.43	−2,861,576.18
Less reserve for losses	305,369.79	503,492.52	198,122.73
Net real estate	5,503,250.82	2,443,551.91	−3,059,698.91
Defaulted Title I notes	13,578,197.16	23,875,947.50	10,297,750.34
Less reserve for losses	9,337,694.67	13,574,503.00	4,236,808.33
Net defaulted Title I notes	4,240,502.49	10,301,444.50	6,060,942.01
Net acquired security or collateral	9,743.753.31	12,744,996.41	3,001,243.10
Deferred charges: Prepaid expenses	25,754.51	2,656.87	−23,097.64
Total assets	205,321,488.61	220,482,941.32	15,161,452.71
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	1,515,770.90	1,903,874.56	388,103.66
Group account participations payable	1,684,276.67	1,223,375.22	−460,901.45
Total accounts payable	3,200,047.57	3,127,249.78	−72,797.79
Accrued liabilities: Interest on debentures	415,360.93	208,993.35	−206,367.58

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease—
LIABILITIES—continued			
Trust and deposit liabilities:			
Excess proceeds of sale	$733, 931. 43	$1, 048, 565. 79	$314, 634. 36
Deposits held for mortgagors and lessees	323, 326. 96	229, 254. 62	−94, 072. 34
Undistributed receipts	15, 894. 00	6, 522. 59	−9, 371. 41
General fund receipts in process of deposit	294, 844. 72	212, 328. 44	−82, 516. 28
Employees' pay roll deductions for taxes, etc	655, 424. 58	675, 346. 02	19, 921. 44
Unexpended advance from NHA	42, 692. 43		−42, 692. 43
Total trust and deposit liabilities	2, 066, 114. 12	2, 172, 017. 46	105, 903. 34
Bonds, debentures, and notes payable:			
Debentures payable (issued)	32, 955, 236. 23	14, 103, 686. 23	−18, 851, 550. 00
Debenture claims in process	39, 850. 00	446, 300. 00	406, 450. 00
Total bonds, debentures, and notes payable	32, 995, 086. 23	14, 549, 986. 23	−18, 445, 100. 00
Deferred and undistributed credits	92, 389. 50	55, 519. 46	−36, 870. 04
Total liabilities	38, 768, 998. 35	20, 113, 766. 28	−18, 655, 232. 07
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	122, 823, 121. 19	151, 475, 126. 73	28, 652, 005. 54
CAPITAL			
Paid-in capital (allocation from U. S. Government)	80, 074, 911. 66	80, 600, 853. 77	525, 942. 11
Earned surplus (deficit —)	−36, 345, 542. 59	−31, 706, 805. 46	4, 638, 737. 13
Total capital	43, 729, 369. 07	48, 894, 048. 31	5, 164, 679. 24
Total liabilities, operating reserves, and capital	205, 321, 488. 61	220, 482, 941. 32	15, 161, 452. 71
Contingent liability for certificates of claim on properties on hand	157, 377. 19	77, 448. 37	−79, 928. 82

The capital and operating reserves of each fund are given below:

Fund	*Capital and operating reserves*
Title I Insurance Fund and Title I Claims Account	$28, 742, 988
Mutual Mortgage Insurance Fund	122, 458, 280
Housing Insurance Fund	4, 708, 670
War Housing Insurance Fund	41, 339, 975
Housing Investment Insurance Fund	1, 000, 000
Administrative Expense Account	2, 119, 263
Total	200, 369, 176

Combined Income and Expenses, all FHA Funds

Total income from all sources during the year 1948 amounted to $66,720,920 while the total expenses amounted to $23,752,309 leaving a net income, before adjustment of valuation and operating reserves, of $42,968,611. Increases in valuation and operating reserves for the year amounted to $38,329,874, leaving $4,638,737 net income for the period. Cumulative income from June 27, 1934 through December 31, 1948 was $356,735,481, and cumulative expenses were $208,938,440, leaving net income of $147,797,041 before adjustment of valuation and operating reserves.

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$16,697,349.29	$3,460,922.06	$20,158,271.35
Interest on mortgage notes and contracts for deed	65,851.71	9,726.60	75,578.31
Interest, other	4,270,601.74	987,661.72	5,258,263.46
Dividends on rental housing stock	1,461.07	276.13	1,737.20
	21,035,263.81	4,458,586.51	25,493,850.32
Insurance premiums and fees:			
Premiums	217,687,196.59	47,683,901.86	265,371,098.45
Fees	50,471,663.65	14,545,659.88	65,017,323.53
	268,158,860.24	62,229,561.74	330,388,421.98
Other income:			
Profit on sale of investments	561,866.36		561,866.36
Miscellaneous income	258,570.63	32,771.79	291,342.42
	820,436.99	32,771.79	853,208.78
Total income	290,014,561.04	66,720,920.04	356,735,481.08
Expenses:			
Interest expense: Interest on debentures	1,980,030.29	463,656.66	2,443,686.95
Administrative expenses: Operating costs (including adjustments for prior years)	159,476,251.54	21,725,975.88	181,202,227.42
Other expenses:			
Depreciation on furniture and equipment	1,037,137.68	96,475.75	1,133,613.43
Miscellaneous expenses	162,656.63	36,671.56	199,328.19
	1,199,794.31	133,147.31	1,332,941.62
Losses and charge-offs:			
Loss on sale of acquired properties	3,806,877.90	−116,530.79	3,690,347.11
Loss on equipment	4,277,234.13	66.29	4,277,300.42
Loss on defaulted Title I notes	14,445,943.12	1,545,993.32	15,991,936.44
	22,530,055.15	1,429,528.82	23,959,583.97
Total expenses	185,186,131.29	23,752,308.67	208,938,439.96
Net income before adjustment of valuation and operating reserves	104,828,429.75	42,968,611.37	147,797,041.12
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−413,187.32	+52,504.19	−360,683.13
Reserve for loss on acquired security or collateral	−9,643,064.46	−4,434,931.06	−14,077,995.52
Group account participations distributed	−8,294,599.37	−5,295,441.83	−13,590,041.20
Reserves for contingent losses, expenses, and other charges	−122,823,121.19	−28,652,005.54	−151,475,126.73
Net adjustment of valuation and operating reserves	−141,173,972.34	−38,329,874.24	−179,503,846.58
Net income (or loss −)	−36,345,542.59	4,638,737.13	−31,706,805.46

Analysis of Earned Surplus (or Deficit −)

Balance at beginning of period		−$36,345,542.59	
Net income (or loss −) for the period	−$36,345,542.59	4,638,737.13	−$31,706,805.46
Balance at end of period	−36,345,542.59	−31,706,805.46	−31,706,805.46

Title I: Property Improvement Loan Insurance

Loans Insured and Claims Paid

Operations under Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,000 for the construction of new structures other than residential, and loans not exceeding $4,500 for the construction of new structures for residential use.

Loans aggregating 8,735,620 in number and $3,338,550,288 in amount (net proceeds) had been reported for insurance under Title I through December 31, 1948. Through that date 261,979 claims had been paid for $74,766,871, or approximately 2.2 percent of the total net proceeds of loans insured, as shown on Statement 4. For the calendar year 1948, the comparable figures were 1,359,776 loans insured for an aggregate of $621,612,484, and 38,482 claims paid for $14,345,659.

STATEMENT 4.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased, by calendar years, 1934–1948*

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts		Proceeds from real property
				On notes	On sales of repossessed equipment	
1934	$27,405,525					
1935	201,258,132	$447,448	$9,916	$9,916		
1936	221,534,922	5,884,885	293,207	272,694	$20,513	
1937	54,344,338	6,890,897	942,295	913,758	28,537	
1938	150,709,152	6,016,306	1,552,417	1,489,044	63,373	
1939	203,994,512	4,728,346	1,941,953	1,919,524	22,429	
1940	241,734,821	6,543,568	1,902,540	1,888,681	13,859	
1941	248,638,549	7,265,059	2,539,496	2,335,107	11,853	$192,536
1942	141,163,398	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,643	4,168,859	4,024,096	717	144,046
1944	113,039,150	1,939,261	3,597,858	3,558,901	−159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,829,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,659	2,503,044	2,499,536	752	2,756
Total	3,338,550,288	74,766,871	30,539,311	29,599,788	168,952	770,571

NOTES.—In addition to the above recoveries, $2,825,104 interest on outstanding balances of Title I notes, $75,578 interest on mortgage notes, and $257,908 miscellaneous income had been collected through Dec. 31, 1948.

Equipment in the total amount of $4,475,117 (claim amount) had been repossessed by FHA. However, only the cash recovery of $168,952 from sales is shown as a recovery, the balance of $4,306,165 having been treated as a loss. Of this amount $3,979,654 represents equipment transferred to other Government agencies without exchange of funds; $321,084 loss on sale of equipment; $2,634 available for transfer; and $2,793 destroyed as worthless.

Recoveries

Upon payment of insurance claims under Title I, the notes and other claims against the borrowers become the property of the Federal Housing Administration and are turned over to the Liquidation Section of the Title I Division for collection or other disposition. Where it becomes necessary to repossess equipment under a security instrument held in connection with a defaulted note, the Bureau of Federal Supply is authorized to pick up such equipment and dispose of it for the account of the Federal Housing Administration.

Real properties acquired under Title I are managed and sold by the Property Management Section of the Federal Housing Administration, which also handles the acquisition, management, and disposition of real properties acquired under Titles II and VI.

Through December 31, 1948, there had been acquired under the terms of Title I insurance a total of 397 real properties with a claim balance of $824,082. All but one of these had been sold at a net loss of $53,511, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses under Title I through December 31, 1948 amounted to $33,926,115. These losses represented 1.02 percent of the total amount of loans insured ($3,338,550,288). A summary of Title I transactions through December 31, 1948, follows:

Summary of Title I transactions for the period June 27, 1934 to Dec. 31, 1948

	Total Title I transactions to Dec. 31, 1948	Percent to notes insured
Total notes insured	$3, 338, 550, 288	100.000
Total claims paid	74, 766, 871	2.240
Recoveries:		
Cash collections:		
On notes	29, 599, 788	.887
On sale of repossessed equipment	168, 952	.005
Total cash	29, 768, 740	.892
Real properties (after deducting losses)	770, 571	.023
Total recoveries	30, 539, 311	.915
Net notes in process of collection	10, 301, 445	.309
Losses:		
Loss on sale of real properties	53, 511	.002
Loss on repossessed equipment	4, 306, 165	.131
Loss on defaulted Title I notes	15, 991, 936	.477
Reserve for loss on defaulted Title I notes	13, 574, 503	.406
Total losses	33, 926, 115	1.016

NOTE.—Included in the loss on repossessed equipment is $3,979,654 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use Although the Federal Government has received the benefit of the residual value of this equipment, the cost to Title I is shown as a loss, since the equipment was transferred without exchange of funds.

In addition to the above recoveries, $2,825,104 interest on outstanding balances of Title I notes, $75,578 interest on mortgage notes, and $257,908 miscellaneous income had been collected through December 31, 1948.

Title I Insurance Fund and Title I Claims Account

Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I. An amendment to the act on June 3, 1939, authorized FHA to charge financial institutions a premium on loans insured under this title on and after July 1, 1939. The present premium rate is three-fourths percent per annum of the net proceeds of the loan, except on Class 1 (b) loans in excess of $2,500, Class 2 (b) loans having maturities in excess of 7 years and 32 days, and Class 3 loans covering the construction of small homes; on these the premium rate is one-half percent per annum.

Fees and insurance premiums collected on Title I loans insured since July 1, 1939, have been credited to the Title I Insurance Fund, which was established pursuant to the amendment of June 3, 1939. Recoveries on claims paid in connection with insurance granted on and after July 1, 1939 have also been credited to this fund in accordance with an amendment to the act of June 28, 1941.

Section 2(f) of the act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

Until sufficient funds from premiums and recoveries had accumulated in the Title I Insurance Fund, expenses and insurance claims relating to this title were paid from moneys allocated by the Federal Government. Since July 1, 1940, however, all Title I operating expenses have been paid out of moneys in the Title I Insurance Fund. From July 1, 1940 through June 30, 1944, a portion of the insurance claims was met from income while the remainder was paid from funds advanced through the Reconstruction Finance Corporation by the Federal Government. Since July 1, 1944, all insurance claims have been paid from income and recoveries.

In order to provide a more complete financial report of Title I operations from the initiation of the program in 1934 to December 31, 1948, combined statements have been prepared for the Title I Insurance Fund and the Title I Claims Account. The Title I Claims Account reflects the transactions with respect to insurance claims paid out of allocations by the Federal Government prior to July 1, 1939.

The total capital and operating reserves of the combined Title I Insurance Fund and Title I Claims Account as of December 31, 1948, as shown on Statement 5 was $28,742,988, consisting of capital in the amount of $8,527,895 and operating reserves of $20,215,093.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund and Title I Claims Account, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS			
Cash with U. S. Treasury	$18,213,243.72	$18,460,660.14	$247,416.42
Loans receivable:			
Mortgage notes and contracts for deed	250,224.10	201,744.92	−48,479.18
Less reserves for losses	3,753.36	3,026.00	−727.36
Net loans receivable	246,470.74	198,718.92	−47,751.82
Accounts and notes receivable	567.37		−567.37
Accrued assets: Interest on mortgage notes and contracts for deed	1,024.84	884.86	−139.98
Acquired security or collateral:			
Real estate (at cost plus expenses to date)		721.38	721.38
Less reserve for losses		106.00	106.00
Net real estate		615.38	615.38
Defaulted Title I notes	13,578,197.16	23,875,947.50	10,297,750.34
Less reserve for losses	9,337,694.67	13,574,503.00	4,236,808.33
Net defaulted Title I notes	4,240,502.49	10,301,444.50	6,060,942.01
Net acquired security or collateral	4,240,502.49	10,302,059.88	6,061,557.39
Total assets	22,701,809.16	28,962,323.80	6,260,514.64
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for account of mortgagors and lessees	,509.96	2,177.93	−332.03
Undistributed receipts	15,894.00	6,522.59	−9,371.41
General fund receipts in process of deposit	292,781.44	210,635.56	−82,145.88
Total liabilities	311,185.40	219,336.08	−91,849.32
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	13,891,764.68	20,215,093.02	6,323,328.34
CAPITAL			
Paid-in capital (allocations from U. S. Government)	28,911,609.25	28,438,137.59	−473,471.66
Earned surplus (deficit —)	−20,412,750.17	−19,910,242.89	502,507.28
Total capital	8,498,859.08	8,527,894.70	29,035.62
Total liabilities, operating reserves, and capital	22,701,809.16	28,962,323.80	6,260,514.64

The resources of the Title I Insurance Fund, on which present and future Title I operations depend for capital, amounted to $28,552,342, of which $8,337,249 represented capital and $20,215,093 operating reserves. The financial condition of each of the Title I funds as of December 31, 1948 is shown below:

Combined Title I Insurance Fund and Title I Claims Account statement of financial condition as of Dec. 31, 1948

	Title I Insurance Fund	Title I Claims Account	Combined Title I
ASSETS			
Cash with U. S. Treasury	$18, 242, 712. 78	$217, 947. 36	$18, 460, 660. 14
Loans receivable:			
Mortgage notes and contracts for deed	168, 140. 58	33, 604. 34	201, 744. 92
Less reserve for losses	2, 522. 00	504. 00	3, 026. 00
Net loans receivable	165, 618. 58	33, 100. 34	198, 718. 92
Accrued assets: Interest on mortgage notes and contracts for deed	743. 11	141. 75	884. 86
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	721. 38		721. 38
Less reserve for losses	106. 00		106. 00
Net real estate	615. 38		615. 38
Defaulted Title I notes	22, 331, 663. 79	1, 544, 283. 71	23, 875, 947. 50
Less reserve for losses	12, 187, 765. 00	1, 386, 738. 00	13, 574, 503. 00
Net defaulted Title I notes	10, 143, 898. 79	157, 545. 71	10, 301, 444. 50
Net acquired security or collateral	10, 144, 514. 17	157, 545. 71	10, 302, 059. 88
Total assets	28, 553, 588. 64	408, 735. 16	28, 962, 323. 80
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for account of mortgagors and lessees	1, 246. 97	930. 96	2, 177. 93
Undistributed receipts		6, 522. 59	6, 522. 59
General fund receipts in process of deposit		210, 635. 56	210, 635. 56
Total liabilities	1, 246. 97	218, 089. 11	219, 336. 08
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	20, 215, 093. 02		20, 215, 093. 02
CAPITAL			
Paid-in capital (allocations from U. S. Government)	8, 337, 248. 65	20, 100, 888. 94	28, 438, 137. 59
Earned surplus (deficit −)		−19, 910, 242. 89	−19, 910, 242. 89
Total capital	8, 337, 248. 65	190, 646. 05	8, 527, 894. 70
Total liabilities, operating reserves, and capital	28, 553, 588. 64	408, 735. 16	28, 962, 323. 80

For the year 1948 Title I income totaled $13,822,860, while expenses and losses amounted to $2,760,837, leaving $11,062,023 net income before adjustment of valuation and operating reserves. After increasing the valuation reserves by $4,236,187 and the operating reserves for contingent losses, expenses, and other charges by $6,323,328, there remained $502,508 net income for the year.

STATEMENT 6.—*Income and expenses, combined Title I Insurance Fund and Title I Claims Account, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$65, 851. 71	$9, 726. 60	$75, 578. 31
Interest, other	2, 493, 963. 97	335, 033. 38	2, 828, 997. 35
	2, 559, 815. 68	344, 759. 98	2, 904, 575. 66
Insurance premiums and fees:			
Premiums	34, 908, 346. 29	13, 445, 350. 51	48, 353, 696. 80
Fees	369, 264. 30	25. 00	369, 289. 30
	35, 277, 610. 59	13, 445, 375. 51	48, 722, 986. 10
Other income: Miscellaneous income	225, 183. 40	32, 724. 18	257, 907. 58
Total income	38, 062, 609. 67	13, 822, 859. 67	51, 885, 469. 34
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	16, 273, 365. 60	1, 196, 808. 05	17, 470, 173. 65
Other expenses: Miscellaneous expenses	162, 033. 68	19, 164. 54	181, 198. 22
Losses and charge-offs:			
Loss on sale of acquired properties	53, 792. 21	−280. 86	53, 511. 35
Loss (or profit −) on equipment	4, 307, 012. 52	−847. 97	4, 306, 164. 55
Loss on defaulted Title I notes	14, 445, 943. 12	1, 545, 993. 32	15, 991, 936. 44
	18, 806, 747. 85	1, 544, 864. 49	20, 351, 612. 34
Total expenses	35, 242, 147. 13	2, 760, 837. 08	38, 002, 984. 21
Net income before adjustment of valuation and operating reserves	2, 820, 462. 54	11, 062, 022. 59	13, 882, 485. 13
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−3, 753. 36	+727. 36	−3, 026. 00
Reserve for loss on acquired security or collateral	−9, 337, 694. 67	−4, 236, 914. 33	−13, 574, 609. 00
Reserves for contingent losses, expenses, and other charges	−13, 891, 764. 68	−6, 323, 328. 34	−20, 215, 093. 02
Net adjustment of valuation and operating reserves	−23, 233, 212. 71	−10, 559, 515. 31	−33, 792, 728. 02
Net income (or loss −)	−20, 412, 750. 17	502, 507. 28	−19, 910, 242. 89

Analysis of Earned Surplus (or Deficit −)

Balance at beginning of period		−20, 412, 750. 17	
Net income (or loss −) for the period	−20, 412, 750. 17	502, 507. 28	−19, 910, 242. 89
Balance at end of period	−20, 412, 750. 17	−19, 910, 242. 89	−19, 910, 242. 89

The cumulative income and expenses of each of the Title I funds as reflected in the combined figures through December 31, 1948 on Statement 6 are shown below:

Title I Insurance Fund and Title I Claims Account statement of income and expenses, June 27, 1934 to Dec. 31, 1948

	Title I Insurance Fund	Title I Claims Account	Combined Title I
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$38,184.25	$37,394.06	$75,578.31
Interest, other	1,065,080.11	1,763,917.24	2,828,997.35
	1,103,264.36	1,801,311.30	2,904,575.66
Insurance premiums and fees:			
Premiums	48,353,696.80		48,353,696.80
Fees	369,289.30		369,289.30
	48,722,986.10		48,722,986.10
Other income: Miscellaneous income	103,682.16	154,225.42	257,907.58
Total income	49,929,932.62	1,955,536.72	51,885,469.34
Expenses:			
Administrative expenses: Operating expenses (including adjustments for prior years)	10,854,959.65	6,615,214.00	17,470,173.65
Other expenses: Miscellaneous expenses	181,198.22		181,198.22
Losses and charge-offs:			
Loss on sale of acquired property	23,804.18	29,707.17	53,511.35
Loss on equipment	46,803.31	4,259,361.24	4,306,164.55
Loss on defaulted Title I notes	6,417,681.24	9,574,255.20	15,991,936.44
	6,488,288.73	13,863,323.61	20,351,612.34
Total expenses	17,524,446.60	20,478,537.61	38,002,984.21
Net income (or loss −) before adjustment of valuation and operating reserves	32,405,486.02	−18,523,000.89	13,882,485.13
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−2,522.00	−504.00	−3,026.00
Reserve for loss on acquired security or collateral	−12,187,871.00	−1,386,738.00	−13,574,609.00
Reserves for contingent losses, expenses, and other charges	−20,215,093.02		−20,215,093.02
Net adjustment of valuation and operating reserves	−32,405,486.02	−1,387,242.00	−33,792,728.02
Net income (or loss −)		−19,910,242.89	−19,910,242.89

Title I Insurance Liability Limitation

Section 2(a) of the National Housing Act provides that the total liability which may be outstanding under Title I at any time, plus the amount of claims paid in respect of all insurance granted under this title, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States under the Title I Insurance Fund, may not exceed in the aggregate $200,000,000. The maximum insurance liability was increased during 1948 from $165,000,000 to $200,000,000 by amendment of the National Housing Act approved August 10, 1948.

Calculations of estimated liability are prepared regularly in order to determine that such insurance liability is kept within the limitation prescribed. In addition, a report is obtained once a year from financial institutions of the outstanding balances of Title I loans in their portfolios, which report serves, among other things, as the basis for checking the calculations of the Federal Housing Administration's insurance liability.

As of December 31, 1948, the net estimated charges against the liability limitation of $200,000,000 were $173,078,898, which left $26,921,-102 as the unallocated amount available for use as reserves.

STATEMENT 7.—*Insurance reserves under Title I, authorized, established, released, and remaining unallocated at Dec. 31, 1948, as provided under Secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1948			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$200,000,000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66,331,508	$50,769,728		$15,561,780	$15,561,780	
10 percent, amendment Apr. 3, 1936	17,257,563	10,647,672		6,609,891	6,609,891	
10 percent, amendment Feb. 3, 1938	27,302,148	18,041,547		9,260,601	9,260,601	
10 percent, amendment June 3, 1939	86,075,183	54,363,766	$11,297,980	20,413,437	31,711,417	
10 percent, reserve of July 1, 1944	85,514,314		68,359,444	17,154,870	85,514,314	
10 percent, reserve of July 1, 1947	84,379,469		78,669,619	5,709,850	84,379,469	
Sec. 6:						
20 percent, amendment Apr. 22, 1937	297,366	246,498		50,868	50,868	
10 percent, amendment Apr. 17, 1936	11,913	6,339		5,574	5,574	
Total	367,169,464	134,075,550	158,327,043	74,766,871	233,093,914	
Estimated reserves for backlog of loan reports not included above (90,212 loans at $460)					4,149,752	
					237,243,666	
Collections from insurance premiums and other sources (deduct)					64,164,768	
Net charges against liability limitation					173,078,898	173,078,898
Total unallocated amount available for use as reserves						26,921,102

Title II: Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on one- to four-family homes) and Section 207 (rental housing projects). Subsequently, an amendment to the act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

Section 205 of the act provides that mortgages insured under Section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account is credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeds the expenses and losses, the resultant credit balance is distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account. A group account is terminated when the amounts to be distributed are sufficient to pay off the unpaid principal of the mortgages remaining in the group, or when all outstanding mortgages in the group have been paid.

In the event that the expenses and losses of a group account exceed the income, no participation payments can be made and the deficit balance is absorbed by the General Reinsurance Account.

The General Reinsurance Account was established by Section 205 (b) of the act and, in accordance with this section, was credited with the original allocation of $10,000,000 provided by Section 202 of the act. In addition, Section 205 (c) of the act provides for the transfer to this account, upon the termination of each group account, of an amount equal to 10 percent of the total insurance premiums theretofore credited to the group. This account was provided as a secondary reserve to absorb the ultimate deficits of any group accounts which lack sufficient funds to meet all expenses and losses relating to the mortgages in the group; and to cover general expenses of mutual mortgage insurance not charged against group accounts.

Limitation on Title II Insurance Liability

Under the provisions of Section 203 (a) of the act, the aggregate amount of principal obligations of all mortgages insured under Title II outstanding at any one time may not exceed $5,000,000,000. The limitation was increased from $4,000,000,000 on December 30, 1948, by the President under authority granted him in Section 203(a) of the act. This authorization applies to the insurance granted on all mortgages insured under Section 203 for small homes and for rental housing projects under Sections 207 and 210. The Title II outstanding insurance liability at December 31, 1948 was calculated as follows:

Outstanding insurance liability under Title II

Total liability authorized		$5,000,000,000
Estimated outstanding balance of insurance in force:		
Small homes	$2,890,531,546	
Rental and group housing	32,365,744	
Commitments (small-home and rental housing)	1,229,812,336	
Estimated insurance liability at Dec. 31, 1948		4,152,709,626
Unused authorization for insurance		847,290,374

Mutual Mortgage Insurance Fund Capital

As of December 31, 1948, the assets of the Mutual Mortgage Insurance Fund totaled $131,349,976, against which there were outstanding liabilities of $8,891,696. Operating reserves for possible future insurance losses, expenses, and other charges had been established out of surplus in the amount of $94,383,293, and the fund had net capital of $28,074,987, making total capital and operating reserves of $122,458,280.

