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Analysis of the
**DECATUR, ILLINOIS
HOUSING MARKET**

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
DECATUR, ILLINOIS, 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
DECATUR, ILLINOIS, HOUSING MARKET
AS OF JUNE 1, 1965

Summary and Conclusions

1. Nonagricultural wage and salary employment in the Decatur HMA was 41,825 in January 1965, about the same level as in January 1960. From January 1963 to January 1965 nonagricultural wage and salary employment increased by an average of about 2,150 jobs (6 percent) annually. During the January 1960-January 1965 period, the largest employment gains occurred in the electrical machinery and rubber products industries. During the June 1965-June 1967 forecast period, an increase of 1,400 jobs is expected in nonagricultural employment, with the largest gains expected in manufacturing employment.
2. Unemployment in the Decatur HMA in January 1965 was 1,875 or 3.7 percent of the total civilian work force. Unemployment rates have declined in January of each year since 1962 when the unemployment rate was 8.8 percent.
3. The current annual median family income, after the deduction of Federal income tax, for all families in the Decatur HMA is \$6,750, and the current median after-tax income, earned by renter families is about \$5,325. By 1967, median after-tax incomes are expected to increase by about six percent.
4. The current population of the Decatur HMA is 123,600, an increase of 1,025 (0.8 percent) annually since April 1960. The largest population gain occurred in the city of Decatur, but much of the population growth was a result of the annexation of land areas containing over 8,500 people in 1960. By June 1967, the population of the HMA is projected to total 127,100 persons, an increase of about 3,500 persons over the current level.
5. At the present time, there are about 38,800 households in the HMA, an increase of about 330 (0.9 percent) annually since 1960. Since April 1960, the number of households in the city of Decatur increased by about 3,050, largely because of annexations since 1960. By June 1967, the number of households in the HMA is expected to total about 39,900, an increase of almost three percent over the current level.

6. Currently, there are about 41,050 housing units in the HMA, representing an average annual increase of about 300 since April 1960. During the decade from 1950 to 1960, the number of housing units in the HMA increased by an average of about 800 annually. From January 1, 1960 to March 31, 1965 there have been about 2,400 units authorized by building permits, an average of nearly 460 units annually. Since 1962, the number of units authorized has been increasing, reaching a level of about 480 in 1964.
7. There are an estimated 1,525 vacant housing units available for sale or rent in the Decatur HMA. Of this total, 625 are available for sale and 900 are available for rent, indicating homeowner and rental vacancy ratios of 2.2 percent and 7.7 percent, respectively. In April 1960, the homeowner vacancy ratio was 1.8 percent, and the renter vacancy ratio was 8.0 percent.
8. During the June 1, 1965 to June 1, 1967 forecast period, it is estimated that demand for new housing in the Decatur HMA will average 500 units a year. Of this total, there will be a demand for 425 units of sales housing and 75 units of rental housing. About two-thirds of the sales demand will be at prices between \$14,000 and \$29,000. Of the total annual rental demand, about 50 units can be produced with market interest rate financing, and an additional 25 units could be produced at the lower rents possible with public benefits or assistance in financing.

