

May 1954

house + home

SIX DOLLARS A YEAR—ONE DOLLAR A COPY

Editorial We're all being outsoled!

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TA! The Hollyday blunder and its consequences



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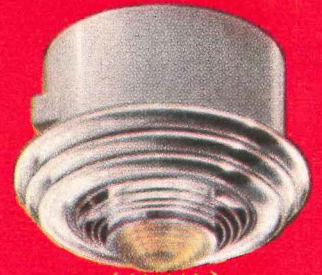
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FHA's five-year-old scandal

Administration makes Hollyday scapegoat for long-recognized shenanigans in home finance. Government loses popular administrator, industry loses face, housing program loses headway

The Federal Housing Administration had been in business for 20 years without a taint of serious scandal. It had insured some 20 million loans worth \$30.8 billion. Only last March, it had repaid the last \$85 million of money advanced by the US Treasury to get it started. Both inside and outside the housing industry, FHA was one of the New Deal's most respected creations; it netted a profit for the government and it made home ownership easier for millions of citizens.

Last month, as if undiscovered termites had done it, the roof fell in without warning on FHA. At dusk of April 12, the administration announced it was moving against "serious irregularities and abuses" in FHA's Section 608 and Title I repair loan programs. Commissioner Guy T. O. Hollyday was abruptly fired—ostensibly because he had not acted decisively enough to stamp out Title I repair loan dynamiters. President Eisenhower had HHF Administrator Albert M. Cole seize FHA's 608 and Title I files. Then the HHFA, the FBI and Congress began pressing simultaneous inquiries into what quickly became a national sensation as the "FHA scandal."

The administration's case against its own FHA, as announced by HHFA Chief Cole and leaked out by others, boiled down to this: **1)** "illegal or unethical actions" in financing 608s had given promoters of 251 projects "windfalls" of more than \$75 million because they involved mortgages ranging "from 110 to 150% or more" of project costs; **2)** thousands of home owners had been cheated out of millions of dollars by roving bands of high-pressure salesmen who persuaded them to borrow money for home repairs at inflated prices—and often delivered shoddy work besides; **3)** a few FHA officials or former officials were under suspicion of accepting graft.

All this would have been a staggering revelation except for one all-important thing: the scandals may have been new to President Eisenhower but they were an old story to the housing world. The windfalls in 608 were exposed in 1949 (AF, Jan. '50) and led Congress to end the program the next year. Commissioner Hollyday had been clamping down on Title I abuses (and, as it turned out, had been congratulated on this by HHF Administrator Cole only last January); Hollyday wanted to crack down harder, but Congress refused him the money to do so. FHA had been gradually weeding out old officials whose views did not jibe with FHA's "new look," or who were under any shadow of suspicion.

The net result of the uproar, a week later, was this:

The Republicans had made a Republican appointee the scapegoat for some things which happened under the Democrats years before the scapegoat was appointed. By its high-handed firing of Hollyday, the White House had made more difficult than ever its job of recruiting able men to government. Worst of all, the Republicans jeopardized the housing program on which they had labored for nearly a year, and on which they counted to sustain the economy and reverse the dip in business. President Eisenhower had gained respect from a big segment of public opinion for the decisive way he demonstrated his passion that no breath of scandal—even inherited scandal—should touch his regime. But the way the trouble was handled had alienated a lot of housing people.

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Hollyday's rough ouster is product of politics, ineptitude and FHA's unplugged loopholes

The ouster of Guy T. O. Hollyday as FHA commissioner had been brewing secretly for several weeks. HHF Administrator Cole planned to handle it quietly. He was dissatisfied with how much Hollyday had been able to accomplish in rooting out dynamiters from the Title I repair loan program. He was unhappy that some holdover officials, about whom lurked the smell of scandal, still remained on FHA's Washington staff. More recently, he had been irked to discover that while he (Cole) was in California looking into Title I troubles, Hollyday was busy in the capital building a backfire to stop HHFA plans to grab more control of FHA in the forthcoming housing agency reorganization (see p. 41). Cole apparently planned to ease Hollyday out simultaneously with the planned appointment of Lumberman Norman Mason as his successor.

Plans for a peaceful change of FHA command were disrupted by the White House. As housing dopesters put the explosive pieces together, what happened was this:

▶ Last year, the San Francisco *Call-Bulletin*, a Hearst afternoon paper, began poking into Title I racketeering in the Bay area. Its disclosures have already led to four indictments in San Francisco federal court, and to tighter enforcement of the State Contractors' Licensing Law (more than 30 contractors were hauled up on various charges of fraud, misrepresentation, shoddy workmanship, and most of their licenses were suspended or revoked). But more importantly the *Call-Bulletin* turned over its information, together with the names of victims, to Warren Olney, chief of the criminal division of the Dept. of Justice. Olney, a Californian, had been chief counsel of the state's crime commission and as such came to know *Call-Bulletin* reporters who worked on the Title I exposé. Olney had

the FBI investigate Title I frauds in 48 states, Alaska and Puerto Rico.

▶ At the Justice Dept., the stream of San Francisco data thus merged into a widening river of allegations suggesting wholesale fleecing of home owners under Title I. Joined to this were FBI and Internal Revenue reports on Section 608 profits. Revenue Commissioner T. Coleman Andrews had become incensed at builders reporting profits of 608 mortgaging out as capital gains, was bringing suit to tax such profits at the far higher ordinary income rates.

Some cases referred to Justice's investigators came from FHA Commissioner Hollyday after he could find no ground for acting himself. Among these were the scandal's most sensational (but not immediately publicized) charges—that Asst. FHA Commissioner Clyde Powell, whose resignation had been accepted by Hollyday April 6, was a known gambler who has been accused of dropping \$5,700 in an evening's play at a Virginia beach resort—almost half his annual salary. Powell, a peppery, florid man, had been in charge of the Sec. 608 program since its birth in 1942.

▶ Eventually, these matters came to President Eisenhower's personal attention. The general called Cole to the White House to upbraid him for letting such conditions at FHA persist. Cole explained what he had planned, but reminded the President that he could not act independently because the FHA commissioner was a presidential appointee. Eisenhower decided to kick Hollyday out of office without a hearing, and to do it that day. What made him angriest: thousands of "little people" apparently had been swindled, and yet because FHA guaranteed the loans, when defaults occurred the full weight of the government was invoked as a collection agency through FHA. The fact that this was inherent in the law either did not occur to anybody at the White House or was brushed aside.

Seizure and ouster. About 4 o'clock April 11, White House Press Secretary James Hagerty sent out word: "The White House will have an announcement of domestic importance." The announcement came at 5:30. Hagerty read a memorandum the President had sent "a few minutes ago" to HHF Administrator Cole: "The administrator: Housing and Home Finance Administration: in order to facilitate the investigations which are being conducted by the executive branch of the government and any other actions necessary and proper to insure the fidelity operations under the National Housing Act, you are hereby authorized and directed to take custody forthwith of all the files and records of FHA, both in Washington and the field, pertaining to Title I and Section 608 of the National Housing Act, and such other files and records as you find proper for such purposes."

(Several hours before that, the *Call-Bulletin* was scooping the country on the pending shake-up and correctly predicting order from the White House to trigger

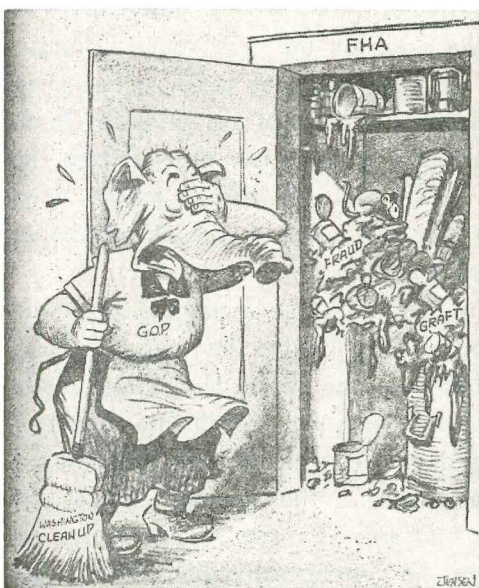
Then Press Secretary Hagerty said: "We also announcing that the President will accept the resignation of Guy T. O. Hollyday as Commissioner of the Federal Housing Administration." Hagerty blandly denied Hollyday was being "fired," and insisted he was resigning to let the investigation be conducted by someone else."

Execution by telephone. It was almost at this very moment that the public address system in the Hotel Hildebrecht at Trenton, N. J. began paging Commissioner Hollyday for a phone call. Hollyday, who had not heard the spread of the Baltimore Plan he helped bring to life one of his major concerns, was in Trenton that day to take part in NAHB's Rehabilitation Institute at which were gathered some 152 men and women from as far away as Miami and Los Angeles to study ways and means of fighting blight in cities.

It was another half hour, Hollyday's friend related later, before Presidential Aide Sherman Adams actually got the FH Administrator on the wire and told him to put his resignation in the mail immediately. A builder who heard Hollyday's end of the phone call recalled his final comment: "You know the only thing I'm interested in is helping the administration and I'll do anything I can help." Hollyday stood by the telephone a couple of minutes, looking dazed, friends related. Then he walked across the hotel room and rejoined a jesting cocktail group. At this time, the news was already on the air.

While almost the entire housing industry resented the manner of Hollyday's ouster, it was unduly rough and perhaps entirely unnecessary—Hollyday himself took the blow like the "good Christian gentleman" HHFA's press shortly proclaimed that he was. Reporter in Trenton asked him when he found out he had resigned. Said Hollyday: "I don't want to open that Pandora's box." Not wanting to be induced as FHA commissioner, Hollyday quickly left the banquet table at the institute and went to his home in McLean, Va. Cole went to a HOUSE AND HOME editor (who told him for the first time why he was being ousted) he had assumed the White House was taking him up on his resignation proffered if he was put under the thumb of HHFA.) Hollyday that night expressed some of his thoughts. Said he: "In a year I've turned the organization upside-down. I only had one more year to go. But I needed it to complete the job. Title I in San Francisco? I had a lot of trouble with water softeners there. I called the industry together and asked them what we should do about it. One of our best directors, [Richard] Brinkley is head of the office in San Francisco. Well, Mrs. Hollyday will be delighted."

Double-barreled probe. The White House had touched off the explosion. The double-barreled ammunition was provided by HHF



WOMAN'S WORK IS NEVER DONE

Chicago Daily News

strator Cole at a hurriedly convened 6:45 p.m. press conference. By the time some 40 reporters pushed into his office, the youngish (he is actually 52), pipepuffing ex-Congressman was coiled in his high-backed red leather chair, prepared to read a five-page statement outlining what purported to be a major scandal in FHA.

Title I, under which FHA insures loans up to \$2,500 to home owners for repairs and modernization of their houses, with three years warranty, Cole declared: "Investigations conducted by the Department of Justice have established that the misuse of this federal insurance program for small home owners in the past several years has been so widespread and numerous as to make mandatory more types of investigative action." First, Cole announced the appointment of red-haired William F. McKenna, a former congressional investigator, as deputy HHF Administrator to investigate FHA. His assistant: Lester Conroy, who until April 9 was chief investigator of the House government operations committee. Second, Cole announced "intensive investigations" by the Justice Dept. of "possible criminal violations" in Title I. Said Cole: "Our consideration is for the small home owner. . . . He is entitled to better protection against the predatory practices that induce him to borrow at exorbitant prices for improvement which is often unnecessary and work which is often shoddy."

FHA's investigative staff was yanked away from the FHA and given to McKenna. Cole announced that the FHA was being deprived of jurisdiction over preliminary investigations of deals which may involve criminal charges. Henceforth, the FBI would do that job.

Said Cole: "Complaints received and investigated by the Department of Justice in various parts of the country indicate a widespread activity on the part of roving groups of dynamiters who pressure home improvement and repair men which moved from city to city after changing the forms and facilities of Title I of the National Housing Act to exploit families inexperienced in lending activities. The Dept. of Justice reports even show that crews of from 10 to 100 of these 'dynamiters' openly stayed in the same hotels to 'work' medium-sized cities after another.

The reports indicate that the actual repair jobs contracted for by home owners were in some cases auctioned off to local dealers by sales groups at an exorbitant profit. Frequently the work done was characterized as shoddy. In other instances the home owners were led to borrow more than the cost of the work with the promise that the difference would be paid back to them in cash. The home owner was then obligated to pay the full amount even though he might never see the promised cash rebate. These and other devices of sharp practice have been freely used to defraud people of modest incomes.

The fact that these operations involve the selling of numerous home owners in many parts of the country became apparent to me during a period of time as a result of an ac-

THE PRESIDENT

He was a soldier and wanted action

Reni

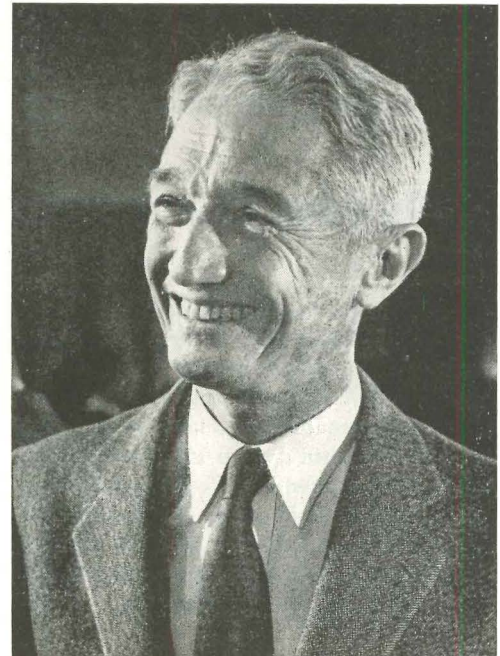
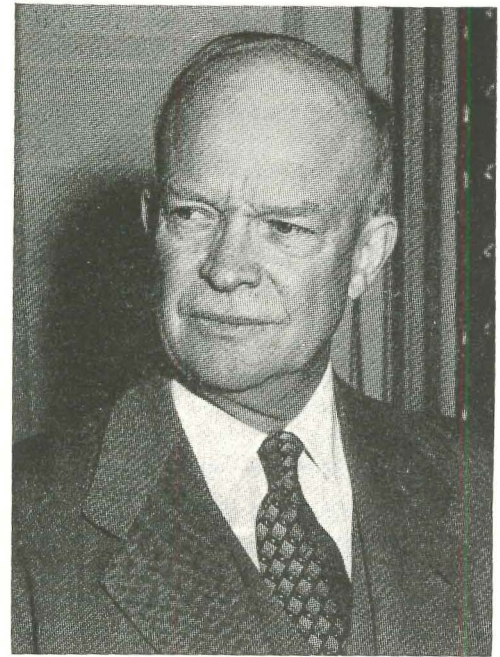


HHFADMINISTRATOR COLE

He understood politics

FORMER FHA COMMISSIONER HOLLYDAY

He was a businessman—and soft-spoken



Richard Meek

cumulation of complaints to the Dept. of Justice and the resulting investigations, which the Dept. of Justice reported to me.

"Meanwhile, the FHA, the agency responsible for the administration of the programs, failed to hold such cases to the few which would be inevitable under a program of this magnitude. Complaints which I received and referred to the FHA for action were not properly investigated and acted upon."

\$75 million 'windfalls.' On Section 608, Cole revealed: "investigation already has developed 251 cases among these major projects where proceeds on FHA-insured mortgages ranged from 110 to 150% or more of the cost, including land." He estimated the "windfall" in the 251 cases at "well over \$75 million," and warned "any substantial losses on these transactions may be at the expense of the government." He added: "The practice was so pre-

valent and widely known that responsible FHA officials could not be unaware of it."

Cole said he had lists of Section 608 projects where the cash windfall amounted to as much as 45% of the mortgage. Windfalls of 10 to 30% were numerous. The worst case was one where the government guaranteed a mortgage for \$8,380,500. The cost was \$4,489,628. "That's our bloody-nose case," said Cole.

Most of FHA's senior officials—there are 14 of them—would come under review to see if they should be retained, said Cole. "I'm directing FHA to withdraw the resignation of Asst. Commissioner Clyde Powell [who was in charge of the 608 program] until it can be determined if he is personally responsible for what I deem very negligent operations [in it]."

As for Hollyday, Cole pronounced him "a

good Christian gentleman." But he asserted: "If the evidence before us is correct, the FHA has obviously suffered from a progressive laxity which is incompatible with good government. In view of numerous complaints which have been made by citizens in recent years, the small fraction which have been acted upon effectively is significant."

Was Hollyday responsible for the inaction? "He is responsible for some of it, in my opinion," said Cole. "In my judgment Hollyday was aware of the situation." (Indeed, although Cole did not mention it at that point, he had called complaints about Title I fraud to Hollyday's attention the first week the FHA administrator took office—with a request that FHA do something about them.)

New faces. Next day, Norman Mason was hastily installed as acting FHA commissioner. He quickly began the promised shake-up of top men. This started with the immediate retirement of Deputy Commissioner Walter L. Greene, 63, a 20-year FHA veteran who served as commissioner from July 1952 until April '53. General Counsel Burton C. Bovard refused to resign. Mason put him on leave. Cole announced other re-

movals would be made shortly, possibly followed by prosecutions.

To help rebuild FHA's top staff, Cole temporarily shifted President J. Stanley Baughman of Federal National Mortgage Assn. to FHA. Edmund B. Chapman, state FHA chief in Kansas, was drafted as a temporary assistant for Mason.

Within hours of the Cole announcement, two Congressional committees announced investigations and the Internal Revenue Service disclosed it had been checking tax returns of 1,149 firms that made quick cash profits under Section 608. But before the ink dried on Cole's scandal headlines, questions were raised about his exposé:

Senator Harry Byrd (D, Va.) disclosed he had been looking into abuses in the rental housing program for nearly a year. It appeared that the idea for the inquiry had come from a fellow Virginian, T. Coleman Andrews, the internal revenue commissioner. Byrd said he had several times asked further information from Cole and from FHA men, but received no satisfactory replies. When it developed later that several other Democratic senators, including Douglas of

Illinois and Long of Louisiana, had been inquiring about Section 608 deals, the commission spread around Washington that the administration rushed into action in order to beat the Democrats to the punch.

Whose fault? The Section 608 program expired in 1950. Hollyday, an Eisenhower Democrat from Baltimore, had not taken office until 1953. How could he be charged with laxity in administering a program that ended three years before he entered government? The only laxity imputed turned out, was that he did not fire FHA Commissioner Clyde Powell sooner. Oblivious, Hollyday answered that before the Senate banking committee: he testified he had received a "serious charge" concerning Powell, an official but had not been able "to get to the bottom of it for five months"; then he turned the matter over to the Dept. of Justice.

The Title I repair loan racketeering problem had long been recognized by the building industry (H&H, Oct. '53). Hollyday himself acted to suppress it last fall when he issued regulations making banks and other lenders take more responsibility for the ethics, business standing and reliability

Hollyday, in a year with FHA, made progress, plans and friends

Guy Tilghman Ormé Hollyday, 61, a Maryland country gentleman with 32 years experience in real estate and mortgage banking, took office as FHA commissioner April 16, 1953. He was the seventh man to hold the post since the agency opened shop in 1934, the first commissioner appointed by a Republican administration and the first outsider ever appointed to any top FHA job in Washington. On April 12, 1954—four days short of his anniversary in office—he wrote out his resignation.

Drafted candidate. Hollyday's appointment a year ago was a surprise to some builders and mortgagemen. He was well-known in his own area (he was one of the pioneers of the Baltimore plan for slum rehabilitation) and had been president of the Mortgage Bankers Assn. (in 1946). But he had not figured in the early speculation over candidates for the job. The fact was he was drafted—not by policy makers close to the White House, but by elements of the building industry who were most actively concerned with the far-flung agency he would head. His nomination gained ready acceptance in all quarters. It was soon evident that the silver-thatched Hollyday, with his ruggedly lined face and quick smile, was out to do a job for FHA.

A look at the record. Hollyday began rearranging FHA as soon as he took office. He has himself referred to his approach as "the scalpel, not the cleaver." An example of neither was his immediate invitation to his able predecessor, Walter L. Greene, to stay on as a deputy commissioner. He then

started around the nation, checking and chatting with his 75 district offices and the men who did business with them. These were the offices that were to undergo a big change of personnel—46 of the 75 district directors had been replaced by the time Hollyday left office. The comings and goings started in the field shifted to Washington in the last days of Hollyday's regime. Hollyday had picked a new underwriting chief (see p. 170) shortly before he himself became part of the shake-up.

Some of his other actions during the year:

▶ Gave vital top level support to the proposed FHA Secs. 220 and 221, which promise to sharpen private enterprise's tools for fighting slums and to reduce the cry for public housing.

▶ Speeded up action on raising the ceiling on FHA's minimum house program under Title I, Sec. 8, from \$4,700 to \$5,700.

▶ Applied a considerable energy toward getting the interest rate hiked from 4¼% to 4½%. (While Congress was slowly making up its mind to raise the rate—it went up in May—the market went past the point where the rise did much good.)

▶ Participated in getting FHA to authorize windowless bathrooms for one- and two-family houses.

▶ Instituted "guinea pig" programs, wherein new schemes were field-tested in selected FHA offices instead of thrown into gear suddenly with a ukase from Washington. One guinea-

pig project: the trade-in program, strengthened in September under a policy giving builders a firm commitment in their own minds on the old house.

Unfinished plans. Hollyday was a crusader for rehabilitation. With his experience in Baltimore, he brought broad insight into slum problems to FHA. He knew that the agency's basic approach to mortgage insurance must be altered if it is to be of much help in financing older sections of US cities. But he intended to insist that FHA extend its program to the wrong side of the tracks "only after the building and mortgagemen have worked out a coordinated program for urban rehabilitation."

Hollyday intends to take up residence again on his 22-acre farm 10 mi. outside Baltimore. He has a wife and four children. He was born in Baltimore, started studying medicine at Johns Hopkins (class of '14) until his father's death led him into the real estate business just after he got his AB degree. He served as a second lieutenant with the US Cavalry in World War I, in 1921 became sales manager of the Mortgage Guarantee Co. He moved to the Roland Park Co., then to Realty Co., became affiliated with Randal Hagner Co. of Washington in 1935 and president of Title Guarantee Co. in Baltimore in 1944. Hollyday gave up his presidency of the Mortgage Guarantee—and his stock in it—along with directorates and titles in half a dozen other commercial and civic enterprises when he took office at FHA.

Walter Bennett

home-repair dealers. In December, the president's housing advisory committee chairman: Albert M. Cole) praised the regulations and said: "It is the judgment of our subcommittee that these new regulations will correct the abuses and that further requirement should be imposed in this area at this time." And last January, Cole had sent Hollyday a personal letter which read in part: "I want to thank you for sending me the copy of the HOUSE & SENATE article (H&H, Nov. '53, News) which recognizes the work you have been doing to correct abuses in connection with Title I financing. May I also take this occasion to compliment you on the straightforward way you have gone after this problem." Last month, however, Cole was complaining that Hollyday did not show due diligence in following up complaints of repair-loan abuses.

Industry defenders. Housing groups that have known Hollyday for years denounced his ouster. The Mortgage Bankers Assn., which he was to have addressed the day after he was sacked, adopted a resolution praising his dismissal "unwise and unjust . . .

a blow to the cause of good government." The bankers suggested the real motive was Hollyday's opposition to Cole's plans to shift control of FHA to HHFA (see p. 41). A day later, NAHB's President R. G. Hughes called the forced resignation "extremely unfortunate and . . . detrimental to the success of the new housing program and to the home-building industry." Hughes pointed out that Hollyday, as any businessman might have, had warned Congress last spring that FHA control over its programs would be weakened unless Congress allowed FHA to spend more of the money it earns for inspectors. Instead, Congress cut the budget \$300,000, thereby making it more difficult than ever for FHA to police Title I.

It was never Congress' evident intent that FHA should really police Title I, anyway. In 1952, FHA insured some 2 million Title I repair loans averaging \$500 each. Policing each one would cost too much. So FHA had always relied entirely on lenders' prudence to screen out bad loans and frauds. The trouble, of course, was (and is) that with the government guarantee of 10% of (continued on next page)



INVESTIGATOR MC KENNA

HHFA got a new deputy administrator

Reni

Norman, his successor, promises businesslike FHA

Norman P. Mason, 57, the North Chelmsford, Mass. lumber dealer who was installed last month as acting FHA commissioner, was a big success for ham radio operation in his youth. His hobby had an effect on his life. It led him eventually into Navy service in World War I and directly, thereby, into marriage and consequently into the lumber business. It was while he was taking Navy training at Harvard that he met Helen Proctor, on her way home to Chelmsford from Mt. Holyoke College. He married her. After the war Mason's father, a hardware merchant in Plattsburg, died and his son took over the business. When Mrs. Mason's father died in 1923, Norman liquidated the hardware business, moved to Chelmsford and became treasurer of the Wm. P. Proctor Co., lumber manufacturer and dealers. He has been there ever since.

Norman looks like the second tenor in your favorite barbershop quartet," said a friend recently. He is 5'-5" tall ("You might say he is stocky," is Mrs. Mason's affable contribution). He likes to garden and plays fairly mediocre golf. If resemblance to a second tenor is any measure of affability and gregariousness, Mason is the bill. He is a joiner, both on the professional and social levels. He has been a member of his community draft board for 14 years, pitches in at church suppers (All Saints Episcopal) and is an active Chamber of Commerce man. He is now a director of the US Chamber of Commerce and for four years has headed the chamber's construction and civic development committee, which serves as an informal spokesman for much of the building industry on many (but not all) issues.

Government adviser. This work has brought Mason into contact with Washington, where one job well done is almost always sure to lead to another. His most notable recent service was as a member of the President's advisory committee on housing. He was an adviser to OPA during World War II; a construction and lumber consultant to CPA at the end of the war, and an adviser to NPA and OPS during the Korean action. In the meantime his own lumber business has grown with the years, expanded into four other communities. He served two terms as president of the National Retail Lumber Dealers Assn. (1946-48) and has been active in state and regional lumber dealers' associations.

Mason's greatest attribute, according to his associates, is his "unusual business and civic sense, his real devotion to the public service." He is known as "conservative" (one of his lumber friends calls him "a businessman's businessman") but the quarterly reports that he has been putting out on the building materials picture for some years are not pessimistic. According to a friend who was with him when he heard the news, the first Mason knew of his appointment was a week before he was to take over. "His attitude at the time," said the friend, "was, 'It's tough, but I'm going to take it because I think I can help.' I am certain he would not have taken it if it had just been a fight between Cole and Hollyday." Indeed, Mason's views on FHA independence (as stated in the past) differ from Hollyday's only in being more strongly in favor of keeping FHA's private credit functions a thing apart. He has criticized part of the '54 housing bill.



NEW FHA COMMISSIONER MASON

He wants the investigation done with

Unimpaired operations. Taking over, Mason stated: "In addition to seeing that any weak spots in the organization are corrected, it will be equally my purpose to see that the operations of FHA continue unimpaired, that processing of loan applications will proceed without interruption, and that the great body of FHA workers who have served efficiently and well are given confidence in their leadership and direction.

"One wants the investigation over and done with as soon as possible," he added, "so we can get back on the road. This program of ours has to go on and keep growing. The primary importance of the administration is to see that our homebuilding, maintenance and repair goes on."

a lender's portfolio of Title I repair loans equal in practice to guaranteeing all of it because bad loans run to less than 1%, banks have little incentive to check on shady operators. Besides, the loans net them 9.6% interest.

Undoubtedly, the practices challenged by Cole in his charges were questionable, but were they illegal, and had the government suffered any loss?

Section 608 was liberally written. Had it not been, it would not have produced many apartments during the postwar housing shortage when the political threat of rent control still hung over the industry. Mortgages were written on the basis of an FHA appraisal of 90% of "current costs." That meant what it would cost the "average" builder to construct a project. Land was valued at its worth after development. The law and FHA rules allowed a 5% builder's fee, a 5% architect's fee, charges for landscaping, construction financing and mortgage financing. Efficient builders who knew how to cut corners could easily build a project for less than the mortgage. Some hired their own architects and thus saved on architects' fees (and many an ugly 608 project bears the stamp of such cheap design thinking). Some builders had their own mortgage companies, which cut financing costs. Others used land bought years earlier for a song and valued at postwar prices. Many builders were legitimately able to economize in buying materials or by efficient construction techniques.

In the Gross-Morton Glen Oaks Village case—now before the US tax court in the government's test case to collect straight income tax instead of capital gains on 608 profits—court records indicate that is just what happened. The project received an FHA-backed mortgage for \$24 million; it cost \$20 million. As George Gross explained at the time to FHA: "Although the cash outlay . . . is less than the estimate made by you of the normal current cost to reproduce the property, this difference is explained by the fact that no payment was made for some expenses usually incurred in a building operation. . . . Builder and architect fees were not charged; building equipment was used without charge; inventories of building materials, top soil were transferred at original cost. If these items had been paid in cash . . . the total amount probably would have exceeded your estimate." As Revenue Commissioner Andrews told Congress, there was "nothing illegal" in what Gross-Morton did—although his agency was "alert to the possibility of tax fraud in these cases."

After mortgaging out, the frequent practice was to collapse the building corporation (legal until 1951) and pocket the net profit. By doing this instead of taking a mark-up on each item of building cost, a big operator was in line to pay at capital gains rates instead of much higher regular income tax rates on his legitimate profits. That done, the builder might well sell the apartment to a new owner, who, of course, assumed the

full amount of the mortgage. Not infrequently the new owner was another corporation under the same management.

Will the US lose? Cole did not claim the government has lost money on Section 608 to date. He warned that the government might lose money in the future. So far, inflation of land and realty values since most 608 loans were made has brought the market value of the projects above the mortgage. Out of 7,032 Section 608 mortgages which FHA has insured for a total of \$3.4 billion, FHA has foreclosed mortgages totaling only \$75 million and has been assigned others totaling another \$75 million. That is about 4% of the total. There are no figures to show whether the loans that have gone sour are those where builders mortgaged out.

Congressional probes. In Congress, the immediate effect of Monday's scandal charges was to sidetrack the 1954 housing bill, while two senatorial committees wrangled over which would investigate. Sen. Homer Capehart (R, Ind.) had a perfect chance. Tuesday morning, by 11 o'clock, newsmen were asking him if his Senate banking committee planned

International News Photo



SENATOR HARRY BYRD

The GOP beat a Democrat to the punch

to look into the mess. The light did not shine; Capehart said nothing. While he mediated, Sen. Harry Byrd (D, Va.) picked up the ball. At 2 P.M., he announced his joint committee on reduction of nonessential federal expenditures had been investigating the FHA since July 1953, that it was a most serious matter and that his committee would open public hearings April 20. This rated banner headlines in Washington.

Later in the afternoon it dawned on Capehart that Byrd had grabbed the ball from under his nose. He hurriedly convened a press conference and announced that his committee would investigate, too. Next day,

he called the committee into executive session at 9:30 A.M.—30 minutes earlier than it normally meets—to hear from HHF Albert Cole. In the hall outside, newsmen gathered. News photographers and television cameramen set up their lights, microphones and cameras. At 11:30 A.M. the doors opened and the press was ushered in by Capehart, who waited with a smile that cost him a senator who realizes that all of a sudden he is in the big leagues.

He announced he was asking Congress \$250,000 to look into every one of FHFA's 608's, asking the White House for the income tax returns of firms that mortgaged out under 608. (He got them.)

Who's on first? How about the Byrd investigation? "I can't conceive of Senator Byrd maintaining he has any jurisdiction," said Capehart. Byrd promptly retorted that "there is plenty of room" for any committee to look into the matter, and went right ahead with his own probe, which, he stressed pointedly, would not cost the taxpayer a cent more than the \$20,000 the committee spends each year, anyway.

After Capehart and Byrd sparred inconclusively on the Senate floor over who should investigate, Byrd stole another headline announcing his committee would begin hearings Tuesday, with Revenue Commissioner T. Coleman Andrews and HHFA's Coleman as the first two witnesses.

There is always a tomorrow. On Thursday Capehart got back in the game by announcing that his committee would begin public hearings on Monday. The first witnesses: Cole, Hollyday and Clyde Powell. "But," said a reporter, "just yesterday said it would be two or three weeks before you could start public hearings." That stands, said Capehart. The hearings would be to give the committee an idea of what he has to contend with when the full-fledged hearings begin in two or three weeks.

Byrd heard about Capehart's hearings and did not flinch a muscle. He said he dropped Cole before Capehart scheduled because the files that would be needed for an investigation were scattered all over the nation and certainly could not be brought to Washington by Tuesday. Besides, Cole, anybody else has to know ahead of time what sort of records the committee would need before he can produce them. "That fellow chuckled Byrd of Capehart, 'doesn't know what he's getting into.'"

Wolcott sits it out. Conspicuous by his silence in the uproar was the administrative No. 1 housing man of Capitol Hill, Jesse P. Wolcott (R, Mich.) chairman of the House banking committee. He is regarded by members of both parties as a senior housing statesman whose judgment can be respected and who can be relied on in a pinch. If the liberal wing does not always agree with his views, it knows Wolcott has the demonstrated knack of straightening out jams.

Whether Wolcott had anything to do with Capehart's subsequent change of mind remained a congressional secret. But on Saturday, the light dawned on Capehart that sidetracking the housing bill to investigate the FHA, he could jeopardize a major administration program. Reversing his field, he announced: "We must move as quickly as possible to complete the new housing law."

The new plan: about four days' hearings now to close loopholes, if any, in the law which made Title I abuses possible; then the committee would report out the housing bill. Second—"and it may take a year—" thorough investigation of "any irregularities or frauds."

and without hearing. As Guy Hollyday took the witness stand Monday, April 1, 1954, as the first of Capehart's double-barreled hearings began, senatorial questioning forced Hollyday to break his gentle silence. In fact, there were so many interruptions from the senators it took Hollyday two hours to get through an 11-page statement. The ousted chief quoted from the November 1953 issue of *HOUSE & HOME* (p. 137) which reported in complete detail the steps he had taken to eliminate Title I abuses through better regulations. He also read into the record the conclusion of the President's housing advisory committee that the new Title I rules "will correct the abuses and no further requirements should be imposed at this time."

He asked Sen. Douglas (D, Ill.): "Who is the chairman of the President's committee?" "Albert Cole," replied Hollyday.

DOUGLAS: "So presumably Cole approved the subcommittee report?"

HOLLYDAY: "I think that is more than a presumption."

DOUGLAS: "Did Administrator Cole ever tell you that you had been negligent?"

HOLLYDAY: "No sir."

DOUGLAS: "And who fired you?"

HOLLYDAY: "It was Gov. Sherman Adams."

DOUGLAS: "Did Mr. Adams ever call you to the White House about abuses under Title I?"

Hollyday replied he had gone to see Adams on his own initiative (and that was after the FHA reorganization).

DOUGLAS: "Did you ever have a chance to reply to the charges against you?"

HOLLYDAY: "No sir."

DOUGLAS: "Then you never knew the pre-nature of these charges?"

HOLLYDAY: "That's correct."

DOUGLAS: "Then . . . you were virtually without a chance to state your case?"

HOLLYDAY: ". . . Leave out the virtually."

Throughout Hollyday's testimony, Chairman Capehart kept asking why FHA had not moved sooner to improve Title I operations. He observed that the program had been in use since 1934 and that the record should disclose that FHA officials had ever notified Congress that the law needed changing. Hollyday's rejoinder was that the new

regulations would bring proper operation of the program. "There is no possible way to protect the individual," said Hollyday.

Capehart exploded: "Then we must find some way."

The trouble with Title I, insisted Hollyday, was "too much law and not enough authority to administer it." Capehart scowled, flushed and roared:

"I think you are going to find there is not enough law. Either that or there has been some mighty poor administration. When we get into these tax returns, you are going to have a red face—you and a lot of others."

Replied Hollyday: "I will not have a red face for anything I ever did as the FHA commissioner." (Testifying later, Cole agreed with Hollyday that the law governing Title I needs no changes.)

Another point that disturbed Capehart was the request in the pending legislation to raise the Title I loan limit from the present \$2,500 to \$3,000.

"How can you come up here and recommend that increase in view of what has happened?" he demanded. Replied Hollyday: "I did not recommend it." The trouble with Title I, Hollyday insisted, is "the absence of enough people to do the job."

Two basic errors. As the full story of Hollyday's ouster gradually became clear, it became clear also that Guy Hollyday made two basic mistakes that led to his undoing. The first: he did not take dramatic action to satisfy the pressure from both Eisenhower and Cole that he do something about Title I abuses. There was nothing much Hollyday could have done in 1954 to rectify 1948's scandals, but so many people had suspected for so many years that something was amiss with FHA's administration of Sec. 608 that Hollyday probably made a serious political

mistake in not getting rid of Clyde Powell sooner—probably as soon as Powell was stripped late last year of the civil service protection the Democrats had given him before they went out of office. But Hollyday had no proof (and nobody else has brought charges, either) of misdoing by Powell. And Hollyday was not one to throw a man out on suspicion. His method was to ease people out (as he eased out FHA's conservative chief underwriter, Curt Mack). Moreover, Hollyday was having plenty of trouble getting people to take FHA posts for the salaries civil service would let him pay.

Hollyday's second serious mistake was letting himself get too involved in the backstage political argument whether FHA was to become dependent on HHFA or to remain independent. In retrospect, some Washington housers could say they thought Hollyday was foolish to get into this hassle: There was little likelihood that Congress would have approved reorganization plans which did not maintain FHA's independence. This had support from the whole industry, including even FHA's traditional enemy, the savings and loan associations, for they were interested in increasing the independence of their own Federal Home Loan Bank and, therefore, willing to play ball on an independent FHA. The President's advisory committee which drafted Eisenhower's housing program had favored an independent FHA, and FHA had more friends in Congress than HHFA. With the cards thus stacked, why should Hollyday antagonize Cole, his immediate superior, by building backfires against HHFA and going over Cole's head to Sherman Adams? It was then, apparently, that Cole began making plans to find another FHA commissioner. Anyway, when the President reached the boiling point over the Justice Dept. findings, Hollyday did not get the support from Cole he might otherwise have received.

THE MEN AND THEIR MOTIVES—A KEY TO UNDERSTANDING

One key to understanding the uproar over FHA scandals touched off by the White House is to understand the three central figures in it—President Eisenhower, HHFA Administrator Cole and ex-FHA Commissioner Guy Hollyday. Each, devoted in his own way to good and honest government, differed chiefly on what constituted the things that should be done first. To understand their different appraisal of what constituted first things, consider their widely different backgrounds:

The President—The essential fact about Dwight Eisenhower, a man determined to keep the odor of scandal away from his administration, is that he knows little about housing, little about the history of government's partnership with housing. In this, he was typical of 99 out of every 100 Americans and he was shocked by what he heard and worked himself into a state of moral indignation. He wanted action. He was frustrated because after 12 months of expecting action, he had not had it. And to make matters worse, he heard Senator Byrd was planning to make an issue of FHA's problems in the Senate.

The HHFA Administrator—Al Cole has long familiarity with government's role in housing because he was for years a member of the House banking committee which handles housing legislation. He was also by far the most experienced at the art of politics of the three principals. He knew the political importance of crusading against scandal. He also knew that with the President worked up for action, it behooved him to provide it.

The FHA commissioner—Guy Hollyday was typical of the finest type of businessman induced to take a political job. He was up to his neck in constructive plans and programs aimed at letting FHA play a more valuable role in raising the US standard of housing, and he could not get himself excited over the importance of making a fu-fur-roo over old hat scandals for political effect. Perhaps if the President had dealt with him directly on scandal reports, Hollyday would have gotten more steamed up. But he heard of the President's interest secondhand through Cole. And he did not let the scandal question divert him from his major interest.

Now is the time to speak up for FHA

AN EDITORIAL

A little knowledge is a dangerous thing. Seldom has that truism been demonstrated more sadly than by the harm the well-meaning President has just wrought in the housing field.

For this we cannot blame the President. He has too many other responsibilities to study and understand the intricacies of government relationship with any one industry—even though this industry is growing to be America's biggest and most dynamic, even though it is the outstanding example of what intelligent collaboration between government and business can achieve at no cost to the taxpayer.

But why was there no one among the White House advisers with the knowledge and courage to tell him the FHA "scandals" he has helped spread all over the front pages are an old story full of dangerous and misleading half truths, an old story that looks very different when all the facts are told? (See box below).

Why was the President allowed to be a party to the flood of misleading headlines and occasional outright falsehoods that have discredited the whole homebuilding industry and the whole Federal Housing Administration in the eyes of millions of uninformed readers?

"The reasons . . . as announced are unbelievable to anyone familiar with the operations of the FHA—" was the unanimous verdict of a conference of the Mortgage Bankers' Assn. Was it necessary to burn down the whole forest to drive out a few wolves?

This was no sudden revelation of danger and evil. Indeed, the only call for haste was to beat a Democratic senator to the gun on an exposé which would have hurt the Democrats more than the Republicans.

Consider now the results of the President's action

Here are two dangerous half-truths the President might have explained

Half-truth No. 1. FHA insurance under Section 608 enabled many apartment builders to get mortgages for more than their total cost.

The whole truth. For all its faults the 608 program was an outstanding success in achieving the goals set by Congress and the President. "By harnessing the most acquisitive aspects of private enterprise" it broke the back of the postwar housing shortage.

So far this program has not cost the taxpayers a penny, and there is no longer any good reason to believe it ever will. On the contrary it saved the taxpayers hundreds of millions of dollars they might otherwise have had to spend to achieve the same goal through public construction.

The 608 program can be understood only by remembering the tremendous clamor for new housing after the war, when returning veterans were sleeping on park benches, living in Quonset huts, and doubling up in their parents' attics. Expediter Wilson Wyatt was making new headlines each day with new schemes to get homebuilding started. Of all the schemes he tried, Section 608 was the only one that paid off big in the end. Said our editors 52 months ago: "This combination of public risk and private profit is perhaps the only way an apartment boom could have got started under rent control, which suspends the normal action of supply and demand on all postwar housing." Though many of the Section 608 loans insured by FHA were bigger than the cost of the project, few have gone into default, and most of these have been put back on a paying basis. All the 608 loans have now been substantially reduced, and with each passing year the danger of large-

scale default gets smaller. Meanwhile the FHA insurance reserves against such defaults are piling up.

When the need for Section 608 passed, Congress allowed it to lapse in 1950.

Half-truth No. 2. The public has been defrauded out of millions of dollars on repair and modernization jobs financed under FHA Title I.

The whole truth. Title I has enabled some 2 million home owners a year to finance home improvements they could not otherwise have afforded. Some of these homeowners have been overcharged for shoddy jobs, usually by racketeers masquerading as honest contractors.

Congress never had any idea that FHA could guarantee homeowners against poor workmanship or excessive charges whenever they decided to repair the roof or install a new bath. And so Congress allowed FHA only three inspectors (increased last year to six) to check up on all these jobs—jobs which averaged 1,200 a day per inspector.

Congress had expected the banks which made the Title I loans (at 9.6% interest) to assume primary responsibility for policing Title I. When many of them failed to do so Commissioner Hollyday issued new regulations last fall fixing their responsibility clearly. Thereupon Administrator Cole congratulated him on his "straightforward approach to the problem," and the President's own advisory committee on housing policy said: "These new regulations will correct the abuses and no further requirement should be imposed at this time. . . . A mandatory inspection requirement would be unworkable and would serve only to curtail drastically the scope of the Title I program."

The President has made his own Republican appointee the scapegoat for "scandals" under Democrats five years before the scapegoat took office.

He has pilloried one of the most upright and honorable business leaders he had been able to bring into his administration and so warned businessmen everywhere to stay out of government service lest they too be sacrificed to make a Roman holiday.

He has endangered the whole housing program of his own administration—a program whose importance to better housing it would be hard to overestimate, a program which could have been the Magna Charta of slum rehabilitation and housing conservation, a program history might have recorded among his administration's outstanding achievements in the domestic field. And he timed his attack to the very moment when the program, after months of delay, seemed assured of passing both houses of Congress within a matter of weeks.

He has upset a significant experiment in industrial democracy inaugurated by his own administration—an experiment in which the best brains in the industry were called in consultation and worked night and day to reconcile their often-conflicting interests behind a program from which the home-owning public had more to gain than the homebuilding industry.

He has weakened the strongest single support on which his administration was counting to sustain prosperity in the present business decline—the high volume of homebuilding that generates good business in so many other lines.

Money lenders are notoriously timid about investments which may be subject to such public criticism as has just been heaped on high-percentage mortgages—and without high-percentage mortgages most families must drop out of the market for homes.

This magazine is no apologist for abuses in FHA. On the contrary, this magazine has done more than any other agency, public or private, to put the faults of FHA clearly on record so they could be corrected, and if the President could have found time to follow our pages regularly he would have known all about the criticisms of 608 financing and all about the troubles with Title I repair loans. He would also have known the reasons for the troubles and the steps long since taken to correct them.

For example, 52 months ago—in January 1950—this magazine (then part of ARCHITECTURAL FORUM) published what is still recognized everywhere as the definitive critique of the apartment-house boom financed under FHA Section 608—a critique headlined "Private profit and public risk." This caused a furor in Congress and was one principal reason Section 608 was not continued.

Last fall we spelled out in so many words how "consumers are being swindled out of millions of dollars in the field of home improvement . . . on a loophole in federal law." That report played at least some part in the stricter Title I regulations Commissioner Hollyday issued.

We have recognized rare signs of fraud in some FHA offices and at least once we went much further than the libel laws allowed to point a finger at the suspects. And just two months ago we gave 12 pages to a round table report detailing the harm some of FHA's appraisal policies and practices were doing.

Because we have never condoned what is wrong with FHA we are proud to be the first to affirm that:

FHA is the best thing that ever happened to the home-buying public. It has enabled millions of families to own far better homes than they could otherwise afford. FHA has enabled homebuilding at a time long last to enter the industrial revolution with all its promise of progress and economy.

FHA is the No. 1 example of government and business partnership at no cost to the taxpayer.

FHA offers the only firm foundation for redeveloping our slums and reversing the spread of blight through private enterprise with private capital.

With few exceptions FHA has been staffed by devoted public servants, many of them working for much less than they could earn in private enterprise.

Now is the time for everyone else who knows and understands and values what FHA has done for the country
to speak up clear and bold.

There is no use crying about the harm and injustice that has just been done. We are fortunate that a man of Norman Mason's experience and character has been willing to take charge at FHA at such a moment. Now is the time for all good men to rally behind him and salvage what can still be salvaged of the program that was so incontinently and inexplicably wrecked.

Industry reacts with shock, surprise and indignation; only public housers pleased

Shock and surprise, dismay and resentment: these in varying degrees were the housing industry's reactions at the sudden eruption of the FHA scandal and the forced resignation of well-loved Commissioner Guy Hollyday. The main currents of thought:

▶ Sympathy for Hollyday, who was usually viewed as the innocent casualty in an unfolding drama of far greater proportions than his own dismissal. Not a word of personal criticism of Hollyday was heard. The most frequent comment on Hollyday: he was made the "goat." Clearly, Hollyday suffered no loss of respect in the industry.

▶ Continued high regard and a marked absence of criticism of HHF Administrator Cole for his role in the Hollyday firing. It was "unthinkable" Cole would have acted so highhandedly or callously on his own, said one industry key man. His summary of Cole's role in the ruckus: "Al was a good soldier—obeyed orders."

▶ Sharp criticism of the administration for bungling into the investigations in such a way that the whole FHA program and organization received a public black eye and the housing bill was threatened with delay which might seriously impair housing output and thus rock the national economy.

Guarded comments. Many industry leaders declined to discuss the investigations, or would do so only anonymously. Explained one: "I'm an FHA-approved mortgagee, so don't expect me to criticize any of its officials publicly." Among nearly 30 representa-

tive industry leaders, none disputed that investigations of the 608 and Title I modernization loan programs might be appropriate, but warmth in supporting them varied.

While agreeing that corruption should be exposed and punished, some builders were inclined to defend the 608 program for the great volume of apartments it produced when housing was at its scarcest, predicted it would come through with a relatively clean bill of health by the time the hearings ended.

Public housers, on the other hand, were pleased with the prospect of the probes. President Ira S. Robbins of the National Housing Conference recalled that NHC demanded a 608 Congressional investigation in 1950, and last year recommended plans to protect FHA Title I borrowers. NHC Board Member Charles Abrams said a thorough investigation was advisable. He recalled his address to the NHC convention in Washington two years ago when he said "the smell of scandal lurks under FHA deals from Long Island to Los Angeles." (H&H, June '52, News.)

NAHB leaders stung. Ranking officials of NAHB reacted forcefully. President R. G. "Dick" Hughes declared it would be "a major tragedy for the American people, and the administration's No. 1 political mistake if it substituted headline hunting for passage of a housing bill which would benefit millions of people needing more adequate housing" (see below).

Said First Vice President Nathan Manilow, who is in line to head NAHB next year:

NAHB frets at the blow to the industry

On April 14, two days after the forced resignation of Guy Hollyday, NAHB President R. G. Hughes attacked the move in two statements. The first was a press release (below), the second, an address to the Long Island Home Builders Institute (excerpts, right).

The press release in full:

R. G. Hughes, president of the 30,000-member NAHB, today said it would be "a major tragedy for the American people and the administration's No. 1 political mistake if it substituted headline hunting for passage of a housing bill which would benefit millions of people needing more adequate housing.

"While I realize there may be some publicity value inherent in investigations, the facts show that the FHA operations currently under question represent far less than 1% of the agency's total operations. Let's not let a very small tail wag a very big dog."

Hughes said the pending housing legislation, which already has passed the House and awaits Senate action, should not be postponed while investigators probe alleged irregularities which for the most part occurred years ago under another administration.

"Such action would be comparable to the White House holding up military legislation while probing a rumor that a few mess sergeants made off with some potatoes several years ago."

Hughes said investigations make good headlines but that the people want and need additional housing. Passage of the housing legislation now pending in the Senate will do much to help the industry maintain a high production volume, he added.

"The White House readily admits that housing is a main prop of our postwar economy," Hughes pointed out. "I hope they won't forget it."

He charged that the circus atmosphere under which the attacks on FHA operations were made gives the public a false impression of FHA and certainly unjustly puts a black eye on reputable builders everywhere.

"We think it is a gross injustice to an industry which has broken world records in housing production and efficiency."

"Hollyday's testimony this morning [April 19] would leave no doubt that he was fairly treated. . . . There is not a person who does not have the highest regard for Hollyday's sincerity, citizenship and ability to do a good job. . . . I think the administration should, as quickly as possible, clarify the situation as to FHA. There is no doubt that the matter was not handled with any regard for its effect on Hollyday, the agency or the nation's economy. . . ."

McCarthy tactics? Former NAHB President Alan Brockbank, usually the essence of kindness, gave a bitter answer: "The situation has altered my estimation of the administration very materially—for the worse. Someone in Washington—I don't know who in the administration—is trying to pull McCarthy on the housing industry. I don't think we're going to take that."

The greatest tragedy of losing Hollyday, thought Brockbank, was the loss of a leader of the urban rehabilitation movement. "Hollyday offered the greatest opportunity given the American people to do something about urban rehabilitation," said Brockbank. "He was the only big man in Washington who understood it."

Defender for 608s. From Berkeley, California, Frank W. Cortright, NAHB's executive vice president from 1942 to 1953, expressed his "surprise" at the Hollyday resignation and the administration's investigations. Hollyday "could not be censured or blamed for whatever unfortunate things" have occurred in the execution of the 608 program under his predecessors, Cortright pointed out.

Cortright also defended the old 608 program: "Most of us who thought we understood it felt it was administered in accordance with the law."

Excerpts from the address:

The tragedy of the recent attacks on FHA's Title I operation and the 608 program, which was instituted by the Congress in 1950, is that public confidence in this national institution has been shaken.

I certainly encourage any action taken to correct abuses in governmental operations. But I deplore the unnecessary washing out for public view of the dirty linen of inner agency policies and operations. The net result is a dim view of the public of the FHA's normal insuring operations under 203, although these have not been questioned.

Builders are ready to respond to the new FHA programs under Sections 220 and 221 for urban renewal and urban redevelopment.

However, since the integrity of FHA has been questioned, FHA officials—working under the threat of future attack—will be loath to assume and exercise the responsibility which they must take to issue acceptable commitments under this new type of program. And responsible builders will not be willing to risk their time, money and reputation by engaging in programs which may subject them to later attack.

This new program will not work unless public confidence is restored. Therefore, I hope that

the intent of Congress. There were a lot of builders who mortgaged out, who were not able to build for less than the average costs allowed on appraisals. . . . It was the only method that would have produced rental housing in time in the postwar housing shortage. By the end of the investigation I predict it will be found the abuse was insignificant compared with the benefits, and that there was no serious misconduct by officials, saving for construction costs and other factors at the time it was in effect."

W. Cortright: "Title I should be investigated, but an investigation of 608 does not appear to be particularly needed." Other comments:

NAHB Treasurer V. O. Stringfellow of Dallas: ". . . A rehash of old charges . . . of the major political blunders of the administration."

Builder Albert Balch of Seattle, a director of both NAHB and NAREB: "I denounce the firing of Hollyday. This is a slap in the face by the administration to mortgage bankers, builders and realtors. I believe it is a political move on the part of Cole to do away with the FHA and merge it with his present body, HHFA. . . . Hollyday was making great progress in cutting red tape in improving FHA's position."

Dallas Homebuilder Joe Maberry, who predicted dropping a \$200,000 land purchase and the outcome of the scandal on future sales became clear: "Dallas builders are pretty mad at government by headlines. We don't know the way this thing is being handled. We are afraid it will demoralize the whole housing business. . . . I don't know who to be afraid of. . . . Who put Ike up to it?"

HHFA will immediately launch an intensive public relations program designed to restore damaged public confidence in FHA.

Mr. Hollyday's resignation came at a time when FHA was under fire from many opponents of its program. Detractors of FHA's mortgage insurance operations have been planting rumors for months with the effect that, come a depression, FHA's resources will be insufficient to cover predicted and unmet losses. The whispering campaign is directed to curtail FHA operations.

The fact, remains, however, that FHA's system of mortgage insurance stems from the premise that there is little inherent risk in the mortgaging of homes built to proper standards and sold at reasonable prices to individuals who can demonstrate the desire and ability to buy them.

From my close observations in Washington, it appears that FHA is in a battle for its right to continue to provide service to the home-buying public. If it is to remain a dynamic organization capable of insuring new home mortgages to the extent of 20% to 30% of all new starts, of launching bold new programs to house the lowest income families, of aiding NAHB's . . . program of clearance, of encouraging urban redevelopment, stimulating minority housing and the in-house program, etc., then its friends must move forward now and fight for FHA's existence.

Sharp MBA protest. News of Hollyday's departure came at the end of the first day of the annual eastern conference of the Mortgage Bankers Assn. of America in New York. Hollyday was president of MBA in 1946, and the reaction of the association was swift and to the point. Next morning, the session was delayed 30 minutes while association officers huddled in President William A. Clarke's Hotel Commodore suite to draft the angriest protest the fracas produced.

Start of a fight. Clarke read the text (see below) to 800 mortgage bankers in sharp tones that reflected the indignation and resentment in the statement. At the end there was a burst of loud applause that Clarke said he understood as "approval." Immediately, James W. Rouse of Baltimore moved that the statement be formally adopted as a resolution.

Clarke asked if anyone wished to discuss the motion; no one did. His call for votes was answered by a loud chorus of ayes—not a single dissent. As Clarke declared the meeting adjourned he added: "My personal opinion is that this is the beginning of a fight. And I guess we'll be mixed up in it."

