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1965

# *Analysis of the* **COACHELLA VALLEY, CALIFORNIA HOUSING MARKET**

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**as of June 1, 1965**



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

**December 1965**

ANALYSIS OF THE  
COACHELLA VALLEY, CALIFORNIA, HOUSING MARKET  
AS OF JUNE 1, 1965

FIELD MARKET ANALYSIS SERVICE  
FEDERAL HOUSING ADMINISTRATION  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Foreword

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

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

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

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ANALYSIS OF THE  
COACHELLA VALLEY, CALIFORNIA, HOUSING MARKET  
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Summary and Conclusions

1. The Coachella Valley is a rapidly growing agricultural, trade, and service area. Manufacturing is of minor significance. Large employment gains deriving from population increase and the growing tourist industries have characterized the economy in recent years. Employment is seasonal; agricultural workers are needed from September through July, and the winter tourist season is a time of high employment levels in the trade and service industries. Total employment as of June 1965 is approximately 10,100, which represents a gain of about nine percent a year since 1960. During the next two years employment is expected to increase by about 850 workers a year, an annual rate of about 8.5 percent. .
2. After deduction of Federal income tax, the current median annual income of all families is about \$6,450, while that for tenant families is about \$5,300. By June 1967, the median after-tax income of renter families is expected to approximate \$5,550.
3. The June 1965 population of the HMA is about 37,000, almost 9,750 more than in April 1960. The 1960-1965 population growth averaged 6.9 percent or 1,880 persons a year. Rapid population increases are forecast to continue with the total reaching 41,300 by June 1967. This represents an annual increase of 2,150 persons (5.8 percent).
4. Households in the Coachella Valley presently number 9,550, about 2,700 more than in 1960. Between 1960 and 1965 the number of households in the HMA increased by an average of 520 a year (7.6 percent). An additional 1,200 households are forecast for the HMA over the next two years, 600 a year, or an average annual growth rate of 6.3 percent.
5. The current housing inventory includes some 10,550 units, a gain of 2,750 since April 1960. About 3,000 building permits have been issued in the HMA since 1960, and construction has been concentrated in the urban areas where almost half of the additional units were in multifamily structures. The residential building activity has been accelerating since 1960.

6. There are about 1,000 vacant units in the HMA; 400 of them are available, either for sale (150 units) or for rent (250 units). Vacancy ratios are 3.8 percent for total inventory, 2.8 percent for sales housing, and 5.4 percent for rental housing. These ratios indicate that there is a small over-supply of vacant sales houses, while the supply of vacant rental units is slightly lower than is desirable in a rapidly growing area.
  
7. Considering growth, tenure shift, and current market conditions, the demand for new housing over the two-year forecast period will be about 675 units annually, 475 units of sales housing and 200 units of rental housing. In addition, about 80 rental units annually will be at gross rent levels requiring public benefit or assistance in financing. The demand for sales housing by price range is expected to approximate the distribution shown in the table on page 21. Rental demand by unit size and rent level is expected to approximate the pattern shown in the table on page 22.

ANALYSIS OF THE  
COACHELLA VALLEY, CALIFORNIA, HOUSING MARKET  
AS OF JUNE 1, 1965

Housing Market Area

For the purposes of this analysis, the Coachella Valley Housing Market Area (HMA) coincides with the census definition of the Coachella Valley, Riverside County census tracts 0152 through 0157 (see map on page 3). The valley, a portion of the San Bernardino-Riverside-Ontario SMSA is located in the southern Mojave Desert, between the Santa Rosa and the Little San Bernardino Mountain Ranges, and on the northern shores of the Salton Sea. It is a rough triangle over 30 miles long and almost 30 miles wide at its base, the Riverside-Imperial County Line. The valley floor, most of which lies below sea level, is a gently sloping plain descending to the Salton Sea 235 feet below sea level. The Coachella Valley and its southern neighbor, the Imperial Valley, form the Great Salton Sink, a continuation of the Gulf of California separated from the ocean by a broad delta built up by the Colorado River.

The valley is lightly populated except in the northern end where the only incorporated municipalities in the HMA, Indio and Coachella, are located. Other built-up areas are the settlements of Thermal and Mecca. The areas of population concentration have grown up along the Southern Pacific Railroad tracks. The shore region along the Salton Sea has attracted many residents, primarily seasonal. Indio, the commercial and transportation center of the valley, is about 80 miles southeast of the San Bernardino-Riverside-Ontario urban complex, 125 miles east of Los Angeles, and 100 miles north of Mexicali, Mexico. The winter resort area of Palm Springs is some 20 miles northwest of Indio.

All major highways serving the Coachella Valley intersect at Indio; California route 111 and United States route 99 run north and south, while United States route 60-70 (now temporary Interstate 10) goes east and west. Commercial transportation is provided by the Southern Pacific Railroad, several motor freight carriers, Greyhound bus lines, and, through near-by Palm Springs, Bonanza, and Western Airlines.

In recent years, Indio has begun a stepped-up campaign to attract the vacationing tourist as well as the transient tourist. An "Indio General Plan" has been formulated with this as a principal goal. Almost 100 high-quality motel units a year have been added in Indio since 1960. Urban renewal of a commercial district fronting on route 60-70-99 is in the final planning stages. Further urban renewal activity is in the early stages of planning.

