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Cover/Design by Faye Eng
President moves to compromise; a housing bill may become law this year

By mid-March the Senate had passed a whopping omnibus housing bill—a step on the road to getting housing and community development legislation enacted this year.

But an even bigger breakthrough was the active lobbying and negotiating by Housing Secretary James T. Lynn to work out a compromise bill with the housing subcommittee of the House. Lynn's move ended an impasse that culminated with the Nixon Administration's freezing of most of the HUD programs in January 1973.

"Lynn has personally lobbied every member of the committee," says one housing industry lobbyist. "He's trying his damnedest to get along with the Administration." (For comparison of President's and Senate's bills, see page 8.)

Tentative accord. Rep. William S. Moorhead (D., Pa.), an influential member of the housing subcommittee, told a group of mayors that Lynn and committee members "have locked horns and reached tentative agreement on issues which some weeks ago I would have considered unreconcilable."

Major differences remained, and there is no certainty that the 1974 housing legislation won't collapse in the same kind of debacle that occurred at the end of 1972. Then, the House Rules Committee decided that the House Banking Committee's omnibus bill was too poorly considered to be taken to the floor [News, Nov. 72].

Moorhead admitted that "anything could occur from passage of a full-blown housing bill to a Presidential veto of the same, a veto neither house could override."

Subsidy roadblock. Lynn spent several days with the Senate Banking Committee while it was making the final decisions on S 3066, which it reported out Feb. 27. While Lynn and HUD's general counsel, James L. Mitchell, "were very conciliatory," according to a committee source, "the problems didn't get reduced, but got magnified."

The result was a bill that—particularly insofar as its subsidized housing provisions are concerned—would be a prime candidate for the President's veto. The bill continues the FHA Section 235 and 236 programs with some fairly significant changes—including the provision of an operating subsidy, similar to that given low-rent public housing, to meet "bona fide rising operating costs." But a HUD official said pointedly:

"We would not want to run programs like that. HUD wants a simple program that pays the difference between market rent and what a family can afford. Period. End program."

Lease program. The Administration, in its own bill, is sticking by its revised Section 23 leasing program as its vehicle for subsidizing families whose income is too low to afford market rents. It would change the old Section 23 program, under which local housing authorities leased entire apartment projects for 10 to 20 years and took responsibility for management. The incentive to landlords was the guaranteed flow of rents.

The new Section 23 program would have the tenant lease from a private landlord, not the housing authority, with HUD paying the difference between market rent and what the family could afford to pay. The landlord—with some exceptions—would be responsible for management and maintenance. He would have no guarantee of rent if apartments were unoccupied. And HUD's policy would be to give priority to landlords whose apartments had 20% or less of their units leased to subsidized families.

A HUD official explains that HUD wants a program that assigns some risk to the lender, builder and landlord—"enough risk for our purpose, but not such an inordinate risk that nothing would be built." This official says that some builders will move into the program "if it's the only program around and they don't have any choice."

Barrett-Ashley bill. At mid-March Moorhead said the House housing subcommittee had tentatively "retreated from its insistence on housing block grants to parallel the community development section," as originally proposed in the bill sponsored by the subcommittee chairman, William A. Barrett (D., Pa.), and by Rep. Thomas L. Ashley (D., Ohio).

Agreement. One critical issue has already moved toward a deal. The subcommittee "has embraced the suggestion of the Administration" to simplify the application process, with little if any detail on spending plans to be required in the first application, according to Moorhead. However, the recipient locality would be subject to a vigorous post-performance audit, "and the Secretary would be expected to hold back second and third year funds," says Moorhead, if the mayors spend in ways that don't meet program objectives.

At HUD, an official agreed that the Democrats' application review requirement "has some good points in it." But HUD wanted what he called "the higher degree of fairness" the Administration found in the needs formula for parceling out funds in its Better Communities Act.

Hostage bill. Moorhead spells out the quid pro quo of housing legislation this way:

"The Administration very much wants a community development bill. By holding that hostage for a quality housing component, I think we can get a bill out of committee that both sides can agree upon."

Left out of the public discussions thus far is another crucial question: Will Chairman Wright Patman of the parent banking committee help or hinder?

Last time around Patman's attempt to have the full committee rewrite the subcommittee's bill was a major factor in the decision to keep it from the House floor. No one is saying it can't happen again.---DON LOOMIS


Floyd Hyde, last of the Romney team that came to HUD with President Nixon's first administration, has resigned from his number two post at the department and has charged that government, and most specifically the national government, has failed to tackle urban problems.

Despite his last-minute gibe at the Department—which included a favorable mention of ex-Secretary George Romney--Hyde was awarded an exit interview with the President, and there were kind words from the White House staff.

Consultant's post. Hyde, as a private consultant in Washington, expects to spend much of his time—with Lynn's blessing—as a broker between the Administration and the housing subcommittee on the housing and community development bill. Hyde has joined the management consulting firm of McManis Associates as vice president for urban affairs. He will take over the firm's new San Francisco office this year.
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25-HH-474 SINGLE SOURCE
### How President Nixon and the Senate differ on new housing legislation

#### The President's bills

**Cities**

| Better Communities Act (S1743) would establish a special revenue sharing program to replace 10 categorical grant programs. At the outset $2.3 billion would be passed out to cities and metropolitan counties on a formula that includes a "hold harmless" provision for localities that might otherwise get less than they have been getting. No applications required. Review would come after funds are spent. |

| Community Development Assistance Act would establish a block-grant program that would absorb 10 categorical grant programs. This would require localities to submit to HUD a four-year anti-blight plan and applications for projects involved. No needs-formula involved. First-year funding would be $2.8 billion. Of this, $1.8 billion would go for existing grant recipients on a "hold harmless" basis and $1 billion would be parcelled by HUD to old and new applicants, including urban counties. |

| Revised and expanded FHA Section 23 leased-housing program would replace present subsidized housing programs. Lease would be between low-income tenant and landlord. HUD would pay subsidy to landlord but would not guarantee payment for empty apartments. Landlord would be responsible for management and maintenance. Priority would be given to landlords renting 20% or less of their units to subsidized tenants. New construction would have to comply with the FHA's minimum property standards, although projects wouldn't be eligible for FHA insurance. New assistance to public housing would end Dec. 31, 1975. Thrust is to make program as close an approximation of housing allowances as possible. |

| Would revive frozen FHA Section 235 and 236 programs with same mortgage-interest subsidy, but adding a new provision for subsidies for "bona fide rising operating costs." Would include leasing program but assign primary responsibility—including responsibility for authorizing new construction—to local public housing agencies. Subsidy funds would be used to meet housing objectives spelled out in plans submitted for community development block-grant funds. |

| Demonstration-test projects, already under way in ten cities, would run another three years before decision for or against nationwide plan is made, HUD officials say. HUD program will spend $17 million in fiscal 1975. |

| Would authorize HUD to continue experiments with cash-assistance payments up to $4.5 million a year for 10 years. |

| Would consolidate insurance programs. Would provide special program for older neighborhoods, raise dollar amounts for unsubsidized mortgages; authorize FHA co-insurance—that is, insurance of less than 100% of mortgage amount; authorize experimental use of variable interest rates and variable amortization schedules; allow interest rates to be set by marketplace; authorize secretary to set loan-to-value ratios based on appraised value and minimum down payments. |

| Would consolidate programs. Would provide prototype formula for determining maximum amounts on home and multifamily mortgages—but at the same time specify maximum insurance of 97% of first $25,000, 90% of amount between $25,000 and $35,000, 80% of amount between $35,000 and $45,000, and 70% of amount over $45,000; authorize interest rates at market levels; require insured properties to use energy conservation techniques; require HUD correction of defects in homes insured by FHA; authorize FHA co-insurance up to 10% of total units insured annually. |

| Responsive Governments Act (S2490) would pass out planning grants of $110 million in fiscal 1975 to all eligible recipients directly or through states. There would be no specific requirements for the use of funds except that they be for planning and management activities. Before receiving grant, recipient would have to state activities to be funded, no matching funds required. |

| Comprehensive Planning Program would authorize $260 million for fiscal '75 and '76, with local share reduced to 20% of cost instead of present 33 1/3%. Planning would have to cover housing, employment, education and health. Secretary would make grants to states, areawide agencies and to cities after receiving applications; would restrict use of funds for management activities. Annual report to HUD required, plus bi-annual evaluation report. Recipients would pay 20% of cost of work. Areawide agencies would get 30% of first $125 million. |

| Mobile homes |

| No proposal. |

| Would establish federal standards superseding state law on safety, quality and durability characteristics. Mobile home "plan" must be submitted to secretary for approval before sales begin. Manufacturer must notify purchaser of defects under required one-year warranty, and could be required to repurchase unit. |

| Co-op housing |

| No proposal. |

| Would create new federal agency with authority to borrow $50 million from Treasury and issue $1 billion in government-guaranteed bonds to finance co-op housing projects. |

| Miscellaneous |

| No miscellaneous proposals. |

| Would direct a study of feasibility of direct federal loans for subsidized multifamily housing; would authorize $100 million of direct loans for housing for elderly; would authorize $20 million in grants for demonstration program to disperse low-income families to existing housing near sources of employment; would authorize $5 million for demonstration of use of solar heating for housing, would authorize $150 million rehab program for loans up to $8,000 per unit and up to maximum of $50,000 for 20 years at 3% interest. |
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We specially engineer our locks for fast, easy installation. And our custom installation kit makes the job even faster and easier. The simplicity of installing Kwikset locksets also makes the installation more precise, so callbacks are virtually eliminated. You save time, money—and headaches. Whenever installation pain strikes, take Kwikset for instant relief.
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Because we think it's the best cabinet value on the market.”

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“Visit us at Booth 529 at the
Apartment Builder/Development Conference.”
HUD tries to peddle foreclosed houses at $1 each—Business, in a word, is slow

After witnessing more than four years of misguided federal government effort to rescue dying city neighborhoods, a few local governments have initiated self-help programs called urban homesteading.

Officials of Wilmington, Del. last year began selling for $1 houses acquired by property tax foreclosure provided the buyer would agree to rehabilitate the vacant home and take up residence for at least three years. Baltimore, Md. has launched a similar program with the added allure of city-financed rehabilitation loans. And Philadelphia will implement its own version of urban homesteading next month.

Inventory: 202,811. Eager to share the responsibility of halting urban decay, the federal Department of Housing and Urban Development last month offered 4,000 of its repossessed houses to 24 cities, inviting them to set up urban homesteading programs. Selling homes to cities for the token fee of $1 each means an estimated $84 million HUD paper loss, but the agency expects to gain in the long run.

"Anything the localities can do to stimulate new investment in these areas is a step in the right direction," remarks HUD's assistant secretary for housing management, H.R. Crawford. "It can help to stabilize a neighborhood, which in turn will do a good deal to alleviate social problems. Hopefully, it will also reduce foreclosures in HUD's portfolio of insured properties."

The agency had 202,811 repossessed units on its hands in June, 1973, and it estimates that the inventory will increase 50% by June 1975. Since it was only getting in deeper through its own devices, HUD welcomed the city programs that might someday turn the tide.

Obstacles. Someday is a long way off, however. Urban homesteading is off to a slow, shaky start. And the ultimate impact of programs already under way is at best unclear.

Wilmington, which offered 40 homesteading houses to citizens last August in the first program of its kind, now has two buyers living in homes purchased from the city and only 15 other buyers preparing to move in.

This belies initial demand for urban homesteading property which was so overwhelming that Wilmington officials were compelled to raffle off the homes. But many lucky recipients of $1 houses turned them back to the city after discovering that rehabilitation money was nearly impossible to get. Those who stuck with the program either had savings to use to pay repair contractors, building skills with which to do the work themselves, or sufficiently good credit to get high interest personal loans for repairs.

Title snarl. Banks would not offer mortgages to homesteaders because the city of Wilmington retained title to the property for a three-year period that was intended to discourage speculators.

The Wilmington city council now proposes to amend its homesteading requirements, giving first property lien to banks during the three-year minimum occupancy term. Even so, local banks indicate that high interest loans will continue to be the price of homesteading there.

Learning from Wilmington, Baltimore launched a $2 million bond issue along with its homesteading plan. The funds will be used to make construction loans at 6% interest.

The Massachusetts legislature is considering a bill which would set up a state agency to grant low-interest rehabilitation loans to urban homesteaders. And Newark, N.J. plans to take care of major mechanical repairs on city-owned housing before selling them to urban homesteaders for under $10,000.

Detroit's skepticism. Despite all this East Coast commitment to city-operated public housing programs, large communities further west display caution.

Detroit has received an offer of 2,000 of the 4,000 homestead houses, but the city council president, Carl Levin, interprets the federal invitation as an attempt to pass the buck.

"Now HUD has turned its back on the devastation left in the wake of the wholesale repossession of Detroit-area homes resulting from the corruption and maladministration of the past four years," he charges.

Mayor Coleman Young indicates, none the less, that he will consider HUD's offer. The decision may take time, however. The mayor's director of community development, Ronald J. Hewitt, says HUD will not provide specific details such as "what kind of homes we're going to get on what basis."

Rehab costs. The federal agency's inventory of nearly 75,000 vacant homes in Detroit ranges from rickety old bungalows to sound, well-designed buildings. Typical of the best, a brick house at 1775 Muerland Avenue looks inviting from the outside. But contractors put the rehabilitation cost in the neighborhood of $20,000 (see photo).

Buckled floors, frozen plumbing, stripped plaster and leaking roof call for major overhaul. The antique hot-water heating system unquestionably demands replacement.

With repair bills of this sort, HUD homes are not ideal candidates for low-income homesteaders. And it will certainly take something more than low-interest loans to lure the average middle-income family from its secure suburban township into the city's high-crime area.

Security forces? Some city officials suggest a private security force is the answer as homesteaders perform rehabilitation work and move into city homes. Or an army of homesteaders filling up an entire block could be cooperatively vigilant.

The questions are hard and the answers are slow. As a Detroit newspaper editorial evaluates the HUD homestead offer: "The city is going to have to be very careful where it goes from here, lest one tragic affair be succeeded by another."

—ROGER GUILES McGraw-Hill News, Detroit
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We have 400 distributor stocking points and 9 major distribution centers. Exclusive Innovator trim that lets you make our door your door. And we have a merchandising program that helps your prospects remember the many values in your home. All part of our system.

When it comes to building a complete electrical garage door system, we're more than just the best name in the business. We're the only name in the business. See your Yellow Pages under Doors.

SINCE 1921
The Electric "Overhead Door Company."
This summer the feds are putting 30 enforcement officers into the field to check on how developers are complying with the 1968 Interstate Land Sales Full Disclosure Act.

The officers will enforce broad regulations adopted only last December. These rules require much wider disclosure to buyers of factual information about both developer and development. The regs lay down much tougher rules on advertising, require much more information on the financial health of the developer, more information on the environment, and more detailed data about the completion times for the public facilities and amenities that are described as part of the development.

**Scope.** The regulations, according to George K. Bernstein, HUD's administrator of the Office of Interstate Land Sales Registration (OILSR), "go much further than anything we've had on disclosure."

To defer the impact, at least temporarily, hundreds of land developers took advantage of a rule that allowed them to register up to December 1 under the old, less stringent regulations. Those developers need not comply with the full sweep of the new regs until they are required to file with OILSR a material change or amendment to their original registration papers. But they had to begin complying immediately with new regulations on what their advertisements can show in photographs and say in the text.

**Target states.** The land development policemen will bird dog the land-boom states first—Alabama, Arkansas, the Carolinas, Florida, Georgia, Mississippi, New Mexico and Texas.

The land business has been slowed by fuel shortages and recession talk, but HUD's feds expect to keep busy. For one thing, 2,800 developers have already registered 3,600 developments. But John McDowell, a deputy administrator of OILSR, estimates that another 2,800 may have failed to file. And of those registered, many are not amending their filing—as is required—when they fail to meet a completion date for a road, sewer connection or swimming pool.

McDowell, in Houston for the convention of the National Association of Home Builders in January, got OILSR's computer print-out on five registered land development subdivisions nearby—and found four were not in compliance.

**Rules.** The requirement for new financial disclosures triggered the rush by developers to file under the old regs. A company selling more than 300 lots or $500,000 worth of land must provide an audited financial statement to buyers, and that statement must be kept updated with any material changes in the company's financial condition.

This requirement has already provoked a dispute between OILSR and GAC Corp. of Miami, the largest land seller in the industry. The disagreement grew out of a GAC proxy statement disclosing the sale of two of the corporation's big financial and insurance subsidiaries.*

The upshot was that OILSR threatened to suspend GAC sales unless the company amended the filing at HUD, which in turn would require amending all property reports for all its developments so as to include the adverse financial information. The corporation resisted, and a hearing was scheduled for March 15. Officials at HUD privately suggested that a negotiated settlement was in the cards before the hearing date, however.

**Warning report.** The focus of OILSR's regulation is the property report, which contains specific information that must be given to a prospective buyer before he signs. A hypothetical report distributed by HUD runs 14 closely packed, legal-size pages.

The first page is over-stamped in huge red letters that read, "Purchaser should read this document before signing anything."

That's a requirement for all property reports.

The last page—just above the signature of the president of the developing company—lists five special risk factors that also must be printed in each report. The first says, "The future value of land is very uncertain; do NOT count on appreciation."

Another tells the buyer he may have to pay in full even if the developer doesn't fulfill his promises. The others call attention to difficulties that may hinder resale of the lot, including competition from the developer, and to government regulations that may affect the buyer's ability to use the land.

**Disclosure.** The property report must also disclose pending or completed financial changes to include disciplinary action by the S.E.C. or other regulatory agencies, bankruptcies, or litigation. The report must reveal any indictments or convictions relating to a company's land sales.

Environmental factors affecting the development must be described. They include noise, flood conditions, odors and chemical fumes.

Customers must be told if the developer is obligated to provide promised amenities such as swimming pools and such public works as sewer and water facilities and roads. Deadline dates for completion of such facilities and roads must be listed, and an amendment must be filed with OILSR if such deadlines are not met. The property report must then be modified to reflect the changes.

**Rise in costs.** The developers fought many provisions of the new regulations, but Gary A. Terry, executive vice president of the American Land Development Association, indicates they will go along with them.

"The members can comply and will," he says, "but these regulations are much more expensive to comply with (than the old ones) they replace and the costs will have to be passed on to the buyers."

Terry says one problem is that lawyers for many developers have "no knowledge at all or an inadequate knowledge" of the regulations. The result, he says, is that some developers have taken "their attorney's best advice—but that has gotten them into a lot of trouble."

**Condominiums.** The National Association of Home Builders fought any application of the law and the regulations to condominium developers—even though McDowell says, and the builders agree, that 99% of all condominiums probably won't be affected.

The law HUD officials say, exempts any development in which the developer completes construction or is obligated to complete it in two years. That is true of most condominium sales. The homebuilders maintained that a condominium is the equivalent of a house and that house sales are not covered by the law. The HUD office ruled otherwise, but it was about to publish, early in March, a "clarification" of how the new regulations apply to condos. —D.L.

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* GAC Finance Inc. and Stuyvesant Insurance Group

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Developers have sold 100,000 acres of the Great Salt Lake Desert at profits up to 1500% in the last four years.

Natives describe the tracts variously as dry, salty and a "man's land." Property taxes run to about 12¢ an acre.

The principal developers and retailers are reported by the Salt Lake Tribune to be Thomas Ogasawara and Jim Ferry of Honolulu and a Las Vegas company, Technical Investors Ltd. Technical's officials involved in the operation reportedly were E. F. Mueller and David Boyer.

Where the golden sand is gold, indeed

Buyers, paying up to $250 per acre, were apparently drawn from such conveniently distant points as Hawaii and Japan. (Nobody in Utah was paying anything like these prices for desert land.) Yet some buyers have actually journeyed to northwestern Utah for a look. The locals say the new owners venture into the desert, look around, and come back, tired and covered with alkali dust, but often full of plans.

One such plan: "I'm going back home and kill the s.o.b. who sold me this!"
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This is a “two-faced” system, and since it’s completely reversible, dealer’s inventories become twice as valuable.

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SOLD
Once again—A housing resurgence fueled by easy money reported on the way

The economy is now recapitulating the conditions that in late 1970 triggered the record 1971-73 housing boom. Money will not be a problem for homebuilders this year, and the housing market could hit a total of 1.8 million starts before the year is out—if builders are not swamped by all their other problems.

These are conclusions of a recent semiannual survey, U.S. Housing Markets. Advance, with headquarters in Detroit, is a subsidiary of First National City Corp., New York. "The year 1974," says President Irving Rose of Advance, "will be a test year for the proposition that financing determines the housing trend.

Money is coming back into the thrift institutions with a rush. Mortgage rates have already fallen on the average more than a percentage point from their credit-crunch peak and some additional decline seems in early prospect. "But it's hard to recall a time when builders had so many other problems."

Starts. Rose sees other elements of strength in today's housing market: There is strong demand in the rental sector, though not the outright shortages that existed in 1970. And, as in 1970, there is new federal intervention to subsidize interest rates, affecting 200,000 new units.

As a result, the Advance survey projects starts this year escalating from an annual rate of 1½ million in the first quarter to more than 2 million in the final quarter. Rental starts should lead the recovery in the early quarters and condominiums should contribute a push later in the year with the aid of the federal interest-rate subsidies. In 1973 there were 2,054,000 public- and private-housing starts, fourth highest total ever. But the annual start rate fell as money tightened, from a record 2,445,000 in the first quarter to 1,590,000 in the fourth. The fall between the first and second half was greater in the nation's major markets than in the less populous areas.

Problems. Rose hedges the 1974 forecast: "There are limitations on the housing market's ability to respond to financial easing that did not exist in the 1970-71 recovery."

One is costs. Materials shortages plus plain old inflation are driving up construction costs. The combination of environmental restrictions and energy crisis, limiting the sites suitable for new projects, is driving land costs up. Another is the state of demand. It remains strong overall. Sales and traffic in local markets are rebounding from a dismal fourth quarter of 1973. But there is no longer the 1½ million unit backlog that existed in 1970. And there are spots of local overbuilding, particularly in condominiums. Much of this, but not all, was a result of financing problems of the credit crunch. In Chicago and Atlanta, areas with low interest-rate ceilings, some completed condominiums have been without a mortgage commitment for as much as six months.

"Florida remains a special question mark," says Rose. "It will remain for years to come the hottest U.S. housing market, absorbing more units than anywhere else in proportion to population. But it cannot sustain the extraordinary level of the past two years when it accounted for some 12% of all U.S. starts. Whenever it adjusts down to absorb the volume of recent and forthcoming completions, a good-sized chunk will be broken off the total U.S. market."

Energy. Of the energy crisis, Rose says: "This is undoubtedly the problem, after money, that is of greatest concern to builders. But it is not clear that it is causing a net loss to the housing market, except in the short run. Until the crisis is better defined, and there is enough information to permit rational calculation of the extra costs of owing a home in a far suburb compared to one close-in near a bus line, much decision-making by both buyers and builders will be paralyzed. But this indecision will help flatten rental occupancy rates.

"And then there are the usury laws. In 1970-71 conventional loan rates bottomed out below the interest ceiling of almost every state. The current average rate, and even that which we project for the next month (8 1/2%), are above the interest ceilings in Chicago, Minneapolis-St. Paul, most of the Washington market and are just barely under the ceiling in New York. One would have to be a dreamer to speak of significant early easing in these mortgage markets."

Nearly all the major markets with the sharpest second-half declines in 1973 were affected by usury laws, the survey found. These included not only those named above but Atlanta, which has a 9% ceiling, and the southern California markets, where the 10% usury ceiling on out-of-state lenders doesn't have much effect on residential mortgages but limits construction loans.

Mobiles. The mobile home industry suffered through its own version of tight money in the fourth quarter and shipments for that period fell off 20%, the industry's first decline in nearly four years. Nevertheless, the annual total of 580,000 mobile home shipments exceeded the year before figure (572,000) and the total is projected to hit 615,000 shipments, after a relatively slow first and second quarter. The industry's larger units, the double-wides, which approach conventional-home size, and the 14'-models, showed strong growth all year long. The 12'-models, though still more than half the total mix, have begun to decline.

The war cry at HUD is: Keep firing

Housing Secretary James T. Lynn is still trying to trim the bureaucracy he inherited—almost 16,000 employees—from George Romney a year ago. By June 30, Lynn expects to have lopped off 1,800 jobholders—a reduction of about 11%. And during the year beginning July 1 he hopes to get rid of another 600, taking the rolls down to 14,156.

As is often the case with declining empires, the number of bureaucrats at headquarters holds or expands while the number in the field declines. In HUD's case, field staffs are to lose 1,800 persons from July 1973 to July 1975—with 1,600 of those leaving the Federal Housing Administration. But HUD's headquarters grows from 3,551 employees in June 1973 to 3,625 in June 1975.

Lost battalion. There are about 2,000 temporary employees that are not counted in the general reckoning. Some 50 of those are to be hired for a year or more to help 250 permanent employees clear up the backlog of complaints by minority families about housing discrimination.

Slicing bodies off the payroll doesn't automatically cut payroll costs—for Lynn any more than it does for other employers. The costs will rise $2.5 million for HUD this fiscal year, despite the decline in employee numbers. But for fiscal 1975, beginning July 1, the payroll will drop $5 million from the $268 million HUD will spend on payroll this year.

Other costs. Inflation is also a major concern. It raises the price of rent, travel, utilities, printing, and the like. So the total cost of administering the department's programs will hit almost $370 million in fiscal 1975, up $18.5 million over this year's $351.3 million and up $25 million over 1973.
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CIRCLE 23 ON READER SERVICE CARD
Prices of building materials still climbing but lumber stabilizes a bit

While housing drifts through a dead calm that's expected to last until summer, the prices of building materials soar on the winds of inflation.