Less talkative lenders. Not all members of the mortgage fraternity were so voluble. Said former (1949) MBA President Aksel Nielsen of Denver, friend and confidante of Eisenhower: "I prefer to hold my comment until after the [Congressional] hearings."

Reaction from President Carrol M. Shanks of Prudential, the largest holder of mortgages in the country, and a spokesman for the insurance industry during Congressional hearings on the housing bill: no comment, at least while Congressional investigations are under way.

Others who declined to speak up: President Clifford Allen of the National Savings & Loan League; President Ralph Crosby and Execu-

tive Vice President Norman Strunk of the US Savings & Loan League; Morton Bodfish, former executive vice president of the US League and once its most powerful voice.

Three of Chicago's biggest mortgage banking presidents, George Dovenmuehle of Dovenmuehle, Inc., Howard E. Green of Great Lakes Mortgage Corp. and Ferd Kramer of Draper & Kramer (also president of the Metropolitan Housing & Planning Council) wrote newspaper editors a joint letter saying: "The ruthless dismissal of Hollyday is one of the most flagrant examples of the current tendency to sacrifice the dignity and reputation of respected individuals on the altar of expediency. The methods used in

Oscar & Associates



MBA's WILLIAM A. CLARKE

He sees the beginning of a fight

MBA resents Hollyday's 'unjust' dismissal

Following is the complete text of the statement condemning the forced resignation of Guy T. O. Hollyday adopted unanimously April 13 at the eastern conference of the Mortgage Bankers Assn. of America:

"The forced resignation of Guy T. O. Hollyday as commissioner of the Federal Housing Administration is unwise and unjust. In Mr. Hollyday's resignation the administration and the entire country have suffered a great loss.

"We are indignant at his abrupt dismissal. This move reflects discredit not upon Mr. Hollyday but upon the administration. The reasons for Mr. Hollyday's dismissal as announced are unbelievable to anyone familiar with him or with the operations of the FHA.

"It is well known that the alleged abuses in the emergency apartment house program relate to an activity which was ended and terminated by the Congress in 1950, long before Mr. Cole and Mr. Hollyday were appointed to their positions. It is also well known that the misuse of the home improvement and repair program has been under intensive investigation by Mr. Hollyday. Contrary to the published statements, this association knows what tremendous strides Mr.

Hollyday has made in less than a year in strengthening the FHA.

"In our opinion Mr. Hollyday's resignation has been forced not because of any indifference to abuses of the FHA system even though that is the announced reason. We wonder whether the real motive behind this summary firing is the fact that Mr. Hollyday is known to have opposed the administration's plans to transfer from the FHA to the HHFA the authority and responsibility placed by the Congress with FHA. The effect of Mr. Hollyday's firing is to remove a man who opposes this centralization of control which he believes to be wrong and the weakening of the agency he was appointed to administer.

"Mr. Hollyday's summary dismissal will be resented by everyone who knows him, knows what he stands for and what he has endeavored to accomplish for the administration. It is a blow to good government and to the cause of enlisting intelligent and honest people in government."

eliminating Hollyday are the very ones the President has opposed in recent statements, radio and television addresses. . . . While it is commendable that the administration take responsibility for its [the 608 program's] operations, it is rather foolish to stigmatize its own appointee with the onus of mistakes of a past administration. Without prejudging the case against Hollyday, no sincere public servant deserves the shabby treatment he has been accorded. The technique of disposing of public officials by smear and unsubstantiated charges makes public service less than a thankless job to individuals of talent and stature."

High-placed 'lunkheads.' For the present NAREB took no official notice of the investigations. President Ronald J. Chinnock of Chicago could not be reached for his personal comment.

But one former NAREB president who requested anonymity offered some blunt reactions: "The administration made a serious blunder in making FHA look to the public as if it is loaded with rackets. The President was poorly advised on public relations by lunkheads in the White House. . . . Hollyday was as honest as any man in government. It was far-fetched to demand his resignation for matters that took place years ago under the previous administration."

Dignified indignation. From AIA Executive Director Edmund Purves in Washington came this precise comment:

"We of AIA were astounded that Mr. Hollyday had been asked to resign. . . . We regret the precipitate manner in which his resignation was demanded and executed. He is a man of experience, accomplishment and standing, not only in his home community but in the national scene as well. So we feel that an explanation is due to the construction industry and to the public as to why hasty action was deemed necessary.

"American citizens are keenly interested in their leaders, both elected and appointed, and we are puzzled at the apparent atmosphere surrounding the Hollyday dismissal, an atmosphere that we do not find compatible with the American spirit.

"It is not surprising that irregularities have been found in FHA. We have suspected such for a number of years. However, we were assuming and subsequent developments substantiated our assumptions that investigations were in progress and that appropriate action would be taken. It is therefore not clear to us why it was necessary to request Mr. Hollyday's resignation in order to accomplish the ends which are being sought. . . .

"We wish to make it clear that our statement is no criticism of the administrator, Mr. Cole, as we can well appreciate his position."

Public housers reaction. National Housing Conference President Robbins would offer no opinion on the merits of Hollyday's resignation, except to say that in fairness to everyone, Hollyday and the public, there should have been a fuller explanation. "The administration's action," said Robbins, "led to a lot of wild guessing as to what the basic causes might be, and what else there is in the picture." After citing the NHC resolutions urging 608 and Title I probes in 1951 and 1953, Robbins added: "We welcome the investigation. It is long overdue. Without prejudging the findings, a thorough investigation can only have desirable results, for the benefit of the homebuilding and financing industry and for helping establish the soundest policy for any future program of government support for private industry."

Housing Expert Abrams, former counsel to the New York City Housing Authority and author of *Future of Housing*, favored a "more impartial thorough-going investigation" of the FHA than he believed would be conducted by HHF Administrator Cole by William F. McKenna. He asserted McKenna was "a well-known opponent of public housing" and would not have an objective approach. Abrams regretted that "Republican politics" dictated the naming of McKenna, who was staff counsel for the House subcommittee that held a series of hearings in Los Angeles last spring on

Clyde Powell is FHA scandal's man



Reni

608 EXPERT POWELL (L) (with attorney)
He took refuge in the fifth amendment

Was there graft among FHA's top men in Washington? The most damning innuendoes of it swirled around Clyde L. Powell, the florid-faced, sporty-looking assistant commissioner in charge of rental housing (including the 608 program from its birth to its death).

There had been rumors about Powell as far back as 1947, but various FHA commissioners who investigated his activities had been unable to pin anything on him to warrant his dismissal. Powell, now 57, had been with FHA since October 1934 and assistant commissioner for rental housing since 1936. Under his aegis, FHA had insured mortgages on 8,200 rental projects involving 643,000 housing units and some \$4.6 billion in loans.

On April 6, Guy Hollyday accepted Powell's resignation (another of his quiet removals of unwanted aides. Powell was to join the firm of Builder Norman K. Winston in New York).

\$5,700 in one night? Hollyday had told MBA President Will A. Clarke a year earlier he was trying to find a way to get rid of Powell, but that he could not find any basis for dismissal that would stand up against civil service. One report about Powell, which came to light last month during the investigations, was that he went to a gaming resort at Virginia Beach, Va. as the guest of an FHA apartment-house sponsor in 1952 (while Frank

Richards was FHA commissioner), lost \$5,700 of his own money gambling, then borrowed \$5,000 from the proprietor and lost that, too.

Powell, whose job paid \$12,000 a year, lived in a \$250 a month bedroom-and-living-room furnished apartment in Washington's Sheraton Park hotel. Was he a gambler? Powell genially declined to say.

When the scandal erupted, HHF Administrator Cole immediately announced he was rescinding Powell's resignation until investigators could determine whether he was responsible for "very negligent" 608 operations. Moments later, Cole was asserting that managing out under 608 was "so prevalent and widely known that it is inconceivable that responsible FHA officials could be unaware of it."

A few days later, Cole disclosed—with naming names—that the FBI had reports that an official lost up to \$5,000 in a single gambling session. "I do know one official is known to be a gambler," said Cole. "He is in a responsible position. I had his situation in mind when I began the investigation."

Powell's reaction came next day. He told FHA personnel people to advance the effective date of his resignation from April 6 to that day. He told newsmen Cole had no power to cancel his resignation. "When I signed, I resigned," he said.

of a public housing revocation referendum likewise lamented that a "political situation" appeared to have triggered the investigations, rather than more conscientious considerations.

Briggs called it creditable for the Republican administration to embark on the investigation but added: "It remains to be seen how they will go." Rapping Democrats too, he said that 608 irregularities were called to attention of an investigating committee headed by Rep. Albert Rains (D, Ala.) in 1965, but only resulted in "a report that was a complete whitewash."

Other reactions:

Executive Vice President H. R. "Cotton" Chapman, of the National Retail Lumber Dealers Assn. reported that NRLD has been urging FHA in tightening up its regulations on Title I repair and maintenance loans for several months "to prevent irresponsible individuals from defrauding the public." Scores of retail lumber and building materials dealers had complained of illegitimate activities by itinerant individuals who misled the public by signing exorbitant contracts, said Northrup. Properly administered, the Title I program is a thoroughly sound and desirable financing instrument, he said, "and it is our hope it will be properly safeguarded in the future so its benefits can be enjoyed by all..."

National character

Sh hints. As the first week of the scandal came to a close, HHFA's Cole dropped a subtle hint of graft. Naming no names, he said on television's "Meet the Press" that there was evidence that one official involved in the inquiry had received money for favors, presumably to builders. Cole called the charges "serious." Cole also said he had "indications" of corruption in other phases of the housing program, but declined to be more specific for fear of time being at least.

Hollyday added more spice to the name-calling accusations April 19. Testifying before a Senate banking committee, the former commissioner said one FHA official had been under investigation because of a \$10,000 transaction involving a builder.

When Powell, the center of suspicion, got the chance to answer—under the Kleig lights in the hearing room. Instead, he invoked the Fifth Amendment, which says a witness may not be required to give self-incriminating evidence in a criminal case. Puffing hard on a cigarette, looking neither right nor left, Powell strode silently from the crowded hearing room. In the corridor, his attorney, Daniel B. Maher, handed out a statement saying that some Congressional committees had "shamefully abused" investigatory power and that Powell might suffer injury from "unsubstantiated statements."

FHA field offices report problems of policing Title I, say they need more money and men

Understaffed FHA offices across the country have been able to do little to arrest an influx of racketeers using Title I loans to cheat the public. San Francisco's experience is representative of what most cities have been up against. According to Richard W. Briggs, FHA director there for the last 3½ years, the basic problem in policing Title I is that there is not very much that can be done with crooks once they are uncovered.

And the second problem is that his investigating staff to cover a 21-county area along the coast of northern California is only one half a man. The other half of Inspector J. Frank Pendergast's time goes to Title II, FHA's main program. The area is a narrow stretch more than 400 mi. long, and it contains the entire San Francisco Bay area (pop. 2.5 million).

Said Briggs: "We in this office haven't agreed with Title I. We attempted to keep it clean—something that under the law we couldn't keep clean. Frankly, the way the law is written, there is no way to keep the 'suede-shoe guys' out except with publicity. We do have a policy of putting some men and companies on a 'precautionary' list, but they get some one else to bird-dog for them or they change the names of their companies."

Blacklist no help. "We can't do more than put them on the precautionary list unless they have committed a criminal act. The recommendation has been made that these boys be licensed like real estate salesmen. But this has not been done. The local FHA office learns of phony loans only when the sucker complains to it—often as much as a year later." By then, Briggs said, "the salesman has blown to parts unknown."

Banks have undoubtedly been careless in their investigations, but Briggs said that he believed the FHA should take its share of the blame. "There is no excuse not to have enough men to police the dealers," Briggs said. "This program makes money and could pay for the field-men. The problem is the proper distribution of men. I don't want any more collectors who collect the money from the people who are gypped. I have recommended to Washington that more investigators be put in the field to stop the bad deals before they are made. Only the man in the field can find out in time what a lousy job it is."

Briggs now has three collectors in the field. They do a little investigative work but not enough to count. The great share of the Title I work, Briggs and others noted, is legitimate. A great deal of material in the \$1.5 billion program has been sold by such organizations as Montgomery Ward and Sears Roebuck. Much of the work is done through legitimate firms. Then, too, the blame in many cases rests with the home

owner, who often is trying to cheat the government and winds up by being taken himself—the classic pattern in confidence games.

The tightening-up order last year by Hollyday has had a reasonably good effect, Briggs thought. For one thing, it made dealers and salesmen liable under their completion certificates. Now, FHA has no liability when there are irregularities in the deal.

Another view. Former FHA District Director D. C. McGinness, now a homebuilder, told newsmen he thought Title I repair loans were "anachronisms that have outlived their usefulness." McGinness, who wrote Senator William F. Knowland (R, Calif.) a year ago urging Title I be abolished, added:

"It was just a depression measure and it served its purpose well then. But there is no conceivable reason why it should be perpetuated. Banks are well able to take the normal risks now . . . the abuses were well-known a long time ago but . . . the higher-ups in FHA weren't looking for bad news. They never prosecuted anyone voluntarily, only when it was forced upon them."

Other cities:

► Last winter a federal grand jury in Miami opened fire on banks there (none mentioned by name) charging laxity in granting of government-insured home-improvement loans. Miami has had several indictments and/or convictions of persons charged with fraudulently obtaining such loans. "It is apparent," read the jury's report, "that certain banking institutions feel that a federally insured loan can be made without property scrutiny because . . . they are protected . . . by the federal government." The banks fired back. Said Leonard Abess of Industrial Savings: "We are as careful with FHA money as we are with our own."

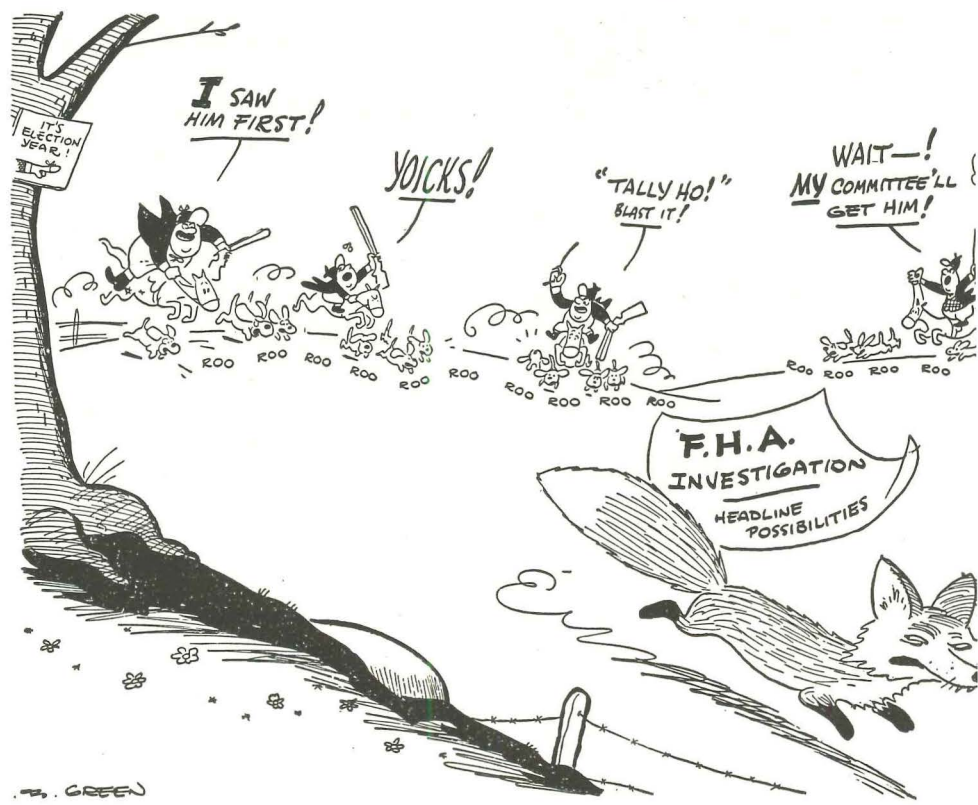
► Detroit has had its share of fly-by-night salesmen. Home owners complained strenuously enough to FHA to get 68 repair operators blacklisted by the banks. The operators were placed on FHA's "precautionary list," with enough stipulations attached on how the banks were to issue loans to make them supposedly prefer to blacklist the culprits rather than go through the red tape of lending. According to Ward McCreedy of the building division of the Michigan Corp. and Securities Commission, however, "lazy lenders" were still not checking contractor prices or work-completion statements and "we have evidence of banks approving loans when they know the contractor is on the FHA's black list. . . ."

► Home owners in Chicago and the Campaign-Urbana area reported they had been hoodwinked by fly-by-nights who put in for Title I improvement loans. Again, attention was called to the banks—this time by James C. Moreland, local FHA chief, who said the banks seldom check to see if such repair

work is done. In some instances, according to Deputy Housing Coordinator D. E. Mackelmann, victims of the loan racket unwittingly became violators of the city's building and zoning laws. "In these instances [of illegal conversions]," said Mackelmann, "Title I was actually helping the slum makers."

▶ In San Antonio, Asst. US Attorney Brad Miller said the Title I home improvement loan program had "turned into one of the biggest headaches the US attorney's office ever had." The city was afflicted with a swarm of water-softener sellers recently, retailing an unworkable product under Title I. The gang moved on to Houston before they could be put out of business, leaving the home owners and the DA's office holding the bag.

▶ In Los Angeles, federal grand jury indictments were returned against 19 high-pressure salesmen accused of making false statements to obtain FHA-insured loans. Actually, 19 men were not involved. The US attorney's office subsequently determined that aliases were used and some individuals were indicted under two or three different names. The complaints were the perennials: getting home owners to sign completion papers before the work was done, arranging kickbacks to home owners and just not doing the work.



THE SENATORIAL FOX HUNT

Background for scandal: housing law evils were exposed long ago

There was nothing new in the charges aimed at FHA. All were an old, old story to everyone connected with housing.

The first of the "scandals" was the scandal of how the apartment boom in the late forties was financed under Section 608, which was enacted in 1942 but was hardly used at all until about 1946 when President Truman called Ray Foley, then head of FHA, to the White House, pounded the table and wanted to know why FHA had not been able to persuade more builders to take advantage of its liberal terms to help ease the housing shortage by building rental apartments. It was at this point that FHA, ironically enough, sent men across the nation to point out to builders what a golden opportunity Section 608 offered them. Finally, builders and contractors got busy. By 1950, they had so many 608s in the works that the back of the apartment-house shortage was cracked, if not broken.

Loopholes in Sec. 608

It was in Jan. '50 that ARCHITECTURAL FORUM printed what is still regarded as the definitive article about 608. Said FORUM:

"This miraculous piece of legislation makes it possible for almost anybody of moderate acumen to become an apartment owner without spending a cent of his own money. . . . This combination of public risk and private profit is perhaps the only way an apartment building boom could have gotten started under rent control, which suspends the normal action of supply and demand on all postwar housing. . . . Under the 608 setup, most builders are interested only in a quick profit. They naturally find that they can add nothing to this by making their buildings any better than they have to. The real way to make a profit is to

figure out ways and means of making the actual cost of the building less than the amount of the mortgage loan approved by FHA."

After explaining how 608 worked, FORUM said: "Through all these devices up to 12% cash is actually taken out of a long-term mortgage loan backed by the taxpayers credit in addition to the 5% builder fee which FHA allows in estimating cost."

That year, after debate during which FORUM's article was cited on the floor of the coming chamber, Congress let the 608 program lapse.

Title I repair frauds

Of the other "scandal," the scandal of how some home owners are being fleeced on modernization jobs under FHA Title I, the Oct. '53 HOUSE & HOME reprinted an article from *Consumer Reports*, not because it said anything that was not generally known, but 1) to let the industry see what the public was reading about Title I operations, and 2) to show how important it was for the reputable leaders of the industry to clean up the racket, and 3) to show how important it is that home owners should be able to get money for home improvement from their own mortgage bankers under the open-end mortgage instead of short-term 9.6% interest Title I money from strange banks. This story warned:

"Consumers are being swindled out of millions of dollars in the field of home improvement, in connection with the sale of such things as siding, painting, roofing, heating and ventilating equipment, air conditioning, garbage-disposal units, etc. . . . The racket potential involved is big enough to attract underworld talent. Laxness all up and down the line from branch banks to government officials with regard to these loans, the difficulty

faced by law-enforcement officials in investigating and prosecuting dishonest building contractors and the readiness with which many local radio and television stations sell time to almost anyone with cash—all these factors add up to encourage a highly profitable racket in which the illegitimate operator is aided, consciously or unconsciously, by allies in legitimate circles."

FHA's need for more of its own money

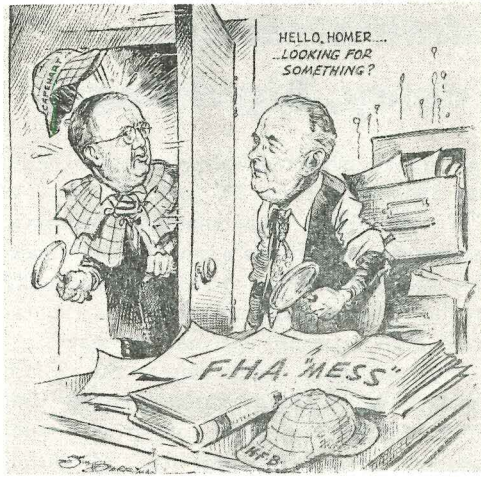
At the appraisal Round Table reported in MARCH '54, HOUSE & HOME, representatives of every important trade association connected with the building sounded off on the matter of Congress turning down FHA commissioner Guy Hollopy's request for enough money to hire an adequate staff. Concluded the Round Table experts:

"All of us believe the budget bureau is being pennywise and pound foolish in trying to make arbitrary cuts in FHA spending. The treasury gets little or nothing to gain from enforced parsimony in FHA, since FHA is supported entirely on its own revenue. Not since 1941 has a penny of the taxpayers' money been used for its operation and before long FHA will have paid back the cost of the federal money with which it was started."

"The only possible cost of FHA to the taxpayer is the contingent liability of \$15.5 billion on mortgages that FHA has insured. To the extent that FHA appraisals have been sound this contingent liability need cause no alarm. To the extent that FHA appraisals have been unwise the federal treasury may have to make good on the appraisers' errors and judgment. Either way, the budget bureau should find it more profitable to allow FHA enough money to operate a prudent underwriting section than to starve the agency to a point where its appraisals are open to question."

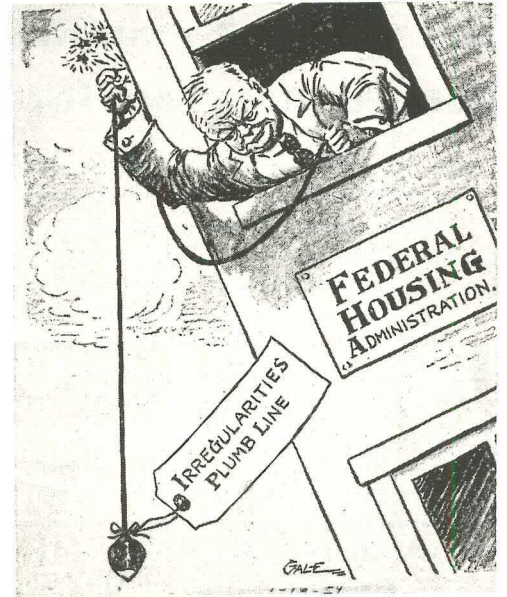


Hesse, St. Louis Globe-Democrat



Washington Star

THE EARLY BIRD



Los Angeles Examiner

A BIT OUT OF LINE

BOOKS

Penalty for poor public relations: editorials hurt home building

On the nation's editorial pages, the housing industry paid a high price for being a group that talks too much to itself, too little to the public. Almost without exception, press comment referred glibly to "abuses" and "scandals" in FHA without pointing out that the laws were written, there was probably little the FHA could do about Title I—the only current trouble. Equally scarce was comment playing knowledge of the fact that Sec. 608 was written so it was perfectly legal for many builder to mortgage out.

Cartoon comment (see cuts) varied between amusement at the Senate probes, indignation at 608 profits and praise for Eisenhower.

Many an editorial writer seized the occasion to ask if such fraud was not inevitable as long as the government was hip-deep in housing. *The Wall Street Journal*: "The real reasons are that the government is doing things it ought not be doing. The housing and insurance business are not the proper function of government. And the story of FHA irregularities and abuses is proof that government is by its nature equipped to do such things improperly." Scripps-Howard papers combined: "This scandal is one more illustration of what happens when government gets into private business. Such carelessness in a private lending institution would be stopped by the directors or stockholders—or there would be no lending institution. But when it's Uncle Sam, the whole attitude changes—if there are uses it doesn't cost anybody anything—nobody, that is, except the taxpayers." Said the *Chicago Tribune*: "There is no reason for the federal government to intervene in any phase of the housing industry. All that its intervention does is to promote the financing of poor books. . . ."

Of Title I, the *Tribune* also noted: "No law

ever succeeded in keeping a sucker from being a sucker. The federal scheme just made it easier to hook him." Of Sec. 608, it noted tartly: "The motives back of the program were political rather than economic. Rent controls were in force in all the big cities. Private capital would not accept the risks of providing rental dwelling units. There was and could have been no firm assurance that the freedom from rent controls might not be revoked at any time, confiscating the investment of builders of new property just as it had already confiscated those of owners of prewar buildings. Hence the government guarantees. The program was just as much socialism as public housing. . . ."

Praise for Ike. Stitched through most newspaper comment was a thread of praise for President Eisenhower for moving decisively to uproot any buried abuses. The comment of the *Detroit Free Press* was typical: ". . . It is encouraging that the Eisenhower administration has made no effort to cover up or alibi the things that have been disclosed. That is in sharp contrast to the course followed by the former administration when comparable situations arose. . . . That is the sort of direct action which builds confidence in the integrity of the administration." Said the *Minneapolis Tribune*: "The most reassuring element in the whole scandal-clouded situation is the speed and determination with which Mr. Eisenhower is acting to get all the facts. . . ."

Like many another paper, the *Tribune* deplored the chance that the disclosures might damage the pending housing bill. It editorialized: "This would be a very tragic consequence. . . ." The *Los Angeles Daily News* (one of the nation's few pro-public housing dailies) felt: "President Eisenhower is to be congratulated for taking the initiative in a

long needed housecleaning of the FHA, for whatever damage he may have done his housing program is compensated by the prestige he gains for his courage." Said the *Arkansas Gazette*: "Mr. Cole's disclosures . . . must not be allowed to serve as a device for 'wrecking' the whole Eisenhower program."

How restore confidence? "The public's faith," commented the *Atlanta Journal*, "needs to be restored in an agency so important to the nation's economy and to the private lives of so many families." Added the *Cleveland Plain Dealer*: "It would be well not to let the abuses being exposed obscure the FHA's honest purposes and value." Said the *Baltimore Evening Sun*: "The sooner all the facts are known and remedial action taken, the sooner the public's former faith in the FHA will be restored."

To the *Dallas Times-Herald*, NAHB President R. G. Hughes' attack on the uproar as "mere political 'headline hunting' comes with poor grace." The paper continued: "The housing industry, as well as millions of American families, all have profited from the existence of federal mortgage insurance. The NAHB should be the first to demand that money waste under the program should be halted and the guilty brought to justice."

Looking at the situation from a longer-range point of view, the *Florida Times Union* of Jacksonville noted that "the Hollyday case illustrates only too well how potentially dangerous it is today for a private citizen to risk his reputation and his career serving his government . . . Spectacles such as the Hollyday case are extremely discouraging to anyone contemplating government work—whether they are youngsters looking for a suitable career or established businessmen called upon to serve as public administrators."

Net result of scandal: administration's housing program faces delay, big changes

Before the FHA blow-up, the 1954 housing bill was headed for reasonably quick passage in Congress. Now, it faced a slower pace. The scandal charges caught the measure amid hearings in the Senate banking committee (the House passed it early last month after mangling some of President Eisenhower's plans). For a few days, some senators spoke of the bill as "torpedoed and wrecked." But after Sen. Capehart (R, Ind.), the banking committee chairman, came belatedly to realize that bottling up the housing bill for a lengthy FHA investigation would scuttle a major GOP program, the outlook brightened. The industry would apparently get a housing bill before Congress adjourns, after all.

Water squeezers. It will be a much-tightened measure—not only for Title I repair loans but for government aid to housing (and other building) all up and down the line. Congress will almost surely hook on an amendment to prevent mortgaging out—a move that House Republicans defeated. Liberalization of FHA mortgage terms will face stronger opposition, and if allowed at all, will be loaded with restrictions that will water down its benefits. The one-year mandatory warranty added by the House will probably remain. It would apply to 1 and 2 family units.

Indications as to what changes Congress would consider for Title I appeared as Capehart's committee held its "loophole tightening" hearings. Capehart revealed "one thing we are thinking about is requiring dealers to endorse notes." Sen. Prescott Bush (R, Conn.) suggested FHA limit insurance to 90% of each loan instead of extending 100% coverage (subject to a meaningless limit of 10% of any one lender's portfolio). Also under consideration: compulsory performance bonds, reduction of group insurance from 10% to 5% or even 3%. Asst. FHA Commissioner (for Title I) Arthur Frantz disclosed FHA had been thinking seriously of barring dealers (mostly lumbermen) from making Title I loans and requiring homeowners to get their money from banks.

Some senators urged a deeper upheaval. "The basic fault in the (Title I) program," said Sen. Bennett (R, Utah), "is that the government has no responsibility to the public. . . . What would happen to Title I if the government tried to protect the consumer?" Replied HHFA's Al Cole: "It would destroy it [Title I] completely." Chairman Capehart registered shock. Cole hastily backed down: "I am going to withdraw that. It is too broad."

Only the skeleton. As it emerged from the House of Representatives, the housing bill clung to the framework of President Eisenhower's plans. It attempted to ease down payments on FHA and VA mortgages. It set

up a broad urban renewal program backed by the new FHA Secs. 220 and 221. It gave FHA \$2 billion more mortgage insurance authority. It organized a new secondary market association, with private capital gradually replacing government financing. It empowered FHA to insure open-end mortgages.

But on many vital points, the House hacked away at administration proposals with little semblance of party control or responsibility. After a two day binge of amendments, the bill was adopted on a roll call vote of 362 to 36 that belied the sharp struggles that went into it. Moreover, it was so full of ambiguities and contradictions that administration leaders looked to the Senate for major patch-up work.

What happened, said industry leaders after surveying the jumble, was that the House banking committee, in charge of the legislation, refused to modify some features of it that antagonized a sizeable number of House members. Instead of compromising, the usually astute Rep. Jesse Wolcott (R, Mich.), banking committee chairman, decided to meet the storm head on. In doing so, he lost control. The outcome was about what can be expected when balky House casts orderly procedure aside and tries to rewrite much of a complex bill on the floor.

Title II mixup. As in the past, the average Congressman was in full accord with most objectives of the legislation. In fact, the prevailing sentiment was for giving housing (but not lending) more aid than President Eisenhower's housing team had asked. Despite protests by Chairman Wolcott, an amendment

offered by Rep. Charles R. Brownson (R, Ind.) was adopted giving the President power to hike the loan-to-value ratio of FHA's Sec. 203 to 95% of the full \$10,000 and 75% of the remainder. This would permit down payments this low: \$500 on a \$10,000 loan; \$1,000 on a \$12,000 loan; \$1,500 on \$14,000; \$2,000 on \$16,000 and \$3,000 on \$20,000, the ceiling. The administration had proposed authority for the President to approve 95% loans up to \$8,000—although HHFA Administrator Cole testified at hearings that the administration probably would not put the full amount into effect at once.

Then, while most members apparently did not realize what they were voting on, the House voted 141 to 68 to kill the heart of the administration's housing concept—the section giving the President authority to vary interest rates, down payments, maximum amounts and amortization of FHA and VA mortgages. In so doing, it nullified the Brownson amendment. By legal gobbledegook that few Congressmen understood, easing down payments was dependent on giving the President his whole package of discretionary controls. Most of the debate centered around interest, as the powerful veterans bloc stormed to the defense of politically popular frozen rates and attacked flexible controls as an unwarranted veteran and a backdoor return to the unpopular Reg. X.

Public housing killed. Most bitterly contested aspect of the bill—and one where the House dealt Eisenhower his sharpest setback since he took office—was public housing. It voted for none at all, leaving PHA power to build only the 33,000 units in its pipeline. Eisenhower had asked 35,000 units a year for four years.



AS FHA HEARINGS BEGAN, Sen. Homer Capehart, chairman of the banking committee, received from Ira Dixon, committee clerk, a bundle of internal revenue income tax records on builders who mortgaged out under 608. Others: Sen. John Bricker (l) Sen. Burnet Maybank (r).

Rehabilitation roundup

▶ **'Now or never,' vows Milwaukee health chief, urging stiffer housing code. Baltimore tightens housing rules**

▶ **New York at last moves against slums as courts mete out jail terms, rent controllers slice rents for landlords**

"Now or never," said Dr. E. R. Krumbiegel, Milwaukee health commissioner, explaining his efforts to steam up the city's on-again-off-again efforts at rehabilitation with a new housing ordinance. "You don't get a chance next week or next month or next year. If the thing fails, you can't bring it back. And if nothing comes out of it, you won't find Dr. Krumbiegel coming in again with any proposals."

Dr. Krumbiegel's do-or-die attitude was more extreme than recent statements on rehabilitation from officials in other cities. Down the line, however, there was evidence that an increasing number of municipalities had decided to face up to the need for rehabilitation. NAREB reported that in January 1954, 174 cities "were engaged in full or partial enforcement" of the kind of rehabilitation laws demanded by both realtors and homebuilders and that this number should increase to 300 by the end of 1954. The nub of the question, as always, was how fully or partially the cities were engaged. What some cities were doing:

Milwaukee. The city had before it a new book of housing rules, drawn up and being checked for legal loopholes. The book (author: Krumbiegel) faced consideration by the common council some time this month. The battle would be worth watching. Fighting the double liability of a housing regulatory code weak on occupancy and maintenance standards, plus an infamously scanty inspection force (two full-time men), Krumbiegel worked up a set of sweeping changes to the present code. (He also requested 18 more inspectors from the council and was turned down.) To get a grip on the occupancy problem, he proposed that space measurement be henceforward put in terms of square footage, rather than cubic (many of the worst buildings in town have very high ceilings and, said Krumbiegel, "sometimes 12 or 15 people can qualify to live in one room on the basis of its cubical content"). The city has seen an influx of Puerto Ricans and Negroes during and since the war; many of them squeezed into rooming houses. He suggested outlawing basements as dwelling units, and reminded the populace that the new code provides for an appeals board and that residents of clean and acceptable basements could make such a claim and stay where they were. To use having the inspectors make individual decisions on each basement, said Krumbiegel, because the primary "control" of the program would thereby be lost.)

Other proposed requirements: enforcement of proper exterior maintenance of buildings; banning of rooming houses ("We've got a shortage of good rooming-house operators," ob-

served Krumbiegel, "but boy, we've got some bad ones"); stipulations for better-lighted hallways, included at the request of the chief of police. Krumbiegel has said that the city is going to need "all the help it can get" if the new plan is to be passed. His cause has been advanced by a revealing 11-part series on rehabilitation in the *Milwaukee Journal* and by some renewed interest from realtors. It has been retarded by the propensity of the city's Socialist mayor, Frank Zeidler, to take care of the labor unions in the manner to which they are accustomed. One of the bugs in Milwaukee's present setup is that the *building* code needs loosening if property owners are going to get rehabilitation work done at a price within their means—while the *housing* code needs tightening. It seemed improbable that the building code would get much of a loosening if the new six-man, Zeidler-appointed committee to revamp it included labor leaders determined to keep it tight.

Baltimore. The city that gave the nation's rehabilitation method its name renewed its own slum cleanup efforts following a year of semidormancy after organizational rows. Health Commissioner Huntington Williams put into effect a major overhaul of the city's housing code. The move served notice on several other cities on the verge of copying it that the old Baltimore code was inadequate in the eyes of the men charged with using it to fight blight.

The new rulings sounded auspicious. They were issued by the health commissioner—after advice and consultation from a number of agencies—under his power to enforce the city's basic ordinance on the hygiene of housing (1941). Most revolutionary among them were requirements that dwelling units in the city must have a hot-water bath or shower and an indoor toilet and lavatory basin. (Formerly the rule was one toilet for every ten persons.) These rulings and some others that will require fairly extensive renovation of existing properties do not go into effect until Jan. 1, '56. The rest go into effect immediately. There is a new room-size and population-density law nullifying the old rule

of not more than one-and-one-half persons per room and changing the measurement system—as Krumbiegel hopes to do in Milwaukee—from cubic feet to square feet. It stipulates 150 sq. ft. of floor space for one occupant and not less than 90 sq. ft. for each additional occupant; the minimum size of a sleeping room has been raised from 60 to 70 sq. ft. and ceilings at least 7' high must prevail in at least half of every room. Other changes: reduction of minimum heights for basement rooms from 7½' to 6½', but an increase in floor height above ground from 3' to 3½'; provision for skylights where light and ventilation requirements are not met by windows; required electric light on stairways and in hallways of dwellings containing three or more units.

Baltimore will turn its tightened code on a fresh part of the city, the Mt. Royal area, less careworn than its original pilot block area and more in need of conservation than restoration. The quarter-mile Mt. Royal section is, in the words of the *Baltimore Sun*, "one of the city's most revered residential sections, but it is suffering from the ravages of tenements, overpopulation and absentee ownership." In the year since G. Yates Cook quit as head of Baltimore's health department housing bureau to join NAHB and carry his crusade for rehabilitation across the country, Baltimore has done nothing to eliminate the immense red tape which made its own job harder than necessary. In the health department's plans for Mt. Royal, there was no provision for using liens on properties if owners refuse to repair them, for improving zoning, for condemning land for needed parks or playgrounds, or for closing streets and rerouting traffic.

New York. The new administration got around to starting the biggest job on earth, sent investigating teams on a block-to-block check of four designated run-down sections. Mayor Robert Wagner announced he would reorganize the Department of Housing and Buildings in an effort to cut down the divided responsibility now retarding the department's operations. But mostly the new program centered on the law. Chief Magistrate Murtagh set up a special part of his court for landlords on trial for maintaining practices dangerous to life or health, started the ball rolling by meting out a 90-day jail sentence to a Harlem property owner who had left 16 families without gas, electricity, heat or hot water for nearly two weeks. Rents in the establishment had meantime been cut to \$1 a month per family by the State Rent Commission, acting under a new policy to slice rents charged by guilty landlords 50% until violations in their houses are ended. (In the above instance the cut was considerably greater than 50%.)

At the same session the magistrate found another owner guilty of contempt (and gave him 30 days) for refusing to give the addresses of other properties he owned or held

an interest in. "Nothing in recent years that has occurred in this court," said Murtagh, "has convinced me more of the necessity for action against the lawless elements in the real estate industry." A regulation was added to the Sanitary Code requiring that the name and address of the landlord or other person responsible for maintaining a building in good order be posted conspicuously on the building.

A further legal scheme for beating slums—one which could pack punch if it were actually enforced—was a proposed crackdown on mortgagees mentioned by Bernice P. Rogers, deputy housing and building commissioner, on a television program last month. Commissioner Rogers stated that punitive action would be taken against banks and others lending money on firetrap and slum dwellings. Section 304 of the Multiple Dwelling Law reads that any person violating or assisting in violation of the section is guilty of a misdemeanor. The commissioner said she believed that money lenders could be held guilty of assisting in misdemeanors, if they permit violations to remain open.

Louisville. Three bills affecting shelter were passed by the Kentucky General Assembly, to take effect next month. 1) A law permitting the mayor of Louisville to create a new department of building and housing. George A. Hendon Jr., a lawyer who was administrative assistant to the previous mayor, has been named director of the new department. It was not certain, however, whether the department would have complete authority over building inspections—the old problem—or whether other municipal agencies would still have a finger in the pie. 2) A law authorizing the city's board of aldermen to enact ordinances regulating construction and safety requirements for city buildings, instead of depending on the state code. It would give the board power to crack down on any building which members deemed likely to depreciate property values and give them power to set up authority to carry out their aims. 3) A law permitting Jefferson County to set up the office of building inspector. (The first building code ever written for the county is nearing completion.)

New Orleans. "Responsibility for the inspection of homes and for the enforcement of minimum housing standards must be delegated to a single agency." Mayor deLesseps Morrison set that one down in his report on the success of New Orleans' pilot project of last autumn. Since then the city's Department of Housing Improvement and Slum Clearance has put 700 houses under repair and made 1,400 inspections (until Jan. 1 with a too small staff of seven men). About 500 yard plumbings have been moved indoors. With its inspection staff increased to 15 and a bigger budget, the department looked forward to a good year. One fly in the picture: shell houses were going up around the edges of the city (with outdoor toilets), creating new slums on the fringes of the city while the old slums at the core were being upgraded.

Design in Texas

President Ed Carroll of the Texas Society of Architects, talking to Dallas newsmen, sounded off with some definitive ideas on the shape and future of home design in Texas. Said he: "The two-story house is a thing of the past in Texas. . . . We are developing a regional character to home design throughout the state. Wide overhangs, plenty of glass, year-round air conditioning and practical use of patios have become synonymous with Texas architecture. . . . The mortgage people have become more understanding and are accepting the trend toward contemporaries. In fact I understand a Dallas company turned down a loan on an apartment dwelling a couple of weeks ago because the design was too outdated."

Tax cut little aid to building

Congressional cuts in federal excise taxes, which went into effect Apr. 1, should cut as much as \$100 off the price of a middle-bracket new house equipped with refrigerator, range, washer and dryer. Materials experts figure the reduction of excise tax on such items from 10 to 5% will mean that much to consumers. With summer imminent, the room-cooler trade should reap the most immediate benefit of the lower prices made possible by the tax cuts. Otherwise, the tax cuts will mean little to building: the estimated savings per average family per year are only \$16.75.

Ad censorship for S&LS?

The Home Loan Bank Board is considering whether to restrict competition among federal savings and loan associations. The method under study: a ban on advertising rates, dividends or interest in newspapers, magazines or radio stations located more than 50 mi. from the institution's home office. Institutional ads that omitted details about the return on the investment would be exempted.

The HLBB's aim is to keep savings and loans from seeking funds outside their home areas. It considers cross-country deposits "unstable" and hence undesirable for concerns in the long-term home financing business. Some boards spokesmen are worried over the chance of a rate war if savings and loans step up interregional advertising campaigns in their quest for funds. The industry itself is divided over the ad censorship scheme. American Newspaper Publishers Assn. has come out against it.

Mortgage auctions

In 1952 President Harry Fromkes of New York's Lawyers Mortgage & Tile Co. announced plans for a stock-exchange type New York Mortgage Exchange under the chairmanship of Thomas G. Grace, former New York State FHA director (H&H, Dec. '52).

But there was not sufficient business to sustain a daily exchange operation and the plan ridiculed by competitors, never got off ground.

Last month, persistent Fromkes launched his exchange more auspiciously under a different system: bimonthly mortgage auctions. More than 1,400 buyers and spectators jammed the rose-draped Palm Terrace of Hotel Roosevelt for the first session. Those who requested them were given catalogs with the descriptions of seventy-one properties covered by 41 first mortgages and 28 second mortgages with a total face value of \$964,000 that were put up for sale. They sold rapidly, brought a total of \$821,045, minus 1% to 2% commissions depending on selling price. Offerings ranged from a \$2,500 second mortgage on a two-family Bronx house to a \$200,000 Manhattan apartment house lien.

One-for-one plan ends

DIED: Fanny May's one-for-one plan, dearly beloved of homebuilders in capital city areas, when its Congressional commitment limit of \$500 million was reached Mar. 15. Under the plan, begun July 27, FNMA issued commitments to eligible FHA and VA mortgages from investor equal to the amount of mortgage the investor first bought from FNMA. The effort to revive the plan was beaten by a tie vote (120 to 129) as the House considered the 1954 housing bill (see p. A to). The effect apparently will be to cut business in the South, Southwest and Pacific Coast off from advance government commitments for about a year until the reorganized FNMA accumulates enough mortgages to which it would be authorized to inaugurate a new one-for-one plan.

Direct loans voted

Without debate, the House adopted a bill to continue for another year the VA's program of direct mortgage loans in areas where private GI loans are deemed unobtainable. It authorized up to \$25 millions of such loans every three months—the same rate as in the present law. In the Senate, which has yet to act on a similar bill of Senator John J. Sparkman (D, Ala.) is pending. It would authorize \$25 million quarterly.

Foreclosures gain 18%

Nonfarm real estate foreclosures gained 18% last year over 1951 and 1952, the Home Loan Bank Board estimated last month. But the total—21,500—was "still low," in HLE opinion, "particularly when considered in light of population increases" and the high volume of postwar mortgages. Last year's foreclosures were the second highest since 1943, but compared with 252,400 in the 1930s days of 1933.

Return of 'nothing down' homes

- ▶ **Pressure of loanable funds brings back VA mortgages for only closing costs—a rare phenomenon since 1950**
- ▶ **Building as a whole becomes the bright spot in business' dip and the White House plans still more public works**

The pressure of loanable funds was bringing back the nothing-down house in city after city across the nation last month. Not every corner of the country was in on the trend, but Vice President Robert M. Morgan of Boston's 5¢ Savings Bank and a leading mortgage banker, prophesied: "Indications in the national market point to the fact that GI paper will be sold for no down payment in a very short time."

From Miami to Seattle, from Indianapolis to Boston, newspaper ads (see cut) again excited veterans ("qualified veterans," that is) to step up and get a new house with a 30-year mortgage for just the price of closing costs. Most of the homes were priced from \$5,000 to \$12,000, with monthly payments from \$55 to \$80. One development in Cortlandt, N.Y. was offering a \$13,990 house for "no cash down" on a 30-year, 4½% mortgage. Since the lush days of 1950 (the biggest housing year ever), loans on such easy terms had been scarce.

Breaking out all over. A HOUSE & HOME check showed nothing-down houses for sale in such diverse spots as Atlanta and Memphis, New Orleans and Dallas, Philadelphia and Hartford. In the San Francisco area, a mortgage banker estimated that roughly 70% of all new houses being sold were going on a nothing-down basis. The bulk of the sales, he said, were being handled by brokers going to mutual savings banks. Mutual Savings Banker Morgan, however, contended that the market "is being encouraged by all types of lenders. . . . It's the building and loan associations in San Antonio; it's insurance money in New York-New Jersey; it's the savings banks here. You get it from all angles." In Boston, Morgan estimated more than 75% of GI loans were on a no down payment basis, although with 20- and 25-year amortization, rather than 30. "It's all taken place within the last six weeks," he reported, "and is due to the recent influx of money."

The growing shift from FHA to VA loans is beginning to swamp some VA offices. In Detroit, President John D. Harrison of the Builders Assn. said: "Some families are forced to wait as long as three months to occupy their new homes" because of a paperwork log jam in local VA offices. VA and builders held a clinic to go over the red tape with hope of reducing time-wasting errors and commissions. In Portland, Ore. Loan Guaranty Officer E. E. Tate imposed a partial ban on phone calls and interviews to help VA's appraisal and loan examining sections keep abreast of a 400% jump in applications in four months. Nationally, VA applications for proposed houses were up 64% in the first quarter, while FHA applications had slumped

3.4% (see p. 48). VA applications on existing homes were up 15%.

Loan Guaranty Director T. B. "Bert" King moved promptly to ease the situation. An Apr. 7 order authorized local VA offices to appoint compliance inspectors after a preliminary inspection of a builder's site, so the builder could start his project without waiting for the VA's tedious complete analysis and appraisal. This would often save a builder four to six precious weeks in getting started, unless some serious deficiency in his site or plans was spotted as the routine processing of his papers is completed. Where budgetary juggling allowed, King also was authorizing local offices to hire temporary help to break or prevent paperwork log jams.

In the broad spring picture, the economy was being pushed and pulled by as many contrary factors as a man could want. Unemployment was leveling off, but it had not leveled off as much as Washington had thought or hoped it would. Marion Folsom of the Treasury Dept. said disposable personal income was higher for the first quarter than it was last year because taxes were lower, but statistics from the Federal Reserve Board showed the population bearish about plans to spend its money; there were pre-

dictions of an average million housing starts a year for five years; David McDonald of the CIO Steelworkers had asked Eisenhower to put through a greatly expanded program of federal public works.

Through the varying degrees of opinion and prediction homebuilders were holding their own. As one Southern builder phrased it, he had been in a "constant state of bounce" for months trying to get the most advantageous financing and keep abreast of changing trends in the field. Right now he (and others) were on the up-bounce. Predictions of overbuilding in the first three quarters and price-cutting in the fourth were few and far between. It was still a question for builders, not of "Will we have to cut back?" but "How much dare we expand?"

General construction boom. Expenditures for new construction of all types set a new record the first three months of 1954, at a total \$7.3 billion. The record it broke was last year's first-quarter figure of close to \$7.2 billion. New residential building rose seasonally in March to \$854 million, 11% over February, but was scarcely higher, depressingly enough, than what it had been the year before. Private residential building for the quarter, accounting for about half of total private expenditures, was also the same as for the first quarter of 1953.

Homebuilders recently interviewed about their 1954 plans (the majority stated they would build more) tabbed labor costs as the most unpredictable side of the picture. With building trades in Cleveland asking a 32¢ rise (including fringe benefits) the situation was uneven at best. But if there was doubt in some quarters that builders would reach the 1.2 million start mark, there was little doubt that expenditures for fix-up projects would rise this year.

Consumers' plans. The Federal Reserve Board, in its ninth annual survey of consumer finances, found that 19.2% of persons polled

The image shows a collage of newspaper advertisements for "nothing down" homes. The ads are arranged in a grid-like fashion. Key elements include:

- GI's 29 Year Terms NO DOWN:** An ad for "3 bedroom 2 bath homes" with "FIREPLACES & LARGE VIEW LOTS".
- VETERANS... ATTENTION! NO DOWN PAYMENT...:** An ad from "New Hampshire Estates" offering "NO CASH DOWN FOR GI'S!" and "NO FINANCE CHARGES... NO SETTLEMENT FEES... NO TITLE CO. CHARGES!". It states "ONLY 6 AVAILABLE".
- NO DOWN PAYMENT! \$64 MONTHLY:** An ad for a "30 YEAR MORTGAGE FOR VETERANS" with "FAST TERMS FOR HOMES FOR".
- VETERANS 3 BEDROOM NO DOWN PAYMENT:** An ad for "3 BEDROOM HOMES" in "DEL MONTE VILLAGE" located at "37TH AVE. & BLOCKS NORTH W. McDOWELL RD.".
- Air Conditioned Homes:** A grid of smaller ads, each offering "NO DOWN PAYMENT" for homes with features like "BEDROOMS", "BATHS", "HARDWOOD FLOORS", "GLASS PATIO", and "SUNSHADE".

NEWSPAPER ADS REFLECT RAPID SPREAD OF NOTHING-DOWN HOMES



**the sold sign
GOES UP FASTER
when year 'round air conditioning
is "BUILT-IN"**

But make it Chrysler Airtemp air-cooled and get these benefits . . .



best for you because . . .

The many different ways to install Chrysler Airtemp *Air-Cooled* Air Conditioning make it adaptable to any house plan without using a single inch of living area floor space if desired.

Chrysler Airtemp *Air-Cooled* Air Conditioning is practical for homes where problems of water supply, water expense or water disposal would make water-cooled air conditioning impractical.

Chrysler Airtemp *Air-Cooled* Air Conditioning costs you less to install because it does not require plumbing.

best for your buyers because . . .

All problems of water supply, water expense and water disposal are eliminated by the *waterless* operation of Chrysler Airtemp *Air-Cooled* Air Conditioning.

Chrysler Airtemp *Air-Cooled* Air Conditioning costs less to operate in most locations.

Chrysler Airtemp *Air-Cooled* Air Conditioning costs home owners less to maintain wherever it is installed.

★ ★ ★ ★

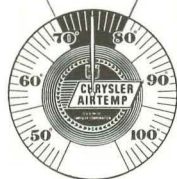
There's a Chrysler Airtemp Dealer near you who installs *both* Air-Cooled and Water-Cooled Year 'Round Air Conditioning. See him for all of the facts you should have before you decide on the system for your next homes . . . or return convenient coupon reproduced below.

CHRYSLER AIRTEMP

HEATING • AIR CONDITIONING
FOR HOMES, BUSINESS, INDUSTRY

Airtemp Division, Chrysler Corporation, Dayton 1, Ohio

Comfort Zone



THE TRULY MODERN HOME IS AIR CONDITIONED

Airtemp Division, Chrysler Corporation
P. O. Box 1037, Dayton 1, Ohio



H&H-5-54

Please send complete details on Chrysler Airtemp Air Conditioning for homes.

Name _____

Address _____

City _____ Zone _____ State _____

anned expenditures of \$50 or more on home improvements or maintenance. Last year 9% expressed such plans. The slack was taken up by a considerable (16%) drop in plans to spend money on furniture and major household appliances and a smaller drop in projected automobile purchases.

The report stated that fewer consumers planned to buy new and existing nonfarm homes this year than last, but the Board qualified the finding by stating that the number of potential home buyers interviewed in a sample of this size (a total 2,800 interviews) was "necessarily very small."

Public works ahead? No matter what the flux of money, there were moves afoot to

Mortgage bankers, fearful HHFA power grab will imperil FHA, take plea to White House

President Eisenhower's plan to reorganize the Federal Housing Administration (FHA), which was due to go to Congress no later than May 1, seemed likely to alienate rather than the support of a housing industry already stirred toward hostility over the Guy Hollyday affair. If advance dopesters were right, the reshuffling scheme would barrel down the Truman-Keyserling philosophic line once rejected by Congress—by putting FHA under command control of the HHFA. Already, one draft of the reorganization projecting FHA to stronger HHFA control went as far as the Budget Bureau, which checks legislation for the President before it goes to Congress. That was stopped at the seventh hour when the then-FHA commissioner, Guy Hollyday, went to Presidential Aide Sherman Adams, warned he would resign if FHA were deprived of the power to run its own affairs. Industry groups like the Mortgage Bankers Assn. were quick to back Hollyday's views. But even before the White House smear of FHA operations made the agency's chances for keeping its autonomy look dim indeed, mortgage bankers were convinced they were getting a chill reception. For one thing, HHFA administrator Cole was refusing to let industry people see the reorganization plan before it went to Capitol Hill (although he did promise to tell them—apparently at the last minute—some or all of what was in it). The old-hat FHA scandal was a made-to-order excuse for accomplishing what power-hungry administrators probably could never have accomplished without it.

In the reorganization, insiders thought the Home Loan Bank Board would retain its present degree of semiautonomy, thanks in large part to the political weight of savings and loan men who have offset efforts to submit it to greater HHFA control by battling for complete independence. Much of the rest of the reorganization will be noncontroversial the more so the more closely it follows the suggestions of the President's housing policy

get at least some of the government's anti-recession machinery into motion. Steelworker Chief McDonald who talks with the President from time to time, got his ear last month, urged increases in unemployment and social security benefits, a \$200 raise in personal income tax exemptions, a big expansion in federal public works and a whopping boost in home construction and slum clearance. Public works has always been a part of the so-called antirecession emergency measures, but until recently it was a part that Republicans thought would be used only as a last resort. The feeling in Washington was that Eisenhower opposes any great outpouring of federal funds for public works, might instead stimulate state and local agency spending.

advisory committee (H&H, Jan. '54).