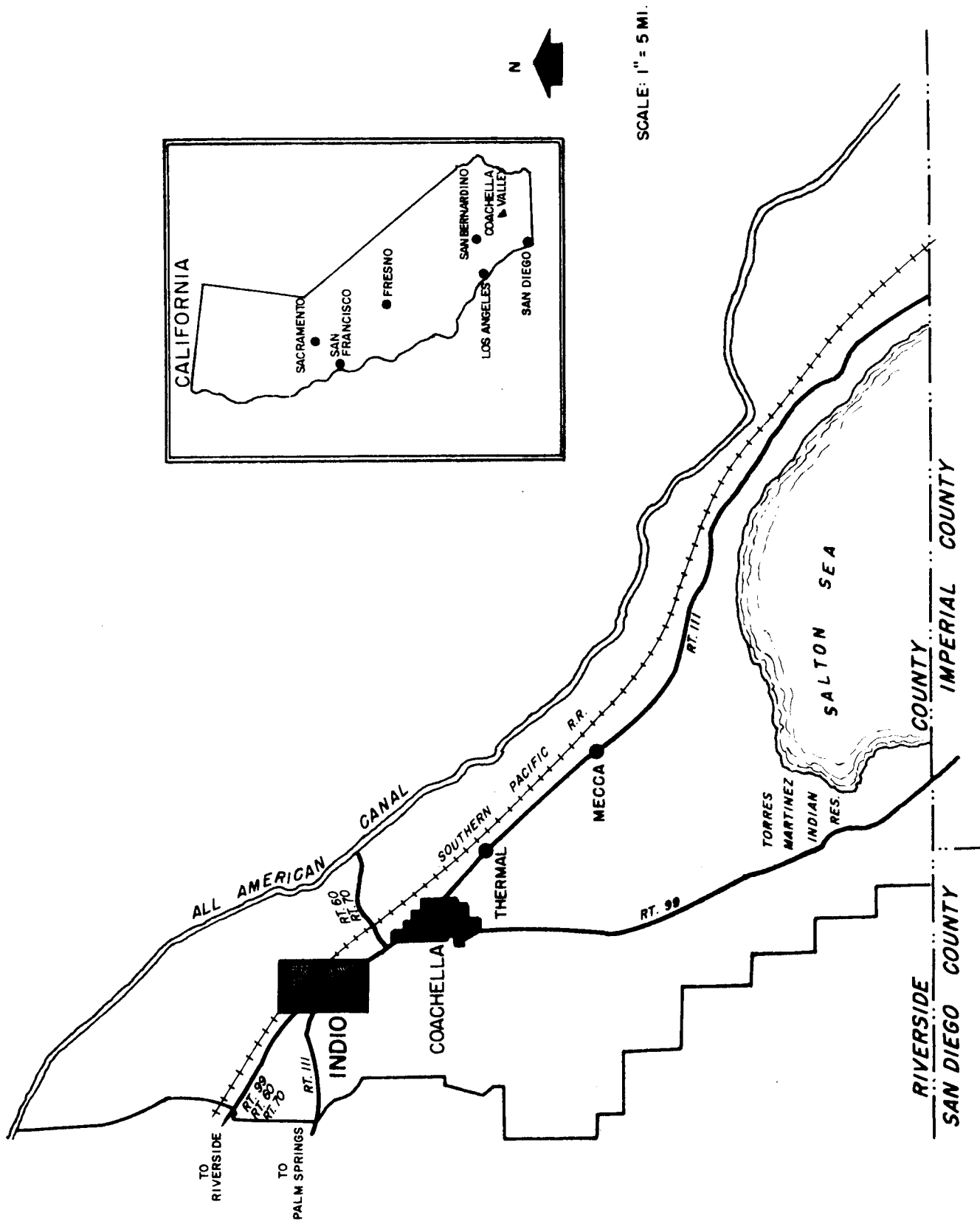
Census information indicates that the HMA had a net out-commutation of almost 1,000 persons in 1960. Most of the recorded out-commutation consists of persons who reside in the Indio area and work in Riverside City. Because the cities are some 75 miles apart, such out-commutation has probably increased only slightly since then. There is some commutation between the Indio area and the Palm Springs area. The economic integration of these two areas will increase. Rapid development is occurring along route 111 between the two cities.

Data presented in market analyses generally exclude the rural farm population (and agricultural employment), because it does not ordinarily contribute to the demand for urban housing. However, the Coachella Valley economy is heavily dependent upon agriculture and much non-agricultural employment is agriculture-based. Thus, no attempt has been made to omit the rural farm population, and the agricultural industry is considered both as part of the economic base and as a major source of employment.



# COACHELLA VALLEY, CALIFORNIA, HOUSING MARKET AREA

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## Economy of the Area

### Character and history

General Description. The Coachella Valley desert climate provides a 12-month growing season. As a result, it is a major agricultural area producing land-intensive, off-season fruits and vegetables as well as dates and citrus. The high prices commanded by these products make the expense of farming the desert economically feasible. There is currently no manufacturing industry in the valley not associated with agriculture, other than the local newspaper. Other major economic activity in the HMA is centered in the trade and service industries, which serve large numbers of transient motorists as well as the local population. Indio, the urban center of the valley, is the only real stopping-place on east-west routes for many miles in either direction. Highways 60, 70, 99, and 111 merge going through Indio. This road is lined with enterprises providing services and goods for travellers.

Principal Economic Activities. The Southern Pacific Railroad line through the Coachella Valley was completed in the late 1870's. Settlements in the valley were little more than train watering points until the date palm was introduced to the region in 1898. Date growing and other agricultural activities were made possible by irrigation from artesian wells.

In 1905, the Colorado River overflowed into the Salton Sink forming the Salton Sea, an inland salt water lake that is 35 miles long, 10 to 16 miles wide, and up to 40 feet deep. The old railroad tracks had run through the middle of what is now the sea.

The Coachella Valley developed as an agricultural region, but growth was slow prior to World War II. The invention of refrigeration (especially in railroad cars) provided an impetus to economic growth, but water supply remained a problem. In 1929, the Boulder Canyon Project Act was ratified by seven southwestern States.<sup>1/</sup> Projects authorized included the construction of the All American Canal bringing water from the Colorado River to the Imperial and Coachella Valleys. The next year, Indio was incorporated as a city of 1,875 residents. The Coachella branch of the canal was not completed until 1949, but a period of rapid expansion began during the 1940-1949 decade. The HMA has maintained a high rate of growth since then.

In 1951, the 82nd Congress passed Public Law 78, an amendment to the Agricultural Act of 1949. This amendment permitted Mexican Nationals (Braceros) to enter the United States as agricultural workers. Large

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<sup>1/</sup> Arizona, California, Colorado, New Mexico, Nevada, Utah, and Wyoming.

numbers of Braceros worked in California and the State provided camps for their living quarters. Working for low wages, the Bracero became an important part of the Coachella Valley agricultural economy. The amendment was renewed several times, but the last renewal (P.L. 88-203) ran out on December 31, 1964. It is too early to determine how extensive an effect this will have on the economy of the HMA.

While the Coachella Valley emerged as an agricultural region, Palm Springs (20 miles to the northwest) became a rich tourist and retirement area. Since the turn of the century, there have been several plans to make the valley a resort area also. Only recently, however, has tourism become important, and only near Indio and along the Salton Sea.

