Analysis of the

BROWNSVILLE-HARLINGEN

SAN BENITO, TEXAS

HOUSING MARKET

as of January 1, 1971

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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FHA Housing Market Analysis

Brownsville-Harlingen-San Benito, Texas, as of January 1, 1971

Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
Washington, D. C.

FHA HOUSING MARKET ANALYSIS
BROWNSVILLE-HARLINGEN-SAN BENITO, TEXAS, HMA
AS OF JANUARY 1, 1971

The Brownsville Housing Market Area (HMA) is defined as Cameron County, Texas. This definition conforms to that of the Office of Management and Budget for the Brownsville-Harlingen-San Benito Standard Metropolitan Statistical Area. Cameron County, with a January 1971 population of 140,800, is the southernmost county in Texas.

The Brownsville housing market has been depressed throughout most of the 1960-1971 period. The closing of the Harlingen Air Force Base in 1962 and a decline in employment in agriculture had resulted in declining demand for housing until very recently. In recent years, Brownsville has become attractive as a vacation and retirement area and related increases in nonmanufacturing employment have resulted in some population growth. Vacancy rates have dropped over the last year, and in January 1971 the sales market was in balance. The rental market still must absorb a slight surplus of low- to moderate-rent single-family houses.

Anticipated Housing Demand

Based on anticipated economic growth, current housing market conditions, and housing inventory replacement needs, demand for new nonsubsidized housing is expected to total about 350 units annually. Demand for single-family houses will account for 250 units. Demand for multifamily units will total 100 units annually, adjusted to reflect the current over-supply. Distributions of annual demand for single-family houses by price class and multifamily units by size and monthly rents are shown in table I.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by FHA: monthly rent supplements in rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement; there may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the Brownsville HMA, the total occupancy potential is estimated to be 790 units annually.

Section 235 and Section 236. Subsidized housing for households with low- to moderate-incomes may be provided under either Section 235 or Section 236. Moderately priced, subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing[1/] for the same families may be alternatively provided under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Brownsville HMA, it is estimated that for the January 1971-January 1973 period there is an occupancy potential for 150 subsidized, family units annually utilizing either Section 235 or Section 236 or a combination of the two programs.[2/] In addition, there is an annual potential for about 20 units of Section 236 rental housing for elderly couples and individuals, half of whom are also eligible for low-rent public housing. It is estimated that about 30 percent of the households which are prospective occupants of Section 235 housing may require units with four or more bedrooms.

As of January 1, 1971, the Brownsville HMA had a total of 146 completed housing units which had been marketed under the provisions of either Section 235, Section 236, or Section 221(d)(3) BMIR (an inactive program similar to

1/ Interest reduction payments may also be made for cooperative housing projects. Occupancy requirements under Section 236 are identical for tenants and cooperative owner-occupants.

2/ Regular and exception income limits are the same in the Brownsville HMA.

Section 236). This total consisted of 45 units occupied under Section 235 and 101 units under Section 221(d)(3) BMIR. The Section 235 units were marketed during 1970 and the BMIR project was completed in 1968.

In January 1971, there were approximately 30 units under construction which were expected to be occupied by families qualifying for Section 235 subsidy. In addition, construction had begun in December 1970 on a Section 236 rental project containing 124 family units and a firm commitment had been issued on another project of 56 family units. The current volume of production and commitments outstanding represent about 70 percent of the two-year potential in the Sections 235 and 236 programs. Because current production is concentrated largely in Section 236 projects, it is recommended that the Section 235 program be considered when future commitments are issued.

Low-Rent Public Housing and Rent Supplement. These two programs serve households in essentially the same low-income group. The principal differences are in the eligibility requirements and in the manner in which net income is computed. For the Brownsville HMA, the annual occupancy potential for public housing is estimated at 620 units, including 530 units for families and 90 units for elderly couples and individuals. Under the more restrictive rent supplement program, the potential for families is about 500 units annually; however, the potential for rent supplement units for the elderly is the same as for public housing (90 units annually).

There are about 1,400 units of low-rent public housing under management in the Brownsville HMA, including 75 units for elderly persons. Brownsville, Harlingen, and San Benito have 645, 440, and 180 units, respectively, with the remaining units located in projects in several smaller towns scattered throughout Cameron County. No rent supplement units have been marketed in the Brownsville HMA and neither of the Section 236 projects under development have provision for rent supplement payments.