Under the law, Presidential reorganization plans are subject to veto by a majority of members of either House of Congress. But they cannot be amended. Hence the expected subjugation of FHA will put the housing industry in a tough spot: it approves most of the expected revamping.

The big pitch. MBA's big pitch—made to Presidential Aide Sherman Adams—argued flatly that shifting "any" of the powers or duties now vested in FHA by law to HHFA "would jeopardize the continued success of FHA as a privately financed business institution." In a letter signed by MBA President Will A. Clarke, former real estate consultant to the Federal Reserve Board, the men who write and service most of the nation's housing loans forecast that if HHFA reorganization does any of the following things, it will probably be opposed by nearly "every segment of the homebuilding and financing industry:"

1. Gives the HHFA administrator power over anything except "basic housing policies" along lines suggested by President Eisenhower's own policy advisory committee.
2. Gives HHFA "any directive power" over its subordinate agencies "in respect to their statutory responsibilities or permit the transfer of funds, personnel, records, contracts or functions of any constituent agency to HHFA or another constituent agency" Clarke was specifically critical of shifting the disposition of properties taken by FHA after foreclosure to an HHFA disposition administration.
3. Gives HHFA more control over some subordinate housing activities than others—including VA home loans.
4. Lets HHFA make policy decisions without first consulting a board composed of the chiefs of all housing agencies—as proposed by the Presidential advisers.

Warned Clarke: "Blanket authority to shuffle and reshuffle funds, functions and per-

sonnel of the constituent agencies . . . is the power to dismantle and ultimately destroy them."

History repeated? He pointed out that "this very possibility" helped persuade Congress in 1946 to reject a reorganization scheme offered by President Truman.

The history of top-level efforts to grab control of US housing activities—and thus of what is now a \$12 billion industry—stretches back to 1939. In 1939, President Roosevelt took a dual approach, separating credit and welfare operations—a position favored by MBA. Under the Federal Loan Agency, he put the HLB, FHA, RFC and miscellaneous lending activities. Under the Federal Works Agency he lumped highways, public buildings and public housing. Statutory responsibilities of the constituent agencies were unimpaired.

Housing agencies proliferated during World War II (and, incidentally, plunged FHA into the ill-fated 608 program as a feature of wartime planning). A cry for more coordination of housing arose, resulting in creation by Roosevelt executive order of the National Housing Agency. There, for the first time, credit and subsidy activities were under one roof. NHA closely controlled the location, number and price range of FHA's defense housing, but left its other work alone.

War's end found the notion of strong top control well-entrenched. Housing bills offered in 1945 and '47 (but not passed) would have created a single administrator or a commission to coordinate housing agencies. But these bills still would have limited top authority to broad policy and interagency conflicts affecting it.

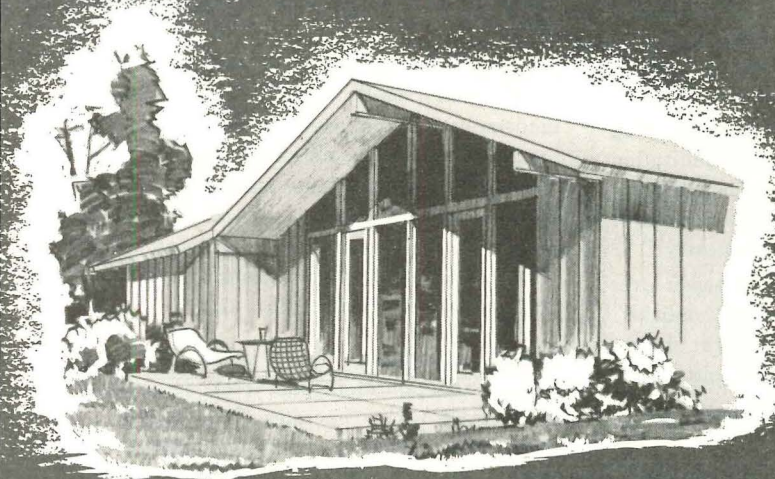
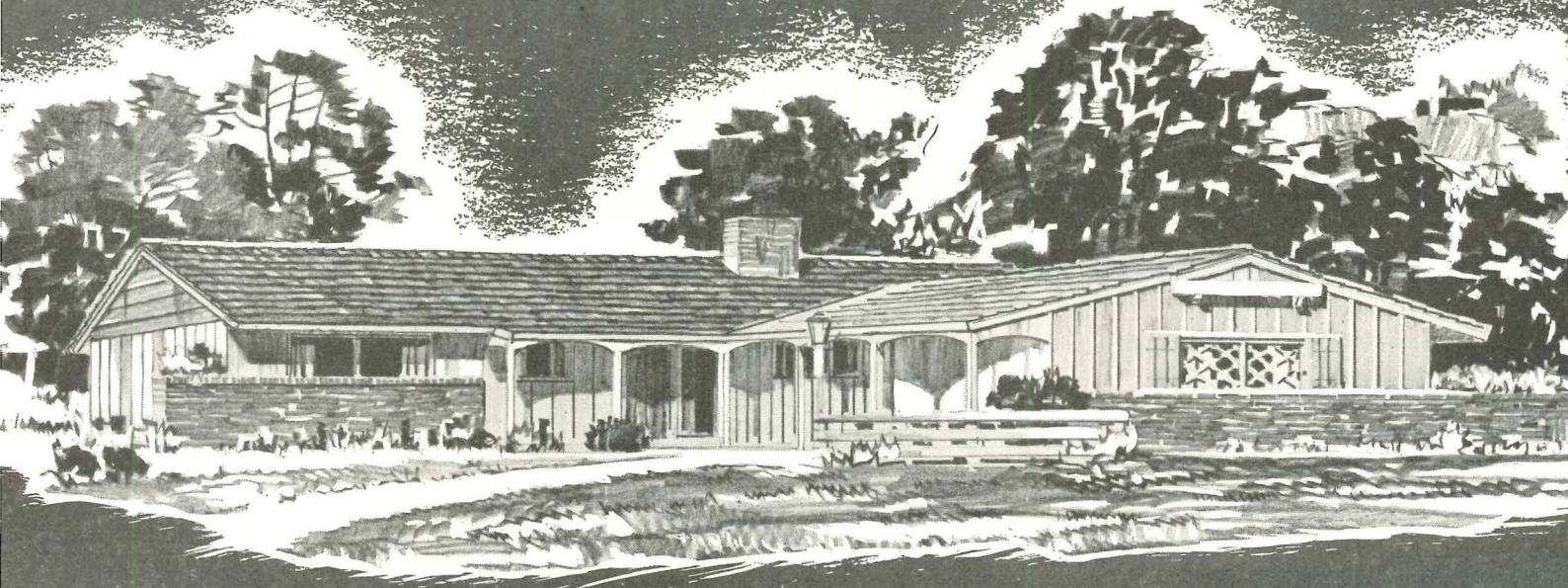
It was in President Truman's 1946 reorganization plan (solidly opposed by the housing industry) that command control at the top first appeared. It would have given the NHA boss power to promulgate rules for subordinate agencies like FHA, to approve rules of the subordinate agencies plus "general superintendence, direction and control." Republican opposition defeated the plan.

Power magnet. Next year, Truman's housing reorganization plan (No. 3)—under which HHFA now operates—kept power in subordinate agencies and put HHFA in charge only of "general supervision and coordination." It squeaked through, despite opposition which warned the new superagency would become a power magnet leading toward eventual command control.

Complained MBA to Sherman Adams: "The fears . . . have been substantially realized. HHFA has accumulated numerous functions over which it has direct operating control. It has steadily grown in size, power and money spent (from \$800,000 the first year to nearly \$8 million in the present year). It has greatly increased the cost of administration; it has caused delay in the handling of public business and it has hampered efficient service to the public."

don scholz
presents

California Contemporary for 1954



terrace view

Sales Representatives—

Scholz Homes is the fastest growing manufacturer in a rapidly expanding industry offering unparalleled opportunity to men who can fit into our aggressive program. Contact . . .

Now, the famed Scholz California contemporary in a completely new designed line with the characteristics which have made Scholz Homes sales record setters everywhere they have been built . . . featured in nearly every major home magazine from coast to coast in the past year.

If you build homes anywhere from \$10,000 to \$30,000, Scholz 1954 homes will give you the advantage of this tremendous prestige and "built in" sales appeal . . . will save you money and turn over more houses per year!

Scholz is first to bring a three bed room-2 bath separate recreation room, attached garage ranch home (conventional or open beam ceiling) down in the \$15,000 range.

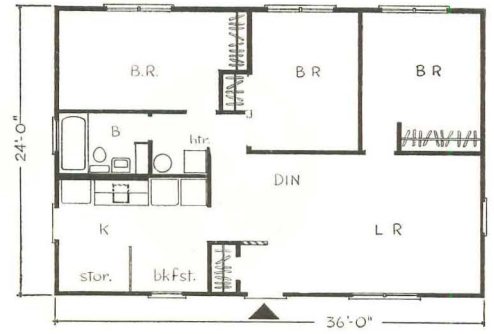
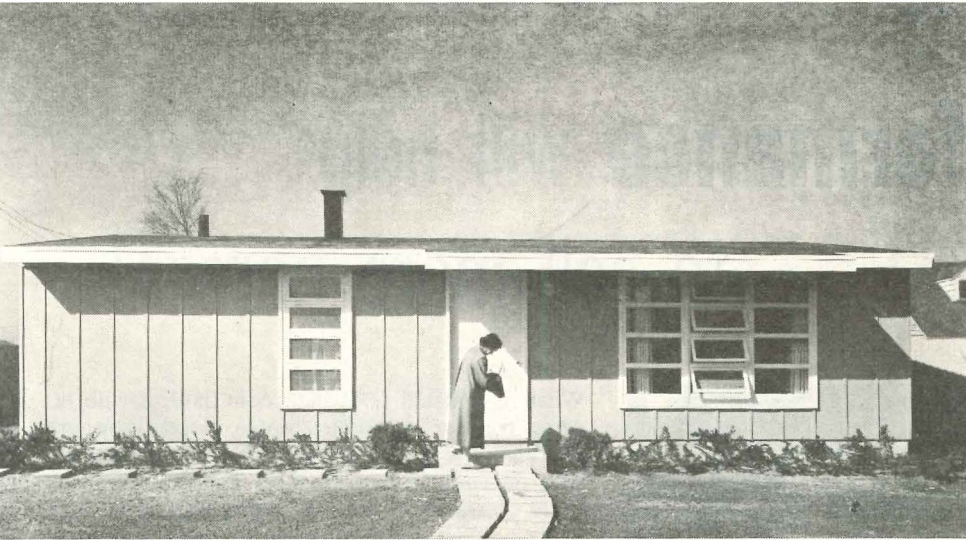
Not a pre-cut—but a fully panelized home designed by successful builders with years of know-how to be the simplest, most easily assembled house ever erected using a maximum of four men. Codes classify Scholz homes as conventional construction.

Project builders can build as many as 40 homes without duplicating an exterior. Scholz homes are now manufactured in the widest range of sizes and types in one of the most modern plants in the industry. WRITE, call or wire today for complete information. Models can be seen in Toledo or Cleveland. Financing available.

s c h o l z h o m e s
i n c o r p o r a t e d

2001 Westwood

Toledo, Ohio



PLACE HOMES sells its new 864 sq. ft. three-bedroom house in South Bend, Ind. for \$6,195 including lot and closing costs. Terms: \$495 cash, and the maximum \$5,700 Sec. 8 FHA mortgage. To dealers, it is priced \$2,100 F.O.B. South Bend, with water tank and heating ducts; without masonry, wiring or plumbing.

Low-cost Sec. 8 market zooms, gets 3 new models in \$6,000 range

Business was ballooning like a salesman's dream for FHA Title I, Sec. 8 houses.* It can't look as though the program might be a major figure in the huge low-priced segment of the housing market—a segment the housing industry has never been able to satisfy.

Statistically, the boom was spectacular. Last year, FHA insured only 4,625 Sec. 8 houses. As the year ended, applications began to zoom. December requests alone reached 18,000. In the first three months of this year, the rate went up so fast the total was double the number of units insured for all of 1953.

MONTH	APPRAISAL REQUESTS
January	1,757
February	2,426
March	3,962
Total first quarter.....	8,145

The climb pointed to 35,000 to 40,000 units a year—except for the uncertainty of changes that loomed under transfer of the Sec. 8 program to Title II provided in the pending housing bill. Some experts thought it would slow down the pace, but others thought it would accelerate it even more. Views expressed at the annual PHMI convention in Chicago (see p. 47):

Outgoing President William B. F. Hall: unless the revisions to Title II in the housing bill, the 95% mortgage ceiling will be raised over houses costing \$8,000 (or even \$10,000), on which down payments would be \$400 to \$500. This extra down payment would be so slight most families would stretch their resources to buy larger and bet-

ter present Sec. 8 allows sales on 95% 30-year mortgages up to \$5,700—only \$300 cash for a \$6,000 house. It requires basic construction that conforms to minimum FHA standards for any type of housing, but its subdivision requirements, including streets and sidewalks, are not as strict as Title II rules. Nor are painting, final trim and landscaping mandatory. To hold down costs, these are left for the low-income purchaser to do himself.

ter \$8,000 to \$10,000 houses, and production on the small ones would drop. Besides, said Hall, a prefabricator can put so much more into a \$9,000 house than a \$6,000 house that the more expensive one is a much better buy if a family can afford it.

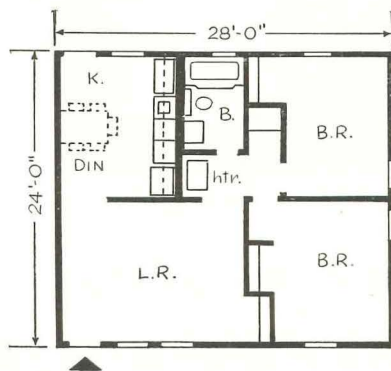
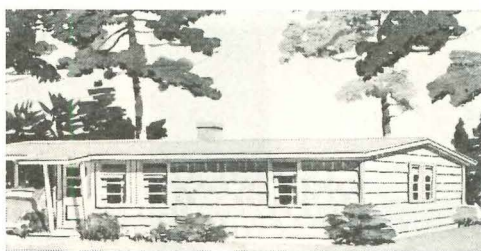
► Robert Lytle of Modern Homes: the easier terms for purchasing older houses in the pending housing bill will divert many purchasers to older, bigger houses which meet their needs better than new, small ones.

► National Homes President James Price: in the transfer to Title II, FHA plans to tighten up subdivision requirements so much that the program will suffer a setback.

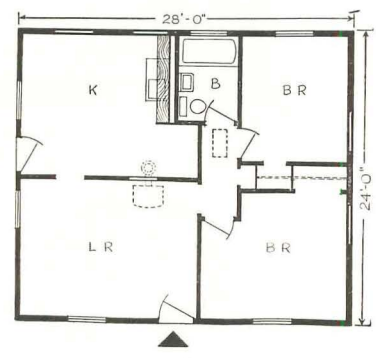
► Former FHA Commissioner Guy Hollyday: along with the previous "shots in the arm"

given Section 8 last year (its 1/2% service fee, and the hike in maximum mortgages from \$4,750 to \$5,700), the program will "be a humdinger" after the new bill passes.

New entries. As the building season began, three new models were announced by firms eager to tap the big Sec. 8 market reflected by hotcake sales of National Homes' two- and four-bedroom Cadets at \$5,600 and \$6,200 (H&H, Mar. '53). General Manager E. R. Hwass of the P & H Homes division of the Harnischfeger Corp. announced a two-bedroom unit to retail for \$5,100, plus lot (see cut and plan). "Nothing has been cut from this Title I house in materials or craftsmanship," he said. "It is built as solidly as our most expensive homes" (up to \$20,000). President John Taylor unveiled American



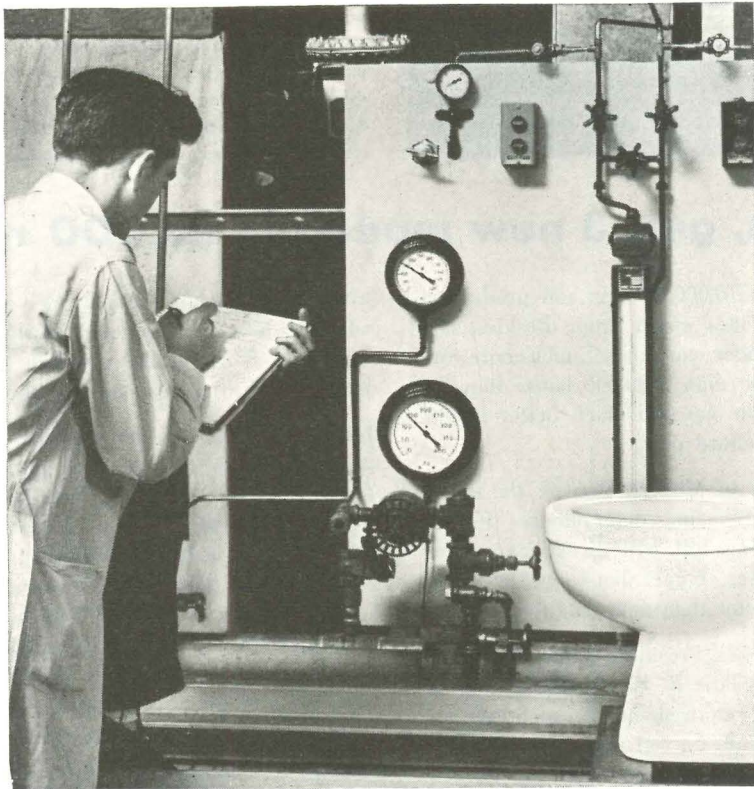
AMERICAN HOUSES, INC. has introduced this 672 sq. ft. two-bedroom model that builders can sell to consumers for about \$6,000, including lot. Three- and four-bedroom models, 806 and 980 sq. ft., are available. They sell for about \$6,500 and \$8,000.



HARNISCHFEGER CORP. offers this 672 sq. ft. two-bedroom house that dealers can sell for \$5,100 plus lot and septic tank, for a total consumer price between \$6,000 and \$6,500. The standard package unit shipped from Port Washington, Wis. includes a warm-air furnace.



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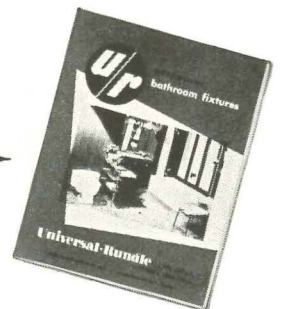
Climax . . . Siphon-Jet, Tank No. 4430,
Bowl No. 4320



Castle . . . Reverse Trap, Tank No.
4432, Bowl No. 4222

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nes's new \$6,000-range Patroit (see cut 3), called it "a home meeting Title II specifications, but selling at a Title I price." Outstanding new entry was the three-bedroom Place Homes's model (see cut and). In one week last month, the Places 60 local orders for these in South Bend. One day Builder-Dealer E. W. Keough sold a Gary, Ind., in a week took 50 more orders.

Pre-wire wiring. Designed by William under the direction of Builder Andy , the house was built with the pre-cut, saving techniques for larger Place houses (H, Jan. '52). Its six-circuit, 60 amp. ing used the three-wire 110-220-v. loop em sponsored by HOUSE & HOME and field-

tested by Place (H&H, Nov. '53). Equipment included a heated bathtub.

At \$6,195 in South Bend on a \$700 lot with sewer connection, the Place house had a smooth cement slab floor (no asphalt tile), kitchen sink and cabinets (but no stove). Interior gypsum board walls were unpainted; bedroom closets lacked doors. The bathroom had a set of large shelves, but no medicine cabinet or shower.

The Places intended to sell a finished model with extra features for about \$8,300 under Title II with Prudential Insurance Co. taking the mortgages. They planned no four-bedroom model. Reason: they preferred "a good three- to a poor four-bedroom house."

What lenders demand in a house

▶ **HOUSE & HOME survey finds that as shortages vanish, most are gradually raising standards of quality or size**

▶ **Some results: more houses with two baths, bigger lots, more bedrooms—but more carports in lieu of garages**

With the postwar and Korean housing emergencies past, US mortgage lenders are steadily raising the standards of quality they demand in housing. They are insisting on bigger lots, bigger lots, more bedrooms. A sizable minority is jacking up the minimum value of a home on which it will make a loan. Many are making two bathrooms a must; many say the public demands it. Some are requiring basements again because of "sales resistance." More and more will settle for a carport.

This is the picture that emerges from a HOUSE & HOME survey among 350 of the nation's biggest mortgage sources.* Trending among mortgage lenders—at least construction standards—is a complex business. For one thing, different lenders follow different standards as different as night and day. And they shift not only the mortgage terms that they will accept but also construction standards as the availability of mortgage money rises and falls. Said Vice President John G. Bennett of Prudential Insurance Co.†: "Policy changes as areas change, and our requirements change in relation to the amount of money available in any one area at a given time. [Our standards] on a city-by-city basis would fill an entire volume."

Standards are gradual. Amid such variations, no single item of building standards is subject to majority agreement. Even lenders' descriptions of how their loan policies are changing there were no violent

These are the big insurance companies, the 100 best savings banks, the 100 largest savings and loan associations, and a few big commercial banks active in mortgages. Although HOUSE & HOME received only 63 replies (18%), they constituted a good cross-section of the country's big sources of mortgage credit.

The nation's biggest mortgage lender by far, with a \$4.3 billion portfolio at the end of 1953. Lender up: Metropolitan Life, with \$2.3 billion.

trends. But last year, for instance, 24% of the lenders who replied to HOUSE & HOME raised minimum floor area requirements, 24% increased bedroom standards, 21% boosted their minimum lot specifications. So far this year, 8% reported boosting bedroom standards, 8% increased bath and 11% raised lot area requirements. (Some of these also boosted requirements last year.)

Survey highlights:

Lots—Of 15 institutions that revised minimums last year or this, only five required more than a 50' frontage or 5,000 sq. ft. between 1946 and 1952. This year only two of these 15 would still accept less than a 60' frontage or 6,000 sq. ft. One Boston S&L raised its minimum from 7,000 to 8,000 sq. ft. last year, pushed it to 10,000 this year. Another in Atlanta went from 7,500 to 10,500 last year, and to 13,000 this year, while a Tennessee insurance company raised its minimum from 7,500 to 12,500 last year. Most other boosts were smaller, usually from 40' to 50' frontages or 5,000 sq. ft., to 60' frontages or 6,000 sq. ft. Typical reasons, summarized by a Topeka S&L: "Current demand for more land, outdoor living, garages. All homes fronting wide way to the street."

Floor area—Eighteen respondents lifted their minimum last year or this. Only eight

insisted on 800 sq. ft. or more between 1946 and 1953. This year, however, only five would still accept 800 sq. ft. or less. Today nine (50%) demand 1,000 sq. ft. or more. Reasons varied. Said a Philadelphia insurance company that raised its floor requirements from 860 to 1,000 sq. ft.: "We feel the small house was overbuilt in 1946-52, and the public is demanding more space today." Explained a Hartford life insurance firm that went from 750 to 950 sq. ft.: "Withdrawn from FHA-GI market." One of New York's largest nationwide mortgage lending savings bank, which went from 720 to 800 sq. ft. last year, and to 900 sq. ft. this year, ascribed the shift to "changing public demand." A big San Francisco commercial bank allowed 800 sq. ft. through 1952; since then it has demanded 1,000 sq. ft. Reason: "greater availability of materials."

Minimum price—Eleven lenders boosted minimum values or prices last year or this. Only one, an Ohio insurance company, reduced its minimum this year—from \$14,000 to \$13,000. (This ultraconservative institution also cut its 45% down equity requirement to 40% explaining: "Prices, we feel, are receding. Homes will be bought nearer right, or nearer true, value and we can loan a larger amount.") From 1946 to 1952 eight of the value boosters would make loans on houses worth \$8,000 or less. But this year one demanded that a house be worth at least \$7,950; another's minimum was \$9,000. The rest would only consider houses worth at least \$10,000, (two of them \$14,000, one \$15,000).

Explained a Boston savings bank that went from an \$8,000 to \$10,000 minimum: "Too many collection problems have been encountered in the lower price range." One Long Island S&L went from a \$7,000 to a \$9,000 minimum last year; and this year jumped to \$14,000. Reason: "To effect a better balance in our portfolio. Operations under \$12,000 produced a disproportionately high percentage of GI loans, in several cases 95% of the units in a development."

Bedrooms—Nineteen respondents cancelled two-bedroom minimum standards last year or this, 16 demanding three bedrooms and three insisting on at least two bedrooms and expansion space. A 20th, an upstate New York S&L, retained a two-bedroom minimum, but this year required each room to be at least 136 instead of 115.5 sq. ft. The usual reason, in effect, was "trend toward larger families," although several lenders saw this in market situation terms. Said a Cleveland S&L: "Market value of two-bedroom house has depreciated." A Virginia insurance company: "Sale of two-bedroom houses slowed down somewhat." A Philadelphia savings bank: "Marked difficulty in reselling."

Baths—Six respondents required only one bath from 1946 to 1952, but last year demanded 1½. This year, two more raised their standards to 1½, and another two instituted two-bath standards. Almost the only reason of-

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Bullish prefabbers predict 20% output rise this year, thanks to easy mortgage money

l for bathroom increases was that given one of the biggest New York savings (one of the institutions adopting a two-standard): "Changing public demand."

Requirements—In six cases, lenders revised standards last year to require cellars. In two other cases, however, cellars became mandatory only in "minimum houses," and in cases "under 1,000 sq. ft., because of the need for extra storage and work space in small houses." A Washington insurance firm and a Long Island S&L demanded cellars because of mounting "sales resistance" to basement-less houses.

Requirements and garages—Only one lender reported any change in closet requirements. Most firms listed their closet demands as "adequate" or "ample." The exception: a Tennessee insurance company that accepted no closets from 1946 to 1952 because of scarcity of materials" now demands five.

Most lenders indicated formal rules on porches or carports, although some insisted to be space for a garage, or a paved parking area where one would be built later. One Connecticut S&L that had no previous minimums demanded garages this year for houses costing \$15,000 or more, "or in distant suburban areas." This was in direct contrast with standards reported by a New York insurance company: "Required in the city, not country or suburbs." A Georgia S&L dropped its standard from garages to carports this year because of "shift in purchasers' desires."

Replyed a Los Angeles S&L: "If there's a choice between a third bedroom and a garage, the buyer will take the bedroom."

Temporary design—While sixteen respondents kept to themselves their loan policies on new houses of contemporary design, 37 indicated a favorable (but usually qualified) attitude. Ten indicated disfavor of one degree or another. Said a savings association in southern California: "When in their proper setting, full appraisal value. When outside the pattern of the area they are counted. . . ."

A Connecticut insurance company revealed it would make loans on contemporary design only to owner occupants of above average financial strength." A Denver S&L reported a "conservative" lending policy because this market "is confined to upper income few; usually artists, intellectuals, younger architects and professional people desiring a modern living atmosphere."

Most lenders insisted they will lend on terms that are not "extreme." They attributed their caution (higher terms) to concern about "future marketability" of anything deviating from the norm or not sure to be acceptable to a preponderant percentage of buying public." But there were enthusiasts, too. An Ohio S&L: "We're taking all we can get." Another in Illinois: "We accept them, in fact encourage them." A northern California S&L: "No discrimination. These houses are equally in demand in our area."

Meaty predictions of increased prefab construction—estimates of total output for this year ranged as high as 75,000 units—were the main dish at the 11th annual convention of the Prefabricated Home Manufacturers Institute in Chicago. "Well-founded enthusiasm," said outgoing President William B. F. Hall. "We've gotten over the nuts-and-bolts stage and are going into the businessman's stage."

Mostly because of the mortgage money pinch last summer, the prefabbers' total output for 1953 dropped slightly to 55,000 houses—a little over 5% of total starts in the nation. The average price per house, however, increased about \$1,000, according to Institute Manager Harry Steidle, and the industry's total dollar volume was thus increased to \$550 million, up \$50 million from the year previous. Indications were that the price of units would stay up this year, with the bulk of production in the \$8,000 to \$12,000 bracket. And most Institute members estimated total production at least 20% higher than last year.

Expansion picture. Steidle devoted a page of his annual report to enthusiastic comment on the increased "recognition" of the industry by everybody from government housing officials to materials manufacturers, took the trend as further evidence that "the mass production of homes is due for a period of unlimited expansion." He labeled as "a most important development" last year's increase in factory fabrication, with more floor panels and roofing panels (sometimes including the finished ceiling) being turned out on the premises. Another important move: formation of a PHMI committee to work with a NAREB committee "to bring about closer cooperation between the realtors and the prefabbers." First meeting will be held this month in Chicago. Some success stories:

▶ President James Price of the burgeoning National Homes Corp. figured his production was up 50% over last year in March, would be running at double last year's rate in June. (He produced 12,200 houses last year.)

▶ "Last fall I was ready to pull in my horns," said Charles Travers of Richmond Homes, Inc. in Indiana. "The picture has changed completely." Travers' production rate had jumped from 750 last year to a current 1,200. He thought "very definitely" the upswing had come about because of the greater availability of mortgage credit.

▶ General Industries, Inc.—one of the smaller prefab outfits—will more than double last year's 300 units, according to President Hall. The company has switched to one model exclusively; a three-bedroom, Title II home to sell for \$8,000, including a \$1,200 plot. Orders to date, he said, have been "beyond our fondest hopes."

New president. General John J. O'Brien, 50, Montana-born president of US Steel Homes, Inc., prefab subsidiary of giant US Steel Corp., was elected president of PHMI. O'Brien, who took a law degree, magna cum laude, at St. Paul (Minn.) College in 1927, managed 43 million acres of Army real estate during World War II. He joined the prefab company (then Gunnison Homes, Inc.) in 1949; introduced a new, low-price model, smartened up dealership lists and pushed up sales a whopping 215% his first year. O'Brien's comment on the touted all-steel house his company is working on: "I can't say a thing about it right now, other than it will be revolutionary." Other matters:

▶ Reaction to changes in FHA's approval procedure on prefabs was divided. The manufacturers have been concerned about having their models approved by Washington, then slapped down for changes by local FHA offices. Former Commissioner Guy Hollyday offered an optional alternative: prefabbers could submit a preproduction plan to Washington, plus enough copies for Washington to circulate among its regional offices in states where the homes were to be built. Underwriting headquarters will then review the field office reports and may overrule them if their conclusions "are not properly supported." "The objective of this review," said Hollyday, "will be to obtain a greater degree of consistency, but not complete uniformity. . . ."

▶ Prefabricated plumbing packages were making slow headway. Except for a couple of firms with plans to use them, most prefab men thought the entrenched position of local plumbing unions and contractors made the resulting hurdle of restrictive ordinances too tough to buck—yet. Cutting the 25% markup, one official guessed, would come about only when "the consumer learns about it, comes to a slow boil and demands that something be done about it."



NEW PHMI PRESIDENT General John J. O'Brien (l) and Mrs. O'Brien chatting with outgoing President William B. F. Hall and his wife at the Chicago convention. Other new officers: Peter S. Knox Jr. of Thomson, Ga., vice president, and George E. Price of Lafayette, Ind., secretary-treasurer.

HOUSING STATISTICS:

**First quarter private starts drop 2.4%;
VA requests up 64%; building costs dip**

Private housing starts were off slightly (2.4%) for the first quarter, compared with 1953, but were holding firm and pointing at sustained stability. March private starts were better than 1952's, but below 1953's (see chart). March public starts were only 1,200, compared with 9,700 a year earlier; for three months were only 3,700, compared with 19,000 from January to March, 1953.

An encouraging sign: the first quarter's 64% increase in VA appraisal requests on proposed houses (see chart). For three months these were up 35,611, far offsetting the 3,091 (3.4%) FHA drop.

Wholesale building materials prices, as calculated by BLS, rose an eyelash in March, from 119.2 to 119.3. Otherwise, they would have been exactly where they were a year earlier. The Douglas fir lumber and plywood markets were still unsettled. Mill price for index grade plywood was mostly \$76, but in some instances \$72.50 MSF; lumber was \$63 to \$64 MBF. Orders for both started to exceed production, however, suggesting that prices would soon rise again.

The BLS consumers' price index for housing, which covers all shelter expense including heat and home furnishings, seesawed. In January it slipped to 118.8, from 118.9 in November and December, mainly reflecting an 0.8% drop for home furnishings. In February, however it returned to 118.9, mostly because of electricity and fuel oil increases.

MORTGAGE LENDING ACTIVITY

(Investments in millions of dollars in nonfarm mortgages of \$20,000 or less by various types of lenders)

	S&L assns.	Ins. cos.	Comm. banks	Mutual savings banks	All others	TOTAL
1953						
January	476	111	278	92	441	1,400
February	503	109	268	84	424	1,391
Total	979	220	546	176	865	2,791
1954						
January	467	108	263	85	449	1,372
February	517	105	274	85	444	1,425
Total	984	213	537	170	993	2,797

Change 2 months

'53 to '54 +0.5% -3.1% -1.6% -3.4% +14.8% +0.2%

Source: Federal Home Loan Bank Board

MORTGAGE MARKET QUOTATIONS

(Originations quoted at net cost, secondary market sales quoted with servicing by seller)
As reported to House & Home the week ending Apr. 16

City	FHA 4 1/2's		VA 4 1/2's		FHA 4 1/4's Secondary	VA 4's
	Origina- tions	Secon- dary	Origina- tions	Secon- dary		
Boston: local	par-101	a	par-101	a	a	a
Out-of-state	a	97-98 1/2	a	97-98 1/2	a	95
Chicago	96-97 1/2	98-99	96-97 1/2	98-99	a	a
Denver	97 1/2-par	97 1/2-par	97 1/2-par	97 1/2-par	a	a
Detroit	96-97 1/2	a	96-97 1/2	a	a	a
Houston	99-par	99-par	98-par	98-par	a	95
Kansas City	97-98	98-99	97-98	98-99	a	a
New York	99-par	99-par	99-par	99-par	a	99-par ^b
Philadelphia	99-par	99-par	99-par	99-par	a	a
Portland, Ore.*	97 1/2-99	97 1/2-99	97 1/2-99	97 1/2-99	a	a
San Francisco	par	par	par	par	98	96

^a No market.

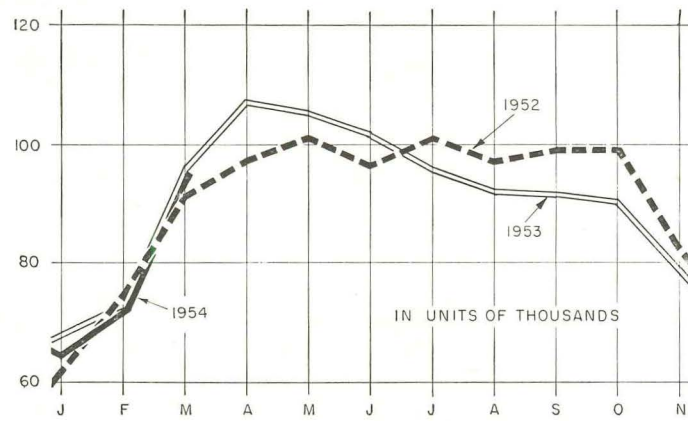
^b Servicing released by originator to purchasing bank.

* Also indicative of rest of Pacific Northwest.

SOURCES: Boston, Robert M. Morgan, vice pres., Boston Five Cents Savings Bank; Chicago, Maurice Pollak, vice pres., Draper & Kramer, Inc.; Denver, C. A. Bacon, vice pres., The Title Guaranty Co.; Detroit, Robert H. Pease, pres., Detroit Mortgage & Realty Co.; Houston, Donald S. McGregor, exec. vice pres., T. J. Bettes Co.; Kansas

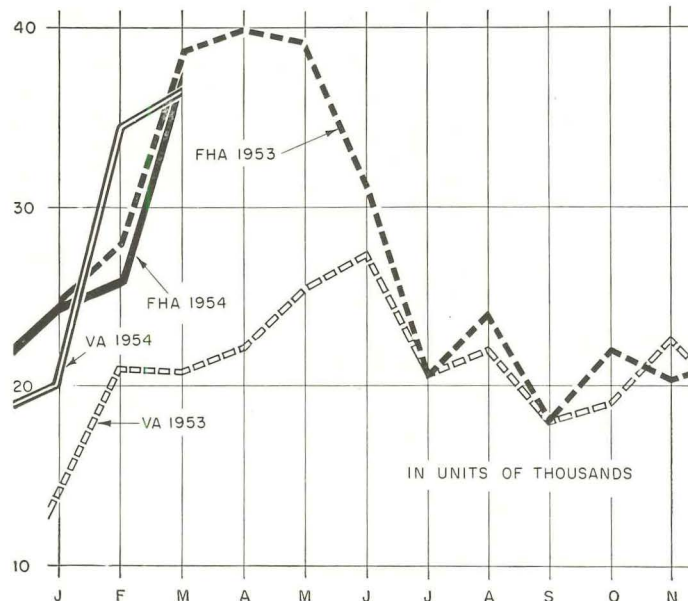
City, Byron T. Shutz, pres., Herbert V. Jones & Co.; New York, Hugo Steiner, Berkeley-Steiner, Inc.; Philadelphia, Lawrence Stabler, vice pres., W. A. Clarke Mortgage Co.; Portland, Franklin W. White, pres., Securities, Inc.; San Francisco, William Marcus, senior vice pres., American Trust Co.

PRIVATE HOUSING STARTS



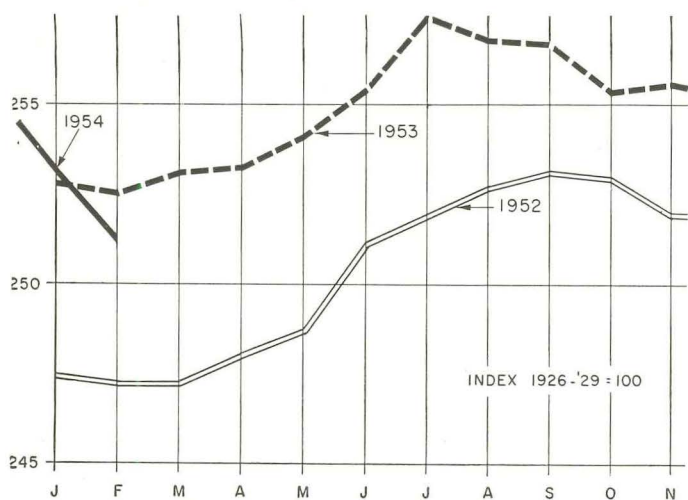
A seasonal upturn carried private nonfarm starts to 95,800 in March compared with 96,100 a year earlier and 91,100 in Mar. '52, according to BLS. Private starts for three months: 232,300 (down 2.4% from 238,000 in 1953).

FHA AND VA APPLICATIONS



VA appraisal requests on proposed homes set another record of 35,611 in March. The bulge sent January-to-March requests to 91,000, a whopping 64% increase over last year's 55,421 first quarter requests. March FHA insurance applications covering new dwelling units dropped to 37,335. FHA's three months drop: 3.4%.

RESIDENTIAL BUILDING COSTS



E. H. Boeckh & Associates' index of residential building costs dropped to 251.2 in February, lower than any time during 1953; its lowest point since June '52 (251.1). The February decline points followed a 2.1 drop in January. Two months slide:

PEOPLE: Writer William Ulman appointed ass't HHFA administrator; Joe Keenan quits building trades job

William A. (for Alban) Ulman, 46, free-lance magazine writer and former film director, was named to the new position of assistant administrator for Congressional liaison in public affairs. The expansive, walrus-nosed Ulman served a two-year stint as a lieutenant colonel in the Army Signal Corps (until 1950), and frequently was a consultant on psychological warfare for the Army and on public information for NPA and DPA. He got into housing through HHFA administrator Albert M. Cole read



Walter Daran

ULMAN

of his free-lance work last year, liked it and invited him in as a consultant. His first job was to help write the President's housing advisory committee report. His present job, he sees it: "To eliminate misunderstandings—to tell the same story to the public as the Congress." (Another word for it, according to Ulman: "Logocide—word killing.") "I have never known an industry [using] about which more people knew factually everything," he commented. "It is little like Hollywood, where everybody has his own business—his own and the movies." Ulman's serious tasks will be to "denature some of the highly technical language" and get the compartmentalized housing industry to see it as a whole. Says he: "It is vitally important to tell the public housers about mortgage banks and to mortgage bankers about public housing. It is vitally important for slum clearances to get people to consider that public housing—though a necessary part of private housing—is not an end in itself . . ."

A raised 21 members to the rank of Fellow for distinguished performance in design, education, science of construction, public service or service to the institute. Those named: **Herbert Allen, Adolph Otto Budina, J. Roy Carroll, Harry Royden Dowswell, Sanford Williams, Percival Goodman, Walter Gropius, Samuel Eldon Homsey, Eugene F. Kennedy Jr., Juan Nakpil, Donald Siegfried Nelson, Georges Perkins, Harry Irwin Schenck, Irving G. Shih, Stanley Albert Smith, Louis Philippe They, Herbert Madison Tatum, Mies van der Ro, Royal Barry Wills, William Wilson Wurst and Marion Sims Wyeth.**

Reports of the New York Housing Authority drove **Joseph P. McMurray** away from his two-year, 700-a-year job as staff director of the state banking committee (H&H, Mar. '54, p. 10) which had not yet reached the stage of a deal. Last month, the authority upped its budget from \$17,500 to \$20,000 a year. Influenced by Housing Expert McMurray as much as

the pay, however, is whether he will get enough authority to do the job he wants to in his native town. The authority, said sources close to the picture, wants McMurray to become assistant to Chairman **Philip J. Cruise**. McMurray wants to be executive director, a post now filled by **Gerald J. Carey**, whom the authority wants to retain in one capacity or another. Meanwhile, industrial groups, which admire McMurray's rare talent at drafting housing legislation which satisfies conflicting viewpoints, put the heat on senators to keep McMurray in Washington until the 1954 housing bill is safely through the Congressional mill. Indications at midmonth were they had won their point.

In Mineola, L. I., **William C. DeKoning Sr.**, 56, once the all-powerful boss of the AFL building trades unions on Long Island, pleaded guilty to extortion and grand larceny and was sentenced to from 12 to 18 months in Sing Sing prison. He had been indicted on 116 counts, involving his son and several other labor officials, on charges of shaking down Long Island homebuilders and Roosevelt Raceway employees for between \$800,000 and \$1 million. **DeKoning Jr.** drew a suspended sentence of one year for coercion, a misdemeanor, and was forbidden to hold officership in a union in Nassau County. Charges against the others were dismissed.

DIED: **Richard V. Tays**, 68, pioneer homebuilder in Coral Gables, Fla. during the boom days (he also held a degree in medicine), Mar. 24 in Coral Gables; **L. T. Palmer**, 82, past president of the Ohio Assn. of Real Estate Boards and for many years a member of the State Board of Real Estate Examiners, Mar. 27, in Middletown, Ohio; **Lawrence B. Elliman, Jr.**, 45, vice president of Pease & Elliman, Inc., big New York real estate firm founded by his father, Mar. 31 in Lattingtown, L. I.; **Charles Rousek**, 63, one-time president of the New Jersey Assn. of Real Estate Boards and a director of NAREB, Mar. 31 in South Orange, N. J.; **Jacob Mazer**, 69, who, with W. S. Trader, invented perforated building materials used for soundproofing, a founder of the Acoustical Society of America, Apr. 1 in Miami Beach, Fla.; **Miles Collier**, 40, who with his brother recently sold 300,000 acres of their father's Florida property for \$4 million to two New York developers and who planned a \$3-million development program on the remainder of the family's Florida land, Apr. 4 in West Palm Beach, Fla.; **Fred A. Tetor Sr.**, 76, realtor who played a big part in the development of Bergen County, N. J., chairman of the county's Board of Taxation, Apr. 5 in Ridgewood, N. J.; **Charles H. Stewart**, 71, chairman of the Portland (Ore.) Trust Co., one of the

state's leading bankers, from 1933-1937 president of the 11th district Federal Home Loan Bank, Apr. 7, in Portland; **Louis F. Eppich**, 86, Denver realtor and appraiser, president of NAREB in 1923, former chairman of the Denver Planning Commission and director of the American Civic and Planning Assn., Apr. 13 in Denver.

Two officers of Tri-City Industries, Inc. were fined and given jail terms in Hialeah, Fla. for permitting families to move into an uncompleted housing project without city certificates of occupancy. The charges against **M. D. Shiekh** and **Oma S. Brown** resulted from complaints of home buyers that they had been defrauded and left with incompletable homes when Tri-City stopped work on the project three months ago. Testimony showed that the founders of the firm set up shop a year ago with \$1,800 and ended up spending better than \$100,000, obtaining the money from bank loans and second and third mortgages. Three creditors of Tri-City had filed an involuntary petition in bankruptcy against the company. The case had been scheduled for presentation to the grand jury, and city officials were receiving blasts from home owners and the press for "permitting the existence of lax building inspections."

Joseph D. Keenan, secretary-treasurer of the AFL building trades department since 1951, resigned to become international secretary of

LIFE—Richard Rose



KEENAN

the AFL's International Brotherhood of Electrical Workers. (**J. Scott Milne** is the union's new president.) The 58-year-old Keenan, who served in OPM and ODM in Washington and accompanied Gen. Lucius Clay to Germany in 1945 as labor adviser, will have a powerful hand in IBEW. Under the union's hierarchy, the secretary ranks as high as the president, runs the policy-making executive council.

CONGRATULATIONS: To Builder **Albert Balch** of Seattle, who received the Paul Bunyan award presented annually by the Seattle Chamber of Commerce to someone who has done an outstanding job of publicizing the city; to **Daniel A. Whelan**, elected president and chairman of the board of the Guaranteed Title and Mortgage Co., in New York, to succeed the late Carl S. Heidenreich; to **C. George Dandrow**, vice president of Johns-Manville, re-elected president of the New York Building Congress.

William J. Mathews of Hackensack, N.J., was elected president of the Jalousie Manufacturers of America, Inc., newly-formed organization designed to promote the use of glass

(continued on p. 54)



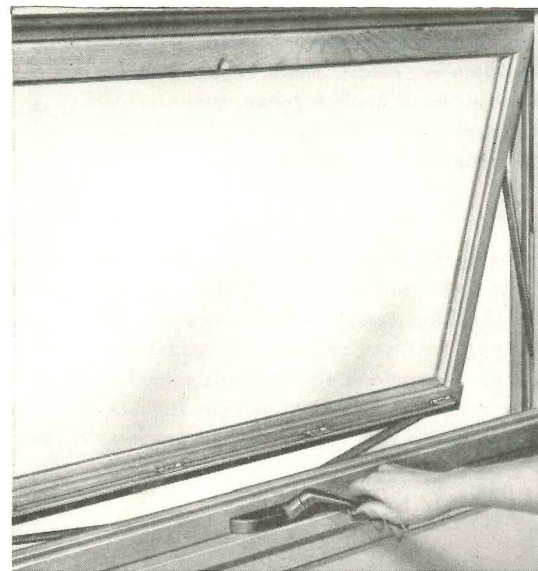
**CHECK THE LOW, LOW COST
OF THE NEW FLEXIVIEW**

Now, Andersen brings you even lower over-all cost per square foot with the new Flexiview . . . low cost brought about through a fixed opening's savings on screen and hardware. Glazed with Andersen Double Insulating Glass, it offers an economical solution to the double glazing problem.

Flexiview units combine with either fixed or ventilating Flexivent windows to form WINDOW WALLS in endless variety. They make possible the picture window combinations that complete the versatile Flexivent line.

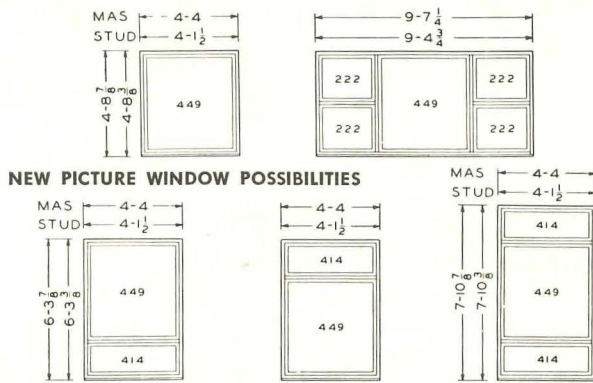
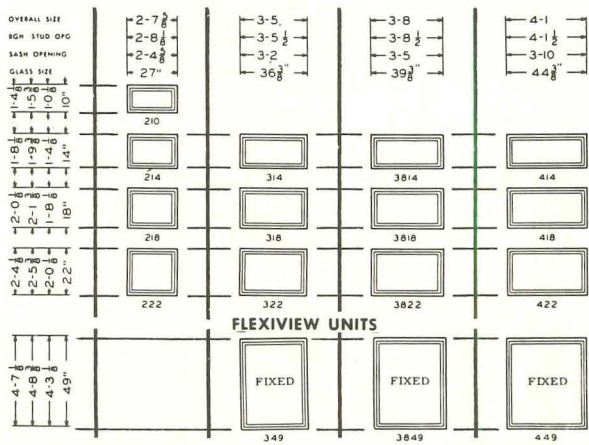
The Flexivent line, already a builder favorite for its low installation cost coupled with high quality, is now even more versatile, an even greater window value!

Write for Detail Catalog or Tracing Detail File, or see Sweet's files for specification data. WINDOW WALLS sold by established millwork dealers throughout the United States including the West Coast.

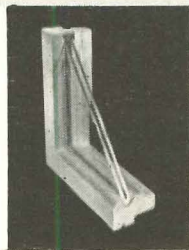


THE WORD FOR *FLEXIVENT*

**NEW TABLES OF SIZES SHOW
BIG SELECTIONS AVAILABLE**



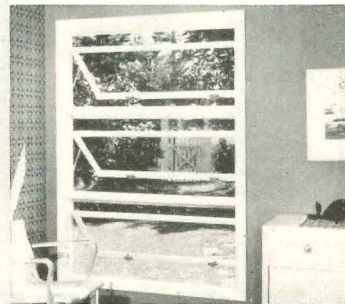
Andersen Welded Insulating Glass optional for all Flexivent and Flexiview windows! Insulating Glass ends handling and washing of storm sash, gives homeowner insulation of double glazing year 'round. Coefficient of heat transmission is .675 BTU under standard conditions compared to 1.13 for single glass.



**3 SASH OPERATIONS
FROM JUST ONE UNIT!**



HOPPER POSITION. Sash swing inward. Extremely easy to clean—easy to operate. Provides better control of ventilation.

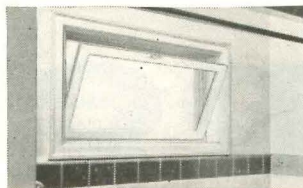


AWNING POSITION. Sash swing outward. Perfect protection during rain. New Roto Lock Underscreen Operator optional.



CASEMENT POSITION. Installed on end sash swing outward to provide an excellent low cost casement window.

Easy to operate! Operation is easy and simple. Friction hardware will hold sash in any open position. In awning or casement arrangements, just swing screen inward and push sash out. In hopper position, just pull the sash inward.



New Snap Lock available for Flexivents. Specially made for use with hopper vent units installed as transom or clerestory windows, or in any other close-to-ceiling locations. New Snap Type Sash Lock can be easily operated with any standard make window pull.



Andersen Corporation

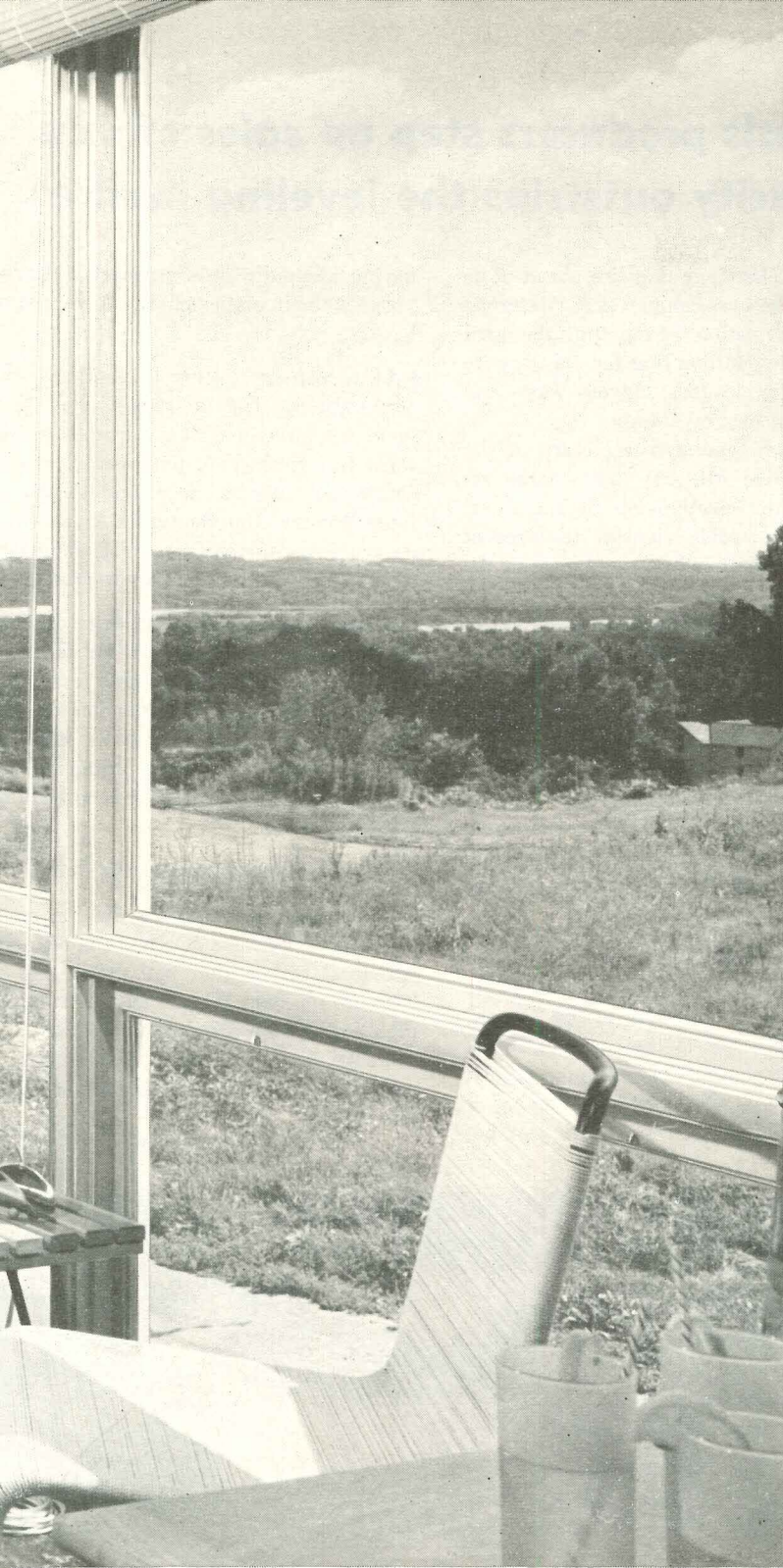
ANNOUNCES 2 PRODUCT IMPROVEMENTS
FOR THE VERSATILE *FLEXIVENT* WINDOW

The new
FLEXIVIEW
window

PICTURE WINDOW PARTNER TO THE *FLEXIVENT*

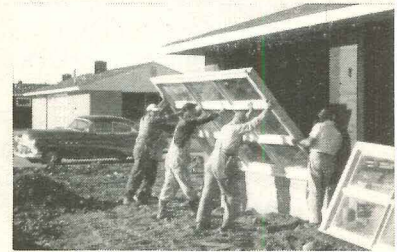
**Roto Lock
Operator**

NEW UNDERSCREEN OPERATOR FOR THE *FLEXIVENT*

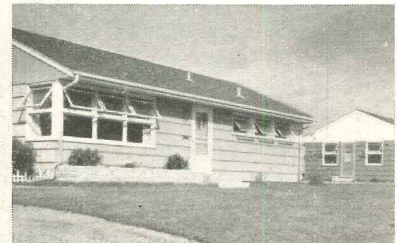


FLEXIBLE

**BUILDERS HAIL FLEXIVENTS
FOR ECONOMY, FLEXIBILITY**



"Flexivents are without a doubt more popular than any other window we have," says William Pearce, executive vice president of Pearce & Pearce Co., builders of Green Acres Village near Buffalo, N.Y. Workmen install group of Flexivents in Green Acres home.



