AFTER THE ECONOMY stabilized following World War I, the U.S. experienced a record level of residential construction. When considering housing in this period, scholars have usually focused on the sheer number of units built and perhaps on the fact that the rate of construction turned down several years before the whole economy soured. Relatively little attention has been paid to the ways in which U.S. building patterns differed in the 1920s from earlier periods and what these changes can tell us about broader social trends. This article examines residential building in this period in more detail, by looking at the city of Chicago, and suggests that new patterns of housing construction may have been linked to changes in the economy as a whole.

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In Chicago, as nationally, residential building increased markedly in the 1920s. Local builders erected an average of 29,080 residential units per year from 1920 to 1929, compared with 17,012 per year during the preceding 35 years (Chicago Plan Commission 1942: 16).1

Along with the higher quantity of new building, construction in this decade was characterized by higher costs. Actually, the cost issue concerns two different dimensions. The first has to do with the fact that it cost more to build the same kind of structure than it had earlier in the century, given that materials and labor were becoming more expensive. The wholesale price of wood, for example, increased almost fivefold between 1900 and 1920, due to the exhaustion of the great timber stands of the upper Midwest and the expense of transporting lumber from the South and Pacific Northwest (Doucet and Weaver 1985: 561). The field of house building, dominated by small contractors with little capital and equipment, experienced no technological breakthroughs similar to those in the mass production industries to offset these cost pressures. As a result, at the same time that many goods were getting cheaper, the cost of construction was rising (Monthly Labor Review 1930: 451; Grebler et al. 1956: 342).

The second cost dimension, on which this article focuses, has to do with the tendency for housing newly built in the 1920s to be increasingly aimed at the high end of the market.2 This was a pattern throughout the country, and it became more extreme as the decade progressed. Despite high production levels and negligible inflation in the overall economy in the twenties, builders spent an average of 21% more on each housing unit in 1929 than they had in 1922 (Grebler et al. 1956: 426).3

CHANGES IN THE PATTERN
OF NEW STRUCTURES BUILT

As Table 1 and Figure 1 reveal, after the war there was a striking shift to building very large apartment houses (of 20 units or more). In addition, there was a substantial increase in construction of single-family homes and medium-sized apartment buildings (containing 10 to 19 units).4 All sizes of buildings from 10 units up showed a significant increase over construction levels in the two decades preceding World War I (a comparison that seems most
reasonable, given the distortions caused by shortages during the war years), the greatest surge coming with the largest structures. In the two decades before the war, 85 of the very biggest buildings, containing 40 or more units, were built. By contrast, 890 were erected in the decade 1920–29, a rate of building 1,994% higher! The next largest type, with 20 to 39 apartments, showed an increase of 433% in the twenties over the earlier period. Smaller multi-unit buildings, containing between 10 and 19 apartments, increased at a more moderate 126%, in the same range as the 162% increase in new single-family structures.

Despite the total increase in new building over the two prewar decades, not all housing types saw an upswing in production. Builders in the 1920s shied away from the smaller types of rental properties. As can be seen from Table 1, all varieties of small multi-unit buildings, including two-flats, three-flats, four-family two-deckers, and little apartment houses (with 5 to 10 units), became smaller parts of the construction mix.

This change was most dramatic with regard to the two-flat, the traditional mainstay of Chicago's moderate rental market. The term two-flat, in Chicago usage, refers not to a specific kind of structure but to any building consisting of two vertically stacked units. The two-flat ranged from small one-and-a-half-story frame houses with apartments in their high basements to elaborate, limestone-faced two-story brick buildings with expensive interior finishings. A very standard type, however, was a wood frame structure with two full stories (see Figure 2). Between 1895 and 1914 two-flats accounted for one-fourth of all new dwellings in the city. By the twenties, however, despite an overall increase in residential building of 50%, the proportion of apartments being provided in two-flats had shrunk by half, to approximately 12% of new units (Mayer and Wade 1969: 255; Chicago Plan Commission 1943: 26–27, 43).