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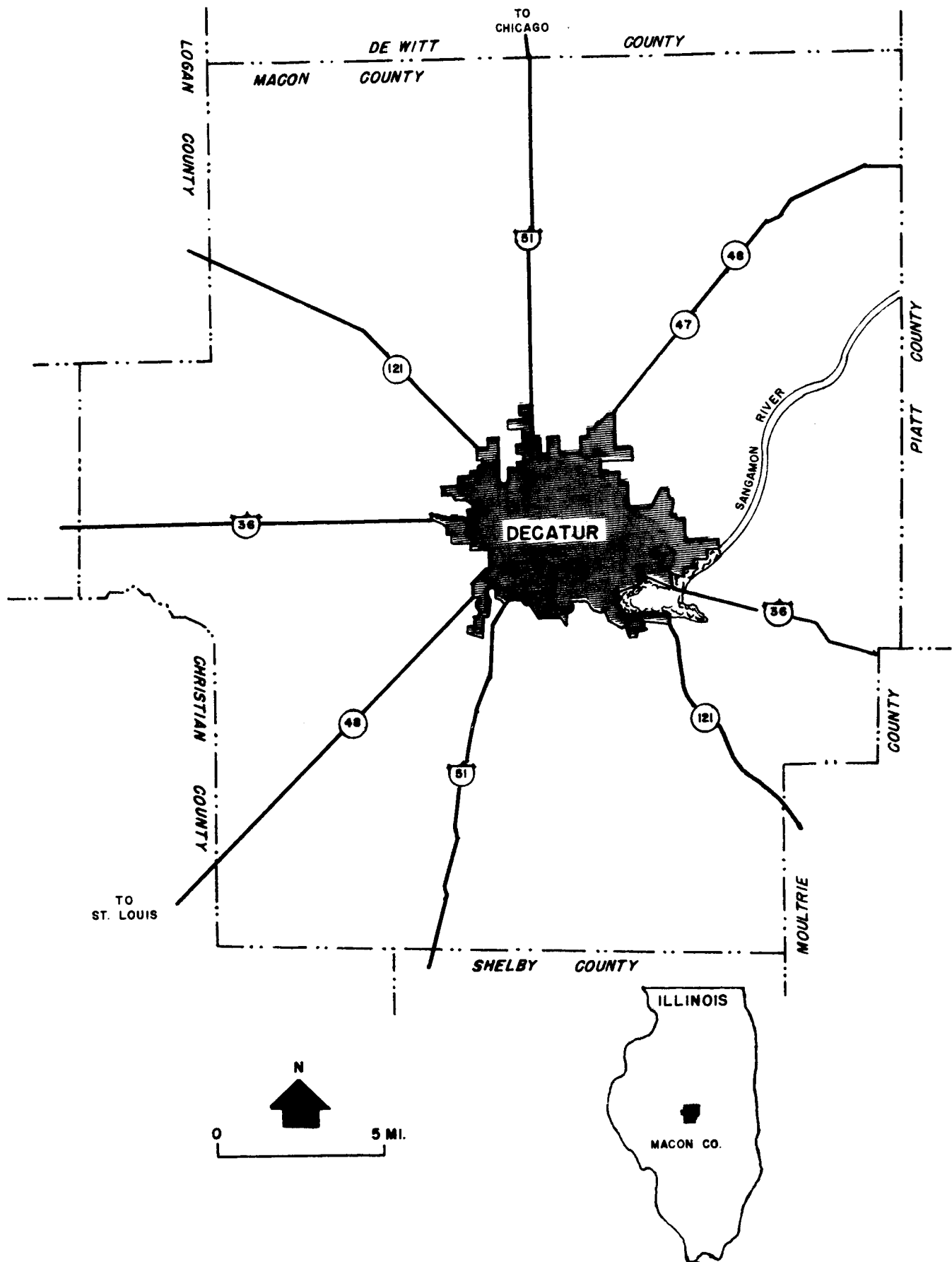
Housing Market Area

For purposes of this analysis, the Decatur, Illinois, Housing Market Area (HMA) is coterminous with Macon County, Illinois. This definition coincides with the Decatur Labor Market Area as defined by the Illinois Bureau of Employment Security. Decatur is the only city within the area and in April 1960 accounted for approximately two-thirds of the HMA population.

The Decatur HMA is situated in the center of the State of Illinois. The city of Decatur is about 40 miles east of Springfield and about 175 miles south of Chicago. Railroads providing service to the area include the Baltimore and Ohio, Illinois Central, Illinois Terminal, Pennsylvania, and the Wabash, the last providing passenger service. Local commercial air freight and passenger service is provided by Ozark Airlines which operates scheduled flights to Chicago, Indianapolis, and St. Louis. More than 45 major trucking firms provide transportation over an improving network of highways. Major highways traversing the HMA include two U. S. routes and two state routes, all converging at Decatur (see map page 2). U. S. routes 36 and 51 cross the HMA in east-west and north-south directions, respectively, and Illinois routes 121 and 47 cross the HMA radially.

In April 1960, about 3 percent of the Decatur HMA residents, who reported their place of work, commuted to places outside of the HMA. Commutation into the area in 1960 is believed to have been at about the same level. Since 1960, commutation patterns are believed to have changed only slightly.

DECATUR, ILLINOIS, HOUSING MARKET AREA



Economy of the Area

Character and History

In about 1830 the Illinois State Legislature created Macon County out of a portion of Shelby County. At that time, Decatur became the seat of Macon County with a total population of about 1,000 people. In 1854, both the Illinois Central Railroad and the east-west Great Western Railroad (now the Wabash) reached Decatur. With the emergence of Decatur as a hub in the Illinois transportation network, the population of the county increased rapidly to 14,000 by 1860.

In the period between the Civil War and World War II, farm machinery manufacturing grew and then declined as did the textiles and apparel, and transportation equipment industries. At the present time the nonelectrical machinery industry, in terms of employment and payroll, is most important. The Decatur economy has been diversified in the last few years by new plants established by the Firestone Tire and Rubber Company, the Pittsburgh Plate Glass Company, and the Borg-Warner Corporation.