"With Flexivents we can provide more window area at no extra cost," says William Coffman, president of W. D. Coffman Co., builders of 175-unit Prairie Village in suburban Minneapolis, Minn. Picture shows effective use of Flexivents in Prairie Village home.



"No better window for an apartment than Flexivent due to ease and economy of assembly and installation," says Korneich, president of Chestnut Hill Building Corp., builders of 450 home Chestnut Hill Estates (above) near Newark, D.C.

ROTO LOCK OPERATOR

The new Andersen Roto Lock Underscreen Operator is designed for use with awning or casement installation. The centrally located rotogear, dual-arm operator provides positive control, tight corner closing, self locking. Can be easily installed on existing Flexivents. Special pine stop furnished with each operator. Special screen available in aluminum frame only.

Andersen Windowalls

*TRADEMARK OF ANDERSEN CORPORATION

Andersen Corporation BAYPORT, MINNESOTA

COMPLETE WOOD WINDOW UNITS

louver windows. Other officers: **Benjamin Catania**, vice president, **Arthur Silverman**, secretary and **Arthur R. Huntz**, treasurer.

Architect **Alfred B. Parker**, with offices in Coconut Grove, Fla., decided it would be easier to fly to work than buck the traffic. He had a yacht club construction job going in Bal Harbour—28 miles away—that necessitated an hour's visit a day at a round-trip cost of three hours driving. Parker made a deal with National Airlines to pick him up in a helicopter, drop him at the yacht club project and call back in about an hour. Cost: approximately \$6. "A bargain," commented Parker, "considering the saving of my time. A social asset, considering the saving on my temper and disposition. . . ."

OPINIONS: These intellects shed the following light on matters of moment to housing:

▶ "If as a nation we fail—during the next ten years—to rehabilitate the existing slums to stop further decay on existing houses in order to prevent the creation of more slums, and at the same time to build the needed new houses, we will be faced with an impossible task when the new family formations reach an all-time high in the Sixties." —**R. G. Hughes**, NAHB president, testifying to the House banking committee.

▶ "We're probably in the initial stages of realizing our scarcity of usable land, about where the British were two or more generations ago. We have unlimited land in the US, but not unlimited land within economic development distance of cities. As our density increases, we'll have to develop new and better patterns of land use. In the past we've achieved privacy by getting more land. Now I feel we'll have to achieve it by other means." —**Campbell E. Miller**, secretary of the Kentucky-Ohio chapter, American Society of Landscape Architects.

▶ "The pressure for land to meet the needs for residential construction is tremendous. However, the few remaining areas suitable for industrial use must be protected if we are to have industry which will provide jobs and a broad tax base for the communities in the area." —Vice President **Ronald Campbell** of the David D. Bohannon Organization, in a talk in San Francisco.

▶ "All we have [to cope with problems of cities] is badly starved, very understaffed, poorly paid planning commissions with almost no experience. The job is too big for them—the way they're constituted." —Realtor **Robert W. Dowling**, president of City Investing Co., New York.

▶ "The administration . . . has no top advisers sufficiently well-informed on housing to be concerned with its health and future as an industry and to support the housing administrator. . . ." —Builder **Thomas P. Coogan**, ex-NAHB president.

Materials producers step up sales efforts as capacity outstrips the leveling market

"We know the challenge that lies ahead of us and we know how to conquer it." Materials men all over the nation were getting the word on the stiffer competition that lay ahead, were hearing industry leaders suggest ways and means to beat a buyers' market.

E. W. Dienart, executive secretary of the National Concrete Masonry Assn. (who recently voiced the combination plea and exhortation above), told delegates to a recent convention that their industry would meet the "challenge" two ways: by increasing the advertising budget by 50% and by stepping up activities of the engineering department.

The antidotes of more advertising and more engineering (research) were being applied by other materials manufacturers, notably lumbermen. The wholesale price index for building materials (BLS) was still slightly above what it was last year, but it was no longer in the seemingly automatic up-trend that had permitted materials men to take profits for granted.

It takes all kinds. Not all branches of materials suppliers were equally anxious to force sales. It was a meeting of the "haves" and "have nots"—not in the sense of inventory (copper, incidentally, was in huge supply, continued to stump the experts by staying at 30¢ a lb.) but in the sense of having or not

having a rapidly growing market that was booming without undue effort. A couple of haves:

▶ **Aluminum.** "Future bright," said the corporations. The industry's sales of aluminum windows in 1953 jumped more than a third over 1952. Four reasons for present continuing success, according to the Aluminum Window Manufacturers Assn.: lifting government controls in mid-'53, increased demand, lower prices and larger production.

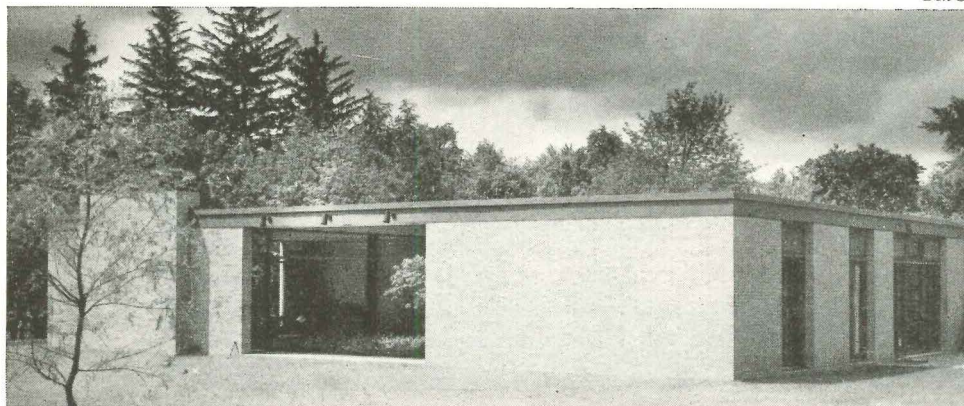
▶ **Glass.** High profits last year. BLS' index for flat glass was up 9% in February over the year previous. A homebuilder formerly paying about \$14 worth of glass per house, said an executive, can now use up to \$199 worth counting in the double-pane insulating variety. Demand for the latter was said to be doubling every two years.

The have nots and borderline cases:

▶ **Concrete masonry.** Production, up 4% in ten years, seemed at a leveling-off point in perennial competition with brick and wood. "We are top dog. We are sitting on top of the pile," said Sam Paturzo of NCMA. "I know, ever, we are beginning to realize that it was easier to get to the top than it will be to stay there."

continued on p.

Ben S.

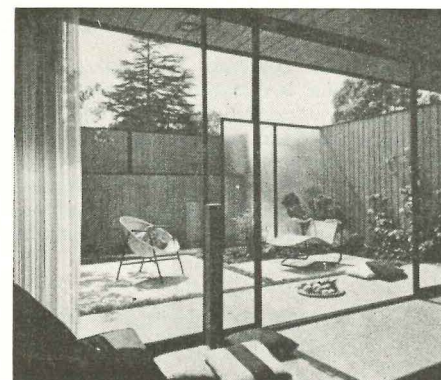


US housing wins top prizes in Brazilian contest

A jury of distinguished architects awarded top prizes to two US houses in the second biennial exposition of the Museum of Modern Art in Sao Paulo, Brazil. First prize of \$2,700 in the single dwelling group went to Connecticut's Philip Johnson for Richard Hodgson's New Canaan home (above) (H&H, Jan. '53), cited for its "dignity and good use of materials." This house, said the jury, "points a way which merits being followed, showing it is possible to make a handsome house with simple elements. . . . The plan lends itself to repetition . . . to serve as a base for development everywhere."

Craig Ellwood of West Los Angeles took the \$2,700 prize in the apartment house group for a four-unit project in Hollywood (right); the jury liked the private courtyards as well as his study of details. The jurors: Architects Walter

Gropius, José Luis Sert, Alvar Aalto, Eric L. Rogers, Oswaldo A. Bratke, Affonso Eduardo Reidy and Professor L. Gomes Machado.



KEYMESH

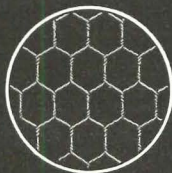
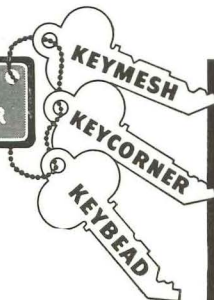
GALVANIZED REINFORCING LATH

Here's all you do! After gypsum lath is applied, cover it with Keymesh. The exclusive reverse-twist weave makes it unroll flat; go up flat. It's so easy to apply. Then it's plastered, following customary practice. Proved through the years as a superior reinforcement for stucco, it now brings new value to lath and plaster construction.

it adds so much, it costs so little.

*For highest quality at lowest cost,
use the 3 KEYS TO STRONGER PLASTER*

3 KEYS TO
STRONGER PLASTER



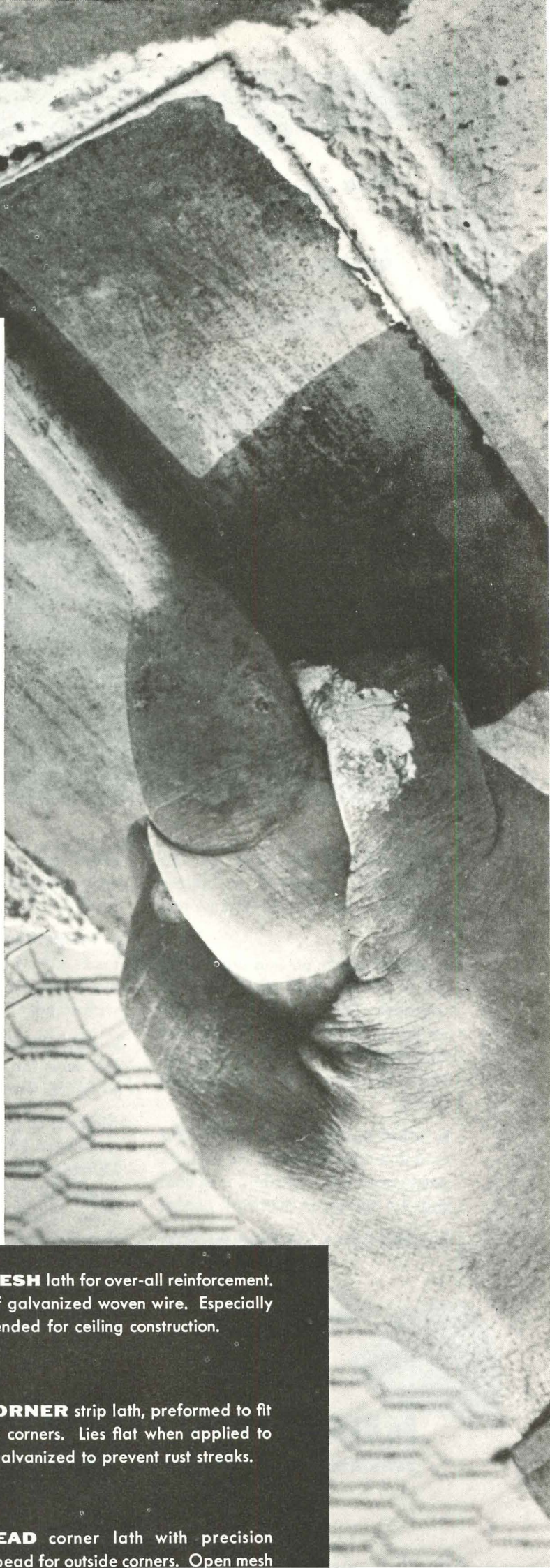
KEYMESH lath for over-all reinforcement. Made of galvanized woven wire. Especially recommended for ceiling construction.



KEYCORNER strip lath, preformed to fit snugly in corners. Lies flat when applied to joints. Galvanized to prevent rust streaks.



KEYBEAD corner lath with precision formed bead for outside corners. Open mesh





KNO-DRAFT Overhead Air Diffusers "sell themselves" to builders and home owners alike because they offer—

▶ **perfect warm air heating:** Supply air is mixed with room air well overhead. Thus, no drafts, no blasts at living level. Even temperature throughout the room. Kno-Draft has twice the mixing capacity of ordinary grilles.

▶ **ideal cooling:** Kno-Draft Diffusers automatically provide the extra capacity needed for the addition of cooling. No change in ductwork needed.

▶ **cleanliness, smartness:** Kno-

Draft will not smudge ceiling or walls, permits complete freedom in furniture placement.

▶ **integral lighting:** Kno-Draft Diffusers are available with handsome integral light, or can be combined with standard lighting fixtures.

▶ **easy installation:** Standard pre-fab ducts can be used; jobs are easy to figure. Save time and labor.

Mail the coupon today for full information on Kno-Draft Overhead Air Diffusers—how they work, how you'll benefit by specifying and installing them. Connor Engineering Corporation, Danbury, Connecticut.



CONNOR ENGINEERING CORP.
 Dept. F-54, Danbury, Connecticut
 Please send full information on Kno-Draft Overhead Air Diffusers, with and without integral lighting fixtures.

Name.....
 Position.....
 Company.....
 Street.....
 City.....Zone.....State.....

was coming from utility companies were realizing the difficulties of sale of electric appliances because of limited capacity of most household systems. The Cincinnati Gas & Electric, for instance, has pioneered in letting customers pay for a wiring re-do in monthly installments added to their electric bills.

Diversification. Some other sid materials' makers search for market. ▶ Kennecott Copper's manufacturing arm, Chase Brass & Copper Co., has been a line of stainless steel products that continued the trend by copper to diversify. (Anaconda and Bridge had already gone into aluminum.)

▶ Charles A. Rinehimer of Elgin, the Forest Products Research Society, there was a wood market of from \$1 million in the school field alone. He an average potential market for architectural millwork at more million a year. To try to tap more Rinehimer and 134 others last fall for Architectural Millwork Institute. is president.

▶ The National Lumber Manufacturers Association said last year's total production was 10 billion board feet—some 200 million in 1952—but suggested there was possibility that this year's production drop 5 to 10%. One bulwark for do-it-yourself market.

▶ The concrete block industry was about a drop in sales to builders (not putting) basements in homes, growing preference for basements, northern areas.

▶ An El Paso contractor (Robert E. was low bidder, with a brick and tile on seven dormitories to be built at the Air Force base. The Structural Clay Institute hailed the case as the first brick and tile cavity wall construction been allowed to compete against block design on a "first cost" basis.

▶ Reynolds Aluminum Co., to bite of the do-it-yourself market, starting kits of "workshop aluminum construction on how to fashion it into items for the home.

Words from Howard A. Hanlon for the hardwood lumber business apply to any of the competitive lines: "Sure, we are going to run economic rough times. When, I doubt they are not going to be any more for us in this industry than they are to be for those in other industries; it's a good time to hedge a little.

On the horizon, however, lay a ray: the 1954 Housing Bill is enacted. House-intended provision for 95% VA loans on the first \$10,000 of home some Washington housing experts year will bring an all-time record starts. (NEWS continued)

Selling
feature
for homes...



Architect: W. Hamilton Wallace, Kingsport, Tenn.

A decorative wall that brings in light

This cozy fireplace corner has a lot of appeal. Blue Ridge Patterned Glass brings light in—and it complements the style, accents the horizontal lines of the wall on each side.

It's the kind of idea that puts a house above the ordinary. It gives it extra appeal that can turn the buying decision in your favor.

Walls and partitions of Blue Ridge *Patterned Glass* can brighten many a place in the home. Use it between kitchen and dinette, or dining room and living room. Put it in a would-be-dark entrance hall, and in windows to screen for privacy but let in light. Our book of decorating ideas illustrates many other appealing uses.

With all its advantages, Blue Ridge Glass is not an expensive material. It is easy to install. It has a neutral tone to blend with any color. And sparkling beauty is built in—for lasting appeal.

Give your imagination free reign with a variety of Blue Ridge Glass designs. There are linear, checkered and over-all patterns, in plain, textured or *Satinol** finishes.

Act now to use an individual touch that home buyers go for. Start by letting your L·O·F Distributor or Dealer show you Blue Ridge samples. He's listed in phone book yellow pages in many principal cities. *®

OF 42 DECORATING IDEAS. "New Adventures in Decorating" shows how leading architects have used this lovely glass to add distinction to home interiors. Send for free copy.



BLUE RIDGE Patterned GLASS



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Please send me my free copy of *New Adventures in Decorating*.

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How US cities are growing

▶ Newly compiled statistics shed a sharp new light on the shape of housing and hint at its future

▶ In big cities, public housing generally flourishes where private building lags—and vice versa

Public housing has accounted for 4.2% of the nation's housing starts during the last four years. But in some of the country's biggest metropolitan areas, subsidized housing's slice of the market ranges all the way from 10 to 20%.

In this startling fashion, the Bureau of Labor Statistics' figures presented in the table below reveal that public housing bulks far larger in some important US housing centers than is suggested by the total figures. (The figures, incidentally, are available to everybody but have never before been so completely compiled, as far as BLS or HOUSE & HOME knows.)

HOUSE & HOME's four-year look at housing production in ten of the nation's top metropolitan areas (and two smaller ones representing the South) thus shines a sharper statistical light* on many a building trend than has been available previously. Other samples: ▶ Some 15% of US homebuilding is concentrated in two metropolitan areas—New York and Los Angeles. Some 32% of the nation's housing construction is concentrated in ten metropolitan areas.

▶ Boston and, until recently, the Philadelphia areas were lagging far behind the growth pattern of other cities, especially the young, booming cities of the South and West.

▶ Los Angeles, heart of the westward population surge, passed the New York-northeastern New Jersey metropolitan area as the nation's No. 1 housing region in 1951 and has steadily increased its lead since. (It is still in first place so far this year, incidentally, with New York a poor second and Chicago a poorer third.)

▶ On a per capita basis, the Los Angeles area's growth is even more spectacular. In the *(continued on p. 70)*

* In Philadelphia, BLS' statistical light shines dimly, say local housers. They contend the 5% of the metropolitan area not covered by building permits reported to BLS accounted for 25% of its private housing starts last year. Among the discrepancies: BLS' figures showed 1,000 starts for booming Bucks County, site of the new Levittown and the US Steel Fairless works. Actual starts, according to the Philadelphia Housing Assn.: 6,000. The moral: BLS needs more money to improve its work.

HOW THE FIGURES WERE COMPILED

Until July, the Bureau of Labor Statistics will be unable to make its monthly estimates of US housing starts as accurate as the figures it already collects should permit. The reasons are partly financial, partly technical. Until 1953, Congress did not appropriate enough money for the labor agency to sustain a projection of the nation's housing output on a 1940 census basis to a 1950 census basis. In 1940, far fewer cities required building permits, and fewer still reported them monthly to BLS. Now 79% of the nation's nonfarm population lives in the 6,800 places from which BLS gets permit data. Since early 1953 BLS has been working on the change-over, which should vastly improve the accuracy of the yardstick housing on which so many basic decisions are based, both by government and private industry. Meanwhile, BLS has accumulated a hefty collection of monthly housing starts figures which it cannot integrate into its published housing starts figures.

In one of its lesser-known pamphlets, BLS publishes the permit figures both for cities it *does* reflect in national figures and for the ones that have not yet crept into the totals. BLS does not add up this data for metropolitan areas. But recently, H. E. Hines, chief of BLS' construction statistics department, agreed with HOUSE & HOME editors that a total would produce a most accurate picture of US homebuilding (in areas with high percentage of coverage).

Accordingly, HOUSE & HOME tallied data on new dwelling units authorized by building permits in the nation's biggest metropolitan areas where BLS building coverage was near or better than 90% of the population. To back up its conclusions, HOUSE & HOME double-checked with independent respondents in each metropolitan area.

NEW DWELLING UNITS AUTHORIZED BY LOCAL BUILDING PERMITS

Data from Bureau of Labor Statistics. Tabulations by HOUSE & HOME

Metropolitan area, 1950 population, and % coverage	1950			1951			1952			1953			Four year Public of total	
	Public	Private	Total	Public	Private	Total	Public	Private	Total	Public	Private	Total		
*New York-New Jersey														
12,911,994 (99%)	8,704	115,397	124,101	10,400	65,828	76,228	9,887	71,922	81,809	6,925	65,979	72,904	10.1	
Chicago														
5,495,364 (99%)	126	42,713	42,839	422	32,042	32,464	3,034	33,823	36,857	727	38,770	39,497	2.9	
Los Angeles														
4,367,911 (100%)	..	100,787	100,787	..	65,421	65,421	2,089	81,537	83,626	1,307	92,370	93,677	1.0	
Philadelphia														
3,671,048 (95%)	178	27,920	28,098	1,365	17,482	18,847	1,747	20,690	22,437	2,102	18,492	20,594	5.9	
Detroit														
3,016,197 (99%)	736	41,565	42,301	796	26,015	26,811	708	25,063	25,771	1,456	28,462	29,918	2.9	
Boston														
2,369,986 (99%)	3,055	12,104	15,159	4,581	9,424	14,005	1,435	10,134	11,569	1,384	9,909	11,293	20.1	
San Francisco-Oakland														
2,240,767 (99%)	474	30,412	30,886	276	23,503	23,779	626	21,958	22,584	711	22,104	22,815	2.1	
Cleveland														
1,465,511 (99%)	..	15,625	15,625	..	12,033	12,033	..	12,629	12,629	402	10,369	10,771	0.7	
Washington, D. C.														
1,464,089 (100%)	..	26,154	26,154	348	19,029	19,377	506	19,067	19,573	539	22,069	22,608	1.6	
Baltimore														
1,337,373 (100%)	..	16,406	16,406	697	12,955	13,652	376	12,654	13,030	816	12,868	13,684	3.3	
Houston														
806,701 (86%)	..	14,941	14,941	348	9,563	9,911	..	10,081	10,081	..	9,511	9,511	0.8	
Atlanta														
671,797 (98%)	200	15,914	16,114	1,115	8,278	9,393	125	8,597	8,722	1,000	7,595	8,595	5.7	
US TOTAL†														
150,697,361	43,800	1,352,200	1,396,000	71,200	1,020,100	1,091,300	58,500	1,068,500	1,127,000	35,500	1,066,900	1,102,400	4.2	

* Figures for 5 N.Y.C. boroughs cover dwelling units actually started.

† Nonfarm dwelling units started; 1953 data preliminary

Large or Small-
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H-3

I would like to know more about Typhoon Heating-Cooling Units.

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 FIRM _____
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 CITY _____ ZONE _____ STATE _____

BUILDERS AT WORK:

Largest subdivision ever

WITH Texas gusto, Rancher-Oilman Clark W. Henry and Builders N. E. Kennedy and his son, LeRoy, started what they said would be the biggest subdivision in the world. It was Jersey Village, 5½ mi. northwest of Houston, destined eventually to cover 7,000 acres and contain 21,000 homes. For the first section they planned 1,634 brick and masonry houses along 5 mi. of White Oak Bayou and around a 27-acre lake. This section will take three years to complete, said LeRoy Kennedy, the entire project seven to ten years. When completed, the development will have houses in all price ranges, some as high as \$50,000 to \$200,000. It will boast shopping centers, schools, country club, hospital and medical center. "It will be the completest subdivision anywhere," said Kennedy. "You could be born in the hospital, live a life of comfort, and die and be buried in Jersey Village cemetery without ever leaving its boundaries." The owning corporation will handle site improvements and build the shopping and community facilities. It expects to sell most of the homesites to homebuilders, but maintain architectural control through its own building permit department. The platting has been approved by the Harris County planning commission, said LeRoy, who with his father recently developed the 500-unit Oak Meadows project in Houston.

Pulse of the market

In the 17th and 18th sections of his Los Altos development adjoining the Long Beach State College campus, Los Angeles Builder L. S. Whaley started 560 houses at \$9,950 (seven models on view) and 350 priced from \$11,750 to \$15,000 (eight models on display). . . . Detroit Builders Fred C. Garland Jr. and Robert C. Smith announced they paid more than \$1 million for a 323-acre farm tract in suburban Birmingham and engaged Ragnar Arneson of Ann Arbor to design the initial houses for an \$18 million planned community of 600 larger houses and a shopping center to be developed over the next six years. . . . In Prince Georges

County, Md., booming in anticipation of completion of Baltimore-Washington and Annapolis-Washington expressways, Algernon Blair, Inc. of Montgomery, Ala. obtained FHA clearance to start an 80-acre tract of 508 semidetached houses selling for \$9,300 and ground rent on slab foundations, with \$1,200 to \$1,500 more for basements. . . . CNR Developing Co., headed by Philadelphia Builder Felix J. Canale, began site preparations in Gibbsboro, N.J. for Cedarcroft Heights, a colony of 400 basement and two-story three-bedroom houses for \$10,990 each. . . . New Orleans Builders Ernest B. and J. Robert Norman opened a new section for 180 more \$13,500 to \$15,000 custom-built houses in their Aurora Gardens tract, where they already have completed 300 homes. . . . In Dallas County, Tex. Oilman W. P. (Bill) Luse subdivided his 1,300-acre Mesquite ranch into a 500-acre industrial tract and 800 acres for 390 homes and a shopping center.

Lakewood becomes a city

The 16th largest city in California came into being in March as residents of seven square miles of the Lakewood area in Los Angeles county voted 7,514 to 4,865 to incorporate. Population of the new city of Lakewood was estimated at 57,000, living in almost 15,000 postwar development homes. Of the city's 4,123 acres, 3,238 are zoned residential, and about 90% of this area is already fully developed. Ironically, Lakewood Village, parent community of the area, jugged into the new city but was not part of it. Its residents voted last summer to annex to Long Beach.

VA OK's \$23,300 houses

In Dade County, 10 miles south of Miami, Porter-Wagor-Russell, Coral Gables contractors, sold five three-bedroom, two-bath houses from \$20,950 to \$23,300, including closing costs, the first week they opened their FHA-approved Oakridge Estates development (see cut). In the next six weeks, after VA also approved their prices (reduced only by the amount of the closing costs, which veterans

pay separately on purchases requiring 10% cash) another 16 sales were made. Architect: Gordon Severud. The developer subdivided their 110-acre property into 2½-acre plots, 53 of 1-acre, and 54 of ½-acre each. They were excavating a lake 150' wide and 1,600' long, installing a private city water supply and purification system, and imposing architectural restrictions over construction by anybody else.

Long Island builders buy

In Suffolk County, on the outer end of Long Island, Builders Jacob W. Friedman and Julius Gutterman bought almost 100 lots in Brentwood for a \$10 million project of 1,200 houses and a shopping center; Builders Donald G. Patrick and Stanley L. Nibb bought 125 acres in Kings Park to build split-level units in the \$12,000 range; Builders Alexander Paulsen and John R. Risler started a development of 700 Cape Cod houses and ranchers from \$8,500 up on a 250-acre site near the Brentwood station. . . . Builders Paul Axelrod and Jack Lazar, who previously built on Long Island, bought a 100-acre tract in up-state Schenectady, adjoining the New York State Thruway, to build 376 all-ranch houses in the \$10,000 range from \$7,500, by Architect Herman York.

Jacksonville land sale

As a site for residential development Nassau Construction Co., headed by George H. Hodges and Alexander Brest of the Jacksonville Engineering and Contracting Co. bought a 12,000-acre tract about 10 mi. east of Jacksonville for \$1.2 million from Kingston Arthur Clayson Swallow of Milwaukee, whose grandfather acquired it in 1907. The project was between the intracoastal waterway and Southside Estates, Jacksonville's largest postwar suburban housing development. . . . A 60 mi. north, at Brunswick, Ga., a causeway was being opened to fabulous Jekyll Island, once a pirate hangout, later an exclusive winter colony of millionaire's mansions. A state authority planned to restore and preserve some of the showplace homes, and sell other lots for construction of middle-class vacation homes.

Florida faces septic-tank

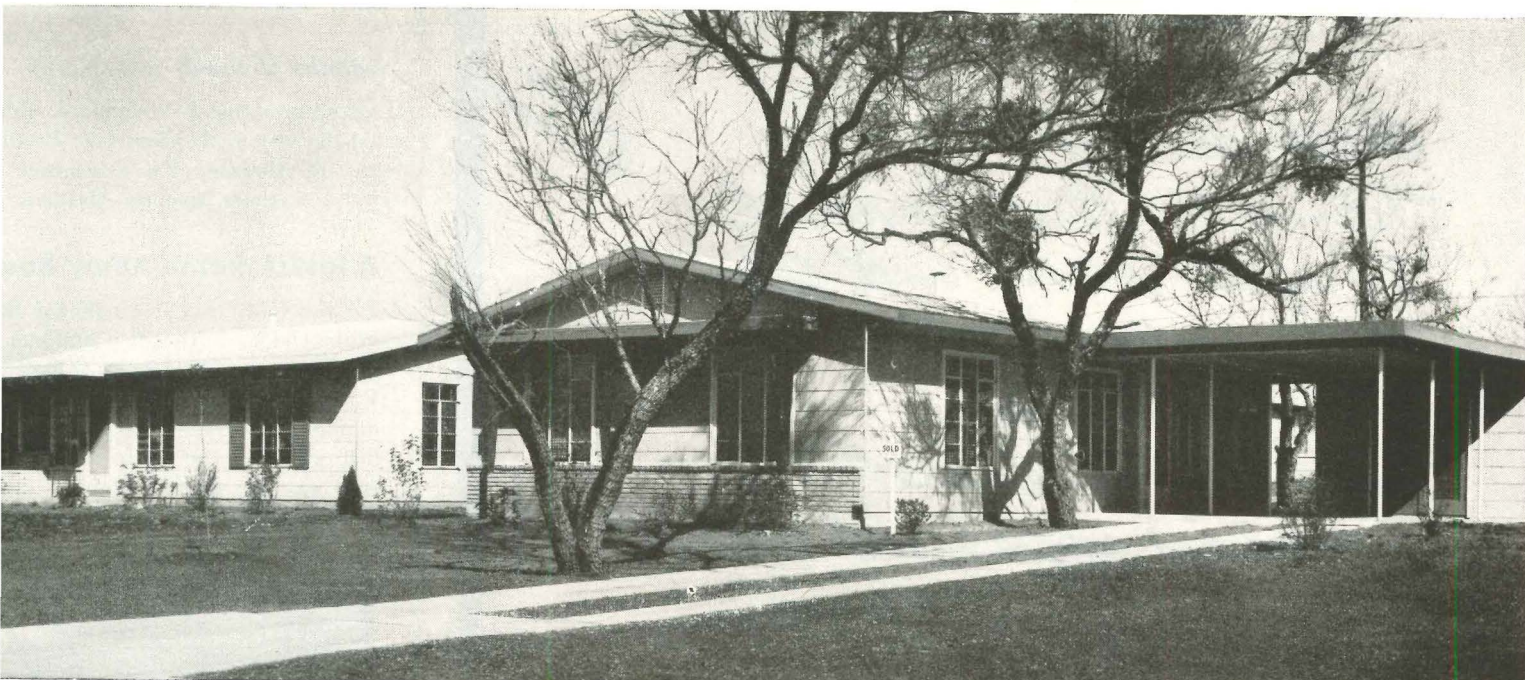
Florida homebuilders face a hard decision next year: whether to support or oppose a campaign for legislation to give the state board of health power to set requirements for adequate sanitary facilities for all new subdivisions.

Because of the state's growing "septic tank" problems — water, sewage and garbage disposal in rapidly developed postwar subdivisions have sometimes proved inadequate. Florida Planning and Zoning Assn. plans to push a bill for state controls in the legislature. Its bill would: require approval of sanitary plans by the state health

continued on



OAKRIDGE ESTATES HOUSE BUILT BY CORAL GABLES CONTRACTORS PORTER-WAGOR-RUSSELL



Design for the Westerner created by: Arthur Guyon & Associates, San Antonio, Texas.

Everything that our customers want"



*says Roland C. Bremer, General Manager,
Engineered Homes, San Antonio, Texas*

• Certain people will tell you, "Everything is bigger and better in Texas!" Realizing this, Engineered Homes, of San Antonio, knew that an ordinary house wouldn't make much of a dent in the local housing market. So this successful builder chose as a basic model the new Gunnison *Westerner*, which is specially designed to meet the needs of the Southwest.

Here's what Roland C. Bremer of Engineered Homes, told us: "The people around here really go for these new Westerners. We built 70 of them last fall, and we plan 75 more during the first quarter of this year.

"One reason we like Gunnison Homes is that design details can be changed readily to make every home different. We use exterior masonry, colored asbestos siding, carports, fences, and similar modifications to further boost value and sales appeal.

"We also like the fact that these homes are easy to build. One of our trained crews can erect a 36' x 24' house in 40 man-hours. Since each home comes already fabricated and ready to assemble, it's much easier to prepare an accurate job cost analysis."

If you're looking for homes that can be varied to suit the conditions in *your* community, homes that are easy to build and sell, investigate the advantages of becoming a United States Steel Homes Dealer. United States Steel Homes, Inc., offers you sales and architectural planning service . . . substantial financing assistance . . . and a wide variety of attractive home designs. Send the coupon for complete information.

HOW THEY DID IT

1. An exceptionally good product at attractive prices: Gunnison Homes. Special features, such as exterior masonry, colored siding, and storage walls, boost value and add extra sales appeal.
2. A good market potential for attractive open-planned Gunnison Homes. Low-cost maintenance helps sales.
3. Personnel specially trained on Gunnison Homes. Five-man crews erect home in just eight hours. One salesman spends his full time on Gunnison Homes.
4. Developments planned six to eight months in advance, to allow time for approval of local government bodies and to arrange financing. All Gunnison Designs accepted by FHA and VA.
5. Gunnison Homes are attractive investments for lending institutions. Extra housing value of Gunnison Homes and backing of United States Steel helps obtain financing. Construction financing available from United States Steel Homes, Inc.
6. Extensive advertising in May and September in local newspapers. Classified ads continue through summer and fall. Dealer efforts supported by United States Steel Homes national and local advertising.

United States Steel Homes, Inc.

GENERAL OFFICES: NEW ALBANY, INDIANA

Plants at New Albany, Indiana, and Harrisburg, Pennsylvania

DISTRICT OFFICES: Atlanta, Ga. • Chicago, Ill. • Columbus, Ohio • Dallas, Tex.
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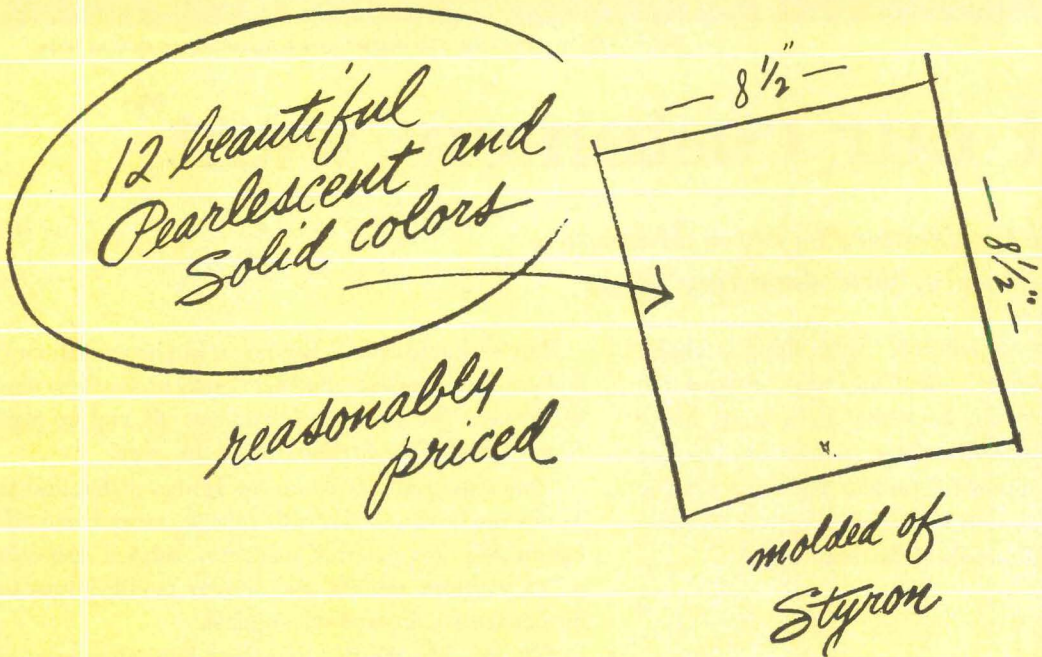
"Gunnison" and "Westerner"—trade-marks of United States Steel Homes, Inc.

United States Steel Homes, Inc.
Dept. HH-54, New Albany, Ind.

My organization is capable of building more than 10 conventional homes a year. Now I'm interested in what United States Steel Homes has to offer. Send me complete information, telling me what I will gain by building the products of United States Steel Homes, Inc.

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Firm Name.....
Address.....
City & State.....

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 8½" square plastic wall tile—
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 but isn't.... has
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- ✓ 8½" molded corner pieces
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See Sweet's Architect's File for the Tilemaster Story

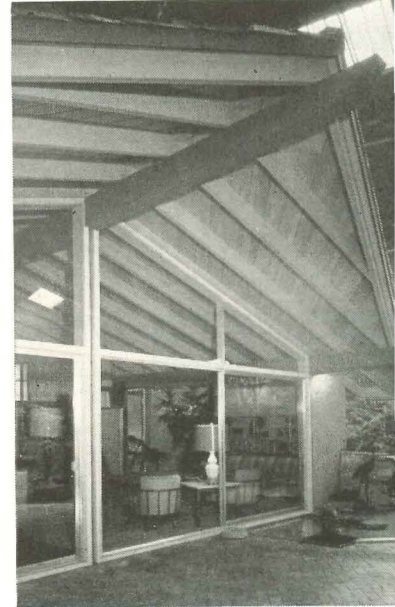
*PATENT APPLIED FOR

BUILDERS AT WORK (continued)

agreed to accept as a standard. Built the way to the short cut: President D. Hudson, VA Committee (C. Ralph Carletta, Counsel Alexander L.

A lavish home-show house

For the California International Home Show in the Oakland exposition building in the Eastbay AIA chapter assigned Robert S. Kitchen and Frank B. design a luxury "conversation piece" that would be "new and startling." The result was a "Sybarite House" (see notable quality and modernity among



CALIFORNIA'S 'SYBARITE HOUSE'

show homes. It was also one of the home-show display houses of recent

In California indoor-outdoor living, the Sybarite living room was extended to a patio-garden through an end wall fitted with 12' aluminum sliding doors. The exposed-beam roof was cantilevered over the garden, with coral rafters and recessed lighting. The builder: A. G. Lockwood.

Los Angeles grows at the

Two fringe areas, Orange County to the north and the Palmdale-Lancaster-Mojave region just over the first mountain range north, were putting up homes even faster than the rest of the Los Angeles area. The influx of manufacturing firms, Orange County needs for the first half of the year estimated to be at least 7,000 new homes in the Palmdale-Lancaster area, where many of new houses were four-bedroom mansions caused by the establishment there of a manufacturing center for Air Force jet plane families would be moving in at a rapid clip until August or later. . . . In the San Fernando Valley, Builder Spiros G. Poulos is building a \$1-million, eight-acre shopping center to serve his Dennis Park homes develop-



**Builder Chooses American Kitchens
for Vast San Manuel Project**



WHAT'S IMPORTANT IN CHOOSING A KITCHEN?

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Check these top competition-beating features.

	ONE PIECE SEAMLESS DRAWERS	EASY GLIDING NYLON DRAWER GUIDES	SEAMLESS TOPS—FRONT TO BACK	DOUBLE ACTION SPRING HINGES	CONCEALED PULLS ON DRAWERS, WALL CABINETS	SMOOTH ROUNDED CONTOURS	TOE KNEE ROOM—ALL BASE CABINETS	1 1/2" LARGER SINK BOWL
American Kitchens	✓	✓	✓	✓	✓	✓	✓	✓
COMPETITOR #1								
COMPETITOR #2		✓			✓			
COMPETITOR #3						✓	✓	
COMPETITOR #4		✓		✓				

American Kitchens

SELL YOUR HOMES FASTER



DISHWASHERS



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VENTILATORS



ACCESSORIES

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- Would like literature and complete information.

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Address _____
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Products of



A monthly report on important developments in the modernization of mortgage credit with particular emphasis on the expanding potential of the package mortgage, the open-end mortgage and the expandable mortgage.

House approves FHA open-end mortgages, limits re-advances to repairs, improvements

Modernization of FHA-insured home mortgages with open-end privileges for simplified future reborrowing appeared assured last month. The House authorized this major step forward for American home owners and lenders alike as part of the Housing Act of 1954. In the Senate it faced no obstacle. There the committee chairman in charge of the bill was Senator Homer E. Capehart (R, Ind.), an enthusiastic proponent of open ending as a means of: increasing the basic soundness of each FHA home loan; preventing the spread of blight; increasing the housing supply; facilitating a high level of home improvement expenditures and employment. President Eisenhower gave his blessing to the proposal in his annual Economic Report (H&H, Mar. '54), and could be expected to approve this section of the bill as soon as it reached his desk.

Total loan can grow. During the House hearings, NAREB endorsed FHA open-ending as a valuable aid for rehabilitation and home modernization, but proposed a limit on re-advances so the original amount of the mortgage could not be exceeded. But the House committee, headed by Rep. Jesse P. Wolcott (R, Mich.) took a more realistic stand: if an increased loan were used to add a third bedroom to a house only a few years old, for instance, the total value of the house would be increased, and it would be only logical to allow a higher total loan on it. Two thirds of the houses erected in 1947 and 1948, for instance, had only two bedrooms. Effective help to finance a third bedroom for most of these would usually be impossible without a re-advance exceeding the original mortgage.

In this connection Commissioner Guy T. O. Hollyday told the House committee that FHA would make whatever appraisals and property inspections that were needed to make sure increased loans were adequately secured. The appraisal and insurance fees for additional loans, he added, would probably be levied as a single charge at the time of each advance. And in the event of foreclosures after re-advances, he noted, lenders would still be required to tender FHA satisfactory titles to each property before receiving debentures.

Full support pledged. Hollyday told the committee: "FHA will tackle the development of the open-end mortgage with determination. We recognize, however, that there will be many problems and that time and patience will be required to make it a really effective housing program tool."

In the same vein, Administrator Albert M. Cole pledged that HHFA "will do everything possible" to make it a success, although he felt it presented "some real problems . . . in connection with the lien laws of the various states." He would seek an appropriation, he said, to make a special study of these problems "and the development of model state legislation to eliminate obstacles to effective operation of open-end mortgage provisions."

NRLDA Executive Vice President H. R. (Cotton) Northup, who "heartily endorsed" FHA open ending on behalf of the National Retail Lumber Dealers Assn., told the committee open-ending was already being used increasingly on non-FHA mortgages in almost every state, placed current volume at \$500 million a year. To answer the "misgivings" voiced by Cole and Hollyday, he testified: "We would like to recommend to the committee and to these gentlemen the study for the US Savings & Loan League, by Horace Russell, their general counsel, containing a tabulation of state positions in

respect to this principle of mortgage financing. Mr. Russell's study (Modern Mortgages, Nov. '53) would indicate that every state, with one possible exception (Texas), it is possible to open-end mortgages to everyone's satisfaction."

Two restrictions. Virtually the only money against FHA open-ending from the American Bankers Assn. opposed it "in principle," because extended debt "delays true ownership of a home." ABA felt open-ending might lead to borrowing for consumer credit purposes. ABA did not argue that consumer credit was bad. Most of its members have a major stake in short-term credit.

Other sources pointed out that open reborrowing would not decrease short borrowing, however, but mostly would serve those who cannot afford high-rate, short-term loans—homeowners otherwise would be unable to make major repairs or improvements at all if their houses steadily deteriorated. In amendment itself there were also two provisions that would bar reborrowing for ordinary consumer purposes: FHA re-advances or additional borrowing would be limited to improvement or repair loans; they could only be obtained on individual homes for one to four families (not larger multifamily buildings or projects).

house+home

May, 1954

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We're all being outsold.

PEOPLE WANT . . .

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VOLUME V, NUMBER 5



Cover: Pueblo Gardens, Tucson, Del E. Webb Construction Co., builders;
LIFE photo by Peter Stackpole

DIRECTORY



of home-selling and merchandising features

Here is a directory of nearly 400 ideas suggested in this special merchandising issue. Subjects are divided into 18 major groups that correspond generally with the main articles. Subjects are cross-referenced for easy use.

There is also a directory of both editorial and advertising pages listed by product classification following this section, on p. 122.

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DIRECTORY



of home-selling and merchandising features

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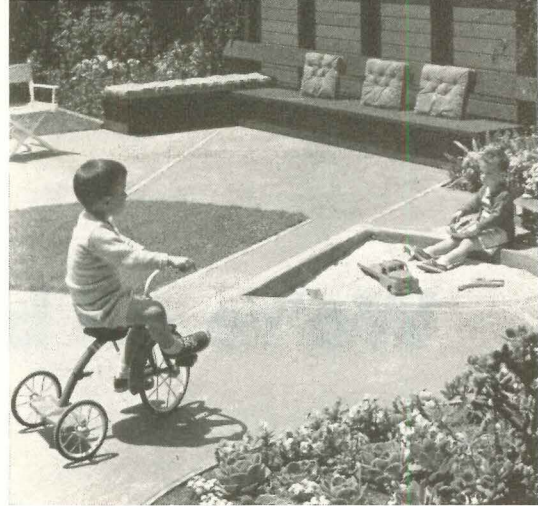
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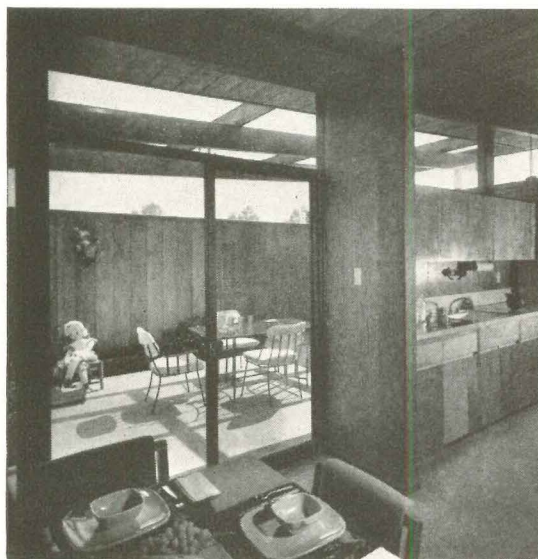
What do people want?



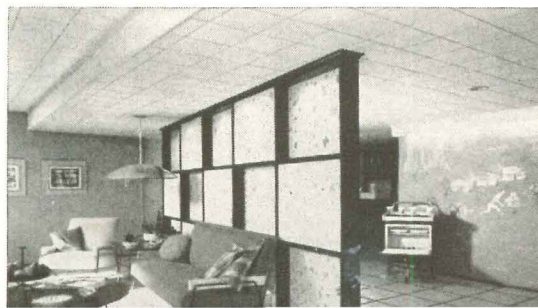
... outdoor and indoor play space (above and below)



... easier housekeeping



... space for the new leisure



Photos: (left) Philippe Halsman for LIFE, (top to bot.) E. Braun, © Ezra Stoller, M. L. Parker, W. W. Thomas

We're all being outsold

This issue of HOUSE & HOME is dedicated to raising the American standard of housing to catch up with the American standard of living.

It is also dedicated to helping everyone concerned with housing recover housing's lost share in the consumer dollar.

It is dedicated to helping architects, builders, mortgage lenders, realtors and suppliers play a more effective part in creating and selling better houses at lower costs.

At least 18 million American families can afford to buy much larger and better homes

Never before has the average American spent so little of his income on his home. Until these last few years we all expected to spend 20 to 25% of our earnings on our homes. Now, suddenly, the average has fallen closer to 12%!

In the past 25 years our national wealth has increased so fast that:

Four times as many families can now afford \$22,500 homes (1954 dollars) as could afford \$15,000 homes in 1929 (their equivalent in 1929 dollars).

Twelve million more families can now afford a \$12,000 home than could afford the equivalent \$8,000 home in 1929 (H&H, Mar. '54, p. 132).

But these millions of families who could afford better homes are not building them—buying them—and if they tried to buy them they could not find them to buy. While the potential market for \$22,500 homes was expanding fourfold, the number of such homes available—whether new or old—was actually falling 400,000 units since 1929. While the market for \$12,000 houses was expanding 300%, the supply of such homes increased only 30%.

Housing is the only major item in the family budget that has been cut down since 1929. Everyone is spending less for his home because he has been persuaded to spend proportionately more for autos, more for travel, more for food, more for clothes, more for entertainment, more for liquor, more for television sets. (Significantly, there are now far more television sets than bathtubs in Boston.)

In brief, whatever homebuilding's achievements in other fields may be (and there are many), the hard and simple fact is that housing is today the most undersold product on the American market.

In every other way the American standard of living has soared far above 1929. Only the standard of housing has lagged! That standard has lagged on new homes, for we have built far too many cheap houses and far too few better houses. The standard has been lowered on old houses, for maintenance and modernization have not kept up with wear and tear and obsolescence.

All of us must share the blame

This failure to sell better houses is partly the government's fault, for the Fair Deal set a mortgage pattern which made it far easier to sell cheap houses than good ones, and the government appraisers discriminated systematically against better materials, improved construction and fresh design (H&H, March '54, pp. 140-151).

The failure to sell better houses is partly the homebuilders' fault, for they have been too willing to follow the easiest way the government marked out. But how can we blame a small businessman building, say, 25 houses a year, if he decides not to buck the housing program of the federal government? And how can we expect him to match the selling techniques and selling power of General Motors or General Foods?

The failure to sell better houses is partly the mortgage lenders' fault. More often than not they have discouraged progress by refusing to finance homes that were not 20 years out of date before they were built.

The failure to sell better houses is partly the suppliers' fault, for too often they have misjudged the revolution in homebuilding and been slow to adjust their products and their pricing to the needs of industrialized construction.

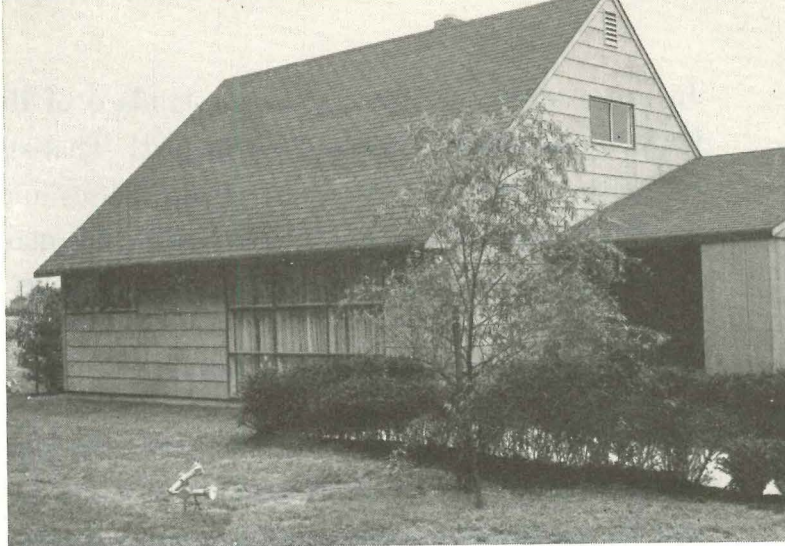
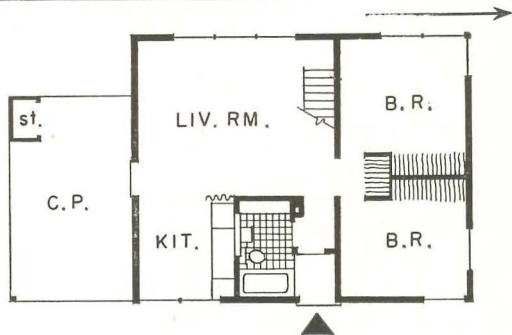
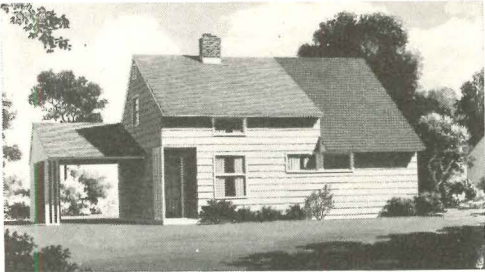
It is partly the architects' fault. Most architects have been blind to the great new field for architectural service that industrialized homebuilding was opening up for their profession, and most architects have been deaf to the challenge to help the homebuilders create better living at lower cost in their houses-for-sale—just as they would for their own custom clients.

It is partly the realtors' fault. They are the only sales specialists in housing, and they should have found some way to get into the sales picture faster (see p. 168).

In brief, this is an industry failure. It is also an industry challenge. If we meet this challenge, our very failure as salesmen since the war makes our opportunity and our market greater for tomorrow

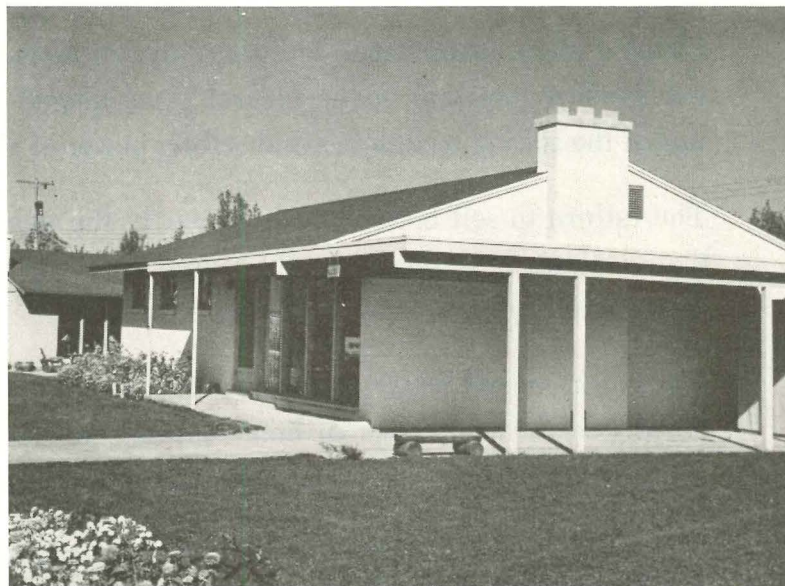
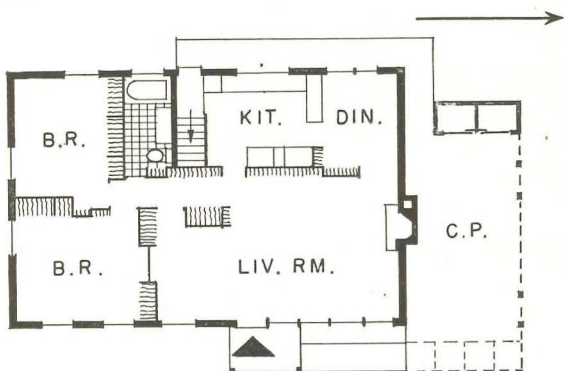
The concept of this issue of HOUSE & HOME is that the one best way to sell is to offer people what they want and then make sure they know you are offering it. So this issue is a directory of sales appeals and selling features.

