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Benton Harbor-St. Joseph, Mich.
1967

Analysis of the
**BENTON HARBOR-ST. JOSEPH,
MICHIGAN
HOUSING MARKET**

as of May 1, 1967

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

December 1967

ANALYSIS OF THE
BENTON HARBOR-ST. JOSEPH, MICHIGAN, HOUSING MARKET
AS OF MAY 1, 1967

Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
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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 be differences of opinion, of course, 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 and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
BENTON HARBOR-ST. JOSEPH, MICHIGAN, HOUSING MARKET
AS OF MAY 1, 1967

Summary and Conclusions

1. The Michigan Employment Security Commission reported that nonagricultural wage and salary employment in the Benton Harbor-St. Joseph area totaled 51,900 in April 1967, a gain of 7,800 over the April 1960 total. Of the increase, manufacturing industries accounted for 4,700 and nonmanufacturing industries accounted for the remaining 3,100. Of the increase in nonmanufacturing since 1960, nearly 65 percent has occurred in trade and service industries. During the two-year period between May 1, 1967 and May 1, 1969, employment is expected to increase by about 1,000 jobs a year.

In the HMA, the highest unemployment rate was experienced in April 1961, when 7.8 percent of the work force was jobless. The lowest rate, 3.0 percent, occurred in April 1966. The fact that the unemployment rate has increased to 4.6 percent in April 1967 indicates a lower rate of economic expansion in the April 1966-1967 period than in the preceding year.

2. Median annual incomes, after deduction of federal income tax, were about \$7,450 for all nonfarm families and \$6,350 for nonfarm renter households of two persons or more in May 1967. It is expected that median after-tax incomes will increase to \$7,850 for all nonfarm families and \$6,700 for nonfarm renter households by May 1969.
3. As of May 1, 1967, the nonfarm population of the Benton Harbor-St. Joseph HMA totaled 155,100, an increase of 2,800 persons (2.0 percent) annually since April 1960. About 30 percent of the nonfarm population, or 45,800 persons, reside in the principal cities of Benton Harbor, St. Joseph, and Niles. Population growth has been concentrated in the suburbs. By May 1, 1969, the nonfarm population of the HMA is expected to total 160,400, reflecting an anticipated gain of 2,650 persons during each of the next two years.
4. At the time of this report, there were 45,850 nonfarm households in the HMA, an average increase of 825 households annually since April 1, 1960. About 33 percent, or 15,025 households, were located in Benton Harbor, St. Joseph, and Niles. By the end of the forecast period, nonfarm households in the HMA are expected to total 47,350, a gain of 750 a year.

5. There were about 55,100 nonfarm housing units in the Benton Harbor-St. Joseph HMA, a net addition to the nonfarm housing stock of about 5,650 units since April 1960. This net gain resulted from the construction of about 6,150 new dwellings and the loss of 500 units by demolition, fire, conversion, and other inventory changes. Virtually all residential building activity is covered by building permits. Since January 1960, about 6,325 private housing units have been authorized by building permits. About 90 percent of these units were in single-family structures, five percent were in two- to four-unit structures, and five percent were in structures with five units or more. There are about 175 private dwelling units under construction in the HMA, including 150 single-family units and 25 units of multifamily housing.
6. As of May 1, 1967, there were about 1,000 vacant housing units available for sale or rent in the Benton Harbor-St. Joseph area. Of the vacant units, 400 were available for sale, a homeowner vacancy rate of 1.2 percent, and 600 were available for rent, a renter vacancy rate of 4.8 percent. These vacancy ratios indicate a slight reduction in the sales vacancy rate and a significant decline in the renter vacancy rate since April 1960.
7. Based on the expected increase of 750 households during each of the next two years and on prospective levels of home demolitions in the HMA, demand for new privately-financed housing in the forecast period will approximate 900 units annually, including 650 single-family houses and 250 units of multifamily housing; about 100 units of the multifamily demand will require some form of public benefits or assistance. This demand estimate excludes public low-rent and rent-supplement accommodations.

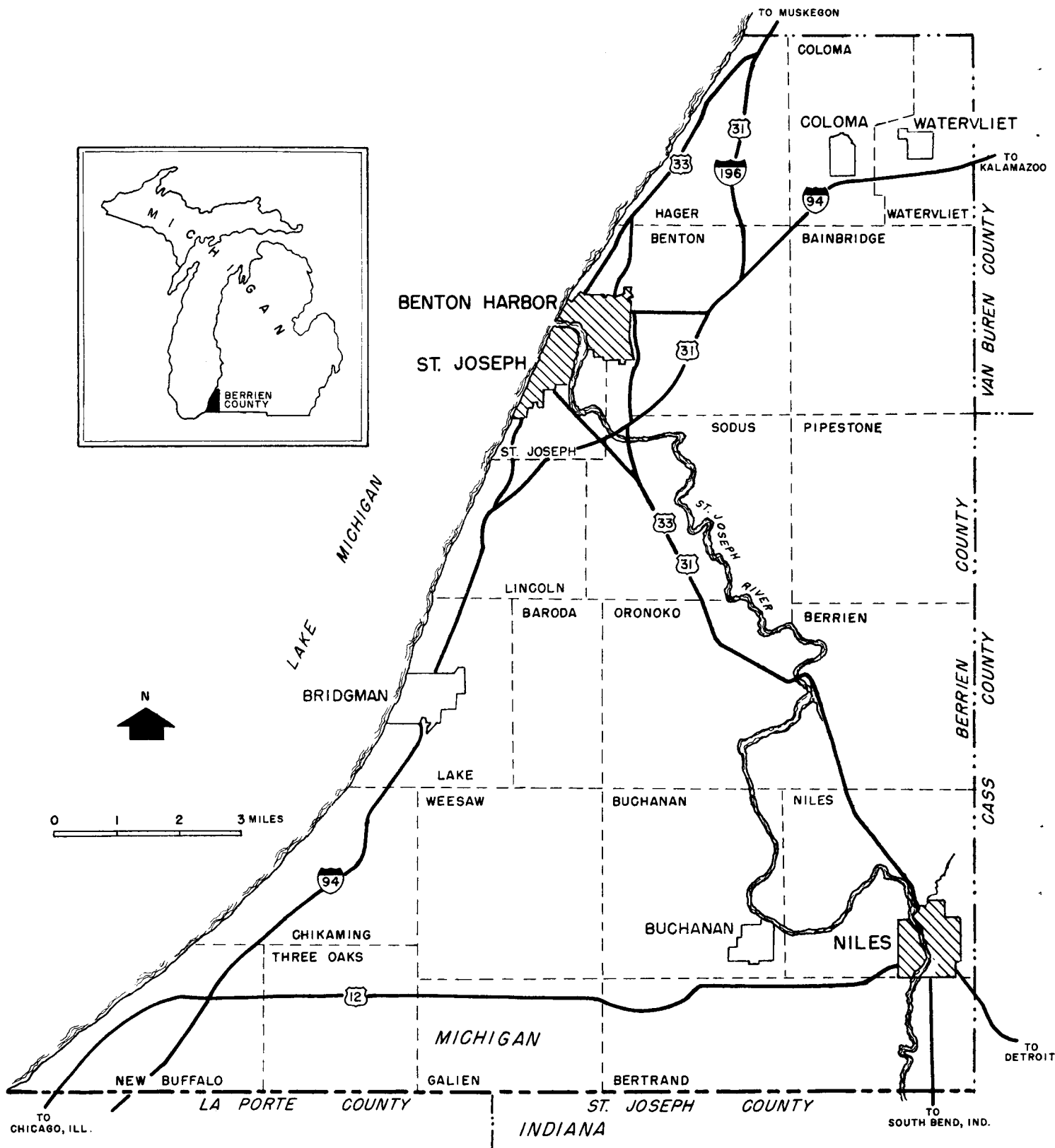
ANALYSIS OF THE
BENTON HARBOR-ST. JOSEPH, MICHIGAN, HOUSING MARKET
AS OF MAY 1, 1967

