areas shown on the Security Map. The 395 permits shown were distributed throughout the different area grades as follows:

- "A" Grade (2 areas) - 39 permits
- "B" Grade (7 areas) - 114
- "C" Grade (15 areas) - 162
- "D" Grade (11 areas) - 80

The Willow Glen section, composed of Areas B-1, C-13, and C-15, has been the outstanding "hot spot" during the past twelve months. One hundred twenty-three single-family residences and seven multi-family dwellings have been constructed in that section.

The Hester Addition, which includes Areas A-1, B-2, B-3 and parts of C-3 and C-11 was second in point of activity, with 101 singles and seven multi-family permits.

Of the 25 residential permits issued in Santa Clara during the year, 13, or more than half, were in Area C-2.

The greatest concentration of construction was probably in Area D-6, as eleven permits were issued for this small area.

The balance of the 395 single-family dwelling permits issued by the two cities were widely scattered, every area, with the exception of D-6, having at least one permit.

Of the 30 multi-family units constructed last year, nine were in Area C-5 and five in C-15. The two largest apartment houses built during the year were in Area C-12, the amounts of the permits being $18,000 and $18,700.

Residential construction, which started at a brisk rate during the earlier part of the year, began to slump the latter part of May, and in July there were only 29 single-family permits issued. Activity increased somewhat in August, when 27 such permits were issued; however, this amount is still under the average for the first half of the year, and it is believed that, barring unforeseen developments, the number of permits in the last half of 1937 will be materially less than for the first six months.

This slump is undoubtedly the result of rising construction costs which have advanced fully 20% during the past two years and are now as high or higher than they were during the 1928-29 period.