We believe the desire for a better home is the deepest and strongest desire in the heart of every family. If we create those better homes and then sell them for all we are worth we need have no fear for our future market for years to come.



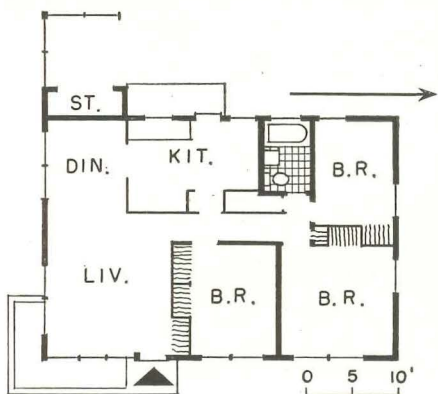
Levittown, Pa.: to keep prices down, sales up, the Levitts added 47 sq. ft. of useable space to their popular, two-bedroom expansion-attic house by rearranging hall. House got better traffic plan as well. Sales record: 1,400 in two months.

W. Beal Studio



Salt Lake City: Holmes & Jensen found it paid off to increase house size by 69 sq. ft. They gained even more usable space in their "storage wall" house by installing 62 lin. ft. of closets and cabinets. Their record: ten sales a month when others' sales slumped.

J. Wallace



Architect: E. W. Augustus

Louisville, Ky.: Trinity Corp. planned 70% of their 540 houses with two bedrooms, 700 sq. ft. as older model, quickly dropped this to 40% when they saw great demand for 1,000-sq. ft. three-bedroom house shown here. Sales record: 50 first

ove all

people want more space

at the houses shown on these pages. Each was a best in its city. Different though they are, they have one in common: **each is a bargain in space.** Home buyers so eager for bigger rooms that they overlooked any shortcomings the houses may have had and bought them by the . Most of the best sellers published in HOUSE & HOME good financing to quicken the sales pace; yet each of them s that the one quickest way to make sales is to give people they want: more space—space, as one builder puts it t people can put their feet on.”

Builders,” echoes an architect, “who have used techniques make small houses seem bigger—borrowing space from cent rooms or from outdoors—must now provide more al space.”

ORTUNE’s April survey of 306 builders in 40 cities high- s the sales appeal of space. Said builders:

There is a definite trend toward more space; people just e like small houses.”

People are looking for larger, more expensive houses.”

From 20% to 30% of buyers want four bedrooms.”

To bring in buyers we are providing larger bedrooms.”

Buyers are not shopping for just a roof over their heads.

More square footage for less money is the biggest demand.”

Builders will have to hold their price structure and give

customers more house.”

One builder sums it up: “If you give the buyer what he

wants these days, you have no problem. If you don’t, he can

always manage to get it from someone else by shopping.”

“Two things are happening spacewise in houses,” says Otto Hartwig, president of the Long Island Homebuilders’ Institute. “Builders are offering more house for the money than they did a year ago and buyers are willing to spend more money to get an even bigger house. So the buyer ends up with a bigger house, part of which he pays for and part of which he gets ‘free.’”

What specifically are buyers looking for? Consumer magazine editors at HOUSE & HOME’s Round Table on what people want in new houses (p. 174) pointed out some specifics:

Mary Kraft of *Good Housekeeping*, says: “Bedrooms should be big enough so people can double up the children.

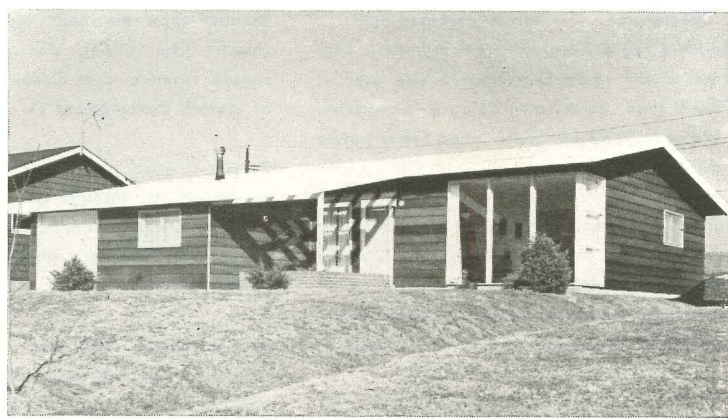
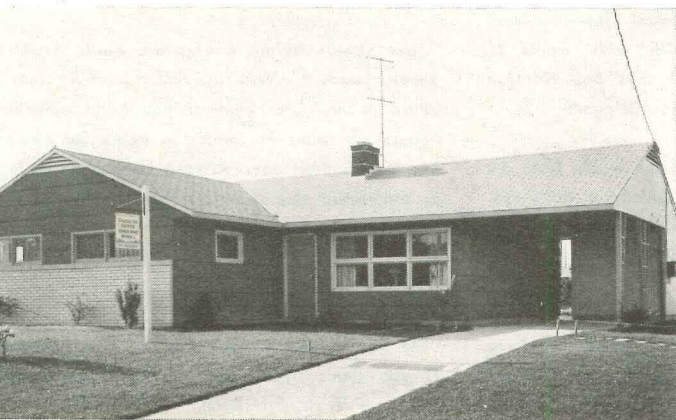
McCall’s Mary Davis Gilles says: “People want kitchens they can dine in, even in small houses. Houses under \$20,000 frequently do not have a large enough area for dining.”

People also want living rooms they can move about in without tripping over furniture, bigger and better bathrooms (p. 160), better arranged storage so they can take best advantage of the space they have (p. 152).

As evidence of a long-term and sustained space trend, John Normile of *Better Homes and Gardens* points out that sales of their Five Star plans prove conclusively people want three bedrooms (81.7% of sales), or four bedrooms (13.3% and growing); only 5% want two-bedroom houses. Exactly half want houses with a dining area in the kitchen.

The inescapable conclusion: the house with more space is the house that will sell the fastest.

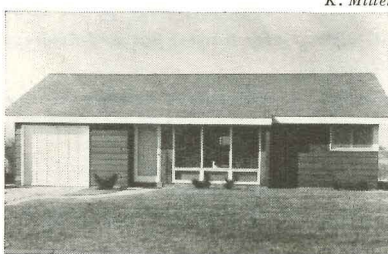
h & Bungarz



K. Miller



Newark, Del.: Lee & Kornreich switched from three-bedroom 840 sq. ft. house, left, to two new models, one with 1,030 sq. ft., another with 1,262 sq. ft. and additional bath (shown above). Record: steady eight per week.



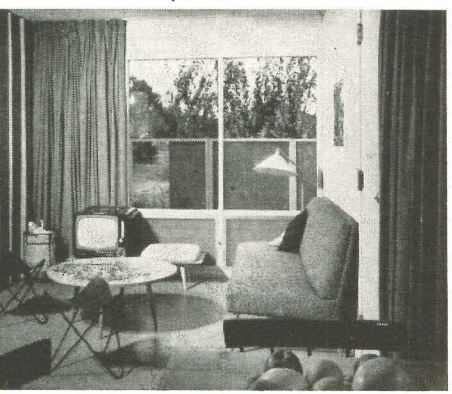
St. Louis: Fischer & Frichtel retained three bedrooms in fast-seller above—but added 67 sq. ft., mostly in enlarged utility—all purpose room adjacent to garage. Sales record: 50 sales ahead of starts without advertising.



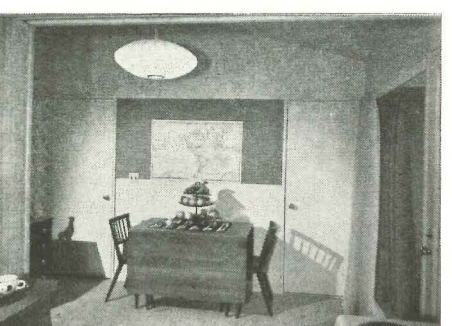
Second living area results from what otherwise would be basement in front-to-back split-level house by Hillside Terrace Inc. Grade door to rear patio does not show in photo.



Glass-walled "garden" room in latest Levitt house double as fifth bedroom, formal dining room.



Dining area of kitchen is at far end from formal living room in National Homes's Ranger (above). Dining area off kitchen doubles as family room, extra space in American Houses new prefab (below).



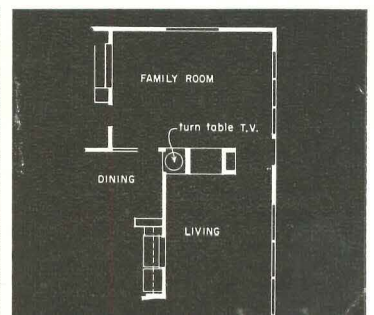
Most in demand: a "shirt-sleeve" parlor

Probably the biggest new demand inside houses today is for a family or all-purpose room. "Having talked about family rooms for 15 years, it is gratifying to find they are getting into smaller homes," said *McCall's* Mary Davis Gilles at the HOUSE & HOME Round Table (p. 174). Builders and prefabricators in many parts of the country, recognizing the demand for additional space, are already including all-purpose rooms. Consumer magazine editors suggested where it is not economically feasible to have a separate dining room, this area can combine dining, TV and general activities.

A *Better Homes and Gardens'* Round Table on consumer wants underlined the need for this extra space. People with children want a place where they can get away from their children, TV, or just a place to sit and read quietly, study, pay bills or relax.

Separate family room in Designer Arthur Lifferth's own house is open to formal living room (below), has two-way fireplace, storage closet for movie projector, toys, easily cleaned floor surface. Plan shows how TV set can be turned to serve dining area, family room or formal living area.

Photos: R. Jacobs Studio; R. C. Lautman; Sam Kichas; R. McCay Morgan

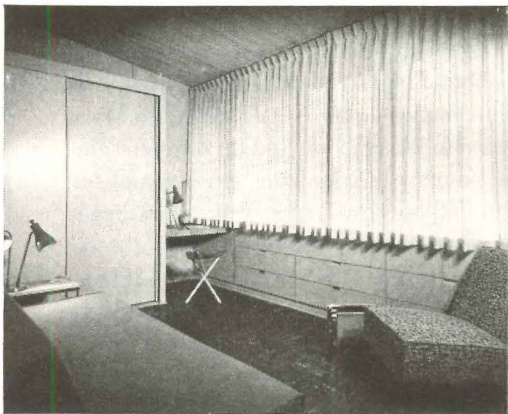


Where can you get more space?

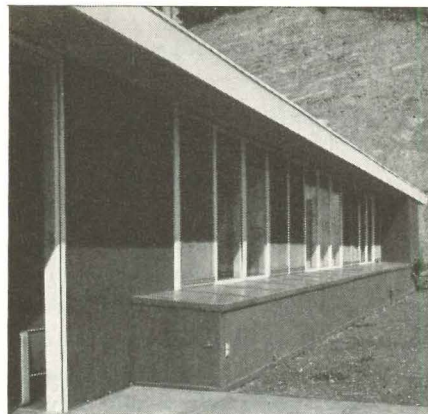
Assuming you have provided as much psychological space as possible through open planning, color selection, space borrowing from the outdoors, there are other ways—within the perimeter of the house and garage—to give people space they can put their feet or the legs of furniture on. Some:



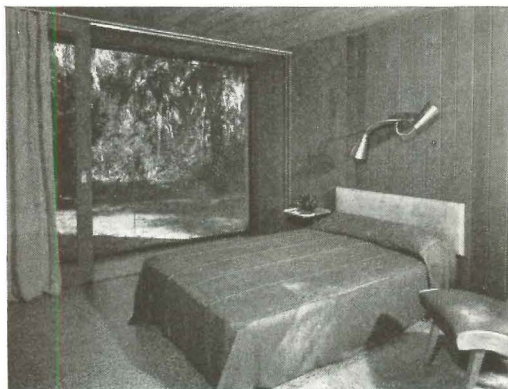
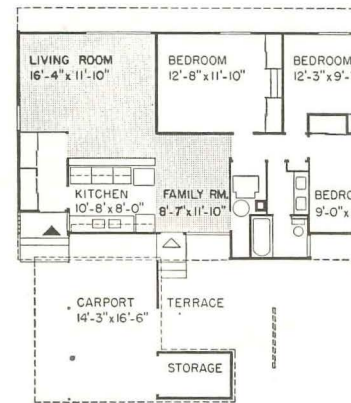
★ **From hallway.** Over 30 sq. ft. of borrowed but usable space is added to living room by judicious placement of storage wall in American Houses' Freedom model. Note also how family room gains 25 sq. ft. (plan below).



★ **Under overhang.** Built-in drawers under windows eliminate need for bureaus, add more leg and chair space to bedroom in house by Rodney Walker.



★ **Boxed under overhang,** built-ins get weather protection. Full-height closets could be used in windowless wall areas.



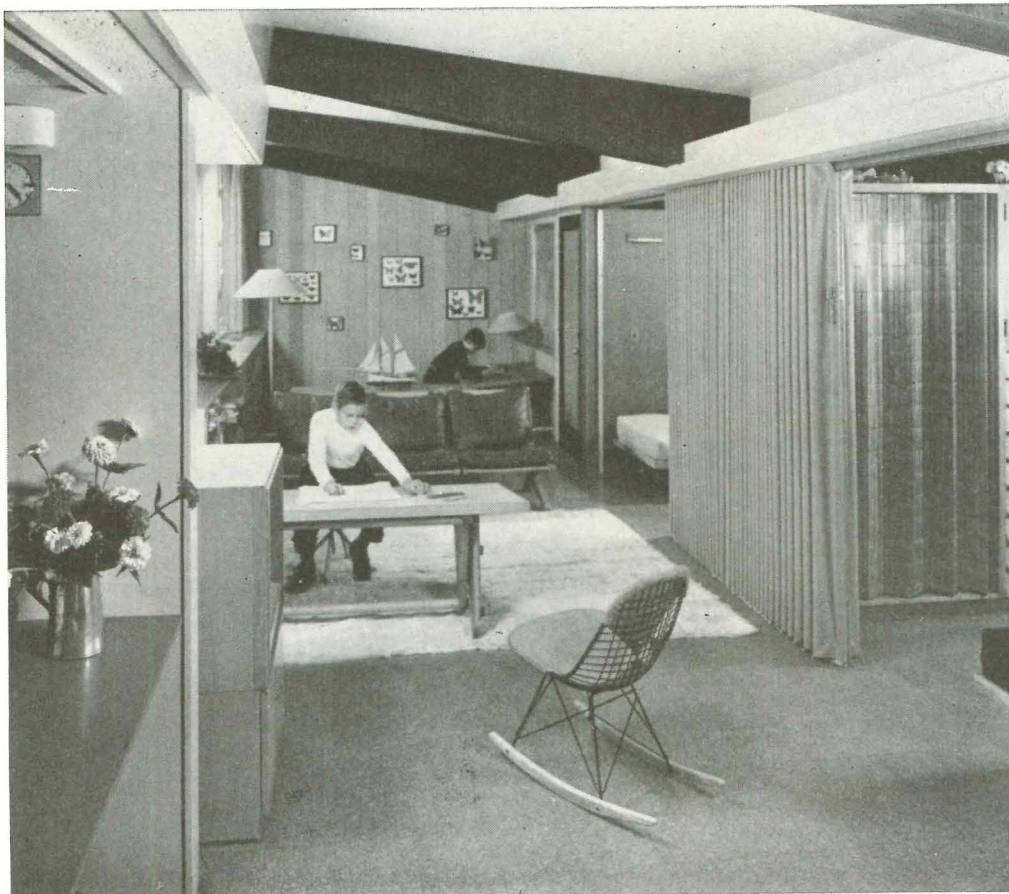
★ **Screened galleries under normal roof overhang** become part of interior when sliding-glass doors are pushed back in house by Architect Gene Leedy.

Under disappearing stair. Double dividend results from its use: no additional space is needed for permanent stair well, access to storage area literally as big as the house at a cost of \$30. "These make good sense in basementless houses," says Media Architect George Hay, "because they are one answer to the basement equivalent." Another application: in garages for overhead storage.





Kitchen or living area. Dining space added to either by moving curtain back in P & H prefab.



★ **From bedroom.** Playroom directly outside children's sleeping cubicles becomes one giant-size area, big enough for them to have a party in. Architect: Robert Little.

How do you cash in on more space?

It is an easy sale. Home buyers take to bigger rooms like a duck to water. But here are some ways you can make a self-sell even faster:

1. Make sure salesmen know how big rooms are. Get them to make comparisons between your larger bedroom and the average 100 sq. ft. bedroom and tell prospects how much more space it can take without being crowded.

2. Furnish your model house. Houses, furnished properly, look more spacious than when they are bare.

3. Don't let furnishings dominate. Too many pieces will make a big room look smaller. If rooms in a display house are only as backgrounds for a mass of furniture, your prospect may decide his own house will do very well, thank you, for just bought some new furniture. Since buyers do not buy all their furniture purchases at once, it is a good idea to help them imagine how their own furniture may fit in.

4. Keep furniture close to walls and since diagonal placement is not the best business, parallel to walls.

5. Choose furniture in scale with the rooms or underscaled to draw attention on room dimensions rather than furnishings.

6. Traffic plan your model house. Make certain nothing gets in the way of circulation. The best route through the living-dining area will give spectators the longest view of it. Widen traffic aisles here so prospects have a vantage point from which to study the room.

7. Use wall-to-wall floor coverings. Cotton carpets are inexpensive, come in good colors. They will make a room look bigger than several scatter rugs, deaden sound of traffic.

8. Do not spatter color like a painter gone berserk. Keep large areas neutral (e.g. grayed with bright accents for pickup (see p. 157)). If you use a decorator, insist on room-enlarging shades and hues. Blues and greens are receding (enlarging) colors; reds and yellows are advancing (diminishing) colors. Use the same or related color throughout the house so each room borrows space from the next (all your doors will be open, anyway).

9. Ration paint or wallpaper patterns. They tend to define space rigidly. Offer a choice of wall-covering designs so buyers can suit themselves.

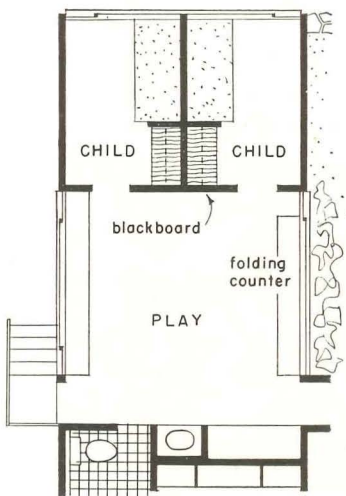
10. Don't forget to devote at least one newspaper ad to space: size of rooms, their number, hobby or recreation rooms, size of garage, basement and storage facilities.



© Ezra Stoller

Mothers want

space designed for children

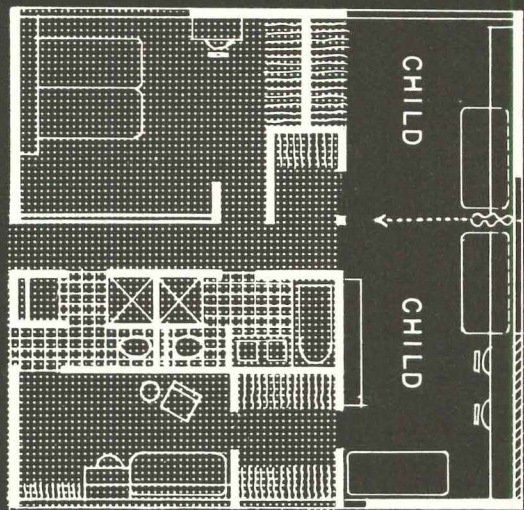


Combination of bunk rooms with big playroom was designed by Architect Edward L. Barnes. Picture (above) shows louvered doors for better ventilation, double-hung blackboard between doors.

To sell a house to a mother is easy; all you have to do is show her how you have made life for her children more pleasant and their upbringing less strenuous. It sounds like a big order, but you can "design for children" for as little as 25¢ (a little blackboard on a playroom wall that will serve as a display for children's finger paintings, or as a notice board for lists of things to do)—but you can also spend a good deal more, and it may very well pay you to do that.

Here are some of the best design ideas produced by modern architects for children. The big blackboard (a two-piece board that slides up and down like a double-hung window) is a tremendous success; so is the double-decker bunk, the low-level bookshelf, and the bedroom with playful children's wallpaper. But the design for children goes further than that.

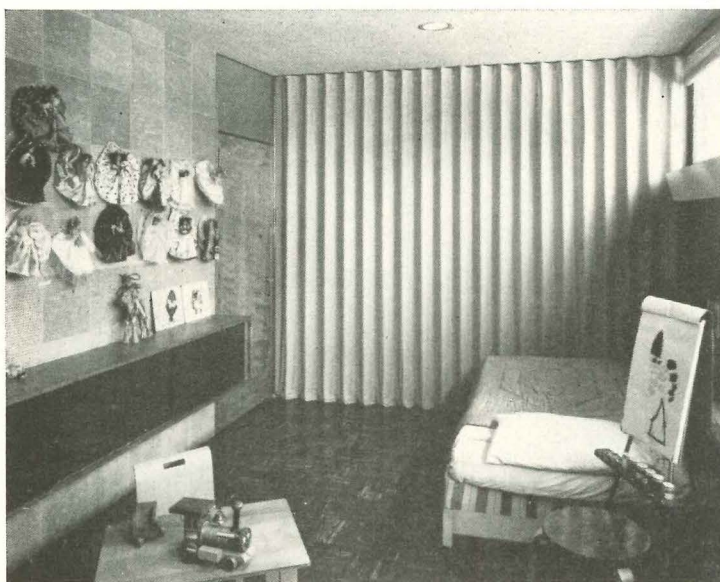
The plan (at left) shows how far it can go: here is a design for two small children. They sleep in minimal bunkrooms that open up, like stalls in a racing stable, into a big, adjoining playroom, complete with blackboard, low-level storage, low-level bookshelf (a very important item) and impervious floor finish. Other design ideas for children include bedrooms separated merely by sliding folding walls—so that the rooms can be thrown together to form one great playroom during the day.



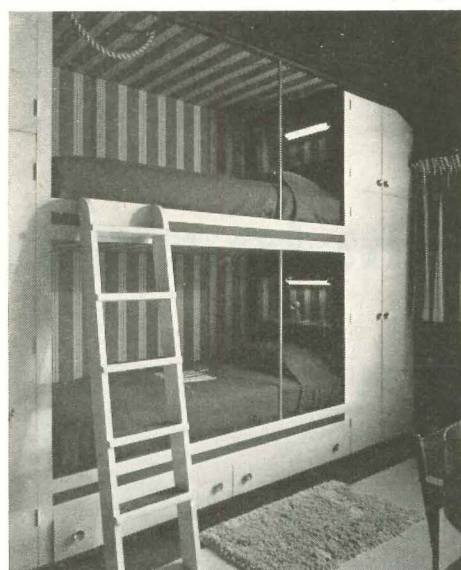
★ **Folding partition** divides two small bedrooms in this house by Architects Breger & Salzman. During the day partition is retracted, turns the two rooms into one spacious play area. Perforated wall covering has been used as huge tack board, with golf tees acting as pins. Sound-absorbent backup is another thoughtful feature in this part of house.

★ **Drawers and sliding-door cabinets** for children must be close to floor to be readily accessible; shelves can be added above as children grow older. Window sills might be lower in children's rooms than shown here, to give two- and three-year-olds a chance to look out. Note useful tack board over most of wall. Architects: Nemeny & Geller.

© Ezra Stoller



R. McCay Morgan

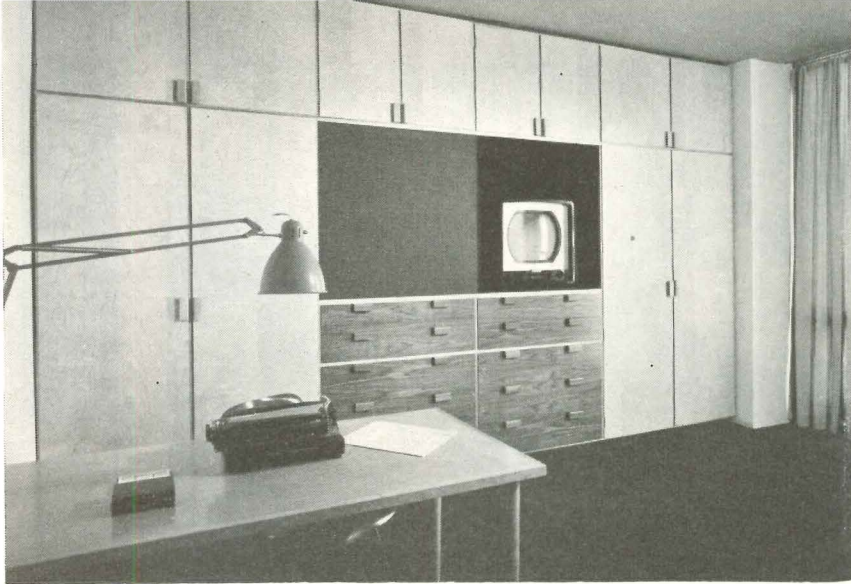


★ **Double-decker bunks**, complete with storage cabinets (even under the beds), are great space-savers, can make small bedrooms infinitely more useful. This design is by Architect A. M. Hyde.

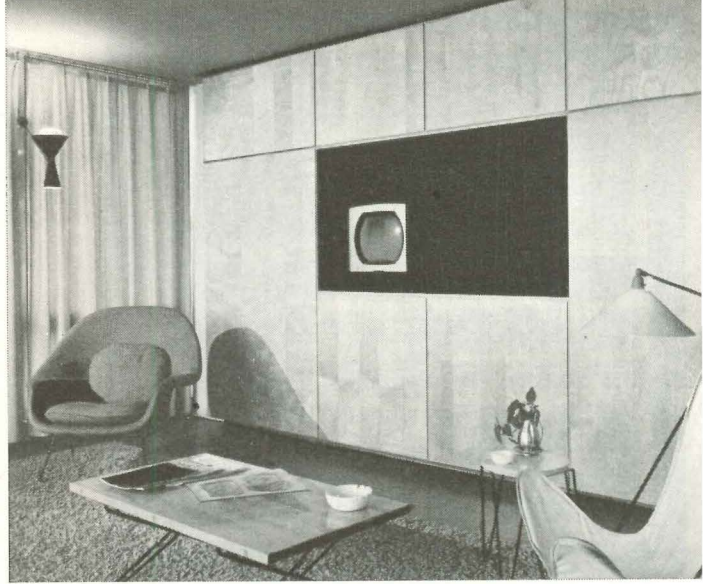
Ben Schnall



★ **Figured wallpaper**—not only attracts children—it also camouflages their destructive impulses better than a plain surface would. Under window storage is scaled to size of three-year-old boy.



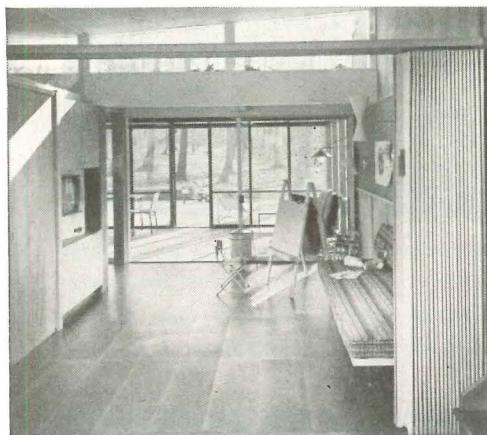
★ **Television** on turntable can be viewed from either work-play space (above) or living room (right) in storage wall setup designed by Architect Robert B. Picking and Designer Henry Wright (cost: \$800 installed).



Behind black perforated pressed board is spot for phonograph or Hi-Fi. Wall includes wardrobes, two chests of drawers, hobby storage bins, a record-divider unit. The storage wall measures 8½' x 14'.

People want

room to enjoy the new leisure



★ **Turntable** in storage partition (left) holds TV set in playroom off outdoor play area. Folding partition can shut out TV. Architect: Leo Fischer.

Photos: (top) Suter, Hedrich-Blessing; (c) Ben Schnell; (below) © Ezra Stoller courtesy of House Beautiful



★ **Turned** to face away from living room, television is in separate area. Living and TV areas can also be used as one. Architect: J. Wesley Leake.

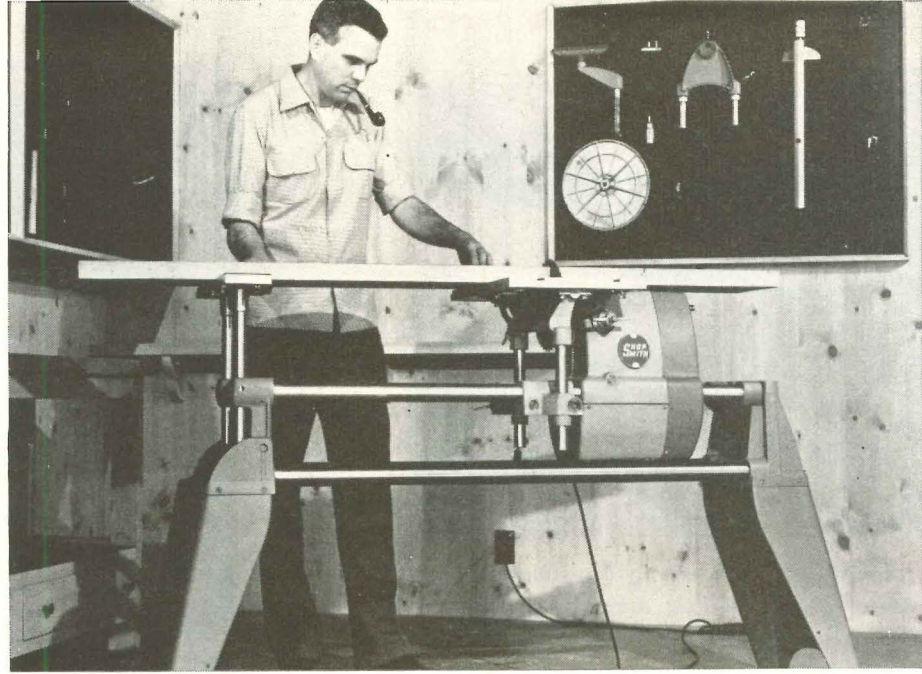
Week-end carpenters spent over \$3 billion on home carpentry in 1953. Over 11 million have their own workshops. And that's only part of the story of the new leisure Americans are enjoying. With literally a thousand more leisure hours per year than their grandparents had, and hundreds more than their parents, people are spending millions on hobby gear. Example: half a million new hobbyists joined ranks of Hi-Fi enthusiasts last year. Sales of high-fidelity equipment reached an estimated \$100 million last year, will shoot to from \$200 million to \$300 million in the next two. If hobbies are not putting a strain on the family budget, they are at least putting a strain on the space in which to do them.

Hobbies are one big reason why basement houses have made such a big comeback on Long Island, say many realty salesmen. "Men seem to want a place to putter around in even if it's just to get away from the kids or television," and lots of women paint or sculpt.

... a separate place for television

One of the chief reasons why many people were TV holdouts in the early years, notes the radio-television industry, was television's "disrupting" influence. Almost everyone who bought a television eventually agrees "how right we were!" For television has turned living rooms into little theaters for neighborhood kids (or a growing number of children in families). The solution: an area apart. Best bet: a family room. "Children do not want to sit with adults, especially with television," said a member of a *Builder's Homes and Gardens* panel on house design. "And adults don't want to watch children watching television. If it's in a separate place, it can be shut out without raising the roof."

can males spent over \$150 million on power tools last year. Attendance at hobby and do-it-yourself climbs steadily upward (in three major cities this over 300,000). But power tools pose problems. Should they go? Suggested a panel member at a Homes and Gardens meeting: "... in a basement, rate building or half of a heated two-car garage. t see how they could possibly work in a family They make a racket and there's a safety problem children."



Magna Engineering Corp.

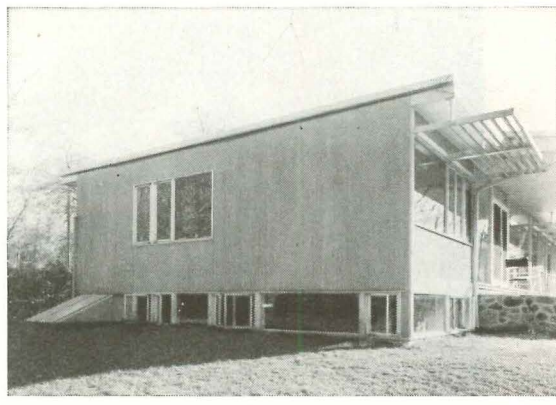
W. W. Thomas



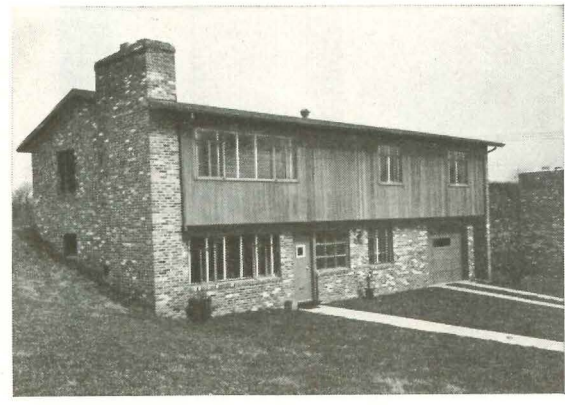
ent transformed into a hobby-recreation area is d into two separate areas by window buck glazed decorative translucent glass in house designed by r & York. Furniture faces planting area, windows. ors: Beatrice West.



★ **Ground-level** recreation rooms of split-level houses on Long Island are biggest features in their favor, responsible for sales of this type of house. Note how Old Oaks model house dramatizes uses without signs. Courtesy of American Home. Architect Samuel Paul.



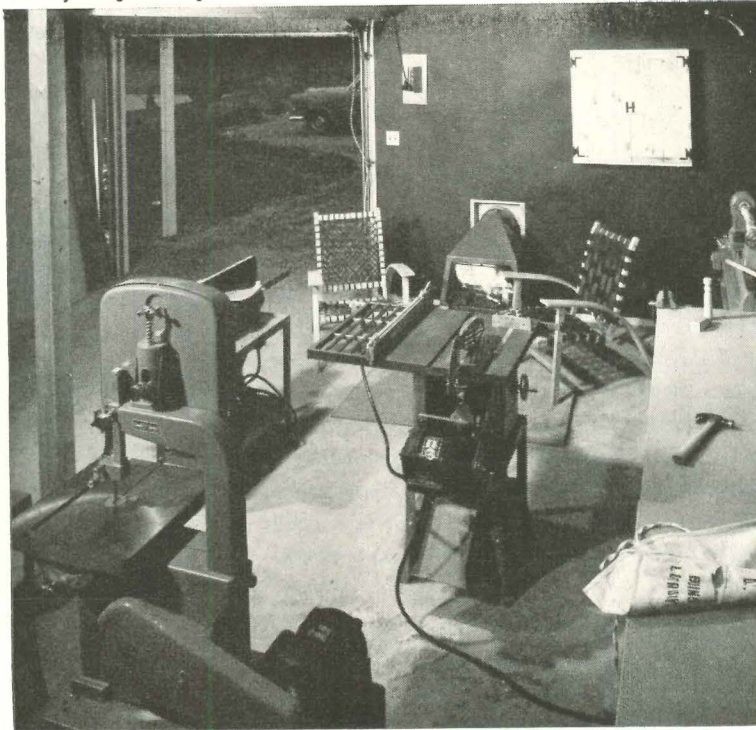
★ **Daylight** is important selling point for basements when used for hobbies or recreation. Outside entrance links dry, airy interior to outdoors.



★ **Easy sales** are made by Henry J. Rolfs, Washington, D.C. builder who turns basement into hobby, play or even living space at grade level on hillside lots.



★ **Hobby** (painting) gets extra area by borrowing from first-floor gallery. Essential daylight comes through windows over raised cabinets. Folding door closes to turn area into study. Architect: A. L. Aydelott.



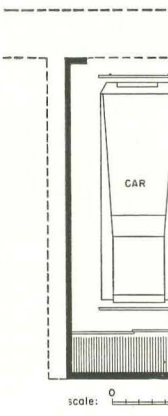
★ **Hobby space.** Carl Koch offers space for complete workshop in two-car-sized garage of Techbuilt house (see plan below). Note highly merchandisable features that speak for themselves: ★ fireplace (\$86), ★ planned storage, ★ bench.

A garage that's convenient for more than parking the car

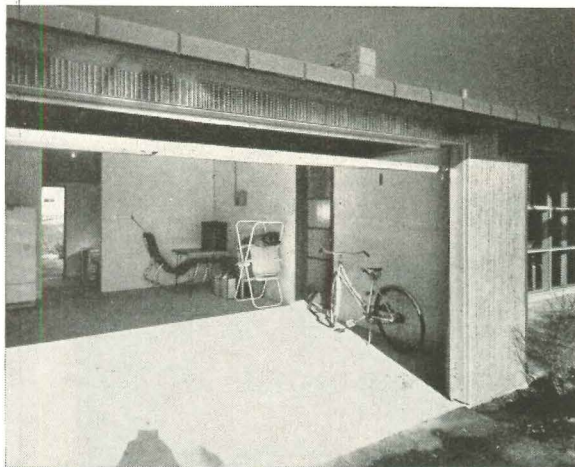
Today garages are the home-owner's catchall. "I found that people wanted a two-car garage because it solved their workshop and storage problems," says Builder Joe Eichler. "Let's face it," says another builder, "the garage is only incidentally for the car for many people."

Carport clutter is so bad in suburbia that one California bank stopped buying mortgages on tract houses which did not have enclosed garages.

A convenient garage has sales appeal for the man who pays the bills. These photographs show what people want in a garage.



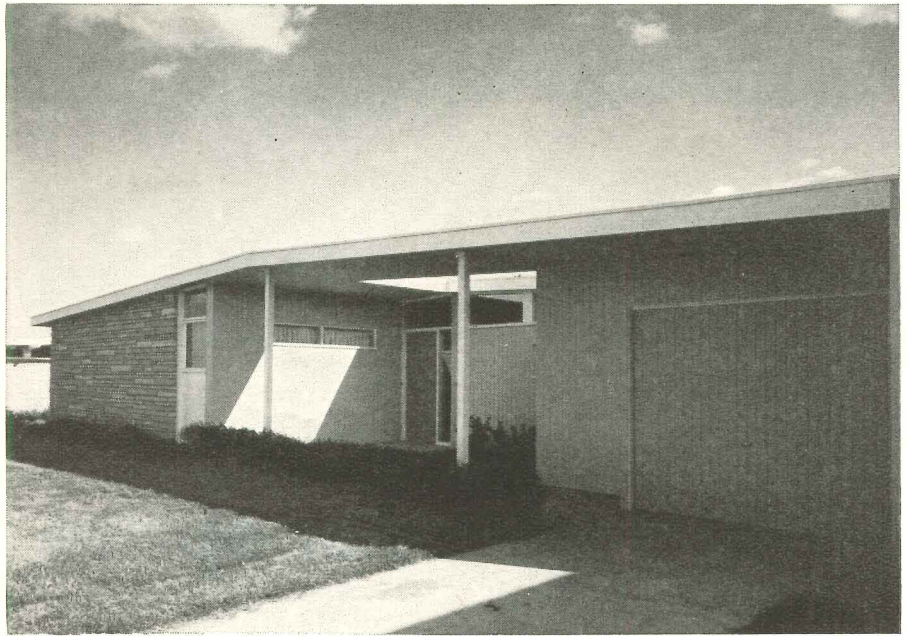
Photos (below & right): Ben Schnall



★ **Plenty of storage.** This was in Levitt's mind when he designed the Landia house which had oversized two-car garage to provide space for garbage can, bicycles, summer furniture, besides bulk storage in utility room in rear.

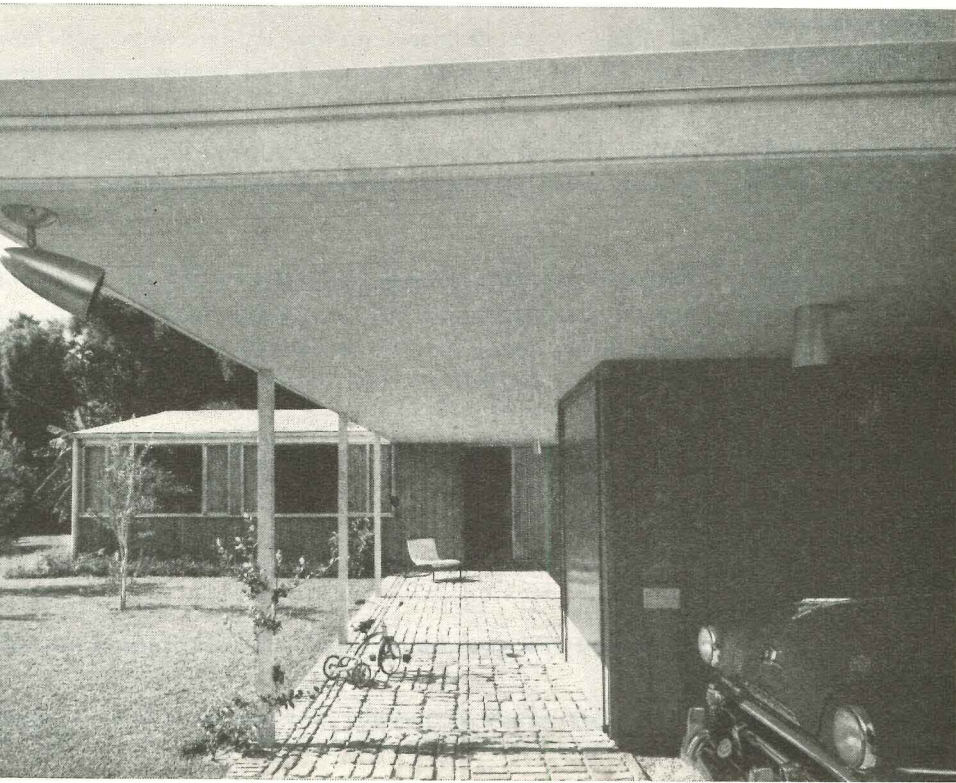
★ **Link to house** under low-cost translucent paneling. Garage can be reached under cover in rainy weather. Detached as it is, noise from power machinery won't keep the children awake—sales point that could be made by a sign.





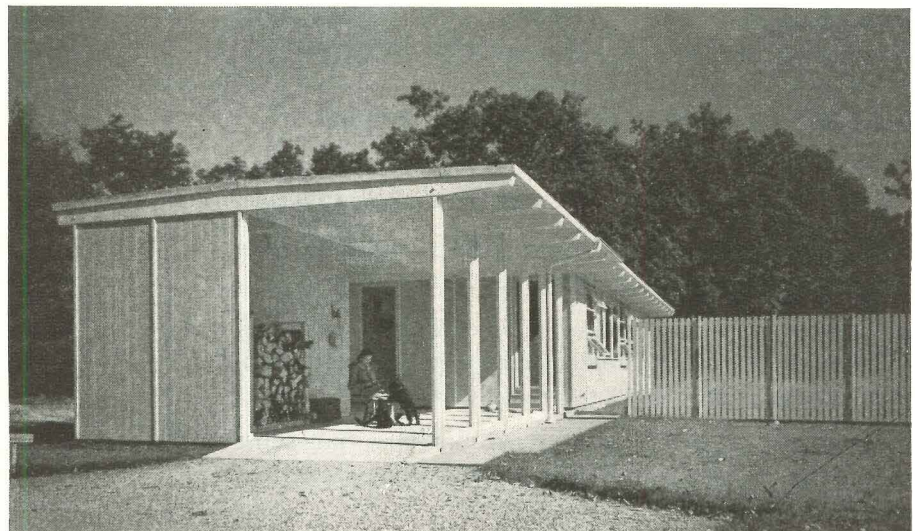
★ **Proximity to kitchen.** Service door inside garage is direct link to kitchen so housewife doesn't have to track through living room with the groceries. Wide overhang affords rain protection to front door for guests. Builder: Howard Grubb; architect: Donald Honn.

Rudi Rada



★ **Covered outdoor play space for children.** Extension of overhang provides long runway for wheeled toys, offers sun and rain protection. House was designed by Mark Hampton.

Dearborn-Massar



★ **Porch provision.** The old-fashioned porch is making a comeback under the carport roof in many areas. Nearly double-width carporch by Johnson & Whitcomb has enclosed storage area (left), open storage space for cordwood, serves also as a summer porch.

People want

planned outdoor space

As soon as buyers move into a house, they start moving outside—and not just in mild areas like California and Florida. In Maine, in Minnesota and all over the US the outdoor living boom is on. *Buyers want to use the piece of land they pay for—for extra living space, outdoor dining, gardens, children's play.*

Smart builders are turning this strong demand to their own profit by supplying professional outdoor planning. They have found:

- ▶ Outdoor living, dramatically presented, sells houses fast.
- ▶ Designing house and lot together can turn the smallest, cheapest house into a private estate. The smaller the house, the more the owners *have* to use the outdoors.
- ▶ Outdoor structure and planting properly connected to the home are the cheapest ways to make a small house look big—from inside *and* from outside. Fences, terraces, porches, trellises stretch size and value at a fraction of the cost of indoor space.
- ▶ The services of a good landscape architect add to the over-all value of a house, are essential in today's competitive market.

How do you offer planned outdoor space?

First, hire a good architect. You can't graft outdoor living successfully onto a house that isn't planned for it.

Second, hire a good landscape architect (on larger projects, a land planner, too). He will work with your architect to interlock indoor and outdoor design so they function smoothly when completed. As in other professional fields, the best available talent is the cheapest in the long run, *if you get it before you start.*

Here is what this outdoor expert can do for you:

1. Create more lots than you thought possible out of a given piece of land, and square them off to make each one more usable.
2. Shorten total length of streets and utilities needed to serve these lots, and make streets safer and quieter.
3. Select the right trees to be saved, make decorative community assets out of ravines, brooks, rock outcroppings and other topographical features most builders regard as hindrances.
4. Help site the houses for good views, sunshine, prevailing breezes, privacy, and get more honest and interesting variety out of one or two basic plans.

5. Show you basic plantings that will create decorative or screening effects at the lowest cost.

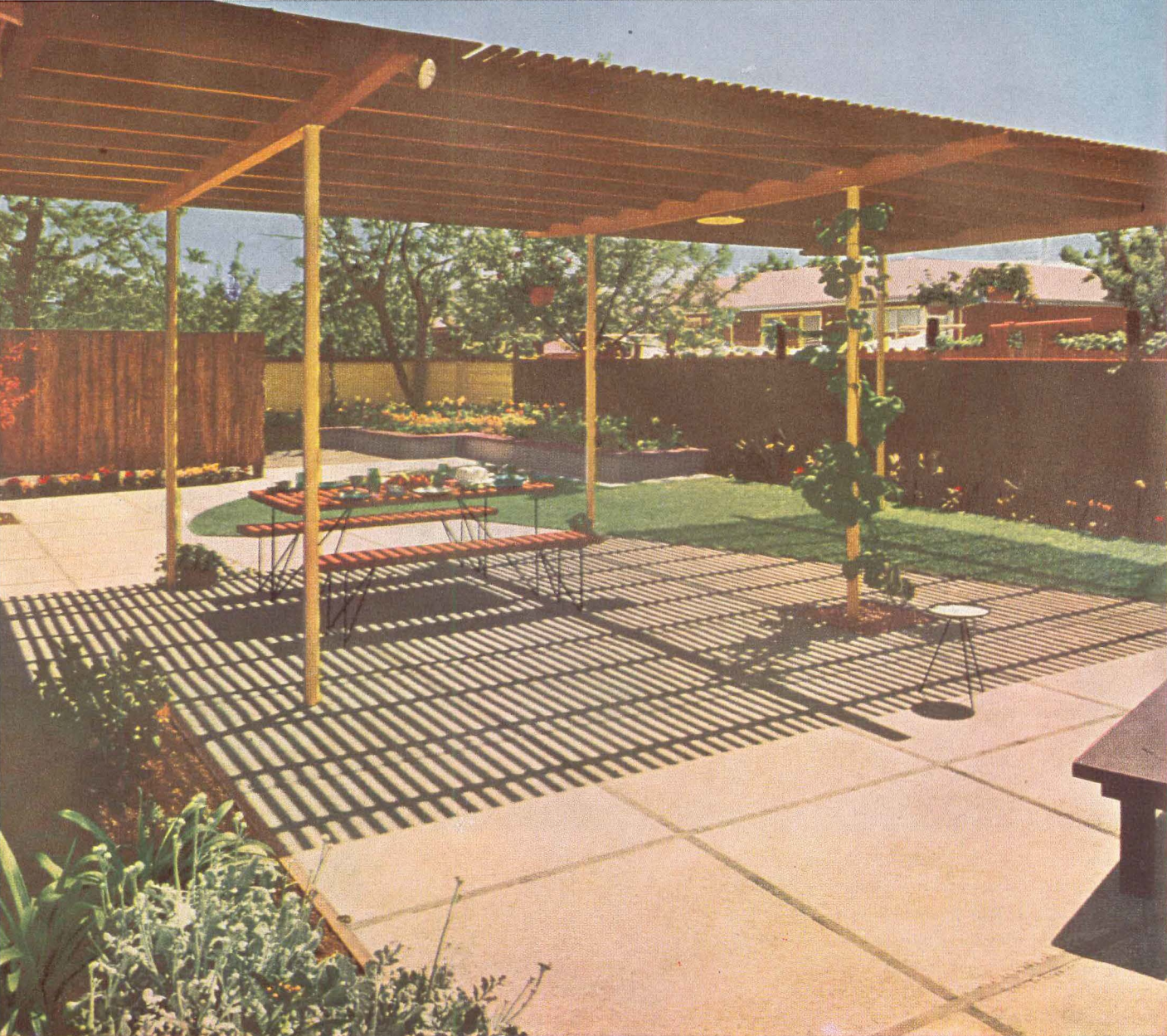
6. Plan proper drainage, prevent erosion, show you how to stockpile topsoil so it can be moved back to support plant growth.

7. Give you a master plan for future development of the lot, varied landscaping plans for each lot, plant lists and instructions to buyers for planting, building fences and outdoor structures.

Fee: \$10 to \$150 per house, depending on the size of the house and the extent of his services. *But if you don't call in the expert early in the game, the best he can do is a salvage operation. Don't expect much if you ask him in after the houses are built to "pretty them up a little."*

Do you and your buyers make these common mistakes?

- ▶ Carelessly kill perfectly good trees by removing or adding a couple of inches of soil above their roots?
- ▶ Plant street trees in an absolutely straight row? This makes their inevitable variation in foliage even more apparent. As soon as one dies it will stand out like a missing tooth. Stagger them.
- ▶ Plant trees too close to sidewalks, curbs or future terraces? Rapidly expanding roots may crack and heave the concrete.
- ▶ Put fast-growing evergreen cones 3' o.c. around the foundation? They may soon obscure windows, get up under the roof overhang, keep sun off the siding and cause paint to peel.
- ▶ Line up plants like a row of soldiers? This makes the finished lawn look pretty much like the nursery it came from.
- ▶ Plant the whole lot with grass, then have to mow, water, weed and fertilize it all the time instead of using and enjoying it? Other ground covers are more practical (see p. 142).
- ▶ Buy expensive plants where cheaper ones would do the same job and look just as well, or buy varieties that require a lot of attention? Proper selection takes expert advice.



ndal Partridge

★ **Inexpensive garden shelter** adds an “extra room” to builder’s small house; privacy fences extend its apparent size out to the lot boundaries. Fence (in left background) screens off garbage-can and clothes-drying area. Landscape architect: Thomas Church. Photos courtesy of House Beautiful.

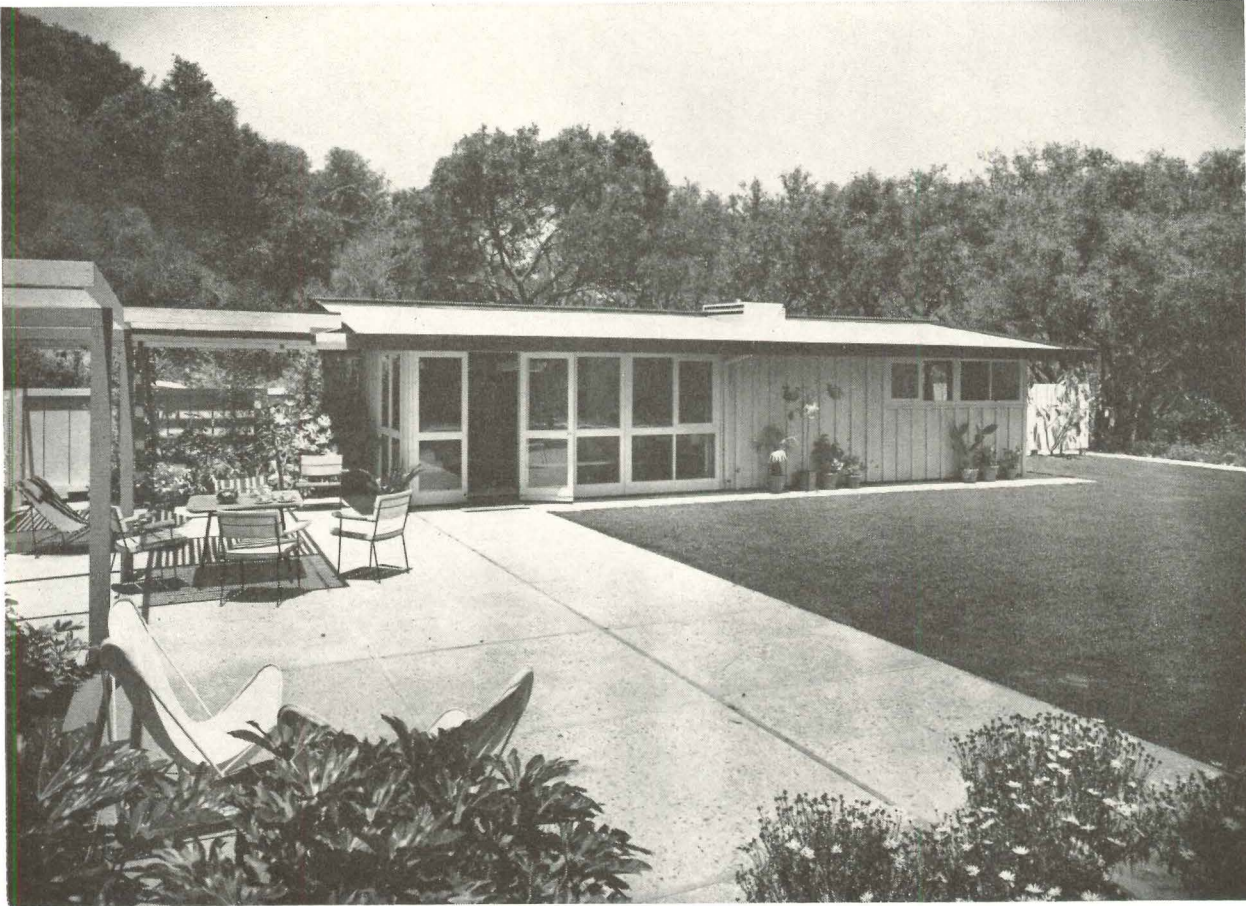


Before, rear yard was a litter of weeds and garbage, offered little suggestion of how to clean it up and put it to work.

