

728.1  
:308  
F22  
Clinton  
Iowa  
1971

**Analysis of the**

**CLINTON,  
IOWA  
HOUSING  
MARKET**

**as of July 1, 1971**

**A Report by the  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION  
WASHINGTON, D.C. 20411**

**May 1972**

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

MAY 16 1972

LIBRARY  
WASHINGTON, D.C. 20410

## Housing Market Analysis

Clinton, Iowa, as of July 1, 1971

### Foreword

This analysis has been prepared for the assistance and guidance of the Department of Housing and Urban Development 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 - CLINTON, IOWA  
AS OF JULY 1, 1971

The Clinton, Iowa, Housing Market Area (HMA) is defined as Clinton County, Iowa. The estimated population of the HMA was about 56,950 persons as of July 1, 1971. The economy of the Clinton area is fairly well diversified; approximately 34 percent of all nonagricultural wage and salary workers were employed in manufacturing, 19 percent in trade, 18 percent in services, and 10 percent in government. There were modest, but steady increases each year in wage and salary employment between 1965 and 1969, after which employment declined slightly. Employment reached its highest level of the 1965-1970 period in 1969 when covered wage and salary employment averaged 14,250 workers.

Since 1964, the market for housing in the Clinton area has been influenced by the relatively large volume of multifamily construction and increased construction and financing costs. The market for sales housing has remained firm in recent years, but the high level of multifamily construction in the past few years has created a weak rental market. As a result, most of the building in recent months has shifted to lower priced sales housing. About 40 percent of all new single-family houses built in recent months have been insured under the Section 235 program.

Anticipated Housing Demand

Barring unexpected changes in the local economic, demographic, and housing factors taken into consideration in this analysis, there will be an average annual demand for about 160 additional nonsubsidized housing units in the Clinton HMA during the two-year forecast period ending July 1, 1973, including about 130 single-family homes and about 30 mobile homes.

The estimated demand for 130 nonsubsidized, single-family houses during the forecast period is below the average of about 180 houses built annually since 1966 and reflects the expected slight deceleration in household and employment growth in the area. In view of the large number of available vacant housing units for

rent in the HMA, virtually all of the demand for multifamily housing can be satisfied from the existing inventory. It is recognized that some new multifamily housing units probably will be constructed during the forecast period, but a significant amount of such construction should not be encouraged.

The demand estimates are not intended to be predictions of short-term construction volume, but rather suggestive of levels of construction which would provide stability in the housing market based on long-term trends evident in the area.

#### 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 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 Clinton HMA, the total occupancy potential is estimated to be 155 units annually.

The annual occupancy potentials<sup>1/</sup> for subsidized housing discussed below are based upon 1971 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits in effect on July 1, 1971, and on available market experience.<sup>2/</sup>

---

<sup>1/</sup> The occupancy potentials referred to in this analysis have been calculated to reflect the strength of the market in view of existing vacancy. The successful attainment of the calculated potentials for subsidized housing may well depend upon construction in suitably accessible locations, as well as distribution of rents and sales prices over the complete range attainable for housing under the specified programs.

<sup>2/</sup> Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing.

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 the provisions of Section 235. Subsidized rental housing 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 Clinton HMA, it is estimated (based on regular income limits) that for the period July 1, 1971 to July 1, 1973 there is an occupancy potential for an annual total of 65 subsidized family units utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential for about 20 units of Section 236 rental housing for elderly couples and individuals. The use of exception income limits would slightly increase this potential.

During 1970, a total of 62 mortgages on new units and three on existing units were insured under the Section 235 program in the Clinton area. During the first six months of 1971, about 30 mortgages on new units were insured under Section 235.

As of July 1, 1971, there was a proposal for the first project under the Section 236 program in the Clinton HMA. This project, which will be located in the town of Camanche to the south of Clinton, will consist of a total of 50 units. If these units are completed and marketed during the first year of the forecast period, they will satisfy most of the potential for Sections 235 and 236 housing for one year. Favorable market reception of these units would suggest continuation of that level of construction in 1973.

Rental Housing under the Public Housing and Rent Supplement Programs. Both of these programs serve families in essentially the same low-income groups. The primary differences arise from the manner in which net income is computed for each program and from other eligibility requirements. For the Clinton HMA the annual occupancy potential for public housing is estimated at 55 units for families and 30 units for the elderly (see table II). In the case of the somewhat more restrictive rent supplement program, the potential for families would be about 15.