The quotations for all construction materials rose sharply throughout 1973 and most observers expect that the rate of increase will do no more than moderate this year. The consensus forecast is for a rise of another 5% to 10% in 1974, following a jump of more than 12% last year.

The energy crisis and the lifting of controls on most industries will keep upward pressure on material prices even when demand softens. Later in the year the expected upturn in housing will renew demand pressures on prices, and capacity limitations in some supplier industries will not disappear for years.

Inflation and oil. Some observers also point out that construction material prices are unlikely to weaken because inflation throughout the economy is so strong. Says a spokesman for Jim Walter Corp., the $1-billion supplier of building materials: "There is not much chance of a downward cycle in material prices as long as prices are running wild in the rest of the economy."

In the next few months, the most intense pressure on material prices will come from the higher cost of oil. Prices of many petroleum-based products such as asphalt, roofing materials and plastic pipe will continue to rise sharply. This in turn could lift prices of substitutes as builders turn to other products. George Christie, chief economist for F. W. Dodge, division of the McGraw-Hill Information Systems Co., put it this way: "Watch the effect on prices as builders seek to switch out of high priced petroleum-based products."

Production curbs. Prices of some products will rise not only because oil is more expensive but because crude oil shortages will keep a lid on production of construction materials. Asphalt, for example, is currently in very short supply and the shortage is likely to continue or worsen because the federal energy office is encouraging the petroleum industry to reallocate more crude to other products.

Materials which are not petroleum based but require a lot of energy to produce are also expected to continue to rise in price. Brick makers report that natural gas is unavailable for production and the prices of substitute fuels such as propane and fuel oil have risen astronomically.

"I expect that brick prices will rise between 5% and 10% this year," says George C. Sells, president of the General Shale Corp., the country's largest brick maker.

Energy penalties. The energy crisis is also increasing the demand for insulation, the materials for which are either petroleum-based or require a lot of energy to produce. Homebuyers are demanding more insulation in order to cut the fuel costs of heating and air-conditioning. As a result, demand for roofing materials and fiberglass is very strong.

Strains on production capacity in other industries will also maintain upward pressures on materials prices. The cement industry has been critically short of capacity, and even though it is beginning to build, it takes two to three years to put up a cement plant. Meantime, more plants are expected to be closed because they cannot meet air pollution standards.

Brick. "Capacity limitations could also result in shortages of brick by the fall," says Sells.

Industry spokesmen say that very little money has been put into new capacity in recent years because the cost of capital is high.

Prices of many products will also bulge as controls are removed and suppliers attempt to catch up with rising costs. Several steel companies announced a 5% increase in rebars almost immediately after the Cost of Living Council relaxed controls on the industry two weeks ago. "Our immediate outlook is for prices to go up as controls go off," says Roger Allen, an economist with the Association of General Contractors.

A dip on lumber. The only area where some price relief is in sight is in lumber and plywood, and that relief is expected to be temporary. Prices have been easing and are expected to stabilize for a few months, but the direction of prices will later be determined by the strength of housing construction.

"We expect a recovery in lumber and plywood prices this spring, and the level of prices will reflect the level of demand," says Jack Muench, chief economist for the National Forest Products Institute.

—EDWARD MERVOSH
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CIRCLE 25 ON READER SERVICE CARD
Momentum has now built up behind the General National Mortgage Association's mortgage-backed securities program, and the latest feature of the program is a construction loan certificate (CLC) pool-debt paper from multifamily projects' construction financing used to back investor securities.

As with Ginnie Mae's mortgage-backed pass-through securities, the point is to diversify away from traditional sources of housing finance and get funds from Wall Street when money is tight in banks and thrift institutions.

Last year's bout of high interest rates proved that such diversification is needed. In a year-and-a-half of CLC pooling, only eight mortgage banking firms have turned to it for construction money instead of relying as usual on bank lines of credit.

Enthusiasm. A few weeks ago, however, nearly 200 mortgage banking firms sent their executives to Washington for a seminar to canvass the possibilities of CLCs.

"What's new is this broad interest," says Konrad Rother, president of Dovenmuehle, Chicago.

Rother's firm is affiliated with the Chase Manhattan Bank and has no worries about inadequate bank lines, but he estimates 90% of the nation's mortgage bankers don't have access to enough bank money. Multifamily projects backed by the Federal Housing Administration carry a $2 million price-tag, for instance.

Molten, Allen & Williams, a Birmingham, Alabama mortgage banking firm has no bank affiliation. Last year, recalls Vic President John Johnson, "we had a $26 million deal on six mort­gages that we couldn't handle in any other way." So he resorted to a CLC pool.

Pass-through's trials. Still experimental and probably liable to more refinements to make it more palatable to mortgage bankers, the CLC pool program seems to have a bright future piggy-backing on the popular Ginnie Mae pass-throughs.

The pass-through program started in February 1970. By the middle of 1972, the volume of pass-throughs outstanding came to $4.6 billion. By the end of 1972, it was $5.7 billion. At the end of last year, volume was up again to $8.7 billion. A few weeks ago it was $9.8 billion.

The 1973 period offered a critical test which the pass-throughs came through with a very encouraging performance. Until then, Wall Street hadn't shown much evidence in mass numbers of regarding this mortgage paper as a fully alternative investment to stocks and bonds. In 1972, two-thirds of pass-throughs sold went to savings and loan institutions, and mutual savings banks bought a large chunk of the rest. It looked as if the purpose of the pass-through, to find new sources of money, was failing.

And successes. Then came 1973's tight money and S&Ls had less spare cash to invest. They still bought half of the $3 billion sold. But to the extent that they fell short, a flock of other investors—led by pension funds—stepped in. That was because the Federal Reserve, tightening monetary policy in July, drove mortgage rates up to levels at which they became competitive with industrial bonds. Pension funds rushed to snap up all the mortgage pass-throughs issued.

Ginnie Mae's secretary treas­urer Albert Fulner Jr. expects to sell "at least" $3 billion more pass-throughs this year with the up-side limit on sales depending on housing starts. Fewer starts, fewer mortgages.

Down on the farm. A similar tale of growing volumes of pooled mortgage paper is told by the Farmers Home Administration. The agency pools its own loans for sale in New York City, and it has recently begun pooling rural FHA-backed loans initiated by private lenders. In fiscal year 1973 FmHA sold $2.1 billion of pool securities through issues in New York plus $1 billion more over the counter from its finance office in St. Louis.

Even if the pass-through yield becomes less competitive with corporate bonds in the future, Fulner expresses optimism about selling this product—both because it is riskless, with Ginnie Mae's guaranty, and because of its considerable liquidity.

"We have $100 million a week in national market secondary trading," he says. "I don't know of any corporate bond that wheels and deals like that."

Hazards. Mortgage bankers using CLC pools have the option of converting them to permanent loan securities when a building is completed—that is, into regular pass-throughs. If they had their way, mortgage bankers would persuade Ginnie Mae to oblit­erate the distinction between temporary CLC pools and permanent securities because they are uneasy about the normal hazards of construction delays causing them to run afoul of the deadlines for the tempo­rary CLCs to mature. The danger for them is that, if the worst hap­pens, they could be obliged by terms of the CLC security sales to buy back the securities, thereby investing capital in mortgages which might be offering rates of return below current market levels.

—Stan Wilson

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Bayne A. Sparks is vice president, communications for Santa Anita Consolidated, whose homebuilding subsidiary, Grant Corp., is one of the country’s major developers. Formerly, as corporate vice president of marketing for Grant Corp., he supervised the firm’s marketing and merchandising operations in Northern and Southern California, Nevada, Arizona and Hawaii. Before joining Grant Corp., Mr. Sparks directed marketing and sales operations for Coronado Cays and for Rancho Bernardo, well-known projects in the San Diego area.

W. E. Mitchell is president and senior associate of Market Profiles, a marketing, merchandising, sales and research consulting firm. Previously, he was director of residential marketing for Walker & Lee, Inc., one of the West’s largest residential real-estate firms, and later became general sales manager for Deane Brothers, Inc., a builder widely respected as one of the most creative marketers in the country. Market Profiles was formed in 1968.

Jack Risbrough is founder and head of Jack Risbrough Associates, a consulting firm that provides comprehensive marketing services specially designed for the small and medium-volume builder. Before founding his own firm he held a number of key marketing positions: general sales manager of a division of American Housing Guild, project manager for Deane Brothers, Inc., national marketing vice president of J. H. Snyder, Co., and national marketing vice president of Deane & Deane, Inc. He is currently Region II chairman of the Sales and Marketing Council of NAHB.

Dave Stone is president of The Stone Institute, Inc., a market and management consulting firm with offices in California, Minnesota, Missouri and Washington, D.C. He has been both a realtor and a builder, and served as general manager of Stone & Schulte Inc., a realty firm that represented many of the San Francisco Bay Area’s most successful builders. He is best known as homebuilding’s leading expert on sales and sales training; over the last 20 years he has lectured on these subjects to more than 100,000 industry people in 50 states, and he has authored eight books on real-estate selling.

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CIRCLE 33 ON READER SERVICE CARD
Max Karl and his MAGIC: Old pro in comeback after the debacle of Maggie Mae

It was in '73 that MAGIC lost its touch.

Max Karl, who runs the operation, wouldn't put it quite that bluntly. But Max concedes that the '73 second half was a sweat-out for both the homebuilding industry and its helpmate, the private mortgage insurance business.

Max ought to know.

He is president of MGIC Investment Corp. of Milwaukee, the so-called MAGIC combine that owns two highly-visible companies buying on insuring private mortgages. They are the Mortgage Guaranty Insurance Corp., or MGIC, the world's largest private mortgage insurer; and the infant MGIC Mortgage Corp., or Maggie Mae, organized in 1972 to buy residential mortgages for investment. (MGIC has just elected a new president, Leon T. Kendall, but Max remains chairman.)

Failure . . . and faith. Now to the troubles. The second half brought a credit squeeze, Max points out. Bank loans rose to 12% plus, and a scheme for borrowing short-term money and lending long in mortgages through Maggie Mae slipped into a 2.33% negative spread. Nobody can make money on a deal like that.

The shares of MGIC Investment, consequently, toppled from 98% to 24 1/2 on the New York Stock Exchange.

The issue had been one of Wall Street's success stories, and a good many security analysts turned a cold shoulder to both the housing and mortgage insurance industries. They suggested that Maggie Mae's misstep had ended the honeymoon for MGIC stock for all time.

Not so, says Max.

"Outstanding mortgage debt has burgeoned in the last ten years," he explains, "so run-off on mortgages is a greater source than ever, and we are relying less and less on new funds. Perhaps 1973 was bad, but we had a cushion that we didn't have in 1969-70. The Fed was able to control the situation."

High hopes. Karl professes to a long-term optimism about the housing and mortgage insurance business that he bases on several facts, including a maturing pri-

rate, so it just jumped away from us. We had set out to have a mix of long, short and medium-term debt. But at the same time that the prime rate jumped from 6.635% to 10.106%, our average net portfolio yield moved only from 7.642% to 7.777%.

Assistance. In October, MGIC investment infused $20 million of equity into Maggie Mae, raising its total investment to $50 million. The parent also provided $160 million of junior subordinated debt. The move produced an equity base of $150 million for MGIC Mortgage.

"We also had some $56 million in participations, or rent-a-loans with the S&Ls in which we sold blocks to the S&L with an option to buy them back," Karl reveals. "The result was that as of the end of February, 1974 we have increased the portfolio yield to 7.828% while the cost of money has dropped to 7.973%. We have weathered a most unusual money market."

Karl also says that Maggie Mae is basing much of its hope on mortgage-backed securities as a capital source.

"This is a new concept in which we'll have to interest the institutional investor, but we feel it will become an important third source of secondary market," he explains.

Growth. Karl actually predicts good growth for Maggie Mae now.

"The third quarter will bring an active homebuying market," he goes on. "We think the interest rates will soften by 1/4% to 3/4%."

And once 1974 is past, Karl sees an increasing activity for the private mortgage insurer.

"The PMI will show a 38% penetration in 1972," he said. "This could jump to 60% or 70% by 1980. Two thirds of all high ratio loans will use PMI by then."

If he's right, Max and his MGIC will have wrought another near miracle. But miracles are not new to this old professional. His biggest was MGIC itself—with its $19 billion of mortgage insurance in force. Max founded it only 17 years ago on a mere $250,000.

And MGIC itself came sailing through '73 with all flags high. It raised earnings by a whopping 64%, to $30 million, and it provided the impetus for MGIC Investment's increase in net to $43 million, or $1.95 a share, from $27 million, or $1.28 a share in '72. —Mike Kolbenschlag McGraw-Hill News, Chicago
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HH-474
New network to quote mortgage prices, new computer to test loan quality

The Federal Home Loan Mortgage Corp. is launching two projects designed to make the mortgage markets more efficient.

The first, called Matrix, is a computer program that helps underwriters screen mortgage applications by matching them against industry and FHLMC standards.

The more ambitious innovation is Amminet—an automated mortgage information network for the national secondary market.

The Amminet project has met with skepticism among mortgage brokers and some smaller mortgage institutions, whose main criticism centers on the cost and a fear that the traditional buyer-seller relationships will be disrupted. Amminet’s supporters point out that while perhaps only about one-fifth of all S&Ls, for example, are really active in mortgage trading, more will enter the market because Amminet will improve liquidity, make pricing more certain, narrow spreads and speed the flow of mortgage funds around the country.

The network may begin operating by summer. It is being set up by Amminet Inc., a nonprofit corporation sponsored by Freddie Mac but owned by the Home Loan Bank System and a number of housing and lending trade associations.

SEC exemption. The project is being watched by the Securities and Exchange Commission, which has regulatory authority over many, if not all, Amminet operations.

The SEC staff, which has been working closely in private with FHLMC on legal and regulatory aspects of Amminet, has issued a no-action letter. That means that the SEC will not regulate Amminet so long as certain conditions are met. Most importantly, perhaps, the SEC wants the FHLMC to seek legislation from Congress exempting Amminet’s operations from parts of the federal securities laws.

Amminet will operate for six months to a year as a pilot program.

Restrictions. To ensure that Amminet remains purely a service for savings and loans, banks, mortgage bankers, insurance companies and other institutional professionals, several restrictions will be placed on network members.

Amminet will be limited to listing mortgages on residential property that have already been exempted by the SEC from certain provisions of the securities laws. These are conventional whole loans, FHA-VA loans, and Ginnie Mae pass-through securities. The minimum listing on Amminet is $100,000, but individual mortgages of $15,000 to $500,000 may be pooled to meet the requirement. No mortgages or securities bought through use of the system can be resold in participation interests, or shares in violation of the securities laws. Further, securities that are purchased cannot be fractionalized for resale to the public under any circumstances. Members who buy and sell with the aid of Amminet’s price listings can do so only for their own portfolios.

The Amminet network will be a vehicle for self-regulation by members. Under Freddie Mac’s agreement with the SEC, Amminet bylaws will provide for expulsion, suspension and disciplining of participants for violation of rules or “for conduct inconsistent with just and equitable principles of trade.” Rules, however, aren’t ready yet.

The SEC wants Amminet to have authority to inspect the books and records of participants “when the situation warrants” and to inform the SEC of any regulatory action it takes. No interstate securities transaction is exempt from the SEC’s antifraud regulations, even when the parties operate under no-action letters.

Enrollment. Amminet is well on its way toward signing up the 250 to 300 participants it needs to break even once service begins. Dallas Bennewitz, former staff vice president of the U.S. League of Savings Associations, is president. Freddie Mac has been demonstrating the system to potential subscribers using simulated data.

Full members of Amminet will list with the system the mortgages they wish to sell by keying the data into a central computer through individual desk top terminals. Each member will have a secret code that gives him, and him alone, the ability to enter or remove his data. Associate members will not have terminals but can enter mortgages or buy and sell through full members. Full membership will cost just under $400 a month, including use of a terminal.

Information only. Amminet is not a market. After the user has found the mortgages he wants, the computer will provide the name and address of the seller along with the name of the sales agent. Buyers and sellers then get together privately.

Amminet members must meet certain requirements and must qualify for acceptance by a board. Users must have a net worth of $100,000. Thrift institutions that apply must be insured by federal or state agencies, and there are certain other requirements applying to different classes of users.

Klingbeil Co. is up for sale; exit CBS, enter Ryan Homes?

The Columbia Broadcasting System is getting out of homebuilding.

The company says it has written off all $10 million it invested in the Klingbeil Co., the house and apartment builder in Columbus, Ohio.

The loss will run to $7 million after taxes for CBS, which bought into Klingbeil four years ago [News, Dec. 70]. Ryan Homes of Pittsburgh has an option to buy both CBS’ 49% interest and President Jim Klingbeil’s 51%. The deadline is Dec. 1.

Money worries. Sources at Ryan say that company has already acted to help Klingbeil out of a cash bind. Ryan has advanced $325,000 under a buy-and-lease-back arrangement on a new Klingbeil truss and door factory in Columbus and has taken a $225,000 mortgage on a half dozen townhouses. Ryan says it will probably help with financing construction and carrying costs for up to four of 11 other townhouse projects Klingbeil has around the country.

Klingbeil was apparently afflicted by the sudden disintegration of housing demand in 1973 on the one hand and an equally abrupt decision by CBS to put no money into housing on the other. The CBS turnaround was particularly burdensome because the broadcaster was widely reported to have encouraged Klingbeil to expand aggressively beforehand.

Red Ink? There had been reports that Klingbeil was in the red anyway—and that it had even lost $3 million in the hot marketing year of 1972. The Ryan Homes source disclaimed any knowledge on that score.

“There was a sharp drop in net worth,” he said, “but that could well be due to recent shifts in accounting rules covering negative cash flow projects.”

Ryan’s reasons. Ryan’s interest seems to be in acquiring Jim Klingbeil himself and his team.

“We think the brightest future lies in townhouses, garden apartments and other multifamily projects, where they have experience and expertise,” the Ryan source said, partly in explanation. “We’re mainly single-family ourselves.

“But we don’t want to buy their problems. We will not take on their leveraged risks; we’re a conservative company.”

“On the other hand, we’re sure there are a lot of positives on their books. We’ll have to make a thorough study of the whole company.”

“Klingbeil’s is a complicated business—we expect that to take us eight or ten months.”

—Dexter Hutchins

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NEWS/Finance

Housing stocks gain for third month

House & Home’s Index of 25 housing industry stocks rose to 244.22 from 220.13 in the month ended March 4.

It was the list’s third consecutive monthly advance. Mobile home shares led the way with a 17% gain, and both lending groups—the S&Ls and the mortgage companies—moved up about 11%.

Here’s the composite graph of the 25 stocks.
Spring crop of new senior officers sprouts in the building industry

Two new presidents are among the building industry executives on the way up these days.

One of them is O. Alvin Thomas Jr., now in the top spot at Scholz Homes in Toledo, Ohio. Thomas joined in 1971 as vice president and general sales manager. Scholz is the prefab subsidiary of Inland Steel.

Another is Thomas W. Lapwing, the new president of Phipps-Harrington Corp., an Atlanta-based mortgage banker and subsidiary of Phipps Land Co. of the same city. Lapwing intends to expand his company's business in the Southeast, with emphasis on interim loans. The company had $219 million in servicing in the American Banker's 1973 ranking of the nation's mortgage companies.

Gulfstream Land & Development Corp. of Fort Lauderdale, Fla. names a new vice president, Robert J. Polkinghorn, who takes over corporate communications.

Floyd B. Milne moves up to senior vice president of Hallcraft Homes in Phoenix, Ariz. and retains the post of national marketing director. He has been with the company since 1962 and a vice president since 1967.

Meanwhile, back in Florida, Irwin M. Adler joins Miami's Carol Housing Corp. as an executive vice president and president of a new housing division. Adler has been a senior executive at such prestigious outfits as the Larwin Group and Levitt and Sons. As head of his own company for ten years, he developed 3,000 units of housing along south Florida's Gold Coast as well as various commercial and institutional properties.

There has also been some upward movement recently in the housing and real estate divisions of major corporations.

The real estate subsidiary of Occidental Petroleum Corp., for instance, names Jim D. Johnson as new president and chief operating officer to replace R. C. Hadley, who resigned. Johnson comes to Occidental from a post overseeing land development and agricultural operations for National Bulk Carriers Inc.

W. R. Grace & Co. brings in William T. Nolan as senior vice president, marketing, of W. R. Grace Properties, the community development arm. Nolan was previously v.p.-marketing for Gates Land Co. of Colorado Springs.

Inland Steel makes a lateral shift. Paul H. Upchurch, formerly vice president of Inland's Urban Development Corp., moves to vice president of Inland Steel Development Corp.

Mortgage Guaranty Insurance Corp. of Milwaukee announces a departure. Executive Vice President David S. Engelman leaves to pursue personal business interests. He remains on the board of directors.

Barnett Winston Mortgage Co. of Jacksonville, Fla. doubles its branch-office network by adding Atlanta, Dallas, Chicago and San Francisco. New branch managers and vice presidents: Bill W. Shoptaw, Atlanta; Richard P. Pohly, Dallas; Charles M. Bergren, Chicago; M. Newton Yaeger, San Francisco.

CORRECTION

The February issue of House & Home incorrectly described J. D. Sawyer as the new president of the National Association of Realtors. In fact, he is the past president, and is succeeded by Joseph B. Doherty of Andover, Mass., who served as first vice president last year.
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Landlords win the right to trials by jury in racial-bias damage suits

The Supreme Court has just ruled unanimously that landlords can insist on jury trials if they resist damage claims from would-be tenants who say they were turned away because of race bias.

The plaintiffs have the same right, the justices decided. The decision settles confusion arising from Title VIII of the 1968 Civil Rights Act, which assists those excluded by racial bias from housing they want.

The victims can get court injunctions giving them possession and allowing them to collect money for their out-of-pocket losses and to punish discriminators.

Case history. Two U.S. district courts—in Wisconsin and Virginia—said the law did not provide for jury trials, reflecting worry in Congress that juries, often drawn from partially segregated neighborhoods themselves, would be reluctant to enforce antibias laws. Two other district courts—in Nevada and North Dakota—said jury trials were required if either party asked for one. The civil rights division of the Justice Dept. and the National Committee against Discrimination in Housing opposed jury trials.

Justice Thurgood Marshall said that there are plausible arguments on both sides in interpreting the 1968 law but that, regardless of what Congress meant, the seventh amendment guarantees a jury trial in federal courts if more than $20 is at stake. No statute can countermand that, Marshall held.

Landlord's duty. Marshall also said the 1968 law imposed legal duty on landlords, and he said any controversy over whether or not that duty was properly performed is to be tried like any other damage action. That means that a Milwaukee judge's $250 punitive damage award against apartment owner Leroy Loether and Associates is dismissed and the landlords are entitled to a new trial—by jury.

Later this spring the justices will rule on another aspect of jury trials in landlord-tenant controversies: whether the seventh amendment gives a tenant the right to demand such a trial in eviction proceedings.

—DAN MOSKOWITZ

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88 H&H APRIL 1974
Got a land coverage problem? Try large townhouses instead of small apartments

The site of this ten-unit condominium project had everything going for it except size—a mere 144'x151'. It's located in an area of high-priced homes and apartments; it's only one block from the central shopping area of Highland Park, Ill.; and it's close to the town's beach and yacht club on Lake Michigan.

Zoning would have permitted a single ten-unit apartment building, but allowable land coverage was limited. And marketing data developed a buyer profile of single-family home owners who would require large units.

So rather than waste buildable space on the non-living areas of an apartment building—lobby, common halls, maintenance rooms and elevator shaft—the Warren Allen Development Co. decided to build ten townhouses around a central entry court. In doing so, they reaped an additional marketing bonus: Since there are few common areas, maintenance assessments are extremely low—$22 per month mainly for snow removal and lawn care.

The project was built in two stages and sold out immediately—mostly to professional people. Says architect Warren Allabastro of Anderson-Allabastro & Associates: "From a construction aspect, it would have been simpler to do a single building. But from a marketing viewpoint, it didn't make sense."

Two townhouse plans were designed so the units would conform to the slope of the site. Garages for one plan (photo, bottom) are tucked beneath a row of seven townhouses; garages for the other plan (photo, top) are located at both ends of the three-townhouse row (see site plan). Brick exteriors and asphalt-shingled mansard roofs keep exterior maintenance problems at a minimum. The three-bedroom layouts (plan immediately below) contain 1,750 sq. ft. and sold for $58,000. The two-bedroom, 1,350-sq.-ft. units (bottom plan) sold for $45,000.
It is a paradox of the housing industry that the fastest growing product is the one that has been most vulnerable in the credit market. I mean condominiums.

Their strong recent growth has not spared them second-best treatment in financing. They are temporarily overbuilt in a number of local markets, and unfavorable financing contributed heavily to that.

That is starting to change. The market for condo loans is broadening. Some national and local lenders and some mortgage bankers are taking bold commitments on the future of the condo market. And, down the road, I see institutional changes coming that will ultimately give the condominium builder as broad an access to the credit market, and on terms approximately as favorable, as the detached-house builder has.

This may come to pass in as little as a year.

House-builder favoritism. Recent history has been hard on the condo builder.

When money ran low last fall, lenders in most areas—even those with long experience in condominium lending—favored their homebuilder customers at the expense of condominium developers. This was true even when house and condominium builder were the same individual. In many cases, condos were cut off completely while commitments were still being issued for detached homes.

Condos are still anathema to many lenders in the Northeast and parts of the Midwest, where they’re still little known. Until recently, FNMA would not consider buying a condo loan. [The FNMA market has not yet opened, but the attitude has. The agency has been circulating a draft condo-loan program for comment.]

Higher interest. Typically, the condo developer pays more for his construction financing than the homebuilder, is required more often to have a takeout as a condition of the construction loan and pays more for his takeout or standby.