Housing Market Area

The Benton Harbor-St. Joseph, Michigan, Housing Market Area (HMA) is situated in the southwestern corner of Michigan; it is bounded on the south by the Indiana border and on the west by Lake Michigan. Van Buren and Cass Counties, Michigan, form the northern and eastern boundaries. The area is coterminous with Berrien County.

Since the rural farm population constituted 9.8 percent of the population of Berrien County in April 1960, all demographic and housing data used in this analysis exclude the rural farm component, except where specifically noted. In April 1960, the nonfarm population of the HMA was 135,200, of whom only one-third lived in the three principal cities of Benton Harbor (1960 population, 19,100), St. Joseph (1960 population, 11,750), and Niles (1960 population, 13,850). Benton Harbor and St. Joseph are twin cities situated on the Lake Michigan shore. Niles is located 25 miles southeast of Benton Harbor-St. Joseph, about five miles from the Indiana state line (see map). In addition, there are four small cities in the HMA (Bridgman, Buchanan, Coloma, and Watervliet), none of which had a population exceeding 5,400 in 1960.

BENTON HARBOR - ST. JOSEPH, MICHIGAN HOUSING MARKET AREA



Employment

Current Estimate. Nonagricultural employment in the HMA totaled 59,000 in April 1967, including 51,900 wage and salary workers and 7,100 employees in other types of nonagricultural jobs, according to the Michigan Employment Security Commission. In addition, about 3,300 persons were employed in agricultural jobs. Table I presents civilian work force components for the month of April since 1960, including unemployment and agricultural and nonagricultural employment.

Past Trend. Except for the period between April 1960 and 1961, a time of national economic recession, and between April 1964 and 1965 when 2,100 workers were involved in labor-management disputes, non-agricultural wage and salary employment has increased from year to year, as shown in the following table.

Trend of Nonagricultural Wage and Salary Employment
Benton Harbor-St. Joseph, Michigan, HMA
For the Month of April, 1960-1967

<u>Date</u>	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>	<u>Total</u>	<u>Total change</u>	
				<u>Number</u>	<u>Percent</u>
April 1960	22,900	21,200	44,100	-	-
" 1961	21,600	21,300	42,800	-1,300	-2.9
" 1962	22,300	22,000	44,200	1,400	3.3
" 1963	23,400	22,200	45,600	1,400	3.2
" 1964	23,900	22,200	46,100	500	1.1
" 1965	22,800	22,800	45,600	-500	-1.1
" 1966	27,000	23,400	50,400	4,800	10.5
" 1967	27,600	24,300	51,900	1,500	3.0

Source: Michigan Employment Security Commission.

Employment by Industry. Since 1960, employment in manufacturing has accounted for about half of total nonagricultural wage and salary employment, but the dependence on manufacturing contributes to variations in the level of employment. Since 1960, changes in manufacturing employment have ranged from a loss of 1,300 between April 1960 and April 1961, a period of national economic recession, to a gain of 4,200 from April 1965 to April 1966 (see table II).

Between April 1960 and April 1967, manufacturing employment increased by 4,700 jobs. The Largest growth has occurred in the transportation equipment industry, which is dominated by the Clark Equipment Company. During the 1960-1967 period, transportation equipment employment increased by 1,500. (The decline in this industry in 1965 was the result of a labor-management dispute at Clark Equipment Company.) Since 1960, there have been employment increases of 700 in the primary metals industry, 700 in the nonelectrical machinery industry, and 1,000 in the electrical machinery industry. These gains resulted from employment growth in several firms, including the V-M Corporation, the Heath Company, and the Whirlpool Corporation.

Employment in nonmanufacturing industries has increased by 3,100 over the April 1960-April 1967 period. Nearly 65 percent of this growth occurred in trade and services. With the exception of government employment which has increased by 600, employment growth in the remaining non-manufacturing industries has been nominal.

The narrow strip of land along the eastern shore of Lake Michigan has a climate and soil ideal for fruit production. The Michigan Fruit Belt ranks among the leaders in the production of various tree crops such as apples, pears, cherries, peaches, and plums. The HMA is the home of the world's largest "cash-to-grower" market, the Benton Harbor Fruit Market, with annual sales of over ten million dollars. During the peak summer months, 39,000 migrant workers harvest fruit and vegetables in the area.