Employment

Current Estimate. Total employment in the Decatur HMA, as reported by the Illinois Bureau of Employment Security totaled 48,175 in January 1965 (January is the only month for which employment data are available for a number of years). This employment figure is comprised of 1,450 agricultural workers, 41,825 wage and salary workers, and 4,900 self-employed, domestic, and unpaid family workers (see table I).

Past Trend. During the January 1960-January 1965 period, nonagricultural employment decreased slightly. From January 1960 to January 1963, nonagricultural employment experienced a decline of 4,825 as the local economy suffered the effects of a loss of two major employers (see employment by industry section). Since January 1963, however, nonagricultural employment has increased by 4,600 (11 percent), mostly as a result of new employers settling in the area, and also reflecting continued national prosperity.

Nonagricultural wage and salary employment was at approximately the same level in January 1960 as it was in January 1965. From January 1960 to January 1963, nonagricultural wage and salary employment fell by an average of 1,375 annually (3.3 percent), but since January 1963, nonagricultural wage and salary employment has increased by an average of about 2,150 (6 percent) annually.

Trend of Nonagricultural Wage and Salary Employment
Decatur, Illinois, HMA, January 1960-January 1965

<u>Date</u>	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>	<u>Total nonagricultural wage and salary employment</u>	<u>Change in total from preceding year</u>
Jan. 1960	15,650	26,000	41,650	-
Jan. 1961	13,750	25,625	39,375	-2,275
Jan. 1962	13,425	24,400	37,825	-1,550
Jan. 1963	13,375	24,125	37,500	- 325
Jan. 1964	14,900	24,325	39,225	1,725
Jan. 1965	16,300	25,525	41,825	2,600

Source: Illinois Bureau of Employment Security.

Employment by Industry. In January 1965, manufacturing employment in the Decatur HMA was reported to be 16,300, an increase of 650 (4 percent) since January 1960 (see table II). During the January 1960-January 1963 period manufacturing employment declined by 2,275 (14.5 percent), but has increased by 2,925 (22 percent) since that time. During the last five years, durable goods employment has fluctuated from a low of 8,425 in January 1962 to the January 1965 high of 10,575. Nondurable goods employment has ranged from a low of 4,925 in January 1963 to the January 1965 high of 5,725.

Much of the employment growth in the January 1960-January 1965 period has been the result of substantial increases in electrical machinery and rubber products employment. During this five-year period, electrical machinery employment has made the largest numerical gain of any manufacturing industry. Much of this gain occurred in the January 1960-January 1961 period when the General Electric plant resumed operations. Growth has been more recent in the rubber products industry. The number of jobs in this industry increased sharply from January 1963 to January 1965, reflecting the establishment of the Firestone Tire and Rubber plant. In January 1960, electrical machinery and rubber products employment, together, totaled 50 workers, compared with 1,600 workers in January 1965. Nonelectrical machinery employment declined by 1,950 (34 percent) from 5,875 in January 1960 to 3,850 in January 1962. Much of this loss in employment was a result of the Decatur plant of Borg-Warner discontinuing the manufacture of air-conditioners and the subsequent decline in the number of jobs.

Since January 1962, nonelectrical machinery employment has increased by 950 (25 percent). Fabricated metals employment has increased since January 1960 by 325 (16 percent) to the January 1965 level of 2,425. Food products employment (about 4,000) has shown the greatest stability of major employers over the January 1960-January 1965 period.

In January 1965, nonmanufacturing employment totaled 25,525, compared with the January 1960 level of 26,000. Of the total nonmanufacturing jobs in January 1965, 7,300 (29 percent) were in trade, 6,150 (24 percent) were in service industries, and 3,900 (15 percent) were in transportation, communications, and public utilities. During the January 1960-January 1965 period, trade employment decreased by 650 (8 percent) and service employment increased by 1,225 (25 percent), while transportation, communications, and public utilities employment increased by 50.

Government employment declined from 5,000 in January 1960 to 3,700 in January 1965. Much of the decline was the result of the closing of the Decatur Signal Depot with a loss of about 1,025 jobs during the January 1961-January 1962 period. Construction employment for January 1965 is 950 (55 percent) above the January 1964 level. Employment in construction was considerably higher in January of 1965 than in previous years because of more favorable weather conditions, expansion and modernization of plant facilities, and construction at the Adolf Meyer Zone Center, a medical facility in the northern section of Decatur.