Those horror stories you heard last fall—about builders who came on the market without takeouts or with commitments that couldn’t be disbursed on schedule, and who were forced to rent their units or take purchase-money mortgages or offer discounts for cash—nearly all came from condo builders. In markets with low usury-rate ceilings, some such embarrassment persists.

Or consider the buyer. Under the best of circumstances, he has paid a quarter to half a percentage point more for his mortgage than a comparable house buyer. Last fall the difference in many localities increased another quarter point. This meant some condo purchasers were being asked to pay up to 10% for high ratio loans. That rate would kill virtually any blue-collar sale.

Tomorrow’s market. Given these handicaps, the growth record of condominiums is even more surprising. Imagine how well condos would have sold if their financing cost had been equal to detached homes!

All this would be merely an interesting anomaly if condominiums were a passing fad, a self-limiting trend. But they’re not. So astute an observer as James C. Downs of Real Estate Research Corp. in Chicago has predicted that condos will make up the majority of all new housing in a few years. That’s an opinion my colleagues and I share, and so do many other housing observers.

Condos will command this kind of growth not just because they suit the life style and need for ownership of millions of households—but even more because they fit the changing economics of building.

Condos got off to a head start in Florida and in the Washington, D.C. area because the soaring costs of land and construction were outrunning the rents that could be obtained. Developers were finding that the only way they could make a profit was to build for sale, not rent.

Popularity. Even today—when there is talk of condo over-building in Florida, when condo end loans are scarce in Washington and the rental market in these areas is tight—the new-apartment mix in those markets remains about 75% condos. This may be true because it is easier to pass on cost increases in condo prices than in rents.

The cost trend that was once unique in these hot markets is now general. In the smaller cities and in the less populous states, it is still possible to obtain a rent for a middle-range apartment that will justify the costs of building it. That is becoming harder and harder in the larger markets. Hence, the condo inroads.

In most of the condo deals we are familiar with, the buyers have been typical apartment households—empty nesters, some childless couples, a few singles. But we’re beginning to hear more about condo conquests from the detached home market—families with young children.

This history documents one of the serious gaps in the housing industry—between the continuing growth trend of condominiums and the constraints on their financing.

Easier financing. The good news is that progress is being made in bridging this gap and more progress will be made.

First, the life insurance companies and savings banks, the major props of the rental apartment market, will eventually become condo loan buyers in the secondary market. They are considering this because yields on condo permanent loans now compare favorably with yields on rental loans. Some companies got their feet wet in condo lending during the takeout crisis in Florida last fall.

Second, the condo secondary market is about to be augmented by the entrance of FNMA. There is uncertainty about how soon the program will be available, but the direction of change is unmistakable.

Third, a number of lenders, mostly mortgage bankers, are now offering both construction and end-loan financing so that a condo developer can deal with a single source.

Fourth, a few companies are now warehousing end loans, issuing commitments for eventual resale on the secondary market. In the thin secondary market for condos that prevailed into early 1974, there was a risk that some of these loans might be in the warehouse for a year or more. But the eventual size of the market justified such pioneering.

A mortgage security. Finally, and this will solve the condo end-loan problem: We are going to see the development of a condo mortgage-backed security, with saleability and liquidity comparable to the GNMA mortgage-backed note. There are legal, technical and, above all, financial problems to be solved, but this security is coming.

Guidelines for condo loans acceptable in today’s secondary market vary somewhat from lender to lender.

Some institutional investors have standards on such factors as project location and design, developer control of utilities, recordkeeping and extended developer control of management, among others.

In our case, there are just four basic requirements for warehouseable loans [in addition to sound credit and a sensible loan to value ratio]: At least 50% of the units recently completed and under construction have been sold. Only one unit to a purchaser. Condos must be purchased for a principal residence, not a second home. Common elements must be substantially completed, with adequate escrow funds to insure the ultimate completion.
Simpson Redwood.
It's in greater supply than ever before.

Simpson Timber Company is now producing the greatest quantity of redwood building products in our history. At the same time, the amount we harvest is consistent with the growing capacity of our maturing reserves.

Redwood is the fastest growing of all commercial conifers. And with natural reseeding, plus Simpson's long established reforestation program, our redwood lands are now stocked with more trees than they had as virgin forests.

Another contribution to increased availability is our highly efficient manufacturing techniques which yield more usable wood product from each tree. There is greater resource conservation, and more available lumber.

If you can't always find Simpson Redwood, it may be due to temporary high demand conditions recently affecting many building products. Please be patient; redwood is, and will continue to be, available today and for the future.

Cuts costly call-backs.

Buyers won’t complain about sticking or binding. Perma-Shield Windows fit snug—yet operate with ease, because they’re made of strong, stable wood and protected with a thick vinyl sheath.

Fuel savings.

Wood ... one of nature’s best insulators ... is the basic Andersen material. Perma-Shield Narroline Windows with double-pane insulating glass can cut window heat loss substantially. A feature that is sure to help sell your homes.

Silent salesman.

Surveys show that home buyers are more aware of Andersen Windows (by an 8 to 1 margin). So this label adds sales appeal and value to a home.

No exterior painting.

You save about $10 a window, because there’s no need for exterior painting. The sash has a weather-resistant polyurea finish, and the exterior frame is sheathed in rigid vinyl. Interior wood surfaces can be stained or painted to match any decor.

No on-site handling problems.

Exterior frame surfaces resist damage during installation. Won’t require touch up painting. Dirt wipes off with damp cloth. A beautiful way to save time and money.

This is Andersen’s Perma-Shield® Narroline® Window. This elegant double-hung window delivers on features that appeal to both builder and buyer. Andersen dealers deliver, too—fast and reliably from the biggest inventories in the business. Call your local Andersen dealer or distributor for more information. He’s in the Yellow Pages under “Windows, Wood”. Or use the reader service card in this publication.
Perma-Shield® Narroline® Windows.

The beautiful way to save time, save money, save fuel.

No storm windows.
Optional double-pane insulating glass eliminates storm window bother. Cuts conducted heat loss through the glass area by at least 35% (compared to single glazing). An economical, fuel-saving way to put real sales appeal into your homes.

Low installation cost.
Perma-Shield Windows come completely assembled. All you do is nail pre-punched side flanges into window openings. That's all there is to it! Flanges eliminate need for separate flashing. What a savings on labor and material costs!

Low maintenance.
Rigid vinyl-protected frame won't rust, peel or chip, and the factory-finished sash won't need paint for at least 10 years. Saves money for homeowners. Saves on your investment, too, when these added features can help you sell your homes faster.
THE MERCHANDISING SCENE

"You'll get more mileage from your decorated model complex if your sales office also is designed to reflect the project's overall mood"

No matter how well your model homes are merchandised, if they are not supported by a strong, strategically designed and situated sales office, you will never get the maximum impact from your model home complex.

This holds true whether you're marketing condominiums, rental units or attached townhouses, and even more so when you're selling detached single-family homes.

The sales office is more than a focal point for arriving and departing prospects. It's your principal environment for eyeball-to-eyeball selling—usually the only place where the prospect gets the personalized attention that will convert him from a looker to a buyer or renter. In other words, your sales office is where you capture the prospect who has been subconsciously aroused by your model interiors, exterior design and project location.

Therefore, the sales office should never be psychologically or emotionally divorced from your model presentation. There should be a strong sense of continuity in theme, warmth and even in furnishings. For that reason, your interior designer's thinking and experience should be woven into this very important locale.

The beginnings. In the housing industry's formative postwar years, many builders took a bare-bones approach to their sales offices. They put two or three salesmen's desks in one model-home garage, threw up some inexpensive paneling and gave little or no thought to the traffic flow of prospective buyers or to relating the decorated models to the sales area.

While the garage concept is still used by many developers, it is in a much-expanded form. Part of the area is devoted to displays or renderings of the units and the development's topography; the remainder of the area is reserved for private conversations.

Since the early 1960s, however, garage and mobile (on-site trailers) sales offices have been giving way to sales offices not attached to the model homes. Or, in the case of multi-family projects, to a converted unit situated at the entrance of the furnished models.

(In the latter case, of course, the office may have to be reconstructed several times as a development enters new phases. This is particularly true for highrise condos or rental buildings; you are selling view, and the office and model units should not be on the ground floor, but on middle or upper floors.)

The physical structure of the sales office is not critical, says Gary Davis, head of Charles Gary Corp., a Cerritos, Calif. firm specializing in real estate sales-office design. "More important is its physical and esthetic relationship to your total package—models, advertising brochures, logo and graphics and directional signing."

In other words, he says, the way of life you are selling should be immediately recognizable.

Initial reaction. "It's this first impression of your model complex that's important," stresses Jack Risbrough, who heads his own Los Angeles-based marketing consulting firm.

"And, if there is warmth and an inviting feeling in your sales office, prospects will more often than not be favorably anticipating a walk through the models," he adds.

"If they leave the sales office in a receptive mood, and if they complete the model tour in the same frame of mind, you've got warm prospects," Risbrough adds.

The worst thing you can do is bring a prospect back to a gloomy sales office after he's experienced an exhilarating walk-through of your models. Again, there must be continuity—and that takes teamwork.

The builder's merchandising team, which until recently included the interior designer, architect, landscape architect and marketing director, has some new faces. One is the sales-office exhibit builder whose sole responsibility is to create the office. He is joined by the project sales director and the advertising man who develops the graphics and the sales literature.

As Gary Davis states, it is the display builder, taking input from the other team members, who must make the sales office "happen." It is his job to put the prospect at ease and in a positive frame of mind the minute he walks in the door.

The display builder is the choreographer. He must look to the decorator for advice on furniture arrangements, accessories, wall-coverings, window treatments and lighting—all key elements in the model home presentation that now become considerations in the sales office.

"For that reason," Davis contends, "the decorator must have a clear understanding of overall marketing objectives, not just a game plan for decorating the models. He or she must have empathy for the complete package."

The decorator often specifies the color scheme for the sales office. A good rule of thumb is to never repeat any of the color schemes used in the models. Use a new color scheme, but integrate it with your theme.

It is the display builder who designs the basic elements of the sales office—the "topo" table with its miniaturized view of the project and lot locations and the individual renderings or displays of each plan. But it is the decorator who coordinates the accessories such as the lighting fixture over the topo table or the leather covering for the armrests.

The display builder handles another important element: the area devoted to the builder's story. Designed to create a strong feeling of integrity and credibility, this area traces the builder's growth, describes other projects he has completed, and may also display awards or citations the builder has received. If the firm is publicly held, the significance of this and the firm's national prominence should be pointed out.

Individual offices. Other considerations are equally important. The sales manager's office or the closing office should be warm and comfortable, yet businesslike. You should avoid any disruptive elements such as loud wallpaper or a busy picture which might subconsciously direct the prospect's mind from what the salesman is saying.

Still, the selling side of the sales office should not be devoid of personality. Coffee or a cool drink should be available and offered to solid prospects once they're in the closing room. If the development is located in a cool climate, a log-burning fireplace will do wonders to warm up a chilled prospect.

This warmth and friendliness can be reinforced through traditional or contemporary furniture. The important thing is that the furnishings tie in with the project, and above all maintain the continuity of the theme.

A good example of a successful sales office can be found in Robert H. Grant Corporation's "Copperwood" project in the Almaden Valley area of San Jose, Calif. The project's theme, New England warmth and security, was carried out to the letter in the sales office. In this case, a condominium model was converted into the sales office. Paneling and beamed ceilings were used throughout. The topo table, floor plans and elevation displays were housed in specially built rustic wood and leather cabinets. The rugged feeling found in the exhibit area was continued in the private offices and the reception area. The entire sales office perpetuated the charming, rural, ambience which sparked the development's name.

Summing up, it should be underscored that the most effective sales offices or selling pavilions are those that are the most subtle.

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To meet the demands of today's tough market, you need the help the Kingsberry Man can offer. Nearly 170 outstanding designs help you meet the size, style and budget of your prospects. Choices of foundations, sidings, windows, doors and hundreds of options can help personalize each home. And you're backed up by manufactured excellence . . . quality you and your customers can count on! Let the Kingsberry Man show you how to save from our high degree of cost control, too. Exact costs . . . so you know just what you'll spend, what you'll make. You save on-site labor costs also, because every home is engineered to go up fast and easy. And every home is delivered on time . . . that's another guarantee! Add it all up . . . the variety, the quality, the savings . . . for all the help you can get in a tough market. Just fill out and mail the coupon!

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Frank D. Carter, Director-Marketing
Boise Cascade Manufactured Housing/Eastern Division, Dept. HH-4
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Yes, I would like all the help I can get.

Name _____________________________
Firm _____________________________

Lots ready to build on: □ None. □ 1-10. □ 11-25. □ 26-50
Units built in past year: □ None. □ 1-10. □ 11-25. □ 26-50
□ Single Family. □ Multi-family. □ Vacation

Address ___________________________
City _____________________________ State _____________
Zip _____________________________ Phone ______________

Kingsberry Homes are distributed throughout a 38 state area of the Mid-West, Mid-Atlantic, Southeast, Southwest and New England states from plants located in Alabama, Iowa, Oklahoma, Pennsylvania and Virginia.
massive study of 607,438 sales leads from House & Home readers confirms that sales action in housing & light construction comes from every segment of the industry

To identify all the important people in housing and light construction active in the selection of building products, materials, services and equipment, House & Home has followed up 607,438 advertising inquiries from its reader service cards and received a 33% return involving 202,697 inquiries.

Survey questions were designed to determine what, if any, "sales actions" were taken as a result of readers having seen advertisements in House & Home.

For this study, "sales actions"—that is, those actions bringing products and prospects closer to a sale—have been defined as recommending, approving, purchasing, and still investigating for possible purchase.

For each sales action, of course, the unknown multiplier is the number of residential or other units for which the sales action was taken. For example, a single purchase mention could involve a 10-house development, a 280-unit apartment complex, or anything in-between.

As shown in the table below, results indicate in the clearest possible manner that sales action comes from every segment of the industry and only House & Home—with its industry-wide circulation—offers advertisers all the sales action in the market.

<table>
<thead>
<tr>
<th>Reader Classification</th>
<th>Literature Requested by Readers Surveyed</th>
<th>Literature Requested by Survey Respondents</th>
<th>Literature Received by Survey Respondents</th>
<th>Specified Product</th>
<th>Recommended Product</th>
<th>Approved Product</th>
<th>Purchased Product</th>
<th>Still Investigating Product</th>
<th>Total Sales Actions</th>
<th>Sales Actions as % of Literature Received</th>
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</thead>
<tbody>
<tr>
<td>Architects</td>
<td>122,265</td>
<td>45,358</td>
<td>39,561</td>
<td>5,720</td>
<td>6,641</td>
<td>4,039</td>
<td>1,077</td>
<td>9,782</td>
<td>27,259</td>
<td>68.9%</td>
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<tr>
<td>Builders</td>
<td>259,082</td>
<td>81,092</td>
<td>69,392</td>
<td>7,171</td>
<td>7,973</td>
<td>7,406</td>
<td>7,594</td>
<td>23,695</td>
<td>52,385</td>
<td>75.5%</td>
</tr>
<tr>
<td>Commercial</td>
<td>15,937</td>
<td>4,969</td>
<td>4,212</td>
<td>295</td>
<td>507</td>
<td>232</td>
<td>219</td>
<td>1,422</td>
<td>2,675</td>
<td>63.5%</td>
</tr>
<tr>
<td>Engineers</td>
<td>15,643</td>
<td>6,197</td>
<td>5,450</td>
<td>419</td>
<td>617</td>
<td>361</td>
<td>250</td>
<td>1,913</td>
<td>3,560</td>
<td>65.3%</td>
</tr>
<tr>
<td>Financial</td>
<td>11,717</td>
<td>4,530</td>
<td>3,953</td>
<td>210</td>
<td>405</td>
<td>284</td>
<td>189</td>
<td>1,383</td>
<td>2,471</td>
<td>62.5%</td>
</tr>
<tr>
<td>Government</td>
<td>12,870</td>
<td>5,857</td>
<td>5,102</td>
<td>313</td>
<td>554</td>
<td>372</td>
<td>235</td>
<td>1,670</td>
<td>3,144</td>
<td>61.6%</td>
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<tr>
<td>Realty</td>
<td>23,603</td>
<td>7,796</td>
<td>6,876</td>
<td>411</td>
<td>704</td>
<td>625</td>
<td>411</td>
<td>2,660</td>
<td>4,811</td>
<td>70.0%</td>
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<tr>
<td>Retailers</td>
<td>11,950</td>
<td>3,641</td>
<td>3,008</td>
<td>270</td>
<td>358</td>
<td>268</td>
<td>257</td>
<td>1,081</td>
<td>2,234</td>
<td>74.3%</td>
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<tr>
<td>Subcontractors</td>
<td>21,705</td>
<td>6,267</td>
<td>5,459</td>
<td>359</td>
<td>677</td>
<td>625</td>
<td>543</td>
<td>1,712</td>
<td>3,916</td>
<td>71.7%</td>
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<tr>
<td>Wholesalers</td>
<td>7,010</td>
<td>2,377</td>
<td>2,042</td>
<td>150</td>
<td>259</td>
<td>132</td>
<td>134</td>
<td>727</td>
<td>1,402</td>
<td>68.7%</td>
</tr>
<tr>
<td>Others not identifying self</td>
<td>105,656</td>
<td>34,613</td>
<td>29,960</td>
<td>1,947</td>
<td>2,849</td>
<td>2,103</td>
<td>1,359</td>
<td>8,995</td>
<td>17,253</td>
<td>57.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>607,438</td>
<td>202,697</td>
<td>175,015</td>
<td>15,811</td>
<td>21,544</td>
<td>16,447</td>
<td>12,268</td>
<td>55,040</td>
<td>121,110</td>
<td>69.2%</td>
</tr>
</tbody>
</table>
YOU DIDN'T PLAN ON AN ENERGY CRISIS, BUT NOW YOU'RE PLANNING YOUR NEXT BUILDING.

Which building material will you use? You've got energy shortages to think about. Air-conditioning costs. Heat gain through the long, hot summers. Heat loss in the winter months. Heating equipment costs. The whole set of energy-use factors suddenly has become critically important. The building material you use affects all of them.

Compare the energy conserving capability of masonry, for instance, with double-plate glass walls.

At 4:00 P.M. on a hot August day in Washington, D.C., the heat gain through a square foot of west-facing insulated brick and concrete block wall will be 2.2 Btus an hour.

The heat gain through a double-plate glass wall in the same location will be 173 Btus an hour. A big difference.

Project this differential over 10,000 square feet of wall. You come up with a heat gain through masonry of 22,000 Btuh, while the heat gain through double-plate glass is 1,730,000 Btuh.

In the case of the masonry wall, cooling equipment with a two-ton capacity can handle the heat gain. But with the double-plate glass wall, about 143 tons of cooling capacity will be needed.

An analysis of a typical 10-story building shows that over its useful life, the air-conditioning cost for a square foot of our masonry wall will be about 23 cents. For the double-plate glass wall, it will be $7.60.

It takes a lot of money to buy, install and create space for all the extra air-conditioning equipment required by the double-plate glass wall. A lot of money and a lot of energy to run that equipment.

Compare the heat loss in winter. It has a dramatic effect on energy consumption and building operation costs.

Our masonry wall, for example, has a "U-value" of .12. The double-plate glass wall has a "U-value" of .55. (U-values are used to determine heat loss through one square foot of wall area in Btuh per degree Farenheit differential across the wall.)

This means that the masonry wall is about 450% more efficient, on the average, than the glass wall in reducing heat loss.

Over the useful life of the building, the heating cost per square foot of wall area for masonry will be about 30 cents. For double-plate glass, about $1.38.

In a time of one energy crisis after another, masonry makes eminently good sense as a good citizen.

The masonry industry believes that the thermal insulating qualities of masonry are an important economic consideration to building designers, owners and investors, and all citizens. Masonry walls save on air-conditioning and heating costs. And just as important, they are less expensive to build. The masonry wall we've described would have a 38% lower initial cost than the double-plate glass wall.

If you'd like to find out more, write to us and we'll send you a booklet comparing the thermal insulating qualities of masonry walls with double-plate glass walls, metal panel walls and pre-cast concrete walls.

International Masonry Institute
823 15th Street, N.W., Washington, D.C. 20005 (202) 783-3908

Please send the booklet comparing insulating qualities of masonry with other building materials.

Name
Title
Company
City  State  Zip
Nature of Business

CIRCLE 67 ON READER SERVICE CARD
What you should know about coastal zone legislation...and how wetlands regulations could stymie your development plans

Last December, a little over one year after Congress passed the Coastal Zone Management Act of 1972, final guidelines were issued for states to receive grants applicable to the development of state coastal zone management programs. The next step will be annual grants to coastal states for up to two-thirds of the costs of administering a state's management program.

This does not mean, however, that states are only now coming up with coastal zone legislation. Just about every coastal state, including those on the Great Lakes, has some form of legislation on the books and/or being debated. Many already have permit requirements and management commissions.

The trend is clear: Developers are going to be faced with increasingly stringent and complex coastal development regulations—along with more aware and effective citizens' groups monitoring the developers' plans and on-going performance.

What is a coastal zone? For both political and geographic reasons, even the federal Coastal Zone Management Act doesn't define the zone. Rather, it suggests that certain factors be taken into consideration—specifically that the zone extend inland "only to the extent necessary to control shorelands, the uses of which have a direct and significant impact on the coastal waters". In other words, the developer has to look closely at each state's legislation.

For example, Delaware defines the zone as "all that area of the state of Delaware . . . between the territorial limits . . . and a line formed by certain Delaware Highways and roads", whereas Oregon defines the landward boundaries by the crest of the coastal mountain range, with the exception of certain river basins where the limits are otherwise defined.

Why is so much attention being focused on the coastal zone? The principal reasons are population pressures, limited coastal land, and increasing public awareness of the fragility of the coastal zone's natural systems. As industry, commerce, and residential development put more stress on coastal areas, pressure increases for protection and public access. Where there is public pressure, environmental groups are encouraged to step up their involvement. Add to this the availability of federal funds and coastal zone management really comes into its own.

Though coastal zone legislation at the state level covers a broad variety of topics, one of specific concern to developers is that concerning wetlands—lowlands covered with shallow and sometimes temporary or intermittent waters. For years developers have been filling wetlands to create "useful land". Now many states see the preservation of wetlands as being more important than any housing that might be built on such land. The result is legislation that either prohibits the disturbance of wetlands or sets up strict permit procedures to complement the permit requirements of the Corps of Engineers.

To illustrate, North Carolina requires individuals who want to dredge or fill estuarine waters, tidelands or marshlands to obtain a permit from the Department of Conservation and Development. Similarly, Massachusetts requires public hearings and review by local authorities and certain state agencies before dredging and filling of coastal wetlands can start. Rhode Island requires a permit from the Department of Natural Resources for filling, excavating, or otherwise disturbing the ecology of a salt marsh. This list goes on and on, of all it meaning additional problems for the builder.

Why are wetlands getting so much attention? Because they perform so many important functions which, in the view of environmentalists, outweigh the advantages of development on them. Briefly, wetlands:

- Act as natural breakwaters by absorbing water from tidal surges and upland runoff
- Lessen erosion and flood damage
- Provide a place for settling and filtering silt, organic material and other pollutants from adjacent development
- Provide nutrients and a nursery area for coastal fish and shellfish
- Provide breeding and feeding grounds for waterfowl
- Offer active and passive recreation opportunities

When wetlands are dredged, drained or filled these functions are disturbed. With this in mind, environmental groups are putting more and more pressure on states to adopt and enforce strict regulatory programs to protect wetlands. For example, the Environmental Defense Fund, a national legal group, is establishing a Wetlands Monitor position in its Washington, D.C. office. The purpose: to keep an eye on wetland-related activities and recommend action where justified. Every week there are reports of a citizens' group challenging a proposed development on the grounds that it threatens wetlands. For example, legal battles are now going on over a proposed 3,200-acre project on Chinotocague Bay, Maryland, a resort community at Bay St. Louis, east of New Orleans; and with a group of developers in New Jersey accused of illegally dredging, diking and filling wetlands. The latter case has resulted in more than three years of indecision and delay costing somebody a lot of money. And the case is dragging on.

What do the courts say? Recent court decisions have encouraged environmentalists. One Pennsylvania court required a builder who had dredged and filled in a wetland area without a permit to restore the wetland to its natural state. In Maryland the Corps of Engineers won a case when the defendant pleaded no contest to charges that he had cut canals out of marshland and used the fill to build a causeway to an island in Sinepuxent Bay. The builder was fined $2,500 and ordered to restore the marshland "to the fullest extent reasonably and practically possible".

What's the role of EPA? Environmentalists have also been encouraged by an Environmental Protection Agency Policy Statement that it will "give particular cognizance and consideration to any proposal that has the potential to damage wetlands," and by a requirement that all Corps of Engineers dredge and fill permits be reviewed by EPA, which will then make public its findings and recommend public hearings if significant environmental impacts are projected. Even the Treasury Department is getting into the act, as evidenced by the Environmental Protection Tax Act of 1973, submitted in February, 1973 by Representative Conable of New York. Though this act is buried in the House Ways and Means Committee, it proposes:

- That the depreciation deduction for property constructed in coastal wetlands be computed only by use of the straight line method
- That gain on the disposition of improvements located in coastal wetlands be treated as ordinary income to the extent of all depreciation deductions with respect to such improvements
- That certain land clearing and soil and water conservation expenditures with regard to coastal wetlands be non-deductible and be capitalized
- That no deduction for interest and taxes be allowed where it is attributable to land under development and associated improvements in coastal wetlands

So if you are considering coastal zone development, there are going to be a lot of people looking over your shoulder. If you don't do your homework, the inevitable delay—and possible complete halt—to your project is going to cost you.

