



Planning for Permanence: the Speeches of J.C. Nichols
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**Facts Pertaining to the
Home Building Industry in the United States**

Washington, D.C. June 1933

- A. Home building peaks occur in fifteen to twenty year cycles.
- B. Homes are built for average life of fifty years – 2% per year exhaustion.
- C. Lags in home building generally extend from three to four years after general business revivals.
- D. Small amount of home building today; due to
 - 1. High percentage of vacancies – 7% to 13%; largest in history. (From R.E.B. statistics.)
 - 2. General business depression and unemployment.
 - 3. Low apartment and house rental rates.
 - 4. Large offering of distressed houses.
 - 5. Low marriage rate – about 50% of normal. (Normal about 10 per thousand population. Present rate about 6 per thousand – rate in 1927, 12 per thousand – present rate much less than during war period – gain of marriage rate over death and divorce about one half of that of 1923 – many cities show actual loss – in cities of 500,000 population this amounts to about 200 less families per month available for new homes). Birth rate declines from 18.6 per thousand in 1929 to 16.9 per thousand in 1932.
 - 6. Doubling up of families – 7% or more in some cities – 3 to 5% throughout the United States.
 - 7. Unattractive investment field.
 - 8. Difficult secure loans.
 - 9. Attitude of mind vs. purchase of homes at recently increased costs.
 - 10. Practically no sale of new houses.
 - 11. Absolutely no new sub-division being developed to encourage home building.
 - 12. Reports from 25 cities taken past week show almost complete cessation of home building during August due to fear of increased costs during building period.
- E. Last cycle of home building-period thereof:

1. Decrease of vacancies started in 1916.
 2. Shortage of homes started in 1919, acute in 1920-21.
 3. New active building started in 1922-23.
 4. Peak of home building 1925.
 5. Decline gradual to 1929 – decline at more accelerated rate to 1933.
 6. Lowest ebb of home building 1933 – only about 10% of normal in many cities, trend still lower today. (Note: 758 cities new dwelling units fell from 491,000 to 1925 to 27,000 in 1932. – averaged 388,000 per year from 1921 to 1929. These figures taken from United States Department of Labor statistics.)
- F. Necessary factors to complete above home building cycle.
1. Absorption of vacancies – homes and apartments.
 2. Absorption of homes owned by mortgage companies, occupied and unoccupied.
 3. Absorption of distressed homes held by individual owners.
 4. Advancement of rental scales.
 5. Easing of credit and attraction of mortgage capital.
 6. Reversal of present attitude of home ownership.
 7. Return of assurance of fair investment basis.
 8. Renewal of sales activities of new homes already built.
 9. Active revival probable by years 1936-37
 10. Sharp advance of building costs will lengthen this period and adversely affect several million employees as well as decrease the number of men now employed.
 11. General business revival will shorten it somewhat.
 12. Increase of marriage rate and unscrambling of families necessary.
 13. Dr. James S. Taylor, Chief of Division of Housing, Department of Commerce estimates increase in dwelling units 1930 to 1940 at 50% of increase 1920 to 1930.
- G. Too rapid increase of home building at this time will increase mortgage distress – must await absorption of present over supply and low priced distress houses – must await rental advance (1 to 2 years may transpire before rentals advance materially) – loans must become available and building profitable (Some building opportunity available in certain brackets.
- H. Public works program should be largely over before active private construction of homes begin on an extensive scale – public works labor scale of wages at a high basis will surely delay home building. Public works should only carry us through

the depression and encourage renewed construction rather than retard it. In 1932 public construction was about 50% of all construction in 351 cities over 25,000 population (From Department of Labor statistics.)

- I. Great employment in home building industry today and wages low:
 - 1. Average present scale of wages of unskilled labor 20 to 30 cents per hour (Information collected from 502 Real Estate Boards. Present scale should not exceed 35 cents.)
 - 2. Average present scale of skilled labor 35 to 60 cents per hour. (Some wages below and some above this average)
 - 3. Land development and home building employment normally in many cities represent from 40 to 60% of all construction labor.
- J. Small consumption today of home building materials, house equipment, and house furnishing material. Home building, house equipment and wide variety of furnishings affect more crafts, manufacturers, wholesalers and retailers than any other type of construction.
- K. Conditions of present home building financing:
 - 1. About 5% of new homes paid for in cash.
 - 2. About 90% of new homes subject to second mortgages – 5 to 15 year payment plan.
 - 3. Mortgage companies almost completely out of the market on new loans – will be unwilling to lend the customary 50% increased cost. (Due to their recent experiences with loans made on high costs.)
 - 4. Present custom of short-time mortgages greatly handicap home financing. (Should be at least 15-year periods with about 40 to 50% amortization period.)
 - 5. Unless private capital becomes available, federal loans should be made available on above basis.
 - 6. Necessary refinancing of homes already built will largely absorb all private available mortgage capital.
 - 7. Reduction requirements in present mortgages on due dates creating great problems for homeowners and discouraging new building and home ownership.
 - 8. Wide loss of homes through foreclosure or forfeiture during this depression will tend to discourage home ownership for many years.
 - 9. Lack of capital for new sub-division development slows down home building.
- L. Rapid increase of municipal, state, county, and school taxes discouraging home ownership. (Real estate pays 70 to 80% of such revenues. Special improvement taxes a great burden on home ownership.)

