The right to own real estate – farms, urban homes, or business property – is inherent to American ideals. This human right to own property peopled our shores – battled our wilderness, conquered our plains, built our cities, and made our country the Home of the Free. This individualizing in land ownership became the primeval basis of our wealth, our type of government, our relations of man to man.

Our early colonial governments, and later our Constitutional fathers, and all our states safeguarded this right.

Political power must never usurp this right of ownership. We must forever avoid the possibility of becoming a nation of tenants – especially tenants of our government under proposed governmental housing.

The right to own property does not come from governmental authority. Our people granted to the government certain powers to regulate and direct the use of property in the interest of public welfare. God forbid that this granting of certain rights by the people should be confused with some of the theories of the housing enthusiasts of today who seem to have the idea that the right to own property is vested entirely by governmental authority.

We have striven for 150 years to get land ownership into the hands of the people – in fact, more than 50% of the people in the U.S. today own land. No other country has such a large percentage of landowners. The property interests of this country are not yet ready to ask the government to serve as America’s economic receiver.

Functional capital represented in real estate devoted to creating new wealth is not a retardant to recovery in the eyes of the nation.

We need government relations based on an economic order of private management.

The right to own land – the bulwark of democracy, safeguarded against despotism and communism alike, is basic to the subject of my discussion – “Recovery in Construction Activity and Realty values.”

The stage is well set for much building and an increase in realty values.

Our population doubled in the 35 years prior to 1930, and we are still growing in numbers of people. We are not static, and even in a static population the number of families, though smaller, grows in relative numbers and demands more homes. We had 5.17 people per family in 1910; 4.17 people per family in 1935.
Then, too, our American people, in contrast to many countries, are constantly striving to advance their scale of living – demanding and moving into better homes for better living; and finer places for business and industry. This movement is a sound process. The place abandoned offers an opportunity for advancement in a bracket below, so an ever-ambitious program for better living and better housing of business ensues. This offers a partial solution for our so-called slum problems.

In 1925 2,758 cities reported 491,000 new living units built that year and averaging 388,000 per year from 1921 to 1929, yet these same cities reported only 27,000 new units in 1932, and about 35,000 in 1933.

According to studies of Walter Schmidt, President of the National Association of Real Estate Boards, it seems safe to assume a normal demand for new housing units today is at least 300,000 per year, for new families; undoubled families, and growth of number of families per thousand population. To this we must add at least 100,000 living units destroyed annually by fire, decay, and demolition. In 1900 we had 1.12 families per dwelling unit; in 1930, 1.19 families per unit. As I say, this trend now seems to have turned and is back on an ‘unscrewing’ basis.

Conservatively, we normally need at least 400,000 new units per year – yet for five years we have averaged considerably less than 100,000 new units per year.

Vacancies very high in number in the early thirties have gone down sharply. Perhaps from 10 to 30% in certain cities in 1932, to perhaps an average today of less than 3% in single houses and 5 to 6% in apartments. Many cities report a serious shortage of available units. Marriage and birth rates are again increasing – rents are rising. Deflation in real estate values seems to have definitely ended.

Residential construction has increased greatly in 1935 – perhaps more than doubled 1934. While rents are still too low to bring about great building activity, other factors are contributing in a large measure.

Home sentiment – the natural desire to own a home, which reached a low ebb in 1932 and 1933, is reviving in a marked degree, despite the propaganda of some social workers who are arguing that it is better for many of our industrial workers to be tenants – yes, even tenants of the government, rather than own a home of their own. Never in our history were so many agencies, newspapers, realtors, and lending institutions working in unison to encourage home ownership. FHA, HOLC and certain other government agencies have carried on a splendid campaign to this end.

Mortgage money is available today for all classes of real estate on more favorable terms than our country has ever known.

The depression taught us the need and soundness of long time mortgages amortized over a 20-year period. In my opinion this should be extended to 25 or 30 years as so well demonstrated in foreign countries; or at least complete amortization should not be required by the end of 20 years.

Many home owners cannot completely liquidate a mortgage of 80% at the rate of 5% per year over and above all carrying charges; few office buildings and business structures can pay off 5% of their mortgages per year.
Interest rates have dropped rapidly – in fact, real estate has always paid a rate higher than it should in relation to other securities. 5% interest is the maximum good real estate should pay, and 4% to 4 1/2% should, and in my opinion will soon be available on superior loans.