### Employment

Current Estimate. An estimated 10,100 persons are employed in the Coachella Valley, 8,050 in the city of Indio. The total includes some 450 persons employed in agricultural services, but it does not include agricultural field workers. Employment in the Coachella Valley is affected by seasonal factors, and the current level will increase by 10 to 15 percent in late fall when the tourist season begins.

Past Trend. Total employment (excluding agricultural field workers) in the Coachella Valley has grown at an average rate of over nine percent a year since 1960 when July employment totaled about 6,650. Employment data through July, 1964 are available for the city of Indio alone (see table I). However, this includes over 80 percent of all employment in the HMA. Almost half of the 1960-1964 growth was in the trade and service industries, which expanded employment to serve both the growing population of the area and the increasing number of visitors and tourists. Additional employment in government, primarily additional teachers, and in the construction industry also stemmed from the large population growth. All other industries showed moderate numerical increases in employment except agricultural services which declined from 600 employees in 1960 to 400 in 1964. The growth patterns exhibited among the various industries is an indication of the changing nature of the area economy.

Distribution by Major Industry. Although estimates have been made for June 1965 total employment, July 1964 is the latest date for which a distribution of employment by industries is available. These data are for the city of Indio alone, and exclude agricultural field

workers. As of July 1964, trade accounted for 29 percent of employment (2,175 of 7,575 workers) followed by services with over 20 percent and construction with 12 percent. Except as they are related to tourism, the major sources of employment are secondary industries. The primary industry in the HMA is agriculture. All manufacturing industries in the area are agriculturally-based.

Despite an increase of 425 jobs in the trade industry in Indio, the percentage of workers employed in trade fell from 32 percent (1,850 of 5,850 jobs) in 1961 to 29 percent (2,175 of 7,575 jobs) in 1964. During the same period, the service industry increased its share of employment from 19 to 20 percent (from 1,100 to 1,550 workers), while government went from eight to 11 percent, and contract construction from 10 to 12 percent. Manufacturing employment increased both proportionately (from four to five percent) and numerically (from 225 to 400 employees), but it remains a very minor factor in the economy. The largest drop in proportionate employment was shown in agricultural services which accounted for 10 percent of the total employment in 1961 but only 5 percent in 1964.

Agricultural Employment. In recent years, the number of workers required in agriculture for pre-harvesting work and for picking crops has declined. The amount of acreage irrigated and planted has increased, but mechanization has enabled ranchers and farmers to use less labor. Total acreage in irrigation rotation serviced by the Coachella Valley Water District went from 65,074 acres in 1960 to 66,476 in 1964. Over the same period, the number of agricultural workers required in East Riverside County<sup>1/</sup> fell from an average of over 10,000 in 1960 to below 6,800 in 1964. The recent discontinuance of the Bracero Program has definitely curtailed the agricultural labor supply in the area and will force the ranchers and farmers to mechanize further.

Trend of Employment Participation Rate. The employment participation rate, the ratio of nonagricultural employment to total population, in the Coachella Valley HMA is low because a large portion of the employment is in agriculture. However, it has increased significantly in recent years as employment in agriculture has declined while employment in all other industries has grown rapidly. The current employment participation rate is estimated at 27.30, a marked increase over the 24.39 estimated for 1959. The employment participation rate is expected to rise at an even faster rate in the next few years as the HMA accelerates its change from an agricultural to a trade and services based economy.

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<sup>1/</sup> Most of these workers are employed in the Coachella Valley. However, some work around Blythe, 100 miles to the east.

### Principal Employers

The major portion of employment in the Coachella Valley HMA is in trade and service industries and because it is divided among many small establishments, there is no one major employer. Manufacturing employment is divided among several fruit and vegetable processing plants in the area. The largest single employer in the HMA is the Southern Pacific Railroad. Employment at the Railroad currently totals about 200 persons and over the year varies from approximately 150 to 200. This represents an increase over the 1960 level of about 30 to 35 percent.

### Unemployment

There are no data available on unemployment levels within the HMA, or on unemployment in the city of Indio. However, the monthly unemployment claims at the Indio office of the California Department of Employment can be utilized to determine the general trend of unemployment levels in the HMA. The ratio of unemployment claims to total work force in 1964 reached the highest level since the 1961 recession. For the first five months of 1965, however, claims have been below the 1964 level, indicating an improvement in the economy.

### Estimated Future Employment

An increase of 1,700 jobs is expected over the next two-year period, 850 a year. The majority of this increase (1,450 jobs) will be in employment in the city of Indio. The largest portion of additional employment is expected to be in the trade and services industries. There also will be sizable additions to employment in the contract construction industry and in government. This additional employment will result from a continued influx of tourists and from the general increase in the proportion of employment in service industries to employment in basic industries.

### Income

Wages for workers in the Coachella Valley HMA have risen in almost all categories since 1960. On August 30, 1964, the State minimum wage for women and minors employed in most establishments became \$1.30. Comparative wage rates are shown in the following table.

Starting Wage Rates for Qualified Workers  
Indio, California, July 1960 and 1964

<u>Occupation</u>	<u>Rate of pay</u>		<u>Period</u>
	<u>1960</u>	<u>1964</u>	
Grocery clerk	\$2.56½	\$3.00	hour
Stenographer (clerical)	\$275-300	\$325-375	month
Sales person (retail trade)	\$1.25	\$1.30-1.50	hour
Electrician (construction)	\$4.65	\$5.38	hour
Automobile body repairman	\$2.50-2.75	\$2.50-2.75	hour
Laborer (construction)	\$3.08	\$3.50	hour
Packer, women	\$1.00-1.15	\$1.25-1.50	hour
Laborer, men (packinghouse)	\$1.00-1.35	\$1.25-1.50	hour

Source: California Department of Employment.

The current estimated median income of all families in the HMA, after deduction of Federal income taxes, is \$6,450 and that of tenant families \$5,300 (see table II). Some 24 percent of all families in the HMA have annual after-tax incomes below \$4,000. The large proportion of low income families in the HMA reflects the predominance of low-paid agricultural workers.

Incomes in the HMA are expected to increase by almost five percent in the next two years with the median after-tax income of all renter families reaching \$5,550 by June 1, 1967.