STATEMENT 8.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$4,387,367.50	$5,061,516.65	$674,149.06
Investments: U. S. Government securities (amortized)	114,087,438.16	124,163,649.81	10,076,211.65
Loans receivable:			
Mortgage notes and contracts for deed	2,122,664.08	1,668,945.16	−453,718.92
Less reserve for losses	31,839.96	25,106.13	−6,733.83
Net loans receivable	2,090,824.12	1,643,839.03	−446,985.09
ccounts and notes receivable	75.00	141.24	66.24
ccrued assets:			
Interest on U. S. Government securities	577,649.67	467,167.81	−110,481.86
Interest on mortgage notes and contracts for deed	9,046.46	7,007.72	−2,038.74
Total accrued assets	586,696.13	474,175.53	−112,520.60

STATEMENT 8.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of Dec. 31, 1947, and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS—continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)		$7,819.85	$7,819.85
Less reserve for losses		1,166.52	1,166.52
Net acquired security or collateral		6,653.33	6,653.33
Total assets	$121,152,401.00	131,349,975.59	10,197,574.59
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	102.22	361.88	259.66
Group account participations payable	1,684,276.67	1,223,375.22	−460,901.45
Total accounts payable	1,684,378.89	1,223,737.10	−460,641.79
Accrued liabilities: Interest on debentures	111,668.04	111,650.22	−17.82
Trust and deposit liabilities:			
Excess proceeds of sale	90,693.86	56,632.58	−34,061.28
Deposits held for mortgagors and lessees	43,443.70	35,732.12	−7,711.58
Total trust and deposit liabilities	134,137.56	92,364.70	−41,772.86
Bonds, debentures, and notes payable:			
Debentures payable (issued)	7,444,536.23	7,443,686.23	−850.00
Debenture claims in process		13,250.00	13,250.00
Total bonds, debentures, and notes payable	7,444,536.23	7,456,936.23	12,400.00
Deferred and undistributed credits	9,046.46	7,007.72	−2,038.74
Total liabilities	9,383,767.18	8,891,695.97	−492,071.21
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	89,516,579.52	94,383,292.64	4,866,713.12
CAPITAL			
Paid-in capital (allocations from U. S. Government)	41,990,003.99	41,990,812.56	808.57
Earned surplus (deficit −)	−19,737,949.69	−13,915,825.58	5,822,124.11
Total capital	22,252,054.30	28,074,986.98	5,822,932.68
Total liabilities, operating reserves, and capital	121,152,401.00	131,349,975.59	10,197,574.59
Contingent liability for certificates of claim on properties on hand		664.61	664.61

Income and Expenses

During the year 1948 the income to the fund amounted to $25,416,942, while expenses and losses amounted to $9,438,230, leaving $15,978,712 net income before adjustment of valuation and operating reserves. After providing $4,861,146 for increases in valuation and operating reserves, and $5,295,442 for participation payments, the net income for the year was $5,822,124.

The cumulative income of the Mutual Mortgage Insurance Fund from June 27, 1934 to December 31, 1948 amounted to $211,753,597, which cumulative expenses amounted to $116,669,816. After allocaing $94,409,565 to valuation and operating reserves and providing $13,590,041 for participation payments the cumulative net loss amounted to $12,915,825.

STATEMENT 9.—*Income and expenses, Mutual Mortgage Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$15, 265, 902. 39	$2, 999, 497. 63	$18, 265, 400. 02
Interest, other	1, 986, 562. 30	334, 164. 88	2, 320, 727. 18
Dividends on rental housing stock	156. 00		156. 00
	17, 252, 620. 69	3, 333, 662. 51	20, 586, 283. 20
Insurance premiums and fees:			
Premiums	137, 749, 355. 73	15, 800, 514. 58	153, 549, 870. 31
Fees	30, 934, 601. 02	6, 282, 718. 70	37, 217, 319. 72
	168, 683, 956. 75	22, 083, 233. 28	190, 767, 190. 03
Other income:			
Profit on sale of investments	392, 970. 60		392, 970. 60
Miscellaneous income	7, 106. 43	46. 69	7, 153. 12
	400, 077. 03	46. 69	400, 123. 72
Total income	186, 336, 654. 47	25, 416, 942. 48	211, 753, 596. 95
Expenses:			
Interest expense: Interest on debentures	1, 904, 460. 84	501, 546. 17	2, 406, 007. 01
Administrative expenses: Operating costs (including adjustments for prior years)	102, 926, 730. 20	8, 941, 567. 46	111, 868, 297. 66
Other expenses: Miscellaneous expenses	202. 95	17, 507. 02	17, 709. 97
Losses and charge-offs: Loss on sale of acquired properties	2, 400, 191. 32	−22, 389. 92	2, 377, 801. 40
Total expenses	107, 231, 585. 31	9, 438, 230. 73	116, 669, 816. 04
Net income before adjustment of valuation and operating reserves	79, 105, 069. 16	15, 978, 711. 75	95, 083, 780. 91
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−31, 839. 96	+6, 733. 83	−25, 106. 13
Reserve for loss on acquired security or collateral		−1, 166. 52	−1, 166. 52
Group account participations distributed	−8, 294, 599. 37	−5, 295, 441. 83	−13, 590, 041. 20
Reserves for contingent losses, expenses, and other charges	−89, 516, 579. 52	−4, 866, 713. 12	−94, 383, 292. 64
Net adjustment of valuation and operating reserves	−97, 843, 018. 85	−10, 156, 587. 64	−107, 999, 606. 49
Net income (or loss −)	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58

Analysis of Earned Surplus (or Deficit −)

Balance at beginning of period			
Net income (or loss −) for the period	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58
Total	−18, 737, 949. 69	5, 822, 124. 11	−12, 915, 825. 58
Transfer to Housing Insurance Fund	−1, 000, 000. 00		−1, 000, 000. 00
Balance at end of period	−19, 737, 949. 69	5, 822, 124. 11	−13, 915, 825. 58

Investments

Section 206 of the act provides that excess moneys in the fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During 1948, $4,900 of series A 3-percent Mutual Mortgage Insurance Fund debentures matured and were paid. No calls for the redemption of debentures under the Mutual Mortgage Insurance Fund were issued during 1948.

Purchases of United States Treasury bonds and notes made during the year increased the holdings of the fund by $10,000,000 (principal amount). Special 2-percent United States Treasury notes in the amount of $17,000,000 were converted into cash and the proceeds reinvested in 2½-percent United States bonds, series 1967–72. These transactions resulted in an increase of the average annual yield from 2.42 percent to 2.49 percent. On December 31, 1948, the fund held United States Treasury bonds and notes in the amount of $124,163,650, as follows:

Investments of the Mutual Mortgage Insurance Fund, Dec. 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (Am rtized)
1951-52	2	$4,000,000.00	$4,000,000.00	$4,000,000.00
1951-54	2¾	544,813.75	550,000.00	548,048.55
1952-54	2½	2,300,000.00	2,300,000.00	2,300,000.00
1954-56	2¼	1,500,000.00	1,500,000.00	1,500,000.00
1955-60	2⅞	4,441,634.03	4,389,500.00	4,410,305.57
1956-59	2¾	5,305,584.59	5,212,850.00	5,271,167.73
1962-67	2½	5,000,000.00	5,000,000.00	5,000,000.00
1963-68	2½	4,500,000.00	4,500,000.00	4,500,000.00
1964-69	2½	15,000,000.00	15,000,000.00	15,000,000.00
1965-70	2½	13,000,000.00	13,000,000.00	13,000,000.00
1966-71	2½	10,850,000.00	10,850,000.00	10,850,000.00
1967-72	2½	57,788,289.86	57,667,000.00	57,784,127.96
Average annual yield	2.49	124,230,352.23	123,999,350.00	124,163,649.81

Properties Acquired under the Terms of Insurance

Four small homes insured under Section 203 were acquired in 1948 by the Commissioner under the terms of insurance. During 1947 no foreclosed property had been transferred to the Commissioner, and in 1946 there had been one. Through 1948, a total of 4,071 small homes had been acquired under the Mutual Mortgage Insurance Fund for which debentures and cash adjustments had been issued in the amount of $18,736,495. Statement 10 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 10.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1948*

Properties acquired		Properties sold, by years												Properties on hand Dec. 31, 1948
Year	Number	1936-37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	
1936	13	11	2											
1937	98	13	67	7	5	6								
1938	324		139	99	50	28	6	2	−1	1				
1939	753			278	331	110	28	3	2	1				
1940	1,123				611	448	46	14	3	1				
1941	1,044					754	257	29	2	2				
1942	502						355	139	8					
1943	168							140	27	1				
1944	33								26	7				
1945	8									7	1			
1946	1										1			
1947														
1948	4												2	2
Total	4,071	24	208	384	997	1,346	692	327	67	20	2		2	2

NOTES.—On the 4,069 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.35 months.
The number of properties sold has been reduced by 17 properties repossessed because of default on mortgage notes. All 17 reacquisitions had been resold by Dec. 31, 1948.

Through December 31, 1948, 4,069 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,377,801, or an average of approximately $584 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold during 1941 at no loss to the fund.

STATEMENT 11.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1948*

Item	Section 203 (4,069 properties)	Section 207 (1 property)	Total Title II (4,070 properties)
Proceeds of sales:[1]			
Sales price	$18,809,936	$1,000,000	$19,809,936
Less commission and other selling expenses	893,305		893,305
Net proceeds of sales	17,916,631	1,000,000	18,916,631
Income:			
Rebates, deficiency judgments, etc	51,451		51,451
Rental and other (net)	256,784		256,784
Mortgage note income	2,468,293		2,468,293
Total income	2,776,528		2,776,528
Total proceeds of sold properties	20,693,159	1,000,000	21,693,159
Expenses:			
Debentures and cash adjustments	$18,728,718	$942,145	$19,670,863
Interest on debentures	2,626,952	18,387	2,645,339
Additions and improvements	23,859		23,859
Taxes, water rent, hazard insurance, and other expenses	415,011	5,012	420,023
Repairs and maintenance	691,128		691,128
Settlement expense		1,669	1,669
Total expenses	22,485,668	967,213	23,452,881

STATEMENT 11.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1948*—Continued

Item	Section 203 (4,069 properties)	Section 207 (1 property)	Total Title II (4,070 properties)
Net profit (or loss −) before distribution of liquidation profits	−1,792,509	32,787	−1,759,722
Less distribution of liquidation profits:			
Certificates of claim	394,316	31,532	425,848
Increment on certificates of claim	29,785	1,255	31,040
Refunds to mortgagors	161,191		161,191
Loss to Mutual Mortgage Insurance Fund	2,377,801		2,377,801
Average loss to Mutual Mortgage Insurance Fund	584		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	713		$4,470,860		$4,470,860
Properties sold for cash and notes (or contracts for deed)	3,340	3,330	1,858,433	$13,419,666	15,278,099
Properties sold for notes only	17	17		60,977	60,977
Total	4,070	3,347	6,329,293	13,480,643	19,809,936

On December 31, 1948, two properties insured under the Mutual Mortgage Insurance Fund were held by this Administration. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1948 (2 properties)

Expenses:	
Debentures and cash adjustments	$7,777
Interest on debentures	43
Total cost of properties on hand	7,820

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the act provides that if the net amount realized from any property acquired by the FHA under the terms of insurance, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 4,069 Section 203 properties which had been acquired and sold through 1948 totaled $1,657,927. The net proceeds of sale in 1,518 cases had been sufficient to provide an excess for the full or partial payment of certificates of claim after deducting all expenses incurred by the Federal Housing Administration in handling, dealing with, and disposing of such properties and the amount of the debentures plus interest thereon. The amount paid or to be paid on these certificates of claim totaled $394,316 (approximately 24 percent), while certificates of claim totaling $1,263,611 (approximately 76 percent), had been or will be canceled.

In addition there were excess proceeds on approximately 15 percent (or 620) of the 4,069 sold properties amounting to $161,191 for refund to mortgagors. The refund to mortgagors on these 620 cases averaged $260.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II the Administration had established through 1948 a total of 264 group accounts, of which 144 had credit balances for distribution, and 120 had deficit balances. The 144 group accounts with credit balances represented 8 from which participation payments at the time of termination of the group had been made, 11 from which payments will be made, and 125 from which participation shares are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity.

Of the 120 deficit-balance groups at December 31, 1948, 56 had been terminated with deficits totaling $92,806, and these deficits had been charged against the General Reinsurance Account. The income of the remaining 64 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 8 group accounts which had matured and from which participation payments had been made amounted to $137,318, and these balances were shared by 2,560 mortgagors. The payments ranged from $2.12 to $48.22 per $1,000 of original face amount of mortgage. The credit balances of the 11 groups from which participation payments will be made amounted to $147,655 on December 31, 1948, and will be shared by approximately 1,652 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the five years following that date total payments of $13,590,041 were made or accrued on 182,989 insured loans.

The credit balances of the 125 groups, from which participation payments are being made as insured loans are paid in full, amounted to $44,596,366 on December 31, 1948. On that date there were still in force in these group accounts approximately 373,381 insured mortgages on which the original face amount had been $1,661,225,968.

Title II: Housing Insurance Fund

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938 are liabilities of the Housing Insurance Fund which was established by the amendment to the National Housing Act approved on that date. Appraisal fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210 since February 3, 1938, are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses of the fund. However, in accordance with Section 207 (h) of the act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of such project, are applied to the mortgagee's certificate of claim and increment thereon, and any balance is credited to the Housing Insurance Fund. Prior to the enactment of the amendments to the National Housing Act of August 10, 1948, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of December 31, 1948 totaled $8,830,280, against which there were outstanding liabilities of $4,121,611. Operating reserves for possible future insurance losses and expenses in the amount of $536,766 had been established out of surplus, and the capital of the fund amounted to $4,171,903, making total capital and operating reserves of $4,708,669. Included in the capital and operating reserves is the sum of $1,000,000 which was transferred in accordance with Section 207 (f) of the act from appraisal fees collected under the Mutual Mortgage Insurance Fund.

STATEMENT 12.—*Comparative statement of financial condition, Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$271, 910. 16	$665, 587. 33	$393, 677. 17
Investments:			
U. S. Government securities (amortized)	4, 439, 429. 95	2, 438, 322. 43	−2, 001, 107. 52
Other securities (stock in rental housing corporations)	7, 050. 00	5, 850. 00	−1, 200. 00
Total investments	4, 446, 479. 95	2, 444, 172. 43	−2, 002, 307. 52
Loans receivable:			
Mortgage notes and contracts for deed	5, 958, 843. 32	5, 783, 765. 81	−175, 077. 51
Less reserve for losses	89, 383. 00	86, 756. 00	−2, 627. 00
Net loans receivable	5, 869, 460. 32	5, 697, 009. 81	−172, 450. 51
Accrued assets:			
Interest on U. S. Government securities	11, 649. 46	9, 366. 83	−2, 282. 63
Interest on mortgage notes and contracts for deed	14, 604. 72	14, 143. 94	−460. 78
Total accrued assets	26, 254. 18	23, 510. 77	−2, 743. 41
Total assets	10, 614, 104. 61	8, 830, 280. 34	−1, 783, 824. 27
LIABILITIES			
Accrued liabilities: Interest on debentures	81, 652. 99	54, 153. 01	−27, 499. 98
Trust and deposit liabilities:			
Excess proceeds of sale	99, 654. 16	106, 738. 02	7, 083. 86
Deposits held for mortgagors and lessees	36, 904. 91	22, 319. 65	−14, 585. 26
Total trust and deposit liabilities	136, 559. 07	129, 057. 67	−7, 501. 40
Bonds, debentures, and notes payable: Debentures payable (issued)	5, 938, 400. 00	3, 938, 400. 00	−2, 000, 000. 00
Total liabilities	6, 156, 612. 06	4, 121, 610. 68	−2, 035, 001. 38
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	284, 194. 13	536, 766. 04	252, 571. 91
CAPITAL			
Paid-in surplus (allocations from U. S. Government)	4, 173, 298. 42	4, 171, 903. 62	−1, 394. 80
Earned surplus (deficit −)			
Total capital	4, 173, 298. 42	4, 171, 903. 62	−1, 394. 80
Total liabilities, operating reserves, and capital	10, 614, 104. 61	8, 830, 280. 34	−1, 783, 824. 27

Net income of the Housing Insurance Fund during 1948, before adjustment of valuation and operating reserves, amounted to $249,945.

STATEMENT 13.—*Income and expenses, Housing Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	Feb. 3, 1938 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	Feb. 3, 1938 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$489, 129. 33	$83, 151. 52	$572, 280. 85
Dividends on rental housing stock	968. 32	122. 38	1, 090. 70
	490, 097. 65	83, 273. 90	573, 371. 55
Insurance premiums and fees:			
Premiums	4, 980, 397. 03	207, 170. 70	5, 187, 567. 73
Fees	529, 184. 90	24, 720. 00	553, 904. 90
	5, 509, 581. 93	231, 890. 70	5, 741, 472. 63
Other income:			
Profit on sale of investments	15, 942. 63		15, 942. 63
Miscellaneous income	18, 179. 00		18, 179. 00
	34, 121. 63		34, 121. 63
Total income	6, 033, 801. 21	315, 164. 60	6, 348, 965. 81
Expenses:			
Interest expense: Interest on debentures	75, 569. 45	−37, 889. 51	37, 679. 94
Administrative expenses: Operating costs (including adjustments for prior years)	6, 537, 620. 86	101, 928. 22	6, 639, 549. 08
Other expenses: Miscellaneous expenses	420. 00		420. 00
Losses and charge-offs: Loss on sale of acquired properties	46, 613. 77	1, 180. 98	47, 794. 75
Total expenses	6, 660, 224. 08	65, 219. 69	6, 725, 443. 77
Net income (or loss −) before adjustment of valuation and operating reserves	−626, 422. 87	249, 944. 91	−376, 477. 96
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−89, 383. 00	+2, 627. 00	−86, 756. 00
Reserves for contingent losses, expenses, and other charges	−284, 194. 13	−252, 571. 91	−536, 766. 04
Net adjustment of valuation and operating reserves	−373, 577. 13	−249, 944. 91	−623, 522. 04
Net income (or loss −)	−1, 000, 000. 00		−1, 000, 000. 00

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Balance at beginning of period			
Net income (or loss −) for the period	−$1, 000, 000. 00		−$1, 000, 000. 00
Total	−1, 000, 000. 00		−1, 000, 000. 00
Transfer from Mutual Mortgage Insurance Fund	1, 000, 000. 00		1, 000, 000. 00
Balance at end of period			

Investments

Section 207 (p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States, or with the approval of the Secretary of the Treasury used for the purchase of debentures issued under Section 207 and Section 204. During 1948, upon the request of the FHA, the Treasury redeemed at par $2,000,000 of 2-percent special United States Treasury notes and the proceeds were used to redeem, by call, $2,000,000 of series D 2¾-percent debentures. On December 31, 1948, the fund held United States Treasury bonds and notes in the amount of $2,438,322, as follows:

Investments of the Housing Insurance Fund, Dec. 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1955-60	2⅞	$948,783.28	$930,750.00	$938,322.43
1962-67	2½	1,500,000.00	1,500,000.00	1,500,000.00
Average annual yield	2.60	2,448,783.28	2,430,750.00	2,438,322.43

Property Acquired under the Terms of Insurance

No additional rental housing projects were acquired by the FHA Commissioner under the terms of insurance in 1948. Through 1948, a cumulative total of 16 rental housing projects and one mortgage note insured under the Housing Insurance Fund had been acquired, in exchange for which debentures and cash adjustments had been issued in the amount of $14,661,895. The 16 projects and the mortgage note had been sold at an estimated loss to the Housing Insurance Fund of $47,795.

In addition to the rental housing projects acquired under the Housing Insurance Fund, one Section 207 project, insured under the Mutual Mortgage Insurance Fund, had been acquired and sold at no loss to that fund.

STATEMENT 14.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1948*

	Sections 207-210		Total Housing Insurance Fund (16 projects and 1 mortgage note)
	(1 mortgage note)	(16 projects)	
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$2,989,981	$12,109,904	$15,099,885
Less commissions		4,539	4,539
Net proceeds of sales	2,989,981	12,105,365	15,095,346
Income:			
Rental and other income (net)		1,791,364	1,791,364
Mortgage note income	428,893	1,662,085	2,090,978
Total income	428,893	3,453,449	3,882,342
Total proceeds of sold properties	3,418,874	15,558,814	18,977,688
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,082,783	2,382,984
Additions and improvements		172,566	172,566
Equipment		39,094	39,094
Taxes, hazard insurance, and other expense	10	474,543	474,553
Repairs, maintenance, and operation		872,588	872,588
Settlement expense	2,491	15,688	18,179
Total expenses	3,232,884	15,388,975	18,621,859
Net profit before distribution of liquidation profits	185,990	169,839	355,829
Less distribution of liquidation profits:			
Certificates of claim	15,728	179,622	195,350
Increment on certificates of claim	1,789	15,077	16,866
Refunds to mortgagors	168,473	22,935	191,408
Loss to Housing Insurance Fund		47,795	47,795
Average loss to Housing Insurance Fund			2,811

[1] Analysis of terms of sales:

Terms of sales	Number	Cash	Mortgage notes	Sales price
Projects sold for cash	2	$3,062,401		$3,062,401
Projects sold for cash and mortgage notes (or contracts for deed)	13	228,789	$10,149,283	10,378,072
Projects sold for mortgage notes or contracts for deed only	2		1,659,412	1,659,412
Total	17	3,291,190	11,808,695	15,099,885

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and one mortgage note which had been sold under the Housing Insurance Fund through 1948 totaled $290,400. Net proceeds of sale had been sufficient to provide an excess for the full or partial payment of 14 certificates of claim, and the remaining 3 certificates of claim had been or will be canceled in full. The amount paid or to be paid on these certificates totaled $195,350, and the amount canceled, $95,050. In addition there were excess proceeds on 6 projects for refund to mortgagors in the amount of $191,408.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

Title VI: War Housing Insurance Fund

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by the amendment to the National Housing Act of March 28, 1941. Section 603 of Title VI authorizes the insurance of small-home mortgages (one- to four-family); Section 608 the insurance of mortgages on rental and group housing; Section 609 the insurance of loans to finance the manufacture of housing; and Section 610 the insurance under Sections 603 and 608 of any mortgage executed in connection with the sale by the Government of permanent war housing acquired or constructed with public funds under the Lanham Act and certain related war acts. Section 611, added to Title VI by an amendment approved August 10, 1948, authorizes the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of $5,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund, and any balance remaining in the fund after all Title VI expenses and insurance claims have been met will revert to the General Fund of the Treasury.

Limitation on Title VI Insurance Liability

As of December 31, 1948, Section 603(a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI shall not exceed $5,750,000,000, except that with the approval of the President such aggregate amount may be increased to $6,150,000,000. This limitation applies to insurance granted on mortgages insured under Section 603 for small homes; under Section 608 for rental housing projects; under Section 609 on loans to finance the manufacture of housing; and under Section 611 for group housing.

In addition to the above authorization, the act provides that the aggregate amount of principal obligations of all mortgages insured pursuant to Section 610 (mortgages insured under Section 603 or 608 in connection with the sale of Government housing acquired or constructed with public funds under the Lanham and certain related war acts) shall not exceed $750,000,000.

The status of the Title VI insurance limitation at December 31, 1948 was calculated as follows:

Status of Title VI insurance limitation

	Secs. 603, 608, 609, and 611	Sec. 610
Aggregate principal amount of obligations which may be insured under limitation as of Dec. 31, 1948	$5,750,000,000	$750,000,000
Amount chargeable against insurance limitation to Dec. 31, 1948:		
Mortgages insured	4,435,395,776	6,259,950
Less: Mortgages reinsured	195,238,548	
Net mortgages insured	4,240,157,228	6,259,950
Commitments for insurance	858,575,211	2,096,204
Less: Commitments for reinsurance	547,680	
Net commitments	858,027,531	2,096,204
Total chargeable against limitation	5,098,184,759	8,356,154
Unused insurance limitation	651,815,241	741,643,846

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of December 31, 1948, totaled $45,699,064, against which there were outstanding liabilities of $4,359,089. Operating reserves for possible future insurance losses and expenses had been established out of surplus in the amount of $36,339,975, and the fund had net capital of $5,000,000, making total capital and operating reserves of $41,339,975.

STATEMENT 15.—*Comparative statement of financial condition, War Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 13, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS			
Cash with U. S. Treasury	$9,519,170.11	$12,211,814.52	$2,692,644.41
Investments:			
U. S. Government securities (amortized)	13,500,000.00	17,045,851.34	3,545,851.34
Other securities (stock in rental housing corporations)	43,155.00	104,455.00	61,300.00
Total investments	13,543,155.00	17,150,306.34	3,607,151.34
Loans receivable:			
Mortgage notes and contracts for deed	16,469,191.64	14,045,467.82	−2,423,723.82
Less reserve for losses	288,211.00	245,795.00	−42,416.00
Net loans receivable	16,180,980.64	13,799,672.82	−2,381,307.82
Accounts and notes receivable	25.25	4,610.41	4,585.16
Accrued assets:			
Interest on U. S. Government securities	82,773.46	45,207.77	−37,565.69
Interest on mortgage notes and contracts for deed	57,879.95	48,511.74	−9,368.21
Total accrued assets	140,653.41	93,719.51	−46,933.90

STATEMENT 15.—*Comparative statement of financial condition, War Housing Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
ASSETS—Continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	$5,808,620.61	$2,938,503.20	−$2,870,117.41
Less reserve for losses	305,369.79	502,220.00	196,850.21
Net acquired security or collateral	5,503,250.82	2,436,283.20	−3,066,967.62
Deferred charges: Prepaid expenses	25,754.51	2,656.87	−23,097.64
Total assets	44,912,989.74	45,699,063.67	786,073.93
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	80,822.14	58,516.67	−22,305.47
Accrued liabilities: Interest on debentures	222,039.90	43,190.12	−178,849.78
Trust and deposit liabilities:			
Excess proceeds of sale	543,583.41	885,195.19	341,611.78
Deposits held for mortgagors and lessees	240,468.39	169,024.92	−71,443.47
Total trust and deposit liabilities	784,051.80	1,054,220.11	270,168.31
Bonds, debentures, and notes payable:			
Debentures payable (issued)	19,572,300.00	2,721,600.00	−16,850,700.00
Debenture claims in process	39,850.00	433,050.00	393,200.00
Total bonds, debentures, and notes payable	19,612,150.00	3,154,650.00	−16,457,500.00
Deferred and undistributed credits	83,343.04	48,511.74	−34,831.30
Total liabilities	20,782,406.88	4,359,088.64	−16,423,318.24
OPERATING RESERVES			
Reserves for contingent losses, expenses, and other charges	19,130,582.86	36,339,975.03	17,209,392.17
CAPITAL			
Paid-in capital (allocations from U. S. Government)	5,000,000.00	5,000,000.00	
Earned surplus (deficit −)			
Total capital	5,000,000.00	5,000,000.00	
Total liabilities, operating reserves, and capital	44,912,989.74	45,699,063.67	786,073.93
Contingent liability for certificates of claim on properties on hand	157,377.19	76,783.76	−80,593.43

Income and Expenses

During the year 1948 the fund earned $27,165,953 and had expenses of $9,802,127, leaving $17,363,826 net income before adjustment of valuation and operating reserves. After increasing the valuation reserves by $154,434, the net income for the year, amounting to $17,209,392, was added to the operating reserves for contingent losses, expenses, and other charges.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to December 31, 1948, amounted to $86,747,449 while cumulative expenses were $49,659,459, leaving $37,087,990 net income before adjustment of reserves. Valuation reserves were increased by $748,015, and the remainder, $36,339,975, was reserved for contingent losses, expenses, and other charges.