While construction trends in suburban communities near Chicago were obviously related to developments in the city itself, they cannot be assumed to have been identical. Unfortunately, for the period under consideration, only fragmentary information exists on building activities outside the city limits. The U.S. Bureau of Labor Statistics collected data on construction patterns, based on building permits, for three suburbs, but only for 1921 on (1920 in one case). In Evanston and Oak Park, two-flats were an insignifi-
<table>
<thead>
<tr>
<th>Type of structure</th>
<th>1895–1914</th>
<th></th>
<th>1920–29</th>
<th></th>
<th>Percentage change in annual building rate</th>
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<tr>
<td></td>
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<td>25.3</td>
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<td>890</td>
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<tr>
<td>Other</td>
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<td>Total (base)</td>
<td>127,088</td>
<td>(127,088)</td>
<td>(314,467)</td>
<td>95,223</td>
<td>(95,223)</td>
</tr>
</tbody>
</table>

Note: "Other" includes attached homes, units converted to residential use, and business establishments with dwelling units.
Building and Investment in 1920s Chicago

Figure 1  Increases in annual building rates, 1920–29, compared with 1895–1914 (derived from Table 1, last column)

In general, the increase in the larger apartment buildings and in single-family housing, combined with the decrease in the small rental properties, meant that housing production was focused more at the high end of the market than previously. This was true because most of the biggest buildings were tall elevator apartment houses built along the spectacular and expensive shoreline of Lake Michigan. By 1928, tall buildings collectively containing over 700 apartments lined the desirable beachfront, nicknamed the “Gold Coast,” directly north of the Loop, and most of these had been constructed in the boom of the twenties.6 (A section of
The Gold Coast is shown in Figure 3.) To this fashionable district came some of the wealthiest Chicagoans of the day, and their new quarters were hardly spartan. At 1500 Lake Shore Drive, for instance, chewing-gum manufacturer and baseball club owner William Wrigley moved into a 22-room two-story apartment that included a dining room big enough to seat all 22 members of the Chicago Cubs. Wrigley owned this residence (or, more precisely, shares of the building), like many of the very rich, although most of the apartments in these high-rise buildings were rented. In the mid-twenties rents along the drive ranged from $500 to $1,200 a month (Hilliard 1979: 71–72, 76; Hoyt 1970 [1933]: 244–45; Chicago Plan Commission 1943: 31; Condit 1973: 162–64; Mayer and Wade 1969: 307). To give some sense of what these prices meant at the time, the Illinois Bell Telephone Company estimated in 1927 that the income of 55% of all heads of families in Chicago averaged less than $167 a month (Allan 1927).

Since the city required steel and concrete fireproof construction when apartment houses went over three stories, the tall buildings were always aimed at the highest-paying clientele. Thus, for the most part the biggest buildings were built at a deluxe standard. However, not all new rental properties featured the doormen, swimming pools, and expensive views of the lakeshore buildings. Thousands of new apartments throughout the city were in three-
Building and Investment in 1920s Chicago

story buildings without elevators. While a few of these walk-ups had as many as 42 dwellings, typically they were much smaller. All of the multi-unit buildings from 10 to 19 units, a category that showed substantial gains in construction, were of this type (de Wit 1983–84: 23; Hoyt 1970 [1933]: 245).

While modest by comparison with their high-rise cousins, the three-story walk-ups were still expensive relative to what most city families could afford. Census figures for 1930 show that half of renting families in Chicago (a city where two-thirds of all families rented) paid a maximum of $50 a month for their dwellings. In the new apartment houses, however, very few of even the smallest units were available for less than $60 a month (Burgess and Newcomb 1933: xv; Illinois Housing Commission 1933: 21).

