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Atlantic City -

Ocean City, N.J.

1964

Analysis of the

ATLANTIC CITY-OCEAN CITY NEW JERSEY HOUSING MARKET

as of November 1, 1964



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**A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

A constituent of the Housing and Home Finance Agency

June 1965

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ATLANTIC CITY-OCEAN CITY, NEW JERSEY, HOUSING MARKET
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FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
Housing and Home Finance Agency

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

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ANALYSIS OF THE
ATLANTIC CITY-OCEAN CITY, NEW JERSEY, HOUSING MARKET
AS OF NOVEMBER 1, 1964

Summary and Conclusions

1. Atlantic City is basically a resort community with major economic activities centered around the tourist trade. Since it has a wide range of hotel, recreational, and entertainment facilities and the mammoth convention hall, it has developed into one of the major convention cities of the U. S. Attracted by the climate, the seashore, and the Boardwalk, a large number of elderly persons retire in Atlantic City. An increasing number of families purchase homes or rent apartments on an annual basis in the area, in order to have them for weekends or vacation periods.
2. Employment in the Atlantic City area fluctuates with the seasons, rising from a low in January to a peak in August. In November 1964, a total of 62,300 persons were employed in the SMSA, up from 61,100 in November 1963. Unemployment totaled 5,300 or 7.8 percent of the work force in November 1964, down from 6,150 or 9.1 percent a year earlier. Present indications are that total employment in the area will increase by 1,000 to 2,000 persons a year over the next two years.
3. The current median family income in the housing market area (HMA) is estimated at \$6,175 a year after Federal tax for all families and \$4,675 for renter families. These figures reflect increases of about 25 percent over the 1959 level.
4. The current population of the HMA is estimated at 181,300 as of November 1964. This reflects an average increase of 2,800 persons a year since 1960. Atlantic City itself has less population than in 1940, a reflection of the aging inventory of dwelling units within the city, the large number of demolitions and inventory losses, and the greater attractiveness of new modern units in the nearby suburbs. During the next two years, the HMA is expected to grow at the rate of approximately 2,700 persons a year.
5. Total households in the area reached an estimated 59,900 as of November 1964, representing an average increase of 1,075 a year since 1960. During the next two years, household gains are expected to average 1,000 a year.

6. New construction activity, as measured by permits issued for new privately financed dwelling units, has increased each year from 1,161 units in 1960 to 1,912 in 1963. The increased activity has been due to the rise in multifamily construction. Permits for new single-family homes rose from 1,121 in 1960 to 1,363 in 1962 but dropped sharply to 759 in 1963. Apartment unit authorizations, however, jumped from 213 in 1961 and 185 in 1962 to 1,043 in 1963.
7. There are an estimated 2,400 vacant nonseasonal nondilapidated units available for sale or rent, in the HMA at the present time. This represents a net vacancy ratio of 2.9 percent. The net homeowner vacancy rate is estimated at 2.1 percent; the rental vacancy rate at 6.8 percent.
8. It is estimated that 800 new sales units and 700 new rental units can be absorbed each year during the next two years in the Atlantic City HMA. These estimates reflect consideration of household growth, conversions, demolitions, current construction volume, and tenure preferences.
9. The 800 units of new sales housing are distributed by price brackets on page 27. About 32 percent of the projected annual sales demand will be for homes priced below \$14,000, 48 percent for homes in the \$14,000-\$20,000 bracket, and 20 percent for homes above \$20,000.
10. The 700 units of annual demand for rental housing are distributed by gross rents and unit sizes in the table on page 28. About 500 units fall in the rent ranges associated with current construction costs at market interest rate financing.

ANALYSIS OF THE
ATLANTIC CITY-OCEAN CITY, NEW JERSEY, HOUSING MARKET
AS OF NOVEMBER 1, 1964

Housing Market Area

The housing market area (HMA) considered in this report covers the Atlantic City Standard Metropolitan Statistical Area (SMSA) plus Ocean City. The Atlantic City SMSA is identical with Atlantic County. Ocean City is over the line in Cape May County but part of the Atlantic City Urbanized Area as defined by the Bureau of the Census. See map on page 2.

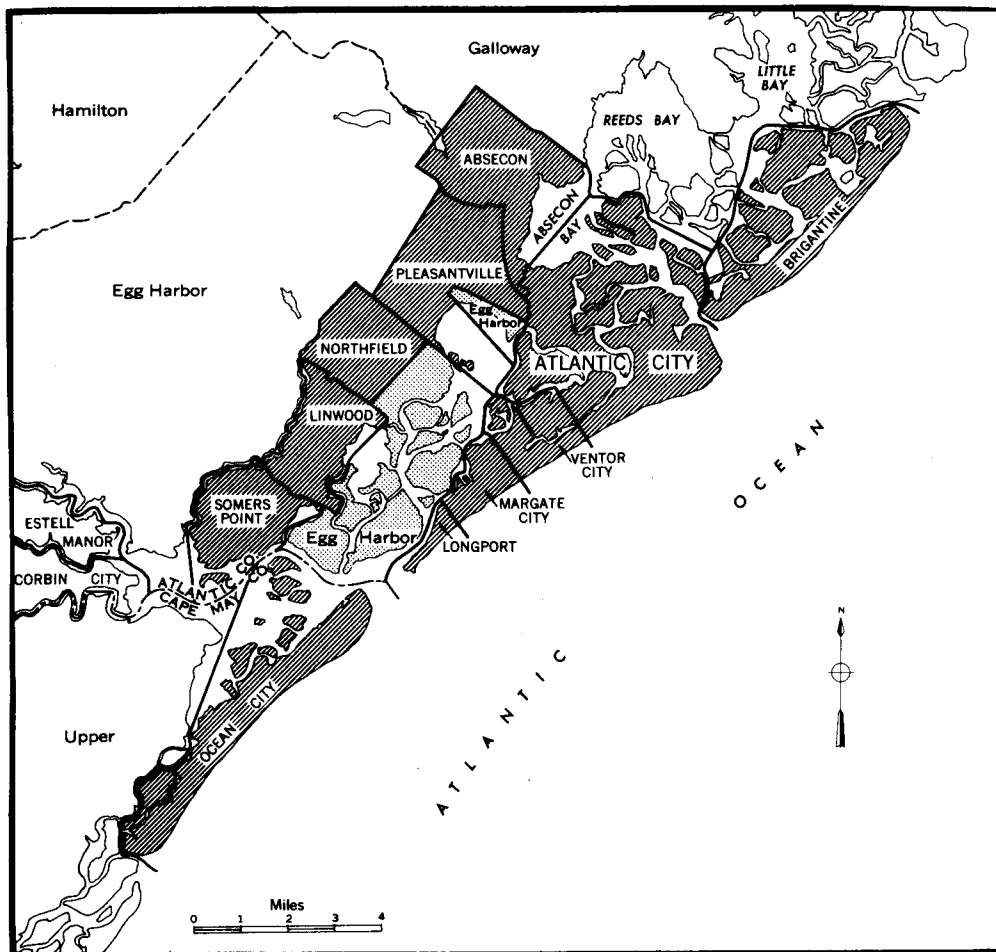
The 1960 population of the HMA was 168,500. Of this total 59,500 lived in Atlantic City, 7,600 in Ocean City, 57,800 in the urbanized suburbs, and 43,600 in the rest of the area.

Atlantic County is located along the southeastern part of New Jersey's long Atlantic coastline. The topography is flat coastal terrain, with a network of offshore islands and waterways leading to the interior of the State. Atlantic City, a renowned resort and convention city, is on Absecon Island, situated about six miles off the New Jersey mainland. Also on the island, which is eight miles long and just slightly more than a mile across at its widest point, are the residential communities of Ventnor, Margate, and Longport, with numerous large summer homes. Ocean City is across the Longport Bridge in Cape May County on another eight-mile long island between the Atlantic Ocean and Great Egg Harbor Bay.

Atlantic City, which is about 55 miles southeast of Philadelphia and 115 miles south of New York City, lies within 300 miles of one-third of the Nation's population. It is the terminus of the mainline of the Pennsylvania-Reading Seashore Line Railroad from Philadelphia. Two bus lines, several truck lines, and one air line (Allegheny) serve the area.

Excellent highways link Atlantic City with Philadelphia, New York, and the other major urban centers of the East. The Atlantic City Expressway provides a new high-speed toll road to Philadelphia. The Garden State Parkway connects with the New Jersey Turnpike and provides expressway facilities to New York City and New England. Route 40 runs from Atlantic City west through Wilmington and connects with the expressways to Baltimore and Washington. A second span for the Delaware Memorial Bridge is planned for completion in 1967 to take care of the accelerating volume of traffic along this route.

ATLANTIC CITY URBANIZED AREA



Source: Bureau of the Census

Last July, the Delaware River and Bay Authority inaugurated auto ferry service between Cape May and Lewes, Delaware. This ferry connects the southern terminus of the Garden State Parkway with Routes 18 and 28 in lower Delaware. With the completion of the Chesapeake Bay Bridge Tunnel between Norfolk and the Eastern Shore of Virginia in April 1964, the new ferry service established the final transportation link in a coastal highway from Maine to Florida.