Principal Employment Sources

The largest firm in the Decatur HMA is the Caterpillar Tractor Company which accounted for over one-half of all nonelectrical machinery employment in January 1965. Other major employers in the area are the two divisions of the Borg-Warner Corporation which manufacture compressors, carburetion equipment, and fuel injection systems; and the A. E. Staley Manufacturing Company, producers of corn and soybean derivatives. The Firestone Tire and Rubber Company, a manufacturer of rubber products, and the General Electric Company, maker of audio products, are other major employers in the Decatur area.

Largest Manufacturing Concerns
Decatur, Illinois, HMA a/

<u>Company</u>	<u>Industry Group</u>
Caterpillar Tractor Company	Nonelectrical machinery
Borg-Warner Corporation	Nonelectrical machinery
Wagner Castings Company	Primary metals
Mueller Company	Fabricated metals
A. E. Staley Manufacturing Company	Food products
Firestone Tire and Rubber Company	Rubber products
General Electric Corporation	Electrical machinery

a/ Includes manufactureres with 500 or more employees.

Source: Illinois Bureau of Employment Security.

Unemployment

The Illinois Bureau of Employment Security estimated that there were 1,875 workers or 3.7 percent of the total civilian work force unemployed in January 1965. Unemployment in January 1965 was 500 less than in January 1964 when 5.0 percent of the civilian work force was reported to be unemployed. January data indicate that rates of unemployment have declined each year since 1962.

Unemployment Rate Trend
Decatur, Illinois, HMA
(January of each year)

<u>Year</u>	<u>Percent unemployed</u>
1960	6.2
1961	8.6
1962	8.8
1963	6.7
1964	5.0
1965	3.7

Source: Illinois Bureau of Employment Security.

Future Employment

A gain of about 1,400 nonagricultural jobs appears to be a reasonable expectation during the June 1965 to June 1967 forecast period. The greatest employment increases are expected to occur in the manufacturing segment of the economy. The major gains in manufacturing should be in the nonelectrical machinery and the rubber products segments.

The largest increases in nonmanufacturing employment are expected in the service industry and in finance, insurance, and real estate. The new Adolph Meyer Mental Health Clinic scheduled to open this fall may add up to 300-400 employees within the June '65-June '67 period. The currently vacant Houdaille-Hershey plant is reported to have been sold. Production by a new firm is reported to start in early 1966. It is possible that the vacant Macon Arms Plant may be started at any time to produce shells and casings for the Navy. Construction employment is expected to decrease somewhat, balancing increases in other sectors of the economy.

Income

The current annual median family income after the deduction of Federal income tax for all families in the Decatur HMA is approximately \$6,750, and the current median after-tax income earned by renter families is about \$5,325 (see table III).

It is judged that 19 percent of all families and 32 percent of renter families have current annual after-tax incomes below \$4,000. About 11 percent of all families have annual incomes of over \$12,000, while only 5 percent of renter families earn this amount. Since 1959, the level of income in the Decatur HMA has risen by about 18 percent. By 1967, median after-tax incomes are expected to increase by about 6 percent. Projected annual median incomes for all families and renter families are expected to be \$7,075 and \$5,575, respectively.

Demographic Factors

Population

Current Estimate. The population of the Decatur HMA as of June 1, 1965 is about 123,600, an increase of about 5,350 (5 percent), about 1,025 annually since April 1960 (see table IV). About 88,000 people now live in the city of Decatur, an increase of nearly 10,000 (13 percent) since April 1960, including over 8,500 living in adjoining suburban land areas annexed between 1960 and 1964. Persons living in the HMA outside the Decatur city limits now total approximately 35,300.

Past Trend. During the April 1950 to April 1960 period, the total population of the HMA increased from about 98,900 to nearly 118,300, an increment of about 19,400 persons (20 percent), or about 1,950 persons annually. Much of the increase in population in the HMA during the decade is attributed to the city of Decatur which grew from approximately 66,300 to 78,000, an increase of 11,700 persons (18 percent). The remainder of the HMA population increased from nearly 32,600 to about 40,300, an increase of 7,700 persons (24 percent).

Estimated Future Population. Based on the increases in employment that are expected to occur in the Decatur HMA during the next two years, it is expected that the total HMA population will increase by about 3,500, reaching a level of 127,100 by June 1, 1967. The population of the city of Decatur and the population of the remainder of the HMA will be influenced by future annexation policies. However, most of the growth is expected to occur in areas north of the city of Decatur.

Natural Increase and Migration. During the 1950-1960 decade, there was a net natural increase of about 16,100 people (excess of births over deaths), in the Decatur HMA. When compared with the total population growth, this indicates an in-migration of about 3,300, or 17 percent of the 1950-1960 population increase. Because of decreased employment opportunities during the 1961-1963 period, the trend of migration has been reversed during the 1960-1965 period. During this period, the net natural increase was greater than the total population gain, indicating that an average of 400 persons left the HMA annually since 1960.