### Demographic Factors

#### Population

Current Estimate. The June 1965 population of the Coachella Valley is 37,000, a gain of almost 9,750 since 1960. Population is concentrated in the northern portion of the valley with some 13,000 persons residing in Indio and 7,200 in Coachella. The unincorporated area northwest of and on the outskirts of Indio is more densely settled than that south of Coachella. Population growth by area within the HMA is shown in the following table.

Because the terrain and climate of the HMA are frequently hostile to settlement, new population is generally clustered around older areas of population concentration which were settled because of the availability of a water supply.

Population  
Coachella Valley, California, HMA  
1960-1965

<u>Area</u>	<u>1960</u>	<u>1965</u>	<u>Average annual change</u>	
			<u>Number<sup>a/</sup></u>	<u>Percentage</u>
Indio	9,745	13,000	630	6.5
Coachella	4,854	7,200	450	9.3
Rest of HMA <sup>b/</sup>	<u>12,666</u>	<u>16,800</u>	<u>800</u>	<u>6.3</u>
Total	27,265	37,000	1,880	6.9

<sup>a/</sup> Rounded.

<sup>b/</sup> "Rest of HMA" includes Riverside County census tracts 152 and 156. Tract 152 covers the unincorporated land adjacent to and northwest of Indio. Tract 156 includes the unincorporated areas adjacent to and south of Coachella, the settlements of Thermal and Mecca, and the Salton Sea area. In 1960, 5,086 persons lived in tract 152 and 7,580 in tract 156. Most population growth has been in the northern portion of the HMA. Tract 152 now contains some 7,950 residents, while 8,850 persons live in the southern tract.

Source: 1960 Census of Population. 1965 estimated by Housing Market Analyst.

Past Trend. Population growth in the Coachella Valley cannot be measured prior to 1960, because the region was not tracted. The only population data available are for the incorporated areas, Indio and Coachella. Between 1950 and 1960, the population of Indio almost doubled as it went from 5,300 persons to 9,745. Annual population increase averaged 445 persons or 8.4 percent. Coachella gained 2,099 residents over the decade (210 persons or 7.6 percent a year) as its total population grew from 2,755 to 4,854 persons.

Future Population. The rapid growth of population experienced by the HMA over the last 15 years is expected to continue throughout the next two years. By June 1967, population of the HMA is expected to reach 41,300, an increase of 4,300 persons. The forecast annual growth rate is 5.8 percent (2,150 persons added each year).

Distribution by Age. The 1960 age distribution showed a disproportionately large number of persons between 20 and 45 years old in the HMA (see table III). Many were agricultural workers (some migratory), single males living in group quarters. As such, they did not contribute to the housing demand. The cessation of the Bracero Program will modify this. Other factors affecting the age distribution were a high birth rate and in-migration of persons under 40. Although the desert area is often advertised as a healthful place for retirement living, less than five percent of the HMA population in 1960 was 65 years of age or older.

#### Households

Current Estimate. There are currently about 9,550 households in the HMA, some 2,700 over the 1960 total of 6,845. An average of 520 households (7.6 percent) have been added each year since April 1960. Household growth, as with population growth, is centered in and around the urban areas in the northern part of the Coachella Valley. Over one-third of the new households have been added in Indio, and 70 percent of the households added in the "rest of HMA" are in the area surrounding and northwest of Indio. The current number of households by area within the HMA and the 1960 totals are shown in the following table. Some annexed households are included in the household growth for Indio (5) and for Coachella (86).

<u>Area</u>	<u>Number of Households</u>		<u>Average annual change</u>	
	<u>1960</u>	<u>1965</u>	<u>Number<sup>a</sup></u>	<u>Percentage</u>
Indio	2,934	4,025	210	7.2
Coachella	1,099	1,625	100	9.1
Rest of HMA	<u>2,812</u>	<u>3,900</u>	<u>210</u>	7.5
Total	6,845	9,550	520	7.6

a/ Rounded.

Source: 1960 Census of Housing. 1965 estimated by Housing Market Analyst.



Past Trend. Pre-1960 household data, as with population data, are available for Indio and Coachella only. During the 1950-1960 decade the number of households in Indio increased 86 percent from 1,581 to 2,934, an average yearly addition of 135 households. Coachella experienced a 66 percent increase in the number of households (from 662 to 1,099), or an annual growth averaging 44 households. Part of this increase was attributable to a conceptual change from "dwelling units" in the 1950 census to "housing units" in 1960. Actual household increases were large, however, reflecting the sizable population increases.

Future Household Growth. An addition of 1,200 households (600 a year) is forecast for the Coachella Valley HMA over the next two years, a 6.3 percent annual household growth rate.

Persons per Household. The average number of persons per household in the Coachella Valley HMA is currently about 3.62, slightly below the 3.64 average reported for 1960. The average number of persons per household declined significantly in Indio (from 3.28 to 3.20). The 1960-1965 household growth there was proportionately larger than the 1960-1965 population growth. In the rest of the HMA, the average number of persons per household increased slightly between 1960 and 1965, as a result of the high birth rate and the movement of families to the suburban area around Indio.

## Housing Market Factors

### Housing Supply

Current Estimate. As of June 1, 1965, there are approximately 10,550 housing units in the Coachella Valley HMA (see table IV). Because desert conditions prevail in the non-irrigated sections of the HMA, most new housing units are added in or contiguous to established areas. There are currently about 4,275 housing units in Indio, and 1,675 in Coachella. The remaining 4,600 units are mainly located in the areas adjacent to Indio and Coachella or in the small settlements of Thermal and Mecca.

Past Trend. Almost 2,750 housing units have been added to the inventory since April 1960, when there were 7,825 housing units in the area. The average annual growth rate was 6.8 percent (530 units a year). The current number of housing units in Indio is some 1,100 over the 1960 level of 3,175, while the current number in Coachella is about 500 more than the 1,175 total reported in 1960. The average annual growth rate was 6.8 percent (210 units) in Indio and 8.4 percent (100 units) in Coachella. Pre-1960 data are available only for Indio and Coachella. Over the 1950-1960 decade, the housing inventory rose from 1,900 to 3,175 in Indio (an average of 130 additional units each year) and from 740 to 1,175 in Coachella (an average of 40 new units a year).