STATEMENT 16.—*Income and expenses, War Housing Insurance Fund, through Dec. 31, 1947 and Dec. 31, 1948*

	Mar. 28, 1941 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	Mar. 28, 1941 to Dec. 31, 1948
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$942, 317. 57	$378, 272. 91	$1, 320, 590. 48
Interest, other	−209, 924. 53	318, 463. 46	108, 538. 93
Dividends on rental housing stock	336. 75	153. 75	490. 50
	732, 729. 79	696, 890. 12	1, 429, 619. 91
Insurance premiums and fees:			
Premiums	40, 049, 097. 54	18, 230, 866. 07	58, 279, 963. 61
Fees	18, 638, 613. 43	8, 238, 196. 18	26, 876, 809. 61
	58, 687, 710. 97	26, 469, 062. 25	85, 156, 773. 22
Other income:			
Profit on sale of investments	152, 953. 13		152, 953. 13
Miscellaneous income	8, 101. 80	. 92	8, 102. 72
	161, 054. 93	. 92	161, 055. 85
Total income	59, 581, 495. 69	27, 165, 953. 29	86, 747, 448. 98
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	38, 551, 051. 44	9, 897, 167. 90	48, 448, 219. 34
Losses and charge-offs: Loss on sale of acquired properties	1, 306, 280. 60	−95, 040. 99	1, 211, 239. 61
Total expenses	39, 857, 332. 04	9, 802, 126. 91	49, 659, 458. 95
Net income before adjustment of valuation and operating reserves	19, 724, 163. 65	17, 363, 826. 38	37, 087, 990. 03
Increase (−) or decrease (+) in valuation and operating reserves:			
Reserve for loss on loans receivable	−288, 211. 00	+42, 416. 00	−245, 795. 00
Reserve for loss on acquired security or collateral	−305, 369. 79	−196, 850. 21	−502, 220. 00
Reserves for contingent losses, expenses, and other charges	−19, 130, 582. 86	−17, 209, 392. 17	−36, 339, 975. 03
Net adjustment of valuation and operating reserves	−19, 724, 163. 65	−17, 363, 826. 38	−37, 087, 990. 03
Net income (or loss −)			

Analysis of Earned Surplus (or Deficit −)

Balance at beginning of period			
Net income (or loss −) for the period			
Balance at end of period			

Investments

Section 605 (a) of Title VI contains a provision similar to that under Title II with respect to the investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During 1948 excess funds not needed for current operations were used to retire series H 2½-percent War Housing Insurance Fund debentures in the amount of $17,045,950 of which $17,022,050 were called for redemption and $23,900 were purchased from RFC.

In addition, $5,500,000 of special 2-percent United States Treasury notes were redeemed by the Treasury upon the request of the FHA and $9,000,000 principal amount of 2½-percent United States bonds, series 1967–72, were purchased, a net increase in holdings of $3,500,000 during the year. On December 31, 1948, the fund held United States securities in the total amount of $17,045,851, as follows:

Investments of the War Housing Insurance Fund, December 31, 1948

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2½	$400,000	$400,000	$400,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	12,646,875	12,600,000	12,645,851
Average annual yield	2.48	17,046,875	17,000,000	17,045,851

Properties Acquired under the Terms of Insurance

During the year the Federal Housing Administration acquired title, under the terms of insurance, to 116 small homes (187 units) insured under Section 603 and sold 732 (804 units). Through December 31, 1948, a total of 6,232 Section 603 properties (8,768 units) had been acquired at a cost of $32,060,381 (debentures and cash adjustments).

Through December 31, 1948, 5,807 properties (8,278 units) had been sold at prices which left a net charge against the fund of $1,211,999, or an average of $209 per case. There remained on hand for future disposition 425 properties having 490 living units.

STATEMENT 17.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1948*

	Sec. 603 (5,807 properties)	Sec. 608 (1 project and 1 mortgage note)	Total, Title VI (5,809 properties)
Proceeds of sales:[1]			
Sales price (or proceeds of mortgage note)	$31, 594, 575	$1, 338, 624	$32, 933, 199
Less commissions and other selling expenses	1, 081, 382		1, 081, 382
Net proceeds of sales	30, 513, 193	1, 338, 624	31, 851, 817
Income:			
Rebates, deficiency judgments, etc	49, 891		49, 891
Rental and other (net)	3, 215, 688		3, 215, 688
Mortgage note income	1, 835, 629		1, 835, 629
Total income	5, 101, 208		5, 101, 208
Total proceeds of sold properties	35, 614, 401	1, 338, 624	36, 953, 025
Expenses:			
Debentures and cash adjustments	30, 088, 142	1, 296, 210	31, 384, 352
Interest on debentures	2, 718, 420	16, 899	2, 735, 319
Additions and improvements	99, 286		99, 286
Taxes, water rent, hazard insurance, and other expenses	918, 667	2	918, 669
Repairs, maintenance, and operation	1, 936, 429		1, 936, 429
Furniture and equipment	90, 543		90, 543
Settlement expense		5, 184	5, 184
Total expenses	35, 851, 487	1, 318, 295	37, 169, 782
Net profit (or loss −) before distribution of liquidation profits	−237, 086	20, 329	−216, 757
Less distribution of liquidation profits:			
Certificates of claim	342, 859	19, 389	362, 248
Increment on certificates of claim	25, 112	181	25, 293
Refunds to mortgagors	606, 942		606, 942
Loss to War Housing Insurance Fund	1, 211, 999	[2] −759	1, 211, 240
Average loss to War Housing Insurance Fund	209		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	1, 675		$9, 403, 291		$9, 403, 291
Properties sold for cash and notes (or contracts for deed)	4, 008	2, 636	1, 473, 388	$20, 619, 525	22, 092, 913
Properties sold for notes only	126	1		1, 436, 995	1, 436, 995
Total	5, 809	2, 637	10, 876, 679	22, 056, 520	32, 933, 199

[2] Excess remaining to credit of War Housing Insurance Fund in accordance with Sec. 608 (d).

STATEMENT 19.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS			
Cash with U. S. Treasury		$1,000,000.00	$1,000,000.00
Total assets		1,000,000.00	1,000,000.00
CAPITAL			
Paid-in capital (allocation from U. S. Government)		1,000,000.00	1,000,000.00
Total capital		1,000,000.00	1,000,000.00

Administrative Expense Account

Since the establishment of the Federal Housing Administration in 1934 a separate account, known as Salaries and Expenses, Federal Housing Administration, has been maintained to reflect the receipt and disbursement of all moneys allocated for administrative expenses. Until the income of the insurance funds was sufficient to cover administrative expenses, allocations were made to this account by the Reconstruction Finance Corporation, in accordance with provisions contained in the National Housing Act and in subsequent appropriation acts. Since July 1, 1937, a portion of the allocations and since July 1, 1940, all allocations to salaries and expenses have been made from FHA insurance funds. The total capital of the salaries and expenses account as of December 31, 1948 amounted to $2,119,263.

STATEMENT 20.—*Comparative statement of financial condition, Administrative Expense Account, as of Dec. 31, 1947 and Dec. 31, 1948*

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease —
ASSETS			
Cash with U. S. Treasury	$5,087,185.34	$3,735,177.10	—$1,352,008.24
Accounts and notes receivable	72,120.04	55,387.63	—16,732.41
Commodities, supplies, and materials: Supplies held for use	100,245.67	84,017.73	—16,227.94
Land, structures, and equipment:			
Furniture and equipment	1,417,324.72	1,587,168.19	169,843.47
Less reserve for depreciation	736,691.67	820,452.73	83,761.06
Net furniture and equipment	680,633.05	766,715.46	86,082.41
Total assets	5,940,184.10	4,641,297.92	—1,298,886.18

STATEMENT 20—*Comparative statement of financial condition, Administrative Expense Account, as of Dec. 31, 1947 and Dec. 31, 1948*—Continued

	Dec. 31, 1947	Dec. 31, 1948	Increase or decrease −
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$1,434,846.54	$1,844,996.01	$410,149.47
Trust and deposit liabilities:			
General fund receipts in process of deposit	2,063.28	1,692.88	−370.40
Employees' payroll deductions for taxes, etc	655,424.58	675,346.02	19,921.44
Unexpended advance from National Housing Agency	42,692.43		−42,692.43
Total trust and deposit liabilities	700,180.29	677,038.90	−23,141.39
Total liabilities	2,135,026.83	2,522,034.91	387,008.08
CAPITAL			
Earned surplus (deficit −)	3,805,157.27	2,119,263.01	−1,685,894.26
Total capital	3,805,157.27	2,119,263.01	−1,685,894.26
Total liabilities and capital	5,940,184.10	4,641,297.92	−1,298,886.18

STATEMENT 21.—*Income and expenses, Administrative Expense Account, through Dec. 31, 1947 and Dec. 31, 1948*

	June 27, 1934 to Dec. 31, 1947	Jan. 1, 1948 to Dec. 31, 1948	June 27, 1934 to Dec. 31, 1948
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	−$4,812,516.56	$1,588,504.25	−$3,224,012.31
Other expenses: Depreciation on furniture and equipment	1,037,137.68	96,475.75	1,133,613.43
Losses and charge-offs: Loss (or profit−) on equipment	−29,778.39	914.26	−28,864.13
Total expenses	−3,805,157.27	1,685,894.26	−2,119,263.01
Net income (or loss−)	3,805,157.27	−1,685,894.26	2,119,263.01

Analysis of Earned Surplus (or Deficit-)

Balance at beginning of period		$3,805,157.27	
Net income (or loss−) for the period	$3,805,157.27	−1,685,894.26	$2,119,263.01
Balance at end of period	3,805,157.27	2,119,263.01	2,119,263.01

PART IV

OF THE

Second Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

PUBLIC HOUSING ADMINISTRATION

LETTER OF TRANSMITTAL

RAYMOND M. FOLEY,

Administrator, Housing and Home Finance Agency.

DEAR MR. FOLEY: I am submitting herewith the annual report of the Public Housing Administration for the year ending December 31, 1948.

Sincerely yours,

JOHN TAYLOR EGAN, *Commissioner.*

Chapter I

1948: SUMMARY OF OPERATIONS

The Public Housing Administration had responsibility in 1948 for six public housing programs in which the Federal Government had a direct financial interest either as the owner of the housing, as a maker of direct loans to public agencies for housing purposes, or as an agency entitled to receive net operating revenues.

At the start of the year, these six programs together amounted to 915,938 dwelling units in 5,014 housing projects.

Problems connected with the operation of this large stock of housing were the main concern of the Administration throughout the year. A highly significant development during 1948, however, was a marked reduction in the number of housing units in PHA programs. One program, that of the Defense Homes Corporation, was concluded during the year. Other programs were reduced through disposition actions. The net effect of disposal activities was to remove nearly 200,000 housing units from the PHA work load during the year.

At the year's end, the five remaining programs embraced 716,156 units in 3,517 projects.

Purposes of the programs

Although all PHA programs are characterized by public ownership or operation of the housing involved, they vary in scope and purpose. All but one—the United States Housing Act program—are due to be liquidated by eventual disposal of holdings. This work was advanced during 1948. The United States Housing Act program, on the other hand, is a permanent program and the major peacetime responsibility of PHA. Its purpose is to help local housing authorities to clear slums and to build and operate low-rent housing for low-income families who could not otherwise obtain decent, safe, and sanitary housing.

Of the short-term programs, three owe their origin to the nation's urgent wartime housing needs. The public war housing program, developed under the Lanham Act, is the major program in this group. Under it, both permanent and temporary housing were built by the Federal Government to house war workers. Since the war, veterans have been given preference in this housing. The permanent war housing must be disposed of by sale to private purchasers or otherwise and the temporary war housing be removed. The Defense Homes Corporation program, initiated by the Federal Loan Administrator and later transferred to PHA's predecessor agency for administration and liquidation, consisted of permanent housing built in certain congested areas during the defense emergency. All DHC properties have been disposed of and the corporation's affairs are now in the hands of the Reconstruction Finance Corporation. The third program in the wartime group is the homes conversion program, inaugurated by the Home Owners' Loan Corporation and transferred to PHA's predecessor in the consolidation of Government housing agencies early in the war. The housing in this program is privately owned but leased to the Government which converted the properties into accommodations for war workers.

Another program—the veterans' reuse housing program—was created immediately after the war to provide temporary relief to veterans who were unable to find housing because of the postwar housing shortage. This purpose was achieved primarily by reusing surplus Government-owned temporary structures by relocating them and converting them into veterans' dwellings.

One PHA program dates back to the economic emergency of the 1930's. This is the subsistence homesteads and Greentowns program, formerly administered by the Farm Security Administration and later transferred to PHA's predecessor. Virtually all of the homesteads have been disposed of and plans are proceeding for sale of the three Greentown communities.

Integrated administration

As may be seen, each of the programs was created in response to a particular pressing problem. Although the programs are diverse in many respects, they are administered by PHA through an integrated organizational structure based on functions common to all, principally management and disposition. This organization avoids the duplication which would result from a series of parallel organizations devoted exclusively to one program and results in substantial economies.

The organization became more tightly knit during 1948 as the result of an internal reorganization which centralized in PHA's central office in Washington many of the functions and duties formerly performed by regional offices. The regional offices themselves were abolished. Field work necessary to the programs is now handled by ten small field offices located in New York, Philadelphia, Chicago, Detroit, Richmond, Atlanta, Fort Worth, San Francisco, Seattle, and Los Angeles.

Operating earnings are adequate to meet administrative expenses for all programs. The only appropriated funds required annually are those needed to make the annual contributions to the operation of the low-rent housing projects under the United States Housing Act.

The role of local agencies

PHA follows the policy of carrying out its operations wherever possible through local housing authorities. These are local public bodies, created by the local governing body of a community under State enabling statutes.

Local housing authorities were originally established to participate in the United States Housing Act program. During the war, however, they proved to be useful instrumentalities for meeting emergency housing needs on the local level. In the Lanham Act program, for instance, many local authorities undertook responsibility for managing the Federally owned war housing projects under lease arrangements with PHA. Local authorities also sponsored many of the veterans' reuse housing projects.

Only five States—Iowa, Kansas, Oklahoma, Utah, and Wyoming—have no legislation of any kind permitting establishment of local housing authorities. Two other States, Maine and South Dakota, have laws authorizing local authorities to engage in war housing programs only. The 41 other States and the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands have statutes authorizing local authorities to participate in the low-rent housing program. These States include about 93 percent of the population of the continental United States.

In total, about three-fifths of the housing in all PHA programs is managed by local housing authorities. Ninety-nine percent of the low-rent housing, 62 percent of the war housing and 25 percent of the veterans' reuse housing is managed by the local housing authorities.

At the end of March 1948, there were 482 local housing authorities assisting in operation of PHA programs. They served a total of 589 urban localities. Authorities were active in 82 percent of the cities with a population of 100,000 or more. More than three-fourths of the localities served, however, had populations of less than 50,000.

Results of operations

There are three major phases involved in the housing programs administered by PHA. These are the development phase, which includes the planning and construction of the housing, the management phase when it is occupied and in use, and the disposition phase in the programs where this is applicable.

Development activities were not extensive during 1948. No new authority was granted during the year for developing new permanent housing. The only development actions were concerned with completion of the veterans' reuse housing program and development work connected with the five low-rent housing projects which were in preconstruction or construction stages during the year.

Management activity, on the other hand, continued at a high level in all programs. Although much of the housing was managed by local housing authorities and other local groups, PHA exercised management supervision to assure that its standards were complied with and that the purposes of the various programs were carried out. In projects managed directly by PHA, the Administration was concerned with the details of operations. Direct management responsibilities were incurred in connection with 117,676 active units in PHA programs at the end of the year and indirect management responsibilities affected 550,988 active units.

For all programs, veterans and servicemen occupants totalled 392,550 at the end of the year, representing about 61 percent of all occupied units. The proportion was highest, of course, in veterans' reuse housing, which showed a veteran and serviceman occupancy of 98 percent. In war housing, veterans and servicemen were 61 percent of all occupants and in low-rent housing they were 35 percent.

The extent of disposition activity during the year is reflected by the net reduction in 1948 of about 200,000 units in all programs.

Chapter II

UNITED STATES HOUSING ACT PROGRAM

The United States Housing Act program remained relatively stable in size through 1948. With the authorizations of the 1937 statute to provide Federal aid to local low-rent housing long since committed, it was impossible for PHA to enter into any new assistance contracts. The sole development activity during the year was in connection with five projects which had been programmed before the war but not constructed. Reactivation of three of these projects was made possible by the use of local supplementary funds which were required in excess of the Federal commitment. Construction of 153 other deferred projects continued to be blocked by the high level of construction costs which prevented building within the cost limits set in the Act. Except for this small amount of development work, the year's activities were concentrated on management aspects of the continuing program of 190,882 active units in 632 projects.

The active USHA program may be classed in three categories, according to the origin of the projects. Those developed by local housing authorities under the original United States Housing Act of 1937 are known as Public Law 412 projects. Those built under the wartime legislation authorizing use of low-rent housing funds for projects used to house war workers during the emergency are known as Public Law 671 projects. All but eight of these projects consisting of 1,854 units had been converted to low-rent use by the close of 1948. The third group consists of projects built by the Public Works Administration before enactment of the United States Housing Act and now administered as part of the USHA program. The size of these component parts of the program is shown in the table below.

Active United States Housing Act program, as of Dec. 31, 1948

	Projects	Units
Public Law 412	[1] 387	[1] 120.953
Public Law 671	199	51.250
PWA	50	21,604

[1] Includes 1,502 units in 4 projects under construction and 1,423 undeveloped units in 8 rural projects.

The inactive portion of the program consists of 153 projects of 20,921 units which are classed as deferred.

Extent of Federal aid

Under the United States Housing Act, the PHA is authorized to provide financial assistance to communities to provide housing for "families * * * in the lowest income group * * * who cannot afford to pay enough to cause private enterprise * * * to build an adequate supply of decent, safe, and sanitary dwellings for their use." This assistance takes two forms. One is loans to local housing authorities to cover up to 90 percent of the capital cost of developing projects. The other is an annual contribution, or subsidy, to help cover the difference between operating income and the operating and amortization costs. The purpose of these yearly payments is to enable the authorities to keep rents within the means of low income families.

Excluding the PWA projects which were financed directly by the Federal Government and all other projects not yet permanently financed, the PHA has entered into loan and annual contribution contracts for 315 permanently financed PL 412 projects with a total development cost of $464,241,278. While loan commitments were made in maximum amounts reflecting 90 percent of development costs, the Federal Government actually has currently outstanding loans totaling only $284,185,000, or about 61 percent of total development costs. This was made possible by the ability of local housing authorities to finance more than the required 10 percent from other sources at more favorable terms than offered by Federal loans. In fact, 100-percent private financing has been obtained for six projects since the war. The low interest rates on private loans in turn reduce the cost of amortizing the projects. This directly affects the amount of annual contribution required from the Federal Government to bridge the gap between rental income and the expense of operating and paying for the projects.

The annual contributions are paid in cash from annual appropriations. Under the Act, the maximum contribution payable in any one year is set by applying the going Federal rate of interest at the time the assistance contract is made plus 1 percent to the project development cost. The actual amount paid is restricted to the actual need for such contributions each year. Under existing contracts for permanently financed Public Law 412 projects in 1948, the maximum annual contributions which could have been paid if needed amounted to $14,782,065. During 1948, however, the actual contributions paid amounted to only $3,311,646.07, or 22 percent of the maximum commitment. This represents a contribution of $2.79 a month for each dwelling unit. The low level of Federal annual contributions paid during the year is primarily a reflection of the relatively high level of tenant incomes which enabled them to pay more rent than otherwise would be the case.

It should be pointed out that local contributions to the operation of the projects are required in addition to the Federal contribution. The local contributions are in the form of tax exemption and must be at least 20 percent of the Federal contribution actually paid.

Development activity

At the beginning of 1948, a total of 157 projects containing 23,150 units were classed as deferred. Included in this total were 102 urban developments of 16,690 units and 55 rural projects with 6,460 units. These projects were programmed before the war but construction was postponed during the emergency.

When wartime controls were dropped, these deferred projects theoretically could have been reactivated since the Federal loan funds were earmarked and available for them. Local housing authorities soon discovered, however, that they could not go ahead with their deferred projects because building costs had risen above the maximum permissible cost for dwelling facilities set by the 1937 Act. These limits were established at $4,000 per unit or $1,000 per room for projects in cities of less than 500,000 population and $5,000 per unit or $1,250 per room in cities of more than 500,000 population. By the end of 1948, building costs had risen more than 100 percent above their 1937 level, effectively blocking reactivation of deferred projects.

On July 31, 1947, Public Law 301, Eightieth Congress, was approved authorizing construction of deferred projects regardless of the statutory cost limits provided the excess costs were paid by the State or local political subdivision. The reactivation of only one deferred project was begun in 1947. This was a 232-unit project in Milwaukee, put under construction in 1948, which required a local capital commitment of $1,145,988, representing about 41 percent of the estimated total development cost. The Federal loan commitment for this project was $1,607,000.

During 1948, two other deferred projects were reactivated under the provisions of Public Law 301. They comprised 1,990 dwelling units to be constructed at an estimated total development cost of $23,374,000. The Federal loan commitments for these two projects amounted to $12,581,000, which left $10,793,000 or approximately 46 percent to be raised locally. Federal and local commitments for each of these projects are shown in the following table:

Project No.	Name and location	Number of units	Federal commitment	Local commitment	Total development cost
Ill 2-9	Dearborn Homes, Chicago, Ill.	800	$4,860,000	$4,964,000	$9,824,000
N.Y 5-8	Jacob Riis Homes, New York, N.Y.	1,190	7,721,000	5,829,000	13,550,000
Wis 2-1	Hillside, Milwaukee, Wis.	232	1,607,000	1,145,988	2,752,988

In addition to the three projects reactivated pursuant to Public Law 301 and put under construction in 1948, construction was begun on two other deferred projects located in the cities of Ponce and San Juan, P. R., consisting of 280 and 200 dwelling units, respectively.

Jacob Riis Homes in New York was 97 percent occupied by the end of the year and construction was under way on the other projects.

Removal of ineligible families

The stated purpose of the United States Housing Act is to assist in providing housing for families "in the lowest income group." This purpose implies a responsibility to see that only members of this group are admitted to projects and that they remain only as long as they are actually low-income families. A system of income limits, both for admission and continued occupancy, is established locally for each project, subject to PHA approval, to assure compliance with this requirement. In ordinary circumstances, tenant families whose incomes rise above the permissible maximum are required to move immediately to make way for eligible low-income families.

The general rise in family incomes during the war years affected families in low-rent projects as well as others. Many of them consequently became ineligible for continued occupancy. Wartime conditions, however, made it impractical to remove them, both because rent control regulations prohibited removal in many cases and because enforced removals would have had a disruptive effect on war production in which thousands of these families were engaged. This was generally true in the Public Law 412 projects built before the war. The Public Law 671 projects, of course, were devoted to housing war workers during the war years and were not subject to income limits during that period.

The situation was equally difficult in the years just after the war. A considerable number of ineligible families were still living in the Public Law 412 projects, but removing them was extremely difficult in the face of widespread housing shortage. At the same time, the Public Law 671 projects began to be converted from war use to low-rent use. Many families who had been eligible occupants as war workers became ineligible when the new income limits went into effect.

Although the stringent housing shortage made summary removal of these ineligible families difficult, PHA and the local housing authorities felt they had no alternative under law but to make every possible effort to remove all the ineligibles. In order to minimize hardship, a plan was adopted in 1947 which would have spread removals over a period of time, avoiding mass evictions and giving each ineligible tenant at least six months and usually longer to locate another home. This plan was interrupted shortly after its inception, however, by passage of Public Law 301, Eightieth Congress, on July 31, 1947. This Act restricted initiation of court actions to evict tenants ineligible because of excess income unless the local housing authority determined that it would not result in undue hardship for the occupants or other housing facilities were available to them. This restriction was originally enacted to remain in force until March 1, 1948, but was later extended to April 1, 1949.

As a result of this Federal law, very little progress was made in removing the ineligibles. Meanwhile, incomes kept on rising, adding new families to the roster of ineligibles.

The statutory barrier to evictions finally was lifted by the Special Session of the Eightieth Congress. In the Housing Act of 1948 (Public Law 901), approved August 10, 1948, Congress reaffirmed the right of PHA or local housing authorities "to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered * * *." This enactment in effect repealed the limitation set forth in Public Law 301 and restored the conditions of occupancy as provided in the United States Housing Act and embodied in assistance contracts and lease agreements with local housing authorities.

The Commissioner of PHA thereupon notified local housing authorities of the action of Congress and advised them that continued occupancy by families whose incomes exceeded approval limits would constitute a violation of their contracts unless a waiver of the contract provisions was granted by PHA. At the same time, he urged the authorities to renew their efforts to carry out orderly removal programs.

The full effect of this renewed activity, of course, would not be felt until after the close of 1948. The extent of the problem and the progress made toward meeting it under the handicaps experienced during the year are shown in the table below.

Percent of tenants in United States Housing Act developments ineligible and progress in removal[1] during 1947 and 1948

Month	Families ineligible at end of month			Change in list of ineligibles during month		Cumulative notices to vacate served	Average excess income of high income tenants served vacate notices during month
	Number	Percent of all families in reporting developments	Average anticipated net annual income	Number added	Number removed		
December 1948	42, 701	24	$3, 365	1, 640	1, 893	39, 594	$1, 240
November	43, 169	24	----------	1, 621	2, 862	37, 888	----------
October	43, 677	25	----------	1, 521	1, 946	35, 157	----------
September	45, 404	25	3, 304	2, 385	2, 230	33, 880	845
August	45, 053	25	3, 296	1, 909	2, 269	31, 949	906
July	43, 828	25	3, 276	1, 827	2, 562	29, 633	862
June	41, 714	25	3, 239	2, 145	2, 794	27, 019	878
May	43, 547	25	3, 195	2, 293	2, 493	25, 751	831
April	43, 525	25	3, 177	1, 978	2, 409	24, 197	803
March	42, 817	25	3, 122	3, 849	2, 536	22, 396	818
February	42, 182	24	3, 145	1, 549	1, 938	20, 616	814
January	43, 001	24	3, 166	1, 694	1, 895	19, 298	895
December 1947	43, 889	25	3, 138	1, 563	1, 791	17, 797	955
November	43, 949	25	3, 134	1, 673	1, 966	15, 713	999
October	42, 576	25	3, 135	1, 470	2, 267	12, 650	1, 117
September	41, 560	25	3, 086	2, 198	2, 680	10, 808	1, 236
August	42, 290	26	3, 095	1, 481	2, 437	9, 179	1, 347
July	44, 226	26	3, 074	3, 326	4, 185	6, 461	1, 532
June	44, 783	28	----------	----------	----------	----------	----------
March	47, 577	29	----------	----------	----------	----------	----------
December 1946	39, 790	25	----------	----------	----------	----------	----------

[1] Monthly data not available until July 1947; reporting coverage varies from month to month; data prior to July 1947 cover only tenants ineligible because of excess income; Public Law 671 developments excluded for months during which still in war use.

Occupancy

As vacancies occurred, through removal of ineligible tenants and otherwise, eligible low-income families were admitted, with preference generally being given to families of veterans and servicemen.

The income trends of new admissions into urban continental projects showed some increase over the preceding year. The median net annual income anticipated by families moving into Public Law 412 and PWA projects during 1948 was $1,502 which was nine percent above the 1947 median. For families moving into Public Law 671 projects in low-rent use, the median net annual income anticipated was $1,710 or a change of only two percent over the preceding year.

The median monthly rental for families admitted to the Public Law 412 and PWA projects during 1948 was $26.84 including utilities and $31.06 including utilities in the Public Law 671 projects in low-rent use.

The average size of families moving into all low-rent projects was reported as 3.4 persons.

Payments in lieu of taxes

The United States Housing Act requires that local governments must make annual contributions to the operation of low-rent projects amounting to at least 20 percent of the annual Federal contribution paid. This local contribution may, and uniformly does, take the form of tax exemption for the projects as provided by State statutes. In practically all cases, the value of local tax exemption is much more than 20 percent of the Federal contribution. At the same time, local governments must provide all customary services to the projects such as school facilities, police and fire protection, street and sewer maintenance, and other services which represent an expense to it.