- M. Large slum clearance projects will delay home building if such projects increase number of available units.
- N. Demolition of houses through condemnation of parks, playgrounds, street widening, etc., will speed home building – and shifting of property uses tends to create need for some new homes, though frequently entailing large economic loss. Obsolescence – of course a constant factor.
- O. Constant decrease in rate of growth of our population in United States lessens need of new homes. (Approximately 50% in last decade.) Probable population growth, 800,000 per year at this time vs. 1,700,000 per year 1920-1930.
- P. General employment in all lines of business 1929 basis would cut present vacancies about 50%.
- Q. Many authorities believe trend from farm to cities will cease thereby decreasing the growth of our cities. (Others contend this trend will not cease.)
- R. Campaigns to encourage home ownership needed at proper time. (When capital is available and new building will be justified by the supply and demand.) (Some demand now apparent for small houses in certain cities.)
- S. Increase in number of homes affords large demand for maintenance labor of many crafts.
- T. Home building creates immediate and permanent consumers in a marked degree. (Homeowners buy more merchandise.)
- U. Home building gives much greater continuity of employment of labor than any other type of construction:
 - 1. By proper successive timing of the starting of a series of houses.
 - 2. By moving crafts from job to job without loss of time.
 - 3. By marked division of labor.
 - 4. By giving interior work during winter.
 - 5. By efforts to maintain constant building activity in subdivisions.
 - 6. By building most houses to sell rather than waiting for contract of sale.
 - 7. By maintaining a constant stock of houses on hand for sale.
 - 8. By including many smaller houses giving a greater spread of available labor of all classes.(Including some less skilled labor particularly in the South.)
 - 9. Demand in normal times not confined to any one time of year.
 - 10. Accepting trades of smaller houses on larger new homes as the owners' means or size of family justifies.
 - 11. Home building creates demand for new land development labor.
- V. Home building increases tax income of cities more rapidly than any other type of construction. (From records of tax incomes of many larger cities.)

- W. Home ownership creates better citizenship.
- X. Land developers and homebuilders as distinguished from contractors should operate under their own code supplemented to a General Code Affecting Real Estate.
 - 1. Developer begins with raw acreage and following items are handled jointly with homebuilders:
 - a. Stone from grading property or street cuts used in foundations, super structures, driveways, garden walls, etc.
 - b. Earth from property and street cuts used in grading lawns, or surplus dirt from lawns used in street fills.
 - c. Trees from streets transplanted in lawns.
 - d. Sod so used.
 - e. Utility runs made – as streets are built.
 - f. Private driveways frequently built along with the streets.
 - g. Utilities frequently provided or financed by the land developer.
- Y. Land Developer and homebuilder handles complete financing:
 - 1. Finance whole cost of house until completed and sold and until first mortgage can be made by buyer – an owner occupant.
 - 2. 90% of all homes carry second mortgages on long payment plan, the homebuilder frequently paying first mortgage interest, insurance and taxes from his collections.
 - 3. In sale of lots to other homebuilders, the land developers carries second mortgage for major part of price of lot.
 - 4. No more than 5% of homes are paid for in cash.
 - 5. Home builders frequently find it necessary to build first few houses in subdivision at a loss to overcome pioneering resistance and to establish the character of building desired in subdivision.
 - 6. Land developers find it necessary to carry on "own your own home campaigns" – build and equip exhibition houses, develop exhibition lots with proper landscape treatment and various other activities encouraging home building. The developer is largely responsible for all home building in the subdivision.
 - 7. The land developer and Home Builder can create harmonious group planning of homes so desirable in our American cities, where the individual contractor has little regard for group affects.
 - 8. Fully 90% of all homes erected in most cities are built by members or associations of the land developers and homebuilders division of the National Association of Real Estate Boards, representing more than 500 Real Estate Boards.