Current data on the daily flow of workers into and out of the area are not available, but information as of November 1958 was provided in a special study conducted by the New Jersey Division of Employment Security. This study found that 2,897 persons residing in Atlantic County worked outside the area and that 1,699 persons residing outside the county worked inside. Thus, there was a net of 1,198 out-commuters. Other significant findings of the special study were: (1) more than two-thirds of those with year-round employment in Atlantic County lived within five miles of Atlantic City; (2) 541 Atlantic County residents (primarily from Pleasantville, Linwood, and Somers Point--only four from Atlantic City) worked in Cape May County; and (3) 397 Cape May County residents (nearly all from Ocean City) worked in Atlantic County.

Economy of the Area

Character and History

Atlantic City is basically a resort community with major economic activities centered around trade and services. Originally developed as a health resort because of its moderate climate, the area's fame as a vacation-recreational center increased with the construction of the Boardwalk and the numerous piers jutting into the ocean. The decades of greatest growth were 1900-1910 and 1920-1930; the major hotels and other recreational facilities were constructed during these periods.

The community suffered acutely during the depression of the thirties and recovery was slow. Changes in the type of resort visitors occurred and an increasing number of the older accommodations became outmoded. In recent years, however, new motels and other modern accommodations have been constructed at a rapid rate. A total of 6,500 new rooms were built in Atlantic City in the last eight years--either in new motels or as additions to existing hotels. Since 1959, about 800 to 900 new motel units have been constructed each year.

The major industry of the area, tourist trade, is now growing at a rapid rate. The State Department of Conservation estimates that about 21,000,000 people visited Atlantic City in 1963 and that revenues from tourism were over \$850,000,000. Atlantic City accounts for nearly half the tourist business of the state of New Jersey. It has one of the highest dollar volume incomes of any resort city in the world.

The outstanding features that make Atlantic City a great resort community are the climate, the seashore, and the Boardwalk. The weather on this island, six miles at sea and moderated by the Gulf-stream, averages 10 to 15 degrees cooler in the summer and 10 to 15 degrees warmer in the winter than the nearby communities on the mainland. Atlantic City has a wide sandy beach that is a public park. The Boardwalk is a world-famous promenade, 60 feet wide and five miles long. Brightly lighted at night, it has exhibits by the country's leading manufacturers and shops, concessions, and amusements of all types. Rolling chairs for relaxing rides are features of the Boardwalk.

Since it is a popular resort with a wide range of hotel, restaurant, and entertainment facilities, Atlantic City has developed into one of the country's major convention cities. About 400 conventions are held here each year, attracting more than 300,000 persons and about \$60,000,000 in business.

The Atlantic City Convention Hall has a seating capacity of 70,000 persons with 350,000 square feet of exhibit space. It is completely

air-conditioned and equipped with escalators. The Democratic National Convention was held here in August 1964. In December each year, the Liberty Bowl football game is played completely under cover in this large hall. The Miss America Pageant is held here each year.

Also of economic significance is the continued gain in the number of older persons retiring to the Atlantic City area. The major portion of these people formerly lived in Philadelphia, New York, and other nearby urban centers. They vacationed in Atlantic City over the years, became acquainted with the area, and were attracted by the climate, the Boardwalk, and other facilities conducive to comfortable living. In 1960, the Atlantic City Urbanized Area had the second highest percentage of elderly persons in the U. S. -- second only to the St. Petersburg Urbanized Area.

Another factor that contributes to the strength of the local housing market is the increasing use of houses and apartments in Atlantic City as second homes. Since the area has year-round amenities and since seasonal housing rates are extremely high in the summer-time, a large number of families purchase homes or rent apartments on an annual basis just to have them for vacations and weekends. With the new expressways, Atlantic City is only about one-hour's drive from Philadelphia and 2½ hours from New York City.

While Atlantic City is a year-round resort, Ocean City's activities are largely seasonal in nature. Called "America's Greatest Family Resort," Ocean City was founded in 1879 by a group of Methodists. Since it is a resort with a Christian atmosphere, numerous religious conferences and conventions are held here each summer by groups of all faiths. Ocean City has resisted many of the honky-tonk influences that have crept into other vacation spots. It has developed, instead, amusements that appeal to the family trade. Liquor is not sold on the island. Stores and amusement facilities are closed on Sunday. There are free nightly concerts during the summer months.

Ocean City has no industry and only religious conventions are held there. The off-season population of about 8,000 persons consists of the local businessmen, the year-round trade and service workers, and numerous retirees. There is no public transportation during the winter months. A large number of homes are owned by families who use them only as second homes during the summer months. There are practically no apartments rented on a full-time basis for part-time use, as is done in Atlantic City.

Employment

Seasonal Pattern. Since Atlantic City is basically a resort community, employment fluctuates with the seasons. The typical seasonal pattern

is shown in the table below which presents work force, employment and unemployment data as of each of the six months in 1964 for which these figures are reported.

Pattern of Employment in the
Atlantic City SMSA, 1964

<u>Month</u>	<u>Work force</u>	<u>Total employed</u>	<u>Unemployed</u>	
			<u>Number</u>	<u>Percent</u>
January	66,600	56,800	9,800	14.7
March	67,000	58,900 <u>a/</u>	8,100	12.1
May	68,600	64,100	4,500	6.6
July	83,300	79,200	4,100	4.9
September	74,200	70,800	3,400	4.6
November	<u>67,600</u>	<u>62,300</u> <u>a/</u>	<u>5,300</u>	<u>7.8</u>
Average	71,200	65,300	5,900	8.3

a/ Includes persons involved in labor-management disputes.

Source: New Jersey Division of Employment Security.

Employment in Atlantic City rises each year from a low in January to a peak in August. Data for August, however, are not reported in the work force releases of the New Jersey Division of Employment Security. In the summer months, a large number of students and part-time workers migrate into the area for the seasonal jobs. During 1964, as shown above, total employment in the SMSA (Atlantic County) climbed from 56,800 in January to 79,200 in July. Unemployment fell from 9,800 in January to only 3,400 in September. For the six months that were reported, employment averaged 65,300; unemployment, 5,900 or 8.3 percent of the work force.

Trend of Annual Averages. As shown below, the employment average of 65,300 for 1964 was only 200 above the comparable figure for 1963. The average number unemployed remained unchanged from 1962 and 1963. Over the years, however, employment has tended to show a slight rise each year, the only exception being in 1963 when there was a small decline. Although the volume and proportion of unemployment has not changed for three years in a row, the figure is considerably below that for 1961 and prior years.

Civilian Work Force Trends
Atlantic City SMSA, 1956-1964

<u>Annual average</u>	<u>Work force</u>	<u>Total employed</u>	<u>Unemployed</u>	
			<u>Number</u>	<u>Percent</u>
1956	62,800	57,200	5,600	8.9
1957	64,100	57,700	6,400	10.0
1958	66,600	58,700	7,900	11.9
1959	68,800	62,000	6,800	9.9
1960	69,400	63,100	6,300	9.1
1961	70,400	63,700	6,700	9.5
1962	71,200	65,300	5,900	8.3
1963	71,000	65,100	5,900	8.3
1964	71,200	65,300 <u>a/</u>	5,900	8.3

a/ Includes persons involved in labor- management disputes.

Source: New Jersey Division of Employment Security.

Current Estimate. The figure of 62,300 employed workers in November 1964 compares favorably with 61,100 in November of last year. Similarly, the total unemployed this November, 5,300 or 7.8 percent, represents a considerable improvement over November 1963, when the corresponding figures were 6,150 and 9.1 percent.

Atlantic City's resort business in 1964 was affected adversely by two unusual factors. First, while the New York World Fair induced some persons to visit Atlantic City while in the general area, it drew a larger number away from resort vacations. Second, the Democratic National Convention in August did not provide the same amount of business or revenue that would have been received from vacationers during that week in the peak of the season. A marked decline in trade and services developed, because of fear that accommodations would not be available for regular tourists.

Employment by Industry. In line with the resort character of the Atlantic City economy, the major factors in employment are the trade and service industries. In November 1964, as shown in table I, a total of 12,500 persons were employed in wholesale and retail trade and 10,400 in services. Government was next with 7,450 employees, 2,500 federal workers and 4,950 State and local government employees. Manufacturing employment totaled 9,500, of which 3,800 was in the apparel industry.

During the past year, from November 1963 to November 1964, manufacturing employment registered a net increase of 450 workers. Nonmanufacturing

employment was 650 higher than a year ago due to gains in services and contract construction. Total nonagricultural employment was 1,200 above a year ago.

There are relatively few large employers in the Atlantic City area. The largest one is NAFEC--National Aviation Facilities Experimental Center of the Federal Aviation Agency--with about 1,700 employees. This installation's primary mission is to speed the development of air-traffic controls, navigational and communication aids, and other equipment for both commercial and military operations. The other major concerns are the Atlantic City Electric Company, Atlantic City Hospital, Wheaton Plastic Company, Prudential Insurance Company, and W. B. Kessler Company (apparel).

Participation Rate. The ratio of employment to population is termed the participation rate. This ratio is lower in the Atlantic City HMA than in most other areas, because of the large proportion of elderly persons in the area. In 1960, the ratio of employment to population was 36.80 percent; at the present time it is estimated to be 36.13 percent.

Estimated Future Employment

The demand for resort and recreational facilities is expected to rise as population increases and current trends continue toward fewer working hours and longer, more seasonally-varied holidays. The number of older people will accelerate in future years with more of them retiring to areas conducive to comfortable living. Moreover, higher incomes and steady gains in the standard of living contribute to increased resort activity. More people have second homes and time to enjoy life in a resort community.