As experience with the program demonstrated that the local contributions were exceeding the amounts required, the practice was adopted of authorizing local housing authorities to make certain payments in lieu of taxes to the local taxing bodies as at least partial compensation for services rendered. Some cooperation agreements between local authorities and their local governments provided or were amended to provide for these payments. Some agreements set payments at percentages of annual shelter rents, ranging from 2 to 5 percent, or equivalent dollar amounts. Other agreements made no mention of payments in lieu of taxes.

Later on, in the light of accumulating experience, supplemental or increased payments up to a limit of 10 percent of shelter rents were authorized, including the amounts set by contracts. These payments, however, could not reduce the value of the local contribution to less than 20 percent of the actual Federal contribution plus 10 percent of the maximum Federal contribution. This formula established a margin of safety assuring that payments in lieu of taxes above contracted amounts could be made only if the local contributions were at least 50 percent greater than required by law.

In appropriating funds to PHA for annual contributions for the fiscal year beginning July 1, 1947, Congress included in the appropriation act a proviso that "no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority." An identical proviso was included in the appropriation act for the fiscal year beginning July 1, 1948.

Financial policies of local authorities

During the latter months of 1947, the Commissioner had established a committee to examine the existing policies on accumulation of reserve funds by local housing authorities. These reserves are designed to cover repairs, maintenance, replacements, vacancy and collection losses, and other expenses which could reasonably be expected to occur during the anticipated 45- to 60-year life of low-rent housing projects.

When the committee began its work, it soon concluded that the establishment of reserves was too closely related to other budgetary policies of local housing authorities to be isolated for examination. It was necessary also to consider such matters as estimates of average annual expenses, rent schedules, and annual budgets. Consequently, the scope of the committee's activities was broadened to include these subjects and to make a thorough evaluation of the decade of experience gained in the United States Housing Act program.

The committee completed its work early in 1948 and made certain recommendations for policy changes to the Commissioner, which he approved on March 19, 1948. These are described below.

1. *Estimates of average annual expense.*—At the beginning of the USHA program, local authorities were required to estimate annual expense for the whole life of a project so that constant rents could be maintained which would meet expenses with the help of no more than the maximum Federal contribution. This policy later was changed to call for two estimates, one for the first 10 years of the project's life and another for the remainder.

The committee observed that this policy was useful and valid only if operating cost levels remained constant. Even during the relatively short period for which the program has been in operation, however, some costs have risen as much as 100 percent, demonstrating the difficulty in making long-range estimates.

The committee therefore recommended that average annual expense estimates be made for 5-year periods in order to obtain realistic estimates which could be used in establishing rent schedules and controlling local authority annual budgets.

2. *Estimates of average annual rent.*—A similar recommendation was made by the committee on estimates of average annual rent. This estimate, too, formerly had been prepared as a level average rent for the entire life of the project. The changed policy now calls for a 5-year estimate based on a schedule of rents appropriate for the income group which the local authority proposes to house.

These rents are to be fixed to require the lowest Federal contribution consistent with achieving the program's objectives. In the early years of a project's life, the schedules are to require substantially less than the maximum contribution so that in later years, when repair, maintenance, and replacement expenses are higher, no material increases in rents will be required.

3. *Operating reserves.*—Two major reserve funds were maintained in the past for low-rent projects. These were a reserve for repairs, maintenance, and replacements and a reserve for vacancy and collection losses. Both reserves were established as a matter of business

prudence to cover costs which might be incurred in years when expenses were above normal or income was below normal. Both of these reserves were set up on the basis of estimates covering the full life of the projects.

Since both of these reserves were concerned with anticipated operating expenses, it was decided to combine them into one reserve to be known as the operating reserve. Furthermore, a ceiling was set on the size of this single reserve, limiting it to an amount equal to one-half of the annual operating expense of a project as shown in its 5-year estimate of average annual expense.

For existing locally owned projects, the reserve accumulations are to be reduced to the new amount in a single reserve over a 5-year period. Reserves held for Federally owned projects were reduced in one step in the 1949 fiscal year. New projects would build up their reserve to the maximum over a 5-year period.

Previous reserves were estimated to amount to $38,151,000 for project fiscal years ending in 1948. Under the new policy, they will be reduced by the end of 1953 to $22,782,000, a reduction of 41 percent in the 5-year period.

4. *Working capital reserve.*—The working capital reserve was established for locally owned projects to provide funds for certain operating costs which must be prepaid (such as insurance premiums) to obtain the most favorable prices. For local authority fiscal years ending in calendar year 1947, these reserves totaled $3,127,000. The committee recommended continuing the already established policy of eliminating this reserve wherever contractual commitments would permit, with a consequent reduction in development cost and a corresponding saving in annual contributions for the life of the project.

The effect of the new policies initiated as a result of this reexamination of the financial arrangements of local housing authorities cannot be measured until the close of the fiscal year on June 30, 1949.

Chapter III

PUBLIC WAR HOUSING PROGRAM

The public war housing program consists of Federally owned housing, both permanent and temporary, built under the terms of the Lanham Act and related legislation for the primary purpose of housing in-migrant war workers in congested military and war production centers during the war. Statutory responsibility for the development, management, and disposal of this housing is vested in the Administrator of the Housing and Home Finance Agency. The PHA carries out these responsibilities under authorities delegated to it by the Administrator and under policies he establishes.

Since the end of the war, veterans, servicemen, and their families have been given preference in filling vacancies in war housing remaining in active use. Tenants originally admitted as war workers, however, have been allowed to remain in the demobilization period. Veterans also enjoy preferences in sales of permanent war housing.

Because national policy calls for the Government to divest itself of its interests and responsibilities in this emergency program, activities under it during 1948 were confined to management of units remaining in active use and disposition of terminated units. The total program was reduced by 61,094 units in 1948 as a result of disposition activity.

Management activity

At the close of 1948, there were 318,264 war housing units under active management, as compared with 361,802 on January 1, 1948. Of those under management at the end of the year, 304,729 were family dwelling units, including 141,884 permanent and demountable units and 162,845 temporary family dwelling units. In addition, there were 6,531 dormitory units under management and 7,004 stopgap units of various types including trailers.

At the same time, a total of 20,919 temporary, dormitory, and stopgap units were carried under inactive management. That is, the units had been terminated and occupancy intake had been halted pending disposal of the units.

Occupancy in war housing continued at high levels throughout the year. At the end of 1948, occupancy was estimated at 99 percent for the permanent family dwelling units and 95 percent for the temporary family dwelling units.

Disposal of permanent war housing

The war housing program has included 191,117 permanent and demountable dwelling units subject to disposition. About 30,805 of these units were disposed of before 1948, leaving a total disposition work load of 160,312 such units at the start of 1948. Some 17,846 permanent units were disposed of by various means through the year, reducing the disposition work load to 142,466 permanent units.

This housing, located in nearly every State of the Union, consists of a wide variety of physical types and sizes ranging from single detached units to large multiple-dwelling structures. Section 301 of the Lanham Act requires that it "shall be disposed of as promptly as may be advantageous under the circumstances and in the public interest."

The policies governing disposal of permanent war housing in 1948 were promulgated by the HHFA Administrator on August 27, 1947, in his Public Regulation No. 1. The regulation stresses encouragement of home ownership, especially by veterans. To achieve this purpose, the regulation provides that all permanent war housing projects offered for sale shall be subdivided to the smallest feasible offering. Wherever possible, individual units are offered for sale to individual purchasers who will use the units themselves. Because of the nature of the projects, however, it is not always possible to subdivide to this extent. In some cases, entire developments must be offered for sale as entities.

The regulation also established three categories of preferred purchasers. In the order in which they have priority, they are:

1. Veterans living in a unit to be sold who intend to continue occupying the unit after purchase.
2. Veterans who intend to occupy a dwelling to be sold.
3. Nonveterans living in a unit to be sold who intend to continue occupying the unit after purchase.

In cases in which nondivisible multiple-unit structures are offered for sale, structures containing up to four units may be sold to a preferred purchaser who intends to occupy one of the units or to groups of preferred purchasers.

All sales to preferred purchasers are made at fixed prices based on the long-term value or use of the property as determined by PHA after competent fee appraisal and after review of the FHA valuation for mortgage insurance. Projects which cannot be disposed of to preferred purchasers at fixed prices may be offered for sale to investors on a competitive bidding basis. Under section 610 of the National Housing Act, the Federal Housing Administration is authorized to insure mortgages by approved lenders for up to 90 percent of the appraised value of the property.

Two important changes were made in Public Regulation No. 1 during 1948. One related to the sales price set for sales to veterans of structures containing up to four units and the other pertained to disposal of vacant land in Lanham Act projects.

The new section on sales prices to veterans provides: "Whenever the preferred purchaser is a veteran buying a dwelling containing not more than four-family dwelling units, the purchase price shall not exceed the apportioned cost of such dwelling and of the land and appurtenances allocated thereto, together with the apportioned share of the cost of all utilities and other facilities provided for and common to the project of which such dwelling is a part." In other words, the sales price in these cases shall be either the fair market value or the prorated cost of the building, whichever is lower. This change in the regulation was made pursuant to legislation enacted during the year (Public Law 689, Eightieth Congress) to cover a few Lanham Act projects in which the appraised value resulted in sales prices higher than the original cost of the project.

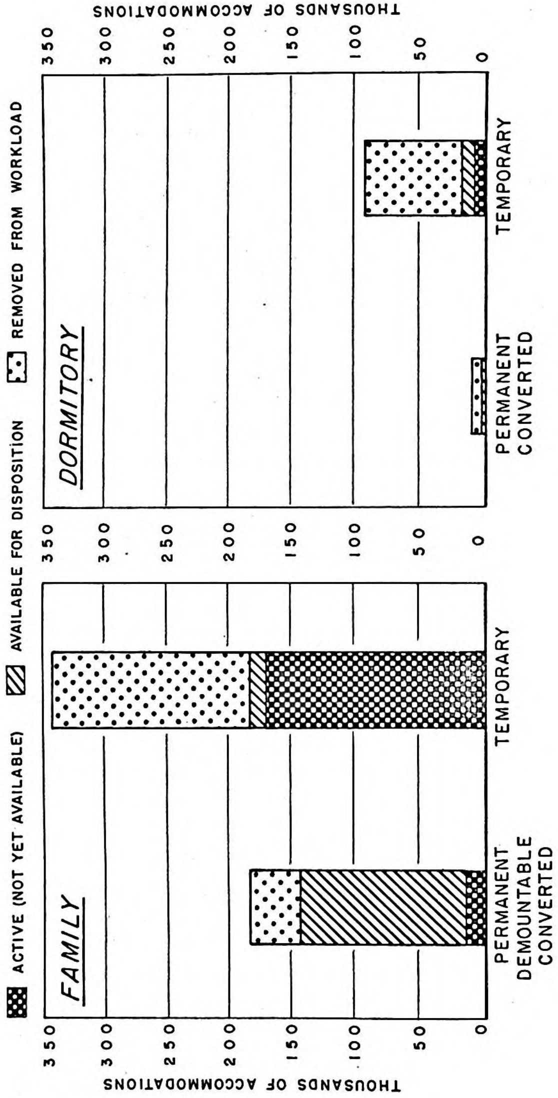
The amendment of Public Regulation No. 1 affecting disposal of vacant land was promulgated on December 23, 1948. Prior to the change, vacant land no longer needed by PHA was declared surplus to the War Assets Administration for appropriate disposal. The amendment, occasioned by the impending termination of WAA's functions, established the following procedure: "The PHA shall make such inquiry among other Federal agencies as it deems appropriate under the circumstances concerning their need for such land, and a first preference in its disposition may be given to such agencies. Vacant land which is disposed of other than by transfer to Federal agencies shall be sold through competitive bidding after public advertisement."

If a State or local governmental agency requests the land, it may be sold or transferred to it at full market value without advertisement or competitive bidding. If the land is a part of a project being subdivided for sale and is suitable for development as residential sites, the land can be sold to veterans at prices based on its long-term value.

PHA continued to encounter many problems in its efforts to dispose of permanent war housing under Public Regulation No. 1. Such problems, of course, could be expected to arise in a program involving so many interests. In actual practice, the "public interest" mentioned by the Lanham Act resolved itself into a diversity of interests. The Government's foremost interest is in disposing of its holdings expeditiously, equitably, and with due regard for its obligation to obtain a fair return. The community concerned also has a strong in-

831481—49——22

DISPOSITION OF PUBLIC WAR HOUSING ACCOMMODATIONS
STATUS BY TYPE OF ACCOMMODATION
AS OF DECEMBER 31, 1948



located. The only legislation enacted as a result, however, related to certain veterans' temporary housing projects operated by educational institutions. (See chapter IV.)

Emergency housing at Vanport

On May 30, 1948, flood waters of the Columbia River broke the protecting dikes around Vanport City, Oreg., and completely destroyed this Lanham Act war housing community managed by the Portland Housing Authority. About 18,000 residents of the project were made homeless by the disaster.

At its peak Vanport was the largest temporary development in the war housing program. It housed about 42,000 persons engaged in shipbuilding and other war industry in the Portland-Vancouver area and was the second largest city in Oregon. After the war, some 3,000 units were moved from the project to other West Coast communities for reuse in the veterans' temporary housing program. Other structures were transferred to Vanport College, an institution offering education to veterans. When the flood struck, PHA acted immediately to aid the homeless families. Several hundred refugee families were given shelter in other temporary projects in the Portland area. In cooperation with the Federal Works Agency, which administers Federal disaster relief funds, PHA moved 507 stop-gap units into the area.

On June 11, the President signed Public Law 624, authorizing HHFA to spend up to $10,000,000 of Lanham Act reserve funds for emergency housing for the flood victims. Twelve days later, refugees began moving into the first of the 1,586 accommodations to be provided under the emergency authorization. More than 600 of these units were occupied at the end of 1948.

Some of the trailers proved inadequate for the larger refugee families, however, and steps were taken to provide better accommodations for them through conversion of barracks on Swan Island into 102 temporary family dwellings. Expenditure of $329,000 was authorized for this work and PHA authorized work to proceed on December 17. These units were slated to be completed and ready for occupancy in March 1949.

Chapter IV

THE VETERANS' REUSE HOUSING PROGRAM

Construction activities were virtually completed in 1948 in the veterans' reuse housing program, a program which provided more than a quarter million temporary housing accommodations for veterans, servicemen, and their families in a time of acute housing shortage.

This program was authorized by Congress in late 1945 and early 1946, in amendments adding a new Title V to the Lanham Act. The purpose of the program was to alleviate the distress of homeless veterans seeking to reestablish themselves in civil life. The method was to reuse various types of surplus Government-owned temporary structures, moving them to new sites where necessary and remodeling them into temporary accommodations for use until occupants could find permanent housing.

Authority to carry out this program was delegated to PHA by the Administrator of the Housing and Home Finance Agency. Under his policies, PHA allocated available temporary structures to public bodies and educational institutions which were the local sponsors of the emergency projects. These local groups provided sites for the housing and operated the converted units under standards established by PHA to assure compliance with the purposes of the authorizing statutes.

Most of the units in the program were completed and made ready for occupancy in 1947. By the start of 1948, 232,000 accommodations had been completed. During 1948, conversion work on the remaining portions of the program brought all but 2,700 accommodations to completion.

Since the housing needs of veterans who were attending colleges and universities to complete educations interrupted by the war represented a special area of need, more than half of the entire program—almost 150,000 accommodations—was alloted to these institutions.

The cost of relocating and converting over 181,000 accommodations, about two-thirds of the entire program, was paid by the Federal Government from funds appropriated for the purpose. For the remainder, however, the Government simply furnished the structures and the expenses of making them ready for reuse were borne entirely by the local sponsors.

Since this housing is temporary and of an emergency nature, it is subject to the same removal requirements as other temporary housing provided under terms of the Lanham Act. Legislation in effect at the end of 1948 required this removal to be accomplished by January 1, 1950, unless the HHFA Administrator determines, in consultation with the community concerned, that the housing was required for use for a longer period. If he finds such a need to exist, he may extend the use for a year at a time, reporting his reexaminations of need and extensions to Congress.

The McGregor Act

The major development affecting the veterans' reuse housing program during 1948 was enactment on June 28 of Public Law 796, Eightieth Congress, known as the McGregor Act. This law authorized the Government to relinquish all its contractual rights and interest in certain veterans' temporary housing projects operated by educational institutions on lands which they owned or controlled. Under certain conditions, the Government could also exempt these projects from the removal obligation of the Lanham Act.

The law placed the initiative for obtaining a relinquishment upon the eligible institutions themselves. It provided that they could apply for relinquishment simply by furnishing appropriate evidence that the projects involved were on lands which they owned or controlled, showing that they had the legal power to accept and operate the housing under the terms of the law and agreeing to continue giving preference to students who were veterans of World War II or servicemen. If these conditions were met, the Government was required to surrender its interests in the housing without monetary consideration, including its previous right to receive net revenues from project operations. Many of the institutions indicated that they anticipated using the housing for several more years and planned to devote all income to project maintenance.

To obtain relief from the removal requirement of the Lanham Act, the institutions were required to obtain the consent of the local governing body having jurisdiction in the locality.

The McGregor Act specified that eligible institutions would have to submit their requests for relinquishment within 120 days of enactment of the statute to gain its benefits. The dead-line date for accepting applications was October 26, 1948. When the Act was approved, some 720 educational institutions were eligible to submit applications as operators of 1,094 management projects accommodating 127,276 veterans. By the dead-line date, 710 institutions had asked for relinquishment of the Government's interest in 1,076 projects containing 125,593 accommodations. This represented 99 percent of the accommodations eligible for relinquishment. By the year's end, approvals had been granted covering 994 projects with a total of 116,107 accommodations. Applications still pending approval were delayed mainly by difficulties encountered in arriving at final settlements between PHA and the sponsoring institutions.

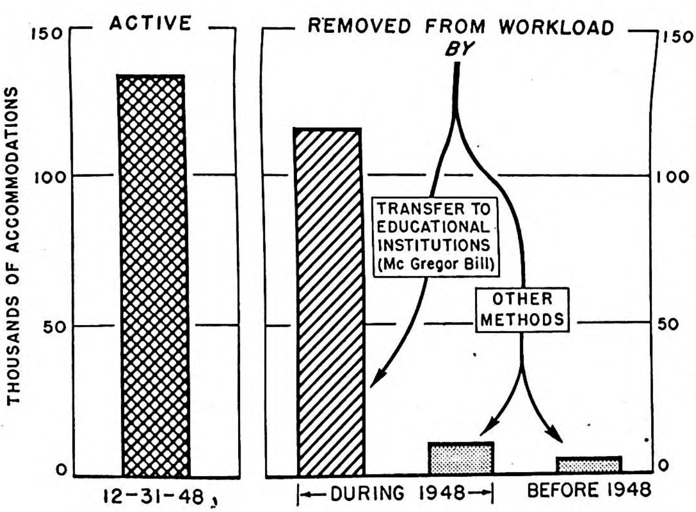
Size of program at end of 1948

The size of the veterans' program was reduced by almost 131,000 accommodations by the end of 1948. This reduction in the main was the result of actions under the McGregor Act. Approximately 15,000 accommodations were removed from the program, however, by terminations and cut-backs resulting from programming revisions. The effect of these two classes of actions on the program are shown in the chart below.

Final approval of the McGregor Act relinquishments still pending at the end of the year will futher decrease the 135,462 active accommodations in this program.

STATUS OF 266,000 ACCOMMODATIONS PROGRAMMED AS VETERANS' REUSE HOUSING

AS OF DECEMBER 31, 1948



Chapter V

LIQUIDATION OF EMERGENCY PROGRAMS

Defense Homes Corporation

The Defense Homes Corporation was created by the Federal Loan Administrator on October 23, 1940, to provide permanent housing for defense workers in congested defense areas as a supplement to housing provided by private construction. It was transferred to the PHA's predecessor agency in 1942.

The work of this corporation was concluded in 1948 by disposition of its remaining properties. It was thereupon transferred, with its capital stock, assets, and liabilities to the Reconstruction Finance Corporation for liquidation.

DHC's contribution to defense housing was construction of 11,489 dwelling units in 25 projects located in 13 States and the District of Columbia. Of the units built, about 9,000 were family dwelling units in both individual detached structures and multi-family apartment developments. The remainder were single and double rooms in residence halls providing accommodations for about 2,980 occupants. The houses were sold to individuals at prices fixed by DHC on the basis of appraisals and the apartment developments were sold in competitive bidding. The final disposition action occurred on June 30, 1948, when Lucy Diggs Slowe Hall and George Washington Carver Hall, dormitory residences for Negroes in Washington, D. C., were transferred to Howard University under special legislation enacted by the Eightieth Congress.

The outstanding DHC transactions during the year were the sale of Meridian Hill Hotel, consisting of 637 single and double rooms for 720 residents, to the Meridian Hill Corporation, and of Naylor Gardens, a 757-unit apartment development, to the Veterans' Cooperative Housing Association. Both of these projects are located in Washington.

Meridian Hill Hotel was sold in competitive bidding for $2,750,000, the highest of 23 bids received. The purchasers made a cash down payment of $210,000 on March 25, 1948. In accordance with the sales contract, they will make annual payments of $127,500. The Government holds a 20-year mortgage with an interest rate of 3 percent on the outstanding balance.

Title to Naylor Gardens was transferred to the Veterans' Cooperative Housing Association on February 2, 1948. The purchasers made a cash payment of $604,291, which represented a 10 percent down payment on the sales price of $5,125,000. The cooperative also signed a note agreeing to pay another $22,967 on February 15 and $17,211 each month thereafter on principal and interest. The transfer of title consummated a conditional sales agreement signed in 1947.

Terminating conversion leases

Disposal activities in the homes conversion program differ from such activities in other PHA programs in one major respect. In other programs, the Government sells buildings it owns. Homes conversion properties, on the other hand, are privately owned and held by the Government under lease. Liquidation of the program is to be accomplished either by terminating leases in advance of expiration through negotiations with the owners or by expiration of the leases. Since most of the leases were made to run for seven years, they had not yet begun to expire in 1948. Substantial progress had been made, however, in terminating leases by sale of unexpired leaseholds to the private owners of the leased properties.

A total of 8,842 properties were leased in this program and converted into 49,565 dwelling accommodations for war workers. By the start of 1948, lease terminations had reduced the program to 5,532 properties containing 34,243 dwelling accommodations. A total of 1,747 leases covering 9,740 dwelling units were terminated during the year, leaving 3,785 leases covering 24,503 units yet to be terminated. In total, 5,057 leases covering 25,062 units had been canceled by December 31, 1948. This represents 51 percent of the total units converted in the program and 57 percent of the properties leased.

Subsistence homesteads and Greentowns

Disposition of the subsistence homestead properties, which were among the nonfarm housing properties transferred by Executive Order from the Farm Security Administration to PHA's predecessor agency in 1942, was nearly completed during 1948. PHA has followed the policy of selling the homesteads to individual tenants wherever possible, either by refinancing lease and purchase contracts or by selling units under direct management for cash. In taking these actions, PHA has honored the prior commitments made to tenants regarding the form of sale. In some cases these commitments related to purchase prices. In others, arrangements were in existence for applying "rental credits" to the purchase price. All such credits accumulated before 1944 were honored.

The program originally consisted of 5,401 units. By the start of 1948 only 2,682 units remained. By the close of the year, 2,280 units were still on hand, all but 30 of them in the Greentowns.

Work also progressed during the year toward the ultimate sale to private purchasers of the three Greentowns which also had been transferred from the Farm Security Administration in 1942. These model, planned communities are Greenbelt, Md., near Washington, D. C.; Greendale, Wis., near Milwaukee; and Greenhills, Ohio, near Cincinnati. Under terms of the Government Corporations Appropriation Act, 1948, the Administration was authorized to spend $39,500 from operation revenues for the land use surveys and other steps essential to preparing the towns for sale. A similar authorization to use $40,000 in the year beginning July 1, 1948, was contained in the Government Corporations Appropriation Act, 1949. As an additional aid to the contemplated sales, the Housing Act of 1948 (Public Law 901, Eightieth Congress, approved August 10, 1948) authorized the Federal Housing Administration to insure mortgages in connection with purchases of these communities. The maximum interest rate on such insured loans is 4 percent and the maximum maturity is established at 25 years. The mortgage may cover up to 90 percent of value.

Under present plans, Greenhills, Ohio, will be the first of the Greentowns to be offered for sale. An appraisal of this property was completed in the latter part of the year and work begun on a prospectus giving a detailed description of the community and the terms and conditions of sale.

At Greenbelt, Md., six parcels of land earmarked for use for semipublic purposes were offered for sale by competitive bidding during December 1948. These tracts, comprising 14.37 acres, were sold to five church groups for church and school purposes.

Chapter VI

ADMINISTRATIVE DEVELOPMENTS

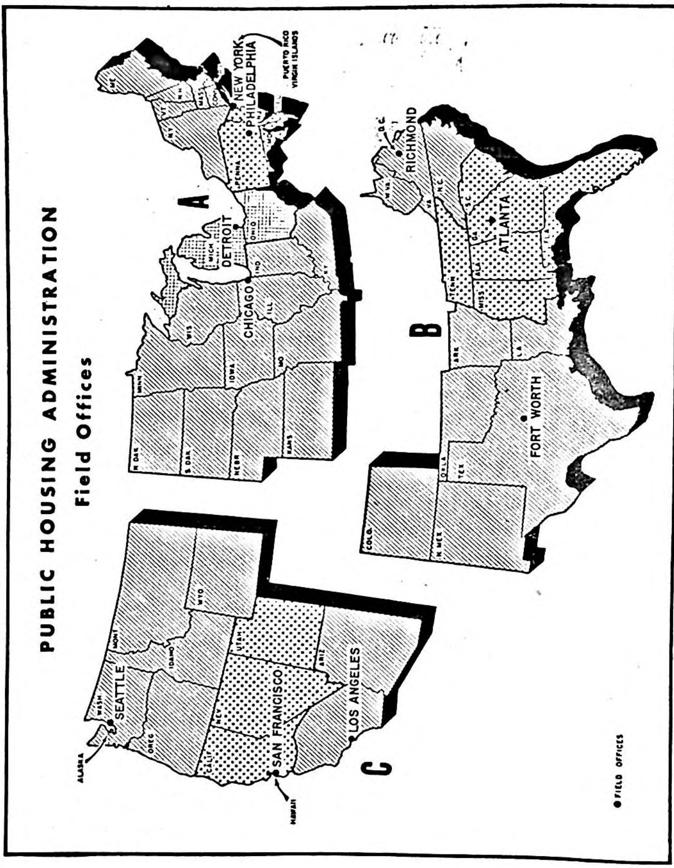
Internal reorganization

The administrative machinery of PHA underwent a major change during 1948 in compliance with recommendations made to the Administration by the Appropriations Committee of the House of Representatives in its report on the Government Corporations Appropriation Bill, 1949. The Committee stated that "the great degree of operating freedom given the regional offices during the war is not conducive to economical operation and disposal of these projects, and * * * the new Commissioner should promptly take steps to secure a closer supervision of field operations, especially at project sites. * * * Meanwhile, the regional offices in the field should be closed at the earliest practicable date. * * *"

The decentralized form of organization referred to by the Committee had been adopted primarily in the early days of the defense housing program. In that period, the public housing agency was engaged in direct construction and management of war housing projects at widely scattered points throughout the Nation. As in all wartime activities, speed was a prime consideration. The situation required prompt and responsible decisions on the spot when problems arose. To make this possible, wide authorities to act were delegated to regional offices closest to the scenes of activity.