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Tel

LETTERS

Energy conversation
H&H: I was pleased to see your
February section, "Energy-
Wasting Mistakes". While this
article appears, hopefully, not
too late, it is nevertheless far too
little, and I am hoping to see
more information along these
lines disseminated to building
industry people in the future.

As you are no doubt aware,
environmentalists and "counter-
culture" observers of Ameri-
can building practices have been
pointing out these mistakes for
several years. Practically every
detail of your article has ap-
ppeared, for example, in Mother
Earth News. But while such
publications may have infinite-
tesimal impact on professional
builders, House & Home, on the
other hand, might produce stag-
gering results in the direction of
eliminating waste and the terri-
ribly haphazard and slipshod con-
struction methods so ingrained
in the industry.

Hopefully, environmentally
sound construction practices are
considerations now so wide-
spread that no organ or organi-
ization of the building industry
can afford to ignore them further.

WALTER W. BROWN
Contract supervisor
Elkhorn Realty Co. Inc.
Lexington, Ky.

February cover
H&H: Your February cover says
it all. I'd like to frame it but need
a copy not subjected to the ef-
efts of bulk mailing.

RICHARD S. MANNHEIMER
Co/Data Corp.
Fullerton, Calif.

Remodeling
H&H: I enjoyed your December
article, "Suburban Remodel-
ing", This was of particular in-
terest to me as I am a remodeling
contractor.

I have been receiving HOUSE &
HOME for two years and this is
the first article you published on
the subject during that period.
Please have more of them.

JOE MAHKE
Easthampton, Mass.

A pointed comment
H&H: Bravo! Right on, brother!
Your December mortgage article
[News, page 4] was great—I
agree. The points have got to go.
GORDON BROWNING
President
West & Browning Inc.
Dallas, Tex.

Solar energy
H&H: I read with interest your
recent article on solar heating
[Feb. 73 page 87]. I would ap-
preciate any leads to sources of in-
formation on the subject.

SAM DAWSON
Sam Dawson Construction
El Cajon, Calif.

In response to this and many
similar inquiries here's the
list—ED.
The answer is it's doing all three, and some other things too. And that makes it the craziest, most mixed-up rental market in homebuilding history.

HOUSE & HOME checked with builders, investors and lenders all across the country, and came up with this overall picture:

Rental demand in the low- and medium-rent ranges is very strong in most markets; hence vacancy rates are low and getting lower.

But these low vacancies don’t necessarily translate into profitable operations. Most new projects around the country are either just breaking even or showing negative cash flow.

The problem is that construction costs have shot up much faster than rents. Over the next year or two inflation should push rents up enough so that new projects can move into the black, but holding on in the meantime requires either big cash infusions by the owner or great tolerance on the part of the lender.

In some parts of some markets vacancies are cataclysmically high—20% to 30%. Too often this is the result of injudicious lending, particularly by some REITs and insurance companies, on poorly located projects offering the wrong mix at too-high rentals. An important factor has been the fuel shortage which has raised vacancies in far-out projects and lowered them on close-in projects.

But lest all of this sound too gloomy, there are some definite bright spots on the horizon.

For one thing, the cost squeeze that’s holding down construction (and it’s being helped by high local taxes and sewer and water moratoria in some markets) is at the same time creating a shortage of rental units that will eventually help the market.

For another, tax reform, which threatened to shut off the supply of tax-shelter syndicate money to rental housing, seems dead for this year at least. And it may stay dead for a long time thereafter.

Finally, and perhaps most significantly, the rental market shows signs of moving out of its go-go phase and onto more solid ground. Many of the builders and syndicators who survived last year’s shakeout are becoming a lot more realistic about what they offer investors. Good cash-on-cash returns (8% to 9%), and partially sheltered, are being stressed over inflated returns and lots of excess depreciation. Front-end fees for syndicators have dropped to more reasonable levels. Bigger reserve funds for emergencies are being accepted. Lenders who handle the permanent take­outs are insisting that syndicates hold larger equities in their projects as a cushion against hard times.

And a lot of apartment builders and investors are making money with this kind of sound approach.

To get a realistic handle on the current rental market, HOUSE & HOME made a two-pronged survey:

First, the best available statistics on multi-family permits were checked for 25 of the key rental markets in the country. The chief sources were The F.W. Dodge Division of McGraw-Hill’s Information Systems Co.; the Commercial Construction Markets Survey, published by Shiefman & Assoc., Detroit; and U.S. Housing Markets, published by Advance Mortgage Corp., a subsidiary of First National City Corp.

Second, HOUSE & HOME associate editors Natalie Gerardi and Michael Robinson talked with more than 100 builders, owners and lenders in the 25 markets, trying to get their views and experiences, both objective and subjective.

The result, shown on the following 14 pages, is a city-by-city portrait of a wild, promising, frightening and infinitely confusing rental market.
Boston's rental market is strong and likely to get even stronger, primarily because of lack of starts. The city itself, along with a few nearby areas such as Cambridge and Brookline, has had rent control for the past three years and this has discouraged rental starts in those areas. Otherwise it's the familiar story: high costs make rental apartments uneconomical.

"Rents are high, but they're not high enough to make it worthwhile to build a unit that's going to cost $17,000 to $19,000," says Arthur Duffy, assistant vice president of the Boston Five Cent Savings Bank, a large apartment lender. "That's why we have shied away from new apartment loans for the last year-and-a-half or two."

And Thomas Flatley, president of The Flatley Co., which built over 4,000 rental units last year, admits:

"Were it not for the fact that we need the tax shelter from apartments, we probably would not build any."

Flatley puts the problem in a nutshell:

"It's become very costly to develop rental units because of the high prime interest rate and high construction costs. Add to that the consumer's reluctance to pay the going rate for a rental unit and the general American feeling that it's better to own than to rent, even if it costs more money."

"Then look at the numbers: In this area a midway rent for 32 a sq. ft., a garden apartment rent for 27 a sq. ft. and a condominium sells for about $30. At an average of 30 a sq. ft. you'd have to collect rent for over eight years to get the $30 a sq. ft. you could get right away by selling rather than renting. So the developer, whose first goal is not tax shelter but earning a living, builds condominiums."

Thus, even with rental vacancies down below 5%, at least half of Boston's 10,751 apartment starts in 1973 were condominium units, and many older buildings were being converted.

Another large portion was subsidized rentals. Commercial Construction Markets Survey reports that subsidized units accounted for more than half of Boston's third-quarter permits.

"Two things are going to have to happen," says banker Duffy. "Construction costs are going to have to come down, which seems unlikely, and rents are going to have to go up. I think the shortage of apartments is going to increase the yields a little, but I don't think apartment development is going to be attractive in the immediate future."

The reason for this, as Duffy explains it, is that even with efficient management and a good tax break from the town, expenses will run 42% of gross income. Debt service, particularly at the higher rates, will run at least 50%. So the developer is left with 8%, assuming 100% occupancy.

"There was a time when he could mortgage out and make some money that way," says Duffy, "but banks in this area are generally unwilling to lend that much today."

Whereas in the past the bank was willing to finance 100% of a project, now, even with rates at 9% or 91/2% plus perhaps one point, the most the bank will lend is $16,000 or $17,000—and this is for large units with class A construction.

Says Duffy: "Higher costs are a detriment not only because developers can't get the rents to justify them, but because most developers don't have the capital to put in over and above what banks will lend."

The Boston area has been feeling the pinch of the gasoline shortage, and there has been some unemployment in the electronics field, but this does not seem to have affected the rental market seriously. Flatley has found short-term delinquencies up about 20%—a person who might have paid on the 5th of the month now pays on the 10th—and turn-down over 20%. For a while, rent-ups were slightly slower than last year but they began to pick up around mid-February.

"I think New Englanders are a little more acclimatized to the ups and downs of the economy than people in other parts of the country, so the pendulum doesn't swing quite so far," says Flatley. "Even when we were hit with high unemployment in the electronics sector, the worst we had was a 6% vacancy rate, on the other hand, the best we've had was a 2% or 3% demand factor."

Thus rentals have been strong, even in places such as Weymouth, some 20 miles south of Boston, where many had warned of overbuilding. The one soft spot seems to be Framingham, some 20 or 25 miles west of Boston on the Massachusetts Turnpike, where three large complexes have added some 2,000 units to the market too quickly for them to be absorbed.

"I predict the market will absorb them," says Duffy, "but I don't think it will happen fast enough to make the developer happy."

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Here are the 25 key markets studied for this report

**BOSTON**

**"If we didn't need tax shelter, we wouldn't build apartments"**

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*if we didn't need tax shelter, we wouldn't build apartments*
Several years of softness in the Atlanta apartment market seem to be coming to an end. A sharp drop in apartment starts in 1973 has brought supply more in line with demand. Builders report traffic increasing and vacancy rates dropping in the past few months. Estimates on vacancies, however, still range from 12% to 15%. Condominium units accounted for at least half of 1973's 12,844 multifamily starts—some observers estimate 80%—and already they seem to be overbuilt. HUD estimates that 4,000 condominiums are vacant, and the Commercial Construction Markets Survey reports that some recently completed condominiums are being rented. One reason for the condo glut is lack of financing caused by Georgia's 9% usury law. A dearth of mortgage money, together with rising land and construction costs, has softened the single-family market.

Slow sales should benefit the rental market, according to Michael Aarons, controller of Friedland Properties: "The difference between rents in a new complex compared to an older one is not as significant as the difference in buying a single-family house or condominium this year as against two years ago."

Friedland Properties has just started building 220 garden-apartment units and is awaiting approval on another 248. At the same time, however, the company is trying to diversify out of apartments. It has bought land for a PUD and is also talking about building an office condominium.

Money for apartment building is expensive. Oliver Tucker, assistant vice president of the Atlanta Federal Savings and Loan Assn., says the bank "is going real slow" in apartment lending. Friedland gets its money from REITs at anywhere from 10% to 14%. It has also gone into joint ventures with equity capital partners.

Still, Hamilton Mortgage Corp., which continued lending when most other sources had dried up, is bullish about the Atlanta market right now.

"We're heading into a prime apartment market in the Atlanta area," says Royce West, Hamilton's vice president in charge of commercial lending. West admits there are still some soft spots in the southwest quadrant, but anywhere on the north side and in selected areas in the south an apartment builder's main problem is to find land. The energy crisis has not yet become a factor in determining location.

Parts of Atlanta, according to West, have already raised rents by about 10%—enough to make apartments economically feasible.

"We have just surveyed an area covering quite a number of apartment projects," he says. "All of them indicated they had increased rents, and their occupancy was running around 98%."

This healthy state of affairs does not apply everywhere, however. For example, Friedland, which builds mainly farther out on the north side of town, has not been able to raise rents significantly because the area is just coming out of a soft market. Says Controller Aarons: "We've had several electricity rate increases in the past two years that we haven't been able to pass on and in one 388-unit complex garbage service tripled between the last quarter of 1973 and the first quarter of 1974. We can't stand much more of this."

Still, Aarons, like most people in Atlanta, is optimistic. He expects his new units to rent for $265 a month for a two-bedroom apartment, at least compared to what I've seen in California," says Berman.

"Things are just falling into place and a lot of high-salaried people are coming in," says developer Floyd Berman. "It's not going to happen all at once, so a builder has to be careful in picking his markets."

Berman, who built rentals for his own account in the past, is now building condominium apartments. This does not mean he is switching, he emphasizes, but rather that condominiums were right for a particular piece of land.

C. O. Osborn, another local apartment developer whose Nob Hill is one of the most sought-after luxury buildings in the city, has also stopped building apartments. He has switched to fourplexes.

"I think builders are scared because rents aren't going up nearly as fast as building costs," says mortgage broker Fred Crabbe, of Molton, Allen and Williams, pointing to a problem that House & Home heard repeated again and again all across the country.

Birmingham rents are now running at 20t to 24t a sq. ft. for apartments that may include such features as top-quality carpets, draperies, dishwashers and house-sized refrigerators.

"In this part of the country we put a lot of emphasis on amenities inside an apartment, at least compared to what I've seen in California," says Berman.

Thus far the energy crisis has not affected Birmingham. There has been no gas shortage, and most apartments are within a five- to ten-mile radius of downtown anyway. Desirable areas are Mountain Brook, the Eastwood Mall section and Valley Avenue, which has a two-mile stretch of nothing but apartment complexes.

"Location is the key factor in a project's success," says Crabbe. "I know of apartment projects that have waiting lists in certain parts of town."

Crabbe has money available for apartment loans, the best rate being somewhere between 81/2% and 91/4% for permanent loans and 1% over prime for construction loans.

Jefferson Federal Savings & Loan, on the other hand, has not made any new apartment loans in recent months. In January, however, Jefferson started accepting new applications in anticipation of lower interest rates.
The Charlotte rental market is a welter of contradictions.

Overall, the vacancy rate is about 11%. But some new higher-priced projects in the north and northeast quadrants are running a 25% vacancy rate after being open for two years, while other new projects in the south and southeast quadrants have less than a 6% vacancy rate.

The main problem has been overbuilding in limited areas by outside builders not familiar with the market. Says Thomas Lawing, independent appraiser and property manager and 1974 president of the North Carolina Association of Realtors, "Local builders have had a one-track mind. They're not going to fight that fight, they're going to stop building." As a result, the number of apartment permits has dropped markedly in the past six months, and new loans are a rarity.

High vacancy rates in a limited number of high-priced new projects are compounded by 20% to 30% rental vacancies in well-established white neighborhoods now becoming integrated or black.

"These high vacancies are only temporary," says Marshall Smith, market analyst and land planner for NCNB Mortgage Corp., owned by North Carolina National Bank's holding company. "The racial problems get solved because we don't have time to hate. We keep moving and solve our problems on the way.

Neighborhoods such as Hidden Valley have become integrated in time as middle-class blacks and whites learned to live together.

Close-in, older neighborhoods like Dillworth are very popular with white-collar singles and newly marrieds, and the vacancy rate is under 2%.

"Charlotte is the financial center for the Carolinas, and a major regional sales and distribution center for the southeast," says Dennis Malarkey of the Charlotte-Mecklenburg Planning Commission. "These economic centers continue to attract a large number of moderately paid white-collar employees. In addition, there is a large cadre—10,000 plus—of highly-paid salesmen who travel the southeast." Mecklenburg county, which surrounds Charlotte, has a population of 386,000 and has been growing annually at a rate of more than 20% a year.

Lawing expects that new multifamily starts will remain low but that in-migration will continue at a strong pace. Thus enough excess units should be absorbed by the second and third quarters of 1975 to see a significant decline in vacancies.

One large local builder is uncertain. "We are not going to start any more rental developments in Charlotte until we get a clearer picture of what's going to happen with the national economy and the energy crisis," says Fred Armstrong, vice president and property manager for Ervin Industries. The company's 2,000 units in Charlotte are running at better than 90% occupancy.

At least one lender is optimistic about the 1975 rental market. Says Marshall Smith: "We have enough confidence in rentals to begin making a few selective loans in good, good locations. The projects will be opening in 12 to 18 months."

Smith's firm is likely to favor two areas: 1) a corridor heading east to Union county, and 2) a corridor heading south toward Lake Wylie and Rock Hill, S.C. along I-77.

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**CHICAGO**

Chicago apartment permits took a dive from 33,320 in 1972 to 23,391 in 1973, as homebuilding in general dropped to its lowest volume in the area since 1970.

"It's almost impossible to start a rental project today because the numbers aren't going to work," says Ed Kirk of Four Lakes Village. Kirk has just finished the last section—438 units—of a 1,425-unit garden apartment complex in DuPage County. His next phase: condominiums.

In Chicago it is not just high money, land and construction costs that make apartment building uneconomical; it is also high taxes, zoning trade-offs and materials shortages.

"At the moment real estate taxes are something like 38% of gross income," says Yitzhak Kolikant, treasurer of Albert Frank Associates which has completed 330 units of an 800-unit apartment project in Buffalo Grove. "If our application for a tax reduction is not successful, we'll switch to condos."

Another large Chicago-area apartment builder is moving his operations beyond the five-county metropolitan area and looking for raw acreage farther out. The problem is not just the cost of land, although avoiding ready-to-build sites is one way he is making the economics of rentals work. It's also the ordinances that many metropolitan Chicago communities have adopted requiring the developer to donate money to the local school district for each child his project brings into the community, or give a certain amount of money or land for the park district.

The Chicago area, more than most other places, seems to be experiencing materials shortages that contribute to a further lack of enthusiasm about starting anything new.

"If you're uncertain about getting that building completed and your interim loan is going to start eating up your profit, it doesn't pay to get involved," says Norman Lindh, assistant vice president of the big St. Paul Federal Savings Bank.

"Everyone says the energy crisis is going to be solved by insulation, so there's been a run on insulation," says Bob Widdicombe, executive director of the Home Builders Assn. Widdicombe also reports shortages of plumbing fixtures, asphalt and roofing.

On the other side of the coin, rental demand is strong in the Chicago area. Many of the large apartment houses in the fashionable near north side have converted to condominium, leaving a very tight rental market in the city itself. And the Federal Home Loan Bank recently estimated vacancies at 3% for all the close-in suburbs. This includes some pockets of buildings with 10% to 15% vacancies in the west and northwest.

Another factor: there is virtually no mortgage money available for home purchases because Illinois has an 8% usury law. This has hit particularly hard in the condominium market, which represented an estimated 60% of all multifamily starts. Some builders are offering loans to help buyers finance condos, others are renting them.

Loans are available for apartment building, although at rates that assure very few takers. Says Samuel Novello, assistant vice president of the First Federal S&L:

"Depending on the quality of the project and the amount of money involved, we'd look for anywhere from 9% to 9½% interest, probably with a couple of points up front, and we'd want personal liability."

And Norman Lindh says:

"If a good apartment project were to come along right now the rate would be 8¾% to 9% plus points. We'd like to get higher rates for the end loan, but we realize that if we don't keep within a reasonable rate we won't end up with either a good project or a good loan."
Cleveland rents are not as high as they should be, even though the demand for rentals is strong. And many apartments have been taken off the rental market and converted to condominiums.

Cleveland experienced a great deal of apartment building in the late sixties, but since then it has tapered off. The city's overall vacancy rate is now estimated at 6.6%; this reflects the combination of a generally firm market in the suburbs and higher vacancies in some of the older, changing downtown neighborhoods. The suburban market is not so tight, however, that rents can seek their natural level.

"The market is fairly competitive," says Roger Deuel, assistant vice president of the Broadview Savings and Loan Assn. "A builder may put up a brand new building and expect rents of $300 a month. But he has to remember that tenants can still go down the street to a building that was built when money was cheaper and get the same unit for $250."

Apartment developer and manager Joseph Aveni of Hilltop Management Co., a past president of both the apartment owners association and the Institute of Real Estate Management, estimates that rents are a minimum of $25 below what they should be. The average one-bedroom apartment rents for $165 or $170 and the average two-bedroom apartment is around $200.

"Everybody's afraid to raise rents here," Aveni complains. "Developers who build a lot of units are only interested in getting them filled. This hurts the investor who needs to get a flow out of the building."

Still, so little is being built in the Cleveland market these days that Aveni projects the vacancy rate will be down to 3% by next summer. At that point it is likely that rents will go up.

Gene Bluhm, editor of Properties, the local industry magazine, sums up the situation in Cleveland this way:

"The developers who really know what they're doing are managing properly and playing it close to the chest. They would rather get involved in something they can bite off a chunk at a time—garden or midrise apartments—instead of highrise. That way they can build a phase, see how it's going, and then start the next."

Developers are also diversifying out of apartments. Carl Milstein, president of Associated Estates, for example, has become involved in commercial and industrial development as well as condominiums and rental apartments.

"We're building rental apartments because the commitments were made a year-and-a-half or two years ago," he says. "And everything we're building at the present time has already been leased."

Surprisingly, condominiums accounted for a smaller share of the market in 1973 than in 1972, probably because 1972 was such a big year. Properties Magazine, which keeps track of the number of units placed on the market, found 7,220 apartment units were offered in 1973, down from 8,040 in 1972. However, condominiums accounted for only 980 units, or 14% of 1973's production, as against 2,950 units, or 37% of 1972's multifamily production.

The main problems seem to be the high cost of land and money and a general air of uncertainty in the industry. Demand is strong, and the market for used homes is booming. Still, starts of all new housing—single-family and condominium as well as rental—are off.

Say's Roger Deuel of Broadview S&L:

"I think builders are going to finish up what they've got in the mill right now, take their profits and get out."

Broadview has permanent money available at 8 1/2% on up, plus a point or a point-and-a-half. It would normally finance two-thirds to three-quarters of a project for a term of only 20 years.

The big Cleveland Trust Company, on the other hand, is not looking for permanent loans at all right now.

"All we're looking for is construction loans," says Frederick Scism, senior vice president.

The reason, Scism explains, is the heavy demand on the bank from the residential-mortgage market because disintermediation has eliminated the S&Ls as a source of home mortgages.

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DALLAS/FT. WORTH

The Dallas-Ft. Worth vacancy rate has dropped below 10% for the first time in three years.

Today, Dallas County is at 9% to 10%, while the city is at 8% to 9%. Eighteen months ago it was 25% in the county and 20% in the city.

"This firming trend in vacancy levels will continue throughout the year," says W.L. McCallum, senior vice president of Southern Trust and Mortgage Co. "In close-in locations the demand for efficiencies and one-bedrooms exceeds the supply because we have a large young-singles population. Demand for garden apartments exceeds the demand for highrise units, and luxury garden apartments are especially sought after, but there's not very much demand for townhouses, whether or not they can be sold as rent or condominiums."

The rapid decline in vacancies stems from three factors: a 40% drop in multifamily starts from 1972 to 1973, the creation of 35,000 new jobs per year and the conversion of many rental projects to condominiums.

"Developers who know what they're doing are playing it close to the chest."

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"You think an annual tenant turnover of 110% is bad? Two years ago it was 135%"

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Though vacancies should continue to fall, McCallum doesn't anticipate significant rental construction in the next few months. His reason: Economics doesn't warrant it. "Rents today don't justify the high cost of construction," says McCallum. "Typically, most projects are in the 20c to 23c per sq. ft. range. But as the vacancy rate gradually declines to about 5%, rents will start moving up, and people will start building again. This probably won't occur until the third or fourth quarter of this year." One exception: the prime Oak Lawn area, where rents of 26c to 30c per sq. ft. warrant building right now.

An experienced Dallas builder concurs. Says Harvey K. Huie: "Oak Lawn and a few other close in areas are excellent for the adult-only market. I'm optimistic enough to be starting my biggest project ever, 388 units, in Oak Lawn. Since I own 1,200 units in the area already I'm very familiar with what will rent at what price."

But the project won't be a fast buck deal. "I know my costs will be high, so it's going to be hard to make any money in the beginning. But eventually, rents will move up to provide a decent return."

Rapid apartment turnover helps accelerate the upward movement of rent levels which have increased 5% to 15% in the past year.

The annual turnover rate—now 110%—may seem extraordinarily high, but it is considered a normal part of Dallas apartment operation. "It doesn't really bother us," says Huie. "The turnover is figured into the existing rent structure. Actually, 110% is not bad. Two years ago, it was 135%."

H&H April 1974 81
Detroit is experiencing its strongest rental market in years, says Jim Burrows, manager of First Federal Savings & Loan's commercial division. And opportunities for building new projects are good.

"The overall vacancy rate is under 5%," says Burrows. "Many projects are at 100% occupancy with waiting lists."

The market is particularly strong in the northern suburbs. Areas of western Wayne county are a little softer but are showing a definite firming trend.

The medium rental range is in greatest demand. One bedroom apartments are renting in the $185 to $215 range, up from $150 to $160 two to three years ago.

"Rents have finally begun to catch up with rising operating costs," says Burrows. "Rents always have a tendency to lag behind, but now builders are beginning to get rates in existing projects that match inflation."

Why the rapid upsurge in rents and decline in vacancies? Burrows cites two primary reasons:

1. Throughout 1973, many multifamily builders concentrated on condominiums. In the first two quarters of 1973 about half of all multifamily starts were condominiums.

2. A number of rental projects were converted to condominiums. The result in the first quarter of 1974 is a softness in condominium and single-family sales and rising demand for rental units, particularly in the more affluent northern suburban towns.

Developers are responding quickly to the changed market, and loan applications for rental projects are numerous.

"Rents have finally begun to catch up with rising operating costs"  

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"In the past couple of months our activity here at First Federal has been the strongest that I can recall in the past five years," says Burrows. "We're glad to see developers come in with good site locations, and we're seeing more of them all the time."

Rising rental demand coincides with declining interest rates. Permanent take-outs now range from 8 1/4% to 9 1/2% plus one point. With a construction loan included, an additional point is likely to be charged.

Will the Detroit rental market hold up into 1975? Burrows believes it will.

"Barring a catastrophe in the general economy and in the energy situation, I think the market will continue strong. However, I'm not sure whether we've felt the full effect from the auto industry's layoffs and model changeovers."

But a Detroit-area builder, Kenneth F. Nothaft, finance manager of Edward Rose & Sons, reports a widespread belief that the last of the plant cutbacks has now been made.

Nothaft's company has just completed a rental project which rented up briskly in suburban Southfield. "But this isn't universally true throughout the area," he says. "We compete vigorously by pricing our units a little under the market and offering more amenities than the next guy."

Nothaft tempers his fairly optimistic view of the 1974-75 rental market with cautious business decisions.

"Even in Detroit, where things are really pretty decent, we're being careful because of the uncertainty in the economy. We'll have about 300 to 400 rental starts in the Detroit suburbs this year, which is a little less than we'd originally planned." (His company plans a total of 2,800 rental units in various midwestern markets.)