Employment Participation Rate. The employment participation rate (ratio of nonagricultural employment to population) in the Benton Harbor-St. Joseph HMA is estimated at 33.5 percent. In comparison, the 1960 participation rate was 33.1 percent, indicating that employment has increased at a more rapid rate than population. In 1960, female employment accounted for 32.4 percent of the total and, although current data are not available, it is estimated that women account for an increasing portion of total employment. A significant proportion of the women workers are second wage earners of households; for that reason, their influence on population growth is considerably less than that of workers who are heads of households. Over the next two years, it is expected that the recent pattern of employment will continue and that the employment participation rate will reach about 33.6 percent by May 1969.

Principal Employment Sources

The major manufacturing firms in the HMA are listed in table III. The Clark Equipment Company is the largest employer, with three plants in the HMA. Employment at the plants in Benton Harbor and Niles has remained stable since 1960, but there has been an increase in jobs at the transportation equipment plant in Buchanan. Continued growth is expected to occur at this location throughout the forecast period. While no other manufacturing firm in the area has experienced growth comparable to that of Clark Equipment, employment has increased in nearly every company since 1960 and continued gains are expected.

Unemployment

The highest unemployment rate in recent years in this area was reported in April 1961, when 7.8 percent of the work force was jobless. The lowest rate, 3.0 percent, occurred in April 1966. The fact that the unemployment rate has increased to 4.6 percent in April 1967 indicates a lower rate of economic expansion in the April 1966-1967 period than in the preceding year.

Future Employment Prospects

Based on the trend of nonmanufacturing employment of past years and on the expectation that employment at the principal manufacturing firms will continue to increase, a gain of 2,000 nonagricultural wage and salary jobs appears to be a reasonable expectation over the two-year forecast period. However, forecasts of employment in an area heavily impacted by manufacturing industries are hazardous. Generally, an economy of this type is tied directly to the national economy and even minor alterations in the growth pattern of the national economy could change completely what appears to be a reasonable expectation of local employment growth.

Income

As of May 1967, the median annual income of all nonfarm families is \$7,450 and the median income of nonfarm renter households of two persons or more was \$6,350, after the deduction of federal income tax. About 32 percent of all nonfarm families and 44 percent of nonfarm renter households have after-tax incomes under \$6,000 annually. Approximately seven percent of all nonfarm families and five percent of nonfarm renter households have annual after-tax incomes of \$15,000 or more. Distributions of nonfarm families and renter households by income classes for 1967 and 1969 are presented in table IV. By 1969, it is expected that median after-tax incomes will increase to \$7,850 for all nonfarm families and \$6,700 for nonfarm renter households.

Demographic Factors

Population

HMA Total. The nonfarm population of the Benton Harbor-St. Joseph HMA totaled approximately 155,100 as of May 1, 1967, an increase of 2,800 persons (2.0 percent^{1/}) annually since April 1960 when the population was about 135,200. During the previous decade, the non-farm population of the area increased at a rate of 4,100, or 3.6 percent, annually (see table V).

Because of the change in definition of "farm" between the 1950 and 1960 Censuses, many persons who were classified as living on farms in 1950 were considered to be nonfarm residents in 1960. The decline in farm population and the increase in nonfarm population between the two census dates were, to some extent, the result of the change in definition. Total population, including rural farm, in the HMA rose from 115,700 in April 1950 to nearly 149,900 in April 1960, a gain of about 34,200 persons. Comparing this increase with the nonfarm population decennial gain of 41,100 suggests that about 6,900 persons were affected by the 1960 definitional change or had moved from rural farm residences.

City of Benton Harbor. Approximately 19,300 persons lived in the city of Benton Harbor in May 1967. The population has increased by an average of only 20 persons (0.1 percent) a year since the April 1960 Census. During the 1950-1960 decade, the population increased from about 18,750 in April 1950 to 19,150 in April 1960. All of this increase, however, is attributed to annexation by the city of part of Benton township.

City of St. Joseph. As of May 1967, there were about 12,300 persons residing in St. Joseph, an average annual gain of 75 (0.7 percent) since the April 1960 total of 11,750. In the preceding decade, the population of St. Joseph increased by about 1,525 persons (14.9 percent). About 50 percent of this growth was the result of annexation by the city of St. Joseph of part of St. Joseph township.

^{1/} All average annual percentage changes, as used in the demographic section of this analysis, are derived through the use of a formula designed to calculate the rate of change on a compound basis.

City of Niles. The May 1967 population in the city of Niles was about 14,200. Since April 1960, the population has increased by about 50 persons annually (0.3 percent). Between April 1950 and April 1960, the population of Niles increased from nearly 13,150 to 13,850, a gain of about 70 (0.5 percent) annually. About 22 percent of this growth resulted from annexation by the city of Niles of part of Niles township.

Remainder of HMA. About 70 percent of the HMA nonfarm population resides outside the three major cities and since 1960, 95 percent of the population growth has occurred in this area, particularly in the townships of Benton, St. Joseph, Lincoln, and Niles (see map). There were approximately 109,300 persons residing outside the major cities as of May 1967, an increase of 2,650 (2.7 percent) annually since April 1960. During the 1950-1960 decade, the population increased from 52,050 to 90,500, an average annual gain of 3,850 (5.5 percent). This gain was affected by annexations by the cities of Benton Harbor, St. Joseph, and Niles.

Future Population. During the two-year forecast period, nonfarm population is expected to increase at approximately the rate of the past seven years. By May 1, 1969, nonfarm population in the Benton Harbor-St. Joseph HMA will reach 160,400, a gain of 2,650 a year. As in the past, only about five percent of the growth will occur in the major cities as only small amounts of undeveloped land remain available for residential purposes. This situation will continue unless the cities annex land or high-density housing is constructed.

Natural Increase and Migration. Because separate data are not available for farm and nonfarm births and deaths, it is necessary to use total population change. The average annual net natural increase (excess of resident births over resident deaths) since 1960 is slightly below that of the 1950-1960 period, reflecting a declining birth rate in the Benton Harbor-St. Joseph HMA. Average annual net in-migration since 1960 is about 45 percent below the 1950-1960 average. As a result, the percent of population increase resulting from migration has declined from 28.5 percent in 1960 to 15.7 percent in 1967.