Type of Structure. The 1960 Census of Housing reported that 90 percent of the housing units in the HMA were in one-unit structures. The proportion was 82 percent in Indio, the largest urban area in the HMA, and was over 90 percent in all other areas including Coachella. Trailers are included among one-unit structures and there are large numbers of them in the more rural areas. It is estimated, on the basis of building permit information, that the proportion of one-unit structures has decreased since 1960, because there has been a large volume of multifamily construction, located primarily in Indio.

Year Built. The recent rapid growth of the Coachella Valley HMA is reflected in the distribution of dwelling units by age of structure as shown in the following table. Almost two-thirds of all housing units were built since January 1950.

Percentage Distribution of Housing Units by Age of Structure  
Coachella Valley, California, HMA  
as of June, 1965

<u>Year built</u>	<u>Total HMA</u>	<u>Indio</u>	<u>Coachella</u>	<u>Rest of HMA</u>
1960-1965 a/	28	29	28	27
1950-1959	38	38	32	40
1940-1949	18	15	23	18
Before 1939	16	18	17	15
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

a/ Estimated.

Source: 1960 Census of Housing, Bureau of the Census, C-40 Construction Reports, and estimates by Housing Market Analyst.

Condition. Because the housing stock in the HMA is relatively new, it is in generally good condition. Less than five percent of the housing units in the HMA were classified as dilapidated in 1960. Over 80 percent of the units were not dilapidated and had all plumbing facilities. The other 15 percent were not dilapidated but lacked one or more plumbing facilities. There is little difference in the condition of housing units among the urban and rural areas in the HMA. There probably has been a slight improvement in the condition of the inventory since 1960, because the volume of new residential construction has been large.

Value and Rent. The median value of owner-occupied units in the HMA was about \$12,000 in 1960 and has risen since then, because most new construction has been in the \$15,000 to \$25,000 classes. Also property values generally have increased since 1960. Indio reported a median value of \$13,300 in 1960, while that for Coachella was \$8,000. The more expensive units are primarily in the northern portion of the HMA. Values are significantly lower in the settlements south of Coachella in the agricultural areas. No data on median rents for the whole HMA are available. The 1960 median was \$74 in Indio and \$57 in Coachella; rents are lower outside these built-up areas. The median rent has risen in Indio since 1960, but has remained fairly stable in the remainder of the HMA.

Residential Building Activity

Building permits are required in the entire HMA, and about 3,000 have been issued since 1960. In most of the Coachella Valley HMA, residential building activity increased from 1960 to 1963 in order to house the growing population. The slowdown in building activity in 1964 indicated in Table V may be due to incomplete data. A breakdown of building permits by structural type, which is available only for Indio and Coachella, shows that almost half of post-1960 residential construction there has been of multifamily housing units.

Building Permits Issued by Structural Type  
Indio and Coachella, California  
1960-1964

<u>Year</u>	<u>Indio</u>			<u>Coachella</u>		
	<u>Single family</u>	<u>Multi-family</u>	<u>Total</u>	<u>Single family</u>	<u>Multi-family</u>	<u>Total</u>
1960	82	4	86	38	4	42
1961	102	65	167	64	14	78
1962	125	145	270	77	50	127
1963	237	71	308	57	17	74
1964	75	341	416	44	40	84
Total	621	626	1,247	280	125	405

Source: Research Division, Security First National Bank of Los Angeles.

A postal vacancy survey of Indio and Coachella reported 59 units under construction, 55 residences and 4 apartments. This survey, however, covered only a portion of the HMA, and the total number of units under construction is higher. Recent trends in construction activity are indicated by a monthly comparison for 1964 and 1965 (see table V). Although data are not available showing conversions, it is judged that no net change in the housing inventory has resulted from conversions. Demolitions are expected to remain at the current level of about 45 annually until the end of the two-year forecast period, when urban renewal activity in Indio will cause an increase.

Tenure of Occupancy

The proportion of residents of the HMA who own their own homes is increasing, but at a slower rate than during the 1950-1960 decade. Some 53.9 percent of the occupied housing inventory is presently owner-occupied, up from 52.4 percent in 1960. Within the city of Indio, the proportion of owner occupancy is declining as a result of the large amount of new multifamily construction there. Tenure trends are shown in the following table.

Tenure Trends  
Coachella Valley, California, HMA  
1950-1965

<u>Year</u>	<u>Percent owner-occupied</u>			
	<u>Total HMA</u>	<u>Indio</u>	<u>Coachella</u>	<u>Rest of HMA</u>
1950	N.A.	35.3	47.3	N.A.
1960	52.4	54.0	56.9	49.1
1965	53.9	52.8	61.5	51.9

Source: 1950 and 1960 Censuses of Population; estimates by the Housing Market Analyst.

### Vacancy

Census. The 1960 census reported 968 vacant units in the HMA. Of these 395 were available for sale (170 units) or for rent (225 units). Vacancy ratios of available units were 5.1 percent for total inventory, 4.5 percent for sales housing, and 6.5 percent for rental housing. Many of the vacant non-available units were seasonal housing. There are no data on the condition of the vacant units.

Postal Vacancy Survey. A postal vacancy survey conducted in June 1965 in Indio and Coachella covered 5,784 units (4,874 residences and 910 apartments), about 55 percent of the housing inventory in the HMA. The survey reported an overall vacancy ratio in the HMA of 5.9 percent (344 units), a residence vacancy ratio of 3.9 percent, and an apartment vacancy ratio of 16.9 percent. The comparable vacancy ratios for Indio were 6.9 percent, 4.2 percent, and 21.3 percent. In Coachella, they were 3.0, 2.9, and 3.5 percent, respectively (see table VI). There was a 5.5 percent vacancy ratio among house trailers in the HMA.

Data collected in a postal vacancy survey are not entirely comparable with those published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. Nor do they reflect as high a degree of accuracy as do the 1960 census data. Nevertheless, the surveys serve a valuable function when used in conjunction with other locality data in reaching a better-informed judgment regarding local market conditions.

Current Estimate. Adjustment for incomplete coverage, allowance for seasonal housing, and conversion to census concepts suggests a total of about 1,000 vacancies in the HMA. Approximately 400 of these are available for sale (150 units) or for rent (250 units), resulting in vacancy ratios of 3.8 percent for the total inventory, 2.8 percent for sales housing, and 5.4 percent for rental housing (see table IV). In the city of Indio about 50 vacant units are available for sale and 150 are available for rent.