Along with the medium-sized rental buildings, the other kind of structure that showed a substantial production increase in the 1920s was the one-family dwelling. Almost all urban houses for single families were built for sale (Colean 1944: 231). Therefore, the trend toward increased construction of these buildings represented a shift to providing shelter for the relatively affluent, since homeowners tended to be better off than renters. Nationally, the median income of homeowning families in 1929 was one-third higher than that of tenant families, according to data collected by the National Bureau of Economic Research (Wickens 1941: 146). In Chicago, the situation appears to have been slightly more skewed. Thus, construction of more single houses as well as medium-sized and large apartment buildings manifested responsiveness to the upscale segment of the housing market.7

In contrast to the types of properties that builders were favoring after the war, two-flats and other small buildings were typically less expensive for renters. One reason is that owners who lived in the same building or nearby weighed raising rents against losing good tenants who were also their neighbors. In addition, such owners routinely did their own maintenance, counting it not as an additional expense on which income should be calculated but simply as part of the routine of caring for their own residence. Finally, the kinds of people who put their money in small rental buildings were not likely to consider rates of return available in other kinds of investments when deciding how much to charge their tenants. In other words, living in smaller buildings often cost less, not because these kinds of residences were inherently
Figure 3  Chicago’s Gold Coast, 1928: Lake Shore Drive, north from Oak Street. Photograph by Kaufmann and Fabry. Courtesy of the Chicago Historical Society.
cheaper to build or maintain (although smaller buildings were often constructed to a more modest standard) but because they were not managed according to the same profit calculations as the larger, more professionally run properties. Whatever the reasons, however, the outcome for tenants was that small buildings were more affordable. Thus, the decline in their supply in the 1920s represented a shift toward urban shelter that cost housing consumers more.

CRITIQUE OF CONVENTIONAL EXPLANATIONS FOR CHANGING BUILDING PATTERNS

Some observers in the twenties noticed that commercial builders were constructing a different mix of housing types, and the new production patterns were noted by some analysts later. At the close of the decade, Coleman Woodbury investigated why apartments had increased so dramatically since the war as a proportion of new residential building, citing Bureau of Labor Statistics surveys that showed that apartments had increased from 24% of new housing units in 1921 to 54% in 1928 in 255 cities throughout the country. Handicapped by a lack of reliable data on such topics as vacancy rates and building costs, Woodbury's studies were inconclusive. However, the results of a questionnaire completed by 1,882 families from a variety of income groups living in Chicago and surrounding towns indicated that the great bulk of urban dwellers still desired to buy their own single-family home. If consumer preferences had not shifted, Woodbury reasoned, then the source of the changes must have been related to "certain economic conditions within the various industries and businesses which produce houses." He suggested that one such factor might have been the "remarkable flow of capital" provided by real estate bonds (Woodbury 1931: 6, 3).

For the most part, however, commentators have not treated the shifts in building patterns as a problematic issue, assuming it to be self-evident that decisions of investors and contractors were primarily determined by public policy and consumer demand. The first of these two factors relates to the effects of building codes adopted during the Progressive Era. As Anthony Jackson (1976: 157) puts this argument in his history of low-cost housing in Manhattan, "The grade of dwelling that private enterprise had supplied
for the use of nineteenth-century immigrants had been rejected by the rising standards of housing reform, which had served the community rather than the poor by preventing private enterprise from reaching down to this level.” In other words, the new municipal codes requiring certain minimum levels of plumbing, room size, and so forth increased the cost of minimal shelter such that there was no longer a sufficient profit incentive to attract entrepreneurs to this field.

The other factor presumed to be of significance in explaining the behavior of builders in this period is consumer preference. In a characteristic expression of this perspective, Carroll Binder (1931) argued in the Chicago Daily News that “so much demand has been created for electric iceboxes, automatic garbage chutes, parquet flooring and deluxe bathrooms that prospective apartment house builders hesitate to construct anything which does not incorporate all those desirable features. They fear that tenants will spurn apartments lacking such conveniences.” Thus, because of what Binder saw as an unrealistic desire for luxuries on the part of low-paid Chicagoans, the outcome for construction activity at the bottom of the market was “stagnation.”

In 1942, M. H. Naigles (1942: 874), a researcher for the Bureau of Labor Statistics, employed a similar analysis to explain the decline of the two-family house nationally. The one-family house had come to be more popular by the 1920s, Naigles explained, as demonstrated by the increase in the number constructed throughout the country. With somewhat circular logic he argued that, since the single-family house had become more popular, and since its chief distinguishing characteristic was its single entrance, it naturally followed that houses with two entrances had become less popular. From these premises he concluded that “the growing demand for separate rather than common entrances contributed to the decline in the number of newly constructed two-family houses.” Like Binder, Naigles was certain that if particular shelter types were not being produced, it proved that people did not want to live in them.