Households

HMA Total. As of May 1, 1967, there were 45,850 nonfarm households in the Benton Harbor-St. Joseph HMA, an average annual increase of 825 households (2.0 percent) since April 1, 1960. In the 1950-1960 decade, the number of nonfarm households in the area increased from nearly 28,450 to about 40,000, or by 1,150 (3.4 percent) annually (see table V). Part of this increase, however, is attributable to census definitional changes which tended to inflate the 1960 nonfarm household figure. The conceptual change from "dwelling unit" in 1950 to "housing unit" in 1960, and the change in the definition of "farm," resulted in definitional increments in the number of nonfarm households reported in 1960.

City of Benton Harbor. There were about 6,175 households in Benton Harbor as of May 1967. Since April 1960, the annual household increase has averaged only about 15 (0.2 percent). During the 1950 decade, the number of households increased from about 5,825 in April 1950 to 6,075 in April 1960. All of this increase, however, is attributed to annexation by the city of part of Benton township.

City of St. Joseph. At the time of this survey, there were 4,125 households in the city of St. Joseph, an average annual gain of 35 (1.0 percent) since the 1960 total of 3,875. In the preceding decade, the number of households increased by almost 650. However, about 50 percent of this growth was the result of annexation.

City of Niles. Households in the city of Niles numbered about 4,725 as of May 1967. Since 1960, households have increased by about 35 annually (0.7 percent). Between April 1950 and April 1960, the number of households in Niles increased from about 4,100 to over 4,475. About 22 percent of this growth resulted from annexation by the city.

Remainder of the HMA. About 67 percent of the households in the HMA were located outside the three major cities in May 1967. Since 1960, 90 percent of the household growth has occurred in this area. There were approximately 30,825 households outside the major cities as of May 1967, an increase of 740 (2.7 percent) since April 1960.

Future Households. Based on the anticipated growth in population and on household size trends evident in the area, there will be a total of about 47,350 nonfarm households in the HMA by May 1, 1967. The rate of household growth (750 a year) is somewhat below that of the past seven years. Little change is expected in the pattern of household growth and only about ten percent of the increase will occur in the three major cities.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of May 1, 1967, there were 55,100 nonfarm housing units in the Benton Harbor-St. Joseph HMA, a net addition to the nonfarm housing stock of about 790 units annually since April 1, 1960. The addition of a total of 5,650 units resulted from the construction of about 6,150 new dwellings, and the loss of about 500 units by demolition, fire, conversion, and other inventory changes.

During the April 1950-April 1960 decade, the number of nonfarm housing units in the HMA increased from nearly 34,700 to 49,450, a gain of 14,700 (42.3 percent), or about 1,475 units yearly. Part of this increase, however, may have resulted from the census definitional change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census, and from the change in definition of "farm" and "nonfarm" between 1950 and 1960. The total number of housing units, including rural farm units, rose from 42,025 in April 1950 to 53,900 in April 1960, an increase of 11,875 during the decade, suggesting that about 2,825 units were reclassified from farm to nonfarm.

Condition of the Inventory. About 7,700 nonfarm housing units, 14 percent of the units in the Benton Harbor-St. Joseph HMA, were dilapidated or lacked one or more plumbing facilities in May 1967. This indicates an improvement in the nonfarm housing stock since 1960 when 8,550 units, 17.3 percent of the inventory, were classified as substandard by the census. The improving condition of the area housing inventory is a result of the demolition of some substandard units and of stricter housing code enforcement.

Residential Building Activity

Past Trend. Building permits are issued by 35 incorporated areas in the HMA and cover virtually all residential building activity. Between January 1, 1960 and May 1, 1967, about 6,325 private housing units were authorized by building permits in the HMA, an average of about 860 housing units annually. The actual volume ranged from a high of nearly 1,050 units in 1960 to a low of about 725 in 1966. The decline can be attributed, in part, to the lack of sufficient mortgage funds. The decline appears to be even more severe in 1967. A comparison of the first four months of 1966 and 1967 reveals that 100 fewer permits were issued in 1967.

Four townships--Benton, Lincoln, St. Joseph, and Niles--account for about 47 percent of all permits issued (see table VI). Lincoln Township, with a total of about 1,150 permits issued since 1960, has had the greatest volume of building activity. About 690 permits have been issued in St. Joseph Township, 640 in Benton Township, and 570 in Niles Township.

New Construction by Type of Structure. About 5,700 (90.2 percent) of the 6,325 units authorized in the HMA since January 1960 were in single-family structures. The following table presents the number of housing units authorized by building permits by type of structure since 1960.

Private Units Authorized by Building Permits by Type of Structure
Benton Harbor-St. Joseph, Michigan, HMA
January 1, 1960-April 30, 1967

<u>Year</u>	<u>All units</u>	<u>Single-family</u>	<u>Duplex</u>	<u>3-4 family</u>	<u>5-family or more</u>
1960	1,046	993	4	49	-
1961	851	831	16	4	-
1962	785	731 ^{a/}	16	24	14
1963	857	792	26	24	15
1964	943	758	32	11	142
1965	969	810	26	8	125
1966	724	644	56	7	17 ^{b/}
<u>January to April</u>					
1966	266	239	20	7	-
1967	169	153	12	4	-

^{a/} Excludes 200 units of public housing.

^{b/} Excludes 100 units of public housing.

Source: Bureau of the Census, Construction Report, C-40;
 Local building inspectors.

Units Under Construction. On the basis of building permit data and the postal vacancy survey conducted in April 1967, it is estimated that there were 175 private housing units under construction in the HMA in May 1967, including 150 single-family houses and 25 units of multifamily housing. In addition, a 100-unit public housing project was being built in Benton Harbor.

Demolition. Since April 1960, approximately 500 housing units have been removed from the Benton Harbor-St. Joseph nonfarm housing stock. About 150 of these units were removed as a result of urban renewal. Many were substandard. The remaining units were lost through building code enforcement, conversion, fire, and other changes in the housing supply. During the two-year forecast period, about 250 units are expected to be demolished in the HMA, 170 in urban renewal areas.