There are no public housing or rent supplement projects in operation in the Clinton HMA. Since a public housing authority has not been established in the Clinton HMA, there is little prospect of construction of public housing in the area during the forecast period. Because of this, the provision of rent-supplement units in either Section 236 or Section 221(d)(3) market rate projects could be used as an alternative to house some families in the HMA eligible for public low-rent housing.

#### Sales Market

The market for sales housing has remained firm in recent years. Construction of single-family houses has been well adjusted to demand and the market has remained in good balance. In the past year and a half, however, the market for sales housing has softened slightly with a resulting increase in vacancies, particularly in the higher price ranges. Primarily because of rising costs of construction and mortgage financing, sales of new houses priced above \$30,000 have declined in recent months. Reflecting the current market condition, many builders are limiting their production in the higher price ranges, except for presold houses, until they have adjusted their inventories.

The strongest segment of the sales market appears to be in the price range below \$22,500, to which most of the building activity has shifted recently. Most of the increased construction in this segment of the sales market is attributable to the use of Section 235 subsidies. In 1970, about 40 percent of all new sales houses in the Clinton HMA were insured under Section 235. There seems to be a substantial demand for houses financed under this program. New construction, both subsidized and nonsubsidized, is concentrated in the northern and western parts of Clinton and in the town of Camanche, south of Clinton.

### Rental Market

As of July 1, 1971, the market for unsubsidized rental accommodations in the Clinton area appeared to be weak. There was some excess in the supply of available rental units, as indicated by the relatively high renter vacancy rate of 7.7 percent. This surplus developed following construction of an unusually large number of multifamily units in 1967. The current vacancies are concentrated in the newer apartments in the western section of the city. Gross rents in most of these units range from \$130 to \$160 a month for a one-bedroom unit and from \$150 to \$185 for a two-bedroom unit.

The strongest segment of the rental market in the Clinton HMA is the market for older single-family rental houses, which generally rent for from \$125 to \$150 per month. Despite the absence of many modern amenities, absorption of these houses has remained good because of the strong preference for single-family houses.

Informed local sources have indicated that the availability of new low priced housing insured under Section 235 in recent months has caused a shift from renter- to owner-occupancy. In view of the above conditions, additions to the stock of nonsubsidized rental housing during the forecast period should be carefully considered.

### Economic, Demographic, and Housing Factors

The following findings and assumptions respecting economic, demographic, and housing factors are basic to the preceding discussion of the sales and rental markets and to the conclusions respecting housing demand.

Employment. Detailed employment data in the Clinton HMA are available only for those workers covered under the Iowa Employment Security Act since 1964. The ratio of covered employment to total employment has been relatively constant since 1964 (from 70 percent to 75 percent). Therefore, the following discussion will be based on covered nonagricultural wage and salary employment trends since 1964. As shown in table III, covered nonagricultural wage and salary employment increased each year between 1964 (11,290 covered jobs) and 1969 (14,250 covered jobs). Employment declined to 14,050 covered jobs in 1970, because of a decrease in the level of nonmanufacturing employment.

Manufacturing employment declined, for the first time during the 1964-1970 period, in 1966 and again in 1967. Most of this decrease was due to the national recession and lowered demand for products manufactured in the Clinton HMA during those two years. Since 1967, manufacturing employment has increased each year.

Employment increases in the manufacturing sector have resulted primarily from expansion at the Clinton Corn Processing Company and from the addition of several new plants in the past few years.

Nonmanufacturing employment increased from 5,560 jobs in 1964 to a peak of 7,960 jobs in 1967, but declined each year thereafter to a level of 7,320 jobs in 1970. The largest annual increase (1,360 covered jobs) occurred between 1966 and 1967. Contributing to this growth were employment increases in the construction, trade, and service sectors. Since 1967, nonmanufacturing employment has declined because of continuous annual losses in the construction and service industries.

The level of covered nonagricultural employment for the two-year period ending July 1, 1973 is expected to increase by an average of 200 jobs each year, with most of the increase occurring in the manufacturing sector. No new plants are proposed for the Clinton area, and virtually all of the added jobs will be the result of expansion of employment at the largest plants in the area.