Components of Population Change
Decatur, Illinois, HMA
1950-1965

<u>Components of change</u>	<u>Average annual change</u>	
	<u>1950-1960</u>	<u>1960-1965</u>
Net natural increase	1,610	1,425
Migration	330	-400
Total population change	1,940	1,025

Source: Current Population Reports, Bureau of the Census, Illinois Department of Public Health, and estimates by Housing Market Analyst.

Age Distribution. Data presented in the following table show changes which have occurred in the age distribution of the HMA population during the 1950-1960 decade. Of significance is the percentage increase in the 5-19 age group and the percentage decrease in the 20-29 age group. Population in the 5-19 age group increased by 47 percent during the 1950-1960 decade. Most of the persons in this age group were born during the World War II and Korean Conflict boom periods, times of relatively low unemployment and rapidly rising wages. Population in the 20-29 age group has declined by 10 percent between 1950 and 1960. This decrease reflects the low birth rates of the 1930's.

Population Age Distribution
Decatur, Illinois, HMA
April 1950-April 1960

<u>Age group</u>	<u>Number of persons</u>		<u>April 1950-April 1960 change</u>	
	<u>1950</u>	<u>1960</u>	<u>Number</u>	<u>Percent</u>
Under 5	10,475	13,556	3,081	29
5 - 19	21,420	31,534	10,114	47
20 - 29	15,410	13,834	-1,576	-10
30 - 39	14,700	16,336	1,636	11
40 - 54	18,347	20,728	2,381	13
55 - 64	9,382	10,478	1,096	12
65 and over	9,119	11,791	2,672	29
Total	98,853	118,257	19,404	20

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate. The total number of households in the Decatur HMA is currently approximately 38,800, an increase of about 1,700 (5 percent), or about 330 annually since April 1960 (see table IV). Households in the city of Decatur now number about 28,650, or nearly 3,050 (12 percent) above the April 1960 level. However, much of this increase is a direct result of annexations by the city. There are currently about 10,150 households in the remainder of the HMA.

Past Trend. The number of households in the HMA increased from about 30,600 in April 1950 to approximately 37,100 in April 1960, representing an average annual gain of about 650 (2.1 percent), compared with an average annual gain of about 330 (0.9 percent) since April 1960. A portion of the household growth during the 1950-1960 decade was, however, a result of a conceptual change in the census definition from "dwelling units" in 1950 to "housing units" in 1960. The number of households in the city of Decatur increased by about 4,475 (22 percent) from about 21,100 in April 1950 to 25,600 in April 1960. The number of households in the remainder of the HMA increased by about 2,000 during the 1950-1960 decade.

Estimated Future Households. Based on both employment expectations and on the trend of household size as seen in the section below, household growth during the two year forecast period is expected to increase by 1,100 or 550 households annually. By June 1967, the number of households in the HMA is expected to total about 39,900, an increase of 2.8 percent over the current level.

Household Size Trend. Since April 1950, the average household size in the Decatur HMA has been virtually stable. Currently, the HMA household size is 3.15 persons, the same size as in April 1960, and slightly below the household size of 3.16 persons in April 1950. Since April 1950, household size in the city of Decatur has decreased from 3.05 persons to 3.00 persons in April 1960. Since April 1960, the household size in Decatur, which is currently 2.98 persons, has decreased at a somewhat slower rate than during the last decade because of the annexation of suburban areas with larger average households.

Household Size Trends
Decatur, Illinois, HMA
1950, 1960, and 1965

<u>Area</u>	April 1, <u>1950</u>	April 1, <u>1960</u>	June 1, <u>1965</u>
Total HMA	<u>3.16</u>	<u>3.15</u>	<u>3.15</u>
Decatur	<u>3.05</u>	<u>3.00</u>	<u>2.98</u>
Remainder of HMA	3.48	3.50	3.51

Source: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Housing Market Factors

Housing Supply

Current Estimate. As of June 1, 1965 there are about 41,050 housing units in the HMA, representing a net addition to the housing stock of about 1,575 units (4 percent), about 300 annually, since April 1960 (see table V). Currently, the city of Decatur contains about 68 percent of the HMA housing stock.

Past Trend. During the decade from 1950 to 1960, the number of housing units in the HMA increased by about 8,000 (25 percent), from nearly 31,500 units to about 39,500 units. This increase represents an average annual increment of about 800 units during the ten-year period, over twice as great as the average annual increment between April 1960 and June 1965. About 70 percent of the increase during the 1950-1960 decade was in the city of Decatur.