The recommendations of the Congressional Committee embodied a reversal of that theory of operation. Instead of vesting important discretionary powers in its officers in the field, the PHA was to draw these powers into its central organization in Washington where closer supervision and control could be exercised. Since the Administration would still have many direct operating responsibilities in the field—mainly in connection with the management and disposal of war housing—it would continue to need some form of organization outside Washington. How to achieve a centralization of authority and at the same time strengthen supervision of field operations was the core problem of the reorganization.

Immediately upon receiving its direction from Congress, PHA began a thorough study of its organizational structure directed at the goals


PUBLIC HOUSING ADMINISTRATION
Field Offices
A
B
C
SEATTLE
SAN FRANCISCO
LOS ANGELES
CHICAGO
DETROIT
NEW YORK
PHILADELPHIA
RICHMOND
ATLANTA
FORT WORTH
ALASKA
HAWAII
PUERTO RICO
VIRGIN ISLANDS
FIELD OFFICES

the Committee had set up for it. In this study, the advice and assistance of the Office of the Administrator and the Bureau of the Budget were sought and obtained. By September, the PHA was able to announce and start putting into effect a new pattern of organization which was believed to offer a workable plan accomplishing the objectives the Committee had in mind. The main features of the new organization were the elimination of the five regional offices, centralization of operational control over all programs in the central office in Washington, and the consolidation there of all administrative, fiscal, and housekeeping functions.

Four major divisions were established in the central office. An administrative division, headed by an executive officer, contained the office services, personal property, statistics, personnel and planning, and document control branches. A fiscal division, directed by a comptroller, included the audit, finance and accounts, and budget and fiscal analysis branches. A management division, headed by an assistant commissioner, embraced plants and structures, occupancy, racial relations, labor relations, taxation, insurance, and construction inspection and claims branches. Reflecting the increasing emphasis on disposal of war housing, a disposition division was created under an assistant commissioner to include land apprasial and sales branches.

The centralized control over field operations is managed in Washington by three field operations divisions, each headed by an assistant commissioner with responsibility for field operations in specified areas of the country. Area A includes the Northeastern and North Central States, westward to the tier of states including Kansas, Nebraska, and the Dakotas. Area B consists of the Southern States westward to Colorado and New Mexico. Area C is made up of the Pacific Coast and Mountain States.

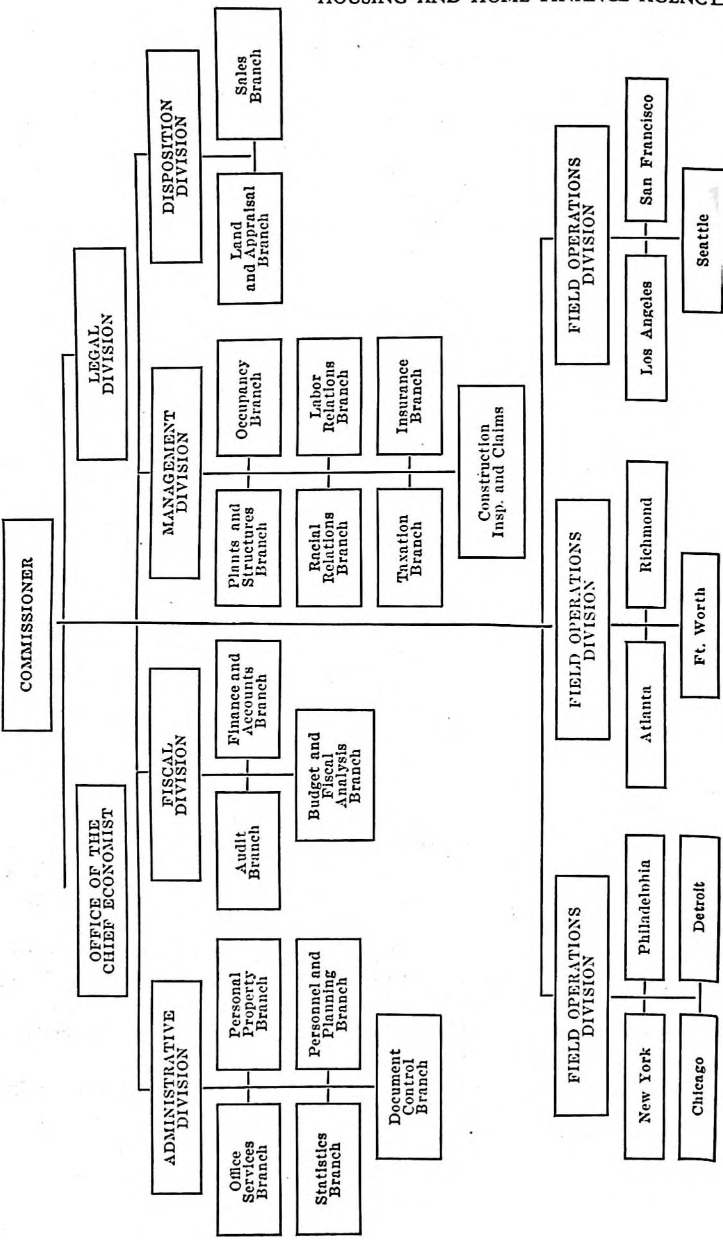
To handle actual operations in the field under the direct supervision of the assistant commissioners for field operations in Washington, 10 small field offices were established. These were to be located in New York, Philadelphia, Chicago, Detroit, Atlanta, Richmond, Fort Worth, San Francisco, Los Angeles, and Seattle.

These field offices came into being on December 6 in the cities where the former regional offices were situated—New York, Atlanta, Chicago, Fort Worth, and San Francisco. The staffs of the field offices in new locations were scheduled to move to their permanent stations in the early months of 1949.

The new organizational structure of PHA is shown in the accompanying chart and the geographical jurisdictions of the assistant commissioners for field operations and the field offices are indicated on the map.

831481—49——23

HOUSING AND HOME FINANCE AGENCY
PUBLIC HOUSING ADMINISTRATION
ORGANIZATION CHART



Under the previous form of organization, about 70 percent of the PHA administrative staff was located in the field, with about 30 percent in the Washington office. Under the new plan, the proportions are reversed, with 70 percent of administrative personnel in the central office and only about 30 percent remaining in the field.

Even more significant, however, is the fact that whereas only 15 percent of the major delegations of authority to act were retained in Washington under the former organization, 75 percent of these actions must be consummated in the central office under the centralized organization.

Administrative budget

The funds required for administrative expenses of the Public Housing Administration are derived from the operation of the programs under its jurisdiction. This use of the program receipts is authorized by the statutes establishing the programs. Each year, PHA presents a single administrative budget to Congress covering the anticipated administrative expenses for all programs for the next fiscal year and requests authority to expend stated sums for administrative costs. These funds are taken from the proceeds of the programs on the basis of estimates of the relative workload presented by each of them.

In the Government Corporations Appropriation Act, 1949, Congress authorized expenditure of $9,500,000 for administrative expenses in the fiscal year beginning July 1, 1948. This amount was about 17 percent less than the $11,500,000 available for this purpose in the preceding fiscal year.

Personnel trends

The total number of PHA administrative employees continued to decline during 1948. By the end of the year, this employment stood at 1,611, or 20 percent below the administrative employment of 2,023 on January 1.

The chart following indicates the employment trend for the past six years, divided between administrative employees in the field and those in the central office in Washington. The sharp rise shown in 1946 was due to the veterans' reuse housing program which began in that year. The decline in 1947 reflected two factors, the completion of much of the veterans' program and stringent economies undertaken for budgetary reasons.

In the last months of 1948, administrative employment in Washington exceeded that in the field for the first time. This was a result of the reorganization and centralization of functions in the central office.

FULL TIME PHA ADMINISTRATIVE EMPLOYMENT
BY CENTRAL OFFICE AND FIELD
JUNE 1943-DECEMBER 1948

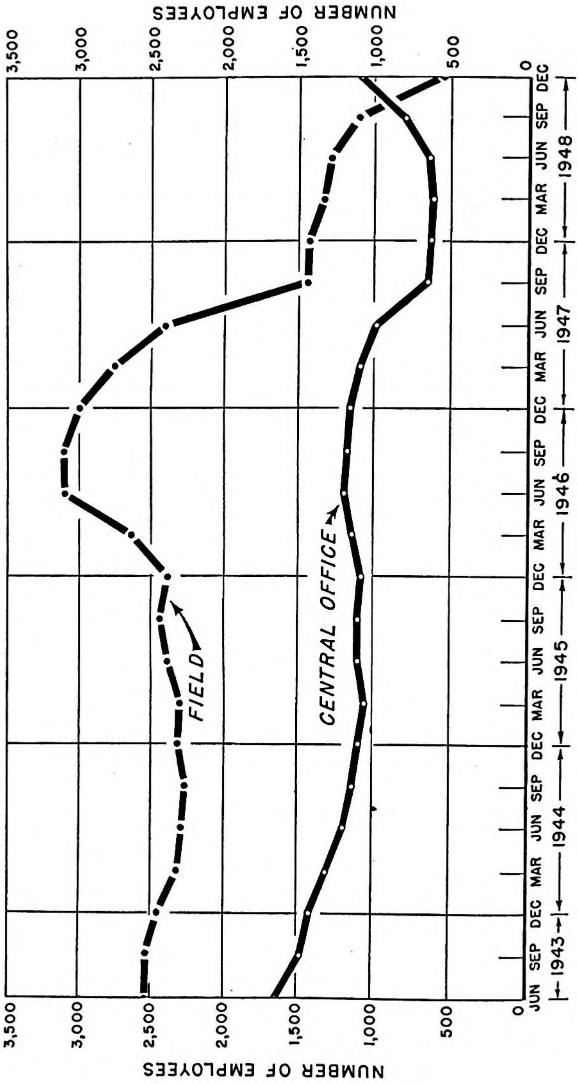


TABLE 1.—*Number of dwelling units owned or supervised by the Public Housing Administration*[1] *by program, as of Dec. 31, 1948*

Program	Total		Federally owned	Locally owned
	Number	Net change since Dec. 31, 1947		
Total	716,156	−199,782	409,087	286,148
Active	674,316	−179,997	388,168	286,148
Veterans' Reuse Housing	135,462	−126,111	1,603	[2] 133,859
Under management	132,735	−99,351	1,603	131,132
Under construction	2,578	−18,981		2,578
Not under construction	149	−7,779		149
Public War Housing (Lanham constructed)	318,264	−43,538	318,264	
Homes conversion	24,503	−9,740	24,503	
Defense Homes Corporation		−2,001		
United States Housing Act	193,807	+1,795	41,518	152,289
Under management	190,882	+1,149	41,518	149,364
Under construction	1,502	+1,356		1,502
Not under construction	1,423	−710		[3] 1,423
Public Law 412	120,953	+1,852	11,850	109,103
Public Law 671	51,250	−38	8,064	43,186
PWA	21,604	−19	21,604	
Subsistence homesteads and Greenbelt towns	2,280	−402	2,280	
Inactive—Public War Housing (Lanham constructed)	20,919	−17,556	20,919	
Deferred—United States Housing Act	20,921	−2,229		

[1] Excludes units which have been sold to mutual housing associations, limited dividend corporations (PWA) and homestead associations on which PHA holds mortgages for collection.
[2] This veterans' housing is considered for this purpose as being disposed of to local bodies or educational institutions even though the improvements provided by PHA may not be wholly complete or title to them formally transferred.
[3] Includes 1,423 rural units not yet built but which are parts of active rural projects.

TABLE 2.—*Number of active projects and dwelling units[1] owned or supervised by the Public Housing Administration by program and State, Dec. 31, 1948*

State	Total program		Veterans' reuse housing		War housing[2]		USHA[3]		Subsistence homesteads and Greenbelt towns	
	Number of projects	Number of units	Number of projects	Number of units	Number of projects	Number of units	Number of projects	Number of units	Number of projects	Number of units
Total	3,236	674,316	1,373	135,462	1,218	342,767	636	193,807	9	2,280
Alabama	71	16,441	16	2,360	36	8,877	19	5,204	------	------
Arizona	69	6,908	21	1,357	42	4,684	6	867	------	------
Arkansas	22	2,698	11	1,288	3	484	8	926	------	------
California	455	113,530	179	17,923	237	86,229	39	9,378	------	------
Colorado	21	3,059	12	1,488	4	801	5	770	------	------
Connecticut	92	20,061	20	2,118	55	11,712	17	6,231	------	------
Delaware	11	2,307	3	147	6	1,780	2	380	------	------
Florida	73	13,378	15	1,415	26	4,639	32	7,324	------	------
Georgia	82	18,272	19	1,118	22	5,812	41	11,342	------	------
Idaho	24	1,237	17	677	5	476	2	84	------	------
Illinois	99	22,517	47	5,745	18	3,371	34	13,401	------	------
Indiana	68	9,971	31	2,007	22	4,709	15	3,255	------	------
Iowa	50	3,478	45	2,429	5	1,049	------	------	------	------
Kansas	34	8,409	17	646	17	7,763	------	------	------	------
Kentucky	37	6,358	19	1,413	2	594	16	4,351	------	------
Louisiana	28	9,123	7	1,610	8	1,741	13	5,772	------	------
Maine	13	2,040	------	------	13	2,040	------	------	------	------
Maryland	52	18,858	5	358	33	12,326	13	5,296	1	878
Massachusetts	71	16,725	42	6,080	12	2,732	17	7,913	------	------
Michigan	114	28,634	35	3,219	71	20,238	8	5,177	------	------
Minnesota	46	2,691	43	2,132	2	95	1	464	------	------
Mississippi	48	6,069	18	1,804	9	2,114	19	2,148	2	3
Missouri	28	4,231	23	2,030	3	886	2	1,315	------	------
Montana	21	1,375	12	518	5	324	4	533	------	------
Nebraska	43	4,405	32	1,189	8	2,138	3	1,078	------	------
Nevada	23	1,992	11	395	12	1,597	------	------	------	------
New Hampshire	6	1,457	2	176	4	1,281	------	------	------	------
New Jersey	123	19,432	71	5,195	18	5,209	33	9,017	1	11
New Mexico	20	1,722	11	1,087	9	635	------	------	------	------
New York	115	45,647	76	20,357	18	6,627	21	18,663	------	------
North Carolina	53	8,574	20	1,657	18	3,953	15	2,964	------	------
North Dakota	14	341	14	341	------	------	------	------	------	------
Ohio	156	39,815	54	6,977	63	16,663	38	15,438	1	737
Oklahoma	35	4,085	30	2,104	3	1,547	2	434	------	------
Oregon	83	12,623	26	1,074	54	10,949	3	600	------	------
Pennsylvania	143	39,914	24	4,048	73	22,580	46	13,286	------	------
Rhode Island	11	3,382	4	654	2	800	5	1,928	------	------
South Carolina	38	6,292	10	537	13	3,208	15	2,547	------	------
South Dakota	21	1,036	19	902	2	134	------	------	------	------
Tennessee	50	11,576	19	2,641	9	1,967	21	6,956	1	12
Texas	184	34,796	80	9,007	59	15,318	45	10,471	------	------
Utah	39	7,646	21	2,579	18	5,067	------	------	------	------
Vermont	11	817	7	438	4	379	------	------	------	------
Virginia	75	29,103	17	2,585	43	23,525	14	2,991	1	2
Washington	121	31,016	31	1,494	81	25,914	9	3,608	------	------
West Virginia	35	3,352	21	1,018	2	776	11	1,556	1	2
Wisconsin	88	7,226	76	4,573	8	1,115	3	903	1	635
Wyoming	26	1,386	19	521	7	865	------	------	------	------
District of Columbia	35	8,104	5	1,518	20	3,439	10	3,147	------	------
Alaska	20	733	8	375	12	358	------	------	------	------
Hawaii	11	3,614	7	2,006	2	1,247	2	361	------	------
Puerto Rico	27	5,744	1	132	------	------	26	5,612	------	------
Virgin Islands	1	116	------	------	------	------	1	116	------	------

[1] See footnote 1, table 1.
[2] Consists of Public War Housing (Lanham constructed) and homes conversion programs.
[3] Includes PWA projects.

TABLE 3.—*Number of dwelling units made available for disposition and disposed of, by program, type of structure and accommodations, and method of disposition, Dec. 31, 1948*

Program	Total disposition responsibility	Made available for disposition	Disposed of—							
			Total	Veterans' reuse	Sale	Reuse war housing	Lease cancellation	Transfer to other agencies	Demolition	Other and not reported
Total	976,365	658,506	474,937	90,518	69,806	32,606	32,564	48,021	9,747	191,675
Public War Housing (Lanham constructed)	623,636	434,003	284,453	84,721	42,267	32,206	7,133	47,487	9,747	60,892
Family dwelling	522,901	339,685	199,794	44,193	30,968	21,982	827	37,145	6,710	57,969
Permanent	102,164	96,298	19,903	—	7,635	843	30	11,349	—	46
Demountable	78,932	71,472	19,619	598	12,524	4,051	—	2,109	—	337
Temporary and stopgap	341,187	171,368	159,964	43,587	10,809	17,088	625	23,559	6,710	57,586
Converted (by PHA)	618	547	308	8	—	—	172	128	—	—
Dormitory	100,735	94,318	84,659	40,528	11,299	10,224	6,306	10,342	3,037	2,923
Permanent	1,669	1,632	1,308	—	1,102	—	206	—	—	—
Temporary	91,332	84,952	75,838	40,528	9,572	10,224	—	9,578	3,037	2,899
Converted (by PHA)	7,734	7,734	7,513	—	625	—	6,100	764	—	24
Veterans' reuse	266,000	140,024	130,538	—	—	—	—	—	—	[1] 130,538
Homes conversion	49,565	49,565	25,062	—	—	—	25,062	—	—	—
Subsistence homesteads and Greenbelt towns	5,401	3,151	3,121	—	3,101	—	—	6	—	14
United States Housing Act	3,740	3,740	3,740	—	3,109	400	—	—	—	231
Defense Homes Corporation	11,489	11,489	11,489	—	10,592	—	369	528	—	—
Surplus Property Act	16,534	16,534	16,534	5,707	10,737	—	—	—	—	—

[1] Includes 116,107 accommodations transferred to educational institutions under the McGregor Bill.

TABLE 4.—*U. S. Housing Act Program, statement of income and expense for fiscal year ended June 30, 1948*

Income:		
Rents—project rental:		
Directly operated:		
Public Works Administration	$916,951	
Leased (net):		
Public Works Administration	$1,657,716	
Public Law 671	965,066	
Public Law 412	1,536,062	
		4,158,844
Other project rental: Public Works Administration		13,300
Total rents		5,089,095
Interest:		
U. S. Government bonds	$194,887	
Obligations of local housing authorities	7,482,803	
Public Works Administration limited dividend corporations	46,088	
Other	158	
Total interest		7,723,936
Other		855
Total income		12,813,886

TABLE 4.—*U. S. Housing Act Program statement of income and expense for fiscal year ended June 30, 1948*—Continued

Expenses:		
Direct operating expenses:		
Projects:		
Directly operated (exclusive of operating reserves):		
Public Works Administration		$598, 612
Interest expense:		
Applicable to development costs:		
Projects:		
Public Law 671	$703, 276	
Public Law 412	949, 146	
Other	4, 598, 821	
Total interest expense		6, 251, 243
Administrative expenses:		
Management	$1, 893, 940	
Development	306, 060	
Total administrative expense		2, 200, 000
Grants, subsidies and contributions: Annual contributions		3, 335, 655
Other expenses:		
Miscellaneous		11, 409
Total expenses before depreciation, losses and charge-offs and adjustjustment of operating reserves		12, 396, 919
Net income (or loss [1]) before depreciation, losses and charge-offs and adjustment of operating reserves		416, 967
Depreciation:		
Structures and equipment:		
Projects:		
Public Works Administration	$1, 881, 491	
Public Law 671	709, 277	
Public Law 412	871, 048	
Total depreciation		3, 461, 816
Losses and charge-offs:		
Collection losses	$633	
Property losses:		
Cost of replacement	701	
Insurance proceeds	[1] 177	
Net property losses	524	

[1] Deduct.

TABLE 4.—*U. S. Housing Act Program statement of income and expense for fiscal year ended June 30, 1948*—Continued

Net income—Continued		
Losses and charge-offs—Continued		
Disposition of property:		
Costs	$86, 768	
Expenses	3, 000	
Proceeds	[1] 87, 437	
Net loss on disposition	2, 331	
Total losses and charge-offs		$3, 488
Total depreciation and losses and charge-offs		3, 465, 304
Net income (or loss [1]) before adjustment of operating reserves		[1] 3, 048, 337
Adjustment of operating reserves (increase or decrease[1])		[1] 170, 702
Net income (or loss [1]) for the fiscal year		[1] 2, 877, 635
ANALYSIS OF UNRESERVED SURPLUS (OR DEFICIT [1])		
Undivided profits (or loss [1]) (excluding grants, subsidies, and contributions):		
Balance at beginning of fiscal year	$2, 191, 964	
Net income (or loss [1]) for the year (above[2])	458, 020	
Balance before adjustments		2, 649, 984
Adjustments to beginning balance		[1] 4, 434, 716
Balance at end of fiscal year		[1] 1, 784, 732
Cumulative grants, subsidies and contributions:		
Balance at beginning of fiscal year	[1] $56, 211, 611	
Grants, subsidies, and contributions for the year (above):		
Annual contributions[2]	[1] 3, 335, 655	
Balance at end of fiscal year		[1] 59, 547, 266
Total unreserved surplus (or deficit [1]) at end of fiscal year		[1] 61, 331, 998

[1] Deduct.
[2] The sum of these items equals the total net income (or loss [1]) for the period.

TABLE 5.—*United States Housing Act Program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*

ASSETS

	June 30, 1948	Dec. 31, 1948
Cash:		
On hand and in banks	$9,138,840	$110,702
With U. S. Treasury	9,876,345	2,250,645
Deposits with other Government agencies	49,903	49,903
	19,065,088	2,411,250
Appropriated funds	664,345	3,529,868
Investments:		
U. S. Government bonds	7,873,909	7,873,601
Stock in PWA limited dividend corporation	10	10
	7,873,919	7,873,611
Loans receivable:		
Local housing authority obligations	280,670,723	284,479,040
Mortgage loan notes—PWA limited dividend corporations	954,000	927,000
	281,624,723	285,406,040
Accounts receivable:		
Receivable from local housing authorities:		
Rents receivable	1,194,832	2,018,451
Reserves receivable	1,306,346	759,313
Other receivables	45,065	29,865
Tenants:		
Tenants in possession	7,408	5,140
Vacated tenants	1,176	1,890
Miscellaneous	7,198	639
Advances	354,400	513,515
	2,916,425	3,328,813
Accrued assets:		
Interest receivable:		
U. S. Government bonds	27,241	27,241
Local housing authority obligations	2,706,742	2,779,187
Mortgage loan notes: PWA limited dividend corporations	19,080	4,655
	2,753,063	2,811,083
Commodities, supplies, and materials: Stores inventories, held for use	11,159	
Land, structures, and equipment:		
Development costs:		
Projects:		
PWA (cost)	127,113,389	127,113,430
Public Law 671 (cost)	41,963,518	41,930,614
Public Law 412 (cost)	58,366,743	58,387,388
Allowance for depreciation:		
Projects:		
PWA	[1] 18,848,708	[1] 19,789,453
Public Law 671	[1] 1,990,680	[1] 2,342,106
Public Law 412	[1] 4,488,126	[1] 4,923,947
	202,116,136	200,375,926
Deferred and undistributed charges:		
Prepaid insurance:		
Fixed premium	3,878	400
Returnable premium	155,940	155,940
Prepaid administrative expense		711,500
Undistributed charges	131,933	781,992
	291,751	1,649,832
Total assets	517,316,609	507,386,423

TABLE 5.—*United States Housing Act Program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*—Continued

LIABILITIES, RESERVES, AND CAPITAL

	June 30, 1948	Dec. 31, 1948
Liabilities:		
Accounts payable:		
Due other Government agencies	$908	
Management	121,089	$139,737
Disposition	3,000	3,000
Local housing authorities:		
Deficits—leased projects	93,539	228,411
Decrease in reserves	107,025	191,703
Other	3,201	3,447
Miscellaneous	58,701	58,701
	387,463	624,999
Accrued liabilities: Accrued payments in lieu of taxes		410,735
Trust and deposit liabilities:		
Tenants security deposits	2,330	580
Unclaimed refunds	118	118
Tax and insurance deposits	5,273	5,273
Miscellaneous		156
	7,721	6,127
Bonds, debentures, and notes payable: U. S. Treasury series "C" note:		
1⅞ maturing June 30, 1953	362,000,000	348,000,000
Deferred and undistributed credits:		
Prepaid rents	2,880	7,413
Undistributed credits	877,355	25,569
	880,235	32,982
Total liabilities	363,275,419	349,074,843
Reserves:		
Operating reserves		5,953,941
Operating improvements	277,632	275,184
Operating improvements—special war account	44,053	44,052
Repairs, maintenance, and replacements	3,612,627	
Vacancy and collection losses	3,488,887	
Fire and other hazards	4,600	
Contingencies	954,104	
General	191,098	
Total reserves	8,573,001	6,273,177
Capital:		
Capital stock and paid-in surplus:		
Capital stock	1,000,000	1,000,000
Paid-in surplus: Assets transferred from PWA	114,833,900	114,833,900
	115,833,900	115,833,900
Appropriations:		
Expenditures:		
Expended:		
Annual contributions	59,547,267	61,521,743
Development (PWA)	31,442,443	32,572,920
Assets transferred to other programs	[1] 687,034	[1] 687,034
Deposits of general fund receipts	[1] 733	[1] 747
Unexpended	664,345	3,529,869
	90,966,288	96,936,751
Earned surplus (or deficit [1]):		
Unreserved:		
Cumulative grants, subsidies and contributions: Annual contributions	[1] 59,547,267	[1] 61,521,743
Undivided profits (or losses)	[1] 1,784,732	789,495
	[1] 61,331,999	[1] 60,732,248
Total capital	145,468,189	152,038,403
Total liabilities, reserves, and capital	517,316,609	507,386,423

[1] Indicates negative item.