Tenure of Occupancy

Current Estimate and Past Trend. As of May 1, 1967, there were approximately 45,850 occupied nonfarm housing units in the area, of which 34,000 (74.2 percent) were owner-occupied and 11,850 (25.8 percent) were renter-occupied. During the 1950-1960 decade, owner occupancy increased from about 67 percent to 72 percent (see table VII).

Vacancy

1960 Census. In April 1960, there were about 1,250 nondilapidated, nonseasonal vacant housing units available for sale or rent in the Benton Harbor-St. Joseph area, equal to 2.5 percent of the total inventory. Of these units, about 400 were available for sale, a homeowner vacancy rate of 1.4 percent; about 850 vacant units were available for rent, a renter vacancy rate of 7.1 percent. Of the vacant units available, however, about 35 (8.6 percent) of the sales units and 200 (23.9 percent) of the rental units lacked one or more plumbing facilities. The trend of vacancies since 1950 is presented in table VII.

Postal Vacancy Survey. A postal vacancy survey was conducted in the area in April 1967. The survey included the cities of Benton Harbor, St. Joseph, Niles, Berrien Springs, Buchanan, New Buffalo, and Three Oaks. About 38,500 total possible deliveries were covered, close to 70 percent of the current nonfarm housing inventory (see table VIII). About 36,250 of the total possible deliveries were listed as residences and 2,250 were listed as apartments. It is estimated, however, that about twenty percent of the units listed as residences are rented. The survey reported a total of 825 vacant units, 2.1 percent of the total possible deliveries. Of these units, about 600 were vacant residences, 1.7 percent of all residences covered, and 225 were vacant apartments, indicating an apartment vacancy ratio of 9.7 percent. An additional 228 units (200 residences and 28 apartments) were reported to be under construction. Also counted in the postal vacancy survey were about 560 trailers, of which nine (1.6 percent) were vacant.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineation, and

methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure.

Current Estimate. On the basis of the postal vacancy survey and other vacancy data available in the HMA, there are about 1,000 vacant, non-dilapidated, nonseasonal housing units (1.8 percent of the total non-farm inventory) available in the Benton Harbor-St. Joseph HMA as of May 1, 1967. Of these vacant units, 400 were available for sale, a homeowner vacancy rate of 1.2 percent; the remaining 600 were available for rent, a renter vacancy rate of 4.8 percent. These vacancy ratios indicate a slight reduction in the sales vacancy rate and a significant decline in the renter vacancy rate since April 1960.

Sales Market

General Market Conditions. The housing stock of the Benton Harbor-St. Joseph HMA is largely owner-occupied, single-family housing. There are three significant regions of residential development. The area of Benton Harbor and Benton township is primarily one of low- and moderately-priced homes. There is practically no new construction in Benton Harbor but there are a few small subdivisions under development and some construction on scattered lots in Benton township. Growth in the township has been impeded, however, because public water is not available and must be purchased from Benton Harbor. The city of St. Joseph and St. Joseph and Lincoln townships form the most active area of residential growth. The city of St. Joseph traditionally has been one of middle- and high-income residents. As residential land has been developed, families have moved south along Lake Michigan into St. Joseph and Lincoln townships. New homes in this area begin at about \$20,000. There is some speculative construction, but most of the new homes are sold before construction begins. The city of Niles and Niles township constitute the third area of housing development in the HMA. The direction of growth is principally west of the city. New homes in this area are usually sold prior to construction and are moderately priced.

The market for new and existing sales houses in the Benton Harbor-St. Joseph HMA is relatively strong, as evidenced by the homeowner vacancy rate of 1.2 percent and the low rate of foreclosure since 1960. Local sources indicate that the market was not as strong in the early 1960's as it is at present. A voluntary cutback of single-family construction and the tight mortgage money situation have combined to bring the market into balance.

Unsold Inventory of New Houses. Since January 1964, the Grand Rapids FHA Insuring Office has surveyed subdivisions in the HMA in which five or more houses were completed annually. The following table presents a summary of the surveys.

Sales Houses Completed in Selected Subdivisions
1963-1966
Benton Harbor-St. Joseph, Michigan, HMA

<u>Year</u>	<u>Total completions</u>	<u>Presold</u>	<u>Speculative construction</u>			
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u>	
					<u>Number</u>	<u>Percent</u>
1963	83	48	35	31	4	11.4
1964	150	92	58	54	4	6.9
1965	167	111	56	51	5	8.9
1966	94	70	24	17	7	29.2

Source: Unsold Inventory Survey of New Houses conducted by the FHA Insuring Office, Grand Rapids, Michigan.

As shown in the preceding table, the percentage of speculative construction to total completions has been declining each year from 42.2 percent in 1963 to 25.5 percent in 1966. Of those units built speculatively, the number remaining unsold at the time of the survey has been insignificant; in 1966 only seven units remained unsold. All seven of these units, however, had been on the market less than three months prior to the survey.

Rental Market

General Market Conditions. Rental housing in the Benton Harbor-St. Joseph HMA is concentrated primarily in single-family units and small multifamily structures of two-to-four units. Since 1960, as shown in the table on page 10, substantial privately-financed multifamily construction has occurred only in 1964 and 1965 when 267 units were authorized in structures of five units or more. Most of these units were built in St. Joseph and Lincoln townships.

There was a slight excess of available rental vacancies in the HMA in May 1967, as indicated by the vacancy rate of 4.8 percent. However, the rental market was tight in the city of Benton Harbor and Benton Township. No undeveloped land in Benton Township is zoned for multifamily structures but local sources, including the Benton Harbor urban renewal office, indicate that the greatest need is for moderate-rent apartments. Most new apartments constructed recently in the HMA have been successful. Rents, excluding utilities, range from \$100 to \$135 for one-bedroom units, \$120-\$200 for two-bedroom units, and about \$250 for three-bedroom units.

Urban Renewal Activity

At the present time, four cities in the HMA have urban renewal projects either planned or in execution.

Benton Harbor has a very ambitious program with twelve areas slated for renewal and/or redevelopment over a twenty-year period. Currently, Project A is in execution. This is the largest of the twelve projects and is bounded generally by Main Street to the north, Church Street to the east, New Street to the south, and Tenth and Eleventh Streets to the west. About 90 dwelling units have been demolished, and there are plans to demolish about 100 over the next two years. Planned re-use will be almost entirely commercial and industrial.