We must remember that the $45,000,000,000 of real estate peak indebtedness in this country has been already reduced to some $36,000,000,000, and of this remaining amount nearly $9,000,000,000 has been dislodged from its former channels and supplied through various governmental agencies. This is building up an immense reservoir of mortgage money available for all types of building construction.

It is my judgment that the representatives of lending agencies have more confidence in real estate security than ever before. Certainly no other type of investment has stood the depression better than real estate.

We grew 1,700,000 per year in population from 1920 to 1930. We are certainly maintaining a very large percent of the growth. In 1930 we had 29,800,000 families, 22,800,000, or 79.8% of whom lived in single houses; 3,400,000 in two family houses, and only 3,600,000 in three family or larger buildings. This proves conclusively that after all, the great percent of American people live in single-family homes and desire such occupancy.

Private builders in our country have always stood ready to do their part to provide essential housing. The claim of housing experts and governmental authorities that private industry failed to provide low cost housing, and that this duty thereby devolved upon the government, is not yet demonstrated. Up to date, none of the so-called slum clearance projects under governmental authority and direction has supplied the needs of low cost housing. Housing available at 8 to $12.00 per room does not serve needs of the great mass of people requiring room rentals of not more than $3.00 to $6.00 per room. It is unfair to charge failure on the part of private industry unless the government on some sound basis can demonstrate some fair economic plan of serving this need. Nor, is it a solution to tear down tenements, replace them with higher rental structures, and drive former occupants into even worse quarters than they had before.

There is a duty upon all of us to supply decent housing for our ‘lowest income brackets’. The average income of the American family is only $1,458 per year. 71% of our families have an income less than $2,500 per year; 69% less than $2,000, 42% less than 1,500. Only 9% of our families can afford houses costing $10,000 or more. Families in the lower brackets are entitled to homes with decent sanitation, ventilation, durability, safety, and sunlight.

It has been estimated that 25% of the houses in the country today are without proper sanitation.

We speak of the passing of new land frontiers which in the past have again and again created and sustained an era of advances in construction activities and realty values. We frequently refer to the technical age; scientific advancement; the industrialization of the south and other recent epics which may not recur in such overwhelming force to bring about renewed construction activity and increased value of land and improvements; but
here is a field of housing of the people of the lower income brackets which challenges the best thought of all of us, and may well be our next great frontier.

Shall it be undertaken under governmental and political management? Shall it be handled by theorists and sociologists who, as Governor Alf Landon has said, have never had to meet a Saturday night payroll? Shall it be handled under the direction of advisors who have not had long experience in home building?

Or, shall a plan be worked out by which the private building industry of this country shall undertake the supplying of this important need? If government aid is needed, I would adopt a subsidy in the form of extremely low rate of interest – certainly not to exceed 3% to be amortized over a period of thirty to forty years. Housing should be built by private industry under governmental control as to rental rates, and services supplied to the tenants so long as the subsidy continues. Such housing should be undertaken only after careful survey of the effect on other private housing in the cities affected. Such property should be subject to the same taxation as competing property.

This housing should be limited absolutely to the supplying of the needs of the people in the lowest brackets of income, and then only where fairly decent housing conditions are not available in the respective communities. Until the question of direct governmental intrusion into this field is determined, the whole situation is a direct retardant to recovery.

In 1929 there were possibly 10,000,000 workers in the durable goods industry; 50% of our factories were so engaged; $15,000,000,000 annually was involved in the building industry, in all its phases. This is equal to the $15,000,000,000 of agricultural products in that year; three times the export trade of our country in that year. Real estate in that year, although a great burden to do so, paid some 75% to 85% of all the local taxes. Installment plan of home ownership was working beautifully with the exception of the fatal short time period of first mortgages.

It is reasonable to assume that during the next few years we will absorb from 400,000 to 500,000 family units per year. The accelerated obsolescence of the old home today is becoming an important factor in speeding up new construction activities. We have never known a time when so many improved mechanical appliances were being developed and offered for the greater convenience and comfort of the occupant of a home, as well as in the shop and plant. All these articles of new equipment if taken by themselves are generally well worth the cost, but taken as a whole they create a serious problem of overloading our purchasers or tenants of today.

All of us who for a quarter of a century have been endeavoring to give more efficiency and economy in the building of homes are seriously concerned with the ever-increasing offering of new appliances, and new features in home convenience thereby increasing the total cost of the home beyond the ability of many owners to finally pay the bill.