Table 6.—*U. S. Housing Act Program, statement of sources and application of funds, for the fiscal year ended June 30, 1948*

FUNDS PROVIDED		
By realization of assets:		
Sale of stock	$100	
Repayment of principal on loans:		
Local housing authority obligations	44, 079, 358	
Mortgage loan notes	429, 642	
Sale of real property	86, 768	
Reimbursement for development costs (from Lanham Act funds)	444, 996	
		$45, 040, 864
By income:		
Rents	5, 089, 095	
Interest	7, 724, 437	
Miscellaneous	855	
		12, 814, 387
By borrowings and appropriations:		
From U. S. Treasury	15, 000, 000	
Annual contributions	4, 000, 000	
		19, 000, 000
Total funds provided		76, 855, 251
FUNDS APPLIED		
To acquisition of assets:		
Loans	$48, 095, 075	
Land, structures, and equipment	240, 864	
		48, 335, 939
To expenses (excluding charges not requiring funds):		
Direct operating expenses	598, 612	
Interest expense	6, 251, 243	
Administrative expense	2, 200, 000	
Annual contributions	3, 335, 655	
Direct nonoperating expense	11, 409	
Losses and charge-offs	2, 855	
		12, 399, 774
To retirement of borrowings and capital:		
Deposits of general fund receipts	112	
Returned to general fund of U. S. Treasury	3, 438, 389	
		3, 438, 501
By increase in working capital		12, 681, 037
Total funds applied		76, 855, 251

TABLE 7.—*Maximum development cost of all projects under the U. S. Housing Act, Dec. 31, 1948*

	Total all projects	Public Law 412				Public Law 671, active, not permanently financed
		Total	Active		Deferred	
			Permanently financed	Not permanently financed		
Maximum development cost of all projects	$934,692,183	$655,560,865	$464,241,278	$87,008,641	$104,310,946	$279,131,318
Locally owned projects:						
Federal funds:						
Bonds purchased:						
Outstanding	280,658,000	280,658,000	280,658,000			
Retired	3,527,000	3,527,000	3,527,000			
Total bonds purchased	284,185,000	284,185,000	284,185,000			
Advance loan notes	3,821,040	3,398,940		146,075	3,252,865	422,100
Contingent liability on temporary loan notes						
Funds not yet advanced	122,616,822	99,520,930	8,839,490	5,957,425	84,724,015	23,095,892
Total Federal commitment	410,622,862	387,104,870	293,024,490	6,103,500	87,976,880	23,517,992
Non-Federal funds:						
Bonds issued:						
Outstanding	139,834,500	139,834,500	139,834,500			
Retired	30,416,500	30,416,500	29,858,500	558,000		
Total bonds issued	170,251,000	170,251,000	169,693,000	558,000		
Capital donations, etc	2,042,303	2,042,303	1,523,788	518,515		
Temporary loan notes	232,861,992	24,424,000		18,098,400	6,325,600	208,437,992
Funds not yet advanced	11,622,566	11,622,566		1,614,100	10,008,466	
Total non-Federal commitment	416,777,861	208,339,869	171,216,788	20,789,015	16,334,066	208,437,992
Maximum development cost—locally owned projects	827,400,723	595,444,739	464,241,278	26,892,515	104,310,946	231,955,984
Federally owned projects:						
Expenditures to date	100,318,002	58,387,388		58,387,388		41,930,614
Funds not yet advanced	6,973,458	1,728,738		1,728,738		5,244,720
Maximum development cost—Federally owned projects	107,291,460	60,116,126		60,116,126		47,175,334

TABLE 8a.—*Development cost, loans, and annual contributions for locally owned projects under the U. S. Housing Act Program, Dec. 31, 1948*

	Development cost	PHA loan commitments	Outstanding loans of local authorities			
			From PHA	Temporary from others	Permanent from others	Total outstanding loans
All PHA-aided locally owned projects	$782,851,589	$672,777,474	$284,479,041	$216,851,000	$139,834,500	$641,164,541
Public Law 412 projects	563,587,525	453,513,410	283,954,153	24,424,000	139,834,500	448,212,653
Public Law 671 projects	219,264,064	219,264,064	524,888	192,427,000	------------	192,951,888
By State:						
Alabama	21,011,656	19,074,282	13,429,471	2,265,000	810,000	16,504,471
Arizona	3,439,100	3,180,000	1,604,782	1,070,000	163,000	2,837,782
Arkansas	6,462,995	6,009,995	737,562	1,953,000	37,000	2,727,562
California	48,680,025	47,353,525	2,323,109	36,777,000	470,000	39,570,109
Colorado	3,492,800	2,992,800	1,421,000	1,284,000	406,000	3,111,000
Connecticut	27,592,680	20,839,400	14,948,100	5,269,000	5,509,000	25,726,100
Delaware	2,059,529	2,059,529	------------	1,701,000	------------	1,701,000
Florida	22,843,630	20,306,739	17,520,500	983,000	1,279,000	19,782,500
Georgia	40,181,704	35,408,204	22,870,694	2,504,000	7,547,000	32,921,694
Idaho	922,000	826,000	390,819	------------	24,000	414,819
Illinois	44,432,916	41,547,924	11,855,300	25,534,000	1,133,000	38,522,300
Indiana	11,362,511	10,168,411	7,101,200	853,000	667,000	8,621,200
Kentucky	20,141,000	15,479,300	12,152,059	------------	5,642,000	17,794,059
Louisiana	35,528,343	31,447,843	22,724,688	4,049,000	2,342,000	29,115,688
Maryland	26,959,345	21,038,525	5,295,225	12,957,000	5,160,000	23,412,225
Massachusetts	45,224,640	35,060,440	17,287,252	10,113,000	7,858,000	35,258,252
Michigan	34,248,435	29,828,435	2,584,000	16,101,000	2,680,000	21,365,000
Mississippi	8,491,413	7,639,613	4,753,252	760,000	275,000	5,788,252
Missouri	14,510,625	13,762,425	84,000	6,992,000	------------	7,076,000
Montana	2,472,000	2,193,000	1,730,000	371,000	172,000	2,273,000
Nebraska	3,782,000	3,333,000	553,000	------------	2,704,000	3,257,000
New Jersey	42,989,600	38,154,600	26,019,000	10,130,000	3,073,000	39,222,000
New Mexico	361,000	324,900	12,074	------------	------------	12,074
New York	78,751,698	63,958,400	16,029,000	4,064,000	49,243,000	69,336,000
North Carolina	13,877,524	12,318,259	6,338,472	329,000	3,418,000	10,085,472
Ohio	------------	------------	------------	------------	------------	------------
Oregon	2,517,000	2,517,000	------------	1,856,000	------------	1,856,000
Pennsylvania	68,704,743	54,596,286	23,644,800	24,951,000	12,868,000	61,463,800
Rhode Island	11,210,677	10,827,577	1,223,000	6,831,000	125,000	8,179,000
South Carolina	11,756,330	10,577,438	5,545,867	1,515,000	472,000	7,532,867
Tennessee	23,223,341	20,465,600	7,331,000	1,400,000	11,907,000	20,638,000
Texas	44,258,187	35,479,837	23,017,845	7,702,000	7,871,500	38,591,345
Virginia	15,272,694	14,552,994	2,750,278	7,083,000	209,000	10,042,278
Washington	7,466,300	6,955,300	2,660,254	3,482,000	360,000	6,502,254
West Virginia	7,117,679	6,254,679	4,473,507	------------	2,006,000	6,479,507
Wisconsin	2,453,728	2,275,128	------------	1,078,000	------------	1,078,000
District of Columbia	15,328,326	11,584,326	3,119,000	5,887,000	3,344,000	12,350,000
Hawaii	4,053,200	3,697,600	937,000	1,083,000	60,000	2,080,000
Puerto Rico	9,669,915	8,688,160	11,931	7,921,000	------------	7,935,931

TABLE 8b.—*Development cost, loans, and annual contributions for locally owned projects under the U. S. Housing Act Program, Dec. 31, 1948*

	Maximum contributions under contract	First annual contribution: Maximum commitment	First annual contribution: Amount actually paid	Second and subsequent annual contributions amount actually paid	Total paid during 1948
All PHA-aided locally owned projects	$24, 649, 455	----------	----------	----------	$3, 718, 825
Public Law 412 projects	17, 976, 881	----------	----------	----------	3, 563, 034
Public Law 671 projects	6, 672, 574	----------	----------	----------	155, 791
By State:					
Alabama	659, 103	----------	----------	$33, 745	33, 745
Arizona	110, 582	----------	----------	----------	----------
Arkansas	214, 390	----------	----------	----------	----------
California	1, 491, 979	$389, 433	$62, 670	15, 098	77, 768
Colorado	104, 784	----------	----------	----------	----------
Connecticut	848, 643	----------	----------	87, 758	87, 758
Delaware	72, 083	----------	----------	----------	----------
Florida	730, 077	----------	----------	14, 470	14, 470
Georgia	1, 215, 590	----------	----------	33, 116	33, 116
Idaho	30, 460	----------	----------	10, 860	10, 860
Illinois	1, 339, 771	----------	----------	41, 317	41, 317
Indiana	364, 107	----------	----------	27, 787	27, 787
Kentucky	667, 530	----------	----------	153, 398	153, 398
Louisiana	1, 107, 616	114, 191	31, 927	661, 696	693, 623
Maryland	808, 732	----------	----------	121, 414	121, 414
Massachusetts	1, 356, 738	----------	----------	166, 333	166, 333
Michigan	1, 027, 453	----------	----------	28, 544	28, 544
Mississippi	291, 478	----------	----------	15, 851	15, 851
Missouri	472, 728	----------	----------	----------	----------
Montana	74, 160	----------	----------	9, 338	9, 338
Nebraska	141, 825	----------	----------	36, 671	36, 671
New Jersey	1, 360, 466	----------	----------	272, 557	272, 557
New Mexico	12, 635	----------	----------	----------	----------
New York	2, 711, 552	238, 500	238, 500	641, 930	880, 430
North Carolina	469, 958	----------	----------	74, 891	74, 891
Oregon	84, 205	60, 865	7, 636	----------	7, 636
Pennsylvania	2, 160, 490	----------	----------	93, 094	93, 094
Rhode Island	343, 983	----------	----------	247	247
South Carolina	378, 937	----------	----------	119, 929	119, 929
Tennessee	764, 081	----------	----------	83, 267	83, 267
Texas	1, 362, 306	----------	----------	252, 643	252, 643
Virginia	421, 760	32, 810	31, 135	----------	31, 135
Washington	223, 338	----------	----------	78, 456	78, 456
West Virginia	244, 526	----------	----------	15, 826	15, 826
Wisconsin	82, 542	----------	----------	----------	----------
District of Columbia	459, 848	----------	----------	2, 182	2, 182
Hawaii	145, 491	----------	----------	3, 150	3, 150
Puerto Rico	203, 499	----------	----------	251, 389	251, 389

TABLE 9.—*Statement of capital funds and annual contributions committed under U. S. Housing Act, Dec. 31, 1948*

	Total all projects	Public Law 412 projects				Public Law 671 projects—active not permanently financed
		Total	Active		Deferred	
			Permanently financed	Not permanently financed		
CAPITAL FUNDS						
Capital funds committed:						
For locally owned projects:						
Bonds purchased	$284,185,000	$284,185,000	$284,185,000			
Advance loan notes	3,821,040	3,398,940		$146,075	$3,252,865	$422,100
Temporary loan notes (Federal contingent liability)	232,861,992	24,424,000		18,098,400	6,325,600	208,437,992
Funds not yet advanced	122,616,822	99,520,930	8,839,490	5,957,425	84,724,015	23,095,802
Total locally owned projects	643,484,854	411,528,870	293,024,490	24,201,900	94,302,480	231,955,984
For Federally owned projects:						
Expenditures to date	100,318,002	58,387,388		58,387,388		41,930,614
Funds not yet expended	6,973,458	1,728,738		1,728,738		5,244,720
Total Federally owned projects	107,291,460	60,116,126		60,116,126		47,175,334
Total capital funds committed	750,776,314	471,644,996	293,024,490	84,318,026	94,302,480	279,131,318
Capital funds required and available:						
Capital funds committed	750,776,314	471,644,996	293,024,490	84,318,026	94,302,480	279,131,318
Less: Total loans made and investment in Federally owned projects	388,324,042	345,971,328	284,185,000	58,533,463	3,252,865	42,352,714
Net PHA loan commitment outstanding	362,452,272	125,673,668	8,839,490	25,784,563	91,049,615	236,778,604
Unused borrowing authority available from U. S. Treasury	376,677,000					
Balance from corporate funds						
	376,677,000					
ANNUAL CONTRIBUTION FUNDS						
Maximum commitment on locally owned projects	25,778,984	18,590,072	14,782,065	832,608	2,975,399	7,188,912
Maximum contribution authorized	28,000,000					
Less: Maximum contributions committed	25,778,984					
Uncommitted balance available for use in the event of sale of Federally owned projects to local housing authorities	2,221,016					

TABLE 10.—*Income and expense statement of all Federally owned projects under United States Housing Act, fiscal year ended June 30, 1948*

	PWA projects: Directly operated	PWA projects: Leased	PWA projects: Total	Public Law 671 projects leased	Public Law 412 projects leased	Grand total
Number of developments	7	[1] 43	[1] 50	21	[2] 32	[1, 2] 103
Number of dwelling units	2,481	[1] 19,167	[1] 21,648	8,071	[2] 11,855	[1, 2] 41,574
Latest development cost	$12,625,241	$114,488,148	$127,113,389	$41,963,518	[2] $58,366,744	[2] $227,443,651
Average development cost per unit	5,089	[1] 6,019	[1] 5,912	5,199	[2] 4,903	[1, 2] 5,484
Number of dwelling units in operation	2,471	[1] 19,134	[1] 21,605	8,062	11,946	[1] 41,613
Income:						
Dwelling rent schedule	896,990	7,698,237	8,595,227	3,257,979	4,647,831	16,501,037
Dwelling vacancy loss	2,720	13,089	15,809	21,945	12,170	49,924
Dwelling income	894,270	7,685,148	8,579,418	3,236,034	4,635,661	16,451,113
Commercial rental	7,233	115,924	123,157	20,967		144,124
Furniture rental				16,583		16,583
Other nondwelling rental	6,902	12,889	19,881	5,600	1,566	27,047
Sales and services to tenants	4,811	33,606	38,417	20,810	33,897	93,124
Miscellaneous project income	3,644	24,434	28,078	7,730	14,953	50,761
Interest on investments		1,660	1,660		522	2,182
Total operating income	916,950	7,873,661	8,790,611	3,307,724	4,686,599	16,784,934
Expense:						
Direct operating expenses:						
Management	81,662	755,530	837,192	332,663	433,959	1,603,814
Operating services	36,293	450,612	486,905	175,172	194,705	856,782
Dwelling and commercial utilities	224,292	2,132,103	2,356,395	803,468	1,284,406	4,444,269
Repairs, maintenance, and replacements	179,381	1,983,717	2,163,098	618,516	838,965	3,620,579
Sanitation and waste removal		4,214	4,214	905	6,127	11,246
Supplementary community services	222	22,803	23,025	3,227	12,187	38,430
Housekeeping services	41		41			41
Insurance	8,968	60,921	69,889	37,130	39,767	146,786
Rents		174	174	9,992		10,166
Taxes		480	480	6,729		7,209
Contributions to pension and insurance funds		53,695	53,695	3,790	12,032	69,517
Cost of sales and services to tenants	3,682	32,852	36,534	21,048	33,868	91,450
Payments in lieu of taxes	61,224	544,463	605,687	293,441	202,271	1,101,399

[1] Includes one development of 194 dormitory units as equivalent to 48 family dwelling units in computing average development cost per unit.
[2] Excludes one development of 95 units on which the cost of land is included in the latest development cost in the amount of $247,662. The cost of land is excluded in computing average development cost per unit.

TABLE 10.—*Income and expense statement of all Federally owned projects under United States Housing Act, fiscal year ended June 30, 1948*—Continued

	PWA projects			Public Law 671 projects leased	Public Law 412 projects leased	Grand total
	Directly operated	Leased	Total			
Expense—Continued						
Direct operating expenses—Continued						
Miscellaneous		2,153	2,153	1,294		3,447
Undistributed accrued pay roll	2,847		2,847			2,847
Total direct operating expenses	598,612	6,043,717	6,642,329	2,307,375	3,058,287	12,007,991
Direct nonoperating expenses:						
Damage to persons and property		30	30		127	157
Operating improvements	11,255	167,319	178,574	12,209	87,468	278,251
Operating improvements—special war account				17,292		17,202
Moving expense—other than structures	153	20	173	3,498	626	4,207
Total direct nonoperating expenses	11,408	167,369	178,777	32,999	88,221	200,907
Interest and depreciation:						
Interest on development costs of PHA-owned aided projects				703,276	949,146	1,652,422
Depreciation of structures and equipment	195,096	1,686,395	1,881,491	709,277	871,049	3,461,817
Total interest and depreciation	195,096	1,686,395	1,881,491	1,412,553	1,820,195	5,114,230
Losses and charge-offs:						
Collection losses	633	4,052	4,685	6,835	4,488	16,008
Property losses—cost of replacements	701	3,921	4,622	12,101	533	17,256
Property losses—insurance proceeds	[3] 177	[3] 3,114	[3] 3,291	[3] 16,651	[3] 903	[3] 20,935
Total losses and charge-offs	1,157	4,859	6,016	2,285	4,028	12,329
Total expenses	806,273	7,902,340	8,708,613	3,755,212	4,970,731	17,434,556
Net income (or loss [3]) before adjustment or reserves	110,677	[3] 28,679	81,998	[3] 447,488	[3] 284,132	[3] 649,622
Provisions for reserves:						
Repairs, maintenance, and replacements	[3] 69,967	[3] 535,049	[3] 605,016	191,547	[3] 88,050	[3] 501,519
Operating improvements		6,253	6,253	1,200	[3] 2,582	4,871
Operating improvements—special war account				27,388		27,388
Vacancy and collection losses	12,097	45,390	57,487	197,283	16,358	271,128
Fire and other hazards	600		600			600
Contingencies		4,321	4,321	22,509		26,830
Total provisions for reserves	[3] 57,270	[3] 479,085	[3] 536,355	439,927	[3] 74,274	[3] 170,702
Net income (or loss [3])	167,947	450,406	618,353	[3] 887,415	[3] 209,858	[3] 478,920

[3] Deduct.

TABLE 11.—*Income and expense statement of PWA projects under United States Housing Act, fiscal year ended June 30, 1948*

	Managed by PHA	Leased to local authorities [1]
Number of developments [1]	7	42
Number of dwelling units	2,481	18,973
	Average per unit per month	
Operating income:		
Dwelling rent schedule	30.25	33.87
Less: Vacancy loss	.09	.06
Net dwelling rentals	30.16	33.81
Other operating income	.76	.83
Total operating income	30.92	34.64
Expense:		
Operating expense:		
Management	2.75	3.32
Operating services	1.22	1.98
Dwelling and commercial utilities	7.56	9.37
Repairs, maintenance, and replacements	6.05	8.73
Insurance	.30	.27
Public services	.13	.26
Collection losses	.02	.02
Miscellaneous	.10	.25
Subtotal: Operating expenses	18.13	24.20
Reserved from income for:		
Repairs, maintenance, and replacements	(2.36)	(2.35)
Operating improvements		.03
Vacancy and collection losses	.41	.20
Fire and other hazards	.02	
Contingencies		.02
Subtotal: Reserved	(1.93)	(2.10)
Payments in lieu of taxes	2.07	2.40
Operating improvements	.38	.74
Depreciation of structures and equipment	6.58	7.42
Miscellaneous nonoperating expenses	.02	(2)
Subtotal	9.05	10.56
Total expense	25.25	32.66
Net income	5.67	1.98

[1] Excludes one development, with 194 units, leased on a fixed-fee basis for which no income and expense data are included in the per unit-month tabulation.
[2] Less than one-half cent.

TABLE 12.—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ending in calendar years 1941–48*

Item	All projects with fiscal year ending in 1948		Average per unit per month for groups of projects by fiscal years							
			Group 1—Projects completing 8th fiscal year in 1948							
	Total	Average per unit per month	1st fiscal year ending 1941 [1]	2d fiscal year ending 1942	3d fiscal year ending 1943	4th fiscal year ending 1944	5th fiscal year ending 1945	6th fiscal year ending 1946	7th fiscal year ending 1947	8th fiscal year ending 1948
Number of statutory projects	163									[2] 33
Number of developments	338									55
Number of dwelling units	102,612									23,157
Average development cost per unit	4,447									4,727
Number of units available for occupancy	102,566									23,149
Income (excluding PHA annual contribution):										
Dwelling rent schedule	$35,020,122.99	$28.46	$19.31	$20.67	$23.51	$26.70	$27.88	$28.33	$30.60	$31.82
Less: Dwelling vacancy loss	71,669.13	.05	.57	.12	.24	.17	.09	.04	.04	.06
Net dwelling rental income	34,948,453.86	28.41	18.74	20.55	23.27	26.53	27.79	28.29	30.56	31.76
All other income	829,552.10	.67	.35	.51	.35	.33	.11	.71	1.04	1.09
Total income (excluding PHA annual contribution)	35,778,005.96	29.08	19.09	21.06	23.62	26.86	27.90	29.00	31.60	32.85
Expense:										
Operating expense (excluding reserves):										
Management	4,116,608.52	3.35	2.40	2.67	2.58	2.66	2.76	2.97	3.45	3.83
Operating services	1,478,226.05	1.20	.90	1.00	1.07	1.18	1.30	1.53	1.94	2.13
Dwelling utilities	8,317,391.19	6.76	4.55	4.82	5.54	6.02	5.79	5.89	6.87	7.99
Repairs, maintenance, and replacements	7,652,646.88	6.22	1.12	2.14	3.09	3.70	5.19	4.39	6.16	8.29
Public services	122,648.62	.10	.02	.04	.09	.13	.13	.12	.14	.14
Insurance	349,193.02	.28	.33	.47	.70	.50	.31	.31	.33	.35
Collection losses	36,798.85	.03	.02	.02	.03	.02	.03	.02	.02	.03
All other expense	216,926.89	.20	.01	.06	.01	.01	.19	.31	.24	.18
Subtotal: Operating expense (excluding reserves)	22,320,440.02	18.14	9.35	11.22	13.11	14.22	15.70	15.54	19.15	22.94
Reserved from income for:										
Repairs, maintenance, and replacements	(1,618,993.14)	(1.32)	4.55	3.57	2.43	2.18	.74	1.57	(.95)	(3.02)
Vacancy and collection losses	212,464.74	.17	.55	.61	1.39	2.29	1.61	.22	.11	.11
Annual contribution allowance	70,372.65	.06	.75	.04	(.22)	.04	(.24)	.03	.12	.02

Contingencies for postwar improvements										
All other reserves	106,873.74	.09					.13	.37	.50	.33
Subtotal: Reserved	(1,229,282.01)	(1.00)	5.85	4.22	3.60	4.51	2.24	2.19	(.22)	(2.56)
Payments in lieu of taxes	821,363.19	.67	.48	.77	.93	1.98	2.15	2.17	.46	.76
Debt service:										
Interest paid non-Federal bonds (A bonds)	2,939,958.78	2.39	.70	2.28	4.84	4.86	4.80	4.63	4.55	4.36
Interest paid PHA bonds (B bonds)	7,234,542.93	5.88	4.92	8.55	4.98	4.83	4.66	4.61	4.51	4.47
Interest paid on temporary notes										
Non-Federal bonds retired (A bonds)	4,057,000.00	3.30	7.90	2.21	4.07	4.19	4.46	4.61	4.92	5.13
PHA bonds retired (B bonds)	875,000.00	.71				.10	.25	.22	.32	.58
Temporary notes retired										
Reserved for debt service	523,739.44	.42	.96	1.54	(.24)	1.17	.91	1.12	.96	.86
Subtotal: Debt service	15,630,241.15	12.70	14.48	14.58	13.65	15.15	15.08	15.19	15.26	15.40
Total expense	37,542,762.35	30.51	30.16	30.79	31.29	35.86	35.17	35.09	34.65	36.54
Deficit—current year operations	1,764,756.39	1.43	11.07	9.73	7.67	9.00	7.27	6.09	3.05	3.69
Special nonrecurring items:										
Bond refunding	774.52	(5)	1.26	1.60	1.86	.01		.02	.01	(5)
Earnings in excess of normal debt service [6]	(78,521.02)	(.06)								(.24)
Operating improvements	332,414.31	.27			.63	.45	.65	.37	.20	.20
Creation of working capital					.18					
Adjustments to previous years	(79,017.84)	(.07)		(.04)	(.02)	.19	.24	.21	(.11)	(.07)
Subtotal: Special nonrecurring items	175,649.97	.14	1.26	1.56	2.65	.65	.89	.60	.10	(.11)
Total deficit—current year	1,940,406.36	1.57	12.33	11.29	10.32	9.65	8.16	6.69	3.15	3.58
Operating gain	951,361.93	.78							.13	.20
Annual contribution payable in respect to total deficit of current year	2,891,768.29	2.35	12.33	11.29	10.32	9.65	8.16	6.69	3.28	3.78
As percent of maximum annual contribution shown below		19.9%	88.2%	80.5%	73.6%	68.6%	58.1%	47.9%	23.3%	26.9%
Maximum annual contribution payable under contracts	14,531,282.44	11.81	13.98	14.03	14.02	14.07	14.05	13.96	14.06	14.06

See footnotes at end of table.