Parker



After professional advice, the yard was transformed into areas suitable for outdoor sitting, dining, play. Grass was kept to a minimum for easy maintenance.



★ **A big terrace**, furnished for outdoor living and dining, helped sell these California houses by Designer Cliff May. Strip of concrete all the way around the house forms dry walk, permits easy tending of plants. It also acts as a splash surface, eliminating gutter, and makes a visual "pedestal" for the whole house.

★ **Outdoor furniture**, masses of potted flowers and glamorous night lighting all added to the sales appeal of National Home's Ranger prefab designed by Architect Charles Goodman.



To sell the idea of planned outdoor space . . .

1. Landscape one model house completely

- ★ Make your outdoor "rooms" look ready to live in, just as you furnish your interiors. You can't afford to leave it to the buyer's imagination.
- ★ Get a local nurseryman and landscape contractor to underwrite the landscaping on your model house. Like furniture stores and decorators, they are interested in the future business they can get from your buyers.
- ★ Increase your "drive-up" appeal. Put your model home near trees. If there are no trees, import a couple of full-grown ones, plus some sod, grown shrubs, winter grass, vines, annuals.
- ★ Put a couple of dozen potted flowers on your terrace; this inexpensive dash of color has actually sold houses by itself.

2. Dramatize your outdoor package

- ★ Play up the name and reputation of your landscape architect as well as your architect in sales talk, signs and advertising.
- ★ Hang color renderings of the master landscape plan and individual plot plans in a prominent place. This shows prospects their homes and neighborhood will look like later on.
- ★ Show prospects just how much money they can save by buying their own fences and doing their own planting.
- ★ Floodlight garden areas dramatically at night; provide swings for visitors' children.

3. Give each buyer a landscape program . . .

- ★ A detailed plan drawn up specifically for his house and lot.

st with costs, instructions on where and when to plant
o take care of planting.

schemes for building his own fences, porches, terraces,
elters, etc. If these are professionally designed to go with
you will avoid a rash of amateur "improvements" that
ally lead to lower property values, even bring on pro-
cal ordinances.

with the landscape architect to provide an hour's con-
t cost to home owners who want to vary the stock plan
ovided them.

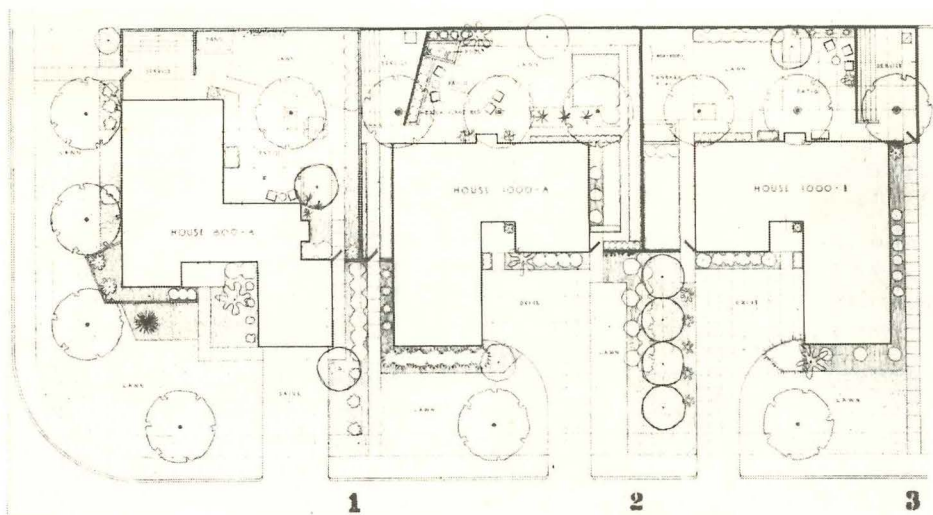
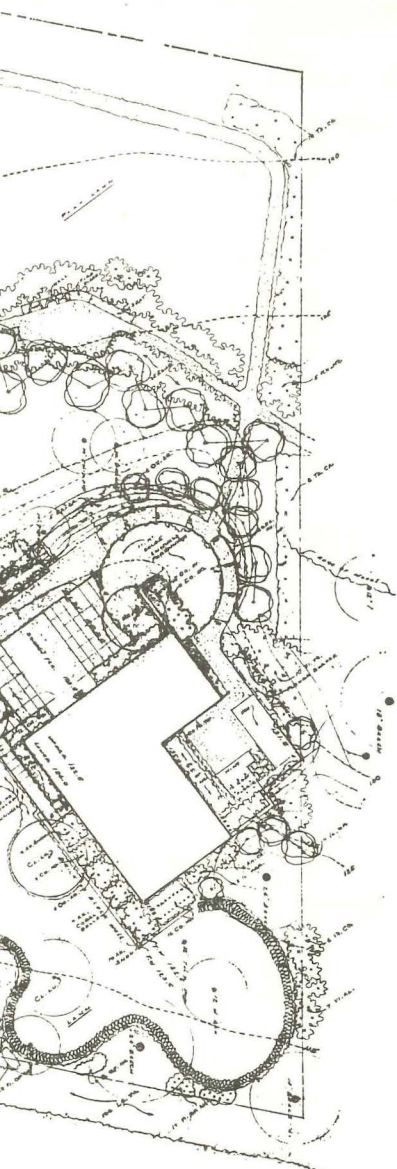
ast-growing shade tree or a couple of fruit trees in the
ded for outdoor living. This can act as a "starter"—a
at will pull owners out into the yard and encourage them
ad with their share of the landscaping program.

nd help him carry it out

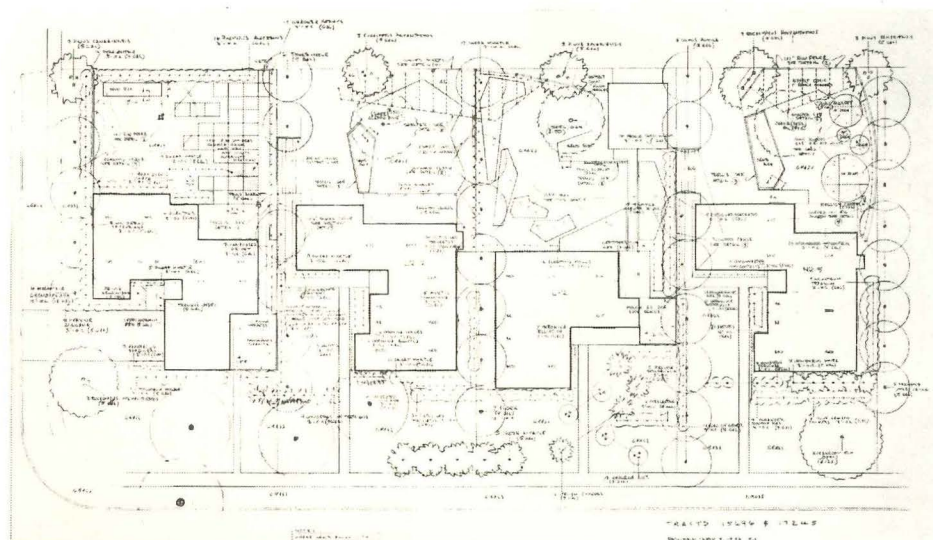
asy for buyers to get more plants: arrange with the nurs-
e them your discount or your landscape architect's disp-
start a community organization that can buy in bulk.

- ★ Give owners a certificate for free nursery plants in return for supplying you with names and addresses of friends interested in buying a home.
- ★ Arrange nursery sales and let your owners know about them.
- ★ Give each buyer a fine fruit tree or flowering shrub a few months after he moves in—a nice reminder that he should be keeping up his property.
- ★ Help start a garden club that will sponsor prizes for the best landscaping jobs.
- ★ Require your buyers by contract to plant the front with grass or other ground cover within two months of occupancy.

By showing your buyers how to improve and maintain their property, you are doing yourself two big favors. First, you create the good will and word-of-mouth advertising that sells more houses. Second, you insure the development of an attractive community with good resale values—a showpiece you can point out to lenders the next time you need mortgage money.



★ **Builder William Blackfield** of San Francisco used seven plot plans by Landscape Architects Osmundson & Staley as sales aids, gave them to buyers.



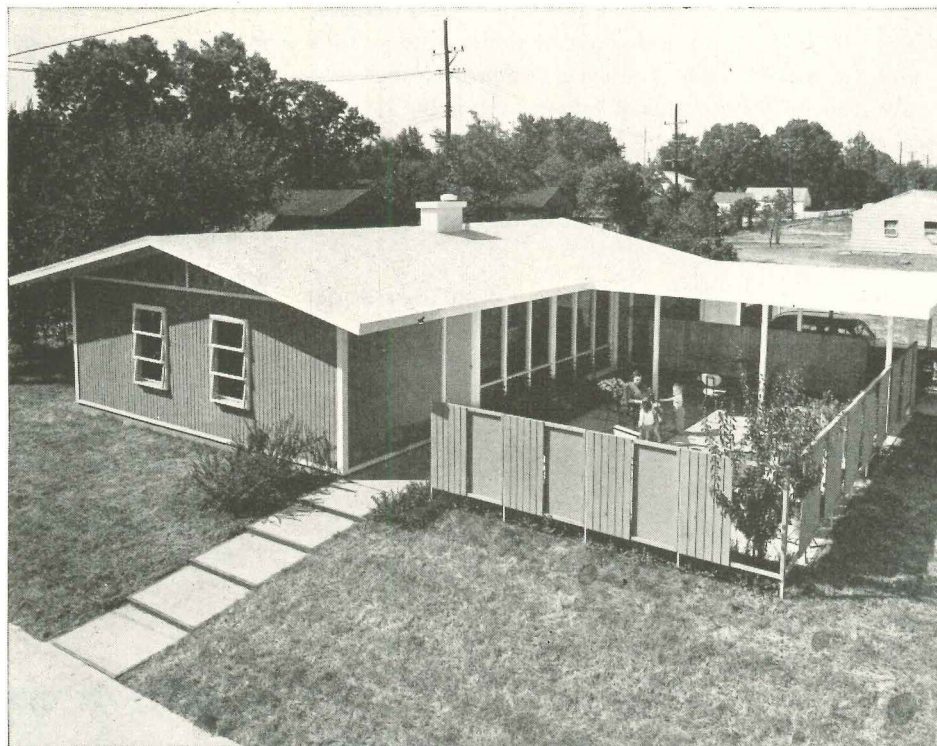
★ **Builder Ray Hommes** of Los Angeles had Landscape Architects Eckbo, Royston & Williams draw up plans for his four models, offered these to buyers.

Robert Davenport of Washington, D. C. paid Architect Dan Kiley \$150 per house for programs for his \$18,000 to \$30,000 houses.

How to build outdoor rooms

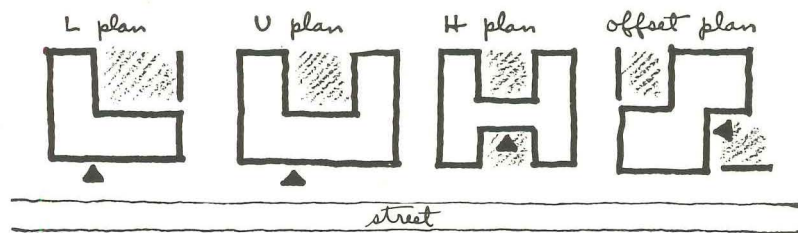


★ **Sheltered sun pocket** in the U of this house by Cliff May and Chris Choate extends summer outdoor living well into early spring and late fall. Paving alternates squares of gravel, concrete.

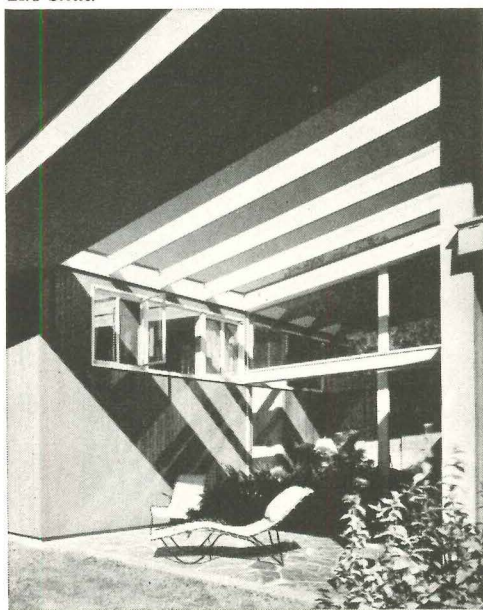


★ **Garden court** of National's Ranger model, designed by Charles Goodman, AIA, doubles as a play pen under kitchen window surveillance

Integrate them with the house plan



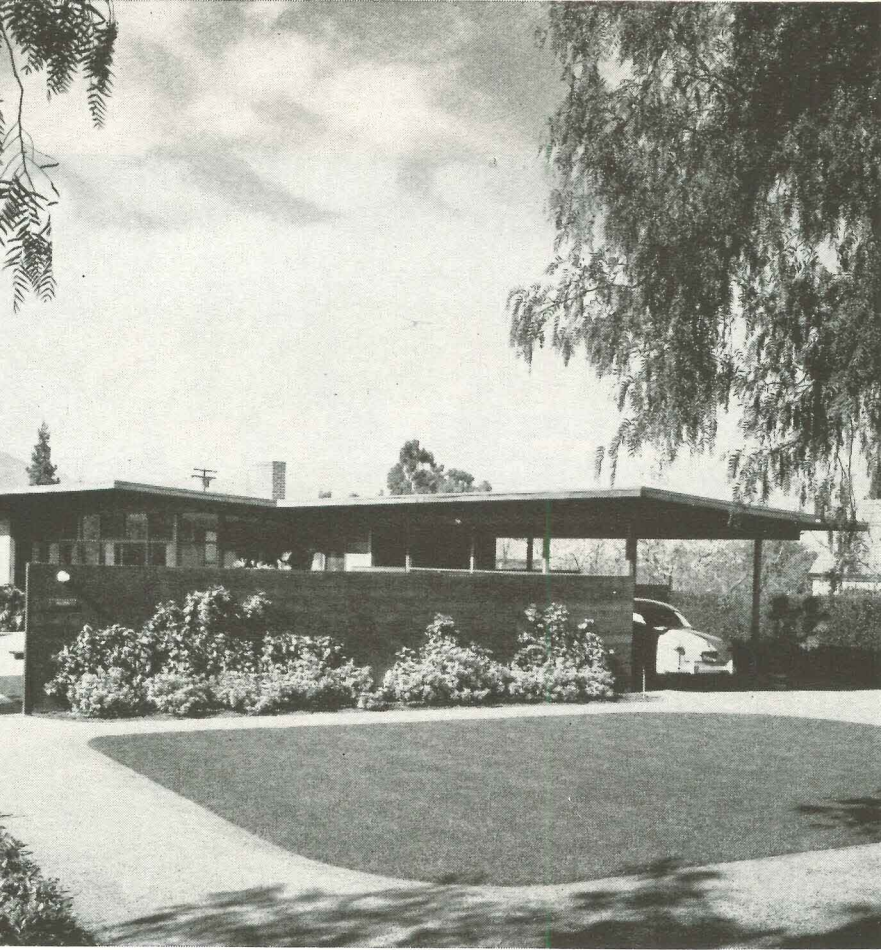
Ezra Stoller



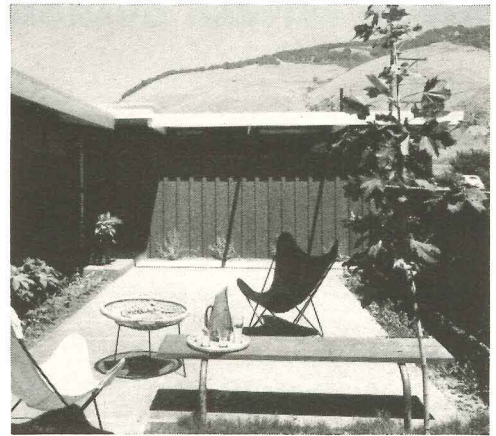
★ **Semi-enclosed porch** is fitted into Massachusetts house by Architect Carl Koch. Opposite the front hall, it faces south for winter sunshine. Overhang and rafters unify it with lines of house.

To be really usable, outdoor spaces must be . . .

- ▶ *Directly accessible from inside* and on the same level—no steps.
- ▶ *Shielded from the street and neighboring lots*, by the house, garage, screen, fences and planting.
- ▶ *Sheltered from strong prevailing winds* so that they can be used most of the year. This means solid windshielding fences high in cold climates, pierced screens in hot climates to let breeze through. Don't wall gardens in completely; locate screens only toward undesirable views and wind.
- ▶ *Easy to maintain*—grass is expensive, must be mowed, watered, weeded, soil-conditioned. It won't stand much wear from feet and outdoor furniture. Use it sparingly, for decoration only. The substitutes are sturdier, cheaper in the long run: asphalt, colored or patterned concrete, cast stone, crushed rock, gravel, brick, flagstones, trunk rounds, pine needles, wood chips, tanbark, colored sawdust or buckwheat hulls. For nontraffic areas, use low-growing ground covers that stay green year round: pachysandra, myrtle, thyme, iceplants, ivy. Point out the advantages of a "man's garden."
- ▶ *Pleasant to look at*: curves, angles and breaks within the garden create variety and an illusion of more space, less confinement. Planting against the fences creates a pleasant backdrop; decorative structures and pools provide a focus.



Front fence screens outdoor living from street, is used as a backdrop for planting in house by Wurster, Bernardi & Simmons. Landscape architect: Lawrence Halprin.

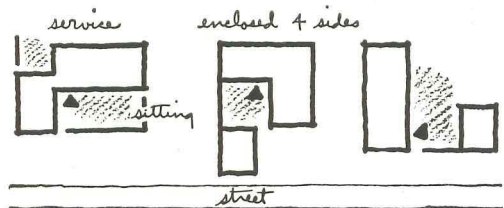
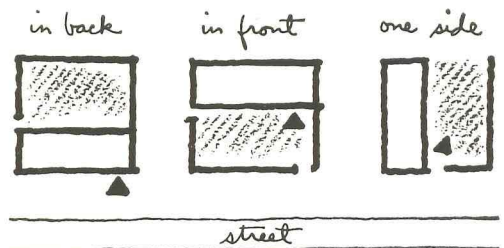


* Front court is formed by garage in background, fence at right. These \$12,950 houses were designed by Architect Herbert Johnson, built by Developer Dan Bodily, landscaped by Eckbo firm.

Separate house and garage apart, use the space in between



Screen with fences and planting



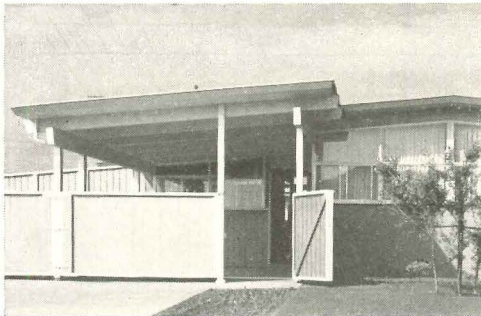
* Separating house and carport, screening outdoor areas with fences of same material stretch apparent size of this small development house by Cliff May. (Other ideas are shown in diagrams.)

How to furnish outdoor rooms

Photos: (p. 144) F. Braun, R. Partridge
R. C. Cleveland; (p. 145) J. Shulman,
L. Freedman, © E. Stoller



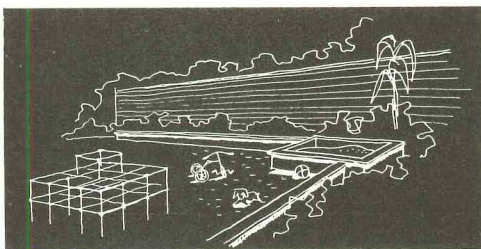
★ **Keep children off the street** with a paved play space for their wheeled toys. *Landscape architect: Lawrence Halprin*



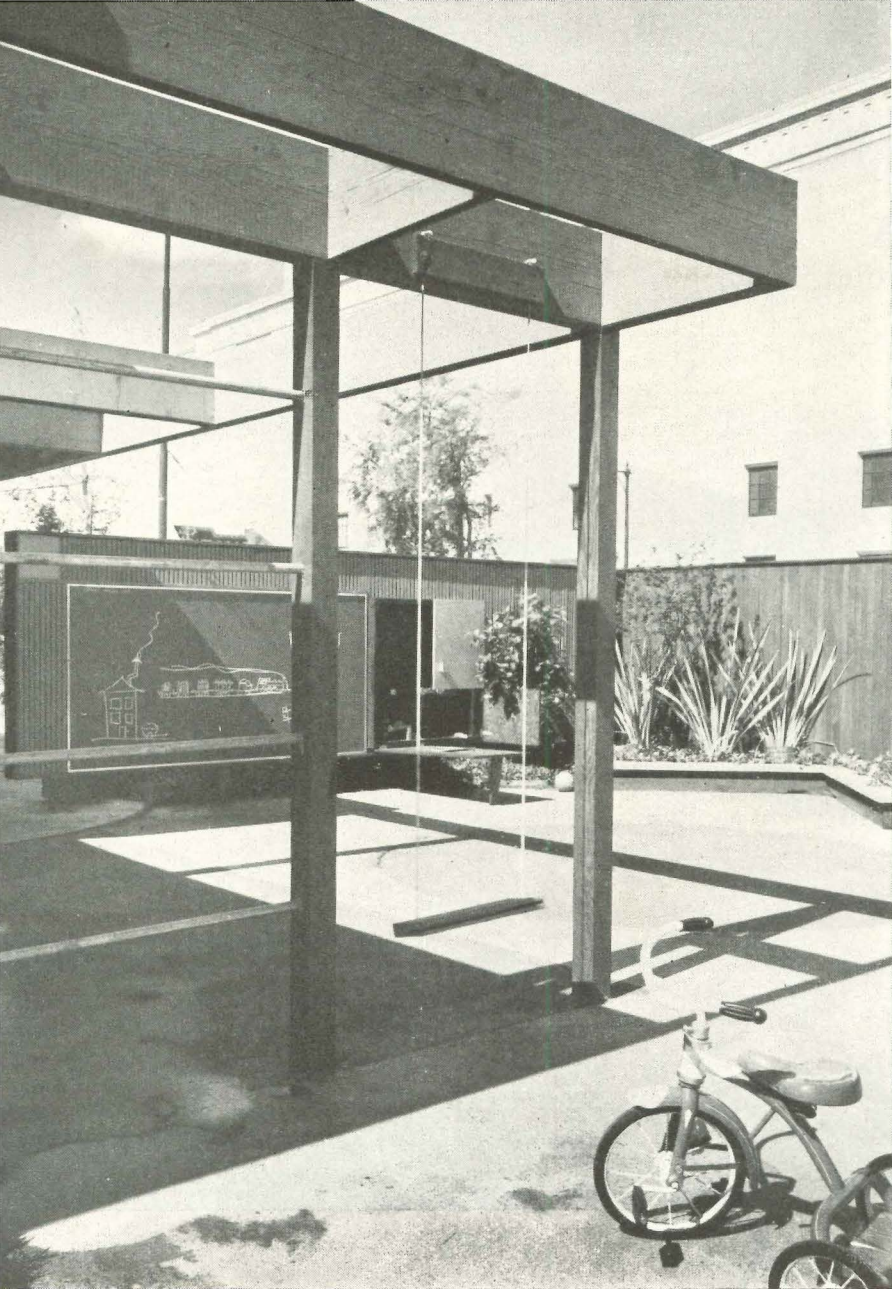
★ **Fenced carport** doubles as paved play pen in this \$11,250 builder house by Barrett & Hilp in Palo Alto, Calif. *Architect: Ernest Kump.*



★ **Bricks laid in sand** are one way to make a terrace reflects little sun heat and glare inside. *Indoor-out living room by Designer Rodney Walker.*



★ **Raised sandbox** is inexpensive, dries quickly after rain. *Plant beds are raised to discourage children and dogs, have wide edges for seating.*



Play equipment dramatizes the children's area. Outdoor storage wall screens service yard, has blackboard, toy cabinet, fold-up play table. Designed by Osmundson & Staley.

More outdoor sales features:

planted entrance court to give the house a welcoming look.

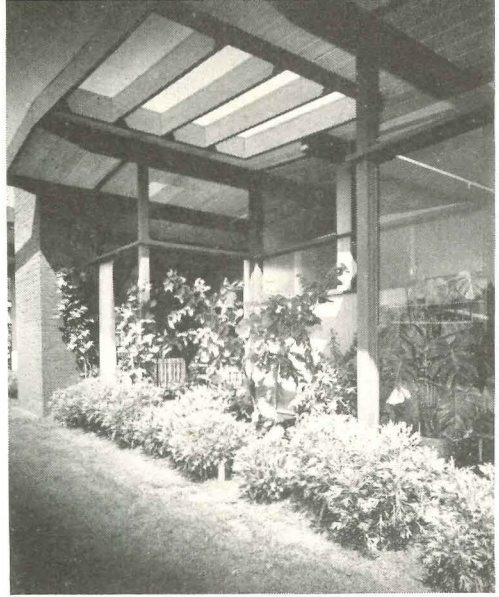
screened-off service yard for garbage, drying laundry, bulk storage of tools, furniture, firewood. Doubly important in a house without a basement or a big garage.

place for a vegetable garden and a cutting garden where owners can grow their own, for fun and for economy.

private bedroom patio—quiet and sunny—off the master bedroom where an adult can get away from it all, turn over the rest of the house and outdoor living areas to teen-agers or in-laws.

shaded sitting terrace out of the sun and in the breeze. This could be under a big shade tree or overhead vine trellis, be a breezy, screened porch, a separate garden shelter.

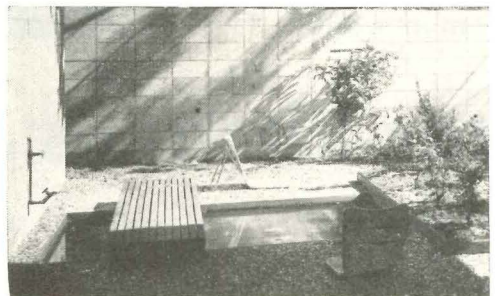
on hillside sites, the space between house and hillside used as private garden. Or flying decks extending out from the house, even easier and more convenient than bulldozing to get a terrace.



** Planting bay was big sales feature of houses by Burke & Wyatt. Architect: Burton Schutt.*



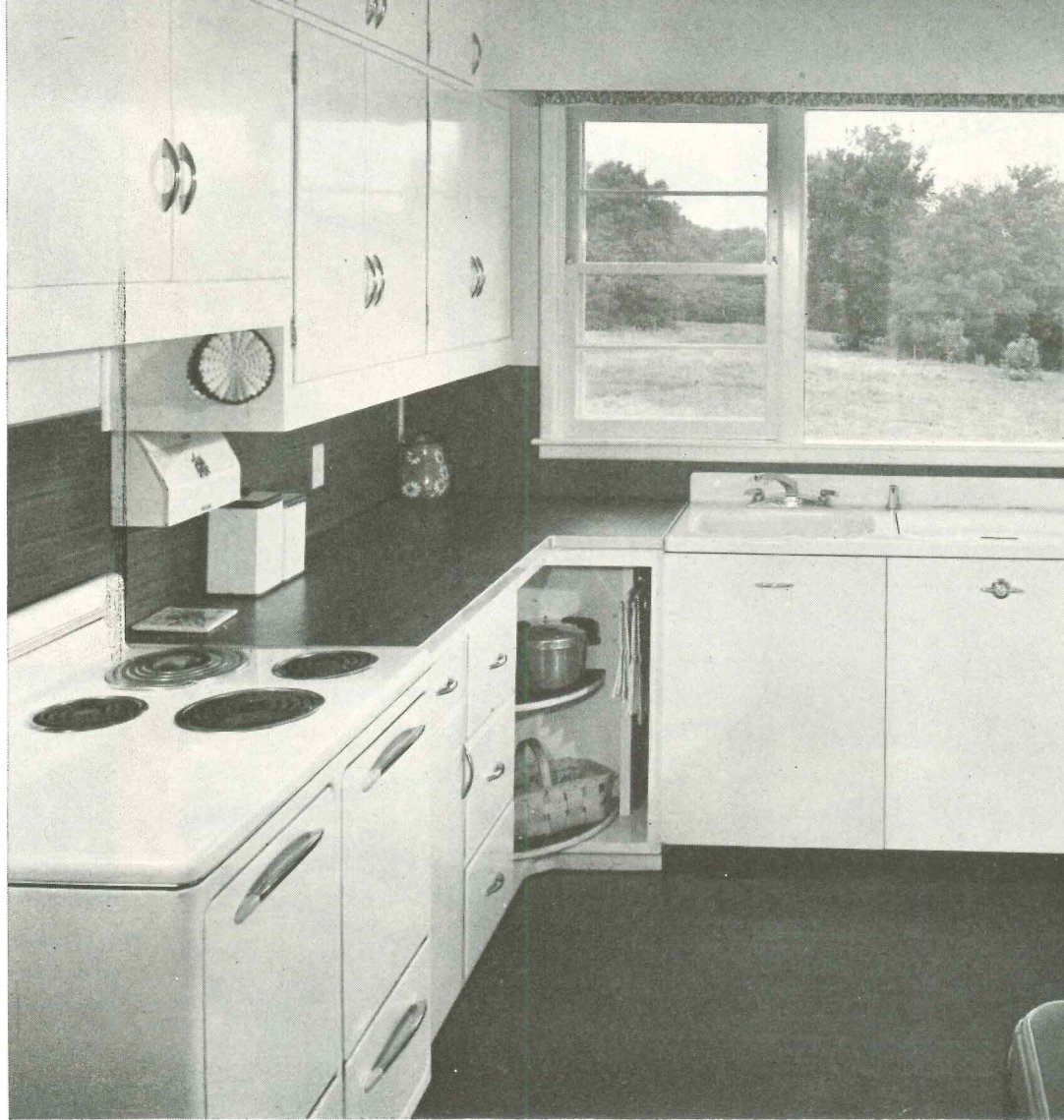
** A portable barbecue plays up the idea of outdoor meals. Many on the market are cheaper than building a masonry monument.*



** A small pool can double as decoration and wading for children. Architect: Paul Rudolph.*

TO CUT LANDSCAPING COSTS:

1. Combine front walk and driveway if possible.
2. Install basic planting on each house after the family has moved in; this saves builder being the gardener until the house is sold.
3. Ask your landscape architect to prepare a program using low-cost substitutes for well-known but high-priced plant materials.
4. List exactly which basic plantings you supply in the house price, which ones appear only in the model house. This will avoid costly arguments.
5. If your project is big, consider buying plant materials from collectors who gather cheaply from the wild.



Women want

better kitchens —and here are the features that will sell them

- ★ **refrigerator door** opens toward sink and counter
- ★ **space above refrigerator** used for storage
- ★ **big window** for view and daylight
- ★ **adequate ceiling fixture** for general lighting
- ★ **dead storage to ceiling**
- ★ **fan** in cabinet over range exhausts heat, odors
- ★ **adequate counter space** for mixing
- ★ **high backsplash**, no crevices to catch dirt
- ★ **outlets** for mixer, toaster, etc.
- ★ **spin shelves** use corners for extra storage
- ★ **drawers** under counter make objects easier to reach
- ★ **sink has dishwasher**
- ★ **kitchen table** for meals, planning, other tasks

Too many builder kitchens make these fundamental

refrigerator opens away from sink; no counter
clothes washer in middle of kitchen is inco
good dead storage space wasted over refri
dirt-catching ledge; no storage
gaps collect dirt, small objects
insufficient general lighting
no local lighting over work surfaces
corners of base cabinets inaccessible for s
one small window; not enough daylight and
no fan over range
no counter for assembling meal before servi
no small appliance outlets
no eating facilities

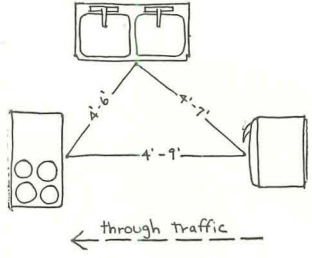
A woman will spot drawbacks like these a mile
 won't be buried alive in a storeroom for applian

sold

no sale

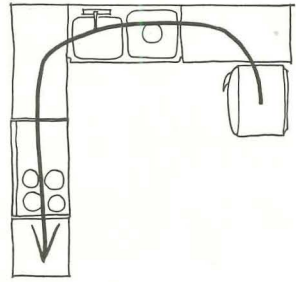
The average woman walks about 5 mi. around her kitchen every day, does enough stooping, reaching, lifting and carrying to exhaust a trained athlete. Obviously she's not going to buy a new kitchen with all that footache, backache and plain hard work built in.

First, make sure the work area has a fundamentally sound layout:

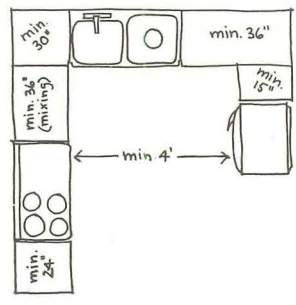


★ **An efficient work triangle** to save steps. Recommended distances between major work centers are shown in diagram (left). *To sell the idea*, outline the triangle on your kitchen floor with bright red tape.

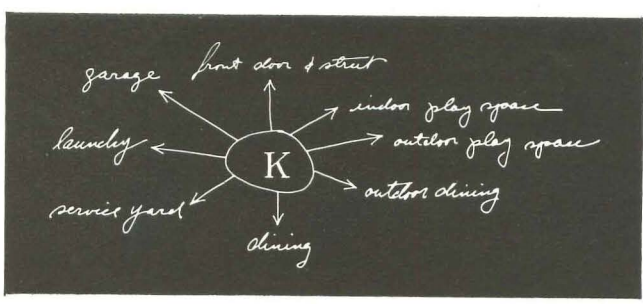
★ **No major traffic through the work triangle**, or others will get in the housewife's way. *To sell the idea*, the through-traffic path might also be outlined on the floor in a different color, or with footprints.



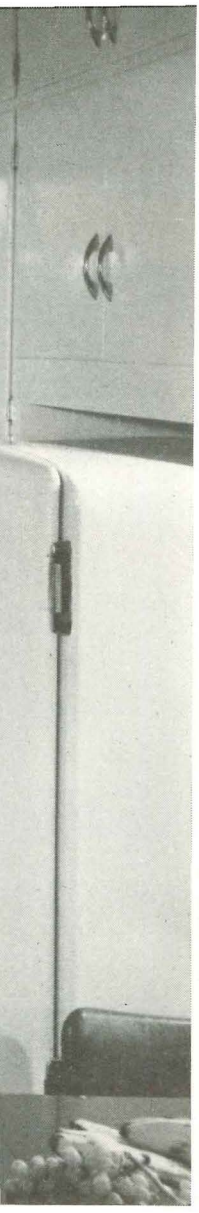
★ **A logical work sequence** from where the food enters the kitchen to where it is finally served. Since most women work naturally from right to left, try to start with the refrigerator (and freezer) at the right, move left to counter space and chopping board, to sink where food is washed, to counter space for mixing, to the range for cooking, then to serving counter (which can also be used for breakfast, snacks, feeding young children). *To sell the idea*, use placards, arrows on counters.



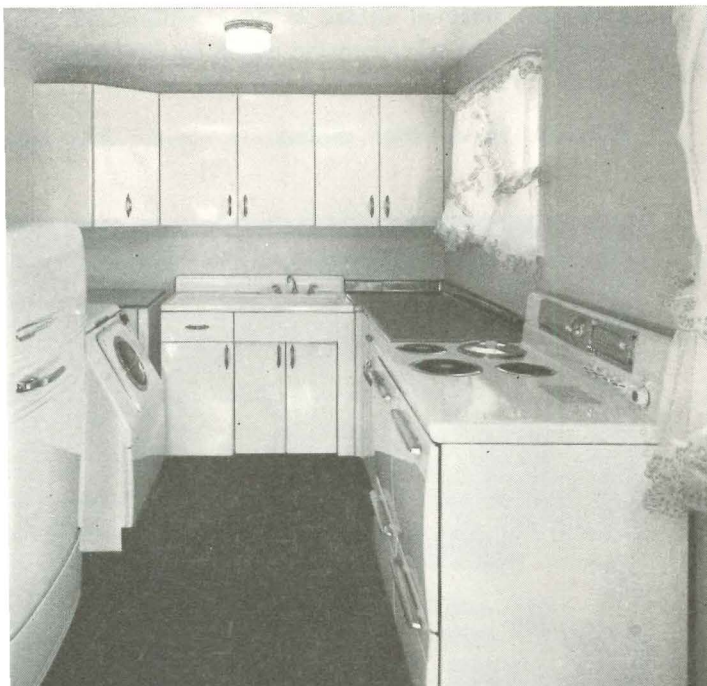
★ **More counter space.** Few women feel they have enough. They want long, continuous tops with tough finishes, no crevices to catch dirt, high backsplashes. Absolute minimums are shown in diagram (left). At least one counter, preferably at the mixing center, should be only 30" high with knee space for sit-down work (alternate: a kitchen table). Knee space is also desirable for sitting at the sink.



★ **A controlling location.** A housewife working in the kitchen should be able to see, and walk easily to, the other areas shown in diagram (above).



Architects: Perkins & Will. Photo: R. Garrison



Brown

Architects: Anshen & Allen. Builder: Joseph Eichler. Photo: M. L. Parker, courtesy Parents' magazine



★ **Open kitchen** creates a feeling of extra space and light, essential in small houses, lets housewife supervise children playing indoors or outdoors, makes entertaining easier for young couples. Builder Joseph Eichler took a survey of 390 buyers of kitchens like this one, found that although 91% had never lived with an open kitchen before, 75% liked it at first sight and now 81% are for it.

★ **An acoustical ceiling** is desirable if kitchen is open to living areas, equipped with many appliances, hard sound-reflecting surfaces. Paintable, washable acoustical tile is easily installed.

★ **Resilient floors** (cork in this case, or rubberized tile) make kitchen work much easier on housewife's feet.

★ **Warm, natural colors** of floor, ceiling and cabinetry carry out the scheme of the adjoining dining and living areas, make kitchen seem larger, less isolated.

★ **Access to outdoor dining** has obvious sales appeal.

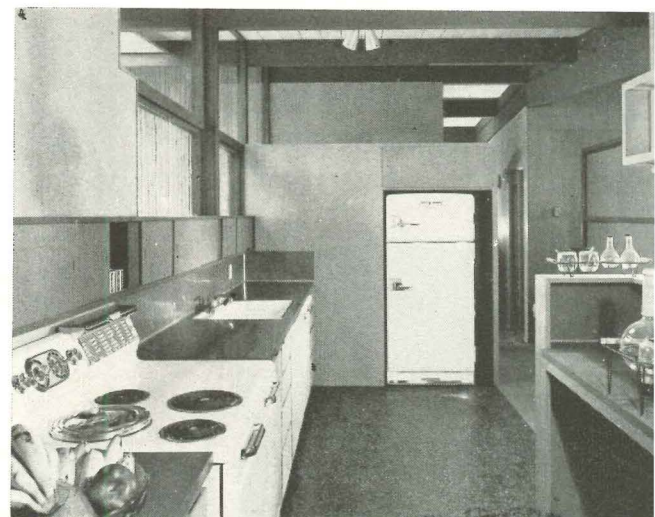


Architects: George Fred Keck & William Keck
Photo: Hedrich-Blessing

★ **Eating facilities:** surveys show 50% of US families eat breakfast and 70% eat luncheon in their kitchens. Half the buyers of BH&G's house plans chose kitchens with breakfast areas adjacent.

★ **Lower, shallower shelves,** located where they count. No often-used shelves should be over 6' off the ground, the maximum height a woman can reach without stretching uncomfortably. Shallower shelves keep items lined up one or two deep within easy sight and reach. Use space up to the ceiling for storage of less-used items.

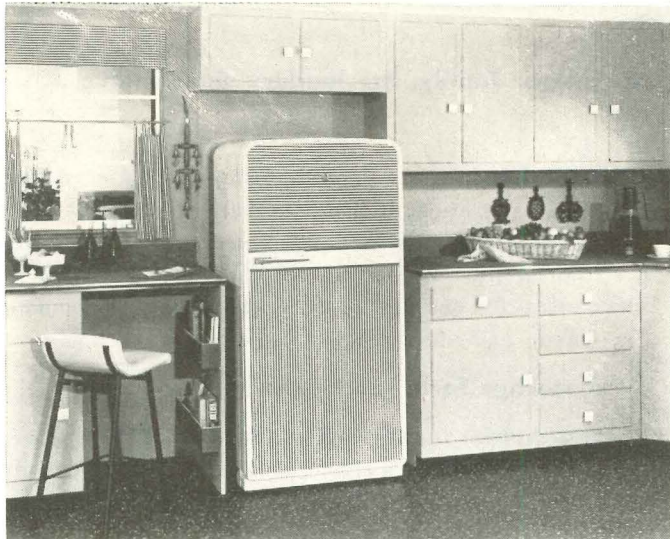
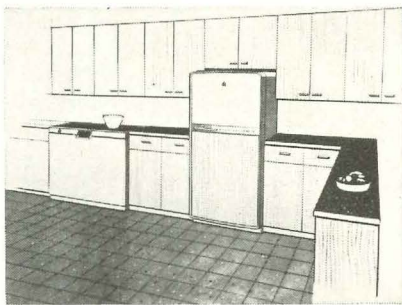
★ **Big windows** for daylight and view. (With today's dishwashers and prepared foods, the housewife doesn't spend as much time at the sink. Often it is better to put the sink on the plumbing wall and the window over eating space.)



Women want more appliances . . .

Most women want major appliances included in the mortgage, or at least roughed-in and provided for under an open-end mortgage. If you don't offer them, your buyers will have to get them, pay list price and spend a lot more on installation than if you put them in during construction.

★ **Refrigerator with a new look.** The big white box is rapidly becoming more integrated with the kitchen—either built into an architectural housing with cabinets above and to the side, or bought with pastel or stainless-steel fronts. Newest step in the trend is International Harvester's flat-fronted, squared-off 1954 model (below). A snap-on strip around the door permits decorating the front to go with the room. Material up to 1/8" thick can be used: fabrics, plastics, flexible wood. Harvester's deep freeze (shown to left of refrigerator, in sketch) can be surfaced as a work top matching adjoining counters.

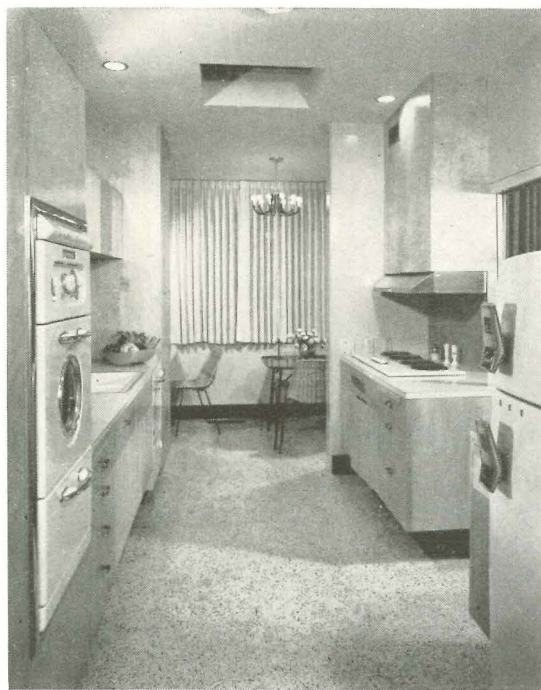


Designer: Dave Chapman with International Harvester staff

★ **A high-output hot-water heater** is vital to supply a larger family, more bathrooms, and the dishwasher (which needs at least 140° water and uses 40 gal. for every 1½ hours it runs). Heater should have 40-gal. capacity in most houses.

★ **Automatic garbage disposer.** Surveys show that 80% of women would like to have one. *Compact indoor incinerators* are also gaining popularity as sales features.

★ **Dishwasher** is a must in most households.



Architects: Dohrman, McReynolds & Baldwin
Photo: Southern California Gas Co.

★ **Built-in cooking unit,** either gas or electric, is being offered by more and more builders in medium-priced houses. Women love waist-high wall ovens because they cook for larger families, don't want to have to stoop over all the time. Separate oven and range burners offer greater planning flexibility in all but the smallest kitchens.

Architects: Wurdeman & Becker. Photo: Julius Shulman



Women prefer their laundry equipment . . .

- ★ *on the main floor* where they don't have to carry laundry up and down stairs
- ★ *in a separate space* adjoining the kitchen so they can alternate between kitchen and laundry tasks
- ★ *but not in the kitchen itself* (source: BH&G's study covering sales of their 25 top-selling house plans)
- ★ *as near as possible to bedrooms and bath*, where almost all soiled clothes, sheets and towels originate.

Ideally, this puts the laundry *between* kitchen and bedrooms-bath area

- ...in a wing of the kitchen near the bedrooms (photo, left)
- ...in a large, screened recess in the bedroom hall
- ...in an enlarged bathroom
- ...in a separate utility space or oversize open closet.

Besides an automatic clothes washer for today's larger family, the laundry should have . . .



- ★ **a drier**—more important to many women than the clothes washer because it saves the hardest work: carrying a heavy wash outside, hanging it, taking it down, worrying about the weather. If you don't include a drier, leave space for one next to the washer, rough in the outlet and vent, and put a placard there to sell the idea.

★ **storage for a sewing machine**

- ★ **a counter for sorting and folding.** To save space, build this in on top of a clothes hamper or on top of front-opening washers and driers.

- ★ **storage cabinets or shelves** for detergents, soap, bleach, ironing, bleaches, brush, sponge, sock stretchers, etc.; a small fireproof shelf for resting a hot iron.

- ★ **space for a chair** for sit-down ironing, mending.

- ★ **a built-in ironing board.** A *McCall's* magazine survey shows that 25% of those wanting an ironing board want it built-in for convenience (see below).

Builder: Burton Newton
Photo: Akeley, courtesy WOMAN'S HOME COMPANION



Women want easier housekeeping

Any woman wants her formal living room tidy and presentable all the time in case someone drops in. This means:

separate multipurpose space to keep play, hobbies, games and other messy activities out of the living room

an entry hall with a washable floor, closet for overcoats, rubbers and galoshes to keep muddy feet out of living areas

a bathroom or half-bath near kitchen and back door to keep children from tracking dirt through the living room

less hall space, which is used only for circulation but still must be kept clean

washable walls and floors in kitchen, multipurpose and play space

fewer cracks, crevices, moldings to catch dirt—better workmanship

windows with larger and fewer panes: easier to clean

windows that can be cleaned on both sides from inside

windows faced toward private outdoor areas, sun-shielded by overhangs or exterior shading devices thereby reduce the need for buying and washing a lot of curtains

self-storing screens, storm sash included in the sales price

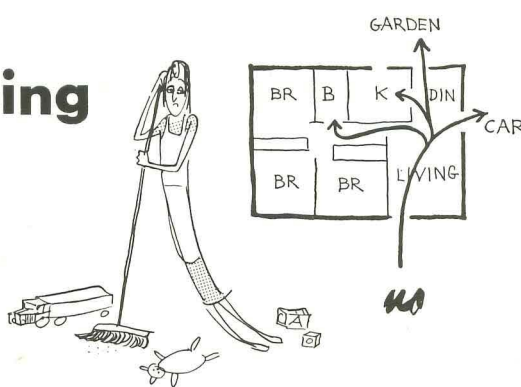
built-in storage at point of use (see pp. 152-156) doesn't require cleaning underneath, means things don't get left around for the housewife to pick up

shelves or cabinets in children's bedrooms or play space keep their toys from getting all over the house

cleaning closet big enough for a vacuum cleaner (as well as mops, brooms, dustpans, etc.)—centrally located—but not in the middle of the kitchen near food-preparation

enough space around three sides of every bed so it can be made easily. As in the living room, builders should keep furniture sizes and placement in mind

a floor plan that doesn't permit any traffic through the living room, allows the owner to carpet this quiet area if she wants (see sketches)



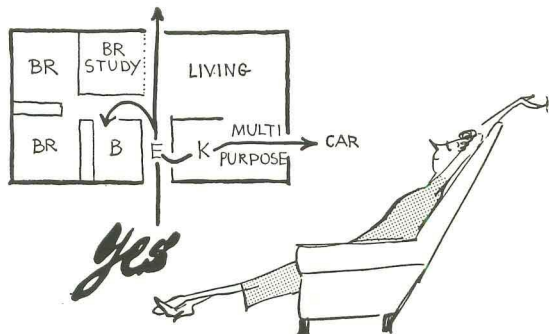
More appliances demand better wiring

In 1939, the average household used 897 kw-h of electricity. By 1953, the total had almost trebled: 2,350 kw-h. Today people need:

- ★ **100 amp. service capacity.** The only extra cost over the usual 60 amp. panel is the price of heavier service entrance wire, and 100 amp. will provide enough current for any foreseeable loads. *To sell the idea*, tie in with your local adequate wiring bureau. Use their stickers, posters, signs in your model.
- ★ **Enough appliance circuits.** Over 50 portable electrical appliances are now in common use. Those with heating elements (toasters, coffee makers, irons, etc.) are often rated at more than 1,000 w. Two of these will overload the usual No. 14 lighting circuit protected with a 15 amp. fuse. Kitchens and dining areas both need appliance circuits separate from lighting circuits. Kitchens should have at least one double outlet for every 4' of counter space, a double outlet for refrigerator and clock, and one readily available to kitchen eating space. *To sell the idea*, plug in many small appliances into every outlet in kitchen and dining area, remind customers "you could use all of these at one time if you wanted to."
- ★ **Planned lighting outlets.** One overhead lighting circuit (three-wire) will take care of ceiling fixtures, plus furnace controls. Baseboard outlets can be dropped from this overhead circuit. Two other three-wire circuits should be run-around the perimeter of the house, with two-wire branches to interior walls. So that outlet locations will not dictate furniture arrangement, use three-wire circuits that give capacity for enough outlets. Plug-in strips, with outlets every 18", offer a multitude of outlets on any wall. *To sell the idea*, use signs to call attention to number and location of outlets, and salesmen should emphasize the freedom to arrange furniture.

To keep down better wiring costs:

1. Use three-wire No. 12 circuits, instead of two-wire No. 14. Labor is the same, but the three-wire circuit will carry 4,600 w., as against 1,800. See H&H, Nov. '53.
2. With heavier wire, use the new "Chinese finger grip" pressure terminal outlets and switches, which make working with No. 12 wire as easy as with No. 14.
3. Locate main panel close to kitchen and laundry to keep heavy wiring to a minimum.
4. Get 240-v. outlets (for room air conditioners) from your three-wire circuits by a simple change of wiring device—instead of running in a separate 240-v. line.





LIFE photos: (above) W. Vandivert; (below) Herbert Gehr

People want

better storage

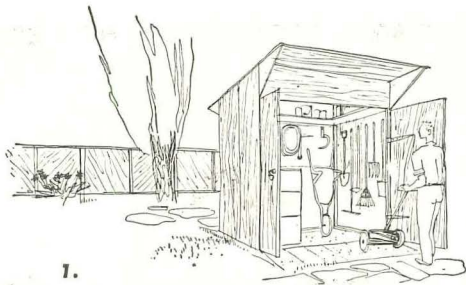
. . . and more of it

Almost every item in the attic-jumble above requires a special kind of storage space—a special kind of shelf, drawer or bin, a hanging space of a special depth and height. A string of closets with a hat shelf and a clothes pole is not enough—and customers know it: that kind of space may be good for top hats and evening gowns, but is inefficient and wasteful for jackets (32" long), pants (20" doubled over, 36" and up, straight), skirts (30") or bottles of Scotch (14 $\frac{1}{4}$ " high). Home buyers want *organized* storage (see opposite).

How *much* storage do they want? Answer: a basement or attic *equivalent*. The only way to give them that kind of storage is to use the cheapest cubage you can find. About half your storage need not be accessible 24 hours a day—so you can build cheap, unheated, uninsulated, unwired cabins or bins *outside* your main house. They are fine for outdoor furniture, bikes, trunks, fishing rods, skis, tools, etc. And where you must use prime cubage for storage, build the closet walls of thin, self-supporting sheet materials (some can have prefabricated cedar linings), and let the closet double as a sound and heat insulator.

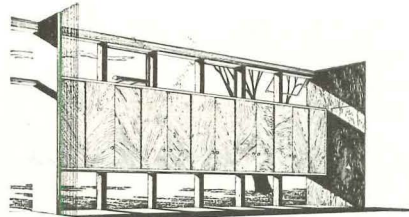


COST KIT



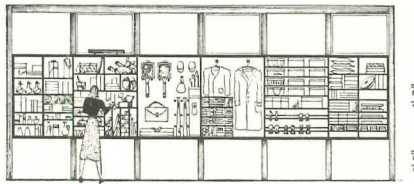
1.

1. Cheap cubage—e.g. plywood cabins, bins, etc.—outside the house proper (and possibly connected to carport) is more than adequate for storing many possessions. This shed was designed by Richard G. Stein for 1951 NAHB-FORUM Competition.



2.

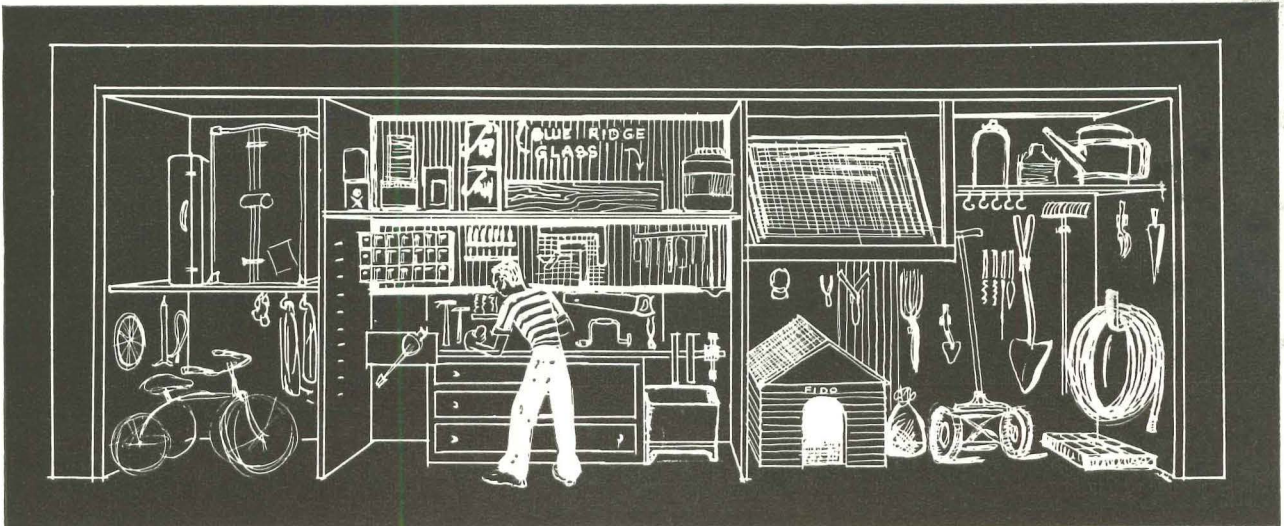
2. Storage can take place of insulation in exterior walls. This "suspended" plywood storage wall by Seymour R. Joseph saves on rock wool and exterior wall finishes.