Atlantic City proper lost population in recent years because a large part of its resort accommodations and housing supply was old and of inferior quality. Efforts to reverse this trend are now under way, and progress has been made, but it will take time to complete the job. The long-term outlook is good, but progress over the next two years probably will be relatively slow.

Last year over 800 new motel units were opened in Atlantic City and many more are planned for 1965. A new 400-unit, 19-story Holiday Inn is under construction on the Boardwalk. The Haddon Hall Hotel is expanding its convention quarters with a new \$2,500,000 addition. Last year \$4,000,000 was spent in improving and modernizing Convention Hall. Completion of the new Atlantic City Expressway together with the Garden State Parkway and other fast highways will link Atlantic City even closer with the Philadelphia and New York areas. These

new highways should result in increased tourism and permit an increasing number of persons to live in Atlantic City and work outside the area.

Moderate employment increases are likely to continue and present indications are that total employment in the area will increase by about 1,000 to 2,000 persons a year over the next two years.

Income

Current median family income in the Atlantic City SMSA is estimated at \$6,175 a year after Federal tax for all families and \$4,675 for renter families. These figures cover all families of two or more persons. They reflect a general increase in the income level of about 25 percent since 1959.

Since this analysis is concerned with the prospective demand for housing over the next two years, estimates of family income have been projected to 1966. By that time, the median family income is expected to reach the level indicated in the table below.

Median Family Income After Federal Tax
Atlantic City SMSA, 1959-1966

<u>Year</u>	<u>All families</u>	<u>Renter families</u>
1959	\$4,925	\$3,750
1964	6,175	4,675
1966	6,600	5,000

Source: 1959 data are based on U. S. Census of Population, with adjustments for underreporting. 1964 and 1966 data are estimated by Housing Market Analyst.

Table II in the appendix presents a distribution by income classes for 1964 and 1966. As may be observed, about 16 percent of all families and 7 percent of the renter families have current incomes in excess of \$10,000 a year after Federal tax.

Demographic Factors

Population

Current Estimate. The population of the Atlantic City HMA reached 181,300 in November 1964, up 12,800, or 7.6 percent, over April 1960.

Past Trend. During the decade of the 1950's the population of the HMA increased by 30,100, or 21.7 percent. Atlantic City registered a net loss of 2,100 persons during the ten-year period, but the rest of Atlantic County showed a net gain of 30,600 and Ocean City expanded by 1,600 persons. The loss of population in Atlantic City while the similar community of Ocean City gained population, reflects the aging inventory of dwelling units within the city, the large number of demolitions, the greater attractiveness of new modern units in the surrounding suburbs, and the tendency of larger households to locate in the suburbs while smaller households more often remain in or move to the central city.

The following table shows the population growth since 1950 for Atlantic City, the balance of Atlantic County, and Ocean City. From 1950 to 1960, there was an average annual increase of about 3,000 persons a year in the HMA. Since 1960, however, the estimated annual growth has dropped slightly to an average of about 2,800 a year. The population of Atlantic City has continued to drop since 1960, but the rate of decline is leveling off. The rest of Atlantic County has added an average of 2,900 persons a year since 1960 and Ocean City has gained slightly less than 100 a year.

Population Trends in the
Atlantic City-Ocean City, New Jersey, Area, 1950-1964

<u>Area</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>November</u> <u>1964</u>	<u>Average annual</u> <u>increase</u>	
				<u>1950-60</u>	<u>1960-64</u>
Atlantic City	61,657	59,544	58,700	-211	-190
Rest of Atlantic County	70,742	101,336	114,600	3,059	2,905
Ocean City	<u>6,040</u>	<u>7,618</u>	<u>8,000</u>	<u>158</u>	<u>85</u>
Total	138,439	168,498	181,300	3,006	2,800

Source: 1950 and 1960 Censuses of Population; 1964 estimated by
Housing Market Analyst.

Estimated Future Population. The population of the Atlantic City HMA will climb to about 186,700 by November 1966. This reflects an average gain of 2,700 a year during the next two years compared with average annual increases of about 3,000 persons a year from 1950 to 1960 and 2,800 a year from 1960 to 1964.

Estimated Population Growth
Atlantic City HMA, 1950-1966

<u>Date</u>	<u>Total</u>	<u>Average annual increase</u>
April 1950	138,439	---
April 1960	168,498	3,000
November 1964	181,300	2,800
November 1966	186,700	2,700

Source: 1950 and 1960, U. S. Censuses of Population.
1964 and 1966, estimated by Housing Market Analyst.

The 65-and-over age group is expected to increase at the rate of about 1,200 persons a year during the next two years or nearly 45 percent of the total population gain.

Natural Increase and Migration. The major components of total population change are natural increase and net migration. Natural increase represents the difference between the number of births and deaths in the resident population. Net migration represents the difference between the number of persons moving into the area and the number leaving. In the Atlantic City HMA, about 33 percent of the growth from 1950 to 1960 was due to the natural increase in population; 67 percent was accounted for by net in-migration (see table III).

The in-migration factor was significant in both suburban Atlantic County and in Ocean City during the 1950's. It accounted for nearly 70 percent of the population increase in the portion of Atlantic County outside of Atlantic City and 94 percent of the population increase in Ocean City. Atlantic City had a net out-migration of 2,594, however, which more than offset the natural increase of only 481, leaving the city with a net loss of 2,113 persons for the ten-year period.

Since 1960, in-migration has continued at a high rate in the HMA as a whole, accounting for two-thirds of the population increase during the April 1960-November 1964 period. All of the net in-migration has been outside of Atlantic City. The city itself

continues to show a net out-migration and, moreover, deaths now exceed births each year. This reflects the relatively large number of persons in the older age groups in Atlantic City. Ocean City also has had a "natural decrease" in population since 1960 but there has been sufficient net in-migration to give Ocean City positive population changes each year.

Distribution by Age Group. The population of the Atlantic City HMA as of 1950 and 1960 is distributed by four broad age groups in table IV. The 20-39 age group showed a decline of about 1,500 persons between 1950 and 1960. This reflects the relatively low birth rates during the depression of the 1930's and the out-migration of younger persons in search of better employment opportunities. All other age groups registered increases that number 16,800 in the under-20 bracket, nearly 6,000 in the 40-64 group and 8,800 in the over-65 class.

The number of persons 65 years of age and over increased at a considerably faster rate than the total population between 1950 and 1960, expanding by 57.4 percent compared with 21.7 percent for all age groups combined. Atlantic City showed an increase of about 3,400 (47.2 percent) elderly persons despite a decline in total population. In the rest of Atlantic County, there was an increase of 4,700 in the elderly population and in Ocean City the rise was nearly 700 (69.8 percent).

As a result of these changes, the proportion of elderly persons to total population rose to 14.4 percent for the HMA as a whole in 1960, one of the highest ratios of any metropolitan area in the country. Within the area, the proportion was 18.0 percent in Atlantic City, 11.6 percent in the rest of Atlantic County, and 21.9 percent in Ocean City. Within the Atlantic City Urbanized Area (see map on page 2), 15.7 percent of the population was in the elderly bracket.

Households

Current Estimate. The total number of households in the Atlantic City HMA reached 59,900 as of November 1964, up 4,900, or 8.9 percent, over April 1960. This percentage is somewhat higher than the corresponding increase in population, reflecting the decline in average household size. More couples, young and old, are living in separate households than in former years and there has been an increase in the number of single persons living alone or sharing a dwelling unit with another single person.

Past Trend. Between 1950 and 1960, the number of households in the HMA increased by 12,800 or 30 percent. In Atlantic City there was a net gain of 1,850 households for the ten-year period. In the rest of the county, the number of households rose by 10,200 during the decade and in Ocean City the increase was about 750.

The following table shows household growth since 1950 for Atlantic City, the rest of Atlantic County, and Ocean City. From 1950 to 1960, the household increase averaged about 1,275 a year in the HMA. Since 1960, however, the annual increase has dropped to an average of about 1,075 a year. Part of the increase in number of households is attributable to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in the 1960.

Household Growth and Average Size
Atlantic City - Ocean City, New Jersey, Area, 1950-1964

	<u>Number of households</u>			<u>Persons per household</u>		
	<u>April 1950</u>	<u>April 1960</u>	<u>November 1964</u>	<u>April 1950</u>	<u>April 1960</u>	<u>November 1964</u>
Atlantic City	19,187	21,021	21,100	2.99	2.75	2.70
Rest of Atlantic County	20,981	31,172	35,700	3.28	3.21	3.18
Ocean City	<u>2,046</u>	<u>2,798</u>	<u>3,100</u>	<u>2.83</u>	<u>2.69</u>	<u>2.55</u>
Total	42,214	54,991	59,900	3.13	3.01	2.97

Source: 1950 and 1960 Censuses of Population;
1964 estimated by Housing Market Analyst.

Household Size. Average household size in the Atlantic City HMA has declined since 1950, as shown in the foregoing table. For the HMA as a whole, the average number of persons per household dropped from 3.13 in 1950 to 3.01 in 1960 and to an estimated 2.97 in November 1964.

The Atlantic City area has a high proportion of one- and two-person families. In 1960, 17.8 percent of all households in the HMA were composed of only one person. Two-person households, however, were the largest single group, accounting for 31.6 percent of all households. As shown in the following table, the number of one- and two-person households was especially high in Atlantic City and Ocean City.