As of January 1, 1971, a total of 405 additional low-rent public housing units had been approved for development or were under construction in the HMA; all but 40 of the units are intended for elderly occupancy. Although the number of units for the elderly in production exceeds the two-year potential stated above, it is judged appropriate both in terms of long-term market stability and in satisfaction of elderly housing needs in the area. Less than 10 percent of the existing stock of low rent housing is reserved for elderly households and large waiting lists for the existing units and for the units in production indicate considerable unsatisfied demand for additional units for the elderly. It is suggested, however, that approvals for additional units for the elderly should be issued only after successful absorption of the units currently in production.

Sales Market

Production of sales housing in the Brownsville HMA has remained at low levels since 1961. The number of households in the area had been dropping until very recently and absorption of excess vacancies created by the closing of the Harlingen Air Force Base did not occur until late in the decade. Family income is very low in the HMA and when mortgage costs increased after 1966, effective demand for sales housing declined rapidly. The number of single-family houses authorized for construction dropped almost continuously from 552 in 1960 to 194 in 1969. In 1970, 285 houses were authorized by permits, but about 25 percent of these were for homes to be closed under Section 235. Since 1968, the population has increased slightly with a consequent strengthening of the market for good quality existing properties. In April 1970, the Census reported a 2.4 percent homeowner vacancy rate; and the market had further improved by January 1971 when the rate had dropped to 1.9 percent. It should be noted that a substantial portion of the reported sales vacancies are poor quality units lacking some plumbing facilities; the market is considered to have been reasonably balanced as of January 1971.

About 60 percent of the new homes constructed last year were in subdivisions located near Brownsville and Harlingen. Nearly all of the homes in unsubsidized developments were on a contract basis and priced between $22,500 and $30,000. The remaining single-family home construction was primarily contract construction on scattered lots throughout the county, most of which was priced below $25,000.

Rental Market

The rental market in Cameron County consists largely of rental single-family houses; of the estimated 11,650 renter households in the HMA, over 70 percent occupy single-family dwellings, most of which are rented for $60 to $100 monthly (excluding utilities). Fewer than 1,000 new multifamily units have been constructed in the last ten years; nearly 500 of these were completed since 1967. Excessive vacancies from the early 1960's, declining population, and low renter-family incomes generally kept demand for new rental accommodations minimal. The units completed in the last three years rent, on the average, for $130 to $150 a month for a two-bedroom unit (excluding utilities). They were absorbed quickly and have continued to maintain high occupancy levels. Rising costs of sales housing have caused many prospective home buyers to seek good quality rental units, accounting for much of the success of the recent multifamily projects. This situation, along with demand from an increasing number of retirees coming to the area, is expected to result in strengthened demand for new units.

As of January 1971, the renter vacancy rate was 12.2 percent, indicating an oversupply of rental units. At least one-third of these vacant units are not considered competitive either because they lack all plumbing facilities or because they offer no modern amenities or conveniencies. A slight excess of reasonably competitive units does exist which is expected to have a depressive effect on the lower-rent segment of the market in the near-term future.

Economic, Demographic, and Housing Factors

The projected demand for new, nonsubsidized housing in the Brownsville HMA is based on the current conditions and trends discussed in the economic, demographic, and housing sections which follow.

Economic Factors. The Brownsville economy is based largely on agricultural production and related food processing. Currently, agricultural employment accounts for 14.1 percent of total employment and a substantial portion of the manufacturing jobs are in firms which process and package food products. Employment in the HMA averaged 45,705 in 1970, including 5,955 in manufacturing, 28,330 in nonmanufacturing, 6,485 agricultural workers, and 4,935 nonagricultural self-employed, unpaid family workers, and domestic workers (see table III). Total employment has fluctuated somewhat over the last five years, generally reflecting changes in employment in the food production and processing sector. Employment growth has been relatively slow; the level of total employment in 1970 was only 715 jobs above the level in 1965 and lower than totals reached in both 1966 and 1969. Agricultural employment declined from 9,365 workers in 1965 to 6,485 workers in 1970, caused partly by increased mechanization and partly by crop failures. Hurricane Beulah resulted in a severe decrease in farm jobs from 1966 to 1967 and recovery to previous levels has not occurred. Many producers have since adopted mechanized planting and harvesting methods and there have been declines in employment each year since 1967. "All other nonagricultural" employment also reflects this trend because many workers included in this category are connected with agricultural production. This component dropped from 6,340 in 1965 to 4,935 in 1970. Manufacturing employment, 62 percent of which is concentrated in the food and kindred products category, has declined continuously since 1967 and there was little growth in other manufacturing categories.