No doubt each of these ways of explaining the shift to more expensive housing has some validity. Obviously, the new building codes of the early twentieth century increased the cost of providing the most modest sorts of urban living accommodations. It was probably also the case that a good many Americans did long
for such commonly advertised comforts as central heating, hot running water, and built-in bathtubs.

Such explanations, however, do not account for the suddenness with which construction patterns changed in Chicago, and particularly for the precipitous falloff of such staples of the Chicago moderate rental market as the two-flat. Building ordinances passed by the city beginning in the 1890s were aimed at the very lowest grade of multi-unit buildings—those, for instance, without piped water or toilets—and posed no threat to the standard prewar two-flat (Abbott 1936: 50–71). The city’s first comprehensive zoning regulations, adopted in 1923, eased the height and bulk requirements on apartment houses and may therefore have encouraged investment in the most expensive sorts of residential properties, but these laws made no move to restrict small rental buildings (Westfall 1984: 35). In fact, under the new codes, 38.55 square miles of city land became legally available for two-flat construction, more than double the 15.66 square miles occupied by these structures at the time the zoning laws were adopted (Young 1937: 6a). Thus, these buildings were not becoming scarcer because of a municipal campaign against them, nor is there any indication that Chicagoans were turning against two-flats as residences. Perhaps many families might have preferred to buy a new single-family house, or even to become a Gold Coast neighbor of William Wrigley, but renting a flat in a small building was what they could afford. Such accommodations provided nonmonetary benefits as well, including freedom from the work of property maintenance and use of the small backyard. Census takers in 1930 found 27.6% of Chicago families ensconced in two-flat buildings, essentially the same proportion (28.6%) discovered in the 1900 census (U.S. Department of Commerce 1933: 72; Tygiel 1979: 90).

Something comparable may have been happening in the housing markets of other large cities. Lloyd Rodwin (1961: 36–39) discovered a similar pattern at this time in Boston in relation to the three-decker, the popular moderate rental property in that city. Although some detested the three-story wooden buildings, insisting that they were fire hazards that lowered surrounding property values, a great many Bostonians flocked to buy and live in them. At the turn of the century they accounted for approximately 30% of new construction, and by 1918, according to an estimate by the mayor, almost half the housing units in the city were in three-
family wood frame buildings (Peters 1918: 332). Rodwin (1961: 37) credits the success of the three-decker to the fact that “it was, after all, a poor man’s house, a poor man’s investment, and a poor man’s bargain.”

Despite its popularity in the first part of the century, the three-decker declined in relation to other kinds of residential structures after World War I. Rodwin explains that, although Boston’s 1924 zoning law is usually credited for this change, the fall in production actually began in 1917, when apartments in three-unit buildings accounted for 25% of the total residential units built that year, compared to 38% the year before. By 1921, the proportion of dwelling units in these buildings was only 15%, a level maintained throughout the decade (ibid.: 38, 60). Like the Chicago two-flat, the Boston three-decker was another modest urban dwelling type that experienced a sharp production decline in the 1920s not explicable on the basis of conventional analysis.

It should be noted, however, that while consumer demand does not provide a good explanation for the falloff in building at the low end of the market, there is one sense in which the desires of the buying public may be a viable explanation for changes in building patterns. Keeping in mind that the relevant unit for demand is not the individual or the family but the dollar, it becomes clear that the housing needs of affluent people will receive more attention from builders than the needs of a similar number of less affluent people. The decade of the twenties was a time of rising inequality, with the richest 5% increasing their share of disposable income from 29% in 1922 to 35% just seven years later. This change in income distribution was probably one force propelling builders toward constructing more expensive dwellings (Soule 1947: 317).