Type of Structure. In April 1960, single-family type units comprised about 85 percent of the total HMA housing supply of almost 39,500 units. Approximately 78 percent of the housing supply in Decatur and 97 percent of the housing supply located outside of Decatur were reported to be single-family units. The current percentage distribution by type of structure in the HMA is believed to have remained nearly the same as in 1960.

Housing Inventory by Structural Size, April 1960 Decatur, Illinois, HMA

<u>Type of structure</u>	<u>Decatur HMA</u>	
	<u>Number</u>	<u>Percent</u>
1 unit <u>a/</u>	33,751	85.5
2 units	1,882	4.8
3 & 4 units	1,738	4.4
5 or more units	2,107	5.3
Total	39,478	100.0

a/ Includes trailers.

Source: 1960 Census of Housing.

Year Built. About 19,750 housing units, approximately 48 percent, of the current housing inventory in the Decatur HMA was built prior to 1930. Housing units constructed since April 1960 number about 2,200 units and account for about 5 percent of the current housing inventory. The age distribution of the Decatur HMA housing stock is shown in the following table.

Distribution of the Housing Inventory by Year Built
Decatur, Illinois, Housing Market Area
June 1, 1965

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1, 1960 - June 1, 1965	2,200	5.4
1955 - March 31, 1960	5,950	14.5
1950 - 1954	4,000	9.7
1940 - 1949	5,100	12.4
1930 - 1939	4,050	9.9
1929 to earlier	19,750	48.1
Total	41,050	100.0

Source: Estimated by Housing Market Analyst based on 1960 Census of Housing.

Condition. In the April 1960 census, about 76 percent of the housing inventory was reported to be in a sound condition with all plumbing facilities. However, there was a major difference between the owner-occupied and renter-occupied inventory. The census reported that about 85 percent of the owner-occupied inventory was in a sound condition with all plumbing facilities, while only about 60 percent of the renter-occupied inventory was so classified. In April 1960, 1.9 percent of the owner-occupied units were in a dilapidated condition, whereas, 4.7 percent of the renter-occupied units were classified as dilapidated. Since April 1960, the condition of the inventory, both renter-occupied and owner-occupied, has improved somewhat because of the demolition of poor-quality units.

Value and Rent. In April 1960, the median value of owner-occupied housing units in the Decatur HMA was \$11,800, compared with a median value of \$11,900 for units in the city of Decatur. The median asking price of vacant units available for sale in the HMA and in Decatur was \$12,700. The median gross rent in the HMA and in the city of Decatur was \$72.00.

Residential Building Activity

Recent Activity. The number of new housing units authorized by building permits in the Decatur HMA has fluctuated in the last few years (see table VI). From January 1, 1960 to March 31, 1965 there have been approximately 2,400 units authorized by building permits, an average of about 460 units annually. In 1960, about 570 units were authorized, and in 1961 and 1962 the number of units authorized declined to approximately 460 and 400, respectively, reflecting the downturn of the area economy during these two years. Since 1962, the number of units authorized has been increasing, reaching a level of nearly 480 in 1964.

Building permit data for the HMA are not recorded by type of structure. Of the approximately 2,400 units authorized since January 1960, it is estimated that about 2,225 are single-family units and approximately 175 are multifamily units. Most of the multifamily construction, however, has occurred during the last two or three years. Neighboring cities such as Peoria and Springfield have had much greater multifamily building than has the city of Decatur. In 1964, about 23 percent of the units authorized by building permits in Peoria were multifamily units, and in Springfield about 57 percent of the units authorized were multifamily units.

Long Term Trend. A comparison of building activity in the city of Decatur and in the unincorporated sector of the HMA during the 1950-1964 period reveals that the greatest concentration of building activity occurred during the 1954-1958 period. Together, these two areas, the city of Decatur and the unincorporated sector of the HMA, accounted for about 80 percent of the units authorized by building permits in 1964. During the 1950-1960 decade, the number of units authorized by building permits for these areas averaged about 720 units annually, compared with an average of about 400 units annually during the 1960-1964 period.