Nothaft feels that rent levels for new projects opening in Detroit during the next 18 months will be high enough to absorb ever-increasing construction costs.

"When costs increase phenomenally during the course of construction, as they have in the past year, you normally can't increase rents enough to cover them. But 1975 looks like a time when rents should pretty much catch up to construction costs."

The most serious cloud hanging over the Detroit market is whether natural gas, used to heat most residential buildings, will continue to be available for new starts.

"Right now, a developer can't get his gas permits until the basements are in," says Burrows. "But by that time both the lender and the builder have shelled out a lot of money. The two utility companies here are still providing new permits but refuse to promise builders that gas will be available by a specific date."

DENVER

Apartments are overbuilt in Denver and starts are dropping sharply in response to vacancy levels of 15% and 20%. The high costs of money and construction, combined with low rent levels, make it uneconomical to build apartments today, and 1973 permits, as reported by the homebuilders, were just over half the 1972 level.

Says developer Larry Mizel: "We expect apartment starts to drop by 60% to 80% because of the vacancies."

Bill Heiner, president of Capital Federal Savings, agrees, "Even people whom I consider real pros have high vacancies."

Overbuilding is concentrated mainly in the northwest and southeast, both desirable areas. Especially in the southeast, where many projects are in their 20's, aggressive merchandising has filled some complexes while similar ones are empty.

Developer Mizel estimates that rents would have to rise at least 20% if apartments are to become profitable. He emphasizes that net cash flow, not gross income, determines profitability.

"Let's say a unit is worth $13,000 predicated on the income stream," says Mizel. "If it cost $15,000 to build, you wouldn't build it."

The problem of rents that do not keep pace with the physical value of a building is not peculiar to Denver, but Denver's high vacancies make it unlikely that rents will rise enough to make apartments profitable in the next few years. Thus, Mizel and other builders are switching to condominiums, where sales have been good even though there is now a considerable inventory. Advance Mortgage estimates that some 20% of Denver's multifamily starts consisted of condominium units.

"Even the pros are stuck with high vacancies"  

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"If you make any commitments because they don't know what's going to happen."

Still, if a builder can convince the lender that his project is viable or that he can build it cheaper today than he will be able to two years from now and that he can carry it through the soft period, financing is available. Rates are around 9 1/4% or 9 1/2%, plus as many as three points on a 75% loan-to-value ratio for 20 to 25 years.

A big problem in the Denver area is a gas curtailment that went into effect January 1. There was a rush for permits before that time, and there will be another rush to bring buildings to a certain stage of completion by July 1 or the project will lose its gas permits.

"Right now we're only doing business with people we know can get the job done in time," says Heiner. "We've had to turn down deals because the developers had no assurance of getting gas after July 1."
Houston's current rental market reminds you of dropping a pebble in a pond and watching the ripples spread out: Projects very close-in are filled up; projects in the next ripple are starting to firm up and the outer ripples still show disastrous vacancy rates. But if building continues to decline, these very troubled areas will fill up within six to eight months.

This analogy, made by Jenard M. Gross, one of Houston's most perceptive builders, translates into hard numbers: Vacancy rates range from less than 5% for close-in projects to 30% for the far-out suburbs. The metropolitan area's overall vacancy rate is 12% to 13%, just on the threshold of profitability for projects more than three years old.

"For most new projects, 90% occupancy isn't enough to break even," says Gross. The reason: Rents aren't high enough to cover exceptionally high debt service.

As an illustration, Gross cites a large Houston building with $69 million in assets and $54 million in liabilities, who recently went bankrupt.

"When I tried to figure which one of his projects might be a good one to buy, I found that his debt service for many projects was 50% to 52% of gross income," says Gross.

"This is an impossible situation. Debt service would have to get down to around 40%, which really means a 15% to 20% rent increase, and this just is not feasible."

Most builders in the middle price range are receiving 23¢ per-sq.-ft. rentals but are receiving just 21¢ because of discounts and concessions. Upper range rents were projected at 26¢ to 27¢, but they too are discounted about 10%.

"What's really happened," says Gross, "is that in the past two years a terrible run-up in costs has prevented economic value from catching up with physical cost. Typically, a project costs $18 per sq. ft. to construct, but its actual economic worth is only $14.50 per sq. ft."

In the Houston market, Gross says, "I don't see a decent cash-on-cash return." He feels it will take eight to twelve months of a continued slowdown in starts for the general market to come back.

A few fortunate owners are getting a 5% cash-on-cash return, and a much smaller number are making 10% to 15%. But many Houston projects, managed by professional operators, have been losing $8,000, $10,000 and $15,000 a month.

Even projects in ideal locations are not in the black. One outstanding project, for example, is within the coveted close-in area, but at 97% it is only breaking even. "Eventually, it will do well. But you've got to be very patient waiting for that day," says Gross.

"Even run-of-the-mill projects are likely to be bailed out eventually by inflation, but it may take years and years."

When will new starts make economic sense? Gross believes that in the next three to four months it might be possible to start a project that will be ready and viable in early 1975.

Gross hasn't started any new projects in a year. He may start some in the next few months, but doesn't feel obligated to perform according to some predetermined timetable.

"When I see a market get overbuilt," he says, "I cut back and relax for a year."

Gross feels that building costs are so unstable that it is worth considering a general contractor to handle a new project. A general contractor charges 5% to 10% of a job's total cost, but he is locked into a fixed price contract. In the past 24 months, construction costs in Houston have increased almost 20%, and will increase another 11% this year.

The gasoline shortage hasn't pinched Houstonians too badly, but it did spark a massive influx of people from far-out projects.

"People are beating down the doors of close-in projects," says Gross, "because miles are now important. It used to be that people thought just in terms of driving time. But gas cost has increased 50% in the past year and gas lines are starting to form."

Ironically, as the energy crisis intensifies the demand for more fuel, it directly benefits Houston's economy. As the country's energy capital, Houston is headquarters for the companies that own, process and market most of the oil, gas and coal. And as efforts to boost fuel production increase, so will the number of new jobs.

KANSAS CITY

Bulls and bears have opposite views of the Kansas City rental market.

On the bullish side is John Gossey, assistant vice president of Commerce Mortgage Co.

"This is a vibrant city that is going to grow rapidly. In '74 and '75 there will be good opportunities for rentals in close-in locations that focus on the low- and medium-rent ranges where demand is strong."

Gossey says the overall vacancy rate for Kansas City, Kansas is 6% to 7%, with the prime suburban area of Johnson County at 5% to 6% and southeast Kansas City, on the Missouri side, at 4%.

On the bearish side is investment builder Russell V. Baltis Jr., executive vice president of North Kansas City Development Co.

"There's no money in building apartments unless you'll be content with zero percent cash return for several years. Eventually you might get to a point, in about five years, when you'll see a 7% to 8% cash-on-cash return."

But such a waiting period requires considerable staying power—and this means regular infusions of cash to keep a new project afloat. Even at 97% occupancy most new projects barely break even because the debt-to-income ratio is too high.

"Face facts," says Baltis. "Some projects have been through the wringer twice. A big contributing factor to many bankruptcies is the practice by many apartment builders of putting up a new project to pay off the cost overruns and carrying charges of the last project. They keep their heads above water when inflation and market demand are strong. But when the local economy slows down, as it has here in recent months, they go into default on their mortgages. And sometimes they go bust."

Baltis thinks that the overall Kansas City vacancy rate is as much as 10% to 15% for well-located projects more than three years old. And newer projects are often running at 20% to 25% vacancy.

He cites numerous come-ons used by desperate owners to hasten rent-ups: no leases, month's free rent, color TVs, moving expenses, and trips to Las Vegas.

Baltis' firm, which owns and manages 1,300 units with a 3% vacancy rate, is not building rentals today, but might consider a rental start in late 1975. Meanwhile, the company is concentrating on building $5 million worth of commercial and industrial space for pre-leased customers.

A contrasting bullish view comes from John R. Kronsnoble, vice president of coordination and planning for the Financial Corporation of North America, based in Kansas City.

"The overall Kansas City area has a 7% vacancy factor, and Jackson and Johnson counties are down to 5%. But north of the
people often move out without having the An­geles at 8%, Orange County at 7%, Central Construction Markets Survey show Los Angeles Zim­istic. Year-end estimates from Commer­the available general statistics are less opti­a generally improving vacancy rate, some of meters turned off, but even allowing for this

Statistics describing the Los Angeles-Orange County rental market tend to veil the real­ties—namely, demand is strong and getting stronger, and it is possible to make a decent profit building and owning apartments.

The statistics show that the number of multifamily permits issued in 1972 and 1973 were constant. But they don’t show that in the fourth quarter of 1973 permits dropped to half the rate of the first three-quarters. And they don’t show that about 25% of all multi­family permits were for condominiums, not rentals.

There will be, therefore, a dramatic reduc­tion in the output of new apartments in the second and third quarters of 1974. Add to this the facts that the unemployment rate is a low 4.4% and employment growth is rising at a whopping 5.6% per year and you have the strong potential for a shortage of rental apartments.

"No question about it, the Los Angeles market has definitely turned around," says Dan Epstein, vice president and general manager of American Housing Guild’s Multi­family Division. "In close-in areas we are experiencing a trend to lower and lower vacan­cy rates."

Says Richard Roach, president of Kauf­man & Broad Asset Management, Inc., a K&B subsidiary that packages and syndicates apartment projects: "We see a declining vacancy factor in early 1974 as well as an influx of people from the far-out suburbs. Obviously the energy crisis is having an effect."

While individual owners are experiencing a generally improving vacancy rate, some of the available general statistics are less optim­istic. Year-end estimates from Commer­cial Construction Markets Survey show Los Angeles at 8%, Orange County at 7%, Cen­tral Los Angeles and San Pedro "fairly soft," and only the San Fernando Valley "strong."

These figures are not quite in line with the year-end vacancy rates based on idle electric meters as supplied by the Los Angeles Department of Water and Power. These esti­mated rates may actually be higher because people often move out without having the meters turned off, but even allowing for this

Los Angeles

"No question about it—the Los Angeles market has definitely turned around"

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The figures are quite healthy. The City of Los Angeles shows a 3.5% vacancy rate, and key towns in Orange County show a range from 1.8% in Huntington Beach to 2.7% in Santa Ana.

A year-end idle-electric-meter count covering 3.2 million apartments in six southern California counties shows an average vacan­cy rate of 3.1%. The counties are Los Angeles, Orange, Riverside, San Bernadino, Ventura and Santa Barbara.

Another key indicator of the Los Angeles market’s health—absorption rate—was de­finitely up for the months of February and March according to those in a position to know.

Says Donald J. Scholz, who built 2,667 rental units last year in nine cities and has just opened a new luxury project in Santa Ana:

"Even though our Los Angeles rentals are top of the market, ranging from $250 for an efficiency to $450 for a three-bedroom, our rent-up rate is extremely good. You have to assume that because apartment building tapered off, demand is coming back."

Says a major lender, Paul O’Brien, senior vice president in charge of real estate admin­istration for Security Pacific Bank:

"The apartment houses we’re financing are filling up faster. Closer-in projects are renting up the best, sometimes at rents higher than were projected."

The rate of rent increases has doubled since mid ’73, according to the Commercial Construction Markets Survey. The rent­level index now is climbing at 5% annually, but actual lease renewals usually come in at 10% to 15% increases.

But O’Brien doesn’t believe that builders will stampede to put up new apartments.

"Apartment builders have just been through a very tough time here so they are going to proceed with some caution."

Can you make a decent profit building apartments? O’Brien says that it’s becoming increasingly difficult to make a dollar, but it can be done. Rapid increases in construc­tion and land costs, plus approval delays, are squeezing profits to almost nothing for many new projects. "But there’s no question in my mind that, in time, the inflationary cycle will cause rents to rise enough to provide a decent net yield."

Declining interest rates will help improve the bottom line for projects built later this year. Currently, Security Pacific is offering construction loans at one to three points over prime plus one to two points for a construc­tion fee. Permanent take-outs typically range from 8 1/2% to 9% for 20 to 25 years.

But builder Scholz says typical interest rates are much too high and the terms too short for a project to provide a decent net yield.

"It looks like our current Los Angeles project is going to show a very good yield the first year or two, but that’s only because it has a 40 year term permanent loan in the 7% to 8% range."

"It’s an FHA 207 mortgage arranged a long time ago when money was very loose."

These low rates and long terms are the only things that make rental housing work for us. Last year we built more than 2,500 rental units (making Scholz the eighth ranked rental builder in HOUSE & HOME’S listing of The Biggest Builders). But that was a real fluke. With the cutback of the FHA 207 program, we’ll build only 1,100 rentals this year and about 400 units in 1975. We are putting 90% of our efforts into for-sale housing."

American Housing Guild’s Dan Epstein has a different view. “With an 8 1/2% perma­nent loan, a west coast project should show a positive cash-flow in the first or second year, and then continue to throw off at least an 8% cash-on-cash return.”
MEMPHIS

During 1972 and 1973 Memphis looked like one of the nation's hottest rental markets. Out-of-state builders flocked to this city of 600,000 people, bought up all available land and began building apartments. These apartments have now begun coming onto the market, and vacancies, which stood at 1.3% in July 1971, were up to 11.1% in January 1974 and still climbing. The vacancy rate for apartments less than six months old is 35.6%, according to a study prepared by Marketing Consultants Inc. for a group of Memphis's leading lenders.

How did a city that had traditionally kept supply and demand in balance find itself in such a predicament?

The answer lies in the 1970 census figures, which showed a sizable jump in Memphis's population at the same time as apartment vacancies were down around 1%. Developers rushed in to take advantage of this apparent opportunity. They did not realize, however, that the population jump did not mean there were more people in Memphis, but merely that Memphis had gotten larger by annexing some neighboring areas.

Dr. Harry Summer, vice president of Marketing Consultants, explains that Memphis's growth is mainly in quality rather than quantity. Lower-income people are moving out and being replaced by higher-income professionals or managers. Otherwise, the main growth results from marriages and divorces, both of which create demand for apartments. But the demand is for something like 3,000 or 4,000 units a year, not the 12,184 built in 1972 or the 13,694 built in 1973.

"I'm afraid our problem is going to be around for a number of years because of our lack of growth," says developer Avron Fogelman Management Corp. Fogelman, who already owns some 4,500 apartments in Memphis, has another 1,000 coming on the market right now. And despite the glut he thinks he will be able to fill them up. He says:

"The city is only going to be able to absorb about 30% of the apartments that are coming onto the market, but we hope to fill our own units by giving better service, better value so that people will move to them from existing apartments."

Competition will be stiff, though, as many apartment owners have started to offer concessions, such as two to four weeks' free rent or even television sets, to help them fill up their units.

The Memphis apartment glut is also likely to affect the condominium market, which will find it hard to compete in price with the apartments. Arthur Larson, vice president of Leader Federal Savings and Loan Assn., points to two projects that have already converted from condominium to rental.

"We think there's going to be more of this," he says. A Marketing Consultants survey made last October showed a total of 3,367 condominium units completed or under construction in Memphis. Only 20.6% of these had been sold.

Despite the overbuilding, all is not gloom in the Memphis apartment industry. Leader Federal Savings and Loan, for example, does not rule out apartment loans. Says Larson: "As lenders we're still looking at the good projects. They're going to make it all right. The others are going to hurt."

The bank could loan as much as 80% of value for as long as 30 years at a rate of around 9% with about two or three percentage points if it were both a construction and permanent loan. If it were just a permanent loan, there would probably be one or two points depending on what kind of security the bank has, whether it has personal endorsement on the note, etc.

For the moment, however, there seems to be no new activity in the Memphis apartment market. Many local builders had simply stopped aside when the out-of-state invasion began. Some even sold their land to the foreigners and pocketed larger profits than they would have gotten from building. Now that many of the out-of-staters are pulling out without having started their projects the Memphis builders are ready to buy back their land. For Memphis has traditionally been a good housing market, and most people expect the present problems to blow over before too long.

MIAMI

No professionals are starting new rental projects in the Miami-Ft. Lauderdale market, despite a vacancy rate of less than 5%. Astronomical land cost is the primary reason. Not even the increased density of high-rise towers makes new middle- and upper-middle income rental projects feasible.

Further, severe cost overruns for most newly-built projects have dampened the enthusiasm of builders and lenders alike. A majority of new projects are in the red even at 98% occupancy. Before black ink begins to show for these projects, rents must rise 10% to 20%. But hefty rent increases would push many would-be tenants into the soft condominium market. (Condos make up 75% of the multifamily starts in Miami, and there is no slowdown showing, according to analysts at Commercial Construction Markets Survey.) And many tenants hold three-year leases signed when the rental market was soft and rents consequently low.

The only bright spots in the local rental picture are the many older well-managed projects which show occupancy rates from 93% to 98% and throw off a 6% to 9% cash-on-cash return.

"The demand for rental apartments is very strong today," says Sam Adler, who has been building in Miami since 1946. "But the incredible increase in land costs precludes building new rental projects. The only way a builder can justify the use of high-cost land is to pass along the cost directly to the consumer—and this is why so many builders here rushed into condominiums."

"An increase of $5,000 per unit due to higher land costs means a condo buyer pays $50,000 for his unit instead of $45,000. But for a 400 unit rental project, it means you'll have to carry $2 million more in amortiza-

tion and interest. And there's no way the numbers will work."

Four years ago Adler was paying about $2,500 per unit for land with adjacent utility hook-ups and zoned for highrise towers. Today, similar land, re-zoned and with utilities, costs $7,500 per unit.

Adler is one of the very few developers still building middle-income rental units in the Miami area. He has a backlog of land purchased years ago at far below today's prices, and he keeps down construction costs by acting as his own general contractor.

"We know that construction costs are rising faster than rents, which are fairly stable now," says Adler. "But we are more concerned with the long range. If we earn less than the going rate of interest at the beginning, but wind up with a prime investment, we are satisfied."

Would a rental project with smaller rooms and fewer amenities make a reasonable return? Yes, says Roger Terrell, a partner in Terrell-Brown, mortgage brokers—if you consider less than 8% a reasonable return. "Only non-professionals are trying to build new rental projects in the Miami area, and their success is a hard sell, flat rate.
RENTAL MARKET CONTINUED

and they’re taking a bath. The rental pros are hunting for economically sensible sites further up Florida’s east coast and on the west coast in the Clearwater, St. Pete and Tampa area."

Adler agrees. “We will use up our Miami land backlog this year, so we’re thoroughly analyzing smaller communities in other areas of the state where demand is strong and land reasonable.”

An out-of-state builder, H.K. Gilliland, senior vice president of Financial Corp. of America, is equally sanguine about other parts of the state:

“A careful study of markets within markets on both Florida coasts can turn up pockets where rental demand is good and land costs not outrageous. You may have to wrestle with environmental and zoning restrictions, but that’s the way to get exceptionally well located parcels."

So where are the opportunities for builders who want to stay in the Miami metropolitan area? Strip stores and small office buildings in good locations have been renting well, says Terrell. A new concept, office condominiums, which typically range from $2,500 to $35,000 sq. ft., have achieved rapid market acceptance and are generally selling at a healthy rate.

MINNEAPOLIS/ST. PAUL

The Minneapolis-St. Paul vacancy rate is a healthy 5.6% and going lower, but 1974 rental starts will be nil.

Just about no one is building, even though the latest vacancy rate, as reported by the Bank of St. Paul for the end of 1973, is a decent improvement over the 8.3% rate for a year earlier, says Ed A. Harrington, executive vice president of the Minnesota Apartment Association.

Good employment rates and the rising cost of for-sale housing swelled the demand for rental housing, says Harrington.

But rents cannot absorb the higher costs of construction. Thus, new projects are only marginally profitable at best, and possibly in the red.

Equally damaging to would-be apartment builders is the energy crisis which has sent utility costs soaring 50% to 100%. This significant increase in operating expenses compounds the struggle by apartment owners to cope with real estate taxes that range from 25% to 35% of gross income.

Says Hans Hagen, president of Ban Con Inc., a Twin Cities diversified builder: “High real estate taxes alone were enough to prevent investment builders from putting up new units. The energy crisis just clinched it.”

Harrington says: “Our people are really hurting, and of course, the rate of taxation—one of the highest in the country—is a large part of the problem.”

An equally bleak view comes from one of Minneapolis’ major lenders, Wallace Berg, vice president of Midwest Federal S&L’s mortgage department: “The total viability of rental housing in the Twin Cities area is open to question because of high operating costs and the increasing difficulty of raising rents.”

As a result, Berg says, Midwest Federal is going to be extremely selective about future apartment-project loans.

“We will very likely ask for a lot more supporting market data,” says Berg. “MAI appraisals and professional third-party feasibility studies will become more prevalent, if not mandatory.”

While 1974 will not produce an appreciable number of new rental starts, this year will be beneficial for existing projects: Vacancy rates will continue to decline and rents will continue to inch upward so that the losses of previous years can be partially recouped.

But prospects for 1975 look a little better. “We have no plans to build rental units this year,” says Hagen. “However, we do plan to build highrise rental buildings next year because of a new state tax law that should allow rentals economically viable again.”

This new law becomes effective January 1, 1975. It will tax highrise residential buildings at a lower rate of assessed value than lowrise structures. Buildings five stories and above will be assessed at 25% of market value, while smaller buildings will be assessed at 33 1/3% of assessed valuation. As a result, it is likely that local governments will modify their zoning regulations so that specific areas will be set aside for highrise construction.

Says Hagen: “We’re hopeful that highrise density, combined with a lower tax rate will make economic sense.”

NEW YORK

The big New York City rental market has been hit by 1) the government moratorium on subsidized housing, 2) tight money, 3) high land and construction costs and 4) uncertainty over whether some form of rent control would be reimposed. As a result, multifamily permits fell sharply toward the end of 1973, and as of this writing they are going even lower.

The New York State Division of Housing recorded only 17,510 multifamily permits for New York City’s five boroughs in 1973 as against 30,599 in 1972. The suburban counties, where little subsidized housing is built, did not fare much better. On Long Island, Nassau county permits fell from 876 in 1972 to 726 in 1973. And in Suffolk county, the most active home construction market in the whole state, permits fell from 2,610 in 1972 to 1,766 in 1973.

North of New York City, Westchester County apartment permits dropped from 3,210 in 1972 to 1,316 in 1973, and Rockland county permits dropped from 1,358 in 1972 to only 285 in 1973.

Much of the activity in the suburban counties, plus northern New Jersey, which is also part of metropolitan New York, is in condominiums rather than rentals.

“There comes a point when you have out-priced yourself on the rental market,” says Rudolph Marino, vice president of the Bowery Savings Bank.

“When one-bedroom garden apartments on Long Island start to bump the $200 level it becomes more attractive for people to take their money out of the savings bank and buy condominiums.”

“Even considering what their purchase money would bring were it invested, the tax benefits still bring their effective monthly payments down to less than $200.”

Suffolk county developer Donald Partrick, of Heatherwood Communities, agrees.

“The rental market has been quite weak in Suffolk and there’s going to be no change. It was slightly overbuilt and then the market that was there got drained off by condominiums.”

Partrick, who is building a planned unit development that includes both rentals and condominiums, points out that land costs have doubled in the past two years. He expects to continue building rental apartments, however.

“We build for investment, and as far as
we're concerned if we don't rent them tomorrow we'll rent them the day after," he says. "We try to create a way of life and make the customer feel that if he rents from us everything will be provided for him. The only time he has to worry about gas is when he travels back and forth to his job."

That is a big worry, however. Gasoline has been in tight supply in the New York area and Suffolk county, for example, does not have enough employment so that all its residents can be employed locally.

The energy crisis has also affected builders, chiefly because they fear materials shortages.

"A lot of the builders we do business with are getting panicky, and they're pulling in their horns," says the Bowery's Marino. "They're frightened because timing is such an important part of construction. And if they order a key material and it's six months late, I can assure you it's a very valid concern."

Harry Lisberger, vice president of the New York Bank for Savings, says that he has seen few apartment loan applications lately:

"An awful lot of builders are sitting back waiting to see if there's a change in interest rates."

The New York Bank for Savings charges between 8 1/4% and 9 3/4%, depending on the security of the property, plus points depending on the length of time of the loan commitment.

Several of the banks expect construction but not permanent money to get cheaper by mid-year.

In the meantime, Lisberger points out that there are few markets for the big apartment builder to turn to. Commercial building is out because New York City already has a glut of office space.

"But there definitely has to be more apartment building," he says. "The market is there and it won't go away."

**PHILADELPHIA**

Philadelphia apartment starts dropped slightly in 1973, mainly because of tight money. With financing at 10% plus one or two points, many developers sat back and took a wait-and-see attitude.

"Now, with the prospect that rates will be lower by the time projects are ready for permanent take-outs, developers are again committing themselves to new apartment buildings.

Condominiums are still new in the area and just beginning to gain reluctant acceptance. Observers believe that they accounted for about 25% or 30% of the 12,890 multi-family starts in 1973. However, Michael Cunnane of the Philadelphia Savings & Loan Assn. points out that a number of condominiums have been converted to rental apartments. Cunnane believes that builders who looked to condominiums as the answer to their profitability problems have been disappointed and that they are now turning back to rentals.

Still, John Townsend, vice president of the multifamily division of the big Korman Corp., which built 800 garden-apartment units in the Philadelphia area last year, believes that condominiums would become more attractive to the consumer if apartment rents were to seek their natural level in relation to costs.

Unlike many areas, Philadelphia has low vacancies—between zero and 5% in newer buildings, according to the latest Commercial Construction Markets Survey—and thus rents have been able to rise somewhat. Appraiser Paul Kallus estimates that rents have gone up about 10% to 15% a year, even so they have not kept pace with costs.