The Court House Square Urban Renewal Project (Mich. R-75) in the city of St. Joseph is bounded by the St. Joseph River on the north, Wayne Street on the east, Ship Street on the south, and State Street on the west. About 50 dwelling units will be demolished in this area. Potential re-use includes the construction of commercial buildings and a 100-unit public housing project for the elderly. This project is expected to be completed by the end of 1968.

The Central Business District Urban Renewal Area (Mich. R-108) in the city of Niles is bounded by Main Street to the north, Second Street to the east, Broadway to the south, and the St. Joseph River to the west. At present, the city is awaiting approval of the plans. The area is primarily a commercial one and will remain so after redevelopment. About 20 dwelling units will be demolished.

The Northside Renewal Area (Mich. R-38) in the city of Buchanan is bounded by Bluff Street on the north, Portage Street on the east, Fourth Street on the south, and Main Street on the west. This project is nearly completed. About 42 dwellings have been demolished, with three remaining to be demolished. Re-use is both commercial and residential.

Public Housing

In the city of Benton Harbor there are 180 units of public housing. In addition, there is a 100-unit project for the elderly under construction which will be completed by September 1967. The public housing director estimates that all 100 units will be filled immediately.

At present, there are 200 units of public housing in Benton Township. Currently, there are proposals for 300 additional units, of which 100 are intended for the elderly.

As previously mentioned, a 100-unit project for the elderly is planned for construction in the city of St. Joseph by the end of 1968.

Demand for Housing

Quantitative Demand

The estimated demand for new privately-financed housing is based on the expected increase in households during the next two years (750 annually), and the anticipated net number of privately-financed housing units which will be required to accommodate households to be displaced. Demand for new privately-financed housing during the next two years will approximate 900 units annually, including 650 units of single-family housing and 250 units of housing in multifamily structures. About 100 units of the demand for multifamily housing represents demand for middle-income housing which will require some form of public benefits or assistance to achieve the lower rents necessary for absorption. This demand estimate excludes public low-rent housing and rent-supplement accommodations.

The demand for single-family housing approximates the 1966 level when nearly 650 units were authorized by building permits. The projected demand for 250 multifamily units is considerably greater than the 80 multifamily units authorized by building permits in 1966. The higher level of growth in the 1967-1969 period is predicated on a continued high level of economic growth, the increase in demolitions expected as a result of urban renewal activity, and the current lack of moderate-income rental housing. However, the absorption of new multifamily housing should be observed closely and appropriate adjustments made in building programs on the basis of market experience.

Qualitative Demand

Single-family Housing. Based on current family income, on typical ratios of income to purchase price, and on recent market experience, the annual demand for 650 new single-family units is expected to be distributed by price as shown in the following table.

Annual Demand for New Single-Family Housing
Benton Harbor-St. Joseph, Michigan, HMA
May 1, 1967-May 1, 1969

<u>Sales price</u>	<u>Number of units</u>
Under \$16,000	110
\$16,000 - 19,999	185
20,000 - 24,999	180
25,000 - 29,999	105
30,000 - 34,999	45
35,000 and over	25
Total	650

Because of current construction and land costs, it is judged that few, if any, adequate single-family homes can be built to sell for less than \$14,000. All of the sales demand, therefore, is distributed above this level. As the distribution suggests, demand is strongest for homes priced in the \$16,000 to \$25,000 price range. Over 56 percent of the demand is for homes in this price range.

Multifamily Housing. The distribution of demand for the 150 privately-owned net additions to the multifamily inventory at the rents associated with market-interest-rate financing are indicated by size of unit and by monthly gross rent in the following table. As indicated by past multifamily building trends and marketing experience, new multifamily accommodations would be absorbed most readily in the St. Joseph and Lincoln townships areas of the housing market. However, if zoning rules permit, some construction in Benton Harbor would be feasible.

Estimated Annual Demand for New Private Multifamily Housing^{a/}
Benton Harbor-St. Joseph, Michigan, HMA
May 1, 1967 to May 1, 1969

<u>Unit size</u>	<u>Gross monthly rent^{b/}</u>	<u>Number of units</u>
Efficiency	\$100 and over	10
One-bedroom	\$120 - \$150	40
	150 and over	20
Two-bedroom	\$140 - \$160	20
	160 and over	40
Three-bedroom	\$160 and over	<u>20</u>
Total		150

a/ With market-interest-rate financing.

b/ Gross monthly rent includes all utilities.

The preceding distribution of average annual demand for new apartments is based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is given also to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Individual projects may differ from the general pattern in response to specific neighborhood or submarket requirements.

An additional 100 multifamily units a year can be marketed only at the lower rents achievable through the use of below-market-interest-rate financing or other public assistance in land acquisition or cost. This demand is distributed as follows: 10 one-bedroom units, 55 two-bedroom units, and 35 three-bedroom units.

The location factor is of especial importance in the provision of new units at the lower rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group. Thus, the utilization of lower priced land for new rental housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

APPENDIX TABLES

Table I

Civilian Work Force Components
Benton Harbor-St. Joseph, Michigan, HMA
For the Month of April, 1960-1967

<u>Components</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Total work force	<u>58,500</u>	<u>58,600</u>	<u>60,200</u>	<u>60,800</u>	<u>61,100</u>	<u>61,500</u>	<u>62,900</u>	<u>65,300</u>
Unemployment	3,100	4,600	4,500	3,600	3,800	2,900	1,900	3,000
Percent unemployed	5.3%	7.8%	7.5%	5.9%	6.2%	4.7%	3.0%	4.6%
Agricultural employment	4,200	4,000	3,900	3,800	3,600	3,500	3,400	3,300
Nonagricultural employment	<u>51,200</u>	<u>50,000</u>	<u>51,800</u>	<u>53,100</u>	<u>53,700</u>	<u>53,000</u>	<u>57,600</u>	<u>59,000</u>
Wage and salary	44,100	42,800	44,200	45,600	46,100	45,600	50,400	51,900
Other	7,100	7,200	7,600	7,500	7,600	7,400	7,200	7,100
Workers involved in labor-management disputes	-	-	-	300	-	2,100	-	-

Source: Michigan Employment Security Commission.