The Brownsville area benefits considerably from its proximity to Mexico since demand for consumption goods and services by the resident population is supplemented by trade with Mexico and the provision of local tourist services. Wage and salary jobs in nonmanufacturing grew from 24,240 in 1965 to 28,330 in 1970 with increases each year. The smallest annual increase, 555 jobs, occurred between 1969 and 1970, apparently resulting from the cumulative effects of the downtrend in the agricultural sector on local business conditions. Construction of the freeway system in the area over recent years has substantially increased yearly gains in contract construction. Increases in contract construction accounted for 35 percent of the nonmanufacturing job growth from 1965 to 1970 and virtually all the increase from 1969 to 1970.

During the two-year forecast period ending January 1, 1972, total employment is expected to increase by about 400 jobs a year consisting of an increase of 600 new jobs annually in nonagricultural wage and salary employment, a decline of 100 in "all other nonagricultural" jobs, and a loss of 100 agricultural jobs. This forecast assumes that agricultural production will remain at present levels and anticipates some further reduction in the need for agricultural workers occasioned by additional mechanization.

Nonagricultural wage and salary employment in manufacturing is expected to increase by about 100 jobs a year. Coincident with generally improved business conditions, small increases are expected in most manufacturing categories. Employment in the food processing industry is expected to stabilize at present levels.

Nonmanufacturing wage and salary employment should grow by about 500 jobs a year. Gains will be concentrated in the trade, service, and government sectors in response to population growth. Additionally, the Brownsville area continues to attract an increasing number of tourists each year which has and will generate new job opportunities.

As of January 1, 1971, the median annual income of all families in the Brownsville HMA, after deduction of federal income tax, was $5,375; the median after-tax income of renter households of two or more persons was $4,250. The relatively low level of incomes in Cameron County is illustrated by the fact that 68 percent of all families had incomes below $8,000 a year and 79 percent of renter households had incomes below $8,000. In 1959, the median after-tax income of all families was $3,050 and the median income of renter households was $2,450. Detailed distributions of all families and of renter households by income in 1959 and 1971 are shown in table IV.

Demographic Factors. The population of the Brownsville HMA was an estimated 140,800 persons in January 1971 (see table V). Between April 1960 and April 1970, the Census of Population revealed that the population of the HMA declined, on the average, by almost 1,100 persons a year. Employment growth has been extremely slow relative to annual net natural increase causing the out-migration of more than 4,400 persons a year, on the average, from April 1960 to January 1971. A substantial population loss occurred in 1962 with the closing of the Harlingen Air Force Base.[1/]

A declining birthrate and some improvement in employment opportunities slowed out-migration late in the decade. From April 1970 to January 1971, the HMA population grew at an estimated annual rate of 575 persons. The anticipated improvement in local economic conditions is expected to further slow out-migration during the January 1971-January 1973 forecast period and the annual population increase is projected at 675 persons. Almost all of the projected growth will be in Brownsville, Harlingen, and their immediate suburbs.

In January 1971, there were about 35,700 households in the Brownsville HMA, including 13,000 in Brownsville, 9,150 in Harlingen, 3,775 in San Benito, and 9,775 in the remainder of Cameron County (see table V). The decline in the number of households, fifteen a year, on the average from April 1960 to April 1970, was substantially lower than the rate of population loss and reflects primarily a declining average household size and secondarily the loss of the nonhousehold population[1/] associated with the Harlingen

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1/ Nonhousehold population declined by 2,140 between April 1960 and April 1970.

Air Force Base. During the latter part of the decade the annual change in households became positive; from April 1970 to January 1971, the number of households increased at an annual rate of 250. Coincident with expected population increase and (assuming a continued decline in the average number of persons per household) the number of households in the HMA is expected to increase by 275 a year through January 1973.

Housing Factors. The housing inventory in the Brownsville HMA totaled about 41,500 units on January 1, 1971, including 24,050 owner-occupied units, 11,690 renter-occupied units, and 5,800 vacant housing units. From April 1960 to January 1971, the housing inventory decreased by about 600 units resulting from the construction of 5,000 units, the addition of 160 mobile homes, and the loss of 5,760 units through demolitions and other causes.

There were about 185 units under construction in January 1971, including 55 single-family homes and 130 units in multifamily structures. Of the multifamily units under construction, 124 were intended for occupancy by families qualifying for subsidy under the Section 236 program. About 30 of the single-family homes under construction are expected to be financed under the Section 235 program.