Income. In 1971, the median annual income of all families in the Clinton HMA, after deduction of federal income tax, was \$9,375; the median after tax income of renter households of two or more persons was \$7,975. In 1959, the medians were \$5,075 for all families and \$4,775 for renter households. Detailed distributions of all families and renter households by 1959 and 1971 income classes are presented in table IV.

Demographic Factors. The population of the Clinton HMA was estimated at 56,950 persons in July 1971. From April 1960 to April 1970, the population of the HMA grew by 170 persons (0.3 percent) annually. The Census of April 1970 enumerated a total of 56,749 persons in the HMA. From April 1970 to July 1971, the population of the HMA increased by 160 persons (0.3 percent) annually.

Although the local economy is expected to show some modest growth over the next two years, the increase in employment opportunities will not support major in-migration. Based on the expected employment growth, the population of the HMA is expected to increase by 175 persons (0.3 percent) annually for the next two years.

In July 1971, there were an estimated 17,850 households in the HMA, an average annual increase of 115 (0.7 percent) since the April 1970 Census. It is anticipated that households will increase by 125 (0.7 percent) annually over the forecast period. The trends of population and household growth from April 1960 to July 1973 are presented in table V.

Housing Factors. The housing inventory of the Clinton HMA totaled 18,850 units in July 1971, representing an increase of about 1,550 units since April 1960. This net gain resulted from the construction of about 2,250 units, the addition of about 300 mobile homes, and the loss of 1,000 units through demolitions and other causes. As of July, there were about 115 units under construction in the HMA, including 60 single-family homes and 55 units in multifamily structures.



The volume of private residential construction, as measured by building permits<sup>1/</sup> reached a peak of 357 units in 1967. Included in this total were 162 units in multifamily structures. From 1960 through 1964, total construction volume averaged about 160 units annually. However, from 1965 through 1970, residential construction volume averaged about 250 units annually.

Construction of houses averaged about 170 units annually during the 1960-1970 decade. The most active year was 1967 (195 units) with other peak levels occurring in 1964 (189 units) and 1965 (183 units). Activity declined each year after 1967 as single-family housing starts dropped to 184 in 1968, 188 in 1969, and 165 in 1970. Nonsubsidized building activity has dropped even faster than the above indicate, since about 62 of the houses authorized in 1970 were insured under Section 235.

Most of the multifamily residential construction has been concentrated in the years 1965 through 1968. About 330 units in multifamily structures were constructed during this period. The most active years for private multifamily construction were 1967 (162 units) and 1965 (90 units). Since 1967, multifamily construction has diminished. Only 32 units were authorized in 1969 and 64 units were authorized in 1970. During the first six months of 1971, no multifamily construction has been authorized.

As of July 1971, there were 550 available vacant housing units in the HMA (see table VII). Of these, 150 were available for sale only, representing a homeowner vacancy rate of 1.1 percent, and 400 were available for rent, a renter vacancy rate of 7.7 percent. Both the homeowner and renter vacancy rates are slightly higher than they were at the time of the 1970 Census when the homeowner and renter vacancy rates were 1.0 and 7.6 percent, respectively.

---

<sup>1/</sup> Virtually all residential construction in the HMA is covered by building permits.

Table I

Estimated Annual Demand for New Nonsubsidized Houses<sup>a/</sup>  
Clinton, Iowa, Housing Market Area  
July 1, 1971 to July 1, 1973

<u>Price class</u>	<u>Annual number of units</u>
Under \$17,500	10
\$17,500 - 19,999	10
20,000 - 22,499	15
22,500 - 24,999	15
25,000 - 29,999	40
30,000 - 34,999	20
35,000 and over	20
Total	<u>130</u>

a/ In addition to the forecast demand for single-family houses, it is estimated that the HMA could also absorb about 30 mobile home units annually.

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Rental Housing  
Clinton, Iowa, Housing Market Area  
July 1, 1971 to July 1, 1973

	<u>Section 236<sup>a/</sup></u> <u>exclusively</u>	<u>Eligible for</u> <u>both programs</u>	<u>Public housing</u> <u>exclusively</u>	<u>Total for</u> <u>both programs</u>
<b>A. <u>Families</u></b>				
1 bedroom	10	-	5	15
2 bedrooms	20	-	25	45
3 bedrooms	20	-	20	40
4+ bedrooms	<u>15</u>	-	<u>5</u>	<u>20</u>
Total	65	-	55	120
<b>B. <u>Elderly</u></b>				
Efficiency	5	10	15	30
1 bedroom	<u>0</u>	<u>5</u>	<u>0</u>	<u>5</u>
Total	5	15	15	35

a/ Estimates are based upon regular income limits.