Housing Units Authorized by Building Permits, 1950-1964
City of Decatur, and the Unincorporated Portion of Macon County
1950-1964

<u>Year</u>	<u>Decatur</u>	<u>Macon County (unincorporated)</u>	<u>Year</u>	<u>Decatur</u>	<u>Macon County (unincorporated)</u>
1950	389	321	1958	318	351
1951	236	240	1959	247	283
1952	189	198	1960	255	254
1953	303	246	1961	188	225
1954	469	380	1962	198	158
1955	586	445	1963	216	129
1956	577	592	1964	243	135
1957	410	432	Total	4,824	4,389

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

Units Under Construction. Based on building permit data and on the January 1965 postal vacancy survey, there are judged to be approximately 200 dwelling units now under construction in the Decatur HMA. As in the past, most of the units under construction are single-family units. Of the 200 units now under construction, about 180 are single-family units.

Demolition. Since April 1960, there have been about 600 demolitions in the Decatur HMA, most of which have occurred as a result of urban renewal activities and highway construction. Most of the units demolished since April 1960 were in the city of Decatur. Based on information now available it is estimated that a total of about 100 units will be demolished in the HMA during the next two years.

Tenure of Occupancy

Current Estimate. As of June 1, 1965 there are about 38,800 occupied housing units in the HMA. Of this total, 28,000 units (72.2 percent) are owner-occupied and 10,800 units (27.8 percent) are renter-occupied.

Past Trend. During the 1950-1960 decade, owner-occupancy, as a percentage of the occupied inventory, increased from 66.4 percent to 71.7 percent, an increase of more than five percentage points. The tenure trend for the Decatur HMA is shown in the following table. The trend toward increasing owner-occupancy is reflected in the number of single-family units, compared with multifamily units, constructed during the last few years.

Occupied Units by Tenure
1950, 1960, and 1965

<u>Type</u>	<u>Percent of total occupied housing units</u>		
	<u>April 1950</u>	<u>April 1960</u>	<u>June 1965</u>
Owner	66.4	71.7	72.2
Renter	33.6	28.3	27.8
Total	100.0	100.0	100.0

Source: 1950 and 1960 Census of Housing.

1965 estimated by Housing Market Analyst.

Vacancy

Last Census. According to the 1960 census, the Decatur HMA contained about 1,400 vacant housing units available for sale or rent, a net vacancy ratio of 3.7 percent. Of this number, about 490 units were available for sale and about 910 units were available for rent, indicating net homeowner and renter vacancy ratios of 1.8 percent and 8.0 percent, respectively. The census also reported that 55 (11 percent) of the available sales vacancies and nearly 360 (39 percent) of the available rental vacancies lacked one or more plumbing facilities.

Postal Vacancy Survey. A postal vacancy survey was conducted on January 22, 1965 by the Decatur Post Office (see table VII). The survey covered nearly 33,700 possible deliveries, about 82 percent of the current housing inventory. The survey revealed a total of about 1,200 vacancies, an over-all vacancy rate of 3.6 percent, with a 2.8 percent vacancy ratio in residences, and a 11.2 percent vacancy ratio in apartments.

Postal vacancy survey data are not entirely comparable with those published by the Bureau of Census because of differences in definition, area delineations, and methods of enumeration. Nor do they reflect as high a degree of accuracy as 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. Based on the January 1965 postal vacancy survey and on information obtained in the Decatur area, it is judged that there are currently 1,525 vacant housing units available for sale or rent in the Decatur HMA, equal to 3.8 percent of the available inventory (see table V). Of this number, an estimated 625 are

vacant sales units, (about 540 contain all plumbing facilities), representing a current homeowner vacancy ratio of 2.2 percent, and 900 are vacant available rental units (about 500 contain all plumbing facilities), indicating a current renter vacancy rate of 7.7 percent. In an area of moderate growth such as the Decatur HMA, both the sales and rental markets appear to have a slight excess of vacancies. However, many of the vacancies, especially in the rental market are of poor quality.

Sales Market

General Market Conditions. According to local builders and realtors, the market for new homes in the Decatur HMA is good. Nearly all people involved in real estate reported that new homes are selling better now than in the previous few years, and that newly constructed homes remain on the market for only short periods of time.

Areas of principal subdivision activity include the South Shore area, Homepark, Larkdale, Montgomery Hills, and Windsor Village. Most of the new homes in the Decatur area are priced in the \$15,000-\$25,000 price range, with most of the expensive homes located in the South Shore area. Currently, the construction of new homes is concentrated in the northern sections of Decatur, areas convenient to schools, churches, and the Adolf Meyer Zone Center now under construction.

Unsold Inventory of New Homes. In January of 1964 and 1965 the Springfield Insuring Office surveyed all subdivisions in the HMA in which five or more sales houses were completed in the preceding twelve months (see table VIII). The surveys covered approximately one-half of the new homes built in the area during 1963 and 1964.