TABLE 12.—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ending in calendar years 1941–48*—Continued

Item	All projects with fiscal year ending in 1948—Continued		Average per unit per month for groups of projects by fiscal years—Con.						
			Group 2—Projects completing 7th fiscal year in 1948						
	Total	Average per unit per month	1st fiscal year ending 1942 [1]	2d fiscal year ending 1943	3d fiscal year ending 1944	4th fiscal year ending 1945	5th fiscal year ending 1946	6th fiscal year ending 1947	7th fiscal year ending 1948
Number of statutory projects	163								88
Number of developments	338								[3] 177
Number of dwelling units	102, 612								45, 285
Average development cost per unit	4, 447								4, 271
Number of units available for occupancy	102, 566								45, 273
Income (excluding PHA annual contribution):									
Dwelling rent schedule	$35, 020, 122. 99	$28. 46	$14. 81	$17. 98	$20. 85	$22. 76	$23. 91	$25. 08	$25. 96
Less: Dwelling vacancy loss	71, 669. 13	. 05	. 25	. 15	. 13	. 09	. 06	. 04	. 05
Net dwelling rental income	34, 948, 453. 86	28. 41	14. 56	17. 83	20. 72	22. 67	23. 85	25. 04	25. 91
All other income	829, 552. 10	. 67	. 19	. 43	. 21	. 11	. 32	. 51	. 58
Total income (excluding PHA annual contribution)	35, 778, 005. 96	29. 08	14. 75	18. 26	20. 93	22. 78	24. 17	25. 55	26. 49
Expense:									
Operating expense (excluding reserves):									
Management	4, 116, 608. 52	3. 35	2. 06	2. 32	2. 37	2. 41	2. 57	2. 74	2. 96
Operating services	1, 478, 226. 05	1. 20	. 45	. 45	. 46	. 47	. 57	. 64	. 68
Dwelling utilities	8, 317, 391. 19	6. 76	3. 70	4. 20	4. 54	4. 63	4. 83	5. 17	5. 64
Repairs, maintenance, and replacements	7, 652, 646. 88	6. 22	. 92	1. 71	2. 21	3. 02	3. 70	5. 09	5. 25
Public services	122, 648. 62	. 10	. 03	. 06	. 14	. 21	. 16	. 10	. 09
Insurance	349, 193. 02	. 28	. 27	. 47	. 44	. 25	. 22	. 23	. 26
Collection losses	36, 798. 85	. 03	. 02	. 03	. 03	. 03	. 02	. 03	. 03
All other expenses	246, 926. 89	. 20	(5)	(5)	(5)	. 01	. 13	. 21	. 24
Subtotal: Operating expense (excluding reserves)	22, 320, 440. 02	18. 14	7. 45	9. 24	10. 19	11. 03	12. 20	14. 21	15. 15
Reserved from income for:									
Repairs, maintenance, and replacements	(1, 618, 993. 14)	(1. 32)	2. 86	2. 19	1. 95	1. 23	. 91	. 31	(. 68)
Vacancy and collection losses	212, 464. 74	. 17	. 59	1. 36	1. 72	1. 48	. 40	. 24	. 11
Contingencies for postwar improvements									

Annual contribution allowance	70,372.65	.06	.18	(.02)	(.09)	(.01)	.14	(.03)	.04
All other reserves	106,873.74	.09	----	----	----	----	.01	.06	.04
Subtotal: Reserved	(1,229,282.01)	(1.00)	3.63	3.53	3.58	2.70	1.52	.58	(.49)
Payments in lieu of taxes	821,363.19	.67	.67	.78	1.34	1.74	1.85	1.12	.84
Debt service:									
Interest paid non-Federal bonds (A bonds)	2,939,958.78	2.39	.45	1.11	1.12	1.27	1.27	1.33	1.30
Interest paid PHA bonds (B bonds)	7,234,542.93	5.88	4.00	7.75	7.67	7.32	7.33	7.11	6.97
Interest paid on temporary notes	----	----	----	----	----	----	----	----	----
Non-Federal bonds retired (A bonds)	4,057,000.00	3.30	6.15	1.81	1.93	2.11	2.17	2.39	2.44
PHA bonds retired (B bonds)	875,000.00	.71	----	.01	.19	.86	.98	.89	.95
Temporary notes retired	----	----	----	----	----	----	----	----	----
Reserved for debt service	523,739.44	.42	.97	1.18	.94	.23	.10	.20	.16
Subtotal: Debt service	15,630,241.15	12.70	11.57	11.86	11.85	11.79	11.85	11.92	11.82
Total expense	37,542,762.35	30.51	23.32	25.41	26.96	27.26	27.42	27.83	27.32
Deficit—current year operations	1,764,756.39	1.43	8.57	7.15	6.03	4.48	3.25	2.28	.83
Special nonrecurring items:									
Bond refunding	774.52	(5)	.17	.06	(5)	.01	(5)	.02	----
Earnings in excess of normal debt service [6]	(78,521.02)	(.06)	----	----	----	----	----	----	(.02)
Operating improvements	332,414.31	.27	----	.07	.06	.19	.21	.22	.23
Creation of working capital	----	----	----	.01	.01	----	----	----	----
Adjustments to previous years	(79,017.84)	(.07)	----	.09	.05	.07	(.02)	(.01)	(.01)
Subtotal: Special nonrecurring expenses	175,649.97	.14	.17	.23	.12	.27	.19	.23	.20
Total deficit—current year	1,940,406.36	1.57	8.74	7.38	6.15	4.75	3.44	2.51	1.03
Operating gain	951,361.93	.78	----	----	----	----	----	.30	.84
Annual contribution payable in respect to total deficit for current year	2,891,768.29	2.35	8.74	7.38	6.15	4.75	3.44	2.81	1.87
As percent of maximum annual contribution shown below	----	19.9%	79.0%	66.4%	55.5%	42.9%	31.0%	25.4%	16.9%
Maximum annual contribution payable under contract	14,531,282.44	11.81	11.07	11.12	11.09	11.07	11.11	11.08	11.08

See footnotes at end of table.

TABLE 12—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ending in calendar years 1941–48*—Continued

Item	All projects with fiscal year ending in 1948—Continued		Average per unit per month for groups of projects by fiscal years—Continued										
			Group 3—Projects completing 6th fiscal year in 1948						Group 4—Projects completing 5th fiscal year in 1948				
	Total	Average per unit per month	1st fiscal year ending 1943 [1]	2d fiscal year ending 1944	3rd fiscal year ending 1945	4th fiscal year ending 1946	5th fiscal year ending 1947	6th fiscal year ending 1948	1st fiscal year ending 1944 [1]	2d fiscal year ending 1945	3d fiscal year ending 1946	4th fiscal year ending 1947	5th fiscal year ending 1948
Number of statutory projects	163	....						29					11
Number of developments	338	....						62					[4] 42
Number of dwelling units	102,612	....						21,628					12,386
Average development cost per unit	4,447	....						4,830					3,902
Number of units available for occupancy	102,566	....						21,628					12,360
Income (excluding PHA annual contribution):													
Dwelling rent schedule	$35,020,122.99	$28.46	$21.79	$27.36	$28.75	$29.95	$31.35	$32.88	$18.76	$20.94	$21.34	$21.76	$23.71
Less: Dwelling vacancy loss	71,669.13	.05	.28	.17	.12	.08	.06	.07	.29	.23	.08	.03	.05
Net dwelling rental income	34,948,453.86	28.41	21.51	27.19	28.63	29.87	31.29	32.81	18.47	20.71	21.26	21.73	23.66
All other income	829,552.10	.67	.20	.38	.86	.37	.55	.64	.27	.20	.25	.27	.30
Total income (excluding PHA annual contribution)	35,778,005.96	29.08	21.71	27.57	29.49	30.24	31.84	33.45	18.74	20.91	21.51	22.00	23.96
Expense:													
Operating expense (excluding reserves):													
Management	4,116,608.52	3.35	2.76	2.95	3.08	3.29	3.44	3.77	2.50	2.32	2.49	2.78	3.13
Operating services	1,478,226.05	1.20	.84	.92	.93	1.09	1.34	1.44	.76	.78	.86	.95	.97
Dwelling utilities	8,317,391.19	6.76	5.29	6.16	6.29	6.44	7.02	7.82	5.01	4.97	5.12	5.54	6.74
Repairs, maintenance, and replacements	7,652,646.88	6.22	2.16	3.29	4.07	4.90	6.46	6.77	2.15	3.80	3.96	5.24	4.96
Public services	122,648.62	.10	.06	.23	.45	.27	.04	.05	.07	.14	.09	.11	.16
Insurance	349,193.02	.28	.47	.47	.30	.28	.30	.31	.33	.20	.14	.17	.19
Collection losses	36,798.85	.03	.04	.04	.03	.04	.03	.02	.02	.03	.01	.02	.03
All other expense	246,926.89	.20	.01	....	.01	.09	.19	.22	....	.03	.06	.07	.05
Subtotal: Operating expense (excluding reserves)	22,320,440.02	18.14	11.63	14.06	15.19	16.40	18.82	20.40	10.84	12.27	12.73	14.88	16.23

Reserved from income for:													
Repairs, maintenance, and replacements	(1,618,993.14)	(1.32)	2.58	2.58	2.42	1.43	(.72)	(1.00)	1.94	.52	.96	(1.11)	(1.00)
Vacancy and collection losses	212,464.74	.17	1.78	.207	.205	.84	.15	.09	.104	1.22	1.30	.80	.64
Contingencies for postwar improvements					.62	.65							
Annual contribution allowance	70,372.65	.06	.23	(5)	(.06)	.15	.01	.10	.19	(.02)	(.16)	(5)	.08
All other reserves	106,873.74	.09				.18	.13	(.03)				.02	.01
Subtotal: Reserved	(1,229,282.01)	(1.00)	4.59	4.65	5.03	3.25	(.43)	(.84)	3.17	1.72	2.10	(.29)	(.27)
Payments in lieu of taxes	821,363.19	.67	.99	1.68	2.16	2.23	1.94	.33	.85	1.23	1.45	.56	.45
Debt service:													
Interest paid non-Federal bonds (A Bonds)	2,939,958.78	2.39	1.32	2.54	2.16	2.47	2.39	2.30	1.52	2.98	3.20	2.73	2.85
Interest paid PHA bonds (B bonds)	7,234,542.93	5.88	3.34	6.67	6.75	6.64	6.63	6.62	1.56	3.35	3.11	3.43	3.20
Interest paid on temporary notes													
Non-Federal bonds retired (A bonds)	4,057,000.00	3.30	7.14	2.49	2.59	2.70	2.78	2.88	5.45	2.80	3.45	3.66	3.74
PHA bonds retired (B bonds)	875,000.00	.71	(5)		.09	.48	.71	.75		.45		.02	.03
Temporary notes retired									.50				
Reserved for debt service	523,739.44	.42	1.06	1.26	1.09	.66	.52	.42	1.01	.82	.68	.58	.61
Subtotal: Debt service	15,630,241.15	12.70	12.86	12.96	12.98	12.95	13.03	12.97	10.58	10.40	10.44	10.42	10.43
Total expense	37,542,762.35	30.51	30.07	33.35	35.36	34.83	13.36	32.86	25.44	25.62	26.72	25.57	26.84
Deficit—current year operations	1,764,756.39	1.43	8.36	5.78	5.87	4.59	1.52	(3.59)	6.70	4.71	5.21	3.57	2.88
Special nonrecurring items:													
Bond refunding	774.52	(5)				(5)							
Earnings in excess of normal debt service [6]	(78,521.02)	(.06)											
Operating improvements	332,414.31	.27	.17	.98	.4	.52	.13	.50	.04	.35	1.00	.15	.14
Creation of working capital													
Adjustments to previous years	(79,017.84)	(.07)		.04	.19	(1.59)	.01	(.17)		(.06)	.17	.09	(.04)
Subtotal: Special nonrecurring items	175,649.97	.14	.17	.102	1.13	(.07)	.14	.33	.04	.29	1.17	.24	.10
Total deficit—current year	1,940,406.36	1.57	8.53	6.80	7.00	4.52	1.66	(.26)	6.74	5.00	6.38	3.81	2.98
Operating gain	951,361.93	.78					.54	1.60					.01
Annual contribution payable in respect to total deficit of current year	2,891,768.29	2.35	8.53	6.80	7.00	4.52	2.20	1.43	6.74	5.00	6.38	3.81	2.99
As percent of maximum annual contribution		19.9%	69.9%	56.6%	58.2%	37.5%	18.3%	11.8%	67.7%	51.3%	65.3%	39.0%	30.6%
Maximum annual contribution payable under contracts	14,531,282.44	11.81	12.20	12.01	12.03	12.04	12.05	12.09	9.96	9.74	9.77	9.78	9.78

See footnotes at end of table.

TABLE 12.—*Income and expense statement of PHA permanently financed Public Law 412 projects by fiscal years ending in calendar years 1941–48*—Continued

Item	All projects with fiscal year ending in 1948—Continued		Average per unit per month for groups of projects by fiscal years—Con.						
			Group 5—Projects completing 4th fiscal year in 1948				Group 6—Projects completing 3d fiscal year in 1948		
	Total	Average per unit per month	1st fiscal year ending 1945[1]	2d fiscal year ending 1946	3d fiscal year ending 1947	4th fiscal year ending 1948	1st fiscal year ending 1946[1]	2d fiscal year ending 1947	3d fiscal year ending 1948
Number of statutory projects	163	----------				1			1
Number of developments	338	----------				1			1
Number of dwelling units	102, 612	----------				90			66
Average development cost per unit	4, 447	----------				4, 133			3, 848
Number of units available for occupancy	102, 566	----------				90			66
Income (excluding PHA annual contribution):									
Dwelling rent schedule	$35, 020, 122. 99	$28. 46	$17. 82	$18. 53	$17. 42	$17. 87	$24. 76	$26. 89	$24. 40
Less: Dwelling vacancy loss	71, 669. 13	. 05	. 12	. 02	. 10	. 09	. 01	. 03	. 01
Net dwelling rental income	34, 948, 453. 86	28. 41	17. 70	18. 51	17. 32	17. 78	24. 75	26. 86	24. 39
All other income	829, 552. 10	. 67	. 05	. 27	(. 17)	. 01	. 13	. 14	. 21
Total income (excluding PHA annual contribution)	35, 778, 005. 96	29. 08	17. 75	18. 78	17. 15	17. 79	24. 88	27. 00	24. 60
Expense:									
Operating expense (excluding reserves):									
Management	4, 116, 608. 52	3. 35	3. 36	2. 86	2. 84	2. 92	2. 86	3. 46	3. 66
Operating services	1, 478, 226. 05	1. 20	. 22	. 28	. 29	. 21	. 50	. 55	. 63
Dwelling utilities	8, 317, 391. 19	6. 76	3. 15	3. 70	3. 96	4. 03	6. 47	5. 84	5. 65
Repairs, maintenance, and replacements	7, 652, 646. 88	6. 22	1. 07	2. 06	4. 27	4. 79	2. 17	7. 77	3. 10
Public services	122, 648. 62	. 10	. 02	. 04	. 09	. 13	. 01	----------	----------
Insurance	349, 193. 02	. 28	. 40	. 40	. 42	. 42	. 25	. 17	. 17
Collection losses	36, 798. 85	. 03	----------	. 19	(. 03)	----------	----------	. 01	----------
All other expense	246, 926. 89	. 20	----------	. 01	(5)	----------	----------	. 01	. 11
Subtotal: Operating expense (excluding reserves)	22, 320, 440. 02	18. 14	8. 22	9. 54	11. 84	12. 50	12. 26	17. 81	13. 32
Reserved from income for:									
Repairs, maintenance, and replacements	(1, 618, 993. 14)	(1. 32)	3. 14	2. 44	. 23	. 19	1. 97	(1. 60)	2. 69
Vacancy and collection losses	212, 464. 74	. 17	1. 73	1. 63	1. 39	. 06	2. 47	2. 65	1. 15

Contingencies for postwar improvements									
Annual contribution allowance	70,372.65	.06	.34	.41	.35	.67	.24	(.03)	(.02)
All other reserves	106,873.74	.09							
Subtotal: Reserved	(1,229,282.01)	(1.00)	5.21	4.48	1.97	.92	4.68	1.02	3.82
Payments in lieu of taxes	821,363.19	.67	1.36	1.01	.80	.35	1.83		
Debt service:									
Interest paid non-Federal bonds (A bonds)	2,939,958.78	2.39	.57	.44	.37	.32	.49	.50	.46
Interest paid PHA bonds (B bonds)	7,234,542.93	5.88	9.25	9.25	9.25	9.25	7.41	8.64	8.64
Interest paid on temporary notes									
Non-Federal bonds retired (A bonds)	4,057,000.00	3.30	6.48	1.85	2.78	1.85	5.41	1.26	2.52
PHA bonds retired (B bonds)	875,000.00	.71							
Temporary notes retired									
Reserved for debt service	523,739.44	.42	(3.99)	.85	(.01)	.97	(3.22)	1.29	.07
Subtotal: Debt service	15,630,241.15	12.70	12.31	12.39	12.39	12.39	10.09	11.69	11.69
Total expense	37,542,762.35	30.51	27.10	27.42	27.00	26.16	28.86	30.52	28.83
Deficit—current year operations	1,764,756.39	1.43	9.35	8.64	9.85	8.37	3.98	3.52	4.23
Special nonrecurring items:									
Bond refunding	774.52	[5]							
Earnings in excess of normal debt service [6]	(78,521.02)	(.06)							
Operating improvements	332,414.31	.27							
Creation of working capital									
Adjustments to previous years	(79,017.84)	(.07)		.11	(.04)				.01
Subtotal: Special nonrecurring items	175,649.97	.14		.11	(.04)				.01
Total deficit—current year	1,940,406.36	1.57	9.35	8.75	9.81	8.37	3.98	3.52	4.24
Operating gain	951,361.93	.78							
Annual contribution payable in respect to total deficit of current year	2,891,768.29	2.35	9.35	8.75	9.81	8.37	3.98	3.52	4.24
As percent of maximum annual contribution shown below		19.9%	77.5%	72.6%	81.3%	69.4%	35.5%	31.4%	37.8%
Maximum annual contribution payable under contracts	14,531,282.44	11.81	12.06	12.06	12.06	12.06	11.22	11.22	11.22

[1] Averages per unit per month are adjusted for the varying periods applicable to different accounts in respect to projects in their first fiscal year.
[2] Excludes Ohio-2-1 (618 units) included in data for this group prior to third fiscal year.
[3] Includes GA-6-3A (179 units) for which income and expense were charged to development accounts prior to fourth fiscal year.
[4] Includes 22 developments (4,850 units) in Puerto Rico for which latest development costs average $1,836 per dwelling unit; also includes PR-4-2 (324 units) for which income and expense were charged to development accounts for first fiscal year.
[5] Less than ½ cent.
[6] Applies to FLA-5-1, 2, 3 (1,075 units) and IND-3-1 (120 units), which projects are permitted under contract to apply excess earnings to debt service.

TABLE 13.—*Subsistence homestead and Greenbelt towns program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*

ASSETS

	As of June 30, 1948	As of Dec. 31, 1948
Cash:		
On hand and in banks	$34,750	$5,532
With U. S. Treasury	2,545,944	97,436
	$2,580,694	$102,968
Appropriated funds	1,303,569	1,268,800
Loans receivable:		
Subsistence homestead association mortgage notes	797,019	567,691
Industrial cooperative mortgage notes	1,240,998	1,190,998
Mortgage loan notes—other	218,821	201,137
Other loans	42,700	37,000
Allowance for losses	[1] 915,347	[1] 873,713
Total loans receivable	1,384,191	1,123,113
Accounts receivable:		
Due from Government agencies	104	
Tenants accounts:		
Tenants in possession	32,910	26,008
Vacated tenants	65,998	64,865
Allowance for bad debts	[1] 65,998	[1] 64,865
Furniture sales	2,448	1,943
Miscellaneous		223
Total accounts receivable	35,462	28,174
Accrued assets:		
Interest on industrial cooperative mortgage notes	185,400	189,935
Interest on other mortgage loan notes	1,101	2,373
Interest—other	488	872
Allowance for losses	[1] 31,434	[1] 137,647
Total accrued assets	155,555	55,533
Commodities, supplies, and materials: Stores inventories	128,932	136,741
Land, structures, and equipment:		
Greenbelt towns projects	36,195,406	36,162,675
Subsistence homestead projects	1,595,011	518,912
Allowance for depreciation—Greenbelt towns	[1] 5,913,442	[1] 6,200,666
Total land, structures, and equipment	31,876,975	30,480,921
Deferred and undistributed charges:		
Prepaid expenses:		
Payments in lieu of taxes	45,704	5,386
Insurance—fixed premiums	47,883	59,166
Administrative		38,000
Undistributed charges	2,400,465	118,225
Total deferred and undistributed charges	2,494,052	220,777
Total assets	39,959,430	33,417,027

LIABILITIES AND CAPITAL

	As of June 30, 1948	As of Dec. 31, 1948
Accounts payable:		
Management	$231,506	$307,004
Disposition	19,713	22,502
Other	32,388	25,382
Total accounts payable	$283,607	$354,888
Trust and deposit liabilities:		
Deposits on lease and purchase agreements	2,404,585	81,382
Deposits for maintenance and repair	38,954	5,205
Miscellaneous	97,463	5,362
Total trust and deposit liabilities	2,541,002	91,949

[1] Deduct.

TABLE 13.—*Subsistence homestead and Greenbelt towns program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*—Continued

	As of June 30, 1948	As of Dec. 31, 1948
Deferred and undistributed credits:		
Prepaid rents	4,323	8,036
Prepaid interest	232	
Undistributed credits	135,847	109,432
Total deferred and undistributed credits	140,402	117,468
Total liabilities	2,965,011	564,305
CAPITAL		
Paid-in capital:		
Appropriations:		
Expended	8,600,944	9,336,543
Unexpended	1,207,458	1,216,250
Revenue receipts	[1] 9,464,115	[1] 10,208,507
General fund receipts	[1] 8,207,633	[1] 11,060,151
Net appropriations	[1] 7,863,346	[1] 10,715,865
Assets transferred from Farmers Home Administration	62,468,467	62,799,518
Assets transferred to other Federal agencies for disposition	[1] 1,232,001	[1] 1,734,823
Assets transferred to other Federal agencies for use	[1] 24,744	[1] 24,744
Assets transferred to other programs	[1] 7,457	[1] 9,402
Total paid-in capital	53,340,919	50,314,684
Deficit	[1] 16,346,500	[1] 17,461,962
Total capital	36,994,419	32,852,722
Total liabilities and capital	39,959,430	33,417,027

[1] Deduct.

TABLE 14.—*Subsistence homestead and Greenbelt towns program statement of income and expense for the fiscal year ended June 30, 1948*

Income:		
Rents:		
Greenbelt towns projects	$1,464,831	
Subsistence homestead projects	88,514	
Total rents		$1,553,345
Interest:		
Subsistence homestead obligations	$27,085	
Industrial cooperative obligations	17,177	
Other mortgage loans	18,686	
Furniture sales contracts	1,272	
Total interest		64,220
Other income		394
Total income		1,617,959

TABLE 14.—*Subsistence homestead and Greenbelt towns program statement of income and expenses for the fiscal year ended June 30, 1948*—Continued

Expenses:		
Direct operating expenses:		
Greenbelt towns projects	$1, 191, 897	
Subsistence homestead projects	59, 742	
Total direct operating expense		$1, 251, 639
Administrative expenses		158, 050
Depreciation—Greenbelt towns projects		574, 449
Losses and charge-offs:		
Collection losses:		
Greenbelt towns projects	$4, 936	
Subsistence homestead projects	5, 699	
Industrial cooperative loans—interest	[1] 1, 524	
Total collection losses	9, 111	
Disposition of property:		
Sales:		
Cost	4, 033, 130	
Expenses	11, 127	
Proceeds	[1] 2, 665, 344	
Net loss on sales	1, 378, 913	
Dedications	815, 839	
Total losses and charge-offs		2, 203, 863
Total expenses		4, 188, 001
Net income (or loss [1]) before adjustment of reserves		[1] 2, 570, 042
Adjustment of reserves:		
Provisions for bad debts		[1] 11, 439
Net income (or loss [1]) for the year		[1] 2, 558, 603

ANALYSIS OF EARNED SURPLUS (OR DEFICIT [1])

Balance at beginning of period	[1] 12, 784, 981
Adjustments to beginning balance	[1] 1, 002, 916
Net income (or loss [1]) for the year (above)	[1] 2, 558, 603
Balance at end of period	[1] 16, 346, 500

[1] Deduct.

TABLE 15.—*Subsistence homestead and Greenbelt towns program statement of sources and application of funds for the fiscal year ended June 30, 1948*

FUNDS PROVIDED		
By realization of assets:		
Repayments of principal of loans:		
Subsistence homestead association mortgage notes	$233, 074	
Industrial cooperative mortgage notes	631, 241	
Mortgage loan notes—other	380, 140	
Total repayments	1, 244, 455	
Sales of property	2, 665, 344	
Total realization of assets		$3, 909, 799
By income:		
Rents	$1, 553, 346	
Interest	64, 220	
Other	394	
Total income		1, 617, 960
By appropriations: Allotments—Farmers Home Administration		6
Total funds provided		5, 527, 765
FUNDS APPLIED		
To expenses (excluding charges not requiring funds):		
Direct operating expenses	$1, 251, 639	
Administrative expenses	158, 050	
Losses and charge-offs	11, 127	
Total expenses (excluding charges not requiring funds)		1, 420, 816
To retirement of borrowings and capital: Deposits of general fund receipts		4, 030, 400
To increase in working capital		76, 549
Total funds applied		5, 527, 765

TABLE 16.—*Public war housing program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*

ASSETS

	As of June 30, 1948	As of Dec. 31, 1948
Cash:		
On hand and in banks	$240, 401	$590, 586
With U. S. Treasury	1, 527, 083	780, 128
Total cash	1, 767, 484	1, 370, 714
Appropriated funds:		
Management	36, 468, 491	42, 076, 323
Disposition	21, 081, 380	13, 511, 987
Development	2, 390, 650	2, 360, 468
Total appropriated funds	59, 940, 521	57, 948, 778
Investments: Other stock—Kays Creek Irrigation Co., Layton, Utah	50	50
Loans receivable: Mortgage loan notes	6, 750, 482	8, 528, 812
Accounts receivable:		
Government agencies	39, 417	31, 973
Receivables from lessees and contractors:		
Rents receivable	5, 658, 367	5, 323, 041
Other receivables	299, 922	238, 271
Other	78, 515	57, 107
Tenants accounts:		
Tenants in possession	248, 209	187, 447
Vacated tenants	201, 081	170, 814
Allowance for bad debts	[1] 201, 081	[1] 170, 814
Unbilled	534, 119	477, 165
Miscellaneous	453, 921	330, 416
Total accounts receivable	7, 312, 470	6, 645, 420
Advances:		
Local housing authorities	2, 741, 007	2, 401, 605
Other	47, 618	336, 433
Total advances	2, 788, 625	2, 738, 038
Accrued assets: Interest on mortgage loan notes	12, 101	50, 888
Commodities, supplies, and materials: Stores inventories	116, 678	94, 859
Land, structures, and equipment: Development costs	1, 224, 062, 274	1, 183, 197, 044
Deferred and undistributed charges:		
Prepaid expenses:		
Payments in lieu of taxes	3, 306, 239	1, 978, 355
Insurance	403	275
Land rental	80, 090	65, 188
Administrative expenses		1, 626, 000
Undistributed charges	2, 527, 369	1, 299, 200
Total deferred and undistributed charges	5, 914, 101	4, 969, 018
Total assets	1, 308, 664, 786	1, 265, 543, 621

TABLE 16.—*Public war housing program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*—Continued

LIABILITIES AND CAPITAL

	As of June 30, 1948	As of Dec. 31, 1948
Accounts payable:		
Management	$8,450,910	$8,355,689
Disposition	406,720	542,048
Local housing authorities: Deficits—leased projects	180,809	543,517
Other	5,607	45,361
Total accounts payable	9,044,046	9,486,615
Trust and deposit liabilities:		
Tenants' security deposits	1,067,485	299,193
Unclaimed refunds	73,626	77,449
Other	441,886	586,945
Total trust and deposit liabilities	1,582,997	963,587
Deferred and undistributed credits:		
Prepaid rents	239,737	344,914
Disposition income	31,578	31,577
Undistributed credits	10,706,027	9,499,222
Total deferred and undistributed credits	10,977,342	9,875,713
Total liabilities	21,604,385	20,325,915
CAPITAL		
Paid-in capital:		
Paid-in surplus: Assets transferred from other Federal agencies	113,937,744	113,937,744
Appropriations:		
Expended	1,833,011,382	1,855,847,053
Unexpended	51,909,016	49,751,399
Revenue receipts	[1] 294,054,117	[1] 314,749,982
General fund receipts	[1] 168,601,628	[1] 194,625,080
Net expended appropriations	1,422,264,653	1,396,223,390
Assets transferred to other Federal agencies	[1] 155,553,578	[1] 161,521,098
Assets transferred to other programs	[1] 535,324	[1] 535,324
Total appropriations	1,266,175,751	1,234,166,968
Earned surplus	[1] 93,053,094	[1] 102,887,006
Total capital	1,287,060,401	1,245,217,706
Total liabilities and capital	1,308,664,786	1,265,543,621

[1] Deduct.

NOTE.—Contingent loss on "Offers to Purchase Real Property" accepted by PHA:

Total development cost of units covered by "Offer and Acceptances"	$10,572,672.97
Total sales price per "Offer and Acceptance"	6,885,302.75
Contingent Loss	3,687,370.22

Contingent liability for unused accrued annual leave at June 30, 1948 was $1,736,580.65 computed on a basis of 1,186,270 actual hours at an average annual salary rate of $3,045 or $1.4639 per hour.