THE IMPACT OF CHANGING INVESTMENT PATTERNS

Despite the probable impact of wealth becoming more concentrated at the top, changing investment patterns may have been even more significant in transforming the overall pattern of housing production in the 1920s. In this decade two economic shifts with important implications for housing finance occurred. First, banking institutions were moving away from commercial loans and into real estate investment. Second, a large number of middle-class individuals around the country began putting their savings into
national financial markets rather than into local rental housing, the traditional vehicle for small investors. One result was that, as a proportion of the value of urban real estate, mortgage debt grew from 13.9% in 1921 to 37.5% in 1929 (Pederson 1933: 66). Overall, the proportion of gross capital formation devoted to residential construction averaged essentially the same as during the two decades before the war; the significant change was in the source of the invested funds (Grebler et al. 1956: 428–30). As Michael Stone (1980: 83) points out, this strong trend toward debt, rather than equity financing, marked the 1920s as the beginning of the period in which the U.S. housing sector was inextricably linked to credit, especially from institutional lenders. The new financial climate made it easier for entrepreneurs to assemble funds for building ventures, and the most popular projects were those with the highest profit margins, such as large luxury rental buildings or houses constructed for sale.8

The reason that institutional lending in real estate was increasing in this decade had to do with the fact that in the 1920s corporations were turning away from banks as sources of funds for expansion, relying instead on their own profits or using stock and bond issues to generate capital (Fearon 1987: 75; Edwards 1932: 414). Forced to locate new outlets to replace their shrinking commercial loan business, banking institutions turned a receptive ear to real estate developers and (continuing a trend that had begun before the war) more than doubled their investments in urban real estate in the twenties (Mitchell and Mitchell 1947: 790; White 1986: 34–35). National banks especially became more active. In the aftermath of federal legislation in 1916 and 1927 that liberalized previous restrictions, nationally chartered banks increased their urban mortgage holdings approximately tenfold (Pederson 1933: 73).9

As Northwestern University economist Herbert Simpson (1933: 164) mordantly described the situation in the American Economic Review a few years later, “Insurance companies bought what were considered the choicer mortgages; conservative banks loaned freely on real estate mortgages; and less conservative banks and financial houses loaned on almost anything else that represented real estate in any form.”

A relatively new financial instrument called the real estate mortgage bond was an important mechanism by which money flowed into urban property in the twenties. The story of these bonds
clearly illustrates the new financing patterns and their impact. Before the introduction of this form of security, promoters were limited to raising capital for large construction projects by means of short-term, and often expensive, credit arrangements. Only after a building was finished could they secure longer-term loans on better terms in the form of a mortgage from a large institutional lender, such as an insurance company or a savings bank. These mortgages, however, were conventionally limited to about half of a building's net worth. Then, around the turn of the century, brokers who had been in the business of bringing builders and lenders together invented a new financing method. This was the real estate mortgage bond, by which individuals could purchase shares of a whole mortgage or groups of whole mortgages. With these securities, not only was more money available to builders, but it was available up front, as bond issues were typically floated before construction began (Smith 1938: 608; Moulton 1938: 465–66).  

In the optimistic economic climate of the 1920s, sales of real estate bonds surged. Small investors found them particularly attractive because they came in denominations as low as $100, had a reputation for safety, and yielded relatively high returns (Posner 1948: 561; Smith 1938: 608). While only about $150 million worth had been sold before the war, total investment in real estate bonds is thought to have been approximately $10 billion by the early thirties (Rabinowitz 1980: 43; Halliburton 1939: 1). The Windy City was a center of this business. Louis K. Boysen (1931: 13), president of the Chicago Mortgage Bankers, estimated that bonds worth over $1 billion, held by over a million different investors, were secured by Cook County real estate.

Homer Hoyt, in his classic history of Chicago real estate, describes how in 1927, despite increasing vacancies and a plateauing of rents, new luxury apartments were still being started. He explains that, because so many people were still buying mortgage bonds, "in many cases it was possible for a promoter to borrow enough money on a bond issue to buy a lot, erect a twelve-story building, and pay himself a cash profit besides." Such a profit, Hoyt emphasizes, was in addition to the return reaped when an apartment building was sold. According to another commentator, the public appetite for real estate bonds was so voracious in the speculative frenzy of the late 1920s that, "instead of property owners seeking an investment house to finance an apartment build-
ing, the bond houses were seeking the property owner, showing him how a building could be financed without any capital on his part.” With none of their own money on the line and an immediate profit to be had, it is easy to see why entrepreneurs were still initiating projects in the late 1920s despite clear indications that they would have difficulty finding enough tenants to make their buildings pay (Hoyt 1970 [1933]: 265, 240; Smith 1938: 609).