Industrial parks and shopping centers have lent impetus to the suburban movement, and there has been much activity in Chester and Bucks counties, Pennsylvania and Camden and Burlington counties, New Jersey. A new bridge across the Delaware River at Chester recently opened up the Glassboro, N.J. area to Philadelphia commuters.

"The apartment market in these areas is really supported by the cost of buying a home, which has gone up much faster than rents have," says Townsend.

Philadelphia has mounted some aggressive urban renewal programs to attract developers back to the city, and Korman is participating in two of these: The company is building garden apartments in the Eastwick area, out near the airport, and in downtown Philadelphia it is planning a 319-unit, 21-story high-rise in the privately funded Franklintown urban renewal area.

"Emotions played a big part in our decision to build the high-rise," says Townsend. "After all, if you have your choice between a project in the city and a good site in the suburbs, the suburban project will look better on paper. But here in Philadelphia even the people who live in the suburbs like the downtown area and support its renewal programs. Many of these people would like to come back to the city to live someday, and this gave us added incentive to participate in the renewal program."

**PHOENIX**

Phoenix vacancy rates seem to be attached to a fast-moving yo-yo. In mid '73, the overall Maricopa county vacancy rate was 10% to 12%; by March '74, it had dropped to 5% to 7%, now it's on the upswing again and is expected to top out at 10% to 12% by summer, and then drop to 8% to 9% by fall.

"These movements in the vacancy rate are fairly typical for us, but are nothing to be concerned about," says Bruce Terry, vice president in charge of First Federal S&L's mortgage department. "They are just normal responses to changing market conditions."

People pulled in their horns in buying homes in the last two quarters of '73, says Terry, because of tight money and uncertainty about the economy. At the same time, inward migration dropped from 900 families a month to 600 families a month, and apartment starts fell by more than 40% over the same period a year earlier because of high vacancies—particularly in far-out projects."

"All the people who've been coming into the town in the past six to eight months have been filling up these vacancies on the outer fringes. So they are having good times right now." But Terry foresees this changing in coming months.

One reason is the gasoline pinch: He feels the energy crisis has had a definite effect on people's willingness to drive long distances, but that the far-out projects haven't felt this changed attitude—yet.

Over the next eight months, about 2,000 new apartments will open, mostly on the outer fringes of the metropolitan area. These new units will also tend to increase vacancy rates for projects farthest away from shopping and employment centers.

What do these gyrations in the rental market do to profitability? Terry says: "The last twelve months have been excellent, and the next twelve months will be pretty good. The rental market will soften, but almost everybody will still make money."

However, a major midwestern developer
Housing Guild, which is headquartered in
Stetin, vice president and general manager of
the multi-family division of American
Office, the vacancy rate is under 7%, down from
a positive cash-flow in the first year.

The San Diego County rental market is
firming up rapidly after a period of high va­
cancies. And with the right management
strategy, new apartment projects can show
a positive cash-flow in the first year.

According to the FHA's local insuring of­
mins, the price and availability of money
must have a  good track record. With these
conditions met, we'll go with it.

Typically, the terms would be 9%/ to
10% on the construction loan plus three
points. The permanent loan would be 9%/ to
9.5% for a maximum of 25 years.

PITTSBURGH

"There's no sense
in building new units
until the rents
on older ones are raised"

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And because the tax rates in Pittsburgh and
the surrounding municipalities are high to
begin with, the inflated valuations on new
construction can cause real hardship.

Johnston tells of an eight-story building
with rents ranging from $250 for a one-bed­
room apartment to around $500 for a large
two-bedroom apartment, for which taxes
average around $1,100 per unit a year.

Developer William Marra of Wilmar
Properties says that taxes account for 18% to
30% of his rents, which average around
$280 per sq. ft. New construction, according to
Marra, would have to rent at 340 per sq. ft.
because of construction and financing costs.

"The existing market just can't handle
rents at those levels because comparable
apartments already on the market rent for
less," he says. "So rents on older units would
have to come up before it would make sense
to build new ones."

As a lender, Terry is optimistic. He says:
"When a man comes in and tells us, 'I've
optioned a piece of ground and I'd like to
build a 250-unit project,' we'll definitely look
at it.

"But the requirements are 1) the land must
be close in to shopping, schools and major
business and manufacturing centers; 2) we
want a 25% -plus equity; 3) the developer
must have a good track record. With these
conditions met, we'll go with it.

Typically, the terms would be 9%/ to
10% on the construction loan plus three
points. The permanent loan would be 9%/ to
9.5% for a maximum of 25 years.

SAN DIEGO

"Demand is very strong . . .
We won't have any trouble
showing cash-on-cash returns
of 8% and better"

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Source: Advance Mortgage Corp.

Statistics confirm that the local economy
will support some increase in the supply of
apartments. The reasons: 1) Inward migr­
ation continues at 500 families per month and
up; 2) jobs in the Phoenix area increased 7%
last year, while the unemployment rate
hovers at a low 3.5% level (according to a
report issued by Advance Mortgage Corp.).

But the exact rate of market absorption
remains in doubt, as does the ability of
builders to avoid the massively overbuilt
situations of recent years. In 1972, for ex­
ample, 37,664 permits for residential con­
struction were issued but only 28,300 units
were absorbed, says Advance Mortgage.

"Demand is very strong," says Dan Ep­
stein, vice president and general manager of
the multi-family division of American
Housing Guild, which is headquartered in
San Diego. "It's fast becoming a very tight
market."

There are several reasons for the turn­
around: Apartment starts dropped drasti­
cally in the last three months of 1973 to as

little as one-third the rate of prior months.
Strong no-growth sentiment has killed or
postponed some projects. Natural-gas hook­
ups for suburban developments are re­
stricted. Tight money and high mortgage in­
terest carried into January, forcing many
low-income condominium prospects to seek
rental housing. And in the face of all these
shortage-inducing factors, the current net
annual increase in the county's 1.5 million
population is running in excess of 40,000.

Can you make money building apartments
in San Diego? Definitely yes, says Epstein,
but two requirements must be met.

First, the project should be assessed for

"rental units there will be available
for the public, so that should improve the rental
market," says Stanley Arnhem of Arnhem
& Neely, Pittsburgh's biggest property man­
gers.

Roy Stoehr, senior vice president of First
Federal S&L, points out that there has been
little building of any type in the Pittsburgh
area lately. He attributes this to decreased
demand and to an 8% usury law that en­
couraged lenders to place their money out
of state. The law was recently changed and
the rate set at 2 1/2% above the long-term
government bond average that existed 60
days before. Thus, the February rate was
8 1/4% and the March rate 9%.

In February, construction money came
down from 9 1/4% to 9% with a two-point fee.
The bank is willing to make loans, but there
have been few takers.

"Yields on rental projects run somewhere
between 8.2% and 8.7%," says Stoehr. "It's
really not enough."

"1 think that most builders are being con­
servative because they realize that they
overbuilt a bit a couple of years ago," says
Bob Johnston, executive director of the
Builders Association of Greater Pittsburgh.

"Also, a lot of apartments used to be built
by outsiders, and outsiders are staying out
because of the tax problem."

The tax problem, according to Johnston,
starts from the fact that assessors base a
building's value on what it cost to build
rather than on the income it can produce.

"There's no sense
in building new units
until the rents
on older ones are raised"
taxes as early as possible during construction. This results in a first-year tax bill based on 25% to 50% of the project's eventual assessed valuation.

Second, rent-up must go quickly—one unit per day or better.

"If you rent-up at one apartment a day and you've got a low tax bill, you've got to make money the first year or the beginning of the second," says Epstein.

A fast rent-up is so critical to a positive cash-flow the first year that Epstein believes it's worthwhile to plan the project back-end to front-end construction in the San Francisco Bay area.

Two projects, both delayed by environmental and zoning causes, nearly equaled the 1972 total, while condominiums are generally townhouses rather than apartments, thus do not affect the total number of multifamily permits significantly. In the city of San Francisco, however, close to half of the 3,865 apartment permits issued in 1973 were for condominium units.

In most of the Bay area, about 97% of permits get translated into starts. Condominiums are generally townhouses rather than apartments, thus do not affect the total number of multifamily permits significantly. In the city of San Francisco, however, close to half of the 3,865 apartment permits issued in 1973 were for condominium units.

In the South Bay area—San Jose—5,449 permits were issued in 1973 as against 5,630 in 1972.

Ted Gibson, assistant vice president of the Security Pacific Bank, estimates San Jose vacancy rates at 5% to 7% with isolated instances of higher rates in one section where he says development didn't make sense.

"There was no employment base, and much of what was built was really of low quality."

Throughout the whole Bay area, costs are the one big deterrent to apartment building, according to Jim Harbison, vice president and chief appraiser of Citizens Federal Savings and Loan Assn.

"Both rental and condominium builders are sitting back and taking a hard look at the market to see if they can really get the rentals and prices that they have to get in order to get a decent return," says Harbison.

A complicating factor is that all of the trades are renegotiating their contracts this year. So developers are worried that anything they start now may be delayed by strikes. At the same time, subcontractors are putting in higher bids in anticipation of higher payrolls.

But Gibson believes it is still economically feasible to build apartments in the Bay area:

"The housing demand is certainly there, and prices of single-family homes have gone up so much that it's difficult for many people to afford them. The Bay area in general is running out of developable land, and this causes many people to look at apartments or townhouses. In many of the sections that are close to transportation, apartments are the only housing that make sense."

Money is available, with permanent loans mostly in the 9% range and a few at 8 3/4%. Citizens Federal gets 1 1/2% points for permanent loans and 2% for construction loans. Quite often it also requires an applicant to put up a pledge savings account until the building reaches break-even.

Security National's construction loans are tied to the prime rate, which everyone expects to move down this year.

"You can see that construction loans will become a lot cheaper in the next few months," says Gibson, "but takeouts are a different thing. My guess is that 8 3/4% is going to be the bottom on them."

San Francisco

"We're running out of usable land, so apartments are often the only housing that makes sense"

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Source: Security Pacific Bank

SEATTLE

Seattle's vacancy rates are low, its economy has made a strong recovery from the city's 1970-71 recession [when the annual unemployment rate stood at 13%], and builders and lenders are facing the future with cautious optimism.

Apartment starts in the first half of 1973 nearly equaled the 1972 total, while condominiums, which made up some 30% or 40% of multifamily starts during the downturn, now account for 15% or 20%.

The main problem seems to be that rents, which were cut during the apartment glut of three years ago when vacancies reached a high of 11.4%, have not yet returned to economic levels. This means that many projects with 100% occupancy are operating with a negative cash flow or just breaking even.

The problem will vanish if the trend to low vacancies continues. The Seattle Real Estate Research Committee reported a 4.2% vacancy rate in its fall 1973 survey and warned that this figure was distorted because four projects had had unusually high vacancies. Without them, the overall vacancy rate would fall to 2.8%, and in some areas such as Magnolia, Ballard, University, Mercer Island and parts of Madison Park, Wallingford and Bellevue, the Committee found occupancy was nearly 100%.

But for the moment, as Chuck Richmond, senior vice president of the Washington Federal Savings & Loan Assn. points out, it is hard to bring new projects on line because there are substantially lower rents existing in the marketplace. New units that must rent in the 29c or 30c a sq. ft. range are
Rental Market Continued

Pockets of strong and weak rental demand ring St. Louis, and lenders are questioning the short-term economic viability of new rental projects.

In northern St. Louis County the vacancy rate is as high as 10% to 12%, but the western end of the county is at 15% and the southern portion at 3%.

"About six months ago we divorced ourselves from rental apartment loans because we felt the market was glutted," says C. W. "Pat" McCready, vice president and appraisal consultant of Community Federal S&L, St. Louis' largest savings and loan association.

But now McCready and other St. Louis lenders are gradually gearing up to make loans for rental projects that will open in early 1975.

"In any new construction loan, we're going to be very cautious and stick to superior close-in locations. This means we'll probably stay away from north county," says McCready.

He is especially concerned about the short-term economic viability of new ventures.

"There is always a grave question whether a project will be able to carry itself in the beginning years. The very nominal rent increases we're seeing now just don't make up for the incredible increases in construction costs," McCready cites instances where five-year-old projects still have not reached the rent levels that were originally projected by their builders six years ago. Typically, cash-on-cash returns range from 6% to 8% for older projects and zero to 5% for new projects.

A leading St. Louis builder takes a more sanguine view. Says Donald Ham, a partner in Bruce Properties: "It is true that the net yield of new rental properties is going down because of higher construction costs, but that's not going to destroy renting housing's viability. You've got to look at the long-term profitability of a project.

"If we can operate our projects at a profit we are doing alright. But we don't stipulate how much profit is reasonable."

Ham believes you should examine the quality potential of a neighborhood, the rate of increase in its property values, and the slack in rent increases in years to come.

If Ham can foresee good rental-increase possibilities in four or five years, he considers himself in a sound position.

"There is really no correct answer to the question, 'what's a good return'. We have some projects making an exceptional return right now, but they may not appreciate down the line. And we have some other projects that are just breaking even which we think are extremely good long-term investments because of refinancing and resale possibilities."

Ham's confidence in rental housing's future is reinforced by his company's current experience. Market demand is extremely strong for two new projects now renting up. During February both projects—Southmoor and Mansion Hill—generated the highest traffic flows and closing ratios the company has seen in five years. Of qualified people—those really interested and ready to sign a lease—almost 50% are closed. "We're now booming along at a rate of about one-and-a-half closings per day for each project," says Ham.

He notes that the company's closer-in projects, such as one in the Kirkwood area, have been receiving increased attention from the public in the past month. Ham attributes this directly to the energy crisis.

"I've talked to a lot of real-estate brokers who tell me that there is a strong emphasis on close-in, single-family houses," says Ham. "All of a sudden the farther-out, singles-family areas that were very strong have dropped off, and the not so popular areas closer in have experienced a big surge."
The Tampa-St. Petersburg rental market is in flux, to put it mildly. Last year the vacancy rate moved up from 2.9% to 5%; now it’s even softer due to a heavy backlog of starts just coming on the market. But even if the vacancy rate hits 9% in the second quarter of this year, it is likely to plummet thereafter.

“Demand for apartment loans has dropped off quite a bit,” says Norman Halsey, a senior loan officer for St. Petersburg First Federal S&L, the area’s largest lender. Builders see the softness in the market and they are cutting back. But the biggest reason is that it’s really tough to get permits to build multifamily in most sections that are near major roads, shopping and business centers.

“Everything in the last six months has been thrown into turmoil with water and sewer moratoriums and other restraints on building activity,” says Richard Funch, head of market research for First Federal.

Builders are currently offered 10,000 water permits for the unincorporated sections of Pinellas County. That’s only one-quarter the number of permits issued in 1972.

The result, says Halsey, will be a marked decline in rental vacancies. And even though the condominium market is currently soft, it won’t be helped much by a tight rental market.

“Even with 5% down payments, many young couples cannot afford condos which typically cost $36,000 and up. Single-family houses usually cost $40,000 and up. As a result, a lot of people are going into mobile homes,” says Halsey.

Another reason for the impending tight rental market in the medium-rent range is very heavy in-migration.

“The current in-migration rate is 600 people per week according to a General Electric market study we commissioned,” says W. Rudy Thigpen, president of Real Estate Investment Co., which is just starting to construct a one-phase 456-unit rental project in Clearwater.

“The medium price market, 24c to 28c per sq. ft. for one- and two-bedrooms, is going to be fantastic,” says Thigpen. His market breaks down into two categories: 1) empty nester retirees 48 to 60 years old and 2) young working couples without children. Both groups tend to be employed in the commercial and light-industrial centers that have sprung up in recent years in Tampa north St. Petersburg.

“Opportunities for new construction will gradually improve because new water and sewer facilities will be installed over the next two years,” says John R. Kronsnoble, vice president of The Financial Corp. of North America. The company is about to start construction in Clearwater on a 506-unit rental project to be phased over three years.

What kind of net yields do Tampa-St. Petersburg projects show? Builders and mortgage bankers say it depends on the strength of rental markets in specific neighborhoods.

As examples, investment builder Jenard Cross cites two area projects which have just been completed.

“Our project at St. Petersburg Beach is getting higher rents than we projected. So this will allow us to get a big enough loan on phase two to proceed and still get a 16% to 17% return.

“Our Clearwater project, our rents are not any better than we projected. If we went ahead with phase two we’d only get a 10% return. So we’re going to defer construction for a while.”

In January and February the gasoline shortage brought apartment rentals to a halt. “People were just afraid to drive,” says Gross. “They weren’t about to go apartment hunting if they weren’t sure of enough gas to get to work.”

By mid-March the gasoline situation had improved markedly. “People still tend to favor the close-in projects,” says Norman Halsey. “But the gas lines have pretty much disappeared now, so rent-ups are starting to pick up again.”

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### WASHINGTON D.C.

Statistics on multifamily starts in the Washington, D.C. market are misleading. Fully 75% of the 16,417 apartments started in 1973 were condominium rather than rental units, according to the latest Commercial Construction Markets Survey. With vacancies down to the 2% mark it is obvious that something is drastically wrong with the Washington rental market.

The problem is threefold: financing, rent control and moratoriums.

“About three years ago it became uneconomic to build rental apartments in the Washington area,” says Henry Boussacar, senior vice president of the National Permanent Federal Savings & Loan Association, which has a substantial percentage of its loan portfolio invested in apartments.

“Today we would probably get around 9% interest, which would give a 10-plus constant. Not too long ago we were talking about a 9% or 9% constant, and I guess apartment developers could live with that. If we ever get back to that level apartments will probably become economic again.”

It will take more than cheaper money to make rental apartments attractive in the Washington area, however. All of Maryland and many of the Virginia suburbs as well as

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### For three years it has been uneconomic to build rental apartments in the Washington area

Washington D.C. itself have rent control laws that hold rents down while costs are soaring. The price of utilities—which is generally included in the rents—has risen so sharply, for example, that one developer estimates that this alone has added $500 a unit to his annual operating costs.

Builders who found that they couldn’t make money with rental projects quite naturally turned to condominiums—and in the process they bid all available garden-apt. ment land up so high that rental projects will never be economic on those sites.

In fact there was very little land available for building in the Washington suburbs to begin with, because town after town had enacted sewer and other moratoriums to halt building. As a result, development has pushed farther and farther out from the city, and this has meant still another problem: the energy crisis.

John Weatherby, director of development for the big Washington area builder Thomas P. Harkins, tells of a 747-unit garden community in Gaithersburg, Md., just outside Kettler Brothers’ new town of Montgomery Village that had been 95% occupied until January. Then, all of a sudden, occupancy plunged to 89%. The company found that people were moving closer to the city.

“We have tried to counteract this by putting in bus service, and we think that things will pick up in the spring,” says Weatherby. “But the market appears to be soft in the Montgomery Village area.”

Consumers will have trouble finding rental apartments closer in, however, because Washington has been perhaps the top market in the country for condominium conversions. But this may change now that new laws, calling for such things as relocating existing tenants before a building can be converted, take effect.

—Natalie Gerardi

—Michael J. Robinson

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H&H April 1974 91
How to rent up in a tough market

And it is a tough market in most sections of the country, as you've seen from the preceding 15 pages. So if you do plan to build apartments, you've got to reach for every possible marketing advantage. This doesn't mean gimmicks. It means studying your market carefully and intelligently, then developing solutions for problems or conditions that are peculiar to your specific situation. On the pages that follow are three case studies that illustrate just that approach. All the projects are in areas where many other rental projects are in trouble—often big trouble. All are doing well in spite of this.

—JUNE R. VOLLMAN

CASE STUDY NO. 1: A tight village plan draws tenants to a schizophrenic site
Looking at the rent-up record of Portobello—90% of its first 200 units were leased two months after the project opened—it's hard to believe that anyone ever doubted its feasibility. But there was a question, raised by the site's split personality.

On one hand, the waterfront location was ideal: excellent highways and public transportation to Oakland and San Francisco, a large college within an eight-minute walk and nearby cultural and recreational facilities. On the other hand, the 30-acre site (a former freight yard) is hemmed in by industrial buildings, and nearby railroads posed potential noise and vibration problems.

To capitalize on the assets and solve the problems Portobello was designed along the lines of a Mediterranean village with tightly-knit buildings turned toward the water and buffered from the railroads by parking areas, berms and landscaping. And since the project was to include not only 800 apartments but 250,000 sq. ft. of office and store space, the buildings themselves were designed so that residential and nonresidential usages would not conflict. This design quality, says project manager Brian Smith, is what attracted a variety of tenants (singles, empty nesters, prominent professionals) at rentals of $185 to $360. Developer: Grubb & Ellis Development Co. and Santa Fe Railway Co. Architect: Donald Sandy, Jr./James A. Babcock. Feasibility consultants: Daniel Mann, Johnson & Mendenhall.
Section (above) and surrounding plans show one of several apartment groupings within the complex. Site plan indicates first section of project which has been completed and area where second apartment phase is now under way.
Top-level units (above) have vaulted ceilings with skylights (photo, bottom of page). Photo at right shows a double-loaded outdoor entry corridor.

Typical interior (below) is designed to provide an optimum view of the waterfront. Sliding glass doors in all living rooms open to terraced balconies like those shown at left.

Swimming pool (photo, far left) is part of a recreational package that also includes a clubhouse, tennis courts, bicycle paths and a fleet of sailboats for tenants' use. Over 90% of the completed commercial space has also been rented. A restaurant will open this spring.
CASE STUDY NO. 2: A broad unit mix provides a bigger market to draw from

It's traditional in Greensboro, N.C. to aim apartment projects at separate segments of the rental market: young marrieds, singles, empty nesters, etc. YesterOaks, shown here, is a deliberate—and successful—departure from this tradition.

Developers Kirkman & Koury decided that a project designed for a broad mix of tenant types would be their best bet in a market saturated with rentals and burdened with a 15% vacancy rate. And their strategy paid off: 203 of the 214 completed units have been rented by young families, established executives and empty nesters.

Two other factors loom large in YesterOaks' success: The project's environmental quality, apparent in the photos shown here, and the fact that there are apartments for upper income renters, a previously neglected market.
Townhouses and two-story flats were mixed by architects Cooper, Carry & Associates to provide both visual and market variety. Townhouses (left in photo above) are brick with cedar shingle trim; flats (right rear in photo) have Texture 1-11 siding. Most popular of eight floor plans, a three-bedroom townhouse renting for $400, is shown at right; at left are two flat plans: a three-bedroom layout that rents for $315 and a two-bedroom layout that rents for $265. Site plan shows the project with all of its 464 units completed. Clubhouse is shown in the photo at far left, facing page.
CASE STUDY NO. 3: A suburban ambience attracts people in an urban area

Even though they're in highly urban Houston, these twin projects, Thousand Oaks and Thousand Oaks Village, have a truly suburban flavor. For one thing, overall density is roughly 18 units an acre, as compared to Houston's average of 33. Then, buildings are interwoven into the site's natural landscaping. Stucco and wood sidings have replaced the traditional and urban-looking Houston brick exteriors. And finally, the projects are part of a 123-acre site specifically designed by the developer, Columbia Properties, to create a large-scale suburban feeling.

Thousand Oaks, a family-oriented complex [photo, above], was built first. Its 29 buildings are clustered in five compounds. All units were rented when it opened in 1972 and occupancy, currently at 95%, has never been below 92%. (At present, the vacancy rate in the immediate area is about 18%).

About a year ago, Thousand Oaks Village [photo, facing page], a 200-unit adult community, was opened. Its wood-sided buildings are 90% rented.
Amenities at Thousand Oaks Village include a swimming pool and clubhouse. Similar facilities are available at Thousand Oaks, as are a mini-bike trail, dog-walking area, several play areas and pedestrian underpasses.
PROJECT
PORTFOLIO

PROJECT: Talcott Village
LOCATION: Farmington, Conn.
OWNER/DEVELOPER: Talcott Village Co.
ARCHITECT: August Rath
PLANNERS: Callister, Payne, Bischoff
LANDSCAPE ARCHITECT: James Minges
SITE AREA: 164 acres
NUMBER OF UNITS: 101 rental garden apartments, 180 rental townhouses, 128 condominiums
RENTAL RANGE: $270 to $625
PRICE RANGE: $35,500 to $50,500
Talcott Village is a rarity—a chiefly rental project with the environmental excellence of the best for-sale PUDs. The developer took this approach because of the market he hoped to attract—professionals and supporting staff from a huge nearby medical complex. Many of these people would be staying in the area for such a short time that renting would be preferable to buying, yet they would expect the same level of amenities as in a for-sale project. The unexpected result has been that even though the medical center is way behind schedule, Talcott Village has attracted many other renters, including commuters to neighboring Hartford (15 minutes away). Vacancies don’t exist, and there’s a waiting list for the rental units now under construction. The project’s condos also are selling as fast as they are completed. Other features include an office complex, commercial center, day-care school. In the planning stage are a theater, 300 room inn and conference center, health club and golf course.
The major residential area of Talcott Village (white section in site plan) is being built in three stages. The first—101 Ridge rental units—was completed in 1969; the second—128 Glen condos—is 80% complete; and the third—180 Forest rentals—is about 25% complete. Single-family homes (top of plan) were built as buffers to counter resistance to the project from owners of adjacent homes. Bright blue buildings are fourplexes, the project's only single-level plan. Pale blue buildings are the townhouses seen below and at the bottom of the opposite page. Existing non-residential buildings are dark blue; dotted lines indicate future non-residential buildings.
Talcott Village's office complex (left, below)—three buildings with 78,000 sq. ft. of space—was begun in 1960 to house the developer's engineering firm and to provide space for companies that would be working with the neighboring proposed medical complex. The commercial area (center, below) is scheduled to open this fall. It has 100,000 sq. ft. of store space on the main level and mezzanine plus 140,000 sq. ft. of office space on the two upper floors. The living-learning center (right, below), a day-care facility for pre-school-age children, was built close to the residential area and can be easily reached via pedestrian pathways that run through the project.