831481—49——25

TABLE 17.—*Public war housing program statement of income and expense for the fiscal year ended June 30, 1948*

Income:	
Rental of projects:	
Directly operated:	
Family dwelling	$46, 674, 544
Dormitories	1, 588, 844
Stopgap	1, 359, 741
Total directly operated	49, 623, 129
Leased (net):	
Family dwelling	24, 816, 407
Dormitories	[1] 206, 787
Stopgap	32, 125
Total leased	24, 641, 745
Contract managed	11, 336
Rented projects and project property	244, 270
Total rents	74, 520, 480
Interest on mortgage loan notes	242, 187
Miscellaneous income	67, 534
Total income	74, 830, 201
Expenses:	
Direct operating expenses:	
Projects:	
Directly operated:	
Family dwelling	29, 034, 262
Dormitories	2, 143, 149
Stopgap	1, 385, 030
Total directly operated	32, 562, 441
Contract managed	6, 695
Rented projects and project property	31, 868
Total projects	32, 601, 004
Excess property warehouse expense	71, 061
Total direct operating expense	32, 672, 065
Administrative expenses:	
Public Housing Administration	8, 066, 110
Office of Administrator, HHFA	678, 000
Total administrative expenses	8, 744, 110

TABLE 17.—*Public war housing program statement of income and expense for the fiscal year ended June 30, 1948*—Continued

Direct nonoperating expenses:	
Projects:	
Directly operated:	
Family dwelling	$241, 203
Dormitories	676
Stopgap	733
Total direct nonoperating expense	242, 612
Losses and charge-offs:	
Collection losses:	
Directly operated projects:	
Family dwelling	99, 226
Dormitories	6, 745
Stopgap	13, 033
Total directly operated	119, 004
Rented projects and project property	4, 818
Total collection losses	123, 822
Casualty losses:	
Cost of property destroyed	19, 319, 696
Cost of replacements	97, 740
Total casualty losses	19, 417, 436
Disposition of property:	
Development costs:	
Indirect costs—administrative expenses	75, 000
Reuse for veterans' housing program	6, 414, 745
Reuse for Public Housing Administration	11, 353, 601
Sold	52, 548, 276
Demolished	21, 554, 606
Dedicated	4, 434, 403
Unallocated costs	382, 188
Total development costs	96, 762, 819
Disposition expenses	823, 813
Proceeds of sales	[1] 15, 686, 528
Net disposition of property	81, 900, 104
Total losses and charge-offs	101, 441, 362
Total expenses	143, 100, 149

TABLE 17.—*Public war housing program statement of income and expense for the fiscal year ended June 30, 1948*—Continued

Net income (or loss [1]) before adjustment of reserves	[1] $68, 269, 948
Adjustment of reserve	7, 394
Net income (or loss [1]) for the year	[1] 68, 277, 342

ANALYSIS OF EARNED SURPLUS (OR DEFICIT [1])

Balance at beginning of fiscal year	[1] 8, 226, 574
Adjustment to beginning balance	[1] 16, 549, 178
Net income (or loss [1]) for the year (above)	[1] 68, 277, 342
Balance at end of fiscal year	[1] 93, 053, 094

[1] Deduct.

TABLE 18.—*Average income and expense per unit per month of entirely active projects in the public war housing program (Lanham constructed), by type of accommodation, calendar year ended Dec. 31, 1948*

	Family dwellings	Dormitories	Stop-gap accommodations
Income:			
Dwelling rent schedule	$32.47	$23.41	$25.11
Less: vacancy loss	.47	5.65	1.00
Dwelling rent income	32.00	17.76	24.11
Other income	2.23	.13	1.48
Total operating income	34.23	17.89	25.59
Expense:			
Management expense	3.08	4.76	4.53
Operating services	.75	2.01	2.80
Dwelling utilities	6.75	3.37	5.19
Repairs, maintenance, and replacements	7.05	2.82	8.24
Public services	1.44	1.61	.87
Housekeeping services	(1)	2.58	.01
Other expenses [2]	.61	2.76	1.63
Total operating expense before collection loss	19.68	69.91	23.27
Collection loss	.08		.13
Payments in lieu of taxes	4.00	.41	1.64
Total operating expense	23.76	20.32	25.04
Net operating income	10.47	[3] (2.43)	.55
Net nonoperating expense [4]	.29		.09
Total expense	24.05	20.32	25.13
Net project income	10.18	[3] (2.43)	.46

[1] Less than $0.005.
[2] Includes sales and services to tenants, insurance, rents, taxes, contributions to pensions and insurance funds, and miscellaneous.
[3] Deficit.
[4] Includes operating improvements, property losses, etc.

TABLE 19.—*Public war housing program statement of sources and application of funds for the fiscal year ended June 30, 1948*

FUNDS PROVIDED		
By realization of assets:		
Repayment of principal of loans: Mortgage loan notes	$366, 648	
Sales of property	11, 253, 464	
Total realization of assets		$11, 620, 112
By income:		
Rents	$74, 520, 480	
Interest	242, 187	
Other	67, 534	
Total income		74, 830, 201
By decrease in working capital		48, 654, 766
Total funds provided		135, 105, 079
FUNDS APPLIED		
To acquisition of assets: Land, structures, and equipment		667, 993
To expenses (excluding charges not requiring funds):		
Direct operating expense	$32, 672, 064	
Administrative expense	8, 744, 110	
Direct nonoperating expense	242, 613	
Losses and charge-offs	996, 553	
Total expenses (excluding charges not requiring funds)		42, 655, 340
To retirement of borrowings and capital:		
Deposit of general fund receipts	$87, 206, 678	
Allotment rescission—Office of Administrator, HHFA	4, 526, 154	
Allotment rescission—Federal Works Agency	48, 914	
Total retirement of borrowings and capital		91, 781, 746
Total funds applied		135, 105, 079

TABLE 20.—*Veterans' reuse housing program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*

ASSETS

	As of June 30, 1948	As of Dec. 31, 1948
Cash:		
On hand and in banks	$8,409	$9,111
With U. S. Treasury	39,718	38,000
Total cash	48,127	47,111
Appropriated funds	18,693,836	27,833,839
Accounts receivable:		
Due from local bodies	15,015,272	7,189,357
Due from others	20,315	950
Tenants accounts:		
Tenants in possession	2,243	2,586
Vacated tenants	321	931
Allowance for bad debts	[1] 321	[1] 931
Miscellaneous	37,164	74,766
Total accounts receivable	15,074,994	7,267,659
Advances:		
Due from contractors	3,051,744	439,233
Due from local bodies	1,075,839	111,620
Total advances	4,127,583	550,853
Land, structures, and equipment: Development costs	11,444,735	20,092,994
Deferred and undistributed charges:		
Prepaid expenses:		
Payments in lieu of taxes	18,104	86,464
Administrative expenses	------	174,000
Undistributed charges	43,069	26,178
Total deferred and undistributed charges	61,173	286,642
Total assets	49,450,448	56,079,098

LIABILITIES AND CAPITAL

	As of June 30, 1948	As of Dec. 31, 1948
Accounts payable:		
Management	$61,603	$189,005
Administrative	16,683	959
Total accounts payable	78,286	189,964
Trust and deposit liabilities:		
Tenants security deposits	15,790	------
Unclaimed refunds	17,073	19,879
Miscellaneous	23,908	38,000
Total trust and deposit liabilities	56,771	57,879
Deferred and undistributed credits:		
Prepaid rents	2,544	4,744
Undistributed credits	10,204	8,675
Total	12,748	13,419
Total liabilities	147,805	261,262
CAPITAL		
Paid-in capital:		
Appropriations:		
Expended	439,135,973	442,532,371
Unexpended	18,698,787	27,833,516
Revenue receipts	[1] 3,083,726	[1] 15,614,852
General fund receipts	[1] 4,734,017	[1] 5,216,323
Net expended appropriations	450,017,017	449,534,712
Assets transferred to other government agencies	[1] 35,936	[1] 35,936
Assets transferred from other programs	------	5,062,457
Total appropriations	449,981,081	454,561,233
Deficit	[1] 400,678,438	[1] 398,743,397
Total capital	49,302,643	55,817,836
Total liabilities and capital	49,450,448	56,079,098

[1] Deduct.

TABLE 21.—*Veterans' reuse housing program statement of income and expense for the fiscal year ended June 30, 1948*

Income:	
Rents:	
Directly operated projects	$719, 626
Rented projects and project property	22, 756
Leased projects—net return	13, 640, 524
Transportation operation—net return	[1] 5, 229
Total rents	14, 377, 677
Other income	97, 310
Total income	14, 474, 987
Expenses:	
Direct operating expenses: Directly operated projects	499, 816
Administrative expenses: Public Housing Administration	302, 700
Direct nonoperating expenses: Directly operated projects	4, 247
Losses and charge-offs:	
Collection losses	522
Disposition of property:	
Sales: Proceeds	[1] 317, 934
Reuse:	
Administrative costs	654, 997
Field supervision and overhead	2, 306, 047
Unallocated costs	2, 327, 688
Real property transferred	178, 205, 935
Total reuse	183, 494, 667
Net loss on disposition of property	183, 176, 733
Total losses and charge-offs	183, 177, 255
Total expenses	183, 984, 018
Net income (or loss [1]) before adjustments of reserves	169, 509, 031
Adjustment of reserves: Provision for bad debts	52
Net income (or loss [1]) for the year	[1] 169, 509, 083

ANALYSIS OF EARNED SURPLUS (OR DEFICIT [1])

Balance at beginning of year	[1] 229, 619, 897
Adjustments to beginning balance	[1] 1, 549, 458
Net income (or loss [1]) for the year	[1] 169, 509, 083
Balance at end of period	[1] 400, 678, 438

[1] Deduct.

TABLE 22.—*Veterans' reuse housing program statement of sources and application of funds for the fiscal year ended June 30, 1948*

FUNDS PROVIDED

By realization of assets: Sales of property		$317, 934
By income:		
Rents	$14, 377, 677	
Other	97, 310	
Total income		14, 474, 987
By appropriations: Allotments—Office of Administrator, HHFA		27, 538, 221
By decrease in working capital		54, 719, 231
Total funds provided		97, 050, 373

FUNDS APPLIED

To acquisition of assets: Land, structures, and equipment		79, 525, 015
To expenses (excluding charges not requiring funds):		
Direct operating expenses	499, 816	
Administrative expenses	302, 700	
Direct nonoperating expenses	4, 247	
Total expenses (excluding charges not requiring funds)		806, 763
To retirement of borrowings and capital:		
Deposit of general fund receipts	4, 718, 595	
Lapsed and rescinded appropriations	12, 000, 000	
Total retirement of borrowings and capital		16, 718, 595
Total funds applied		97, 050, 373

TABLE 23.—*Homes conversion program, balance sheet, as of June 30, 1948 and Dec. 31, 1948*

ASSETS

	As of June 30, 1948	As of Dec. 31, 1948
Cash:		
On hand and in banks	$110,793	$200,090
With U. S. Treasury	197,819	306,448
Total cash	308,612	506,538
Appropriated funds	4,057,116	3,140,019
Accounts receivable:		
Due from Government agencies	88	
Due from contract managers	541,857	5,933
Due from lessors	2,581	4,608
Tenants accounts:		
Tenants in possession	34,548	38,261
Vacated tenants	90,944	93,211
Allowance for bad debts	[1] 90,944	[1] 93,211
Miscellaneous	83,197	78,898
Total accounts receivable	662,271	127,700
Advances	352	6,693
Accrued assets: Accrued interest receivable	93	
Loans receivable: Mortgage loan notes	19,156	80,383
Land, structures, and equipment:		
Costs:		
Leaseholds and improvements	89,645,128	89,643,203
Operating improvements	994,398	1,064,896
Equipment	296,424	296,494
Furniture	212,483	212,409
Total cost	91,148,433	91,217,002
Allowance for amortization:		
Active leaseholds and indirect costs	[1] 38,087,325	[1] 37,476,355
Leaseholds cancelled	[1] 32,938,435	[1] 39,639,271
Allowance for depreciation	[1] 420,464	[1] 445,926
Net land, structures, and equipment	19,702,209	13,655,450
Deferred and undistributed charges:		
Prepaid insurance	25,513	132,500
Undistributed debits	267	281
Total deferred and undistributed charges	25,780	132,781
Total assets	24,775,589	17,649,564

LIABILITIES AND CAPITAL

	As of June 30, 1948	As of Dec. 31, 1948
Accounts payable:		
Development	$39,449	$38,878
Management	598	568
Disposition	20	
Total accounts payable	40,067	39,446
Accrued accounts: Accrued insurance expense		2,042
Trust and deposit liabilities:		
Tenants unclaimed refunds	8,622	9,151
Other	191,034	298,775
Total trust and deposit liabilities	199,656	307,926
Deferred and undistributed credits:		
Prepaid rents	19,788	15,222
Undistributed credits	696	216,934
Total deferred and undistributed credits	20,484	232,156
Total liabilities	260,207	581,570

[1] Deduct.

Table 23.—*Homes conversion program, balance sheet, as of June 30, 1948, and Dec. 31, 1948*—Continued

LIABILITIES AND CAPITAL—Continued

	As of June 30, 1948	As of Dec. 31, 1948
CAPITAL		
Paid-in capital:		
Appropriations:		
Expended	$122, 988, 784	$125, 285, 929
Unexpended	4, 059, 147	3, 139, 950
Revenue receipts	[1] 36, 826, 417	[1] 38, 204, 365
General fund receipts	[1] 21, 218, 622	[1] 24, 145, 579
Net appropriations	69, 002, 892	66, 075, 935
Assets transferred to other programs	[1] 32, 200	[1] 32, 458
Assets transferred to other Federal agencies for disposition	[1] 3, 952	[1] 3, 952
Assets transferred from other programs	193, 966	193, 966
Total paid-in capital	69, 160, 706	66, 233, 491
Earned surplus (or deficit [1])	[1] 44, 645, 324	[1] 49, 165, 497
Total capital	24, 515, 382	17, 067, 994
Total liabilities and capital	24, 775, 580	17, 649, 564

[1] Deduct.

Table 24.—*Homes conversion program statement of income and expense for the fiscal year ended June 30, 1948*

Income:	
Rents:	
Dwelling rent schedule	$17, 238, 622
Dwelling vacancy loss	196, 336
Dwelling rents	17, 042, 286
Furniture rentals	54, 179
Total rents	17, 096, 465
Interest	818
Other income	18, 286
Total income	17, 115, 569
Expenses:	
Direct operating expenses:	
Contract managers operating expenses:	
Legal, fiscal, and other fees	4, 462
Management fees	1, 150, 695
Janitorial services	1, 314, 195
Heating	1, 469, 505
Other utilities	2, 611, 260
Repairs, maintenance, and replacements	1, 695, 510
Total contract managers expenses	8, 245, 627

TABLE 24.—*Homes conversion program statement of income and expense for the fiscal year ended June 30, 1948*—Continued

Expenses—Continued	
Direct operating expenses—Continued	
Fixed operating expenses:	
Insurance	$16, 860
Rental payments to lessors	2, 790, 724
Payments to mortgagees	610, 729
Taxes	1, 544, 312
Total fixed operating expenses	4, 962, 625
Other direct operating expenses:	
Liability and personal injury expense	7, 432
Moving expenses other than structures	272
Miscellaneous	512
Total other direct operating expenses	8, 216
Total direct operating expenses	13, 216, 468
Administrative expenses	482, 640
Amortization and depreciation:	
Active leaseholds	8, 683, 202
Properties abandoned prior to completion	187, 188
Indirect costs	643, 419
Operating improvements	152, 300
Equipment	44, 477
Furniture	37, 318
Total amortization and depreciation	9, 747, 904
Losses and charge-offs:	
Collection losses	66, 141
Casualty losses:	
Losses and replacements	11, 326
Insurance recoveries	[1] 7, 418
Net casualty losses	3, 908
Disposition losses:	
Costs:	
Leaseholds	15, 277, 808
Operating improvements	207, 163
Equipment	62, 708
Furniture	8, 937
Total costs	15, 556, 616
Allowance for prior amortization	[1] 9, 100, 909

[1] Deduct.

TABLE 24.—*Homes conversion program statement of income and expense for the fiscal year ended June 30, 1948*—Continued

Expenses—Continued	
Disposition losses—Continued	
Costs—Continued	
Unamortized value	$6, 455, 707
Cancellation expenses	76, 548
Proceeds	[1] 2, 768, 748
Net loss on disposition	3, 763, 507
Total losses and charge-offs	3, 833, 556
Total expenses	27, 280, 568
Net income (or loss [1]) before adjustment to reserve	[1] 10, 164, 999
Adjustment to reserves: Provision for bad debts	[1] 46, 465
Net income (or loss [1]) for the period	[1] 10, 118, 534
ANALYSIS OF EARNED SURPLUS (OR DEFICIT [1])	
Balance at beginning of fiscal year	[1] 34, 500, 725
Adjustments to beginning balance	[1] 26, 065
Adjusted balance	[1] 34, 526, 790
Net income (or loss [1]) for the period	[1] 10, 118, 534
Balance at end of period	[1] 44, 645, 324

[1] Deduct.

TABLE 25.—*Homes conversion program, statement of sources, and application of funds for the fiscal year ended June 30, 1948*

FUNDS PROVIDED		
By realization of assets:		
Repayments of principal of loans	$21, 131	
Lease cancellations	2, 753, 448	
Total realization of assets		$2, 774, 579
By income:		
Rents	17, 096, 465	
Interest on notes	818	
Other	18, 286	
Total income		17, 115, 569
By decrease in working capital		5, 699, 531
Total funds provided		25, 589, 679

TABLE 25.—*Homes conversion program, statement of sources, and application of funds for the fiscal year ended June 30, 1948*—Continued

FUNDS APPLIED

To acquisition of assets: Leasehold and improvements		$88, 639
To expenses (excluding depreciation and other charges not requiring funds):		
Direct operating expenses	13, 216, 467	
Administrative expenses	482, 640	
Losses and charge-offs	80, 457	
Total expenses		13, 779, 564
To retirement of borrowings and capital: Deposit of general fund receipts		11, 721, 476
Total funds applied		25, 589, 679

TABLE 26.—*Full-time PHA employment, by ceiling unit, June 1943–Dec. 1948*

Month and year	Total	Administrative		Project site	
		Central office	Field	Development	Management
1943					
June	9, 890	1, 612	2, 523	1, 218	4, 537
September	10, 455	1, 474	2, 514	1, 293	5, 174
December	10, 763	1, 414	2, 450	1, 089	5, 810
1944					
March	10, 152	1, 300	2, 321	850	5, 681
June	10, 046	1, 197	2, 295	714	5, 840
September	9, 899	1, 123	2, 268	585	5, 923
December	9, 716	1, 083	2, 317	424	5, 892
1945					
March	9, 646	1, 046	2, 299	357	5, 944
June	9, 370	1, 071	2, 393	283	5, 623
September	9, 152	1, 079	2, 433	240	5, 400
December	8, 659	1, 059	2, 380	120	5, 100
1946					
March	9, 266	1, 140	2, 637	581	4, 908
June	10, 755	1, 196	3, 099	1, 561	4, 899
September	11, 212	1, 167	3, 098	2, 189	4, 758
December	10, 970	1, 147	2, 993	2, 170	4, 660
1947					
March	9, 517	1, 089	2, 744	1, 218	4, 466
June	8, 298	985	2, 409	674	4, 230
September	6, 537	631	1, 434	427	4, 045
December	6, 294	614	1, 404	283	3, 993
1948					
January	6, 110	588	1, 343	243	3, 936
February	6, 022	582	1, 318	224	3, 898
March	5, 926	602	1, 306	192	3, 826
April	5, 839	600	1, 296	142	3, 801
May	5, 804	615	1, 287	137	3, 765
June	5, 723	633	1, 283	101	3, 706
July	5, 737	670	1, 243	69	3, 755
August	5, 715	685	1, 209	63	3, 758
September	5, 664	798	1, 083	32	3, 751
October	5, 563	869	958	23	3, 713
November	5, 473	965	792	21	3, 695
December	5, 291	1, 062	549	12	3, 668

TABLE 27.—*Analysis of PHA administrative expense for fiscal year 1948*

By objective classification:	
Personal services	$9,284,961
Travel	440,307
Transportation of things	67,666
Communication services	164,904
Rents and utility services	781,309
Printing and binding	32,124
Other contractual services	353,618
Supplies and materials	56,904
Equipment	18,084
Subtotal	11,199,877
Transfers	30,987
Total	11,230,864
By source of funds:	
Development funds:	
Public war housing program	291,000
Veterans' reuse housing program	738,000
United States Housing Act program [1]	218,200
Total development funds	1,247,200
Management income funds:	
Public war housing program	3,540,364
Veterans' reuse housing program	718,500
Subsistence homesteads and Greentown program	139,000
Homes conversion program	555,000
United States Housing Act program [2]	1,981,800
Total management income funds	6,934,664
Disposition funds:	
Public war housing program	2,580,000
Subsistence homesteads and Greentown program	172,000
Homes conversion program	297,000
Total disposition funds	3,049,000
Total from all sources	11,230,864

[1] Portion applicable to U. S. Housing Authority.
[2] Portion applicable to operation of PWA projects.

TABLE 28.—*Cumulative expenditures for project development, by program and State, other than U. S. Housing Act low-rent projects, as of June 30, 1948*

State	Subsistence homestead and Greenbelt towns	War housing	Veterans' reuse	Total program
Alabama	$2, 537, 863. 64	$42, 471, 877. 24	$5, 615, 568. 87	$50, 625, 309. 75
Arizona	118, 933. 26	19, 193, 166. 26	2, 484, 893. 15	21, 796, 992. 67
Arkansas		14, 507, 610. 24	1, 368, 935. 31	15, 876, 545. 55
California		303, 227, 032. 70	29, 342, 208. 92	332, 569, 241. 62
Colorado	121, 967. 81	5, 817, 460. 84	6, 318, 229. 85	12, 257, 658. 50
Connecticut		55, 592, 070. 00	5, 041, 807. 95	60, 633, 877. 95
Delaware		6, 501, 607. 70	426, 698. 94	6, 928, 306. 64
Florida		32, 264, 234. 36	3, 468, 081. 64	35, 732, 316. 00
Georgia		36, 538, 716. 43	4, 446, 051. 49	40, 984, 767. 92
Idaho		3, 786, 705. 67	3, 391, 837. 06	7, 178, 542. 73
Illinois	556, 629. 03	23, 995, 076. 56	20, 696, 908. 43	45, 248, 614. 02
Indiana		40, 129, 907. 83	12, 826, 999. 15	52, 956, 906. 98
Iowa		4, 976, 315. 54	11, 468, 217. 72	16, 444, 553. 26
Kansas		38, 094, 760. 26	3, 736, 623. 20	41, 831, 383. 46
Kentucky		5, 944, 999. 28	5, 125, 012. 09	11, 070, 011. 37
Louisiana		10, 858, 944. 84	7, 441, 027. 26	18, 299, 972. 10
Maine		17, 985, 391. 89	1, 022, 313. 81	19, 007, 705. 70
Maryland	13, 448, 869. 41	65, 539, 075. 27	2, 201, 011. 18	81, 188, 955. 86
Massachusetts		14, 105, 026. 44	16, 783, 475. 16	30, 888, 501. 60
Michigan	1, 366, 353. 76	85, 450, 037. 12	15, 887, 898. 81	102, 704, 289. 69
Minnesota		318, 073. 57	8, 512, 165. 15	8, 830, 238. 72
Mississippi	231, 495. 36	19, 277, 273. 00	4, 217, 238. 98	23, 726, 007. 34
Missouri		9, 241, 524. 58	9, 049, 797. 83	18, 291, 322. 41
Montana		1, 639, 166. 53	4, 281, 321. 96	5, 920, 488. 49
Nebraska		10, 709, 026. 00	2, 971, 699. 81	13, 680, 725. 81
Nevada		7, 293, 239. 10	704, 511. 91	7, 997, 751. 01
New Hampshire		6, 625, 392. 19	1, 795, 893. 57	8, 421, 285. 76
New Jersey	3, 169, 219. 25	24, 134, 790. 93	20, 438, 399. 52	47, 742, 409. 70
New Mexico		6, 994, 340. 84	874, 159. 11	7, 868, 499. 95
New York	43, 020. 53	43, 066, 712. 42	63, 096, 137. 86	106, 205, 870. 81
North Carolina		27, 205, 091. 37	6, 761, 701. 89	33, 966, 793. 26
North Dakota			2, 168, 331. 10	2, 168, 331. 10
Ohio	11, 971, 007. 65	73, 756, 464. 90	23, 678, 684. 04	109, 406, 156. 59
Oklahoma		8, 362, 030. 43	8, 228, 603. 83	16, 590, 634. 26
Oregon		64, 088, 572. 62	5, 175, 140. 83	69, 263, 713. 45
Pennsylvania	1, 809, 464. 99	104, 460, 786. 85	21, 068, 550. 35	127, 338, 802. 19
Rhode Island		3, 621, 758. 13	634, 349. 51	4, 256, 107. 64
South Carolina	26, 428. 22	21, 164, 893. 44	3, 473, 795. 27	24, 665, 116. 93
South Dakota		2, 340, 543. 12	3, 818, 567. 06	6, 159, 110. 18
Tennessee	2, 875, 893. 85	7, 773, 133. 91	6, 369, 109. 12	17, 018, 136. 88
Texas		77, 173, 863. 41	15, 280, 521. 61	92, 454, 385. 02
Utah		23, 902, 949. 14	3, 250, 406. 86	27, 153, 356. 00
Vermont		1, 793, 561. 80	909, 257. 40	2, 702, 819. 20
Virginia	1, 290, 412. 08	106, 123, 287. 58	5, 409, 150. 67	112, 822, 850. 33
Washington		169, 179, 364. 40	4, 935, 597. 31	174, 114, 961. 71
West Virginia	4, 236, 613. 12	7, 157, 258. 32	555, 287. 13	11, 949, 158. 57
Wisconsin	10, 964, 378. 32	13, 409, 829. 66	8, 478, 460. 68	32, 852, 668. 66
Wyoming		3, 224, 551. 87	2, 680, 878. 29	5, 905, 430. 16
District of Columbia		21, 793, 784. 89	3, 964, 142. 05	25, 757, 926. 94
Alaska		5, 254, 703. 75	873, 445. 13	6, 128, 148. 88
Canal Zone		1, 675, 141. 71		1, 675, 141. 71
Hawaii		13, 402, 897. 25	1, 077, 022. 76	14, 479, 920. 01
Puerto Rico		4, 257, 248. 50	211, 485. 45	4, 468, 733. 95
Administrative expenses		29, 877, 886. 72	[1] 20, 910, 911. 90	50, 788, 798. 62
Trailers		42, 088, 522. 39		42, 088, 522. 39
Advances			1, 516, 911. 14	1, 516, 911. 14
Undistributed costs	69, 266. 00	2, 467, 564. 46	10, 124, 861. 42	12, 661, 691. 88
Total	[2] 54, 837, 816. 28	[3] 1, 791, 835, 246. 25	436, 590, 298. 49	2, 283, 263, 361. 02

[1] Includes field supervision and inspection.
[2] All projects developed by Farmers Home Administration and transferred to PHA.
[3] Includes costs of $113,937,744.05 for projects developed by other Government agencies and transferred to PHA. Also includes $90,080,702.13 homes conversion program.

US Dept of Housing and Urban
Development.
Annual report.

DATE	ISSUED TO
5-25-73	Sue Kete 56434
	Room 7251
	Due 6-22-73