The vacancy ratios in Indio are 4.7 percent for total inventory, and 2.3 and 7.8 percent for sales and rental housing, respectively. Half of the available rental units are located in one poor quality low-rent project. Available vacancy levels are lower in Coachella, where the housing units are lower-cost, and in the southern portion of the HMA. In the rapidly growing area around Indio, vacancy levels are the highest in the HMA.

Considering the current and the expected near-term growth rate of the area, the present homeowner vacancy ratio is higher than that which would represent a balanced demand-supply market condition. The current rental vacancy ratio indicates a satisfactory quantitative balance in the rental market.

### Sales Market

General Conditions. Rapid population growth in the Coachella Valley HMA has kept the demand for sales housing strong. Despite the large volume of new construction between 1960 and 1965, the homeowner vacancy ratio dropped from 4.5 to 2.8 percent. The current excess of sales housing has little detrimental effect upon the market because the area is growing so rapidly. Although there are some problems in construction due to the soil and climate, they can be inexpensively overcome.

Subdivision Activity. There has been a large amount of subdivision activity within the HMA. Because of the desert environment, most construction is in tracts surrounding existing population centers and near water lines. Almost all new construction is on a speculative basis, located in subdivisions in and around Indio, and priced from \$17,500 to \$25,000. It appears that such units account for much of the current excess of vacant sales housing. One subdivision in Coachella with houses in the \$15,000 to \$17,500 range has had extremely good marketing experience, indicating a strong demand for lower-priced homes. Lower-priced houses in the settlements south of Coachella have also had good marketing experience.

Unsold Inventory Survey. A survey of new unsold houses in the Indio-Coachella area was conducted by the FHA San Bernardino Service Office in January 1965. It covered 10 building tracts in which 5 or more sales houses were completed in 1964. All the houses covered were speculatively-built. Of 293 sales houses completed in the last year, 36 remained unsold, an unsold to completions ratio of only 12 percent. Another 24 houses in the covered subdivisions had been unsold for more than a year. All of the latter were in the \$17,500-\$20,000 price bracket. Marketability by price class is indicated in the following table.

New Sales Houses Completed in the Past Twelve  
Months, Number Sold, and Number Unsold  
Indio-Coachella, California, January 1, 1965

<u>Price group</u>	<u>Total completions</u>	<u>Total speculative</u>	<u>Number sold</u>	<u>Unsold</u>	
				<u>Number</u>	<u>Percent</u>
Under \$12,499	-	-	-	-	-
\$12,500 - 14,999	86	86	81	5	6
15,000 - 17,499	44	44	44	-	-
17,500 - 19,999	110	110	94	16	15
20,000 - 24,999	32	32	17	15	47
25,000 - 29,999	21	21	21	-	-
30,000 and over	-	-	-	-	-
Total	293	293	257	36	12

Source: Santa Ana Insuring Office, FHA.

This survey indicates a generally healthy sales market, but with some evidence of over-building in the \$17,500 to \$25,000 price range. An earlier survey taken in June 1964, reported 74 unsold completed sales houses in the \$15,000 to \$17,500 range. These were sold in the intervening six months, indicating a strong demand in that price range.

Houses Under Construction. It is estimated that there are currently about 90 houses under construction in the HMA, almost 50 in Indio, 10 in Coachella, and the remainder in smaller settlements south of Coachella. Recent levels of construction activity in the HMA are shown in the following table.

Houses Under Construction  
Coachella Valley, California, HMA, 1961-1965

<u>Year</u>	<u>June</u>	<u>December</u>
1961	-	106
1962	62	79
1963	141	104
1964	45	86
1965	90	-

Source: Santa Ana Insuring Office, FHA; Research Division, Security First National Bank; estimates by the Housing Market Analyst.

Foreclosures. The number of foreclosures in the HMA has increased since 1960. However, local mortgagors attribute the rise to changed policies and not changed market conditions. The level of FHA foreclosures began to rise by 1963, but it is still reasonably low, and sales are keeping pace with acquisitions.

Outlook. The sales market is expected to remain healthy throughout the forecast period, as long as residential construction does not exceed the level warranted by population growth. If construction activity remains at the 1964 level, the excess of vacant sales houses in the medium-price classes probably will be absorbed within a year.

### Rental Market

Market Conditions. There is a shortage of attractive, well-built units for rent in the HMA. The large volume of apartment construction since 1960 has met only part of the demand for new rental housing. Most new units are located in Indio, and it appears that the market there is well-balanced. In the remainder of the HMA, however, there are not enough units to meet the demand. Incomes of renter families in the HMA are low when considered in relation to the frequently large family size, and single-family houses are most often sought as rental units. Trailers often are purchased to meet the housing needs of low-income families who otherwise would contribute to the demand for rental housing.

New Rental Housing. Apartments in the HMA were mostly built within the last five years, and unless there is a definite management or other problem, they have had good rental experience. Leases are not usually required in the HMA and those units requiring leases do not rent as well as the others. Vacancies rise during the very hot summer months, but drop in the fall. Builders seeking to attract the low-income market have built minimum standard low-rent apartment units in the HMA. High vacancy rates in these projects do not reflect general market conditions. The postal vacancy survey reported only 4 apartment units under construction, all in Coachella. This is a temporary lag in construction, and activity should pick up shortly.

### Mortgage Market

Local sources supply the funds for most single-family home mortgages and many multifamily loans. However, the rapid growth of the area has attracted capital from outside sources. It was reported that there are adequate funds for mortgage and construction loans.



The FHA participates in the single-family mortgage market and may be expected to enter the multifamily mortgage market in the HMA. Interest rates on conventional mortgages range from five and one-half percent to well over seven percent, with most home mortgages between six and seven percent.

### Urban Renewal

At present there are two urban renewal projects in the HMA, both in Indio. One, the Indio Centre Project, is in the final stages of planning. It will involve a 53-acre triangle of mixed-use land in downtown Indio. Boundaries are roughly the highway (Interstate 10, United States Route 99, 60, and 70), Jackson Street, and 46th Street, except the Requa Avenue instead of 46th Street forms the boundary between Marshall Street and Flower Street. Demolitions and acquisitions are scheduled to begin near the end of the two-year forecast period of this analysis. There are currently 152 occupied housing units in the area inhabited by 86 families and 66 individuals. Redevelopment will be non-residential.