Source: Estimates by Housing Market Analyst.

Table III

Covered Nonagricultural Wage and Salary Employment<sup>a/</sup>  
Clinton, Iowa, Housing Market Area

<u>Industry</u>	<u>Annual averages</u>						
	<u>1964<sup>b/</sup></u>	<u>1965<sup>b/</sup></u>	<u>1966<sup>b/</sup></u>	<u>1967<sup>b/</sup></u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Total covered employment	11,290	12,490	13,000	13,840	13,900	14,250	14,050
Manufacturing	5,730	6,470	6,400	5,880	6,160	6,650	6,730
Durable goods	1,460	1,440	1,550	1,560	1,450	1,540	1,280
Nondurable goods	4,270	5,030	4,850	4,320	4,710	5,110	5,450
Nonmanufacturing	5,560	6,040	6,600	7,960	7,740	7,600	7,320
Construction	670	780	900	1,500	1,470	1,230	1,140
Trans., comm., & util.	490	510	520	570	560	600	590
Wholesale & retail trade	2,700	2,880	3,160	3,540	3,250	3,300	3,380
Fin., ins., & real estate	440	430	440	480	500	540	540
Services	1,260	1,440	1,580	1,870	1,960	1,930	1,670

a/ Covered employment represents only employment covered under the provisions of the Iowa Employment Security Act; generally, it includes firms with four or more employees.

b/ Data for 1964 through 1967 were available for selected months only.

Source: Iowa Employment Security Commission.

Table IV

Estimated Percentage Distribution of All Families and Renter Households<sup>a/</sup>  
by Annual Income After Deduction of Federal Income Tax  
Clinton, Iowa, Housing Market Area  
April 1959 and July 1971

<u>Annual after-tax income</u>	<u>1959</u>		<u>1971</u>	
	<u>All families</u>	<u>Renter households</u>	<u>All families</u>	<u>Renter households</u>
Under \$ 3,000	20	24	8	10
\$3,000 - 3,999	13	13	4	5
4,000 - 4,999	16	17	4	7
5,000 - 5,999	17	16	6	8
6,000 - 6,999	12	11	7	9
7,000 - 7,999	6	6	8	12
8,000 - 8,999	5	4	9	11
9,000 - 9,999	4	3	10	9
10,000 - 12,499	2	2	18	15
12,500 - 14,999	2	2	10	6
15,000 - 19,999	2	2	9	5
20,000 and above	<u>1</u>	<u>-</u>	<u>7</u>	<u>3</u>
Total	100	100	100	100
Median	\$5,075	\$4,775	\$9,375	\$7,975

<sup>a/</sup> Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Trend of Population and Household Growth  
Clinton, Iowa, HMA  
April 1960-July 1973

<u>Population</u>	April 1960	April 1970	July 1971	July 1973	Average annual change <sup>a/</sup>					
					1960-1970		1970-1971		1971-1973	
					Number	Percent <sup>b/</sup>	Number	Percent <sup>b/</sup>	Number	Percent <sup>b/</sup>
HMA total	<u>55,060</u>	<u>56,749</u>	<u>56,950</u>	<u>57,300</u>	<u>170</u>	0.3	<u>160</u>	0.3	<u>175</u>	0.3
Clinton	33,589	34,719	34,850	35,100	110	0.3	100	0.3	125	0.4
Remainder	21,471	22,030	22,100	22,200	60	0.3	60	0.3	50	0.2
 <u>Households</u>										
HMA total	<u>16,536</u>	<u>17,707</u>	<u>17,850</u>	<u>18,100</u>	<u>120</u>	0.7	<u>115</u>	0.7	<u>125</u>	0.7
Clinton	10,465	11,277	11,300	11,350	80	0.8	20	0.2	25	0.2
Remainder	6,071	6,430	6,550	6,750	40	0.6	95	1.5	100	1.5

<sup>a/</sup> Rounded.

<sup>b/</sup> Derived through the use of a formula designed to calculate the rate of change on a compound basis.

Sources: 1960 and 1970 Censuses of Population and Housing and estimates by Housing Market Analyst.