- Z. Contractors as distinguished from developers and homebuilders unable and unwilling to undertake the above responsibilities and activities. This field left to contractors will result in practically no home building.
- Za. The scale of labor wages in land development and home building is and should be at a lower basis than the scale of wages in large commercial or industrial construction; labor is given much more continuous employment and is used interchangeably between land development and home building activities. Unless the scale of wages for such labor is retained for the present at a figure only very slightly increased over present current wages in such work, all new land development and home building thereon will completely cease at this time and the lag in the revival will be prolonged many years.
- Zb. Hours of land development labor should be spread over 12 months average with maximum average weekly hours of 40 hours – with no day of more than 8 hours. (Because such land development labor frequently unable to work during winter months and otherwise may not average more than 20 to 25 hours per week throughout the year.)
- Zc. The land developer and homebuilder is essentially a real estate man. The problems are about 80% real estate and 20% building. The point of view and approach must be from the real estate end and the selling angle. These activities are so closely associated, the encouragement of home ownership and land development and home building should be placed under the General Real Estate Code. Its conditions are so different than the general contracting field that it cannot comply with the same regulations and wages without seriously reducing employment. The hours of employment have always been longer and wages have always been much less than in the construction of office buildings and other commercial structures – continuity of employment has always been much more favorable and desired by such labor.

All surveys conducted by the National Association of Real Estate Boards show greatest need is for homes costing \$5000 or less. This group cannot afford at this time to pay for an increase of costs.

Number of families in the United States increased 388,000 per year 1921 to 1929 – probably half that amount in 1930 to 1940. 22,800,000 of 29,980,000 families in the United States in year 1930 live in single houses – 3,400,000 live in two family houses – only 3,600,000 in three family or larger buildings – consequently we feel the building of single or two family homes constitutes an industry of first importance in the United States and with problems vital to it – not associated with the general construction industry.

Additional Facts Pertaining To Land Development And Home Building.

1. For the following reasons, we believe it unwise and not to the best interests of N.R.A. to place land development and home building under the Construction League Code:

- a. There is such a wide range in costs and sizes of homes built throughout the country it is impossible to impinge any standard labor scale above minimum rates for unskilled labor which would be reasonably applicable to all sections of the country. In fact no reasonable variations could be established which would meet the various needs, for skilled labor rates on large and more pretentious houses where men of great skill are required are necessarily higher than skilled labor required on smaller houses nearby. The type of skilled labor in any one craft employed on the building of a small home costing from \$2000 to \$5000 is generally entirely different from the labor in the same craft employed on a large commercial structure. We may be working in a small town, a rural community where the costs of living are not more than half what they are in a large city and his whole condition and environment justify lower labor scale. The degree of skill required in building a barn on the farm may be much less than that required in building a house – even a very small home.
- b. In many farming communities certain farmers work during off-seasons for farm work in various building crafts in the neighborhood. They are above ordinary unskilled labor but hardly class as highly skilled labor competent for commercial building. Certainly any labor scale reasonable in a large city would be entirely unreasonable and beyond the means of the owner to pay in such rural communities. Yet these men perform a valuable, necessary work in their community where building work is not sufficient to maintain all-the-year-around employment.
- c. In the building of small homes in the country or semi-urban districts the owner frequently does a large part of the building labor himself, hiring semi-skilled men or neighbors to assist him, Construction of such cheap homes would become impossible if the general scale as suggested in many of the supplemental codes under the Construction League Code were made binding in such cases.
- d. In much of the small home building, the practice of taking bids and letting contracts as set up in the Construction Code is not followed. Men are hired and material bought as the work progresses frequently the owner working from time to time, taking a year or more to complete the house. There are many other stipulations in the Construction Code and A.G.C. code which are properly applicable in large structures but which are not workable at all in small home building. They would only decrease the amount of building and further increase unemployment.
- e. The agreement in the Construction League Code to not employ sub-contractors or buy materials at less than cost would work a hardship at this time in much small home building. Much of the present unemployment in the home building trades can be partially absorbed through out the country by sub-contractors temporarily helping to start building activity by accepting jobs a little below costs. Many firms having large inventories of material on hand, and desiring to encourage building activity will be glad to supply a reasonable amount of material to encourage an up-swing in the building of homes, realizing the present low morale in home building and the need of an example of activity

being set in their community. From a standpoint of employment, there is probably more unemployment to be absorbed in the less skilled building tradesmen than in the field of highly skilled workmen.