The continuing popularity of mortgage bonds with investors in the face of slumping demand for new housing resulted in part from the fact that many customers were inexperienced and had no source of information on the market for the properties they were financing other than the bond houses. These institutions were, of course, inclined to cheerful predictions, since they made money on each new issue whether or not the property ultimately produced the income predicted for it. Real estate bond investors were especially vulnerable because there was no real supervision of this market by any government agency. State laws limiting mortgage loans to a certain percentage of appraised property value were one of the few ways this kind of activity was regulated. Such laws proved an inadequate safeguard, however, since the appraisers were usually employees of the companies that sold the bonds (Jones 1933: 359).

By the end of the decade the mortgage bond business had begun to unravel. Bonds were defaulting in large numbers, new customers stopped coming forward, and bond houses collapsed. Analysts estimated that by 1935 only 20% of the $10 billion worth of real estate bonds were still meeting their contract terms (Halliburton 1939: 1, 4–5).

At the same time that bond-driven construction was leading to overbuilding of high-end properties, the new investment opportunities of the period, including real estate bonds, were draining capital away from the modest rental sector. Traditionally, local investors seeking a safe place for their savings had financed most urban residential property, the bulk of which consisted of small rental buildings. In the twenties small investors changed their behavior and began entering the national financial markets in large numbers. Economists generally credit the government-sponsored Liberty and Victory Loan bond drives of the war years with familiarizing small investors with these kinds of opportunities. Thereafter, many people found buying the newly available low-
denomination stocks and bonds an appealing alternative to the aggravations of life as a landlord (Harloe 1985: 13, 103; Monchow 1939: 76). As noted earlier, real estate bonds proved particularly attractive to small investors. U.S. Congressman Adolph Sabath from Illinois, who chaired the House committee investigating the collapse of the real estate bond market, maintained that of those who lost money, 4 million were “thrifty, hard-working citizens of the Nation, and not the Wall Street speculating class” (U.S. Congress 1935: 3).

Yet, middle-class investors, whatever their personal qualities, were not the only purchasers of mortgage bonds, nor were these bonds the only channel through which money flowed into real estate in the twenties. Banking institutions bought a large proportion of these bonds. According to Harold Moulton (1938: 465), “Of the 25 billion dollars of first-mortgage real estate bonds outstanding in 1925 . . . about 18 billions [sic] were held by building and loan associations and the various types of banks, and the remainder by life insurance companies and individuals.” Moreover, despite their tremendous popularity, these securities accounted for less than one-fifth of real estate lending by the end of the decade (Pederson 1933: 75, 79). Thus, given the magnitude of capital flows into urban real estate, it seems clear that the availability of mortgage bonds was not the only cause of the construction boom. Furthermore, the fact that investors in such bonds included large institutions as well as unwitting individuals indicates that the appeal of this new investment instrument went deeper than ignorance and deceit. Still, the history of these investment instruments does provide a particularly dramatic demonstration for this era of what Mark Gottdiener (1985: 244) has referred to as the “supply side nature of housing and urban development” in the United States.

CONCLUSION

Real estate mortgage bonds were a new technique for large-scale real estate financing that encouraged high-end construction while simultaneously creating new investment opportunities that seem to have diverted money from small real estate ventures. These securities assembled large amounts of capital that tended to be used for investments promising the best returns, dwellings to be
rented or sold at the high end of the market, such as luxury apartments, which showed such a phenomenal increase in production. As always, buildings such as the modest Chicago two-flat, which yielded lower profit margins, were avoided by sophisticated investors. What was new in this period was, first, that more money was available for large, high-profit projects, and second, that there was less for small ventures, an overall pattern that directly corresponds to the changes in Chicago residential construction examined at the outset of this discussion.