Table II

Trend of Nonagricultural Wage and Salary Employment
Benton Harbor-St. Joseph, Michigan, HMA
For the Month of April, 1960-1967

<u>Industry</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Wage and salary employment	<u>44,100</u>	<u>42,800</u>	<u>44,200</u>	<u>45,600</u>	<u>46,100</u>	<u>45,600</u>	<u>50,400</u>	<u>51,900</u>
Manufacturing	<u>22,900</u>	<u>21,600</u>	<u>22,300</u>	<u>23,400</u>	<u>23,900</u>	<u>22,800</u>	<u>27,000</u>	<u>27,600</u>
Durable goods	<u>17,800</u>	<u>16,600</u>	<u>17,200</u>	<u>18,200</u>	<u>19,000</u>	<u>17,500</u>	<u>21,600</u>	<u>21,900</u>
Primary metals	4,100	3,500	3,800	4,100	4,200	4,600*	5,200	4,800
Fabricated metals	1,500	1,600	1,500	1,400	1,600	1,600	1,600	1,500
Nonelectrical machinery	3,300	2,900	2,700	2,700*	3,000	2,900	3,700	4,000
Electrical machinery	5,300	5,500	5,800	6,000	6,000	5,800	6,100	6,300
Transportation equipment	2,800	2,300	2,600	3,000	3,300	1,600*	4,000	4,300
Other	700	700	1,000	1,000	900	900	1,000	900
Nondurable goods	5,100	5,000	5,000	5,200	5,000	5,300	5,400	5,800
Nonmanufacturing	<u>21,200</u>	<u>21,300</u>	<u>22,000</u>	<u>22,200</u>	<u>22,200</u>	<u>22,800</u>	<u>23,400</u>	<u>24,300</u>
Contract construction	1,200	1,200	1,300	1,200	1,300	1,400	1,400	1,400
Trans., comm., & util.	2,100	2,100	2,100	2,200	2,200	2,200	2,200	2,200
Trade	<u>7,600</u>	<u>7,500</u>	<u>7,700</u>	<u>7,800</u>	<u>7,700</u>	<u>8,000</u>	<u>8,400</u>	<u>8,900</u>
Wholesale	1,000	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Retail	6,600	6,400	6,600	6,700	6,600	6,900	7,300	7,800
Fin., ins., & real estate	1,000	1,100	1,200	1,200	1,200	1,300	1,300	1,300
Service	4,600	4,700	4,800	4,800	4,900	5,000	5,100	5,300
Government	4,600	4,700	4,900	4,900	4,900	5,000	5,000	5,200

Asterisk indicates that a labor-management dispute involving more than 100 workers exists in that industry.

Note: Components may not add to totals because of rounding.

Source: Michigan Employment Security Commission.

Table III

Major Employers
Benton Harbor-St. Joseph, Michigan, HMA
1967

<u>Firm</u>	<u>Product</u>	<u>Location</u>
Electrical machinery		
Electro-Voice, Inc.	Phonographic equipment	Buchanan
Heath Company	Electronic equipment kits	St. Joseph
V-M Corporation	Phonographic equipment	Benton Harbor
Whirlpool Corporation	Home appliances	Benton Harbor
Nonelectrical machinery		
Clark Equipment Company	Construction machinery	Benton Harbor
Tyler Refrigeration Div. of Clark Equipment Co.	Refrigeration equipment	Niles
Fabricated metals		
Kawneer Company	Appliance products	Niles
Primary metals		
Auto Specialties Mfg. Co.	Malleable castings	St. Joseph
Benton Harbor Malleable Industries	Aluminum castings	Benton Harbor
National Standard Company	Wire & wire products	Niles
Superior Steel Castings Co.	Carbon & steel castings	Benton Harbor
Transportation equipment		
Bendix Corporation	Hydraulic component parts	St. Joseph
Clark Equipment Company	Automotive components	Buchanan
Other		
Industrial Rubber Goods Div. of Ball Brothers Co., Inc.	Rubber & plastic products	St. Joseph
Simplicity Pattern Company	Printed paper patterns	Niles

Source: Michigan Employment Security Commission.

Table IV

Percentage Distribution of Nonfarm Families
And Renter Households^{a/} by Annual Income
After Deduction of Federal Income Tax
Benton Harbor-St. Joseph, Michigan, HMA, 1967 and 1969

<u>Annual income</u>	<u>1967</u>		<u>1969</u>	
	<u>All families</u>	<u>Renter households</u>	<u>All families</u>	<u>Renter households</u>
Under \$ 3,000	11	14	10	13
\$ 3,000 - 3,999	5	8	5	7
4,000 - 4,999	7	10	6	9
5,000 - 5,999	9	12	8	11
6,000 - 6,999	12	14	10	14
7,000 - 7,999	12	12	12	10
8,000 - 8,999	10	9	11	10
9,000 - 9,999	8	6	8	8
10,000 - 14,999	19	10	22	12
15,000 and over	<u>7</u>	<u>5</u>	<u>8</u>	<u>6</u>
Total	100	100	100	100
Median	\$7,450	\$6,350	\$7,850	\$6,700

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Trend of Total Nonfarm Population and Households
Benton Harbor-St. Joseph, Michigan, HMA
April 1, 1950 to May 1, 1967

<u>Population</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>May 1, 1967</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1967</u>	
				<u>Number</u>	<u>Percent^{a/}</u>	<u>Number</u>	<u>Percent^{a/}</u>
Benton Harbor	18,769	19,136	19,300	37	0.2	20	0.1
St. Joseph	10,223	11,755	12,300	153	1.4	75	0.7
Niles	13,145	13,842	14,200	70	0.5	50	0.3
Remainder of HMA	<u>52,034</u>	<u>90,510</u>	<u>109,300</u>	<u>3,847</u>	5.5	<u>2,650</u>	2.7
HMA total	94,171	135,243	155,100	4,107	3.6	2,800	2.0
<u>Households</u>							
Benton Harbor	5,814	6,077	6,175	26	0.5	15	0.2
St. Joseph	3,228	3,874	4,125	65	1.8	35	1.0
Niles	4,112	4,486	4,725	37	0.9	35	0.7
Remainder of HMA	<u>15,280</u>	<u>25,532</u>	<u>30,825</u>	<u>1,025</u>	5.1	<u>740</u>	2.7
HMA total	28,434	39,969	45,850	1,153	3.4	825	2.0

^{a/} Derived through the use of a formula designed to calculate the rate of change on a compound basis.