Percentage Distribution of Households by Number of Persons
Atlantic City HMA, 1960

<u>Persons per household</u>	<u>HMA</u>	<u>Atlantic City</u>	<u>Rest of Atlantic County</u>	<u>Ocean City</u>
1 person	17.8	26.0	11.8	21.5
2 persons	31.6	33.0	30.2	36.7
3 persons	18.1	15.1	20.2	16.4
4 persons	15.3	11.7	18.0	12.5
5 persons	9.1	6.9	10.8	7.1
6 persons	4.3	3.6	4.9	3.5
7 or more	<u>3.8</u>	<u>3.7</u>	<u>4.1</u>	<u>2.3</u>
All households	100.0	100.0	100.0	100.0

Source: 1960 Census of Population.

Estimated Future Households. The total number of households in the Atlantic City HMA will climb to about 61,900 by November 1966. This means that the annual rate of increase, which averaged 1,275 new households a year from 1950 to 1960 and about 1,075 a year from 1960 to 1964, is expected to decline slightly to an average of about 1,000 a year during the next two years.

Estimated Household Growth
Atlantic City HMA, 1950-1966

<u>Date</u>	<u>Total</u>	<u>Average annual increase</u>
April 1950	42,214	---
April 1960	54,991	1,275
November 1964	59,900	1,075
November 1966	61,900	1,000

Source: 1950 and 1960, Censuses of Housing.
1964 and 1966, estimated by Housing Market Analyst.

Housing Market Factors

Housing Supply

Current Estimate. As shown in table V, there are 81,900 dwelling units in the Atlantic City HMA as of November 1964. This represents a net addition to the housing stock of 5,800 units since April 1960, the result of 6,300 new units completed less an estimated net loss of 500 units through demolitions, conversions, change of use, etc.

Change 1950 to 1960. During the decade from 1950 to 1960, the housing inventory of the area rose from 55,400 to 76,100, an increase of 20,700. This increase was the net result of an estimated 22,500 units added through new construction and conversions minus 1,800 units lost through demolitions and mergers.

Type of Structure. About 68.8 percent of all housing units in the current inventory are in one-family structures, 16.9 percent are in two- to four-family structures, and 14.3 percent are in structures of five or more units. This represents a smaller proportion of units in two- to four-family structures and slightly larger proportions in single-family and in multifamily buildings than in 1960.

Housing Inventory by Units in Structure Atlantic City HMA, 1960-1964

<u>Type of structure</u>	<u>April 1960</u>	<u>November 1964</u>	<u>Percent of total</u>	
			<u>1960</u>	<u>1964</u>
Total units	76,069	81,900	100.0	100.0
1-family	51,843	56,380	68.2	68.8
2- to 4-family	13,565	13,820	17.8	16.9
5- or-more family	10,661	11,700	14.0	14.3

Source: 1960, Census of Housing;
1964, estimated by Housing Market Analyst.

Year Structure Built. The age of the housing inventory of the Atlantic City HMA is indicated by the fact that over half of the current housing supply was built prior to 1930 and is, therefore, at least 35 years old. As shown below, only 7.7 percent came on the market since the 1960 census; 10.8 percent was completed during the 1955 to 1960 period. Most of the older dwelling units are in Atlantic City proper. The 1960 census revealed that 80.7 percent of all units in the city were completed in 1929 or earlier.

Housing Inventory by Year Structure Built
Atlantic City HMA, 1960-1964

Year structure built	April	November	Percent of total	
	1960	1964	1960	1964
Total units	<u>76,069</u>	<u>81,900</u>	<u>100.0</u>	<u>100.0</u>
April 1960 to October 1964	-	6,331	-	7.7
1955 to March 1960	8,912	8,867	11.7	10.8
1950 to 1954	9,308	9,261	12.2	11.3
1940 to 1949	7,031	6,996	9.3	8.6
1930 to 1939	8,996	8,951	11.8	10.9
1929 or earlier	41,822	41,494	55.0	50.7

Source: 1960, Census of Housing;
1964 estimated by Housing Market Analyst.

Quality of Existing Units. Both the condition of a dwelling unit and the type of plumbing facilities are measures of quality. In the 1960 Census of Housing, the condition of all units was classified as sound, deteriorating, or dilapidated. With respect to the Atlantic City SMSA (excludes Ocean City), 2.8 percent of all units were classified as dilapidated, 10.1 percent as in a deteriorating condition, and 87.1 percent as sound. An aggregate of 6.4 percent (4,131) of the units in the SMSA were substandard to the extent that they either had serious structural defects ("dilapidated") or lacked essential sanitary facilities.

Residential Building Activity

The number of new dwelling units authorized by building permits in the Atlantic City HMA increased steadily from 1,161 in 1960 to 1,972 in 1963, including seasonal units as well as those constructed for year-round occupancy. Most of the increase in new units authorized since 1960 has been due to the sharp rise in multi-family construction. Although permits for new single-family homes rose moderately from 1,121 in 1960 to 1,363 in 1962, the volume dropped sharply to 759 in 1963. With regard to apartment construction, however, the number of new privately-financed units authorized jumped from 213 in 1961 and 185 in 1962 to 1,043 in 1963.

Construction in the first ten months of 1964 was down slightly from the volume in the corresponding period a year ago. Single-family homes were up moderately but multifamily units were down about 200 from the number at the same time last year. At the present time, an estimated 300 single-family units and 1,000 multifamily units are under construction in the area (see table VII).

The new privately-financed dwelling units authorized are distributed geographically in table VIII. Since 1960, a total of 7,585 new dwelling units have been authorized in the HMA. About 35 percent of these were for units on Absecon Island--Atlantic City (1,727), Margate (589), and Ventnor (319). In Ocean City, a total of 622 units were authorized during this period. Other areas of significant activity include Northfield (583), Somers Point (551), Brigantine (372), and Linwood (364).

In addition to the new construction activity, some units are created each year through conversions, while others are lost through demolitions, fires, etc. Since 1960 demolitions and other losses have exceeded conversions by about 100 dwelling units a year in the HMA. Future demolitions will increase because of clearance activities planned in the Uptown Urban Renewal Area. It is anticipated that a total of 900 units will eventually be demolished in this area alone. If these units are removed as expected, and other inventory losses continue to rise as new expressways, commercial structures, and other improvements are put under construction, a total of around 1,200 units will be demolished or lost in the over-all HMA during the next two years.

Tenure of Occupancy

Current Estimate. Of the 81,900 dwelling units in the Atlantic City HMA as of November 1964, about 59,900 were occupied. As shown in table V, 63.6 percent of the occupied units were owner-occupied; 36.4 percent were renter-occupied.

The owner-occupancy ratio has increased steadily since 1950, up from 55.3 percent in 1950 to 62.5 percent in 1960.

Vacancy

As in most resort areas, the housing supply is utilized most intensively during the peak seasonal periods. Gross vacancies tend to be high during the rest of the year, but most of them are in the seasonal units. In April 1960, at the time of the decennial census of housing, there was a total of 21,078 vacant units in the

HMA. However, 18,530 (88 percent) of these were not available for rent or sale, because they were seasonal, dilapidated, rented or sold but not yet occupied, or units held off the market for some other reason. The remaining 2,548, net-available units represented only 3.3 percent of all housing units in the area. Of these available units, 873 were for sale, indicating a homeowner vacancy rate of 2.5 percent. The other 1,675 available units were for rent, representing a rental vacancy rate of 7.5 percent.

Many of the vacant units that were available at the time of the 1960 Census were poor-quality units in older buildings, inadequately converted units, or poorly located units. A substantial proportion were in the Uptown Urban Renewal Area.

Postal Vacancy Survey. A survey of vacancies was conducted during October 1964 by the postal carriers on all routes within the jurisdiction of ten post offices in the Atlantic City area. Occupancy information was obtained on 53,792 dwelling units, representing about 66 percent of all housing units in the HMA.

As shown in table IX, the survey reported an overall vacancy rate of 4.7 percent, with residences showing a 3.5 percent rate and apartments an 8.2 percent rate. In addition, 1,563 units were reported to be under construction, but these were not counted as vacancies. Experience has shown that these surveys frequently include in the under construction category some units not yet started and some units completed but not yet occupied.

It should be noted that postal vacancy data are not entirely comparable to those published by the Bureau of the Census because of differences in definition, in area delineations, and in methods of enumeration. Census reports show units and vacancies by tenure, whereas the postal vacancy surveys show units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mail box). These are principally single-family homes, but they include some duplexes and structures with extra units created by conversion. An "apartment" includes all stops where more than one delivery of mail is possible. These are primarily apartments, but they include some roadside boxes where several deliveries of mail are possible at one stop.

If the postal vacancy survey ratios are adjusted by transferring the estimated number of rented single-family homes, and the corresponding vacancies, from the "residence" to the "apartment" category, the result would be a vacancy ratio of 2.5 percent for owner-occupied units and 7.1 percent for renter units.

Current Estimate. Currently there are approximately 2,400 net available vacant units in the area--nonseasonal, nondilapidated units, available for rent or sale. This represents 2.9 percent of all housing units in the area, a slight decline from the 3.3 percent ratio in April 1960. The net home-owner vacancy rate currently is about 2.1 percent, down from 2.5 percent in 1960. The rental vacancy rate is estimated at 6.8 percent, down from 7.5 percent in 1960 (see table V).