Table VI

Housing Units Authorized by Building Permits  
Clinton, Iowa, Housing Market Area  
1960-1971

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	1st 6 mos. <u>1970</u>	1st 6 mos. <u>1971</u>
Clinton HMA total	<u>155</u>	<u>143</u>	<u>125</u>	<u>146</u>	<u>223</u>	<u>273</u>	<u>154</u>	<u>357</u>	<u>253</u>	<u>220</u>	<u>229</u>	<u>76</u>	<u>74</u>
Single-family <sup>a/</sup>	<u>155</u>	<u>143</u>	<u>125</u>	<u>138</u>	<u>189</u>	<u>183</u>	<u>142</u>	<u>195</u>	<u>184</u>	<u>188</u>	<u>165</u>	<u>76</u>	<u>74</u>
Multifamily	-	-	-	8	34	90	12	162	69	32	64	-	-
Clinton (city) total	<u>81</u>	<u>78</u>	<u>66</u>	<u>92</u>	<u>166</u>	<u>199</u>	<u>98</u>	<u>275</u>	<u>199</u>	<u>139</u>	<u>152</u>	<u>70</u>	<u>30</u>
Single-family	<u>81</u>	<u>78</u>	<u>66</u>	<u>84</u>	<u>136</u>	<u>121</u>	<u>86</u>	<u>137</u>	<u>132</u>	<u>107</u>	<u>88</u>	<u>70</u>	<u>39</u>
Multifamily	-	-	-	8	30	78	12	138	67	32	64	-	-
Camanche	<u>36</u>	<u>35</u>	<u>31</u>	<u>22</u>	<u>24</u>	<u>49</u>	<u>33</u>	<u>45</u>	<u>28</u>	<u>54</u>	<u>49</u>	<u>3</u>	<u>24</u>
Single-family	<u>36</u>	<u>35</u>	<u>31</u>	<u>22</u>	<u>20</u>	<u>37</u>	<u>33</u>	<u>27</u>	<u>26</u>	<u>54</u>	<u>49</u>	-	<u>24</u>
Multifamily	-	-	-	-	4	12	-	18	2	-	-	-	-
Remainder of HMA	<u>38</u>	<u>30</u>	<u>28</u>	<u>32</u>	<u>33</u>	<u>25</u>	<u>23</u>	<u>37</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>3</u>	<u>11</u>
Single-family	<u>38</u>	<u>30</u>	<u>28</u>	<u>32</u>	<u>33</u>	<u>25</u>	<u>23</u>	<u>31</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>3</u>	<u>11</u>
Multifamily	-	-	-	-	-	-	-	6	-	-	-	-	-

<sup>a/</sup> Includes approximately 95 subsidized houses in 1970 and 1971.

Sources: Bureau of the Census, C-40 Construction Reports, and local building records.

Table VII

Housing Inventory, Tenure and Vacancy  
Clinton, Iowa, HMA  
April 1960-July 1971

<u>Tenure and Vacancy</u>	<u>April 1960</u>	<u>April 1970</u>	<u>July 1971</u>
Total housing inventory	<u>17,293</u>	<u>18,747</u>	<u>18,850</u>
Total occupied units	<u>16,536</u>	<u>17,707</u>	<u>17,850</u>
Owner-occupied	11,773	13,012	13,100
Percent of all occupied	71.2%	73.5%	73.4%
Renter-occupied	4,763	4,695	4,750
Percent of all occupied	28.8%	26.5%	26.6%
Vacant housing units	<u>757</u>	<u>940</u>	<u>1,000</u>
Available vacant	<u>296</u>	<u>526</u>	<u>550</u>
For sale	89	138	150
Homeowner vacancy rate	0.8%	1.0%	1.1%
For rent	207	388	400
Renter vacancy rate	4.2%	7.6%	7.8%
Other vacant <sup>a/</sup>	461	414	450

<sup>a/</sup> Includes seasonal units, vacant dilapidated units, units rented or sold awaiting occupancy, and units held off the market.

Sources: 1960 and 1970 Censuses of Housing and estimates by Housing Market Analyst.



728.1  
:308  
F&H  
Clinton  
Iowa  
1971

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

MAY 16 1972

LIBRARY  
WASHINGTON, D.C. 20410

728.1 :308 F22 Clinton Iowa 1971  
U.S. Federal Housing Administration  
Analysis of the...housing market

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION  
WASHINGTON, D. C. 20411  
OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