The second urban renewal area, Mecca Vineyard, is in the early stages of consideration. It covers about 26 acres of residential land, and proposed redevelopment is for residential use.

A decision in California courts is pending with respect to the constitutionality of "Proposition 14," which has the effect of prohibiting any political subdivision or public agency in California from imposing a ban on discrimination exercised by a private owner; if upheld, "Proposition 14" will, in effect, bring urban renewal to a halt in California.

### Public Housing

Twenty units of public housing were built in Indio in 1957. This is the only public housing project in the Coachella Valley HMA. The project contains ten 2-bedroom units, six 3-bedroom units, and four four-bedroom units. There are no vacancies. The minimum rent ranges from \$32 to \$70 a month, depending upon income and family size.

## Demand for Housing

### Quantitative Demand

Demand for additional housing is based on the projected level of household growth over the next two years (600 annually), on the number of housing units expected to be demolished, and on the adjustment of vacancies to levels that reflect the long-term needs of the Coachella Valley Housing Market Area. Consideration is given also to the current tenure composition of households, and to the continued trend from renter-occupancy to owner-occupancy. Giving consideration to the foregoing factors, an annual demand for about 675 housing units at sales prices and rents achievable with non-assisted privately-owned new construction is projected during the next two years. That volume of new construction would be less than the average of about 775 units a year built during the past two years but above the 580 unit average of the past five years. It is expected that 325 units will represent annual demand by owner-occupants and 350 units demand by renters. However, about 150 units of the latter demand will be provided by the continued availability of single-family houses made available through the filtration process. Thus, the demand for new construction is converted to about 475 single-family units and about 200 multi-family units.

If public benefits or assistance in financing or in land purchase are utilized, thereby reducing the minimum rents achievable, it is judged that demand for privately-owned rental units may be increased by about 80 units a year. It may be expected that provision of new privately-owned rental units in the lower rent ranges achievable with public benefit or assisted financing will accelerate filtering and removal of the least desirable housing, and will result in the improvement of housing available to moderate income families.

### Qualitative Demand

Sales Demand. Distribution of the annual demand for 475 units of new sales housing is shown in the table on page 21. The distribution is based upon ability to pay, as measured by current family incomes and by the ratio of sales price to income typical in the area. Also, cognizance is given to current construction activity and marketability by price level as indicated in the survey of unsold inventory. It is

judged that acceptable sales housing cannot be built in the Coachella Valley HMA for less than about \$10,000.

Estimated Annual Demand for New Sales Housing by Price Classes  
Coachella Valley, California, HMA  
June 1965 - June 1967

<u>Sales price</u>	<u>Number of houses</u>	<u>Percentage distribution</u>
\$10,000 - \$12,499	75	16
12,500 - 14,999	110	23
15,000 - 17,499	100	21
17,500 - 19,999	90	18
20,000 - 24,999	50	11
25,000 and over	<u>50</u>	<u>11</u>
Total	475	100

The distribution above represents annual demand for new sales housing over the next two years. As such, it differs somewhat from the unsold inventory survey on page 17, which reflects construction activity in the HMA during 1964, and includes only subdivisions with 5 or more completions in 1964.

Rental Housing. On the basis of projected renter-family incomes and ratios of rent to income typical in the area, the annual demand for rental housing is expected to be distributed by unit size and rent level as indicated in the following table. Net additions at these rentals may be accomplished by new construction or rehabilitation at the specified rent levels with or without public benefits or assistance through tax abatement or aid in financing or in land acquisition.

Under current costs, minimum rents (including utilities) at which 200 new privately-owned acceptable rental units can be produced in the area without public benefits or assistance in financing or land purchase are \$90 for an efficiency, \$100 for a one-bedroom, \$110 for a two-bedroom, and \$120 for a three-bedroom unit. An additional 80 units a year may be absorbed at the lower monthly rent levels achievable with some form of public benefit or assistance.

A diversity of projects of relatively small size, with structures containing two to four units, are likely to achieve greater market acceptance than would a concentration of units in large projects with a substantial number of units in each building.

Estimated Annual Demand for New Rental Housing  
Coachella Valley, California, HMA  
June 1965 to June 1967

<u>Monthly gross rent<sup>a/</sup></u>	<u>Size of unit</u>			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$ 75 and over	25	-	-	-
80 " "	25	90	-	-
85 " "	20	85	105	-
90 " "	20	80	95	60
95 " "	15	75	85	50
100 " "	15	70	80	45
110 " "	10	65	75	40
120 " "	10	60	70	35
130 " "	5	50	55	30
140 " "	-	40	45	25
150 " "	-	35	35	20
160 " "	-	30	30	15
170 " "	-	25	25	15
180 " "	-	20	20	10
200 " "	-	10	15	10

a/ Includes all utilities.

Note: The figures above are cumulative, i.e., the columns cannot be added vertically. For example, demand for one-bedroom units at from \$120 to \$130 is 10 units (60 minus 50).

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.

The preceding distribution of average annual demand for new apartments is based on projected tenant family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is also given 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. It need not be construed with absolute rigidity; special marketing considerations may justify some deviation from this pattern within reasonable limits in exceptional situations to meet a particular need. Even though such a deviation may experience market success, however, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless thorough analysis of all factors involved clearly confirms the change. In any case, particular proposals must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or submarkets.

Because of the relatively large supply of new rental housing in the area in recent years (an innovation in the available supply), the absorption of successive increments of new rental housing should be observed carefully. The production of rental units meeting market resistance is a signal for curtailment.

Table I

Employment by Industry  
Indio, California  
July 1960 - July 1964 a/

<u>Industry</u>	<u>July</u> <u>1960</u>	<u>July</u> <u>1961</u>	<u>July</u> <u>1962</u>	<u>July</u> <u>1963</u>	<u>July</u> <u>1964</u>
Total	<u>5,500</u>	<u>5,850</u>	<u>6,100</u>	<u>6,950</u>	<u>7,575</u>
Agricultural services	600	600	600	450	400
Contract construction	550	600	600	850	900
Manufacturing	225	250	250	300	400
Trans., comm., & util.	700	750	750	800	850
Trade	1,750	1,850	1,950	2,050	2,175
Fin., ins., & real est.	250	250	250	400	500
Service	1,000	1,100	1,200	1,450	1,550
Government	425	450	500	650	800

a/ Comparable employment data are available for the years 1958-1964 only.