- f. A great many material concerns and general contractors present at this meeting have advised our Division that they are not in opposition and are in fact in favor of home building being placed under its own code. They realize its peculiar problems and the manner in which it differs entirely from the erection of large commercial structures.
- g. We strenuously object to the watchmen clause as provided in the Construction Code which might entail a very large increased cost on the land developer and home builder who is erecting a large number of scattered homes at one time. It is now the custom to place a watchman (frequently a partially disabled man unfit for manual labor) on every job at about 4:30 in the afternoon where he remains until about 8:30 the next morning when the workmen return. He sits and dozes in a comfortable chair and is simply present to prevent thievery, fire, and other damage. We recommend in our own code that these watchmen be given an advance in wages of 20%. Under the Construction Code it would require about three times as many men to give the same service at a much higher cost per man, which would be prohibitive and result in unemployment. It would be cheaper to protect the property through insurance. Our watchman problem is entirely different from that on large building as we require many more watchmen in proportion to value of the work.
- h. Many land developers and homebuilders carry on continuous construction in a large number of homes and carry in stock a large supply of material used on a large number of buildings without definite accounting on each structure. Labor is frequently used interchangeably on various houses with no separate time record on such houses. There is no regular accepting of bids on some particular date for every building and it would be impracticable to keep such accounting of costs as required by the Construction Code. It would simply further hamper the home building business, accomplish no good purpose, and increase the ultimate cost to the consumer. In normal times tens of thousands of homes are built throughout the country by small builders who only build two to four homes per year. They have no offices, work on the jobs themselves, buying material, and hiring men as the work progresses. This type of building is very important to the home building industry. These men are able to produce small homes at a low cost end largely operate in communities where there is not a sufficient demand to justify building by large operators. They would be seriously handicapped by the Construction League Code. It would increase the cost of homes and in some cases cause such homes not to be built.
- i. The paragraph in the Construction League Code with relation to the scale of wages for skilled labor being established between truly representative groups of employers and truly representative groups of employees nationally, regionally, or locally, is we feel, very dangerous for the home building industry. We readily accept the provisions in our Code requiring collective bargaining between the employers in the home building industry and the employees in any

community. We strenuously object to, and believe it will cause an absolute and complete cessation of all home building if the employers, representative of large commercial construction, and the employees, engaged in such construction, are accepted as truly representative groups in any community and impinge their impossible labor scales upon the home building industry. In most of our cities organized labor employed in large commercial building already contend that they are truly representative of all building trades in the community. The groups of labor in home building which is very largely unorganized throughout the country except in the very few of our larger cities are not prepared to immediately establish themselves as truly representative groups in their communities. The employers of organized labor in large commercial construction in most instances desire to see all building labor in their community organized and placed upon the same basis of wages as those existing in large building construction. The land developers and home builders division feels that there is grave probability of such employers and such employees in large commercial construction claiming and establishing themselves as truly representative groups in every community and impinging their impossible labor scales upon the house building industry. As we understand the intention of the NRA it is not to be oppressive on small businesses or unorganized labor, and is not intended to work undue hardship on those desiring and striving to comply with the full and complete purpose of the NRA. To be placed under the construction code, in our judgment, would work a grave hardship on thousands of home builders who may only erect three or four homes a year in thousands of communities where there is only a market for a few homes every year. The restrictions and stipulations set up in the Construction Code would work an impossible hardship on such small builders and result in greatly increased costs and a discouragement of home building.

- k. We feel that the difference between the building of homes and the erection of large commercial structures is far greater than the differences between the activities of many other industries, separate and distinct codes for which have been accepted by the NRA. The customs and activities in home building are far removed and not related to those involved in large commercial structures.
- l. Many of the land developers and home builders are also engaged in the erection of suburban shop property, office building, apartments, garages and other types of related construction, but they are not asking that these activities be removed from the construction code, realizing that these activities are related and somewhat similar to large commercial construction, and are built for income purposes. They do ask and appeal to you in the sense of fairness and for the purpose of national recovery that land development and home building be allowed to remain, as it always has been, as a separate and distinct construction industry not related in any way to the type of construction for which the rules and regulations of the construction code have been established. Home ownership is not based on investment value alone but rests on the higher purposes of life and true ideals of our American Homes.

The J.C. Nichols Company Records (KC106) – Speech JCN020

Arguably Jesse Clyde Nichols (1880-1950) was the single most influential individual to the development of metropolitan Kansas City. Moreover his work, ideas, and philosophy of city planning and development had far-reaching impact nationally – so much so that the Urban Land Institute has established the J.C. Nichols Prize for Visionary Urban Development to recognize a person or a person representing an institution whose career demonstrates a commitment to the highest standards of responsible development.

Nichols' objective was to “develop whole residential neighborhoods that would attract an element of people who desired a better way of life, a nicer place to live and would be willing to work in order to keep it better.” The Company under Nichols and his son, Miller Nichols (1911-), undertook such ventures as rental housing, industrial parks, hotels, and shopping centers. Perhaps the most widely recognized Nichols Company developments are the Country Club District and the Country Club Plaza Shopping Center, reportedly the first shopping area in the United States planned to serve those arriving by automobile rather than trolley car.

The J.C. Nichols Company Records (KC106) contains both personal and business files concerning J.C. Nichols' private and business life. Included are personal correspondence, family related material, and speeches and articles written by him. Business and financial files pertain to actions of the Company, including information about different developments and the securing of art objects; and printed materials produced by and about the Company.