Typical units in the first two sections are shown below and on the opposite page. Architecture and floor plans for the rental and condominium units are identical, although the condos are slightly larger. The lush landscaping and mature trees are important elements of the project's overall planning concept, which was to create a feeling of long-established mini-neighborhoods linked together by a series of pedestrian pathways into a cohesive community. The photo on the opposite page shows a typical cluster from the road leading to garages; below is a view from one of the pedestrian paths, which also link the residential areas to the commercial and business sections.
Five of the six floor plans offered in both the first rental and the condominium areas include: (1) a two-level, two-bedroom model with study that rents for $410 or sells for $49,900; (2) a single-level, two-bedroom plan renting for $290 or selling for $35,000; (3) a three-level, two-bedroom-plus-loft plan that rents for $415 or sells for $46,900; (4) a two-level, two-bedroom model renting for $410 or selling for $46,500; and (5) a two-level, two-bedroom plan renting for $390 or selling for $44,900. The areas of these units range from 914 to 1,725 sq. ft in the for-sale units, slightly less in the rentals.
The newest rental section in the project features changed building and unit designs, but continues the practice of clustering units in mini-neighborhoods. Five plans are offered in this section. Above, left is a tri-level unit with two bedrooms at mid-level and space for two more on the third. Rent: $435. Above, right is the most expensive rental unit in the project, a two-level, three-bedroom plan renting for $625. Not shown is the project's only one-bedroom plan, a two-level layout that rents for $270. The developer reports that larger units are not renting exclusively to families, but often to several singles looking for a home-like environment with rental conveniences.
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HOUSING MORATORIUM Continued

Dissect Court in Illinois reversed (for the National Administration) holding that the moratorium statute is constitutional. The decision says "in not within the discretion of the Executive to terminate Congressional programs with which it disagrees." (Report on p.1).

COURT DECISION: *SEC Staff Revokes Position on Sale of Common Stock to Ministers of Religion.* Reaffirms a 1973 SEC position that a church is not an "investment company" for purposes of the Investment Company Act of 1940. The SEC reversed a decision which permitted the sale of common stock to church members. (Report on p.1).

STATE HOUSING FINANCE: New Illinois housing director (recently appointed as Secretary of the State Department of Commerce and Community Affairs) has already made commitments to rural housing programs. He has also called a meeting of state and local officials to discuss the problem of housing needs in rural areas. (Report on p.1).

STATE HOUSING LEGISLATION: Congressmen have introduced bills to extend the FHA extension bill for another year and to extend the VA housing program beyond the current end date. These bills are currently being debated in both the House and Senate. (Report on p.1).

REVIEW

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CIRCLE 113 ON READER SERVICE CARD

H&H APRIL 1974 113
"Four-way" bathroom mirror and cabinet features an adjustable center panel that tilts forward or backward to facilitate grooming. Unit also has an adjustable mirrored panel on each side that swings out from surface-mounted twin cabinets. Thomas, Louisville, Ky. CIRCLE 201 ON READER SERVICE CARD.

One-piece bathing module (left) is thermo-formed of colorfast acrylic reinforced with a flame-retardant backing. The seamless, 60" tub/shower combination, available in five colors, incorporates a non-slip base, walls, ceiling, a built-in seat and an integral soap dish and shampoo shelf. Fiat, Cincinnati, Ohio. CIRCLE 200 ON READER SERVICE CARD.

Series of bath exhaust fans, "FrontLine", consists of three quiet-operation models for wall or ceiling mounting. The deluxe "V220" unit with a 70 CFM capacity and the 60 CFM economy model "V220" feature decorator styling. The "V229" with a 50 CFM rating has louver grills. Chromalox, St. Louis, Ill. CIRCLE 203 ON READER SERVICE CARD.

Cultured marble vanity tops are available in single and double bowl models with shell-shape (shown) or oval bowls. Ranging in size from 17"x19" to 22"x120", the stain and impact resistant tops are offered in a wide selection of standard and custom-blended colorations. Acorn Marble, Walled Lake, Mich. CIRCLE 205 ON READER SERVICE CARD.

Solid brass economy showerhead (above) features a removable face plate. The "Model 101" delivers between three and five gallons of water per minute at 40 PSI. Similar "Model 10-25" has a "Dole Flow Control" that regulates water flow to two gallons per minute at all pressures. Chatham, Linden, N.J. CIRCLE 202 ON READER SERVICE CARD.

Modular mirror-vanity ensemble is easily surface mounted. First, the vanity is positioned and fastened. Then the mirror is placed into a slot in the vanity, and finally the light is secured over the top of the mirror. Faries-McMeekan, Elkhart, Ind. CIRCLE 204 ON READER SERVICE CARD.
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Early American bath cabinetry comes in three woodgrain finishes. The "Lexington" line includes single and double door units, a three door module with hidden drawers, exposed drawer units and a surface mounted medicine cabinet. Formco, Cincinnati, Ohio.

Reverse trap water closet, "Mohican Chief", has a low profile tank with a snap-lock cover that provides a one-piece look. The easy-to-maintain unit features siphonic jet flushing action and wide trapways. A water-saver flush valve protects against bowl overflow. Mansfield Sanitary, Perrysville, Ohio.

Economy lavatory fitting is part of the Flo-Free* line of brass plumbing. The 4" centerset features "Decor" handles, copper tubing waterways, a pop-up drain and an aerator. The line, consisting of 41 models, includes lavatory, kitchen and tub/shower units. Speakman, Wilmington, Del.

Budget-priced vanity cabinet, "Cameo", has raised sculptured doors and antique brass hardware. The white Excelite® finish is a vacuum-formed rigid shell of PVC that is non-absorbent and highly resistant to staining and fading. Steel reinforced cabinets feature self-closing hinges and double doweled joints. Excel Wood, Lakewood, N.J.

Durable injection molded lavatory, "Cameo", is of Celcon acetal copolymer by Celanese. The material resists chipping and cracking. It is impervious to hot water and household chemicals. The high gloss 17"x20" bowl, with or without an overflow, comes in four colors. Middlefield, Middlefield, Ohio.

Simply-styled medicine cabinet features a frameless polished-edged mirror door. The easy-to-install door can be used for left or right hand opening or duo cabinets. The unit, with ample storage room, has three adjustable glass shelves. Miami-Carey, Monroe, Ohio.
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CIRCLE 121 ON READER SERVICE CARD
All-vinyl floor tiles are inspired by ancient Portuguese ceramic tiles. "Belém" is named for the tower overlooking Lisbon harbor and "Lisboa" for the capital city itself. Both patterns come in a range of lush colors. Goodyear, Akron, Ohio.

Omalon polymeric foam carpet cushion is offered in two residential grades. Both "Profiled 5"—.425" thick—and "Profiled 6"—.500" thick—are odor-free, non-allergenic and stand up to the heaviest traffic. Olin, Stamford, Conn.

Cherry red shag carpet adds warmth to the contemporary simplicity of this Oriental living area. "Conquest", tufted of Enkaloft filament nylon, features a high density latex foam backing for comfort under foot. Magee Carpet, New York City.


Bold geometric patterned carpet is part of the heavy-duty "Contract 21" group. The woven axminster broadloom in earthtone colorations is 80% wool and 20% nylon. Power-loomed in Ireland, the carpet is available in 12' widths. Couristan, New York City.

"Jac-Tuft" carpets, produced on a special tufting machine, simulate the look of jacquard weaving. Using yarns of different colors, designs such as Colonial (1), Hartwell (2), Smithfield (3) and Quincy (4) can be achieved easily. Aldon, Calhoun, Ga.
Whether you're building or remodeling, think of Thermopane insulating glass as insulation you can see through.

In this energy-conscious market, when costs are rising and fuel reserves dropping, Thermopane insulating units are a big help in closing home sales. Annual fuel savings with Thermopane are precisely calculable and convincingly impressive.

Thermopane units are composed of two lights of glass separated by a hermetically sealed air space. This can increase indoor winter humidity with less chance of window fogging, too.

And the greater window area made possible by the practicality of Thermopane can admit more natural light and the warmth of the winter sun.

For more information, write for our brochure, "How to Brighten Your Outlook," Libbey-Owens-Ford Company, Dept. G-474, 811 Madison Avenue, Toledo, Ohio 43695.
Watch for House & Home's quarterly postcard service free to all subscribers—coming your way soon with useful product ideas

House & Home's quarterly postcard service — free to all subscribers — is designed to widen your choice of available products and provide fast action through direct personal contact with suppliers.

This month, and every three months after, House & Home will deliver a packet of product postcards postpaid and already addressed to forty or fifty manufacturers offering information on products, materials and equipment suitable for your current and future projects.

You’ll find these postcards a quick, convenient way to get information from manufacturers who frequently test the market with brand-new product ideas you may well want to consider — and pass along to key people concerned with your planning, design, construction and marketing problems.

It's dealer's choice! So watch the mails for the full deck of product postcards — coming your way from House & Home, soon!
Valley
We’ll be around a long, long time

A classic doesn’t come along too often. But when it does, it sets the pace for years to come. Rolls did it with their Classic 33. And Valley’s new Starburst Series has done it, too. Clean, simple lines that spell its elegance; “hydroseal” leak-proof, worry-proof action; feather-touch control and mirror-like “triplate” finish give every Valley faucet the quality, appearance and dependability that will last a long, long time.

Valley single control faucets

EASTMAN CENTRAL D
a division of
UNITED STATES BRASS CORPORATION
SUBSIDIARY OF HYDROMETALS, INC.
901 TENTH STREET, PLANO, TEXAS 75074
A bagging attachment is designed to be used with the 3' "Lawn Genie" mower-sweeper equipped with a vacuum kit. The vacuum picks up leaves, sticks and other debris and deposits them in plastic bags. Bagging attachment is easily installed.

W. C. Mathews, Crystal Lake, Ill.

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High flotation crawler/dozer is designed to operate in soft or unstable ground areas. The unit features a 60" wide-track gauge, 26" wide shoes and a 104" wide angle/tilt blade. A power shuttle transmission provides three forward speeds and reverse.

I.I. Case, Racine, Wis.

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Rough terrain highlift "8000" can elevate a 4,000 lb. load to a height of 42'. The mast has a forward reach of 51' at any height. The heavy duty unit features an oscillation control to assure maximum stability.

Teco Crab, Oaklawn, Ill.

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Compact automatic hammer is easy to operate and maneuver. A single blow delivered by the tool exceeds the power of 1,000 hammer blows per minute. Operating pressures range from 30 to 125 PSI depending on the force required. A variety of plastic hammering tips are available.

Aerosmith, Visalia, Calif.

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Pressure washer, "Jet Master", delivers 600 PSI at 2 GPM. Operating off standard household current, it attaches to a garden hose for water supply. The compact, lightweight unit has wheels and a handle for maneuverability. Sturdy steel cabinet has a durable finish. Hydro Systems, Cincinnati, Ohio.

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Long measuring tapes feature sturdy cases made of lightweight Uniroyal ABS "Kralastic". The ultrasonically welded cases, designed to fit into a hand, have convenient carrying clips. Yellow steel tapes with two-color printing come in lengths of 50', 100', 50'-15 meters and 100'-30 meters.

Roe, Patchogue, N.Y.
As a National Homes builder in '74, you won’t get caught short of materials—or profits.

These are unpredictable times for most builders—but not if you’re a builder of National Homes. As a National builder you build the total home—and automatically receive from National all the building materials you need. Whether you’re building 5 homes or 500. You don’t build “piecemeal,” and you aren’t dependent on several different sources—all of whom may be faced with severe shortages of materials. As the largest company of its kind in the business, National maintains huge inventories of all building materials—for the exclusive use of National builders.

What’s more, you can count on National’s on time delivery of materials—deliveries that fit your schedule perfectly. Ours is the largest privately owned truck fleet in the building industry—and all our trucks are manned by our own National drivers.

As a National builder in '74 you’ll have everything it takes to stay profitable and competitive in your market: the building materials, the marketing support, financial help, the right kind of homes, the best system of building. All the reasons why over 1200 builders changed to National Homes in '73. Make your change in 1974. Rush the coupon to us now or faster yet, call (317) 447-3232.

YES! I want to be a profit builder on the National Homes team. Send the Man from National nearest me.

NAME
COMPANY
ADDRESS
CITY
STATE
ZIP
PHONE
AREA CODE

In the past 12 months I have built ______ living units: ______ single family
______ townhouses ______ apartments. I have ______ lots. My typical selling price is $______

CIRCLE 127 ON READER SERVICE CARD

More families live in National Homes than any other homes in the world.
Builders who switch

...don't switch back.
to Super-C steel joists

Many builders find they save 20% or more on their floor systems, with Super-C steel joists.

Many builders across the country who have switched to Super-C Steel Joists for their floor systems report significantly lower costs, compared with wood. And 20% is by no means the upper limit.

Here are some reasons why these joists are cutting costs... and why builders who have switched don't go back to wood.

They cost less to install. Not "maybe." Facts prove it. Steel joists are up to 20% lighter than wood — so they can be handled and installed quickly by just 2 men. And Super-C's extra strength permits greater spans and greater spacings, reducing the number of joists as much as 60%.

They give a better floor system. Developed by U.S. Steel, Super-C joists are hot dipped galvanized steel. They don't shrink or warp. Floors don't squeak. Nails don't pop. You should expect no callbacks from a floor system based on Super-C joists.

Many applications are possible. First floors, upper floors, flat roofs — for single-family houses, townhouses, apartments, shop built or field assembled. They've all been "proved out" by builders in the field. And plywood decking or concrete floors can be used.

For detailed information, send for our highly factual booklet, which includes typical applications, load span tables and architectural details — as well as the name of the manufacturer of Super-C joists serving your area. United States Steel, Pittsburgh, Pa. 15230.

United States Steel
United States Steel (USS C222)
600 Grant Street
Pittsburgh, Pa. 15230

Dear Sirs: Please send me your booklet on Super-C joists.

Name
Title
Company Name
Address
City ______ State ______ Zip ______
Type of units ______ How many?
Name of architect or project engineer who should also get this booklet:

Name
Title
Company Name
Address
City ______ State ______ Zip ______
Type of units ______ How many?
Name of architect or project engineer who should also get this booklet:
Self-contained utility breaker meets the rugged demands of extended use under punishing conditions. The lightweight, easy-to-start, gasoline-driven tool features a safety grip throttle control that meets O.S.H.A. requirements. A low noise level is maintained by a custom designed muffler. Wacker, Milwaukee, Wis.

**CIRCLE 245 ON READER SERVICE CARD**

Earth compactor, "2KPT Power Pad Tamper," is small enough for trench work yet large enough to cover big areas of ground quickly. The gasoline powered unit with a 20"x27" plate provides 5300 lbs of force per blow and delivers 3100 blows per minute. Large 8" wheels snap in for easy movement. Kelley, Buffalo, N.Y.

**CIRCLE 246 ON READER SERVICE CARD**

Hot melt glue gun, "Thermogrip 207," comes with three 4" glue sticks and full instructions. The unit features a contour grip trigger control that starts and stops the glue flow instantly. Glue sticks are fed mechanically into the device. A preset thermostat insures a constant temperature. U.S.M., Reading, Pa.

**CIRCLE 249 ON READER SERVICE CARD**

Multi-purpose steel measuring tape, "Tape-Matic," rewinds automatically in under five seconds. White enameled tape blade is marked in fractions with feet and 16" stud centers in red. Tape is 51/4" long to provide extra safety wrapping around the hub. Non-clogging reel, protected by a steel drum and back, features an easy tension adjustment. Martin Reel, Mohawk, N.Y.

**CIRCLE 250 ON READER SERVICE CARD**

Rolling measuring device, "E-Z Measure", is claimed to be accurate in 1/8" increments to 1000'. Distances are measured by rolling the slip-proof wheel up and down or sideways over any surface. Offered with a tubular steel or telescoping anodized aluminum handle, unit has an instant reset. Industrial Specialties, Chatsworth, Calif.

**CIRCLE 247 ON READER SERVICE CARD**

Panel Pal® is designed to measure precise cutouts in paneling and wallboard. Rugged, non-conductive housing unit fits into standard electrical switch or outlet boxes. Then vertical and horizontal tapes are extended and locked into place. Tool is then removed, placed on the face of the panel and used as a template. Toolco, San Angelo, Tex.

**CIRCLE 248 ON READER SERVICE CARD**

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**CIRCLE 248 ON READER SERVICE CARD**

High speed end cutter, "Lion Trimmer", can be used for simple and compound miters, square end planing, bevels, rounds and chamfers. Unit, operating on the sliding knife principle, can be set at any angle between 44° and 91°. It will trim moldings up to 3¼" wide or 5" high leaving a surface that needs no sanding. Putatuck, Shelton, Conn.

**CIRCLE 251 ON READER SERVICE CARD**
We do more on the assembly line so you can save more on every job.

Once upon a time you literally had to custom-build each boiler you installed. Use up valuable man-hours installing the flue canopy, manifold, controls and jacket.

But now we're doing it for you. When American-Standard's gas-fired GPMX™ comes off the assembly line, it's totally packaged. All you have to do is hook up the supply and return lines. Six models to choose from, in the 52,800 to 184,000 Btuh range.

The oil-fired VP(T) boiler (with three models from 115,000 to 250,000 Btuh) is just as much of a labor-saver except the burner is packed separately for easy handling.

With our packaged boilers, gas or oil-fired, give your customers the dependable comfort of snap-together Heatrim™ baseboard panels. Cut installation time even more.

The sooner you get the details from your American-Standard distributor, the sooner you can start smiling all the way to the bank. Your jobs will be happier ever after.

These packaged boilers are full of surprises!

Jacket on!

Circulator mounted!

Expansion tank mounted!

Purge valve installed!

Flue canopy installed!

Controls mounted!

Manifold in!

Circulator mounted!

AMERICAN STANDARD PLUMBING / HEATING

CIRCLE 131 ON READER SERVICE CARD

H&H APRIL 1974 131
How are you coming with your share of the $40 Billion?
$40 Billion... that’s what forecasters have said will be spent on new housing in ’74.

By this time of the year you may find your building, marketing or sales targeting needs a little sight adjustment. We’ve got just the thing to help the aim for your ’74 goal—hit close to center—THE BLUE BOOK OF MAJOR HOMEBUILDERS.

We set out to create the one homebuilding study everyone needs to help increase their business this year. We made it all new for ’74 with new features to make it more useful for you than any prior edition.

BLUE BOOK buyers tell us every day how invaluable it is as a reference tool to expand their share of business. If you would like more information, write and tell us and we’ll include a listing of ’74 BLUE BOOK buyers. Here are a few of the kinds of businesses that have found great value from their BLUE BK: • Builders • Manufacturers • Lenders & Investors • Realty Firms • Building Materials Distributors • Architects • Libraries • Ad Agencies • Personnel & Marketing Consultants • Management Firms • Subcontractors • Local, State, Municipal & Federal Government Agencies

Where do you fit in? How are you coming with your share of the $40 Billion? What will your position be in business in ’75? Help find a good answer for yourself in THE BLUE BOOK OF MAJOR HOMEBUILDERS!

The BLUE BOOK is the only complete study published on the leaders of the homebuilding industry. There are over 540 pages of individual reports on more than 800 Major Homebuilders, Home Manufacturers and New Town Community Developers in the BLUE BOOK.

The ALL NEW ’74 BLUE BOOK has reports on more firms than ever before—over 1,700 housing industry firms!!!

Invaluable marketing information . . .
- The names, titles and addresses of over 4,000 key executives.
- The metropolitan areas where these builders do business.
- The builder’s requirements for developed or raw land in 1974. More than 500 ’74 Blue Book builders state in their reports they are actively looking for both developed and raw land.
- You will find reports stating they are looking for nearly $12 billion in new homes loans. This makes the BLUE BOOK a bargain research tool for you when you consider the mortgage market for ’74 is estimated around $23 billion.

These firms represent over half of the total housing (including mobile homes) produced in the United States!!!

Who are these Big Builders? How can you find them? What do they plan to build in 1974? Where do they plan to build?

You will find them in the BLUE BOOK.

Analysis and evaluation is hard today. Pressures are building. Demand for materials, becoming more and more scarce in ’74, will be excessive.

Are you getting worried about gas costs—buyer’s mileage between new home and office? Worried about materials costs—site security—about covering costs for stockpiling?

All the worrying in the world won’t make these problems go away . . . what you need is to get your hands on the most comprehensive homebuilding study ever compiled . . . THE BLUE BOOK OF MAJOR HOMEBUILDERS.

The book that was designed to help you make the right decisions.

Order your copy today! You’ll get it all in front of you in one handy volume—The ’74 BLUE BOOK OF MAJOR HOMEBUILDERS. In most reports you’ll see the builders’ 4-year history listed right next to their ’74 planning.

Detailed Back-Up Data. The builders in the BLUE BOOK give you housing production reports on:

For Sale Housing:
- Single Family Detached Units
- Townhouses, Quadruplexs, etc.
- Multi-Family, Low-Rise (condos)
- Multi-Family, High-rise

Rental Housing
- Townhouses, Quadruplexs, etc.
- Multi-Family, Low-Rise
- Multi-Family, High-rise

- Projections on the above data for 1974!
- Price and rental range of units.
- Builder’s performance record in terms of gross revenues from various sources.
- Methods of construction in terms of housing units by:
  • on site conventional methods
  • use of pre-cut parts
  • use of modular houses

This is all part of the most fantastic research reference on the homebuilding industry—THE BLUE BOOK OF MAJOR HOMEBUILDERS.

You Can’t Lose... when you order a BLUE BOOK... we’ll give you our “no questions asked” money-back guarantee on each book you buy. What’s more, if you send payment with your order—saving us the paper work—we will pay your postage and handling charges. The BLUE BOOK has 544 pages—size is a full 8½ x 11—good quality book paper with a sturdy binding to accept heavy usage. Act Now...
"Toggler" fastener provides a screw anchor for mounting shelving, hardware, cabinets. Made of non-corrosive, non-conductive polypropylene, the "Toggler" holds with a firm grip in any construction material. McCulloch, Minneapolis, Minn. CIRCLE 216 ON READER SERVICE CARD

Self-drilling stitch screw has a point slightly smaller in diameter than the screw body. This eliminates strip-out when joining two or three sheets of thin metal. Elco, Rockford, Ill. CIRCLE 217 ON READER SERVICE CARD

Custom stair treads for iron spiral staircases include slip-retarding diamond plate treads for outdoor use (shown). Other options are solid oak treads suitable for finishing, and plywood treads for use under carpeting. Whitten, Bennington, Vt. CIRCLE 218 ON READER SERVICE CARD

Prefabricated steel stairways, available in 40 sizes from 3" to 10'2" high, can be used indoors or out. All components are predrilled for fast, easy assembly. Offered with landing platforms for multi-level installation and rack-end column supports to 40' high, units feature adjustable stair treads. Equipto, Aurora, Ill. CIRCLE 215 ON READER SERVICE CARD

Solid Color Latex Stain
On exterior or interior wood surfaces, REZ Latex Stain forms a tough, flexible film—so tough that we guarantee* that it won't crack, peel or blister for 5 years. And the color stays "like new."

There are other advantages, too—like easy application with less spattering, fast dry, and soap and water cleanup. Choose from 38 vogue solid or semi-transparent colors.

Detailed information on REZ Natural Wood Finishes can be found in Sweet's Catalog (9.9/Re). Or write to The REZ Company, One Gateway Center, Pittsburgh, PA 15222.

* Guarantee
REZ Latex Stain is guaranteed for 5 years to resist fading and not crack, peel or blister if applied according to the instructions on the label. If REZ Latex Stain fails to perform as stated in this guarantee, replacement stain will be furnished without cost or a refund will be made of the purchase price.

Pittsburgh Paints
Hotpoint's Builder Service:
It's offering Customer Care...Everywhere
with every appliance we sell.

Customer Care...Everywhere™ is made up of Hotpoint Factory Service Centers in over 100 major cities and thousands of franchised service people all across the country.

Customer Care...Everywhere is a sales tool for you. It means you can tell your customers that a phone call will bring a qualified Hotpoint serviceman to their doorstep. This helps build tenants' and homeowners' confidence. And more important, it takes service problems off your shoulders.

Of course, all Hotpoint appliances are built for a life of dependable performance. But if service is ever needed, Customer Care...Everywhere is always nearby.

And our nationwide service system is only one way we can help you sell or rent. Before construction begins, our kitchen design staff can analyze your blueprints to help make kitchen areas more desirable. We can also offer promotional program planning. And because you can get your appliances all from one source, you save yourself time and trouble.

Let your Hotpoint representative tell you more. A phone call will bring him running.

The difference is hustle.

A QUALITY PRODUCT OF GENERAL ELECTRIC COMPANY

CIRCLE 135 ON READER SERVICE CARD
H&H APRIL 1974 135
How to build a foundation
when it's colder than a well-digger's
You can install the All-Weather Wood Foundation in cold, wet, freezing weather. In the dead of winter. In Spirit Lake, Iowa. Or any place else.

“We proved it could be done in January when the wind-chill factor was -40° and the depth of the frozen ground was 3 to 4 feet.” — Robert Bergquist, Citation Homes, Spirit Lake, Iowa.

The All-Weather Wood Foundation is one of the most innovative and adaptable foundation systems ever developed.

It doesn't place you at the mercy of weather, for one thing. In good weather it can save you up to $300. But in bad weather, it can save your shirt.

Rain won't stop the All-Weather Wood Foundation, and in zero-temperature you may have to use frost-cutters to excavate. But you can keep a crew the year around and stick to a schedule. Even when it's colder than a well-digger's nose.

What it is.

Wood, when preserved correctly, is durable underground. Two examples of this are pilings for high-rises and 30-year-old treated wood foundations.