The volume of residenital construction in the Brownsville HMA (table VI) ranged from 572 units in 1960 to a 1966 low of 205 units. From 1960 through 1967, the housing market remained relatively weak as population decline continuously created excess vacancies, which were concentrated in the lower priced sales and rental single-family inventory. Construction of modern higher-priced multifamily units in 1964 and 1965 boosted total building volume in those years, but volume dropped to 205 and 231 units in 1966 and 1967. Improved economic prospects after 1968 resulted in an average of over 400 units a year in the 1968-1970 period. Over half the new housing units constructed during the 1960-1970 decade were in Brownsville and its immediate suburbs.

There were about 2,100 vacant housing units available in the HMA as of January 1971. About 475 were for sale and 1,625 were for rent, indicating homeowner and renter vacancy rates of 1.9 percent and 12.2 percent (table VII). Of the 2,100 available vacancies, about 350 sales units and 1,000 rental units had all plumbing facilities. The January 1971 vacancy rates represent some improvement over the 2.4 percent homeowner vacancy rate and the 14.1 percent renter vacancy rate reported in the April 1970 Census.

Table I

Estimated Annual Demand for New, Nonsubsidized Housing
Brownsville-Harlingen-San Benito, Texas, HMA
January 1971-January 1973

A. Single-family homes

Sales price	Number of units	Percent of total
Under $15,000	10	4.0
$15,000 - 17,499	35	14.0
17,500 - 19,999	30	12.0
20,000 - 24,999	60	24.0
25,000 - 29,999	75	30.0
30,000 - 34,999	25	10.0
35,000 and over	15	6.0
Total	250	100.0

B. Multifamily units

Gross monthly rent[a]	Efficiency	One bedroom	Two bedrooms	Three or more bedrooms
$120 - $139	5	-	-	-
140 - 159	-	20	-	-
160 - 179	-	5	25	-
180 - 199	-	5	15	10
200 - 219	-	-	5	5
220 and over	-	-	5	-
Total	5	30	50	15

a/ Gross rent is shelter rent plus the cost of utilities.

Table II

Estimated Annual Occupancy Potential for Subsidized Rental Housing
Brownsville-Harlingen-San Benito, Texas, HMA
January 1971-January 1973

	Section 236[a] exclusively	Eligible for both programs	Public housing exclusively	Total for both programs
A. Families				
One bedroom	25	-	75	100
Two bedrooms	70	-	200	270
Three bedrooms	40	-	150	190
Four or more bedrooms	15	-	105	120
Total	150	-	530	680
B. Elderly				
Efficiency	5	5	60	70
One bedroom	5	5	30	40
Total	10	10	90	110

Table III

Labor Force Trends
Brownsville-Harlingen-San Benito, Texas, HMA
1965-1970
(annual averages)

	1965	1966	1967	1968	1969	1970
Total Labor Force	48,690	49,375	47,535	47,315	48,870	48,980
Unemployment	3,660	3,205	2,890	2,760	3,040	3,275
Percent unemployed	7.5	6.5	6.1	5.8	6.2	6.7
Total Employment	44,990	46,160	44,645	44,540	45,775	45,705
Nonag. wage & salary	29,285	30,815	31,980	33,175	33,955	34,285
Manufacturing	5,045	5,920	6,430	6,310	6,180	5,985
Stone, clay & glass prod.	310	240	230	230	240	250
Fabricated metal products	130	140	170	200	200	270
Transportation equipment	195	130	160	190	200	230
Food & kindred products	3,195	4,090	4,370	4,340	4,160	3,715
Apparel & other finished textiles	500	620	770	580	600	730
Printing, publishing, and allied industries	215	210	230	260	270	270
Chemicals and allied products	290	290	290	290	280	290
Other manufacturing	210	200	210	220	230	230
Nonmanufacturing	24,240	24,895	25,470	26,865	27,675	28,330
Agriculture, forestry, & fisheries	650	520	500	510	545	715
Contract construction	2,210	2,350	2,390	3,030	3,325	3,835
Trans., comm., & utilities	2,325	2,515	2,600	2,470	2,780	2,600
Trade	8,180	8,230	8,310	8,770	9,095	9,075
Fin., ins., and real estate	850	880	900	915	940	940
Services	4,625	4,795	4,970	5,180	5,020	5,015
Government	5,400	5,605	5,800	5,990	5,970	6,150
All other nonagricultural	6,340	6,370	5,900	5,000	4,955	4,935
Agricultural	9,365	8,975	6,765	6,365	6,865	6,485
Persons involved in labor-management disputes	40	10	-	15	55	-

Source: Texas Employment Commission.