Of the 2,400 vacant units that are currently available in the HMA, about 200 do not have all plumbing facilities. Deducting for these leaves 2,200 available units with all facilities. This represents an excess of about 100 sales units and 100 rental units above the number of vacancies judged to be necessary for a balanced demand-supply relationship. In an area of moderate growth such as Atlantic City, vacancy rates of not more than 1.5 percent for sales housing and 6.0 percent for rental housing are considered adequate to provide a reasonable degree of choice for prospective purchasers and renters.

Submarket Areas. Of the 2,400 available vacant units in the HMA, 850 are in Atlantic City, 1,350 are in the rest of Atlantic County, and 200 are in Ocean City. As shown in the following table, the homeowner vacancy rates currently are approximately 2.0 percent in Atlantic City, 2.0 percent in the rest of Atlantic County, and 2.2 in Ocean City. The current rental vacancy rates average 4.8 percent in Atlantic City, 9.7 percent in the rest of Atlantic County, and 14.3 percent in Ocean City. The high rental vacancy rate in Ocean City reflects the fact that a substantial portion of the units in that city are designed primarily for seasonal use, but are made available the rest of the year on a temporary basis if tenants can be found.

Estimated Number of Vacant Units
Atlantic City HMA, November 1964

<u>Tenure</u>	<u>HMA</u>	<u>Atlantic City</u>	<u>Rest of Atlantic County</u>	<u>Ocean City</u>
Total vacant units	<u>22,000</u>	<u>4,000</u>	<u>9,100</u>	<u>8,900</u>
Available	<u>2,400</u>	<u>850</u>	<u>1,350</u>	<u>200</u>
For sale	800	150	600	50
Homeowner vacancy rate	2.1%	2.0%	2.0%	2.2%
For rent	1,600	700	750	150
Rental vacancy rate	6.8%	4.8%	9.7%	14.3%
Not available	<u>19,600</u>	<u>3,150</u>	<u>7,750</u>	<u>8,700</u>
Seasonal	15,800	2,500	5,900	7,400
Other vacant units	3,800	650	1,850	1,300

Source: Estimated by Housing Market Analyst.

As expected in resort areas, most of the unavailable vacancies represent units being held for seasonal use. In Atlantic City about 2,500 of the current vacancies are seasonal units. This represents about 63 percent of all vacant units within the city. In the rest of Atlantic County, the seasonal units total about 5,900 or 65 percent of all vacant units; in Ocean City, there are about 7,400 seasonal units, 83 percent of all vacancies. Most of the seasonal units in Atlantic County are in the resort communities along the ocean; there are very few inland.

Sales Market

The sales market for new homes in the Atlantic City area slowed down considerably in 1963, but the tempo has picked up somewhat this year. Permits for new single-family homes dropped from 1,363 in 1962 to only 759 in 1963. In the first ten months of this year, however, authorizations were obtained to construct 789 homes, compared with 675 in the same period of 1963. As indicated by these figures, the market has strengthened this year especially for well-designed homes, competitively priced, and in good location.

At the beginning of 1964, the unsold inventory of new homes, discussed in detail below, represented only about 5 percent of all homes completed (in 1963). As a result of the slowdown in

sales activity during 1963, builders have been exercising more caution this year in site selection and design. They are showing a greater tendency to sell from model homes ahead of actual construction. Hence, the unsold inventory remains low even though there has been some increase in the rate of new construction.

A large portion of the new homes built in Ocean City and Brigantine are second homes used seasonally by owners from out of town. Most of the year-round homes are being built in the offshore areas of Northfield, Linwood, Somers Point, and Absecon. There is very little construction of new single-family homes in Atlantic City, because of the shortage of land. In the areas of seasonal activity, the demand appears strongest for homes in the \$12,000 to \$15,000 bracket. In the offshore areas, the primary demand covers a wide range from \$10,000 to \$17,500, although it is strongest in the upper segment of this range. The prevailing price ranges are somewhat higher than a year ago.

Unsold Inventory of New Houses. An annual survey of the unsold inventory of new houses was conducted in the Atlantic City area early in 1964. This survey, covering 26 subdivisions in which five or more new houses were started during the previous year, counted a total of 552 houses completed in 1963 and 207 houses under construction as of January 1, 1964.

Sales Experience
New Houses Completed in 1963
in 26 Subdivisions in the Atlantic City Area

<u>Sales price</u>	<u>Houses completed in 1963</u>	<u>Houses sold before const.</u>		<u>Houses built Total</u>	<u>Houses built speculatively</u>		
		<u>No.</u>	<u>Percent</u>		<u>No. sold</u>	<u>Unsold 1-1-64</u>	
						<u>No.</u>	<u>Pct. of completions</u>
Under \$10,000	65	54	83.1	11	11	-	-
\$10,000-12,499	173	110	63.6	63	61	2	1.2
12,500-14,999	132	91	68.9	41	32	9	6.8
15,000-17,499	107	59	55.1	48	38	10	9.3
17,500-19,999	37	26	70.3	11	8	3	8.1
20,000-24,999	27	16	59.3	11	6	5	18.5
25,000 and over	<u>11</u>	<u>11</u>	<u>100.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	552	367	66.5	185	156	29	5.3

Source: Survey of unsold new homes in 26 subdivisions with five or more new homes completed in 1963, conducted by the Camden Insuring Office of FHA as of January 1, 1964.

Of the 552 houses completed during 1963, about two-thirds were sold before construction was started and one-third were built speculatively. About 55 percent of the completed houses were in the \$10,000 to \$15,000 sales price range. Of the speculatively built houses, only 29 remained unsold as of January 1, 1964. This represented 5.3 percent of all houses completed during the year.

Of the 29 houses unsold as of the survey date, five had been completed less than three months, 15 between four and six months, and nine between seven and twelve months. The survey also revealed that nine houses completed in these subdivisions prior to 1963 were still unsold after more than 12 months. Apparently sales price was not the key factor with regard to these nine homes because three were priced at less than \$10,000 and four were in the \$12,500 to \$15,000 range.

In addition to the completed homes, there were 207 houses under construction in the 26 subdivisions as of January 1, 1964. Some 156 of these had been sold; 51 remained to be sold.

Existing homes sales depend upon location, condition, design, and price. Houses well-located and in good condition sell well. The best market ranges between \$10,000 and \$20,000. There is somewhat of a surplus of older houses selling for less than \$10,000. Existing houses priced at more than \$20,000 have to compete with new homes and sales tend to be sticky.

Rental Market

The rental market in the Atlantic City HMA is in a relatively strong position even though much of the inventory is old and vacancy rates appear relatively high in the off-season. As indicated earlier, many of these off-season vacancies are in units intended for seasonal occupancy. They are made available only for temporary periods, not on a year-round basis. The rental market is especially strong for units located within a couple of blocks of the Boardwalk, including high-rent units that are appropriately designed.

Although there has been a great deal of new construction and upgrading of motels and resort accommodations in Atlantic City in recent years, very few apartments or new rental accommodations have been completed for year-round use. To a large extent, existing rental units are old, somewhat run-down, and tend to be without many of the modern facilities. Because of this, many of the local families desiring to upgrade have purchased homes in the offshore areas in

order to have suitable accommodations. There has been very little to offer prospective retirees from out of town who would like to live in Atlantic City and enjoy the proximity to the Boardwalk and other health and resort facilities.

Recently, however, a large number of new rental units have been put under construction or are being planned. A total of 1,214 rental units are now under construction in the area and FHA applications are being processed for 144 more. This total of 1,358 units in eight projects includes 838 units under FHA, 208 under CFA Section 202, and 312 conventionally-financed units. Four of the projects, Ocean Manor, Margate Towers, Brighton Towers, and Plaza involve high rents. The other four projects will provide units in the low and moderate price brackets.

Other Vacancies. A large portion of the existing vacancies are in the Uptown Urban Renewal Area, in some of the older buildings, and in the units available only during the off-season (occupied by their owners only during the season). Some projects have vacancies that reflect special problems, such as older projects which will lose tenants to the new apartments now under construction. They have excellent locations, but because of their age they may be forced to lower rents somewhat from the present levels when the new projects come on the market.

Sources of Demand. The principal sources of demand for new apartment units in the Atlantic City area are (1) retirees living in the HMA now and those who would move to Atlantic City to be near the Boardwalk and the amenities of the area if suitable housing were available, (2) present residents who would move out of older apartments and homes, (3) residents from Philadelphia and other nearby areas who want a second home in the Atlantic City area for weekends and vacation periods, and (4) present and prospective employees working in the area or commuting to work outside.

Because the market is of this type and because a large number of high-rent units are now under construction or definitely planned, the principal unmet demand is for moderately-priced units.

Mortgage Market

Mortgage money is plentiful in the Atlantic City area for FHA, Va, and conventional loans. Savings and loan association account for the major portion of the current home-finance activities. Prevailing interest rates range from 5½ percent to 6 percent on new homes; slightly higher for existing homes.

Mortgage companies have been the primary source of FHA home financing in the Atlantic City area, providing 43 percent of the loans in the 1961-1963 period, followed by commercial banks, 29 percent; savings and loan associations, 19 percent; savings banks 6 percent; and other lenders, 3 percent.

Urban Renewal

There are four urban renewal projects in the HMA, only one of which has reached the execution stage.

Northside (R-16), Atlantic City's first urban renewal project, is nearly completed. This area, which covers about 40 acres, lies east of Indiana Avenue and extends from Bacharach Boulevard to McKinely Avenue. About 100 substandard dwelling units were removed. A total of 110 new sales houses have been built and sold at prices of \$11,900 to \$14,900. Construction of apartments now planned will complete the renewal work planned in this area.