Note: Components may not add to totals because of rounding.

Sources: 1950 and 1960 Censuses of Population and Housing.
 1967 estimated by Housing Market Analyst.

Table VI

Private Units Authorized by Building Permits
Benton Harbor-St. Joseph, Michigan, HMA
January 1, 1960-April 30, 1967

Area	1960	1961	1962	1963	1964	1965	1966	January to April	
								1966	1967
Bainbridge township	10	26	6	10	8	8	8	2	1
Baroda	1	1	5	6	4	2	-	-	-
Baroda township	-	20	11	10	8	10	10	4	4
Benton Harbor	19	6	11	12	10	2	1 b/	-	1
Benton township	148	102	72 a/	83	105	70	48	16	12
Berrien Springs	6	6	7	17	5	4	2	1	-
Berrien township	15	17	10	-	11	9	9	3	2
Bertrand township	28	26	21	26	7	13	16	7	6
Bridgman	18	9	10	9	3	16	6	3	7
Buchanan	15	9	9	9	13	7	4	1	1
Buchanan township	13	10	13	26	26	21	19	8	5
Coloma	6	14	11	5	4	6	6	1	2
Coloma township	49	36	22	16	23	20	34	13	5
Galien	-	-	2	3	2	1	1	-	-
Grand Beach Village	1	5	7	5	5	7	4	-	1
Hagar township	141	26	26	24	28	27	50	13	-
Lake township	16	20	15	7	21	17	16	6	4
Lincoln township	133	96	125	160	151	299	153	65	42
Michiana township	3	3	2	2	2	4	2	1	-
New Buffalo	35	31	29	40	36	20	14	7	4
New Buffalo township	24	19	16	18	14	23	13	6	4
Niles	27	24	18	27	34	56	41	12	9
Niles township	85	82	115	85	56	69	69	28	10
Oronoko township	47	41	33	55	54	45	38	16	14
Pipestone township	-	11	9	17	15	13	13	5	9
Royalton township	15	23	19	20	24	23	23	9	7
St. Joseph	30	26	17	21	146	10	14	2	2
St. Joseph township	126	113	82	105	78	100	72	24	11
Shoreham	4	2	3	2	2	2	2	1	-
Sodus township	-	8	-	2	18	11	11	3	2
Stevensville	15	10	38	17	11	26	4	1	1
Three Oaks	3	7	4	7	6	4	4	2	1
Three Oaks township	-	-	-	-	-	8	6	2	-
Watervliet	-	12	6	2	5	8	8	3	2
Watervliet township	13	10	11	9	8	8	3	1	-
HMA total	1,046	851	785 a/	857	943	969	724 b/	266	169

a/ Excludes 200 units of public housing.

b/ " 100 " " " " "

Source: Bureau of the Census, Construction Reports, C-40.
 Local building inspectors.

Table VII

Tenure and Vacancy in the Nonfarm Housing Supply
Benton Harbor-St. Joseph, Michigan, HMA
April 1950-May 1967

<u>Tenure and vacancy</u>	<u>April 1950</u>	<u>April 1960</u>	<u>May 1967</u>
Total housing supply	<u>34,727</u>	<u>49,453</u>	<u>55,100</u>
Occupied housing units	<u>28,434</u>	<u>39,969</u>	<u>45,850</u>
Owner-occupied	18,968	28,955	34,000
Percent	66.7%	72.4%	74.2%
Renter-occupied	9,466	11,014	11,850
Percent	33.3%	27.6%	25.8%
Vacant housing units	<u>6,293</u>	<u>9,484</u>	<u>9,250</u>
Available vacant	<u>381</u>	<u>1,245</u>	<u>1,000</u>
For sale	140	408	400
Homeowner vacancy rate	0.7%	1.4%	1.2%
For rent	241	837	600
Renter vacancy rate	2.5%	7.1%	4.8%
Other vacant ^{a/}	5,912	8,239	8,250

^{a/} Includes seasonal units, dilapidated units, units sold or rented and awaiting occupancy, and units held off the market.

Sources: 1950 and 1960 Censuses of Housing.
1967 estimated by Housing Market Analyst.

Table VIII

Benton Harbor-St. Joseph, Michigan, Area Postal Vacancy Survey

April 24-29, 1967

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	38,478	825	2.1	744	81	178	36,229	607	1.7	545	62	150	2,249	218	9.7	199	19	28	559	9	1.6
Benton Harbor	12,870	227	1.8	205	22	25	12,705	180	1.4	165	15	21	165	47	28.5	40	7	4	62	3	4.8
Main Office	4,836	87	1.8	87	-	-	4,753	62	1.3	62	-	-	83	25	30.1	25	-	-	-	-	-
Parcel Post Annex	8,034	140	1.7	118	22	25	7,952	118	1.5	103	15	21	82	22	26.8	15	7	4	62	3	4.8
Saint Joseph	6,590	154	2.3	123	31	49	5,750	75	1.3	55	20	49	840	79	9.4	68	11	-	103	1	1.0
Niles	10,532	207	2.0	192	15	59	9,767	151	1.5	137	14	43	765	56	7.3	55	1	16	253	2	0.8
Other Cities and Towns	8,486	237	2.8	224	13	45	8,007	201	2.5	188	13	37	479	36	7.5	36	-	8	141	3	2.1
Berrien Springs	2,614	53	2.0	51	2	21	2,320	44	1.9	42	2	13	294	9	3.1	9	-	8	44	3	6.8
Buchanan	2,939	57	1.9	52	5	10	2,820	43	1.5	38	5	10	119	14	11.8	14	-	-	93	-	0.0
New Buffalo	1,439	63	4.4	59	4	13	1,408	61	4.3	57	4	13	31	2	6.5	2	-	-	-	-	-
Three Oaks	1,494	64	4.3	62	2	1	1,459	53	3.6	51	2	1	35	11	31.4	11	-	-	4	-	0.0

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, 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 collaborating postmaster(s).