Table IV

Percentage Distribution of All Families and Renter
Households By Estimated Annual Income
After Deduction of Federal Income Tax
Brownsville-Harlingen-San Benito, Texas, HMA, 1959 and 1971

Annual income	1959 All families	1959 Renter households[a/]	1971 All families	1971 Renter households[a/]
Under $2,000	32	40	15	21
$2,000 - 2,999	17	22	10	13
3,000 - 3,999	15	13	12	13
4,000 - 4,999	10	9	9	11
5,000 - 5,999	9	6	10	9
6,000 - 6,999	4	4	6	6
7,000 - 7,999	5	3	6	6
8,000 - 8,999	2	(	5	5
9,000 - 9,999	1	(	5	3
10,000 - 12,499	(	3	9	6
12,500 - 14,999	5	(	5	3
15,000 and over	(	(	8	4
Total	100	100	100	100
Median	$3,050	$2,450	$5,375	$4,250

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends
Brownsville-Harlingen-San Benito, Texas, HMA
April 1960-January 1973

	April 1960	April 1970	January 1971	January 1973	Average annual change 1960-1970	1970-1971	1971-1973
Population							
HMA Total	151,098	140,368	140,800	142,150	-1,073	575	675
Brownsville	48,040	52,522	52,800	53,525	448	350	375
Harlingen	41,207	33,503	33,600	33,950	- 770	140	170
San Benito	16,422	15,176	15,200	15,275	- 125	35	40
Remainder of HMA	45,429	39,167	39,200	39,400	- 626	50	95
Households							
HMA Total	35,663	35,508	35,700	36,250	- 15	250	275
Brownsville	11,289	12,888	13,000	13,300	160	150	150
Harlingen	10,071	9,103	9,150	9,300	- 97	65	70
San Benito	3,867	3,765	3,775	3,800	- 10	15	15
Remainder of HMA	10,436	9,752	9,775	9,850	- 68	20	40

Sources: 1960 and 1970 Censuses of Population and Housing; 1971 and 1973 estimated by Housing Market Analyst.

Table VI

Trend of Resdiential Construction Activity
Brownsville-Harlingen-San Benito, Texas, HMA
1960-1970

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
HMA Total[a/]	572	337	314	266	368	452	205	231	501	294	443
Single-family	552	323	309	266	263	228	191	231	261	194	285
Multifamily	20	14	5	-	105	224	14	-	240	100	158
Brownsville	150	173	159	143	257	271	106	151	287	211	341
Single-family	150	171	154	143	152	129	92	151	133	135	185
Multifamily	-	2	5	-	105	142	14	-	154	76	156
Harlingen	295	85	41	30	38	128	49	40	161	59	60
Single-family	281	77	41	30	38	46	49	40	75	35	58
Multifamily	14	8	-	-	-	82	-	-	86	24	2
San Benito	57	38	41	31	31	19	4	10	31	22	22
Single-family	55	36	41	31	31	19	4	10	31	22	22
Multifamily	2	2	-	-	-	-	-	-	-	-	-
Remainder of HMA	70	41	73	62	42	34	46	30	22	2	20
Single-family	66	39	73	62	42	34	46	30	22	2	20
Multifamily	4	2	-	-	-	-	-	-	-	-	-

a/ Excludes 720 units of low-rent public housing completed during the 1960-1970 period. Also excludes an estimated 475 units completed outside building permit jurisdictions.

Source: U.S. Bureau of the Census and Local Building Inspectors.

Table VII

Tenure and Occupancy in the Housing Inventory
Brownsville-Harlingen-San Benito, Texas, HMA
April 1960-January 1971

Tenure and occupancy	April 1960	April 1970	January 1971
Total housing supply	42,083	41,393	41,500
Occupied housing units	35,663	35,508	35,700
Owner-occupied	22,007	23,929	24,050
Percent of all occupied	61.7	67.4	67.4
Renter-occupied	13,656	11,579	11,650
Percent of all occupied	38.3	32.6	32.6
Vacant housing units	6,420	5,885	5,800
Available vacant	2,363	2,485	2,100
For sale	546	588	475
Homeowner vacancy rate	2.4%	2.4%	1.9%
For rent	1,817	1,897	1,625
Renter vacancy rate	11.7%	14.1%	12.2%
Other vacant[a]	4,057	3,400	3,700

a/ Includes seasonal units, vacant dilapidated units, units rented or sold awaiting occupancy, and units held off the market for absentee owners or other reasons.

Sources: 1960 and 1970 Censuses of Housing; 1971 estimated by Housing Market Analyst.