The Uptown Urban Renewal Project (R-115), also in Atlantic City, is in the planning stage. This area is bounded by Virginia Avenue, Atlantic Avenue, Connecticut Avenue, and the Boardwalk. About 900 units in the existing structures--largely rooming houses, old hotels, and small apartments--will be torn down. Present re-use planning calls for multifamily housing to accommodate families of high and moderate incomes. It is proposed to construct about 1,000 dwelling units in high-rise and garden-type apartments and in town houses. Plans for the area also call for a new street pattern and some recreational and commercial facilities.

The Central City Urban Renewal Project (R-108) in Ocean City and the Old Turnpike Urban Renewal Project (R-91) in Pleasantville are also in the planning stage, but the plans are still indefinite.

Public Housing

There are 958 units of public housing in the HMA, 898 in Atlantic City and 60 in Ocean City. These units are distributed in five projects as follows:

Public Housing Projects, 1937-1964

<u>City and project name</u>	<u>Year of occupancy</u>	<u>Total units</u>
<u>Atlantic City</u>		
Holmes Village	1937	279
Jonathan Pitney Village	1941	333
Stanley S. Holmes Village Ext.	1951	164
Walter J. Busby Homes	1963	122
<u>Ocean City</u>		
Peck's Beach Village	1964	60

Maximum incomes permitted for admission to the public housing units in Atlantic City (limitations for Ocean City not available) vary from \$3,200 for a family of one or two persons to \$4,000 for a family of seven or more. Once in a project, however, the family income can rise to \$4,000 and \$5,000, respectively, before ineligibility occurs. These incomes represent net family incomes after allowable deductions for dependents and amounts received from the United States Government for service-connected disability or death.

Maximum Income Permitted in
Public Housing Projects in Atlantic City, 1964

<u>Persons in family</u>	<u>For admission</u>	<u>Continued occupancy</u>
1 or 2	\$3,200	\$4,000
3 or 4	3,500	4,375
5 or 6	3,800	4,750
7 or more	4,000	5,000

Rental charges for tenants eligible for occupancy in the public housing units vary from \$28 to \$69 per month depending upon the net family income. Incomes of the tenant families living in the projects are checked periodically and in case of change, the rental charges are adjusted accordingly.

Demand for Housing

Quantitative Demand

It was estimated earlier in this report that the total number of households in the Atlantic City HMA would increase by an average of 1,000 per year during the next two years. In addition to new household formations, other factors affect the demand for new dwelling units, including vacancies, housing inventory changes through conversions, demolitions, etc., and the current number of units under construction. These factors will require an estimated 500 net additional units annually in the area, bringing the total estimated quantitative demand to 1,500 new units a year over the next two years. In examining the distribution of the estimated demand for new units, consideration must be given also to the anticipated shift in tenure from owner to renter status each year. Taking all those factors into consideration, it is estimated that 800 units of the total anticipated demand will be for sales units and 700 for rental units.

Geographically, most of the 1,500-unit over-all annual demand will be in Atlantic County, primarily in the urbanized area. Only about 50 units a year will be required in the Ocean City segment for sales and rental housing combined.

Qualitative Demand

Sales Housing. The 800 units of annual demand for sales housing are distributed by price brackets in the table below. This distribution reflects prospective market conditions, effective family incomes, and the proportion of family incomes ordinarily paid for sales housing in the Atlantic City area.

Estimated Annual Demand for New Sales Housing
Atlantic City - Ocean City, New Jersey Area
November 1964 to November 1966

<u>Sales price</u>	<u>Number of Units</u>
Under \$12,000	125
\$12,000 - 13,999	135
14,000 - 15,999	145
16,000 - 17,999	135
18,000 - 19,999	100
20,000 - 24,999	100
25,000 and over	<u>60</u>
Total	800

Source: Estimated by Housing Market Analyst

The preceding distribution shows about 32 percent of the projected annual sales demand in the under-\$14,000 bracket, 48 percent in the \$14,000-\$20,000 bracket and 20 percent in the price range over \$20,000. Acceptable sales housing cannot be produced to sell for less than about \$10,000 in the Atlantic City area.

Rental Housing. It is judged that the minimum gross monthly rents achievable with market interest rate financing in the Atlantic City area at the present time are approximately \$95 for efficiencies, \$105 for one-bedroom units, \$115 for two-bedroom units, and \$125 for three-bedroom units. About 500 of the 700 units of rental demand are expected to fall in the rent range at and above these minimums.

The monthly rentals at which privately-owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. Net additions in these rentals may be accomplished either by (1) new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition, or (2) production of units at higher rentals which competitively effect a filtering of existing accommodations to the rentals specified.

Estimated Annual Demand for Additional Rental Housing
Atlantic City-Ocean City, New Jersey Area
November 1964 to November 1966

<u>Monthly gross rent</u> <u>a/</u>	<u>Number of units</u>			
	<u>Eff.</u>	<u>1-BR</u>	<u>2-BR</u>	<u>3-BR</u>
\$85 and over	60	-	-	-
90 " "	55	285	-	-
95 " "	50	260	245	-
100 " "	47	240	220	110
105 " "	45	220	205	100
110 " "	42	205	190	85
115 " "	40	190	170	75
120 " "	35	160	150	65
125 " "	30	140	130	60
150 " "	15	65	75	35
175 " "	-	35	40	20
200 " "	-	25	25	15
225 " "	-	-	-	10

a/ Gross rent is shelter or contract rent plus the cost of utilities and services.

Note: The figures above are cumulative, i.e., the columns cannot be added vertically. For example, demand for one-bedroom units at \$110 to \$125 is 65 units (205 minus 140).

The figures above are based on gross rents and assume projects that are qualitatively competitive. Rents in projects that do not include heat and utilities must be adjusted accordingly. The market for new rental units depends largely on a number of appeal and convenience factors, including location, design, room sizes, project maintenance, the amenities offered, proximity to public transportation, and shopping facilities.

These rental demand projections assume that the market will continue to absorb rental housing at a rate not much below that of the past few years and much higher than that in any year prior to 1963. At the comparatively high level at which demand is projected, the capacity of the market to absorb units in large multifamily structures, especially in the higher rental ranges, may be quite limited. Continued careful observation of the market will be required to avoid over-building in specific market sectors.

Demand for Rental Housing Among the Elderly

In 1960, the Bureau of the Census collected data on the housing of persons 60 years old and over in each of the SMSA's in the country and in individual cities of 100,000 or more. The coverage, therefore, included the Atlantic City SMSA but excluded the Ocean City segment of the HMA.

The elderly population, 60 years old and over, in the Atlantic City SMSA rose from 31,689 in 1960 to **approximately 36,900 in November 1964**. This was an increase of 5,211 or 16.4 percent, more than double the 7.7 percent rate of increase registered for the total population during the same period. The elderly population is expected to reach 39,600 in November 1966, an increase of 2,700, or 7.3 percent, above the current level.

The 1960 elderly population of the Atlantic City SMSA is distributed by age group in the table below. As may be observed, about 29 percent of all persons 60 years old and over were in the 60-64 age bracket, 27 percent were between 65 and 69, and 44 percent had passed the 70-year mark.

Persons 60 Years Old and Over
Atlantic City SMSA, 1960

<u>Age</u>	<u>Total</u>	<u>In housing units</u>	<u>In group quarters</u>	<u>Percent in group quarters</u>
Persons 60 years and over	31,689	30,266	1,423	4.5
60 to 64 years	9,141	8,647	494	5.4
65 to 69 years	8,617	8,379	238	2.8
70 to 74 years	6,862	6,612	250	3.6
75 and over	7,069	6,628	441	6.2

Source: 1960 Census of Population; and,
Census of Housing of Senior Citizens.

Elderly Households. Of the 31,689 persons 60 years old and over in the Atlantic City SMSA when the 1960 census was taken, 30,266 (95.5 percent) were living in regular housing units. The other 1,423 (4.5 percent) were in groups such as institutions, nursing homes, and hotels.

Of the 30,266 elderly persons living in housing units, 3,629, or 12 percent, resided in dwelling units where the head was under 60 years of age. This group included those sharing households with

children, or other persons under 60, and those where the head member of a married couple was under 60 but the other member was older. The remaining 26,637 elderly persons were in households with heads 60 years old and over. This group represents the primary elderly housing market, consisting of those who maintain their own housing units and have responsibility of their own housekeeping arrangements.

These 26,637 elderly persons 60 years old and over were living in 17,897 households in 1960, distributed as shown in the following table.

Size of Households Containing Persons
Age 60 or over in the Atlantic City SMSA, 1960

<u>Size of household</u>	<u>Number of units</u>	<u>Percentage distribution</u>
SMSA total	<u>17,897</u>	<u>100.0</u>
1-person	5,387	30.1
2-person	8,496	47.5
3-person	2,329	13.0
4-persons or more	1,685	9.4

As shown in the table, nearly half of the elderly households contained two persons, about 30 percent had only one person, and the rest contained three or more persons.

Despite recent rises, the incomes of elderly renter households in the Atlantic City area are quite low. The median household income after tax has risen from \$2,300 in 1959 to an estimated \$2,800 in 1964; it is expected to reach about \$2,975 by 1966.