Source: California Department of Employment; 1960 estimated by Housing Market Analyst from non-comparable data.

Table II

Estimated Annual Family Income Percentage Distribution <sup>a/</sup>  
Coachella Valley, California, HMA  
1965 and 1967

<u>Annual after-tax income</u>	<u>1965 income</u>		<u>1967 income of renter families</u>
	<u>All families</u>	<u>Renter families</u>	
Under \$4,000	24	33	31
\$4,000 - 4,999	10	14	13
5,000 - 5,999	11	11	12
6,000 - 6,999	11	11	11
7,000 - 7,999	9	10	9
8,000 - 8,999	8	6	6
9,000 - 9,999	6	4	5
10,000 - 10,999	5	3	3
11,000 - 12,999	6	4	5
13,000 - 14,999	4	2	2
15,000 and over	6	2	3
	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$6,450	\$5,300	\$5,550

<sup>a/</sup> After deduction of Federal income tax.

Source: Estimated by Housing Market Analyst.

Table III

Population Distribution by Age  
Coachella Valley, California, HMA  
1960

<u>Age</u>	<u>Number</u>	<u>Percentage</u>
Less than 5	3,529	13
5-9	3,142	12
10-14	2,641	10
15-19	2,040	7
20-24	1,998	7
25-29	2,058	8
30-34	2,000	7
35-39	2,100	8
40-44	1,749	6
45-49	1,615	6
50-54	1,373	5
55-59	1,070	4
60-64	732	3
65-69	555	2
70-74	324	1
75 and over	<u>339</u>	<u>1</u>
Total	27,265	100

Source: 1960 Census of Population.



Table IV

Housing Inventory Components, Including Tenure and Vacancy  
Coachella Valley, California, HMA  
1960 and 1965 a/

<u>Occupancy and tenure</u>	<u>Indio</u>		<u>Coachella</u>		<u>Rest of HMA</u>		<u>HMA</u>	
	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>
Total inventory	<u>3,169</u>	<u>4,275</u>	<u>1,168</u>	<u>1,675</u>	<u>3,476</u>	<u>4,600</u>	<u>7,813</u>	<u>10,550</u>
Occupied housing units	<u>2,934</u>	<u>4,025</u>	<u>1,099</u>	<u>1,625</u>	<u>2,812</u>	<u>3,900</u>	<u>6,845</u>	<u>9,550</u>
Owner occupied	<u>1,584</u>	<u>2,125</u>	<u>625</u>	<u>1,000</u>	<u>1,380</u>	<u>2,025</u>	<u>3,589</u>	<u>5,150</u>
Renter occupied	<u>1,350</u>	<u>1,900</u>	<u>474</u>	<u>625</u>	<u>1,432</u>	<u>1,875</u>	<u>3,256</u>	<u>4,400</u>
Vacant housing units	<u>235</u>	<u>250</u>	<u>69</u>	<u>50</u>	<u>664</u>	<u>700</u>	<u>968</u>	<u>1,000</u>
Available	<u>174</u>	<u>200</u>	<u>50</u>	<u>25</u>	<u>171</u>	<u>175</u>	<u>395</u>	<u>400</u>
For sale	<u>55</u>	<u>50</u>	<u>15</u>	<u>15</u>	<u>100</u>	<u>85</u>	<u>170</u>	<u>150</u>
Percent	<u>3.4%</u>	<u>2.3%</u>	<u>2.3%</u>	<u>1.5%</u>	<u>6.8%</u>	<u>4.0%</u>	<u>4.5%</u>	<u>2.8%</u>
For rent	<u>119</u>	<u>150</u>	<u>35</u>	<u>10</u>	<u>71</u>	<u>90</u>	<u>225</u>	<u>250</u>
Percent	<u>8.1%</u>	<u>7.3%</u>	<u>6.9%</u>	<u>1.6%</u>	<u>4.7%</u>	<u>4.6%</u>	<u>6.5%</u>	<u>5.4%</u>
Other (incl. seasonal)	<u>61</u>	<u>50</u>	<u>19</u>	<u>25</u>	<u>493</u>	<u>525</u>	<u>573</u>	<u>600</u>

a/ All 1965 figures are rounded.

Source: 1960 Census of Housing; 1965 estimated by Housing Market Analyst.

Table V

Building Permits Issued  
Coachella Valley, California, HMA  
1950 - 1965

<u>Year</u>	<u>Indio</u>	<u>Coachella</u>	<u>Rest of HMA</u> <sup>a/</sup>	<u>HMA Total</u>
1950	213	N.A.	N.A.	N.A.
1951	112	N.A.	N.A.	N.A.
1952	52	N.A.	N.A.	N.A.
1953	160	N.A.	N.A.	N.A.
1954	146	N.A.	N.A.	N.A.
1955	260 <sup>b/</sup>	N.A.	N.A.	N.A.
1956	69	N.A.	N.A.	N.A.
1957	124	N.A.	N.A.	N.A.
1958	253	N.A.	N.A.	N.A.
1959	91	N.A.	N.A.	N.A.
1960	86	42	75	203
1961	167	78	125	370
1962	270	127	400	797
1963	308	74	550	932
1964	416	84	100	600

Comparable Months

1964				
January	219	2	N.A.	N.A.
February	28	0	N.A.	N.A.
March	5	4	N.A.	N.A.
April	5	4	N.A.	N.A.
1965				
January	2	15	N.A.	N.A.
February	1	1	N.A.	N.A.
March	0	1	N.A.	N.A.
April	49	22	N.A.	N.A.

<sup>a/</sup> Estimated by Analyst from Riverside County Board of Trade data and building permit information by rural school district.

<sup>b/</sup> Includes 20 units of public housing.

Source: Bureau of the Census, C-40 Construction Reports; Research Division, Security First National Bank.

Table VI

## Coachella Valley, California, Area Postal Vacancy Survey

June 25, 1965

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	5,784	344	5.9	261	83	59	4,874	190	3.9	108	82	55	910	154	16.9	153	1	4	507	28	5.5
Coachella	1,382	42	3.0	39	3	10	1,156	34	2.9	31	3	6	226	8	3.5	8	-	4	71	-	-
Indio	4,402	302	6.9	222	80	49	3,718	156	4.2	77	79	49	684	146	21.3	145	1	-	436	28	6.4

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).