Certainly there is a responsibility on the material concerns of this country to make radical reduction in their distribution costs. It is estimated that this cost of distribution alone adds some 40 to 50% to the cost of most of the articles installed. It is true that many of these new items create some saving in maintenance cost in the operation of the
home. It is true that the building industry should welcome this concentration of thought and research to the end of making a living and transaction of business more comfortable. However, with the ever-increasing cost of materials and the increasing cost of labor, we are still building homes beyond the buying power of at least one third of the families in the U.S. Perhaps labor may ultimately see the wisdom of accepting a lower hourly rate for more continuous employment. The scale of wages for building labor per hour is beyond any reasonable economic relation with the average income of a man wishing to acquire or build a small home.

Broadly speaking the cost of building today is about 88% of 1926 costs. 1929 costs were perhaps 1 1/2 less than 1926 costs. The cost today is slightly above that of one year ago, and the trend is upward. Building materials with a few exceptions, never dropped in prices as much as the price drop in the general commodity list. All of those directly interested in hastening return of normal construction activity should realize the need of not advancing building costs more rapidly than the earning power of the buyer, or beyond a reasonable economic relation with the general level of commodity prices.

It is true that a reduction of 2% in the annual interest charges over a 20-year period of amortization of the purchase price of a home is equal to approximately 20% of the original cost of the home. This reduction in interest rate and this lengthening of the term of the mortgage payment, is the most helpful and encouraging sign of the times as to increasing construction activities, and the beating back of real estate values to a sound income basis. However, the whole burden of bringing about increased building activity and establishment of sound values should not rest alone upon the lowering of interest rates. Every manufacturer of materials in this country should give his best thought and effort to reducing the cost of distributing and installing materials. Every homebuilder and every architect should further study the possibility of economy in eliminating all unnecessary ornamental features and extravagant items of design in the structure. Pure, simple, architecture, more and more functional should predominate. Brain power in the use of color; in the use of simplified design; in the economy and saving of space, can go a long way in bringing about a good and sound basis of construction activity.

Banks should be more liberal in temporary loans for the construction industry. Lower rates of interest should be available. It is my judgment that lending agencies can go rather strong in their appraisals of real estate values today. We are below the normal value. Until we reach the level of about 1926, we are certainly safe. When we get much above that level we should throw out every check to avoid an unjustified boom. Peaks of real estate activity as viewed from the history of more than one hundred and fifty years of American development, reflect cycles from 15 to 20 years, from top to low. Taking 1920 to 1921 as our last low, it would be reasonable to assume that between 1936 and 1940 we will again reach a high. Certainly all factors today point to this event.

It is my judgment that the pre-fabricated house is a long way from mass production on a competitive basis with the traditional type of building design and building methods. Prefabricated units are already becoming important factors both in speed and economy in building. Perhaps, after all, this would be the logical approach overcoming what has been called an archaic industry. I do not believe that the American people are ready to accept houses of mass design. Our aspirations and idealism appeal to individualism in the design of the home in which we live as well as the careers which we
choose to follow. I believe it is just as impractical to try to regiment house design as it is to regiment every activity of business by governmental authority.

The average life of an American house should be greatly increased. An estimate has been made that the early homes in New England have an average life of some 142 years. With our advanced methods of today, it should be our aim to build houses of even greater durability.

Wide ownership of homes has always distinguished America. If government housing is permitted, it will necessarily tend to destroy the value of property ownership. There is no justice in an order of things which creates grave injustice to others. Federal housing will in the long run decrease home ownership in America.

If the government embarks upon such a task it will require amounts staggering in comparison with anything we have yet known, in order to complete the job. Let’s remember Russia abrogated property rights and enslaved and regimented its people. Too great centralization of power according to the history of every nation of the past destroys even the desire to own real estate. When Alaric, the terrible Goth from the north, thundered the gates of Rome and the Roman rulers called upon the people to rise up and defend their homes, they answered, “We have no homes to defend.”

Let’s not reverse the order of the glory of American achievement and the building of the strongest nation on earth. The Chamber of Commerce of the United States can well afford to devote much of its effort to the durable goods industry – to the ownership of real estate; to the encouragement of the desire to own a home; the maintenance of individualism as so well embodied in the individual ownership of a home, a farm, or place of business. Statism under the rule of emergency must not abrogate the right to own property. Stability of land values is the cornerstone of human right; the invasion of property rights will mark the decline of human freedom.

The J.C. Nichols Company Records (KC106) – Speech JCN034

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.