3. Closet walls can be built of thin, self-supporting sheet materials. Small Homes Council's pamphlet on "Closet-Wall Construction" costs only a dime, shows how to eliminate most studs around storage walls.

4. Built-in storage units take up extra space—but it is cheaper space because it requires no floor or ceiling finishes if storage is properly detailed.

5. Some storage closets do not require doors. Matchstick bamboo curtains on I-beam track are cheap, come in bright colors and work well.

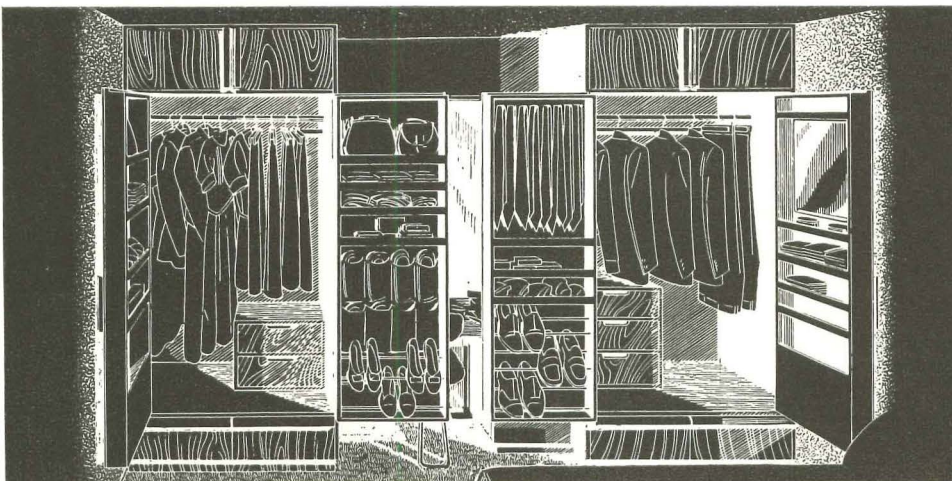


★ Typical outdoor storage bin was designed by J. and C. Roberto as part of carport. (All

drawings on this page: courtesy Douglas Fir Plywood Assn.)

★ Problems of clothes storage are excellently solved in this NAHB-FORUM prize winner by Edward Hanson. Note different heights of

hanging space, built-in drawer cabinets, doors with shelves, special tie, bag and shoe storage. Home buyers remember such details.



... better storage



Frank Lloyd Wright, architect; Roger Sturtevant, photographer

People want

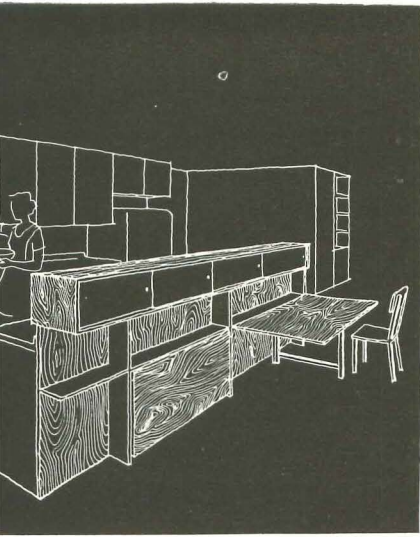
built-ins to save on furniture

Chances are that your potential customers have been looking at a dozen houses before they got to yours, and that they will be looking at a dozen more before they decide which one to buy. How can you make *your* house the most memorable of the lot?

One very good way is to provide some really ingenious built-in features. Not only do good built-ins impress themselves on the minds of people who have never seen such gimmicks outside the slick paper magazines; built-ins also make a great deal of sense to families with low budgets—therefore with little money to spend on furniture. Yet, built-ins don't cost much, may be recognized as added value by FHA and VA.

Look at the window seat (above). Maybe you wouldn't supply cushions, but they are easy for a home buyer to pick up. The point is that the window seat takes the place of sofas, sectionals, perhaps even an armchair. And there is plenty of space for drawers and other storage under the seat.

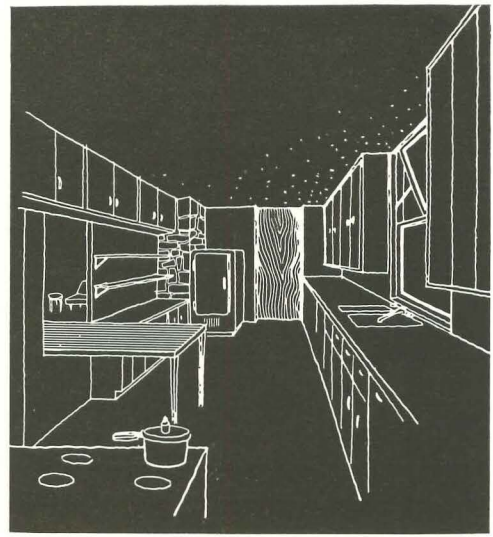
And take a look at the architect-designed built-ins on these three pages. Each of them is reasonably cheap to build—but very, very difficult to sell to a potential customer to forget. If all your architect does for you is to provide you ideas like these, he will have paid for his fee on that score alone.



Built-in drop-leaf table is part of kitchen-
dining counter, costs little and works well. De-
signed by Paul Edward Tay.



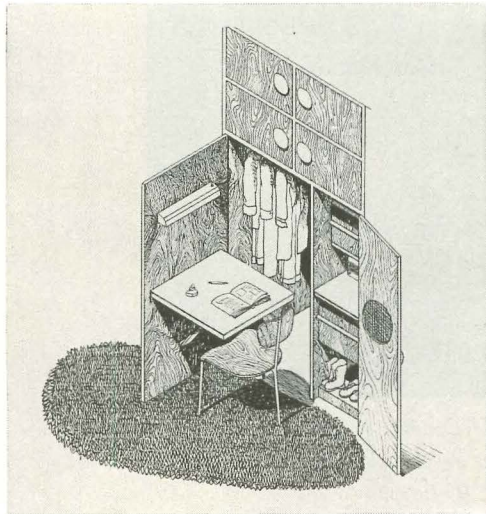
★ **Slide-through table** on casters can be pushed
through hatchway from kitchen (right) into
dining area (left) and pulled back again when



dishes are to be cleared away. This ingenious
design by Architect Carl Koch, a feature your
customers would surely remember.



Built-in outdoor table folds down out of
storage bin. When folded up, it serves as a
bar. By Warren W. Weaver.



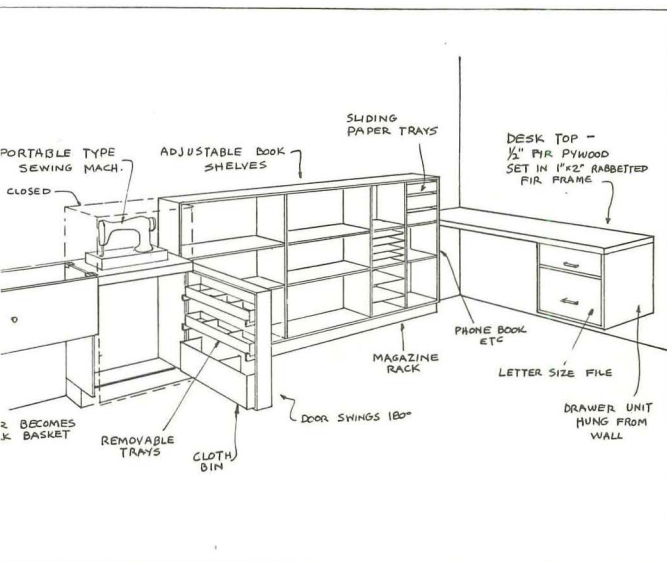
★ **Built-in drop-leaf desk** or dressing table is
a plywood shelf hinged to closet door, has
fluorescent fixture above. By W. and B. Pfouts.



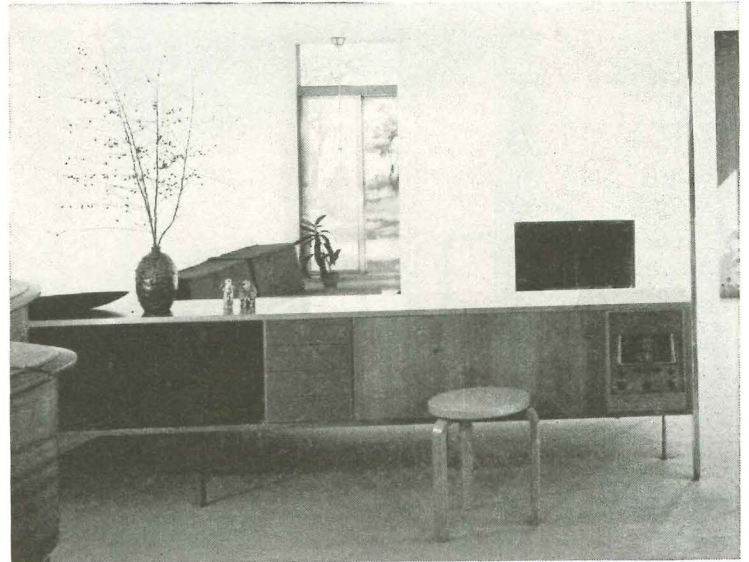
William Pell-Kling Studios

★ **Built-in dining table** folds up to cover kitchen
pass-through between meals. (Courtesy Wo-
man's Home Companion.)

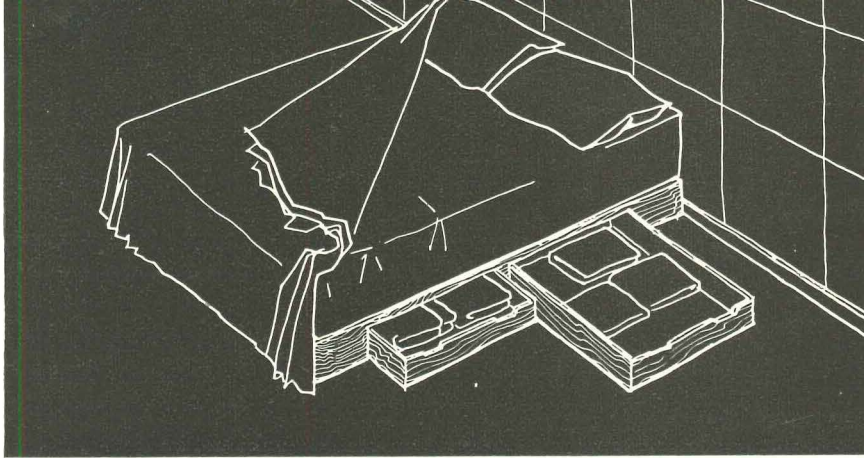
Photos (below and top center): © Ezra Stoller



Built-in multipurpose unit was designed by Nick Athens for typical
home-workroom. This and other drawings on this page are from NAHB-
National Home Builders' Association competition, courtesy Douglas Fir Plywood Assn.



★ **Built-in room divider** by Architect Minoru Yamasaki does triple duty:
it stores books, radio, etc.; it is a back for built-in couch; and it se-
parates living and dining areas without making either look small.



★ **Built-in bed** has drawers underneath, an excellent feature and less expensive than it seems since base replaces at least 25 sq. ft. of floor finish. This one is by Walter E. Henning.

1. Almost all built-ins are fixed in position against portions of walls, partitions, floors or ceilings. Hence you save on finishing those surfaces: e.g. built-in bed will take up more than 25 sq. ft. of floor area, thus save you enough in floor finishing to cover cost of wood needed to build the bed.

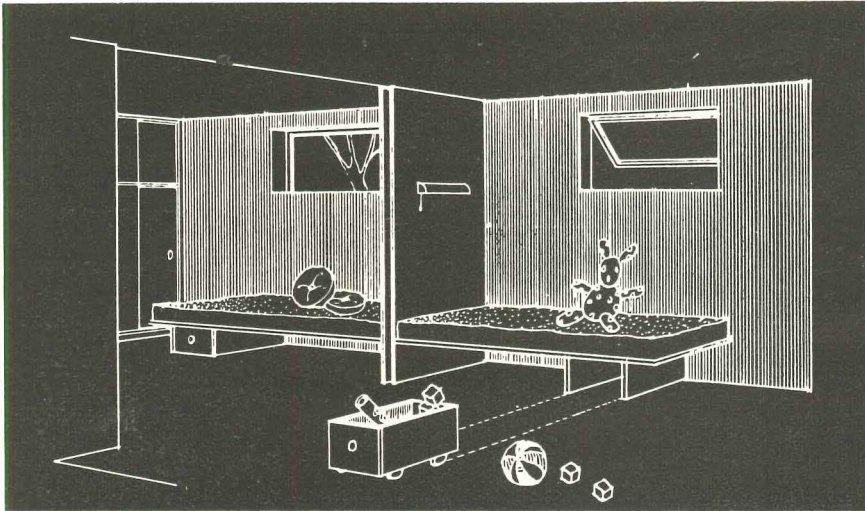
2. Built-ins against exterior walls can replace wall insulation (as well as wall finishes, of course).

3. FHA has made a practice of allowing full replacement value on built-in features (though each special case may require special ruling).

TO MERCHANDISE BUILT-INS:

1. You can tag each built-in feature with label pointing out how much home buyer would have to spend for equivalent, loose piece of furniture. This is highly convincing sales feature.

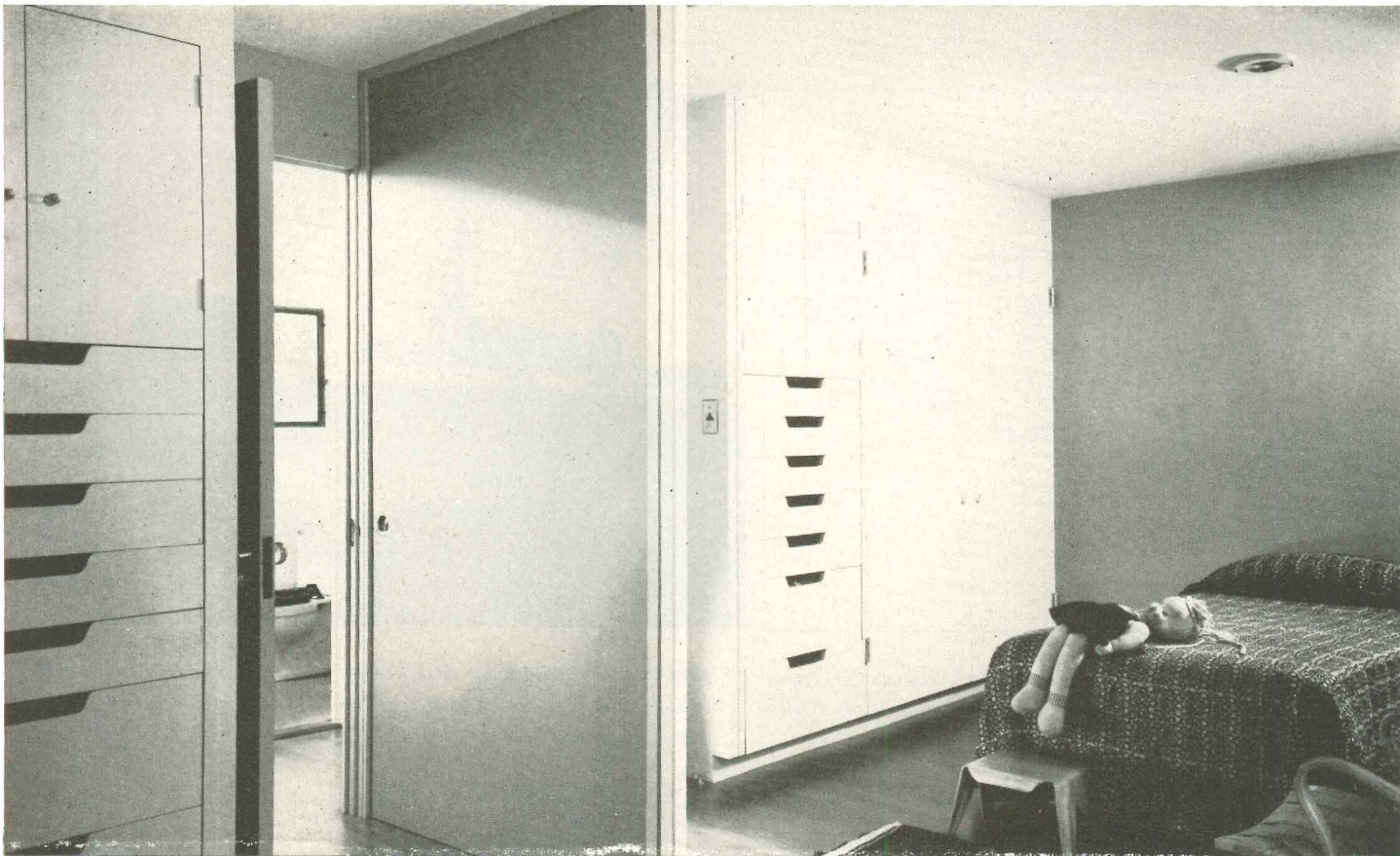
2. Built-ins help "explain" function, purpose and optimum use of rooms better than time-consuming and costly salesmanship.



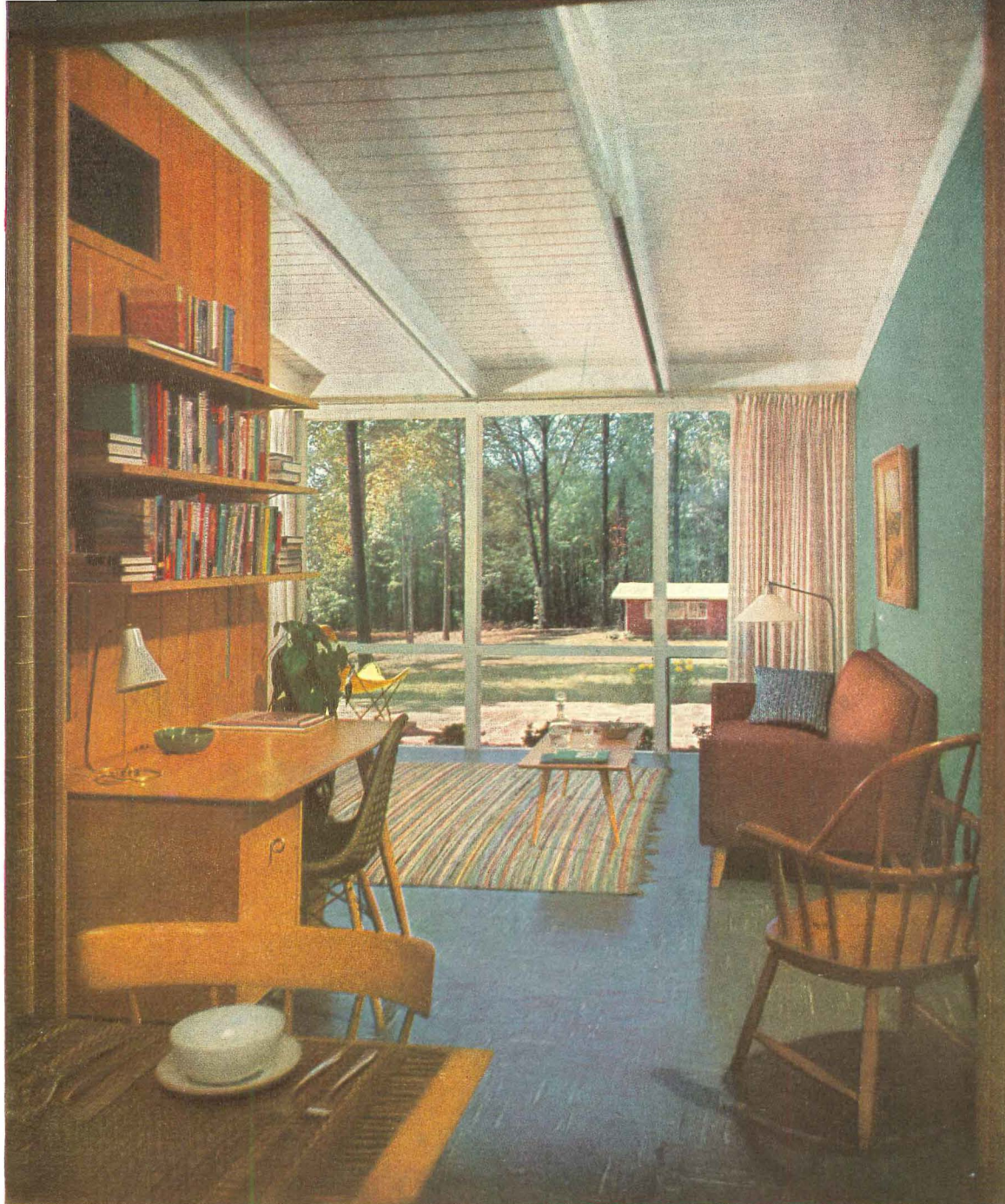
★ **Built-in playroom storage** houses bins on wheels. These mobile boxes suggest that much storage might be put on wheels to be available at the right place, at the right time. Architect: Seymour R. Joseph.

★ . . . and, of course, storage walls are the most useful built-ins of all—viz. these by The Architects Collaborative which save customers \$50 for each chest of drawers alone.

© Ezra Stoller



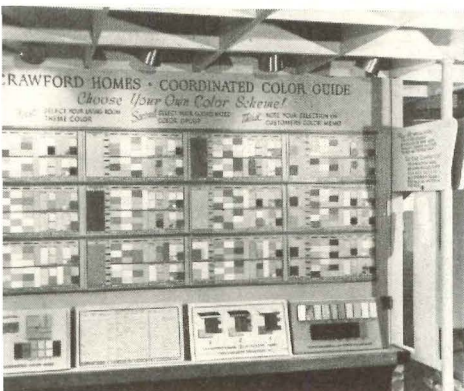
Architects: Keyes, Smith & Satterlee; Builders Luria Bros.; Photo: Robert C. Lautman, Courtesy House Beautiful



Blending indoor colors to landscape carries wall plane (right) out as far as foliage, adds psychological space to room.

People want

more color and glamour



Complete color guide for Builder Hamilton Crawford Louisville tract was created by Architect Allen Keyes. Paints, stains formed family of colors used in wide range of combinations. Result: 72 schemes available to buyers, systematic recording of color.

How conscious of color are consumers?

- ▶ Sale of colored bathroom fixtures has almost tripled from 1948 to 1953, is almost 25% of one manufacturer's output.
- ▶ Sales of colored, high-pressure laminates for counter tops soared to over \$35 million in 1953.
- ▶ Growing demand for nonwhite kitchen cabinets is evidenced in numerous consumer surveys. Several metal kitchen cabinet manufacturers are introducing color to their lines.
- ▶ Sale of light and pastel shades of granules for roofs is soaring.
- ▶ The paint industry, excluding industrial finishes, had an \$840.4 million volume in 1953, wallpaper manufacturers' almost \$50 million.

"People, including builders, who were once color cowards," says Color Consultant Beatrice West, "are growing color conscious."

Progressive builders recognize that color is one of the cheapest and fastest merchandising tools available. In itself good color costs no more than bad color. The only expense (and this is a must): professional advice from the architect or color specialist.

Photo: Courtesy National Oak Flooring Manufacturers' Ass'n.



★ **Furnishing and decorating** a room is made easier, more economical for the homeowner when paint and wallpaper are selected by a professional who knows how the various shades and hues blend with fabrics, furniture coverings, etc., on market. Note how the flooring links colors of door and



Photo: Kramsten Studio Inc., courtesy House Beautiful

★ **Beige-brown** of cork floor, built-in kitchen paneling contrasts white and yellow built-in cupboard, framed in black in Ralph W. Zimmerman's own house. The lampshade repeats color of ceiling but overall effect is warm and gay.

color pays off:

can set your development off from other projects in the community, it remembered so people talk about it even after they have left.

kill the raw look of new construction.

give a neighborhood and a streetscape unity.

make a project stay fresh.

but not least—it sells to women.

en to a group of experts:

. Siple, AIA:

the help of able color consultants the builder can raise the taste in his community. Don't be afraid of trusting people to pick color. All the builder has to do is a good job of creating color—

er wall colors, use middle values.

re of blues. Warm tones are better than cool ones.

much harmony (the safe beige, green, gray gamut) can be

Give people some fun, a certain mildly dynamic quality,

and hues that have enough quiet power and richness to

ovement and rhythm.

onsultant William Manker:

or relation is as evident colorwise as it is architecturally,

buyers controlled color choices so they won't feel impelled to go with disastrous effects to over-all schemes.

streetscape should be a sequence of related muted colors with a sharp variation between dark and light houses.

color repeating a wall color sets several houses apart yet ties them together smoothly for a good over-all effect.

onsultant W. Shrewbury Pusey:

should not be regarded as mere surface embellishment; it is part of the architecture. A house without color is as incomplete as a house without a roof. Remember—

color suggested by local terrain will wear better than color inspired by a Paris bonnet.

le want fireplaces

25 top-selling *Better Homes and Gardens* Five Star homes sold in the last two years, 100% had fireplaces. The fireplace is probably the greatest single, purely luxury item that people want, can be installed for less than \$300 in new homes (see New Products).

Solid, earthy fireplace in house by Architect Carl Koch is of coarse, mixed brick, ties in with neutral finish of cedar siding.

▶ Muted earth colors for large masses with accents of bright, juicy colors are good today and will be good tomorrow.

▶ Color, rather than window boxes, shutters, trellises, is the first thing seen when approaching houses. And color is cheaper than birthday-cake decoration for achieving variety.

▶ When color changes from one house to another are gradual they tend to merge boundaries, make houses appear larger. (A recent color survey made by one paint company shows brown tones, including cocoa, gaining in popularity. Following the brown family are soft gray-greens and blue-greens.)

Color Consultant and Interior Designer Beatrice West:

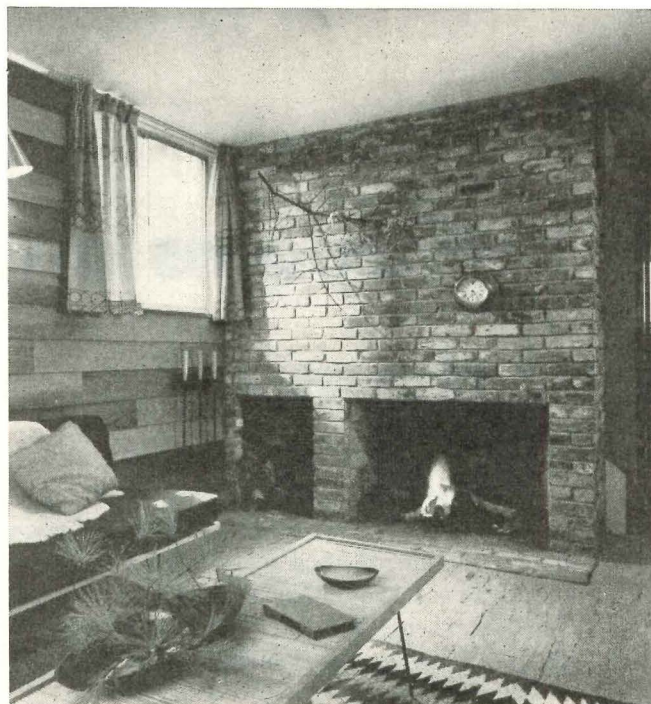
Surveys show that 75% of women consider color before design—in a hat, an umbrella, an automobile, a house. Color is a fourth dimension that can make a house look bigger, more expensive, in better taste. Some basic rules—

▶ Key to an integrated color scheme is the roof, generally the largest unbroken mass visible to the eye. The low, unbroken line in one-story contemporary houses makes the lighter pastel colors important. (Light gray or white shingles, important in air-conditioned houses, are increasing rapidly in sales.)

▶ When sunshine is abundant, colors can be more vibrant and contrasting.

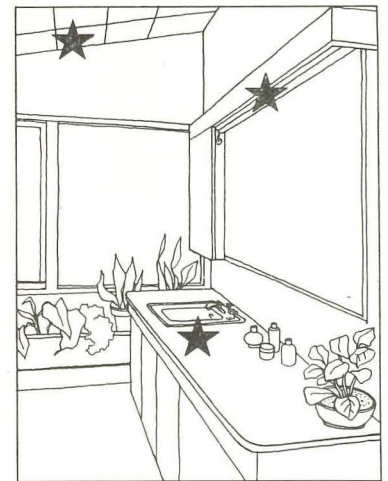
▶ One basic color for the small house carried throughout—with varying colors on one wall for accent—makes rooms look bigger, less busy.

▶ As soon as a house is opened to the outdoors, indoors and out are linked visually. Exterior colors can be the clue to what indoor colors will be most successful.





Reynolds Photography Inc.



★ **Lots of light.** As the smallest room in the house, the bathroom needs to be light and airy. Men want to see under their chin as they shave, and women want to use the basin as a make-up center. Fluorescent lights with a pink tint to prevent a ghostlike reflection, a large mirror and a vanity-topped basin with storage space, answer the needs. Bathroom vanity, which can cost as little as \$38, can be partly written off as less tile behind the basin. Builder: Robert

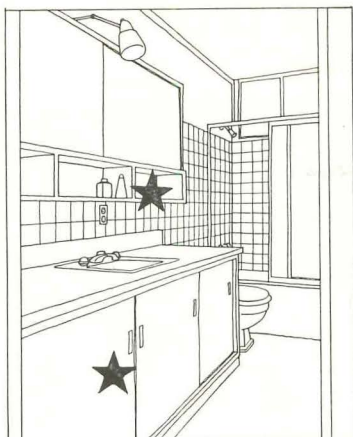
★ **Big basin and counter tops**—to wash the face. Women have little space to keep a special bathtub in the house. Counter space, provided on the left of a basin big enough to bathe, can be used for drying and dressing. Big mirrors are also important because women do lightening in the bath. Men washing their faces over a basin will drip water on the floor.

★ **Sound-absorbing materials.** People do not want to feel embarrassed when they leave the bathroom. Acoustical ceilings can do much to muffle the sound of toilet flushing. Also available at a reasonable price: perforated sliding doors for cabinets, which absorb noise. Cost: as low as 25¢ per sq. ft., which absorb noise.

People want

better bathrooms and more of them

Next to real honest-to-goodness space, people want more plumbing in their houses. The reasons are as self-evident as children: families are getting bigger, need more bathroom facilities. Complaints against the size and inadequacies of bathrooms are more vehement than any others. Here are highly merchandisable features that should be tops on every builder's must list if he wants his bathroom to pull its weight in selling the house.



★ **Extra shelf space.** Daily used things such as toothpaste, mouthwash, aftershave lotion, razors are left outside cabinets by most people. Basins with wide, flat rims also serve this purpose.

★ **More hamper space.** Most soiled clothing is left in the bathroom. A built-in clothes hamper in the bath is the answer because it is also close to the bedrooms, the next biggest originating point for soiled linens. Ladies' Home Journal's Carol Mercado says women complain that the smallest baths do not have even enough room for a free-standing clothes hamper. Builder: Joe Eichler. Architects: Anshen & Allen.

MORE PLUMBING AT LOWER COST

1. Back bathroom up to kitchen plumbing to get shorter pipe runs. For a second bath, back up all bathroom plumbing and put kitchen plumbing on the same stack in a "T" arrangement. This will necessitate an FHA-approved inside bath, but consumer-magazine editors point out there is hardly any resistance to them.

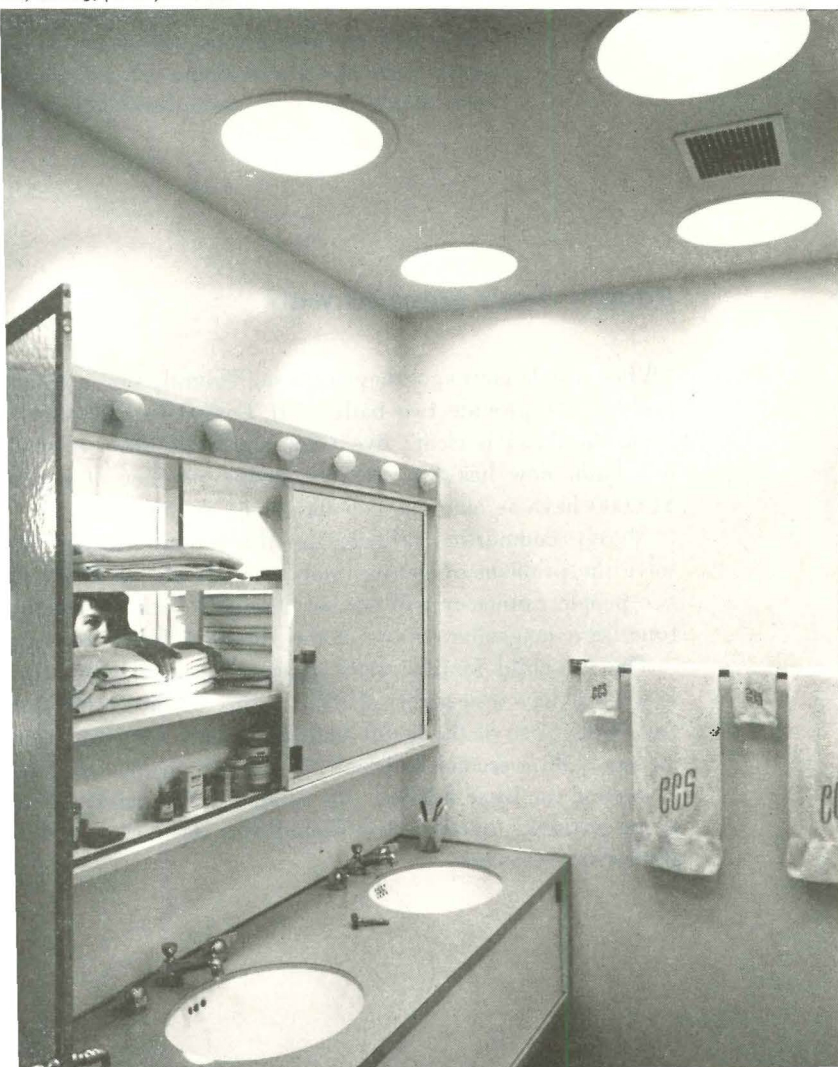
2. Put a double nonload-bearing partition around plumbing and prenotch partitions. Hartford Builders Stevens & Bent did this and persuaded plumbing subcontractor to pass along savings.

3. Get your plumber to precut all his pipe in a shop. Stevens & Bent worked out a program with their subcontractor and saved a total of \$50 per house with prenotched partitions and precut pipe.

4. Use a precast plumbing tree if code permits. Levitts and Andy Place do, save as much as \$35.

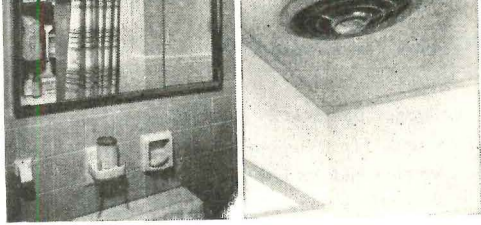
5. Urge tiling sub to use adhesives instead of mortar. Besides being waterproof, application is faster, should be cheaper. Use of adhesives should enable you to tile to the ceiling in the tub enclosure. Eliminate tile behind built-in counters and hampers. This will allow you to use more tile in the tub enclosure, tile on sills, at little or no additional cost.

ove) R. Illig; (below) D. Wann



★ **Fast, efficient ventilation.** Windows blow odors in as well as out of bathrooms. An exhaust fan vented to outdoors through the wall or to the attic through the ceiling is more effective, also makes inside baths practical. Cost: about \$25. If a window is fixed, it may save you enough to pay for the fan.

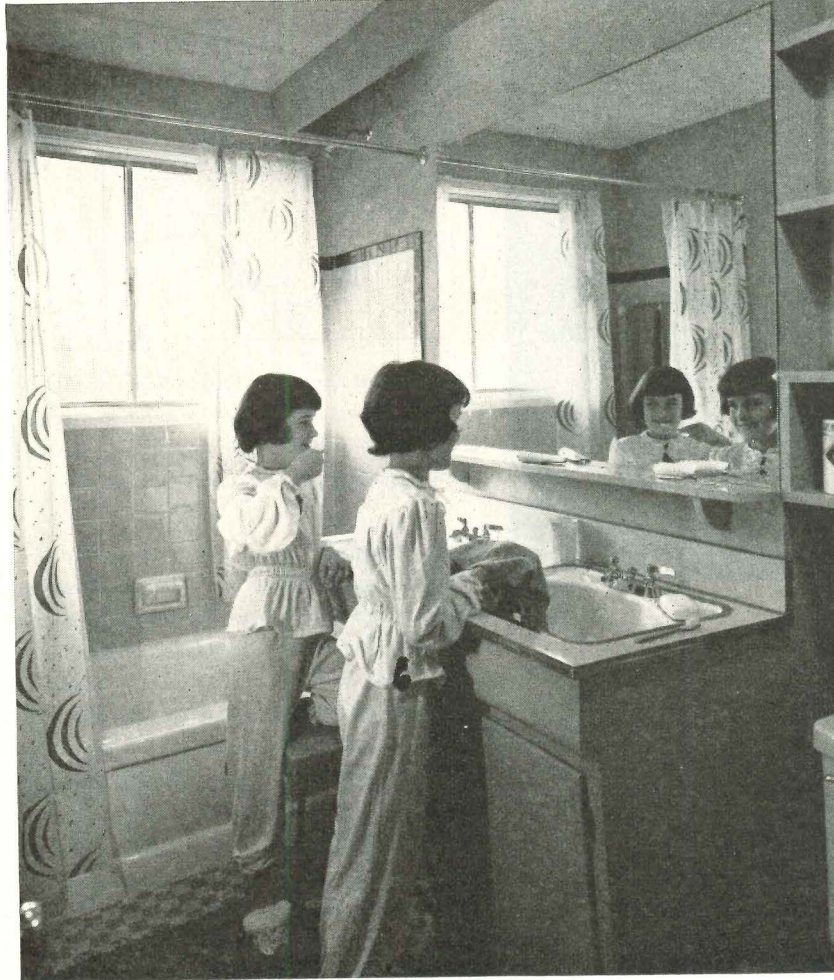
★ **Storage at point of use.** A closet or linen cabinet open to hallway or laundry area (as in photo) cuts down steps, dispenses towels almost automatically. Since even the biggest medicine cabinet is not large enough to hold bath salts, detergents, towels and talcum, one of the quickest and cheapest solutions is to add a cabinet over the toilet. Fritz Burns does at a cost of about \$5. Kitchen



★ **A bigger medicine cabinet.** Medicines today are too expensive to throw away; penicillin and sulfa drugs cost more than the cascarras and rhubarb of sodas of yesteryear. People buy more drug items, are inclined to save them all, even crowd these items with toilet goods in a medicine cabinet when baths do not have other storage facilities. Big, mirrored sliding doors are desirable because they won't bump heads.

★ **Quick warmth.** The bathroom is the only room in the house where people traditionally run around naked. It is the first room in the house to be used in the morning, and people want it warm when they get out of bed before they begin to care if the rest of the house is warm. Auxiliary heat can be produced at a moment's notice from many of the new heaters. Cost: as low as \$30.

★ **Safety features.** Rate of accidents is higher in the bathroom than in any other 35 to 40 sq. ft. on earth. Grab bars placed vertically (to discourage towel drying) cost \$4 or \$5. Other safety measures: nonskid tub bottoms, electrical outlets out of tub reach.



★ **Simplest and most effective way for builders to break morning traffic jam in their houses is to provide two basins.** Builder Bud Arters' twins demonstrate selling



Plumbing & Heating Industries Bureau

★ **Colored bathroom fixtures with complementary tile can do the most to add glamour at low cost.** Tiling to the ceiling in the tub enclosure is another low-cost means of adding glamour.

★ **Drying facilities.** A row of dripping nylons is almost an American bathroom fixture. Women want a place to dry light laundry, plenty of racks placed so towels do not have to be removed every time the shower is used. Telescopic towel bars are one answer. Don't forget hooks for bathrobes.

People don't want to wait

"When people got to go, they got to go," bluntly says a Long Island builder. "I provide two baths." If Long Island is a bellwether area, the trend is clear: five years ago a 1,000-sq. ft. house with one bath, now has two. An increasing number of houses costing \$15,000 have as many as two-and-a-half or three baths.

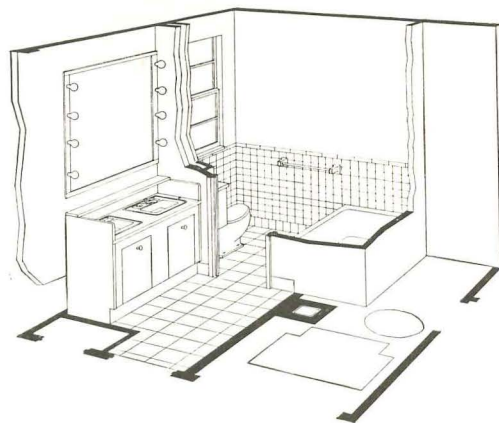
Merely compartmentalizing the three basic fixtures does not solve the problem of getting more use out of one bath. Realistically, two people cannot or will not use the same bathroom at the same time, said magazine editors at the HOUSE & HOME Round Table.

The two-child family needs at least an extra half-bath. The place provides it at a cost of \$55. A three-child family needs two full baths. Use of the inside bath is the only way you can get a master bath, a second bath and the kitchen on the same stage.

Beyond the basic fixtures, this is the order of priorities for optional fixtures: fourth fixture should be a washbasin, fifth a bidet, sixth a shower or tub.

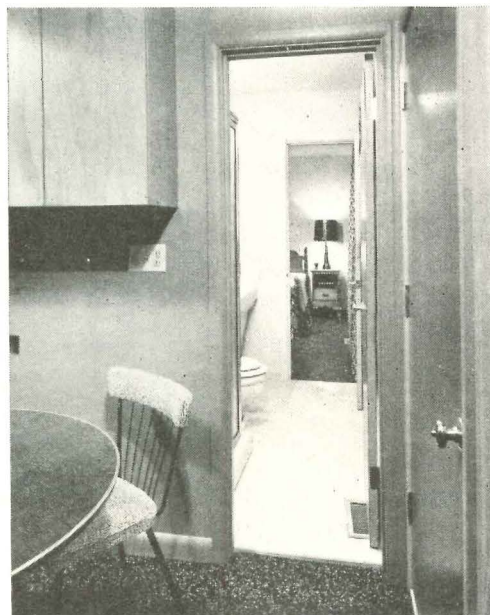


...le basin, theatrical lighting, extra shelf space and big clothes
...per make a one-room sales campaign in American Houses' newest
...ub by George Nelson & Associates. (See also right, above.)



★ **Multiuse** is possible in this compartmented bath because basins are closest to entry, divided from tub and toilet by door opening on tub side.

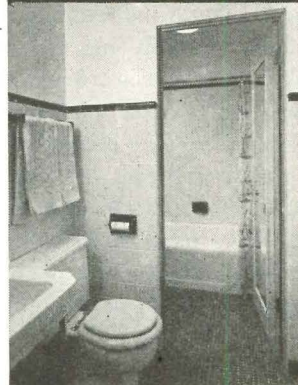
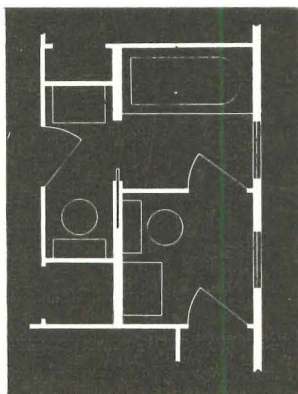
Photos: R. M. Morgan,
S. T. Strong; Hedrich-Blessing



★ **Two-way bath** in Scholz 1954 house is off kitchen, close to back door for children; housewife can use it in daytime, it serves master bedroom (far side) at night. Second bathroom is backed on same wet wall, is accessible to children at night through center hall.



...fixtures are divided into three
...ate compartments in truly com-
...partmented bath. Tub, less frequent-
...ed than other fixtures, is reached
...either of the toilet-basin com-
...ents. Window is not over tub,
...e easily cleaned and curtained
...housewife. Note full-length mir-
...Courtesy, Plumbing & Heating
...tries Bureau.



To merchandise a superior bath

Label features that make it a better bath in one or more places:

In the bathtub enclosure—"You won't break your neck in this tub: note safety bottom, grab bars."

On a tiled window sill—"No more rot or staining drips."

On the medicine cabinet—"Room for all your pills, potions and paraphernalia."

Near the auxiliary heater—"Warm as your bed first thing in the morning."

On the mirror—"You won't cut your throat when shaving; note the oversized basin to prevent dripping, slipping on the floor."

Place a towel, diapers, safety pins on the counter top near the basin. No sign will be needed to convince a wife how effective this is. Another sign saver: towels and a pair of nylons on racks.



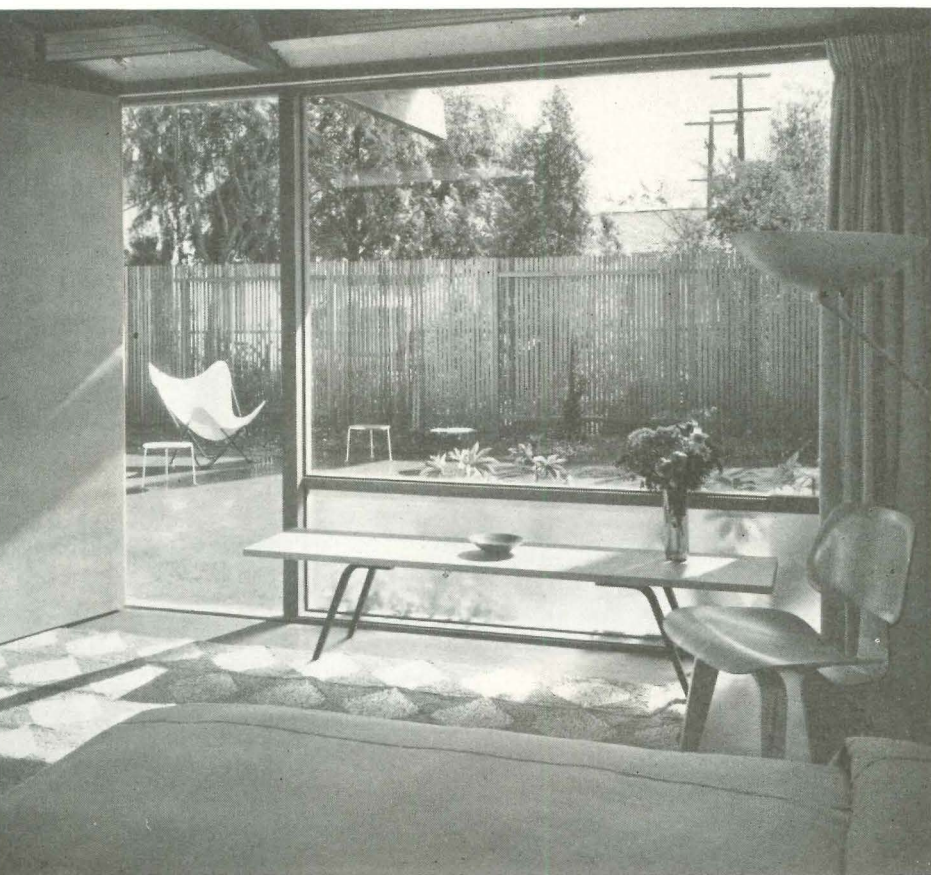
People want

larger windows and more daylight

After more than 15 years of intense publicity, the glassier house is irrevocably a part of the American scene. People in all parts of the country not only accept it—they demand it.

They demand it, that is, **if** the windows are placed properly, **if** they are easy to operate and to maintain and **if** they are well-engineered. People are very window-conscious, not only because they like lots of them, but because windows have caused them a lot of trouble in the past.

The kind of view you see in the picture (above) is not, generally, available in a builder development. This brings up the No. 1 problem of window design: where to place windows, how to give them a view *with privacy*. The answer cannot be built into the window—it has got to be built into the house and the lot: screens, fences, walls, planting (see pp. 138-139). All these can be used to create nice views, and to create privacy and shade for glassy houses. The biggest mistake made in many builder houses is to make the glass wall face the street: that means yards of heavy curtains, unpleasant views and almost complete loss of either privacy or daylight. Some builders have worked their way around to the side of the glass wall by retaining *some* sort of picture window toward the front of the time being—since *some* people still like it. But the glass wall on the street is on its way out.



What people want in big windows:

- ★ They want a nice view and privacy at the same time (see left);
- ★ they are getting away from the picture window facing the street;
- ★ they want double glazing;
- ★ they want shading devices for certain kinds of orientation;
- ★ they want provisions made for floor-to-ceiling curtains (i.e. curtain tracks, no obstructions inside the window wall);
- ★ they want a door next to the window to get out into the garden;
- ★ and they want the big window placed so that they can look out while sitting in front of the fireplace.

**er windows for less money:
Small Homes Council study shows
e ways to achieve economy:**

Combine small openings. Savings from combin-
ing small into 10 large: \$134.

Coordinate window size with framing to reduce
unnecessary cripples. Savings: \$30.

Use a double continuous lintel in place of 2" x
4" and flat. Savings: \$16.

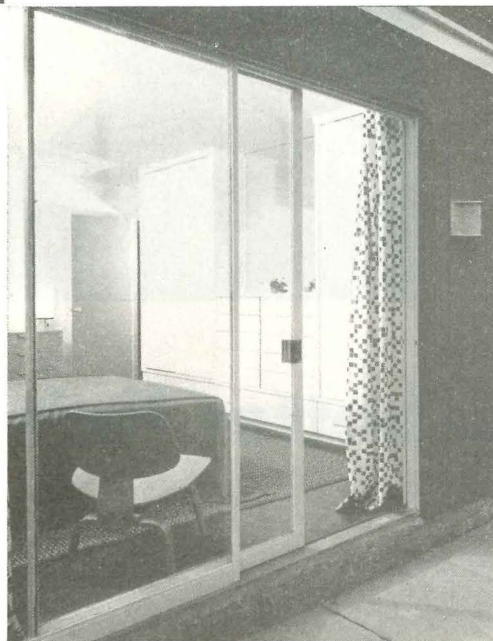
Place window directly under plate. Savings: \$18.

Use studs 24" o.c. instead of 16". FHA ap-
plies, and wall board and sheathing are amply
supported by this spacing. Omission of extra stud
in small sections of studding under window re-
sults in another \$47.

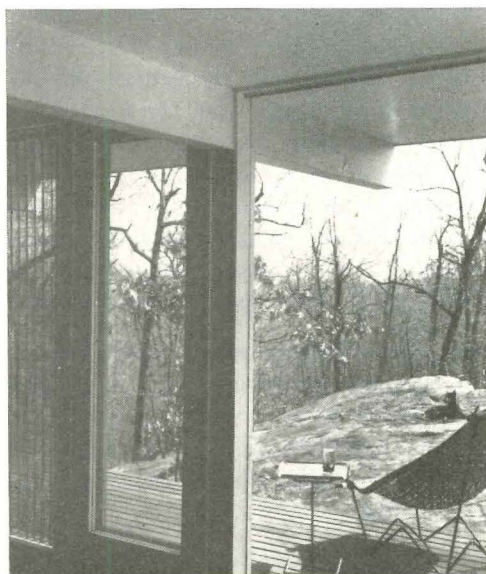
Elimination of continuous header and 24" o.c.
studging make it possible to frame walls for every
purpose free.

People want windows that work well:

- ★ They think that badly engineered windows
cause many maintenance problems;
- ★ they like smoothly sliding glass walls (see
right);
- ★ they like operating sash that doesn't jam—
and they like to be shown it doesn't;
- ★ they like removable screens
and storm sash (or equivalent)
as part of the window unit;
- ★ and they like special windows—
skylights, high clerestories, vision strips, etc.,
in places where they make sense.



Photos: © Ezra Stoller; J. H. Reed; L. S. Williams; D. Wann



**And people want windows
that are easy to maintain:**

- ★ They have got away from the egg-crate windows
(too hard to clean) and they now want
big panes of glass (see left);
- ★ they are very conscious of problems of rot,
condensation, rust, corrosion, heat loss, etc.;
- ★ they are interested in good weatherstripping;
- ★ and they are very much impressed with windows
that are easy to clean—
removable sash, pivoting sash,
revolving sash, etc.



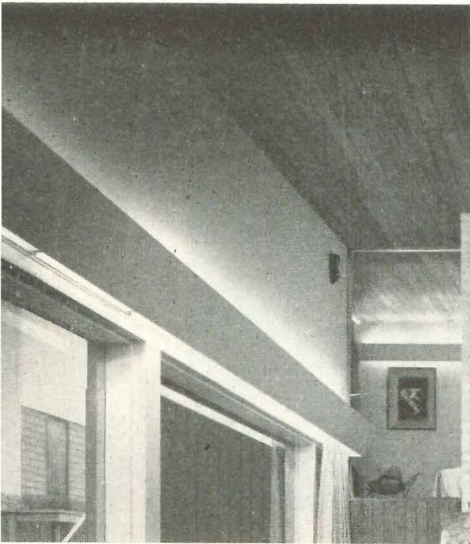
People want **better lighting**

Good lighting can make a small room look big, a short wall look long, a low ceiling look high. Good lighting can save wear and tear on your customers' eyes—as well as on their floors.

What is good lighting? *Primarily, it is two things:*

First, it is *fixed* lighting built in where it approximates the direction from which daylight enters a room. This is important, since people do not want to push their furniture around each evening to make it suit a lighting layout that conflicts with the natural, daytime light. Good fixed lighting, therefore, should come from the general direction of the windows, can consist of coves above and along the curtain edge. In addition, good fixed lighting should be in special-purpose areas—above and behind beds, in dressing and lavatory areas, above kitchen counters or built-in bookshelves, and so on. Finally, good fixed lighting can provide a backdrop of general illumination—e.g., a wash across walls against which people are silhouetted. This device makes rooms look much bigger than they are.

Second, good lighting means good *flexible* light—enough base outlets where they are needed most and fixtures that are adjustable. Floor or table lamps designed to create pools of light for reading or conversation make for freer living and more flexible furniture arrangements. Such lamps require outlets closely related to logical furniture grouping—and plenty of them.



Integration cove light and curtain-track val-
 gives excellent general illumination, pro-
 light "wash" across curtain against which
 are silhouetted. This creates illusion of
 spaciousness in room, especially during
 s. Supplementary "pools of light" can be
 d for special purposes with floor and table
 Architect: Marcel Breuer.

★ **Ceiling fixtures** designed for specific purposes
 are coming back in some areas of house. Lamp
 over dining area can be lowered on pulley mech-
 anism, was designed by Richard Kelly. It creates
 pool of light over dinner table, yet source of
 light is concealed so as not to blind diners.