The All-Weather Wood Foundation is a logical progression of building with pressure-preservative treated wood. It's environmentally safe. Less costly than concrete or masonry. Six times faster. And provides a warmer, dryer basement in the winter.

Basically, it's a pressure-treated plywood-sheathed stud wall set below grade on gravel footings and a treated wood plate. The exterior is covered with polyethylene film. And joints are sealed. Send the coupon for more details.

Save $300 per home.

According to the NAHB Research Foundation, the All-Weather Wood Foundation costs $300 less for a typical 1,000 sq. ft. house. The savings include 50 fewer man-hours on site compared to a masonry foundation (Sept. 1973).

The wood foundation is outrageously fast. In a 1969 NAHB project, a five-man crew installed a wood foundation in 1 1/2 hours as compared to 10 1/2 hours for a concrete block foundation.

Send for the book.

All you need to get started is a copy of the new All-Weather Wood Foundation booklet and thirty minutes of talk with an APA field man. Both free. For a coupon.
PRODUCTS/STRUCTURAL

Simple structural system, shown in a completed house, consists of building blocks and a mortarless surface bonding cement, Surewall. The blocks are stacked in a running pattern, then the bonding cement is mixed and troweled onto the sides providing a smooth, white, moisture resistant finish. W. C. Bonsal, Lilesville, N.C. CIRCLE 212 ON READER SERVICE CARD

Floor plank system, designed for use with steel bar joists, consists of 15"x10' metal-edged gypsum planks. The planks are welded or clipped into position immediately after joists are installed thus eliminating the need for temporary floors. Most flooring materials can be applied directly over sound and fire rated planks. U.S. Gypsum, Chicago. CIRCLE 213 ON READER SERVICE CARD

Semi-precast slab system, "Dawide", is for fire-resistant roof and floor construction. A thin portion of a concrete slab is precast in factory and reinforced by a protruding light steel truss and steel mesh. Slab is completed on site by pouring another layer of concrete. The smooth underside serves as the ceiling and the top of the slab accepts flooring or roofing materials. Bowsteel, Linden, N.J. CIRCLE 214 ON READER SERVICE CARD

Architectural artwork from the past engineered for today.

No. 114 CEILING CORNICE MOULDING
Depth 7" Projection 5 1/16"
Crisp in detail, this light weight moulding ships beautifully and installs as a single member. Also shown: Ceiling Medallion No. 805.

FOR INFORMATION CONCERNING THE COMPLETE LINE OF FOCAL POINT PRODUCTS WRITE:

FOCAL POINT INC.
3760 Lower Roswell Road
Marietta, Georgia 30060
404-971-7172

CIRCLE 78 ON READER SERVICE CARD

Cabot's new TRANSPARENT STAINS

East Coast home, Architect: James Walker, Boston, Mass.; Cabot's Stains throughout

The stain that shows the grain

These new stains bring out the best in wood, produce rich, lively colors in a variegated effect depending on the porosity of the wood surface and the exposure. Cabot's Transparent Stains accent the beauty of wood grain and texture, beautify in a choice of 28 colors. Like other stains in the Cabot line, they will not crack, peel, blister... are applicable to all types of wood.

Cabot's Stains, the Original Stains and Standard for the Nation since 1877

Samuel Cabot Inc.
One Union St., Dept. 430, Boston, Mass. 02108
Send color card on Cabot's Transparent Stains
Send Cabot's full-color handbook on wood stains

CIRCLE 139 ON READER SERVICE CARD

H&H APRIL 1974 139
here today

and here tomorrow!

Capitol.
After 22 years, leaders in the aluminum door-window industry. Being on top and staying there hasn't been easy. Like everyone in these days of shortages and crisis we have our problems...but, we work them out.

For instance, we have a totally integrated operation. Starting with liquid metal and going right thru fabrication. Multiple plant locations put us within 300 miles of 90% of our customers. And our warehouses carry a large raw material inventory, so we are ready if shortages do occur.

Capitol doesn't let today's problems inhibit tomorrow's plans. Another plant is presently in the planning stage to anticipate the growing demand for aluminum windows. And last but not least, we have the variety of product line and the most reliable delivery in today's market.

...Cell collect, Mr. Wallace Fremont, V.P. Sales, (717) 766-7661.

See us at booth 1002 ABDC&E show
APR. 29-30 • MAY 1

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[Mail coupon with remittance]

House & Home
1221 Avenue of the Americas, New York, N.Y. 10020

H&H April 1974 143
Water-based epoxy resin, "Dur-A-Poxy," works well on moist or wet surfaces. Easily applied with a brush, spray or roller, the coating is odorless, fire resistant and has a low toxicity. Suitable for use on concrete, cinder-block or wood, the material is resistant to solvents, acids and alkalis. Dur-a-Flex, Hartford, Conn.圈225

Instant Patch® roof repair contains both organic and inorganic fibers. It dries to a tough, long-lasting membrane that stops leaks and rebuilds worn-out roofs and flashings. Available in convenient 11-oz. cartridges or in quart, gallon or 5-gallon cans, the material won't shrink, sag, or run. Tremco Mfg., Cleveland, Ohio.圈226

Epoxy adhesive, "Vi-Pox," is designed for bonding vinyl to metal and other non-porous surfaces. The two-component adhesive is mixed together in equal quantities prior to use. The substance, which cures at room temperature, can also be used with wood, fiber, and cement. Adhesive Products, Bronx, N.Y.圈227

Rubberized liquid sealer, "Lastek 33", is for use on asphalt and concrete. Packaged in a plastic bottle with a pouring nozzle, the weather- and water-resistant substance bonds firmly yet remains elastic. Maintenance, Wooster, Ohio.圈228

Peel and seal flashing, "Flashband", forms a watertight, weather-proof bond. The strip consists of a layer of contact sealing bitumen and light-reflecting, heavy-duty aluminum. Applied by hand pressure, the material conforms to any contour. Evode, Somerdale, N.J.圈229

Non-yellowing sealing/curing compound, "Sealtight CS-309", seals and hardens concrete surfaces. Resistant to the effects of de-icing salts, the coating helps control spalling on sidewalks, driveways and parking lots. It provides a durable, long-lasting easy-to-maintain finish, indoors and out. W. R. Meadows, Elgin, Ill.圈230

Two-component waterproof sealant, Epoxite®, is especially formulated to withstand extreme hydrostatic pressures. Suitable for swimming pools as well as below grade floors and walls, the liquid epoxy coating hardens to an attractive, tile-like finish that is almost indestructible. Boyle Midway, New York City.圈231
Does anything you build face problems like these?

Extremes in weather threaten long-term beauty? Building products made of Geon® vinyl retain their decorative appeal through hot and cold, sun and rain, snow and ice. These Perma-Shield® shutters by Andersen Corporation are vacuum-formed vinyl over a primed wood sub-frame and wood center braces. The vinyl outer surface is complete in one piece. Offers high impact strength. Low maintenance. Resists chipping and peeling.

Your customers are asking for maintenance freedom? Siding made of Geon vinyl provides minimum upkeep. Resists denting, retains a soft, even color. There are 60 squares of siding on this 137-year-old First Presbyterian Church in Princeville, Illinois. The church building committee chose Contour T-lok® solid vinyl siding made by Mastic Corporation, who use Geon vinyl.

Are installation headaches upping your costs? Here's how Geon vinyl helped cut costs in Charlotte, North Carolina, in the Diplomat Apartments. More than 130 units required over 20,000 lineal feet of fully-enclosed electrical system made by Johnson Rubber Company. The system doubles as a baseboard molding. Installation is a snap. A rigid vinyl strip is affixed to the wall. Wiring harness is laid in place. Retainer clips keep it there. Vinyl cover strips are snapped into position and become the finished baseboard. Snap-on molded corners finish the job.

You want a fence that won't rot? Harvel Plastics, Inc., Easton, Pa., uses Geon vinyl to make a fence that's rot-proof. In fact, they guarantee it. It's also impact resistant. Insects and adverse soil conditions won't harm this fence. Geon vinyl also helps resist abrasion. For more information about Geon vinyl as a material in building products, ask B.F.Goodrich Chemical Company, Dept. H-31, 6100 Oak Tree Boulevard, Cleveland, Ohio 44131. The people who started it all in vinyl.

B.F. Goodrich Chemical Company
Only you can prevent forest fires.
Bathroom & Laundry Equipment: a summary of Sales Actions taken by House & Home readers

To identify all the important people in housing & light construction who are active in selecting products in this category, House & Home followed up all such advertising inquiries received through its Reader Service Card.

Survey questions were designed to determine what, if any, sales actions were taken as a result of readers having seen advertisements in House & Home.

Sales actions—for purposes of these studies—have been defined as specifying, recommending, approving, purchasing and still investigating: all positive actions bringing products and prospects closer to a sale.

For each sales action, of course, the unknown multiplier is the number of residential or other units for which the sales action was taken. For example, a single purchase mention could involve a 10-house development, a 280-unit apartment complex, or anything in-between.

As shown in the table below, results indicate in the clearest possible manner that sales action in this product category comes from every segment of the industry and only House & Home—with its industry-wide circulation—offers all the sales action in the market.

### SALES ACTIONS TAKEN ON BATHROOM & LAUNDRY EQUIPMENT ADVERTISING

<table>
<thead>
<tr>
<th>Reader Classification</th>
<th>Literature Requested by Readers Surveyed</th>
<th>Literature Requested by Survey Respondents</th>
<th>Literature Received by Survey Respondents</th>
<th>Specified Product</th>
<th>Recommended Product</th>
<th>Approved Product</th>
<th>Purchased Product</th>
<th>Still Investigating Product</th>
<th>Total Sales Actions</th>
<th>Sales Actions as % of Literature Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architects &amp; Designers</td>
<td>13,733</td>
<td>5,185</td>
<td>4,502</td>
<td>588</td>
<td>724</td>
<td>410</td>
<td>121</td>
<td>1,042</td>
<td>2,886</td>
<td>64.1%</td>
</tr>
<tr>
<td>Builders &amp; Contractors</td>
<td>28,477</td>
<td>8,763</td>
<td>7,401</td>
<td>530</td>
<td>864</td>
<td>716</td>
<td>790</td>
<td>2,385</td>
<td>5,285</td>
<td>71.4%</td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>1,772</td>
<td>552</td>
<td>467</td>
<td>39</td>
<td>51</td>
<td>38</td>
<td>36</td>
<td>163</td>
<td>327</td>
<td>70.0%</td>
</tr>
<tr>
<td>Engineers</td>
<td>1,759</td>
<td>660</td>
<td>586</td>
<td>44</td>
<td>70</td>
<td>40</td>
<td>35</td>
<td>211</td>
<td>400</td>
<td>68.3%</td>
</tr>
<tr>
<td>Financial</td>
<td>1,363</td>
<td>466</td>
<td>418</td>
<td>26</td>
<td>39</td>
<td>34</td>
<td>20</td>
<td>160</td>
<td>279</td>
<td>66.7%</td>
</tr>
<tr>
<td>Government</td>
<td>1,383</td>
<td>596</td>
<td>519</td>
<td>25</td>
<td>54</td>
<td>35</td>
<td>27</td>
<td>159</td>
<td>300</td>
<td>57.8%</td>
</tr>
<tr>
<td>Realty</td>
<td>2,711</td>
<td>883</td>
<td>762</td>
<td>51</td>
<td>68</td>
<td>76</td>
<td>38</td>
<td>308</td>
<td>541</td>
<td>70.9%</td>
</tr>
<tr>
<td>Retail Dealers</td>
<td>1,472</td>
<td>471</td>
<td>317</td>
<td>25</td>
<td>30</td>
<td>27</td>
<td>33</td>
<td>138</td>
<td>253</td>
<td>67.1%</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>2,869</td>
<td>785</td>
<td>661</td>
<td>34</td>
<td>87</td>
<td>78</td>
<td>73</td>
<td>211</td>
<td>483</td>
<td>73.1%</td>
</tr>
<tr>
<td>Wholesale Distributors</td>
<td>883</td>
<td>342</td>
<td>287</td>
<td>15</td>
<td>28</td>
<td>25</td>
<td>24</td>
<td>93</td>
<td>185</td>
<td>64.5%</td>
</tr>
<tr>
<td>Others not identifying self</td>
<td>12,730</td>
<td>4,053</td>
<td>3,838</td>
<td>260</td>
<td>311</td>
<td>261</td>
<td>161</td>
<td>1,051</td>
<td>2,034</td>
<td>53.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>69,152</td>
<td>22,756</td>
<td>19,456</td>
<td>1,638</td>
<td>2,326</td>
<td>1,730</td>
<td>1,358</td>
<td>5,921</td>
<td>12,973</td>
<td>66.7%</td>
</tr>
</tbody>
</table>

McGraw-Hill's marketing and management publication of housing and light construction.

House & Home
1221 Avenue of the Americas, New York, N.Y. 10020

H&H APRIL 1974  147
All electric, lightweight air-handling unit can be installed vertically or horizontally. The pre-wired, factory-charged system, housed in a rugged steel, baked-enamel cabinet is available in a range of heating and cooling capacities. Gaffers & Sattler, Los Angeles, Calif. CIRCLE 252 ON READER SERVICE CARD

Draft barrier heater, designed to provide supplementary heat directly under wide glass expanses, features an architecturally styled ribbon grille top. Heaters with a 188 watt per ln. ft. delivery can offset heat loss from single-pane glass. Berko, Michigan City, Ind. CIRCLE 253 ON READER SERVICE CARD

Compact electric forced air furnace, "FELF", is up to 50% smaller than comparably sized units. Units, for vertical upflow and counterflow applications, have front access servicing. Air conditioning can be added. Westinghouse, Pittsburgh, Pa. CIRCLE 255 ON READER SERVICE CARD

Modular "LF Series" furnace allows installation flexibility. Blower and heating sections have separate cabinets with quick mating assemblies. Cooling-coil cabinets provide for the addition of air conditioning. Raywall, Johnson City, Tenn. CIRCLE 254 ON READER SERVICE CARD

Through-the-wall air conditioners, "Cold Spot Wall Temp", feature a 32" wide cabinet that comes in depths of 14 1/2" or 16 1/2". Front or back flush mount units with thermostatic control come in cooling to 13,500 BTU and heating to 15,000. Sears, Chicago, Ill. CIRCLE 256 ON READER SERVICE CARD

Oil-fired cast iron boiler burners incorporate the positive flame principle. No combustion chamber is used. Instead a "Cerelelt" base liner is set in the combustion area. Sizes range from 135,000 to 335,000 BTUH. Peerless, Boyerstown, Pa. CIRCLE 257 ON READER SERVICE CARD

Oil-fired furnaces feature pressurized atomizing oil burners with one- or two-stage pump options for control of fuel supply. Six beltless or belt-driven models range from 105,000 to 168,000 BTUH. Lennox Industries, Marshalltown, Iowa. CIRCLE 258 ON READER SERVICE CARD
The most beautiful roofing material you can use just happens to be the best insulation, too.

Red Cedar shingles and handsplit shakes are twice as resistant to heat transfer as asphalt shingles. Three times more resistant than built-up roofing. In fact, red cedar out-insulates such roofing or siding materials as asbestos-cement shingles, slate, aluminum and architectural glass.*

Red cedar deserves close consideration for architects and builders concerned with the energy conservation of their structures. Its unique cellular structure makes it even more insulative than many other woods.

And the traditional overlapping application method effectively multiplies cedar's resistance to heat transfer.

Add to this the design flexibility and durability of red cedar on residences and commercial structures. It's no wonder the most beautiful roof and sidewall covering you can possibly use is also most efficient.

For more details, write Red Cedar Shingle & Handsplit Shake Bureau, 5510 White Bldg. Seattle, Washington 98101. (In Canada 1055 West Hastings St., Vancouver 1, B.C.)


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Line of two-wire submersible pumps consists of 31 models suitable for 4" and larger wells. All are powered by Franklin Electric's "Super Stainless" motors with built-in lightning arrestors. Units feature bronze and stainless steel construction, water lubricated bearings and flat bowl design. Goulds, Seneca Falls, N.Y.

CIRCLE 232 ON READER SERVICE CARD

No-hub carrier for use in floor- or wall-mounted water closets eliminates the need for a separate carrier plate. The closet-mounting studs of the "Mod-Stack" are affixed directly into the drainage fitting. Available in 20" and 30" lengths, carriers come with a choice of inlet options. Josam Mfg., Michigan City, Ind.

CIRCLE 233 ON READER SERVICE CARD

Series of gas water heaters, "BeautyGlas® GRT-5" offers higher BTU inputs than earlier lines. Offered in regular and shorter "Stubby" size units, the heaters feature glass-lined tanks, safety thermostat controls and gas pressure regulation. Briggs, Tampa, Fla.

CIRCLE 234 ON READER SERVICE CARD
Saving energy all year long with insulating glass

Insulating glass units made with LP® polysulfide polymer base sealants are conserving energy and cutting HVAC operational expenses in buildings everywhere. Double-hung units—with one of the two panes made of metalized coated glass—reduce the 1.09 heat transfer coefficient (U value) of single-pane glass dramatically by 56 percent down to 0.50. This is not too far from the 0.27 U value of the most efficient (but dehumanizing) solid masonry wall.

In the past 15 years, over 80% of all organically sealed insulating glass window units used LP polysulfide base sealants, delivering strong, flexible, long-lasting airtight bonds between glass and frame. Although LP sealed units may cost less than other organically sealed units, they will perform trouble-free for years and years.

Because replacement of only one or two insulating glass units can be very costly, you should seriously consider the outstanding, long term, proven performance of polysulfide base sealants. The present integrity, beauty and economical practicality of curtain wall construction can thus be extended through the innovative use of properly sealed insulating glass units.

Specify—and demand—insulating glass with an LP polysulfide polymer base sealant to see your way clearly through the energy crisis of today—and through whatever tomorrow may bring. For more information and help in solving your insulating glass problems, contact Thiokol/Chemical Division, P.O. Box 1296, Trenton, N.J. 08607, or phone 609-396-4001.

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CIRCLE 79 ON READER SERVICE CARD

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WHITEPRINTER

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we give you more uptime

PRODUCTS/PLUMBING

Twin sewage ejector pump, “Double Header”, combines two separate pumping units and a common discharge. Utilizing only one pump, the unit has ample capacity for a large house. Should the demand exceed this capacity, or should the unit fail, the second pump starts automatically. Genova, Davison, Mich.

CIRCLE 236 ON READER SERVICE CARD

Easy-to-install “P-trap” for use as a sink drain is molded of a translucent copolymer plastic. The flexible, non-rusting unit won’t crack or break from settling, vibration or freezing. Debris which is easy-to-see can be hand pumped through the trap by squeezing the clogged area. Hydroyne, No. Hollywood, Cal.

CIRCLE 235 ON READER SERVICE CARD

Submersible sump pump, “Trident,” is constructed of glass-reinforced, lightweight copolymer materials. The wear-, impact- and corrosion-resistant unit stands up under the toughest sump conditions. Easily accessible outside switch and a check valve to prevent flow-back are standard. Flutron, Elyria, Ohio.

CIRCLE 237 ON READER SERVICE CARD

Leakproof water supply lines feature one-piece solid brass stops and non-rotating swivel washers that eliminate wear. Triple chrome-plated flexible tubes have precision-shaped, reinforced nosecpieces. Building Component, Rockwell, Morgantown, W. Va.

CIRCLE 238 ON READER SERVICE CARD
Using the entire line of Panel Clip's specialty fasteners you can actually save a lot more money. But just four specialty clips can save $179.27 on an average 1,250 square foot unit. Here's how:

**TOP PLATE TIE**
Has almost five times the holding power of 16 penny nails used in the conventional fly-by and hold-back method. Eliminates notching, reduces measuring and cutting. Saves an average of $17.60 in labor alone.

**JAMB CLIPS**
Self-nailing jamb clips do away with shims in hanging both pre-hung and job hung doors. They do not interfere with casings and eliminate nail holes and hammer marks on jamb surface. Only 8 clips are needed for hollow core, 10 for solid core door installation. Save $26 on average 12 door installation.

**DRY WALL CLIPS**
Cut framing and lumber costs by as much as 75%. Eliminate two 2" x 4" studs per corner, plus all ceiling back-up material. Average out to a savings of 50 studs and 145 lineal feet of back-up material per unit. Exclusive integrated speed nail design cuts installation to less than one minute per corner. Saves an average of $103.67 per unit in labor and materials.

**ANCHOR CLIPS**
Made of heavy 16 gauge zinc-coated steel. Anchor Clips do away with anchor bolts in anchoring wood to masonry. Lower arms are embedded in one or two blocks of masonry. Upper arms are shaped as needed and simply wrap around plates up to 2" x 8" in size. Can also be used as a rafter tie. Saves a minimum labor cost of $32 per unit.

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Specifications for precise fit and quick, easy assembly of metal plate connected wood trusses. Each Studio Stair is cut and drilled to individual job requirements. This book is illustrated. American Iron and Steel Institute, New York City.

Aluminum slider replacement windows are discussed in detail. Drawings of window components—head, latch, sash rollers, etc.—accompany text. Brochure is in full color. Season-All Industries, Indiana, Pa.

Fire-Resistant Steel-Frame Construction includes chapters on building codes, standard fire tests, fire protection materials and methods, structural properties of steel at high temperatures, fire resistance ratings and exposed steel structural members. The book is illustrated. American Iron and Steel Institute, New York City.

Guide is much needed design aid for multifamily laundry facilities

The Maytag Architectural Planning Guide deals exclusively with the planning and installation of laundry equipment in multifamily buildings. This much ignored subject is extensively presented in eight major sections: design criteria, location, quantities and sizes, arrangements, functional relationships, typical installations, technical information, design and materials. Floor plans and numerous illustrations supplement the text. Chapters are divided for easy reference by brightly colored index tabs. The 107-page padded ring-binder—prepared by Maytag in consultation with The Architects Collaborative, Esherick, Homsey, Dodge & David and Francis Associates—is available for $20 from The Maytag Company, Dept. HH-L, Newton, Iowa 50208. Name of each purchaser will be registered with Maytag so that updated material can be forwarded periodically for inclusion in the guide.

Truly Distinctive Stairs

Add the "custom designed" look to your homes and apartments. Each Studio Stair is cut and drilled to individual job specifications for precise fit and quick, easy assembly of KD parts. Select from four architectural styles. Installed cost is surprisingly low. Write for free color brochure.

Carved wood entry doors are displayed in color. Instructions for proper finishing of doors, details of construction and a list of specifications are included in the booklet. Simpson International, Seattle, Wash.

Design Specifications for Light Metal Plate Connected Wood Trusses has been recently revised. The 44-page, 9"x6" booklet can be ordered for $3.50 plus 30¢ postage. Write Truss Plate Institute, Dept. L-HH, Suite 205, 919 18th St. NW, Washington, D.C. 20006.

Stainless steel selection and application guide covers advantages of the product, brief descriptions of actual applications and data on strength, corrosion resistance and exterior use. Chart and photographs supplement text. Republic Steel, Cleve­land, Ohio.

Red cedar shake and shingle roofing brochure gives details on design, fire retardant properties, specifications and installation. Included are special full-color photographs of actual product installations. Koppers, Pittsburgh, Pa.

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CIRCLE 155 ON READER SERVICE CARD
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Just fill out and return the coupon below, and we'll include your organization in a free listing to be sent to Placement Directors and Department Heads at leading colleges and universities across the nation. They'll post it, and the student will contact you directly.

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NAME: TITLE of individual to be contacted
ADDRESS: Making address of your personal office
ORGANIZATION: Firm, Company, Government Agency or Institution
TYPE AND NUMBER OF STUDENTS SOUGHT: Architect Civil Mechanical

Employment Opportunities
Rate
Positions Vacant
Positions Wanted
Sales Opportunity Available
Sales Opportunity Wanted
Employment Agencies
Employment Opportunities
Per Inch $49.05 12-T: $46.75

Classified Rate
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Materials Wanted
Land for Sale
Plants/Properties for Sale
Business Opportunities
Financial Opportunities
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Positions Vacant
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Sales Opportunity Available
Sales Opportunity Wanted
Employment Agencies
Employment Opportunities
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Used/Still Equipment Materials for Sale
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IF YOU'RE LOOKING FOR TECHNICIANS, DO IT BY THE BOOK.

25 technical careers you can learn in 2 years or less.

If you're in a business that operates with the help of good, qualified technicians, you know how hard it is to find good, qualified technicians.

They're in short supply.
For one reason or another, many kids don't know about these good jobs.

So the Manpower Institute, The Office of Education and The Advertising Council have put together a full-scale advertising program to get the message across.

It consists of two parts. One is a seven page booklet giving all the facts on technical careers, technical schools and financial aid.

The other is a poster offering the booklet.

You can help by handing out the booklet and seeing that the poster is displayed in high schools, churches, youth clubs, wherever young people get together.

We'll send you free samples of our booklet and poster, plus information on quantity reprints.

Reprints are cheap. Only $4.00 per hundred for the poster. $5.00 per hundred for the booklet.

For a small additional charge, we'll imprint your company's name.

If you're looking for technicians, do it by the book.

Simply write:

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Advertising Sales Staff

ATLANTA 30309
Glen N. Dougherty
1175 Peachtree St.
(404)952-1668
HOUSTON 77002
John Strong
2270 Exxon Bldg.
(713)324-4381
MIAMI 33133
Sidney Clayton Assoc., Inc.
(305)776-6900
NEW YORK 10020
Frank G. Rees
560 Madison Ave.
(212)688-3888
PITTSBURGH 15222
Ralph H. McCraney
300 Water St.
(412)642-6000
SAN FRANCISCO 94131
Bob Newell
255 California St.
(415)433-1700
WASHINGTON 20001
Margaret Strait
2411 Pennsylvania Ave.
(202)521-9000

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