There is a wide disparity between the household incomes of elderly single-person families and elderly families of two or more persons. As shown in the following table, the current median income of one-person elderly renter households is only \$1,525. In the case of two-or more-person households, however, the median is \$3,250.

Median Household Income
for Renter Households with Members 60 Years Old and Over
Atlantic City SMSA, 1959-1966

<u>Number of persons</u>	<u>Median income after tax</u>		
	<u>1959</u>	<u>1964</u>	<u>1966</u>
All elderly renter households	<u>\$2,300</u>	<u>\$2,800</u>	<u>\$2,975</u>
1-person households	1,225	1,525	1,625
2-or more-person households	2,650	3,250	3,475

Source: 1959 data based on 1960 Census of Housing of Senior Citizens, with adjustments for underreporting. 1964 and 1966 data are estimated by Housing Market Analyst.

In addition to these reported incomes, other factors are significant in connection with the potential demand for new housing among elderly households. These include such financial items as the use of accumulated savings or assets to meet current living expenses, the possibility of financial assistance from children or other relatives, and the fact that rent-income ratios ordinarily are high among the elderly. These factors are difficult to evaluate, however.

Estimates of Demand. Rental housing designed for elderly persons may be either conventional-type housing with a minimum of services and special facilities, (although special features such as grab bars, non-slip floors, wide doors, etc. may be included) or the type that provides special services and amenities in addition to mere shelter. The latter type is designed to meet the special needs of elderly persons and provides a variety of special items such as meals, medical and clinical facilities, nursing and medical services, and supervised recreational programs.

Competitive market factors must be taken into consideration in examining the demand for elderly housing. The extent to which rental projects designed for the elderly will be able to compete successfully with other projects will depend upon the range of services and facilities offered and on the rates charged. Elderly projects that offer only minimum services and facilities will be in competition with all conventional-type rental housing in the area.

Giving consideration to these factors, to the generally low incomes of elderly persons in the area and the anticipated growth factors, the annual demand by the elderly for new rental units of the conventional type, without any special services, is estimated at about 150 a year for the entire HMA. These units will represent part of of the over-all rental demand discussed previously in this report.

In contrast, those projects that offer a wide range of services and have appropriate facilities and amenities for the elderly will command a better market among this group. The availability of such features as an infirmary, diagnostic and nursing services when needed, a central dining room, maid service, game rooms, recreational and light shopping facilities, give such projects something that is not offered in typical apartments. This is especially significant because the demand for housing designed to meet the needs of the elderly may be expected to originate largely among persons of more advanced years-- 70 years and older--widowers or single persons and those in declining physical health. The rents charged for these especially designed projects will, of course, have to reflect the extra services and amenities offered.

The extent of the demand for especially designed housing for the elderly with special services will depend upon the extent of the services provided. Since very little such housing is now available, it is anticipated that any projects of this type will tap a largely unsatisfied market; the demand is in the nature of a backlog and not an annual increment. After the backlog has been worked off, the annual increments of demand will depend upon growth factors.

APPENDIX TABLES

Table I

Nonagricultural Employment by Industry
Atlantic City SMSA, 1961-1964

<u>Industry</u>	<u>Nov</u> <u>1961</u>	<u>Nov</u> <u>1962</u>	<u>Nov</u> <u>1963</u>	<u>Nov</u> <u>1964</u>
Total nonag. employment	<u>58,600</u>	<u>59,900</u>	<u>58,800</u>	<u>60,000</u> <u>a/</u>
Manufacturing	<u>8,600</u>	<u>8,750</u>	<u>9,050</u>	<u>9,500</u> <u>a/</u>
Durable goods	<u>2,100</u>	<u>2,000</u>	<u>2,050</u>	<u>2,000</u> <u>a/</u>
Foods	<u>1,450</u>	<u>1,600</u>	<u>1,700</u>	<u>1,800</u>
Apparel	<u>3,550</u>	<u>3,550</u>	<u>3,700</u>	<u>3,800</u>
Rubber and plastics	<u>700</u>	<u>850</u>	<u>750</u>	<u>1,050</u>
Printing and publishing	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
Chemicals	<u>300</u>	<u>250</u>	<u>300</u>	<u>300</u>
Other	<u>100</u>	<u>100</u>	<u>150</u>	<u>150</u>
Nonmanufacturing	<u>39,200</u>	<u>40,800</u>	<u>39,750</u>	<u>40,400</u>
Wholesale & retail trade	<u>12,500</u>	<u>12,900</u>	<u>12,500</u>	<u>12,500</u>
Services	<u>9,700</u>	<u>10,500</u>	<u>10,000</u>	<u>10,400</u>
Government	<u>7,100</u>	<u>7,300</u>	<u>7,400</u>	<u>7,450</u>
Trans., comm., & util.	<u>3,750</u>	<u>3,850</u>	<u>3,600</u>	<u>3,400</u>
Contract construction	<u>3,200</u>	<u>3,250</u>	<u>3,200</u>	<u>3,600</u>
Fin., ins., & real estate	<u>2,800</u>	<u>2,800</u>	<u>2,850</u>	<u>2,850</u>
Other	<u>150</u>	<u>200</u>	<u>200</u>	<u>200</u>
Other nonag. empl. <u>b/</u>	<u>10,800</u>	<u>10,350</u>	<u>10,000</u>	<u>10,100</u>

a/ Includes 400 workers involved in labor-management disputes.

b/ Self-employed, unpaid family workers, and domestics in private households.

Source: New Jersey Division of Employment Security.

Table II

Estimated Percentage Distribution of Family Income After Federal Tax^{a/}
Atlantic City SMSA, November 1964 and November 1966

<u>Annual income</u>	<u>1964</u>		<u>1966</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under - \$3,000	17	28	15	26
\$ 3,000 - 3,999	8	12	8	12
4,000 - 4,999	11	15	10	11
5,000 - 5,999	12	12	10	14
6,000 - 6,999	11	10	11	10
7,000 - 7,999	10	7	11	8
8,000 - 8,999	9	6	9	6
9,000 - 9,999	6	3	6	4
10,000 - 11,499	6	3	7	4
11,500 - 12,999	4	1	5	1
13,000 - 14,999	2	1	3	1
15,000 and over	<u>4</u>	<u>2</u>	<u>5</u>	<u>3</u>
Total	100	100	100	100
Median	\$6,175	\$4,675	\$6,600	\$5,000

^{a/} Covers two- or more-person families

Source: Estimated by Housing Market Analyst.

Table III

Natural Increase and Migration
Atlantic City - Ocean City Area, 1950-1964

<u>Item</u>	<u>April 1950 to April 1960</u>	<u>April 1960 to November 1964</u>
Atlantic City - Ocean City Area		
Population increase	<u>30,059</u>	<u>12,802</u>
Natural increase	9,830	4,286
Net migration-Number	20,229	8,516
Percent	67.3%	66.5%
Atlantic City		
Population increase	<u>-2,113</u>	<u>-844</u>
Natural increase	481	-338
Net migration-Number	-2,594	-506
Percent	-	-
Rest of Atlantic County		
Population increase	<u>30,594</u>	<u>13,264</u>
Natural increase	9,257	4,813
Net migration-Number	21,337	8,451
Percent	69.7%	63.7%
Ocean City		
Population increase	<u>1,578</u>	<u>382</u>
Natural increase	92	-189
Net migration-Number	1,486	571
Percent	94.2%	149.5%

Source: 1950 and 1960 Censuses of Population; New Jersey Division of Vital Statistics and Administration; estimates of Housing Market Analyst.

Table IV

Age Distribution of the Population
Atlantic City - Ocean City Area, 1950 - 1960

<u>Age</u>	<u>1960</u>	<u>1950</u>	<u>Increase</u>	
			<u>Number</u>	<u>Percent</u>
Area total	<u>168,498</u>	<u>138,439</u>	<u>30,059</u>	<u>21.7</u>
Under 20 years	<u>54,532</u>	<u>37,752</u>	<u>16,780</u>	<u>44.4</u>
20 to 39 years	<u>37,830</u>	<u>39,365</u>	<u>-1,535</u>	<u>-3.9</u>
40 to 64 years	<u>51,917</u>	<u>45,939</u>	<u>5,978</u>	<u>13.0</u>
65 and over	<u>24,219</u>	<u>15,383</u>	<u>8,836</u>	<u>57.4</u>
Atlantic City	<u>59,544</u>	<u>61,657</u>	<u>-2,113</u>	<u>-3.4</u>
Under 20 years	<u>16,641</u>	<u>14,959</u>	<u>1,682</u>	<u>11.2</u>
20 to 39 years	<u>12,578</u>	<u>17,175</u>	<u>-4,597</u>	<u>-26.8</u>
40 to 64 years	<u>19,581</u>	<u>22,224</u>	<u>-2,643</u>	<u>-11.9</u>
65 and over	<u>10,744</u>	<u>7,299</u>	<u>3,445</u>	<u>47.2</u>
Rest of Atlantic County	<u>101,336</u>	<u>70,742</u>	<u>30,594</u>	<u>43.2</u>
Under 20 years	<u>35,751</u>	<u>21,283</u>	<u>14,468</u>	<u>68.0</u>
20 to 39 years	<u>23,873</u>	<u>20,722</u>	<u>3,151</u>	<u>15.2</u>
40 to 64 years	<u>29,908</u>	<u>21,637</u>	<u>8,271</u>	<u>38.2</u>
65 and over	<u>11,804</u>	<u>7,100</u>	<u>4,704</u>	<u>66.3</u>
Ocean City	<u>7,618</u>	<u>6,040</u>	<u>1,578</u>	<u>26.1</u>
Under 20 years	<u>2,140</u>	<u>1,510</u>	<u>630</u>	<u>41.7</u>
20 to 39 years	<u>1,379</u>	<u>1,468</u>	<u>-89</u>	<u>-6.1</u>
40 to 64 years	<u>2,428</u>	<u>2,078</u>	<u>350</u>	<u>16.8</u>
65 and over	<u>1,671</u>	<u>984</u>	<u>687</u>	<u>69.8</u>
Percent 65 & over--total	<u>14.4%</u>	<u>11.1%</u>		
Atlantic City	<u>18.0</u>	<u>11.8</u>		
Rest of Atlantic County	<u>11.6</u>	<u>10.0</u>		
Ocean City	<u>21.9</u>	<u>16.3</u>		

Source: 1950 and 1960 Censuses of Population.