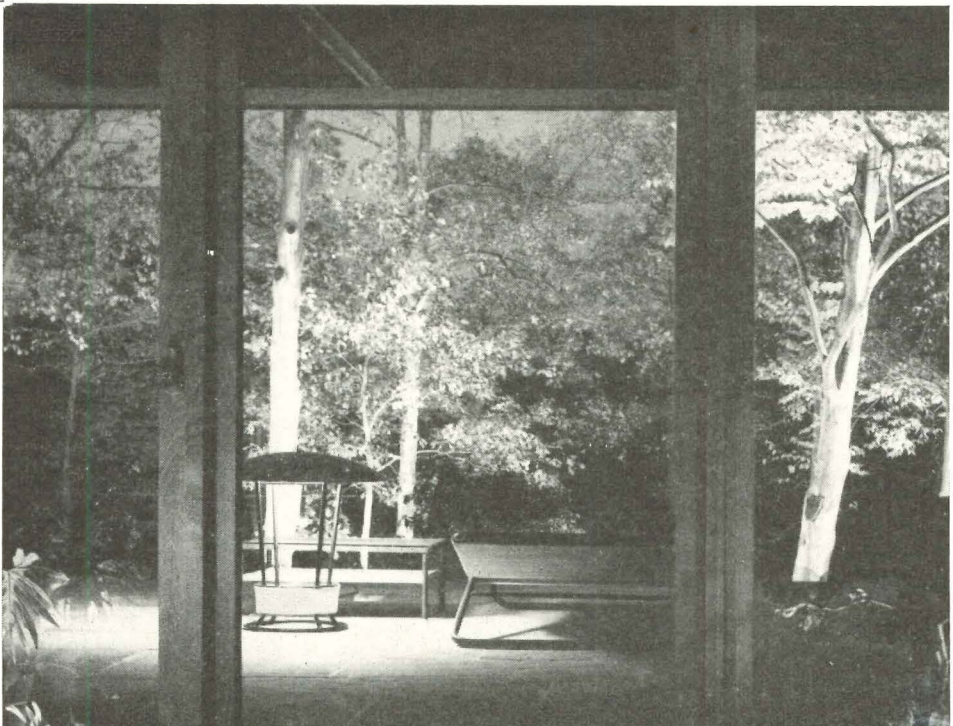
★ **Adjustable ceiling spots** can be used to illumi-
 nate bookshelves, paintings on wa'ls, passages.



Strip lighting was used here also, illuminates
 stick bamboo curtain in children's bedroom
 s house by Architect Gregory Ain. Pro-
 strip lighting above beds is another
 ent feature, has glass shelf on top to carry
 etc. Lighting engineer: Richard Kelly.

Photos: © Ezra Stoller; Ben Schnall; Museum of Modern Art, courtesy Woman's Home Companion; Demora

For outlets have become increasingly im-
 t. With greater use of glass walls and good
 aping, one of handsomest night effects is
 n darkened, modern living room, look out
 minated trees and flowers in patio outside.
 Design is by Architect Landis Gores.





Courtesy of Freeburg Bros., Memphis

More builders use real estate salesmen

as selling gets competitive.

**In 49 out of 75 test cities,
use of outside salesmen is increasing**

Number of cities	Builders using outside salesmen
16.....	15% or less
19.....	20% to 35%
14.....	50%
12.....	60% to 75%
14.....	80% or more

Fees vary from 1% to 5%

Number of cities	Fees paid real estate firms
3.....	1% or 1½%
1.....	1½ to 2½%
11.....	2 or 3%
3.....	3 or 4%
11.....	2½% to 5%
5.....	3 to 5%
30.....	5%

★ A growing number of builders are commissioning estate firms to sell their houses.

In more than half of 75 cities surveyed by HOUSE BUILDERS, 50% or more of NAHB builders use outside salesmen, according to an informal poll just completed among executive secretaries of NAHB locals. In 12 cities, from 50% to 75% of builders use real estate firms and in other cities, 80% or more use them. In 49 of the 75 cities the use of outside salesmen is a growing trend.

Builders subcontract selling to specialists

The number of builders now using real estate salesmen is in line with the amount of subcontracting prevalent in many areas. As the builder turns businessman, more of his time is spent in buying land, arranging financing, working out his new models and keeping his production flowing smoothly. There is a national trend to subcontract more work to specialists. Selling is another subcontract job which many builders have decided to be performed best and most economically by specialists. And it lets the builder have at least one day a week for his family!

While large-volume builders often set up their own sales organization as a licensed real estate firm to handle trade-ins or other property, in many cities even the best builders may turn their entire sales work over to an outside organization.

The fact that in two thirds of the surveyed cities the use of outside salesmen is a growing trend is a recognition that good old Uncle Fred, who could sell houses in the good and-easy days of the past, is no longer able to hold his own with the professional salesman in the next tract.

What services can a real estate firm perform?

Builders who are happiest to pay full sales commissions are those who get the most for their money—and the most is far more than getting a signature on a sales form. While the actual selling is the job for which a firm is hired, it is only a portion of the services performed.

Teamwork with a builder may begin with the purchase of land. A real estate specialist should be an expert in estimating which way the town is growing, where the good spots and the trouble spots may be. He knows where land is available, what prices are being paid by other builders, how to assemble parcels without forcing a price rise.

From past experience he should know a great deal about subdivision layouts. Have cul-de-sacs been a sales success in other projects? Will the fire department prohibit them? Is there a new trend to wider lots or shallower lots? How have 70' x 100' lots sold in comparison with 60' x 120's? Has the trouble which Builder Joe Doakes had with septic tanks (reported in the local newspapers) had a bad sales effect on other septic-tank installations?

The salesman is of value to a builder because he knows what kinds of houses are selling all over town. Is there a steady trend to more four-bedroom houses, to family rooms, to more baths, to more outdoor storage, to wider garages? How have the new 1½-story houses sold? What's new in dining rooms, eating space in the kitchen; how have built-in stoves sold? Do families want a laundry in the basement or off the kitchen? These are typical of dozens of questions which a smart salesman should be able to answer when a builder is planning his new models.

A wide-awake real estate firm with a number of salesmen is in a position to act as the eyes and ears of its builder-clients. Salesmen can ask questions about the competition when a builder is in no position to do so. In military circles this would be called "gathering intelligence," but whatever it is called, a builder can use a lot of it and can save money by following good advice.

Salesmen on the design team

In nearly half the 75 cities polled by H&H, NAHB executive secretaries reported that real estate firms were advising some of their clients about house features. Every builder wants to spend time at his own open house to get visitors' reactions and, of course, having an outside sales force by no means stops this practice. But no one is in a better position than the salesman to discover what the public wants, what the new trends are and on what kinds of houses the public is spending its money. In many of the most successful building firms, the man in charge of sales is an important member of the design team of architect, builder, chief salesman.

Finish the model house?

The sales firm's advice on preparation of a model house is usually worth listening to. It should know better than almost anyone whether a house must be decorated or not. If so, which store or which decorator will do the best job? How much should be spent? Can the builder get some of his money back when the model is sold?

Help on opening day

Presumably the real estate expert has gone through dozens of opening days and he should know all the answers about advertising, sales literature, if it pays to rent a captive balloon, how big a parking lot should be and dozens of other questions. Presumably an experienced builder knows the answers too, but a successful opening depends on showmanship and that is not the builder's business. Or maybe the builder is moving from one part of town to another or into a new area where he does not know the local customs. Basically a realtor is valuable because he should be able to point out the mistakes that have been made before. He should know how best to handle crowds, what to do with obstreperous children and such details as whether or not to provide a public toilet.

The salesman's most important job is, of course, in giving advice on ways to merchandise a house, and in getting signatures on the dotted line.

"Probably 90% of Long Island builders use real estate salesmen," said Louis Licht of Lane Realty, one of the Island's largest firms, "and they get a lot of service. We take their sales problems away. This permits them a free hand and a free mind to proceed with building. We do a lot more than selling. Recently a builder came to us who had bought a big acreage in Massapequa at a fairly high price. He wanted to build a three-bedroom house at about \$15,000. We told him his price was too high for the area and the competition. We urged him to build an expandable attic house and to run the heat risers and plumbing to the attic. He did this at a sales price of \$11,970. Now he's selling lots of them.

"We handle mortgage financing, process applications, check credit for our builders. We make a lot of suggestions that help sell the houses."

Said Albert Meyers of Kern Realty, which handles 47 Long Island builders with houses from \$6,000 to \$60,000:

"Our builders come to us before they plan their models. We have at our fingertips a lot of information they don't have about house styles, prices, public demands, which areas attract which buyers and what makes a fast seller.

"For example, if a builder is in certain districts we know he's got to have a center hall, fairly large bedrooms and two baths. If he's going to have a lot of Italian buyers, he ought to have a brick house, an extra large kitchen.

"As the model goes up, we advise on furniture, decoration, landscaping. Then we handle the brochure, the advertising, and of course the selling.

"Our men visit all new projects on the Island, keep tabs on sales and new ideas. Often a builder's name is unknown to the buying public, but they know our name and the builder gets the prestige of the sales agency."

FHA starts a big shakeup of its underwriting

► **Guy Hollyday's last major move before his ouster will be carried through, says new Commissioner Norman Mason**

► **Michigan Homebuilder Charles Bowser succeeds Curt Mack as chief underwriter. Top job slated for James Lendrum**

IN THIS MONTH'S NEWS

(see pp. 37 through 86)

**How US cities are growing—
a look at newly compiled figures
suggests public housing flourishes
where private building lags**

**The nothing-down house is back
in a big way, riding the easier
and easier mortgage market**

**Rehabilitation drives pick up
new headway and even laggard
New York City joins the parade**

**Why mortgage bankers do not want
FHA subordinated to HHFA—a plea
to the White House that backgrounds
this month's reorganization plans**

**Prefabbers see record year ahead
and elect Gen. John O'Brien, head
of US Steel Homes, as president**

Guy Hollyday's last major move as FHA commissioner was to start a long-needed reorganization of its underwriting division in Washington. Four months after he and four other FHAides sat in on a HOUSE & HOME Round Table which criticized so many FHA valuation policies and practices (H&H, Mar. '54), Hollyday named Michigan Homebuilder Charles A. Bowser to replace Ass't. Commissioner Curt C. Mack as chief underwriter. Mack—too conservative, perhaps, for FHA's "newlook"—resigned in March.

Equally important, Hollyday asked Architect James T. Lendrum of the University of Illinois' Small Homes Council to be chief architect, and he revealed plans to broaden the chief architect's function to cover the whole field of better design and improved methods for new houses. He was preparing to name one of the most forward-looking members of his holdover staff, Alfred Jarchow, to head up the other half of underwriting's work.

After Hollyday's ouster, his successor, Norman Mason, promptly indicated he intended to carry through the reforms along the lines Hollyday had planned them.

Charles A. (for Adelbert) Bowser, 44, is a civil engineer (Michigan State College '33) who has been a builder since 1946 of what he candidly describes as "garden variety houses" in the Michigan capital (see cut). When Curt Mack left (one of Hollyday's velvet reforms—so quietly only insiders knew it wasn't 100%



BOWSER

resignation), Bowser spoke up for the \$12,000-a-year post. The Michigan Association of Home Builders backed his candidacy with a resolution of endorsement; Bowser is a past president.

Dell Bowser is also a past president of the Lansing chapter of the Society of Residential Appraisers (appraising is the essential core of FHA underwriting), a past president of the Lansing Home Builders Assn. and an advisory committeeman to Michigan State College on its curriculum for the light construction course. In World War II, as a major in the Army Corps of Engineers, he supervised building of airfields, hospitals, troop installations and fortifications in—among other places—the Hawaiian Islands. Married, he has two young daughters. His hobby is a home workshop and boat building (he built a 10' outboard motorcraft which he likes to take out on Michigan's lakes).

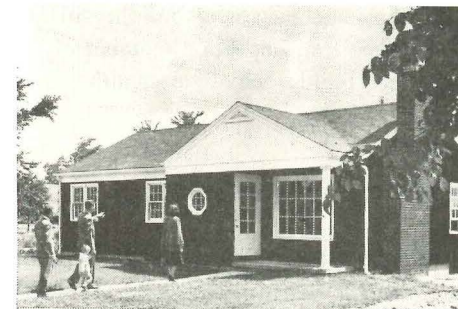
Of his new job, Bowser says he agrees with those who think "it's time for a new look at FHA." Of modern design, he says: "You have trouble financing it in Lansing, so builders shy away. But many lenders are changing their minds. We're in an evolution. My observation is that the younger generation is very

susceptible to contemporary homes. Old people, as always, are not so susceptible to changing ideas."

Civil service delay. Choice of Lendrum for chief architect—still subject to civil service approval because his job requires civil service status Lendrum does not already have—was a direct outgrowth of HOUSE & HOME's Round Table. It was at the Round Table that Hollyday first got to know the 47-year-old director of Illinois' Small Homes Council, one of the nation's leading sources of down-to-earth research on how to build houses better or just as good but cheaper. At the same Round Table, it was Jarchow who played the most important part in explaining present FHA appraisal policies and practices.

After the Hollyday blowup, it became possible that Lendrum would decline an FHA appointment, even if the civil service commission finds as expected that nobody on the list meets the exacting specifications FHA brass has drawn up for the post it wants Lendrum to fill.

In FHA, Professor Lendrum would be a fresh breeze. He is widely known as an articulate critic of current building practice, that "building by modern tested and approved techniques is 90% common sense and 10% forgetting past procedures and experience."



BOWSER-DESIGNED house in Lansing was shown in local 1950 home show, built the same year. It has 10,040 sq. ft. of liveable area, three bedrooms and a dining alcove. Price: \$15,900.

Jarchow (pronounced Jarcho), 52, is a 20-year veteran of FHA who is currently chief technical officer of the underwriting division in Washington. He studied at Illinois Tech, moved into the real estate and mortgage field around Chicago before joining the agency in 1934 as a mortgage credit examiner. From 1935 to 1940, he was general underwriting supervisor in Washington, then

R.J. Anderson



JARCHOW



LENDRUM

promoted up to be chief of mortgage credit. He moved to his present post in 1949.

Initial setup. Hollyday's planned reorganization of FHA's underwriting division would separate its seven sections into two groups under Jarchow and Lendrum, who would hold the same civil service rank. Under Lendrum would be architectural, construction cost and property requirements (Lendrum has advocated relaxing FHA's minimum property requirements to a performance rather than a specific code). That is the technical side of FHA underwriting which was brought under Jarchow's wing at a time when former FHA Commissioner Abner Ferguson feared the new National Housing Agency might grab off some of the technical functions of FHA. Jarchow would take charge of valuation, land planning, mortgage credit, and review and analysis—activities involving appraisal and underwriting procedure. Both would report to Bowles, who would have Laban "Cris" C. Chappel, present assistant chief underwriter, as immediate aide.

By divorcing the technical phase of FHA underwriting from the processing of insurance applications at the same time he brought in new faces, Hollyday hoped to break up the inertia and cut through the prejudice that has hampered FHA approval of new departments in homebuilding. The changes—if carried out by Acting Commissioner Mason—would become some of the most important news of the year for homebuilders, mortgage men and homebuyers alike.

Jurisdictional strife seen AFL carpenters' drive

The AFL carpenters union, which already has 100,000 members, announced plans to bring in 50,000 more. The proposed membership drive seemed likely to bring the carpenters into further jurisdictional disputes with Dave Beck's teamsters. Builders will take the usual course of being caught in the middle. Beck has already made it plain to the CIO that he will not go along with an inter-union non-binding pact; apparently he feels the same way toward the brotherhoods of the AFL.

FHA office promises higher appraisals for better wiring

In and around Detroit owners of old houses were constantly asking Detroit Edison Co. for rewiring help to boost their electrical capacity whenever they bought new appliances. What disturbed the company, however, was demands for additional services from buyers of new houses. Recently it checked its records, was shocked to find that only 400 of the 36,000 new homes added to its system last year were wired adequately to accommodate even one major appliance.

Last month plans were agenerating to correct this senseless situation. Detroit Edison, the Builders Association of Metropolitan Detroit, the local electrical supply industry and the Detroit FHA office were set to begin an intensive campaign to have builders install adequate wiring from the start in every new dwelling. FHA suggested this should at least be 100 amp. instead of the former 60 amp. minimum wiring and include installation of a circuit breaker, a panel box allowing for future circuits, exterior as well as interior convenience outlets for possible future appliances, and multiple light control switches. Most important of all, FHA Director Wendell O. Edwards and Chief Architect Alden S. Marvin promised they would match deeds to words, and that "the cost of any wiring features above FHA minimum require-

ments will be included in our cost estimates, resulting in higher appraisals and increased FHA commitments."

VA open-end mortgage rules allow interest boost

Loan Guaranty Director T. B. "Bert" King disclosed VA's new open-end mortgage rules last month in New York. Up to now, approved lenders could make re-advances to GI borrowers for home improvements without prior approval from VA if the re-borrowing did not increase the mortgage above its original amount. For supplemental advances, however, which send the balance above the original amount, prior approval was necessary. The new rules: 1) dropped the prior approval requirement on supplemental loans up to \$2,500, and 2) on re-advances of \$1,000 or more allowed the lender to negotiate an increase in interest up to 4½% on the entire new balance. The VA guaranty on the new balance, however, will be the same amount outstanding on the original loan.

An amendment in the housing bill to allow an increased guaranty on open-end mortgages if a veteran had not used his full entitlement was killed inadvertently when the House knocked the entire Title II from the measure (p. A to L). The bill's provisions authorizing open-ending for FHA mortgages were adopted intact, however (p. 114).

Stuart Hertz



Seattle architects team up with newspaper to sell design

The uphill climb (pictured above) is being made by part of a crowd of 2,000 that bucked a rainy Apr. 4 to inspect the fourth house displayed in a unique promotion co-sponsored by the Washington State AIA chapter and the Seattle Times. Each month this year, a nearly completed architect-designed house is picked by AIA as "house of the month." The "Times" runs a layout of pictures, floor plans and a story inviting the public to inspect it. At year's end, a "home of the year" will be chosen; its architect will get an "Oscar," the owner a cash prize. The biggest crowd so far was on a sunny February Sunday, when 4,500 people came out to see a house designed by Architects Lawrence & Hazen for the Jay Dootson family. It took four cops to untangle the traffic.

All involved seem tickled with the promotion. Said Margery R. Phillips of the "Times": "When

we have architects' homes, if the weather permits and it is not too remote, attendance far exceeds that of nonarchitects' homes." She attributes public interest to the fact that there are more new ideas to write about. Said Architect Ira Cummings (designer of the January "house of the month"): "There has been terrific community impact. . . . If people just walk through a house like a herd of cattle, they're not very interested. When they ask intelligent questions, it shows they are awakening to new ideas and progress that they see in architect-designed homes. I've felt the results client wise already." Said Architect Charles Lawrence (of the February house): ". . . People take the effort to drive several miles on a Sunday afternoon just to better their architectural understanding." The pictured April house is by Architect Ben McAdoo.

Because every buyer wants

sound construction . . . and low-cost maintenance

Here are two check lists that any builder

can turn into sales features

"Today's home buyers know a lot about construction and ask a lot of well-informed questions," says Frank Tufaro, past president of the N.Y. State Homebuilders. "The American public is a lot more intelligent than we give it credit for being. When people are interested in buying a house they read up on the subject, often come around to the model house with a portfolio full of advertisements and check lists."

Says N. J. Builder Harold Sarshik: "Buyers today are better informed and better educated than ever before. We try to use easily maintained materials wherever possible and make a sales point of low maintenance costs."

"As for the first-time buyers," says California Builder Joe Eichler, "they are getting a college education from previous buyers on how to size up a new house."

Buyers ask about these details that every builder can check against his own houses:

Will the basement stay dry? People who have lived with the curse of a wet basement say "Never again!"

How do the doors and windows fit? Buyers want windows and doors that will not stick, warp or let in cold air.

What kind of roof? Wanted: a solid top overhead that will not leak and shingles that will not blow off.

Is the house termiteproof? Buyers want to know what a builder does to prevent termite damage.

How strong is the floor? Long Island Builder Jack Greenman says: "People look for sturdy beam construction and concrete foundations."

Are there gutters and leaders (at least over entrances)? Everybody wants protection at front and back doors against rain spilling off the roof.

Will the flashing be trouble-free? No one wants water leaks.

How good is the hardware? Buyers are conscious of the design, construction and durability of the hardware and fittings. Cheap hardware, says the Small Homes Council, costs builders more in repairs and customer complaints than hardware of good quality. Difference in cost in a small house: \$25 or less.

How are the closets made? Especially after living in apartments, people look for big closets with sturdy, well-finished shelves.

Is woodwork smoothly finished? When builders do a neat job on woodwork it suggests that the whole house is well-built.

How trouble-free are the inside walls?

Does the water heater have enough capacity so there will be hot water at all times?

What kind of pipe? Will it resist rust and corrosion?

Has the house top-quality workmanship? House hunters generally judge a house by its appearance. Is the woodwork cleanly finished, is the paint job well-done and how does the wallpaper look?

. . . And before a sale is clinched builders everywhere say they hear these queries on *low-cost maintenance*:

Is the paint job permanent? People want assurance that exterior frame walls have a paint job that will last. (Sales of *Better Homes and Gardens* house plans show that their readers have a marked preference for the brick house because it does not need painting.)

Is the house well insulated? N.J. Builder Albert Mezler says his buyers constantly ask if both walls and roof are insulated, how much insulation is used and what brand?



John D. Harrison of Birmingham, Mich. lets this cutaway house tell his construction story. It fascinated and educated visitors, convinced them Harrison was proud of every item he uses in his houses.

How good are working surfaces? Magazine editors at H&H's and Table unanimously agreed that women demand tough, shalable work surfaces that will not collect dirt, scratch, burn and discolor.

Are the floors easy to maintain? Housekeepers want floors that will neither scar nor need frequent waxing and polishing. *Is the condensation problem licked?* Carol Mercado of *Ladies' Home Journal* says: "People are acutely aware of having windows that fog up and cause water to drip on sills. They don't like it."

Are walls washable? "One of our best selling features is wash-backed wallpaper," says Chicago Builder Joe Merrion. "It's got a surface that will last. It means easy maintenance."

Will bathroom walls resist moisture penetration? Because paint often peels off bathroom walls, almost everyone wants a material installed up to the ceiling for low upkeep.

Are windows double-glazed? If not, people want provision for storm sash can be easily added to save fuel.

Is weatherstripping used? Camden, N.J. Builder Harold Shik says, "I explain how complete weatherstripping around windows and doors cuts heating bills. As our project is fully weather-conditioned we make a point of how this helps to lower heating costs, too."

Is the main electric board big enough? As they buy appliances like air-conditioning units, people want to be sure they don't have to pay extra for a bigger electric service.

And how good is the heater? Since the heater is one of the most expensive items to repair or replace, people everywhere look for a reliable unit that will give trouble-free service. (See page 178 for how to merchandise better heating.)

How to merchandise better construction and low-cost maintenance

1. Use the cutaway house technique. When framework and masonry are opened up people can see all the materials that go into your houses. Salesmen should be drilled in the qualities of each product, why it is used and how it contributes to a better house.

2. Leave an unfinished house next to the model. Then people can conveniently walk through it to see the construction features for themselves. Every husband wants to be a construction expert. When he sees how a house is built he gains confidence in its construction.

3. On low-cost maintenance, keep a record of complaints and, like Builder Joe Eichler, turn them into a merchandising idea. Says Eichler: "We set aside \$100 a house for service and check constantly to prevent the same troubles from repeatedly showing up. Owners tell their friends. Over 50% of our sales are made through word-of-mouth advertising."

4. Use brand-name products. Massachusetts Builder George DeVries says: "I have the jump on other builders around because I use brand-name products." Customers are presold on the quality of products they have seen advertised."

5. Keep a record of the heating and air-conditioning operating costs in your houses. Then you can show new prospects how bills actually run. This conclusively answers one of the biggest questions people will have about your houses.

GOOD HOUSEKEEPING

Mary Kraft dir. of decorating studio & building forum

HOUSE BEAUTIFUL

Elizabeth Gordon, editor

LADIES' HOME JOURNAL

Carol Mercado asst. to architectural editor

LIVING

Edith Brazwell Evans, editor-in-chief

McCALL'S

Mary Davis Gilles, houses & home fashions editor

PARENTS'

George Hadlock, special assistant to the publisher

WOMAN'S HOME COMPANION

Elizabeth Matthews, home-decorating editor

BETTER HOMES AND GARDENS

John Normile, AIA*, building editor

NATIONAL ASSOCIATION OF HOME BUILDERS

Thomas Coogan, past president

Hamilton Crawford, ch'man sales & merchandising committee

Joseph Merrion, past president

Emanuel Spiegel, past president

Leonard Haeger, technical director

Stanley Baitz, editor NAHB Correlator

MODERATOR

Carl Norcross, executive editor House & Home



What do people want in new houses?

Three or four years ago a lot of people with deposits in their hands were standing in line to buy houses. Those days are over. We have got to get used to the ideas suggested in this Round Table to merchandise our houses.—Manny Spic...

Consumer-magazine editors answer

At the invitation of HOUSE & HOME, editors of consumer magazines whose combined circulation tops 18 million met at a Round Table to discuss what home buying families in the US want today.

Throughout the discussion there was a recurring use of the word "more." From the editors' wide contacts with families throughout the country, it is obvious that people want more space, more storage, more bedrooms, more bathrooms, and more of everything that makes one house better than another.

The editors, well aware that what many families want would cost far more than they could afford, tried to limit the discussion to essentials and to eliminate the extras not economically possible in today's low- and medium-priced homes.

Just as all families do not agree on what they want in houses, the editors were not always in agreement either. But they did agree in many areas and on many points, so this report summarizes trends important to builders looking for new ways to find new customers.

* Mr. Normile was unable to attend the Round Table but covered the same ground with H&H editors at a subsequent meeting.



How can space be better planned for family use?

Mercado: People want less traffic to the other parts of the rough the living room. They don't like, even in the lowest-levels' houses, to come directly from outdoors into the living room. They want some sort of separation, even if it is only a physical separation, so that someone coming in out of the house doesn't step right on the living-room carpet.

Readers say that when the front entry of the house is through the living room it is used once a week when they have company. Most of the time the family uses the kitchen entry because the living room floor is generally better able to take heavy traffic than the living-room floor. The living room should be isolated from the kitchen traffic.

All vestibule with a closet for rubbers and overcoats is important. Traffic to the bedroom area without going through the living room is important. It makes housekeeping easier.

Gilles: Three bedrooms have become indispensable. If the house is small, the bedrooms can be small if there is a separate family living. I am delighted to find the all-purpose family room being included.

Kraft: People want multipurpose space.

Hadlock: We think it is important, definitely, to separate the dining room from the living room.

Matthews: People want this extra, general family room at the expense of smaller bedrooms.

They still want their bedrooms as large as they can have them. They don't like their individual rooms.

Kraft: I disagree. Bedrooms can be smaller if properly planned. The reason for wanting them large now is because the family anticipates having to double up.

Mrs. Evans: Part of the effect of the all-purpose or family room is psychological. Families don't often use living room and family room at the same time.

Mrs. Gilles: One of the most useful rooms in the house is the all-purpose or family room off the kitchen where young children can play and not be too far from mother's eye, and where teen-agers can take over without putting the old folks out of the living room. In some situations it can also be used as a dining room. People who have such a family room think it very handy, and it is very much used.

Mr. Normile: Although one of our two-level houses with a lower-level activity room has sold well, few Five Star houses offer a family room, so this trend is not reflected in our sales.

Mrs. Evans: The greatest waste of space is the garage which can be finished for a playroom for the children when the car is not in it. Most people leave the car out in the driveway in decent weather anyway.

Mrs. Mercado: Our readers want space that they can expand into, anything that they can utilize later, after they have lived there for a while. They find they outgrow the house before they have gotten any equity into it. They would like an expandable basement, attic, a carport, a porch or breezeway that can be enclosed, anything that they can move into as the need grows.

They don't like picking up and moving and never seeing the garden they put in last year. Most of the complaints we get about builders' houses is their complete inflexibility as far as more space is concerned. Families buy out of sheer necessity and they move again out of sheer necessity.

Do families today want a separate dining room?

Mrs. Evans: About half of them do.

Miss Matthews: They'd like one.

Mrs. Gilles: Actually, they eat in the kitchen, 84% of them, even when they have a dining room. But they think: "When I live right, I want a dining room." It's a dream room.

Miss Kraft: You want to live right now, don't you? Many people who live in a house without a dining room want the dining room back, and this can be combined with the TV or activity room.

Miss Gordon: People who are not eating in a dining room are beginning to want it because their children are growing up with what they consider bad manners. They feel they need to grade up the children's manners by setting a more elaborate table.

Mr. Hadlock: Children should eat in formal dining surroundings regularly, but not necessarily in a separate dining room.

Mrs. Gilles: The dining counter is most unfortunate, and that's where habits become shoddy. The trend is toward eating in a great many places—eating all over the house.

Realistically, I cannot believe that we can reinstate a separate dining room, used for nothing but dining.

Mr. Normile: About three quarters of our best-selling houses have had combination living and dining rooms.

Mrs. Gilles: The response to built-in ranges and ovens is amazing until people check on the installation costs. But they simply love them. I don't know how it happened so quickly. But you have to have a large kitchen in order to separate the oven and the surface units logically. In a small kitchen you just automatically put them side by side.

Miss Kraft: They are much more flexible.

Mrs. Evans: People want narrower kitchen cabinets, storage cabinets, on at least one wall, which have just enough depth for packaged foods. Stacking back into the cabinet is most inconvenient and space-consuming.

Mrs. Gilles: One of our major appliance companies has rather arbitrarily got the whole industry to accept too wide a separation between the counter top and the wall cabinet so that you cannot reach beyond the second shelf. A woman of 5'-3", which is the average, cannot reach above the second shelf.

Mr. Norcross: Builders disagree as to whether cabinets should be built to the ceiling or furred down. If they are furred down, you are obviously losing space. Yet some builders say women will not use space on the top shelf because they can't reach it.

Miss Matthews: It's all right for her to use that space, but there should also be enough space for every day. Too often in builders' houses you find too few cabinets, and if they go to the ceiling, she will have to use the top sections all the time.

Miss Gordon: Everybody wants things they don't use all the time, and they can put them up into this hard-to-get-into space. It's there. Why throw it away? After you have lived in your house five years, you have accumulated a lot, and you need every bit of space you can get.

Miss Kraft: The top shelf should have separate doors so you don't open the whole cabinet every time you want something from the lower section.

Miss Matthews: There has been a terrific upswing in the purchase of small electrical appliances like roasters and electrical broilers, deep-fat frying machines. The builders should contrive some sort of compartment for them.

Mrs. Mercado: There seems to be more demand for less-clinical and warmer-looking appliances. People want to eat in the kitchen. They don't want the kitchen to look like a hospital.

Mrs. Evans: I think we will see the refrigerators in plywood cases which will have a natural effect with the natural cabinets.

Miss Gordon: One way to improve the appearance of the kitchen is to make appliances with brushed chrome or stainless-steel fronts and doors and leave the cabinets free to be painted or colored to go with some other part of the color scheme.

Mrs. Evans: Equipment today is not scaled right for the builders' houses. The kitchen can be planned efficiently, have a lot of good storage space, but the whole thing has to be designed, and it has to be a packaged kitchen. It would mean a whole new conception of kitchen planning. Builders could get kitchen equipment built on an ideal system where you can practically have a kitchen installed without any seeking out of how to arrange this and that.

Mr. Normile: The key problem of the kitchen is not size but arrangement. It can be compact if it's intelligently laid out and well-equipped. Over half the buyers of our house plans want to be able to eat close to or in the kitchen.

What can be done to improve the bathroom

Miss Matthews: People mainly want more storage space and more over-all space.

Mrs. Mercado: For children, the family bath needs a little more partitioning so that it can be used by more than one child at a time. People would like a little more space in the bathroom. Particularly in lower- and middle-priced houses, there is no room for a hamper or for a stool for a child to sit on.

Miss Kraft: I think people would rather have two separate baths than have one big bathroom with room for more than one person to use at a time.

Mrs. Mercado: Having an extra basin in the one big family bath helps traffic considerably.

Mrs. Evans: The compartmented bath is a wonderful idea, but I've never seen just how it works. It doesn't give you much privacy.

Miss Matthews: First choice definitely is separate bathrooms. But if you can't have separate bathrooms, subdivisions of a large bathroom would help some.

Mrs. Evans: Women want a completely new toilet, possibly wall-hung because the pedestal base is the worst thing to clean around in the entire bathroom. It hasn't changed in 100 years. There is no reason on earth why it has to be that way it is, but it just is.

Mrs. Mercado: The window over the bathtub is a nuisance to cover. Then there is the problem of the water that drips on the window sill and condensation, and people just don't like it.

Mr. Haeger: What about a bath without the window?

Mrs. Gilles: I think that's quite all right. If you take care of ventilation, there seems to be no objection to it.

Miss Gordon: Inside baths are going into a lot of expensive custom jobs.

Mr. Hadlock: Another thing people want is tile in bathroom ceramic tile.

Miss Kraft: Why can't tile go up farther than it does? I know it costs more, but where tile goes only part way and the rest is wallpaper over it, soap gets on the wallpaper. You can't bathe but get that messed up in a very short time.

Mr. Hadlock: There may be disagreement about the design of the bathroom vanities, but they do serve a double purpose: they tend to eliminate the dressing table.

Miss Gordon: I think what we want is counter space around the bowl, but not styled the way it comes from the manufacturer.

Miss Kraft: You need that space to bathe the baby, to use the bathinet; you can use it for so many things. A toilet-lavatory combination should be located where the children can come from the outdoors conveniently and use it without running through the house.

kind of storage space do people want?

Kraft: They want more of it more efficiently designed. Not just a closet with a clothes pole and shelf, people want built-in storage in each room, including the living room.

Mercado: They want space for bulk-storage things like vacuum cleaners and card tables that almost no one allows for.

Gilles: There should be at least one walk-in closet. If you have all wardrobe closets, certain things won't fit.

Normile: In our experience people will buy plans which include basements if they can have storage walls for bulk storage items.

Matthews: That's why people have basements.

Hadlock: The extra room in back of the garage is a bonus for that. It's quite large.

Kraft: If you drive around where garage doors are open, they are so stuffed you couldn't get the car in.

Evans: There is hardly any room for bulk storage space in a house if it is a small house. It has to be in the garage or basement.

Kraft: There is no place for summer furniture and golf bags in the average builder's house now.

Gordon: The garage or carport should be a more convenient size than the car requires.

Kraft: People want overhead shelving there, for storing lawn chairs, porch chairs, garden hose, garden equipment, summer clothes and things that are put up in the fall and taken down in the spring. But where to put the things children use all the time?

Mercado: Our readers don't want a basement just for storage.

Matthews: Ours want it for odd jobs, painting and carpentry, especially because it is removed from the first floor.

Mercado: In their bedrooms people want as much storage space as they can get.

Gordon: More hanger space, more shelf space, more closet space.

Mercado: They would like space a little better planned, in the same area, or possibly a little more. It is irritating to have clothes hanging in a full-length closet with space below unused. A number of our readers have said they divide that space to waste it.

Gordon: They would get 100% use out of a built-in closet, whereas a piece of furniture gets only one tenth the space used.

Mercado: People want storage space where they use it. They want some bulk storage space near the living room for cleaning supplies, vacuum cleaners, sewing machines, and things like that, rather than men don't want to lug up from the basement or down from the garage.

Gilles: The builders' concept of the cleaning closet is a little by-hole in which you keep a broom and a dustpan, and a cleaning cloth. It has no relation to the bulk of cleaning equipment required for the average house today and would be a waste of space.

What do people want in laundries?

Mrs. Mercado: Storage for ironing boards and irons, particularly where there are small children and the hot iron has to be left out on the counter to cool. It constitutes a constant source of danger.

If, in the same place where the ironing board is stored, there were an insulated shelf just big enough to hold the hot iron, where it could be put immediately after it is used, it would be an appealing note that the housewives would go for.

Mrs. Evans: One of these days ironers are going to be designed in a compact, reasonable form. At the present time very few people have ironers. They are not recognized as one of the really work-saving items of the household without a servant. That is likely to come if the appliance boys ever start educating people to the importance of them. Ironers are very bulky.

Mr. Spiegel: Do you find people prefer the laundry in the basement?

Mr. Normile: Housewives want the laundry on the first floor and they'd rather have it next door to the kitchen than in the kitchen itself.

Mrs. Gilles: Our studies show definitely they want the laundry in a room adjacent to the kitchen. They prefer it in a separate utility room, but they would take it in the kitchen, rather than have it in the basement.

What makes a good house for children?

Miss Gordon: What people want in a house for children changes with the age of the children so it makes it a very hard problem for the builder. When children are learning to walk, all the parents think of is stairs or protrusions. As they get a little older their parents worry about knobs on the stove. The children might turn them on and asphyxiate themselves.

Mr. Hadlock: Traffic lines are especially important, arranged so that children rushing into their own room or the bathroom, won't knock the mother down. For a house with children the sound problems are especially important. Bedrooms must be separated from the living room area, and if you do have an all-purpose room, it must be separated from the living-room area.

Miss Kraft: Children need a separate activity room. A woman likes to have her living room tidy in case someone drops in. She doesn't want to nag at the children to put their things away. They have to have a place where they can leave their toys out and carry on their hobbies and projects.

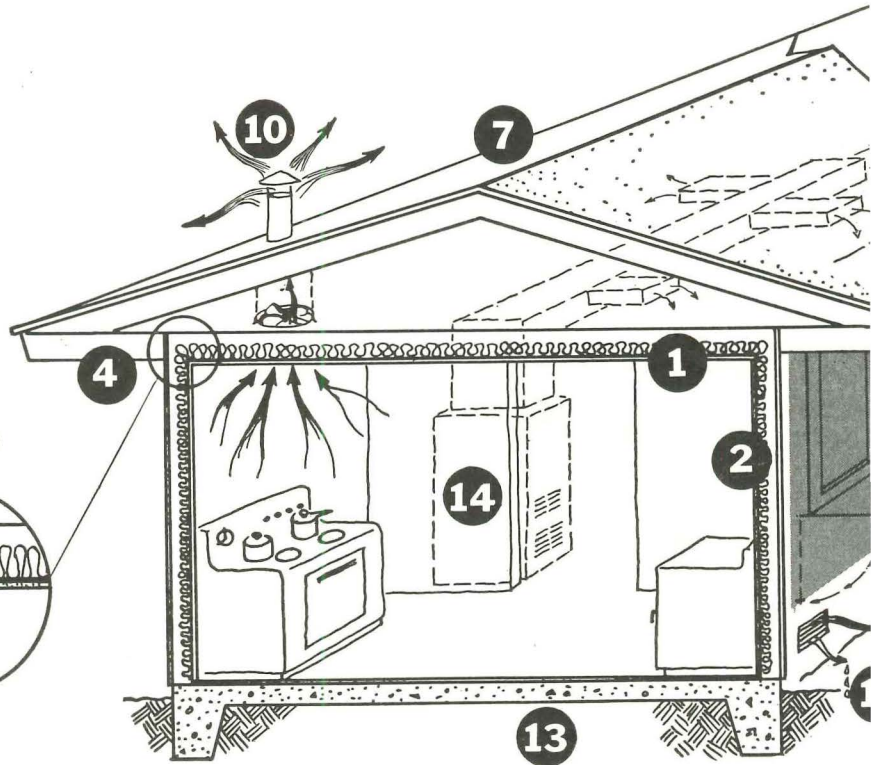
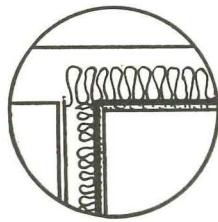
Mrs. Evans: I think children are one of the reasons for the success of the split-level, because of the separation. As children grow older, they have the downstairs area where they can entertain their friends in some degree of privacy.

Mr. Hadlock: Building the house with an unfinished expansion attic seems to us to be one of the very good solutions as the family changes.

Mr. Normile: Three- and four-bedroom plans far outsell two-bedroom houses in our experience from which we gather that families with children buy our houses. They also seem to like a second bath or half-bath.

People want to be

warm in winter...



Warm house—hot sales feature

Queried Manny Spiegel at H&H's Round Table of magazine editors: "Do your readers ever ask you about heating plants?"

"The heating plant," answered Mrs. Evans, editor of *Living*, "comes very high on the list of things consumers are looking for. The wife wants to know if it will cause less dirt and discoloration of walls."

Said Mary Kraft of *Good Housekeeping*: "People are interested in the economy of heating. If a salesman says: 'This is an economical heating plant,' they will take it."

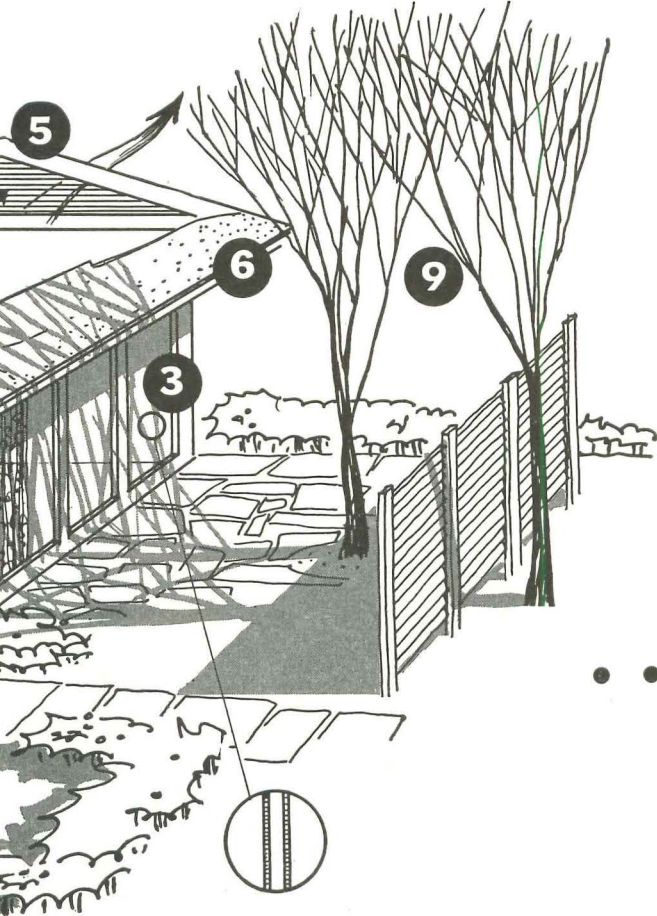
House buyers today, many of whom have lived in one or two previous houses since 1946, know what they want in heating:

- ★ **A steady source of heat**, not off-again, on-again Finnegan heat
- ★ **Warm floors**, especially if families have small children
- ★ **Warm walls**, especially on the north side
- ★ **Comfortable warmth next to windows** so they can sit there
- ★ **No drafts**
- ★ **Clean, automatic heat**
- ★ **And they want to heat their houses economically.**

Everybody wants these features; but few builders dramatize them. A good heating plant is a golden opportunity for merchandising because so few builders do anything about it.

In the North people expect a warm house but they don't ask for one. To merchandise an efficient heating system, demonstrate your house has:

- ★ *Extra insulation in walls, ceiling and wherever a floor is exposed* (as in a split-level or hillside house) or a porch. Extra or more effective insulation costs little more than minimum.
- ★ *Tight, weatherstripped windows.*
- ★ *Double-glazing or storm sash.*
- ★ *Enough Btu's in the heating plant* to more than keep the house warm. If the heater is oversized and would take care of one or an extra room if the house is expanded, be sure to say so. Home buyers won't know a Btu from an IOU but if you are a professional builder in your price class talking about plenty of Btu's in your expansion, you'll get attention.
- ★ *Plenty of heat in north rooms.*
- ★ *South-facing windows* that let in winter sunshine, which is free heat. (Many south-facing houses with big windows get free heat for several hours on cold but sunny winter days. This is a cheaper heating as well as a bright, cheerful house.)
- ★ *Warm floors.* If your heating system is laid out by an expert with properly sized ducts, properly placed outlets, tell your customers.
- ★ *Economy.* Tell them what a season's heating will cost. Use testimonial letters from old customers.



Here is one of the newest and easiest ways to sell houses. Any builder with imagination who will follow the suggestions below and merchandise them can attract buyers.

... cool in summer

14 ways to help your buyers stay cool

- ★ **1. Extra amounts of ceiling insulation.** To stop virtually all heat from coming in via the roof—the biggest source of summer heat gain—use from 4" to 6" (or its equivalent in aluminum foil). Added cost of 6" vs. the usual 3" is about \$75 per 1,000 sq. ft.
- ★ **2. More wall insulation:** 3" compared with 1" reduces heat transfer through walls by about 40%. Extra cost: about 5¢ per sq. ft.
- ★ **3. Double-glazing** or storm sash reduces summer heat gain through windows by almost one half, cuts winter heating bills by as much as one third.
- ★ **4. Vapor barriers** in walls and ceiling keep out moisture from hot, humid summer air, make houses more comfortable.
- ★ **5. Well-ventilated attics** keep hot air moving, prevent pockets of warm air from heating up house, reduce attic temperatures by 10° to 20°. NAHB Research Institute recommends that the entire gable ends of a house should be louvered under low-pitched roofs.
- ★ **6. Wide overhangs** shield windows and walls from direct sun, make any house cooler.
- ★ **7. White or light-colored roofs** can turn back up to 70% of the sun heat. (Even the airlines paint plane tops white to bounce off hot sun rays, and passengers are made as much as 15° cooler.)
- ★ **8. Outdoor window blinds** offer one of the best ways to keep sun heat off windows, especially important on east and west walls. Other types of external shading devices also work effectively.
- ★ **9. Trees and other planting** can help keep windows and walls cool, also provide evaporative cooling to the air around.
- ★ **10. Kitchen and bath exhaust fans** are the best way to remove heat and moisture from a house.
- ★ **11. Vent from clothes drier** will channel heat and moisture from a great potential heat maker to the outdoors. (In hot climates driers should be located in garage or covered porch.)
- ★ **12. Slab floors** act as a thermal balance wheel, absorbing daytime heat which cools rooms, storing up cooling overnight which is helpful in lowering inside temperatures the next day.
- ★ **13. Attic fan** can do an effective job of cooling off entire house in areas where night air is cool and humidity low.
- ★ **14. Or complete air conditioning** is the final feature which will not cost too much extra if a builder takes advantage of the first 12 climatic devices suggested above. Because these measures get rid of so much heat, a smaller, cheaper cooling system can be used than is normally required. In fact, if the house is properly designed, a one-ton system at around \$600 will keep a 1,000 sq. ft. house at 75° while it is a sticky 95° outside. If not properly designed, this size house would need a system costing at least \$1,000.

ing heat in a warm climate

South, Southwest and Pacific Coast, people also want to warm in winter and good heating systems will still sell houses. A California builder says his radiant slab heat is one of his best selling points. The fact that so many houses are poorly constructed (winter's coldest days) and poorly heated is all the more reason good heating systems can be used as sales features.

That people will pay extra for extra features is now well established.

As with automobiles, whenever a de luxe model is offered public along with a standard model, it is the de luxe house that sells the better. Heating is one of the extras in the South that is proving popular, especially with the large numbers of buyers from colder climates who have moved South.

In the hot zones of the country many of the things that make a house warm in winter also make it cool in summer, so there is a double-barreled merchandising appeal in plenty of insulation, storm-stripped windows, double-glazing and an engineered heating system.

Even in an area where buyers are not used to asking about insulation, slightly fitting windows or the Btu's in a heater, a builder must merchandise them. His salesmen must talk them up, there should be displays, displays or cutaway models, and the fact that a house is warm in winter must be emphasized in the sales literature.

25 ways to merchandise your house

★ 1. **Build your model near a busy road.** If your tract is off the beaten path, consider placing it as much as half a mile away, if it will draw more crowds there, or even downtown. A location near a shopping center is excellent. Avoid dead-end roads where traffic will pile up.

Courtesy of Florida Builders



Courtesy of Sampson Bros., Pittsburgh



★ 2. **Tell people where it is by means of road signs,** and include maps in your advertisements. All road signs should be in the same style and color, should be designed by a professional. Notify the police in advance and ask for advice and traffic patrolmen to handle opening-day crowds.



★ 3. **Help visitors to park their cars.** On his opening in Atlanta, Builder Fred Fett, Jr. (Acapulco Derby winner) bought new uniforms with his name on them for the boys who directed car parking, kept crowds moving, and gave out sales literature.

Photos (below): R. Cleveland; courtesy of Volk-McLain



★ **4. Landscape the model.** All builders agree that a house looks better if it is well landscaped, but many seem afraid to spend more on the model than they do on a production house. It is good business to have professional landscaping in the model, explain if it is not included (see p. 138).

★ **5. Add a terrace or outdoor patio,** even if you do not include it as a standard item. Use a terrace to show buyers how they can arrange for outdoor living. This, one of the strongest sales appeals, ties in with a national trend.

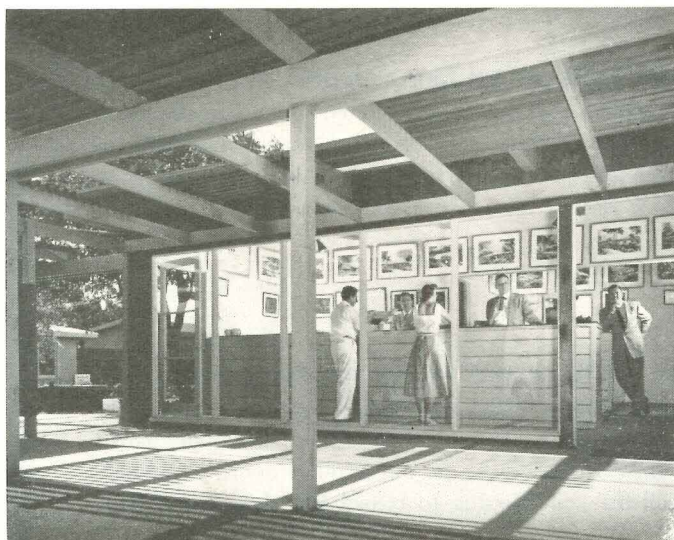
★ **6. Keep the yard clean, back as well as front.** After the model has been shown for a month or two, there is a tendency to let gum wrappers, cigarette packages, paper cups and other debris accumulate in the street and yards. Assign an employee to clean up each week.

★ **7. Keep the front door clean.** First to be seen at close range and first to get dirty is the front door. Within a week it is covered with smudgy hand marks and gives a sloppy impression. The entire model house should have a weekly cleaning, and odds and ends should be removed from closets.

★ **8. Finish the model several days early.** For best photography, best opening-day publicity, best impression on visitors, the model should be completed and decorated before the opening. Actual photographs are better than drawings for newspaper publicity.

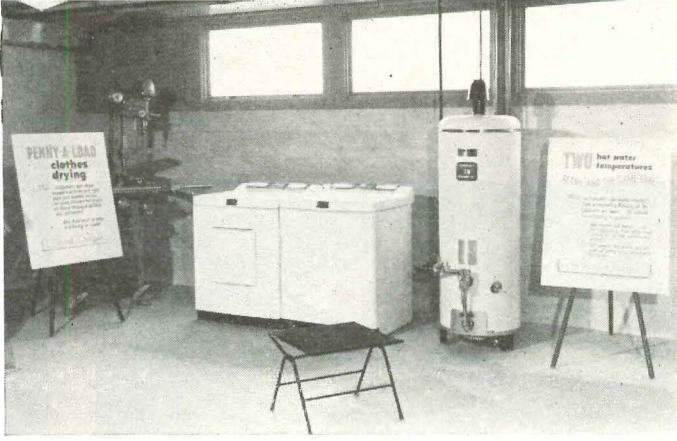


★ **9. Sell the prospect while you have him.** For Cypress Gardens Ed Fickett designed this handsome corral through which visitors must pass to reach models on inside. Attractive displays did hard-hitting sales job for Volk-McLain.



★ **10. Teach your salesmen all the answers.** When visitors finish examining houses they should be able to get every question answered by salesmen. (For what the salesman should know, see p. 168.)

★ **11. Hand out free literature.** Everyone should have something to take home. Include name, address, phone, prices, terms, sales features, anything that makes this project different from others. Brochures are fine but mimeographed sheets can tell the story.



★ **12. Use basement or garage for a display window.** How Girard Homes, Pittsburgh, dramatize their water heater: signs explain it produces 36 gal. per hour at two different temperatures for laundry and for general use.

★ **13. Soothe the prospect with music.** An increasing number of builders install wired music in their models. They say this soothes excitable, tired people, puts them in a good mood. Many builders now use "talking-house" technique for sales pitch.

★ **14. Underdecorate your house.** Of the builders answering a recent survey, 80% said they furnished their models. Commonest mistake is to let a store put in too much, which makes rooms look smaller than they are.

★ **15. Don't rope off kitchen or bath.** Women like to look into kitchen and bathroom cabinets, open broom closets and get a close-up view of kitchen appliances. Let them in for a personal inspection. If you have a high top shelf, show them how it can be used for special storage.

★ **16. Plan traffic control to prevent bottlenecks.** An overfurnished room filled with people seems smaller. On opening days force visitors to come in one door, move logically through the house, go out another door. Unsolved: how to sell air conditioning to crowd like this on hot day.



★ **17. Let the insurance company worry about losses.** Insurance costs very little. Furnish your model house with ash trays, dishes, bath towels and the other accessories that make a house look lived in.

★ **18. Get on the brand-name bandwagon.** Builders can cash in on the fact that manufacturers have spent hundreds of thousands of dollars advertising their brand names. Let your visitors know you are using famous-name products.

★ **19. Take an inexpensive public-opinion poll.** Builder Al LaPierre of Seattle recommends giving visitors a card with three questions. Change questions weekly. Poll costs are low, information value high.

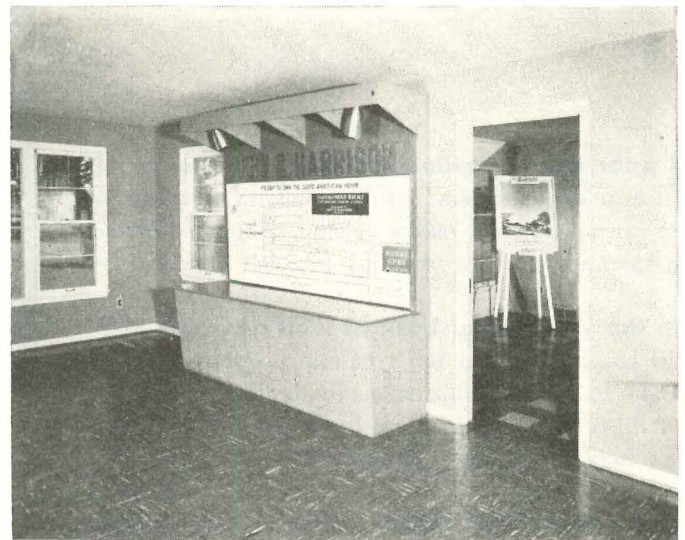
★ **20. Keep open nights.** Says LaPierre: "Of the sales in the Seattle area, 80% are made at night." This is another reason why a model house should be put on a busy road if the tract is remote. Many houses look cozier by night.

★ **21. Ask the man who owns one.** The best sales force a builder has is his satisfied customers. Get testimonials from them, introduce hot prospects to them in informal meetings, ask an enthusiastic "old buyer" to spend a few hours in the model house on week ends.

★ **22. Learn from your old buyers.** The smart builder is constantly in touch with his old buyers to learn what they like and don't like about their houses. They often turn up unexpected sales appeals which can attract new customers.

★ **23. Learn from national trends.** The best merchandising appeal is a house that has what the public wants. Study trade and consumer magazines to see what is popular, what is selling in other towns. The magazines show trends.

Courtesy of John D. Harrison



★ **24. Use signs to tell your story.** On busy days salesmen cannot possibly talk with every visitor, many of whom will miss some good features. Let neatly lettered signs answer the obvious questions, serve as silent salesmen.

★ **25. Let maps, drawings answer these questions:** where are schools, shops, churches, bus lines, community facilities, how far is it downtown, are all assessments paid for, what kitchen equipment is included?