More generally, the coincidence of these changes with transformations in investment practices suggests that we should give more attention to the financial aspects of U.S. urban housing and to the ways in which real estate investment has been connected to trends in the larger economy. As a result, we may better understand how the housing market worked before the federal government became deeply involved in its operations during the 1930s. In addition, paying more attention to the political economy of housing may aid in the endeavor of understanding "the interaction between large social processes and the changing form of cities" (Tilly 1984: 123).

NOTES

1 Nationally, newly constructed urban housing units in the 1920s averaged 703,000 per year, compared with 338,000 a year in the previous three decades (Barrows 1983: 399–400).

2 Actually, there is a third cost dimension, which relates to standards. There has been a tendency over time for standards regarding amenities, such as plumbing and heating, to rise, which has increased the expense of building. However, dwellings have tended to get smaller; in this respect, standards have gone down. Although in theory changes in standards and changes in the social strata for which new housing was designed are separate dimensions, in practice it is hard to disentangle them.

3 The cost in 1922, exclusive of land, was $4,705 (measured in 1929 dollars), and in 1929 it was $5,972. Prices for 1920 and 1921 were not used, since in these years building costs were abnormally low, due to instabilities in the economy following the war. Other series differ in specifics but show the same general pattern. See, for example, Maxwell 1931: 69 and League of Nations 1939: 143.

4 The data discussed in this section and reported in the graph and table are from Chicago Plan Commission 1942: 16; 1943: 53. Figures in these reports are from the Chicago Land Use Survey, which counted buildings standing in 1939 and thus underestimated building levels from earlier decades, since
the oldest structures stood the greatest chance of having been demolished by the time the survey was done. However, this underestimation should be greatest for smaller buildings, since large ones, which represent substantial capital investment, are destroyed less readily. Therefore, these data provide a conservative estimate of the strength of the trend away from smaller buildings and toward larger ones. Although both reports by the Chicago Plan Commission are based on the same data source, there are minor discrepancies between the two. For the calculations used in this article, I used what seemed to be the best figures.

5 These percentages were calculated from raw data included in the Bureau of Labor Statistics bulletins cited. In these data, all buildings with three or more units are grouped together, without further distinction, as “multifamily.”

6 Besides the Gold Coast, on the Near North Side, tall elevator apartment buildings were concentrated near the lake in Hyde Park, between 51st and 56th streets, and in the South Shore District, from 67th to 75th streets (Chicago Plan Commission 1943: 31).

7 The data from the National Bureau of Economic Research covered 33 cities. The median family income for tenants was $1,358, compared with $1,805 for owner occupants (calculated from Wickens 1941: 146). For Chicago, evidence for the proposition that homeowners were more prosperous than renters overall can be found by applying the formula commonly used to equate the value of owned and rental stock, which assumes rent to be equal to one-tenth of the value of the building, to the 1930 census data on rents and values of owned homes in Chicago (see Burgess and Newcomb 1933: xv). In that year the median home value in the city was $8,313. The median rent was just over $50 per month, equivalent to a home value of $6,040. Given these distributions of rents and home values, and assuming that people lived in the most expensive housing they could afford, only one-fourth of renters could afford housing of a quality that half of owners had. For a discussion of the rent-to-value formula used here see Leven et al. 1934: 52.

8 As Marc Weiss (1987: 31–52) points out, this new financial climate allowed some real estate operators who had begun by subdividing and selling land to evolve into large-scale developers of single-family houses. Since such houses tended to be purchased by those with above-average incomes (as described in note 6), this is another way in which the changing financial situation promoted construction for the upper end of the market.

9 Legal restrictions against urban real estate loans by national banks were eased in 1916 by an amendment to the Federal Reserve Act of 1913 and again in 1927 with the passage of the McFadden Act (Behrens 1952: 17–20).

10 Authorities differ as to who marketed the first real estate mortgage bonds and when, although accounts usually give Chicago as the city where the practice began and date it around 1900. See Boysen 1931: 12 and Fisher 1951: 29.

11 For an analysis of income streams on various kinds of rental property in this period see Bemis 1934: 126–34.
REFERENCES


Monchow, Helen Corbin (1939) Seventy Years of Real Estate Subdividing in the Region of Chicago. Evanston, IL: Northwestern University Press.