Table V

Occupancy Status of Housing Units
Atlantic City-Ocean City, New Jersey, Area, 1950-1964

<u>Occupancy status</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>November</u> <u>1964</u>
All housing units	55,412	76,069	81,900
Occupied	<u>42,214</u>	<u>54,991</u>	<u>59,900</u>
Owners	23,361	34,364	38,100
Renters	18,853	20,627	21,800
Percent owner occupied	55.3%	62.5%	63.6%
Percent renter occupied	44.7%	37.5%	36.4%
Total vacant units	<u>13,198</u>	<u>21,078</u>	<u>22,000</u>
Not available ^{a/}	11,982	18,530	19,600
Available	1,216	2,548	2,400
Percent of all units	2.2%	3.3%	2.9%
For sale	382	873	800
Homeowner vacancy rate	1.6%	2.5%	2.1%
For rent	834	1,675	1,600
Rental vacancy rate	4.2%	7.5%	6.8%

^{a/} Includes units rented or sold but not yet occupied, units held off the market, seasonal units and dilapidated units.

Source: 1950 and 1960 Censuses of Housing;
1964 estimated by Housing Market Analyst.

Table VI

Units Dilapidated or
Lacking Essential Plumbing Facilities
Atlantic City SMSA, 1960

<u>Occupancy</u> <u>status</u>	Number of units dilapidated ^{a/} or lacking essential <u>plumbing facilities</u> ^{b/}	Percent of all <u>units</u>
Owner occupied	1,407	4.4
Renter occupied	1,420	7.1
Vacant	<u>1,304</u>	<u>10.5</u>
Total	4,131	6.4

a/ For the purpose of the 1960 Census of Housing, dilapidated housing "has critical defects, or has a combination of intermediate defects sufficient in number or extent to require considerable repair or rebuilding, or is of inadequate original construction. The defects are so critical or so widespread that the structure should be extensively repaired, rebuilt, or torn down."

b/ Units lacking some or all of the following: hot and cold water, flush toilet, and bathtub (or shower) for the exclusive use of the occupants.

Source: 1960 Census of Housing.

Table VII

New Dwelling Units Authorized by Building Permits
Atlantic City - Ocean City, New Jersey, Area, 1950-1964

<u>Period</u>	<u>Total all units</u>	<u>Publicly financed units</u>	<u>Privately financed units</u>			
			<u>Total</u>	<u>One family</u>	<u>2 - 4 family</u>	<u>5-or more- family</u>
Year:						
1950	3,299	164	3,135	<u>a/</u>	<u>a/</u>	<u>a/</u>
1951	3,013	122	2,891	<u>a/</u>	<u>a/</u>	<u>a/</u>
1952	1,638	-	1,638	<u>a/</u>	<u>a/</u>	<u>a/</u>
1953	1,489	-	1,489	<u>a/</u>	<u>a/</u>	<u>a/</u>
1954	2,046	-	2,046	<u>a/</u>	<u>a/</u>	<u>a/</u>
1955	1,958	-	1,958	<u>a/</u>	<u>a/</u>	<u>a/</u>
1956	1,767	-	1,767	<u>a/</u>	<u>a/</u>	<u>a/</u>
1957	1,224	-	1,224	<u>a/</u>	<u>a/</u>	<u>a/</u>
1958	1,191	-	1,191	<u>a/</u>	<u>a/</u>	<u>a/</u>
1959	1,314	-	1,314	<u>a/</u>	<u>a/</u>	<u>a/</u>
1960	1,161	-	1,161	1,121	40	-
1961	1,396	-	1,396	1,124	59	213
1962	1,647	-	1,647	1,363	99	185
1963	1,972	60	1,912	759	110	1,043
10 months:						
1963	1,681	60	1,621	675	94	852
1964	1,469	-	1,469	789	48	632

a/ Breakdown of data by type of structure not available.

Source: Bureau of the Census, Construction Report, C40;
New Jersey Department of Conservation and Economic Development;
local building inspectors.

Table VIII

Geographic Distribution of
Privately Financed Dwelling Units Authorized by Building Permits
Atlantic City - Ocean City, New Jersey, Area, 1950-1964

<u>Period</u>	<u>Area total</u>	<u>Abse- con</u>	<u>Atlantic City</u>	<u>Brigan- tine</u>	<u>Lin- wood</u>	<u>Mar- gate</u>	<u>North- field</u>	<u>Ocean City</u>	<u>Pleasant- ville</u>	<u>Somers Point</u>	<u>Vent- nor</u>	<u>Rest of County</u>
Year:												
1950	3,135	51	817	347	62	274	113	342	217	59	66	787
1951	2,891	56	544	223	42	632	65	250	340	56	76	607
1952	1,638	50	157	168	39	219	45	245	98	62	33	522
1953	1,489	55	19	183	73	225	47	312	67	35	32	441
1954	2,046	54	52	248	87	208	76	387	109	78	45	702
1955	1,958	101	108	245	105	130	93	330	74	94	35	643
1956	1,767	107	52	216	96	184	76	240	90	110	91	505
1957	1,224	39	65	178	37	66	70	203	41	49	47	429
1958	1,191	44	51	121	50	58	89	144	32	101	49	452
1959	1,314	71	49	111	69	80	140	117	41	97	45	494
1960	1,161	60	47	112	92	68	148	97	25	74	20	418
1961	1,396	46	215	96	74	169	119	131	34	92	60	360
1962	1,647	65	351	68	82	71	124	147	43	99	40	557
1963	1,912	55	536	39	54	223	113	117	18	171	74	512
10 months:												
1963	1,621	49	522	31	43	42	103	88	18	163	74	488
1964	1,469	50	578	57	62	58	79	130	34	115	125	181

Source: Bureau of the Census, Construction Reports, C40;
New Jersey Department of Conservation and Economic Development;
local building inspectors.

Table IX

Atlantic City, New Jersey Area Postal Vacancy Survey

October 21-29, 1964

Postal Area	TOTAL RESIDENCES AND APARTMENTS						RESIDENCES						APARTMENTS						HOUSE TRAILERS		
	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	53,792	2,541	4.7	2,294	247	1,563	40,209	1,422	3.5	1,249	173	338	13,583	1,119	8.2	1,045	74	1,225	385	38	9.9
Atlantic City	26,478	1,106	4.2	1,049	57	1,213	14,790	503	3.4	472	31	52	11,688	603	5.2	577	26	1,161	-	-	-
Main Office	16,139	970	6.0	940	30	741	7,315	406	5.6	386	20	16	8,824	564	6.4	554	10	725	-	-	-
Branches:																					
Margate	4,418	45	1.0	45	-	204	4,261	45	1.1	45	-	23	157	-	-	-	-	181	-	-	-
Ventnor	5,921	91	1.5	64	27	268	3,214	52	1.6	41	11	13	2,707	39	1.4	23	16	255	-	-	-
Suburban Area	27,314	1,435	5.3	1,245	190	350	25,419	919	3.6	777	142	286	1,895	516	27.2	468	48	64	385	38	9.9
Absecon	2,749	91	3.3	72	19	42	2,713	77	2.8	58	19	42	36	14	38.9	14	-	-	14	4	28.6
Brigantine	2,640	205	7.8	163	42	30	2,459	77	3.1	69	8	15	181	128	70.7	94	34	15	-	-	-
Egg Harbor City	2,713	92	3.4	73	19	21	2,611	78	3.0	69	9	10	102	14	13.7	4	10	11	16	-	-
Linwood	1,670	47	2.8	37	10	25	1,665	45	2.7	35	10	25	5	2	40.0	2	-	-	9	-	-
Mays Landing	2,069	97	4.7	85	12	31	2,055	88	4.3	76	12	31	14	9	64.3	9	-	-	15	1	0.7
Northfield	2,371	81	3.4	57	24	39	2,333	74	3.2	50	24	39	38	7	18.4	7	-	-	-	-	-
Ocean City	4,433	385	8.7	357	28	51	3,729	175	4.7	150	25	44	704	210	29.8	207	3	7	-	-	-
Pleasantville	6,595	361	5.5	342	19	70	5,844	236	4.0	217	19	46	751	125	16.6	125	-	24	329	33	10.0
Somers Point	2,074	76	3.7	59	17	41	2,010	69	3.4	53	16	34	64	7	10.9	6	1	7	2	-	-

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, and public housing units and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA Postal Vacancy Survey conducted by cooperating postmasters.