The January 1, 1965 unsold inventory survey covered 18 subdivisions. A total of 237 homes were reported to have been completed in 1964, of which 148 (62 percent) were sold before construction started, and 89 (38 percent) were built speculatively. Of the 89 homes built speculatively, 83 were sold and six (7 percent) remained unsold as of January 1, 1965. None of the unsold homes had been on the market for more than six months. A comparison of the January 1, 1965 and January 1, 1964 unsold inventory surveys revealed that the structure of the market had undergone little change over the one-year period. The only major difference, as shown by the results of the surveys, was a change in the number of new homes constructed in the \$10,000 to \$12,499 price range. In 1964, only one home was constructed in this price range, as compared with 29 homes built in this price range the previous year.

Foreclosures. According to local sources the number of foreclosures has not changed much in the last few years. During the 1960-June 1965 period, the number of foreclosures was believed to have been highest in 1962, when the HMA economy was in a slight decline. The number of foreclosures in FHA-insured homes in the HMA was 6 in 1961, 28 in 1962, 18 in 1963, and 21 in 1964.

Rental Market

Current Conditions. The rental market as a whole is sound. Local sources in Decatur reported that there are very few vacancies in quality apartments. Most vacancies are situated in the less desirable sections of Decatur and many of these vacant units are of inferior quality.

During the last few years, there has been little apartment building in the area, approximately 175 units since 1960. Consequently, many individuals seeking rental units have been required to rent older single-family homes. Local banks and savings and loan associations reported that they have not exerted much effort in attempting to sell many of the homes these institutions currently own because most of these properties have been rented with a minimum of difficulty.

Rental Housing Under Construction. There are currently about 20 apartment units under construction in the Decatur HMA. One project will contain about 15 units and will be ready for occupancy in about September 1965. This project will include approximately an equal number of one-bedroom and two-bedroom apartments. Another apartment project involving about 5 units is nearing completion.

Mortgage Market

The principal sources of mortgage funds in the Decatur HMA are the local savings and loan associations. Most conventional loans are for 25 years at from 5.5 to 6.0 percent. Some mortgage companies make 90 percent loans. Currently, FHA participation in the mortgage market is low. During the 1961-1964 period, only about 100 homes were insured under Section 203.

Urban Renewal and Redevelopment

The Greenwood (Ill. R-39) Urban Renewal Area redevelopment project was authorized in May 1962, and completion is expected sometime in 1966. The project area covers about 53 acres in the southern portion of Decatur, and is bounded by Washington Street on the north, South Franklin Street on the east, South Union Street on the west, and the Greenwood Cemetery on the south. Current plans call for the construction of both commercial and residential structures, including approximately 230 multifamily units and 40 single-family units. Currently, some of the commercial buildings are under construction, and initial work on some of the residential units is scheduled to begin soon.

Public Housing

There are about 430 units of public housing in the Decatur HMA, of which about 10 units were vacant as of June 1, 1965. The present public housing units were constructed in 1941, and at the present time no additional units are planned. Rents range from \$19 to \$70 a month depending on family income and unit size. Currently, the average rent is \$35 a month, with a median rent of \$33 a month, and a welfare rent of \$27 a month.

Demand for Housing

Quantitative Demand

The demand for new housing during the June 1, 1965-June 1, 1967 forecast period is based on the anticipated household growth (an average of 550 households annually during the next two years), the number of units expected to be lost through demolitions, conversions, catastrophes, and other losses, and on the adjustment of both sales and rental vacancies to levels that reflect the needs of the Decatur HMA. Consideration is given also to the current tenure composition of households, the continued slow trend toward homeownership, and the fact that some portion of the demand for rental housing will continue to be met from the single-family housing inventory.

On this basis, approximately 500 housing units will be needed annually during the next two years, including 425 sales units and 75 rental units. The addition of 500 units a year is slightly above the annual average of about 460 units authorized by building permits during the 1960 to 1964 period. Since 1962, the number of units authorized by building permits has been increasing steadily, reaching a level of about 480 in 1964. Demand for sales units is expected to be at about the same level as during the 1960 to 1964 period. Demand for multifamily units during the next two years is projected at a somewhat higher level than since 1960, reflecting the favorable market acceptance of recent multifamily construction.

Qualitative Demand

Sales Housing. The distribution of the anticipated annual demand for 425 units of new sales housing is shown in the following table. The distribution is based on the ability to pay as measured by family income, and a ratio of sales price to income typical in the area.

Estimated Annual Demand for New Sales Housing
Decatur, Illinois, Housing Market Area
June 1965-June 1967

<u>Sales price</u>	<u>Number of units</u>
\$10,000 - \$11,000	15
12,000 - 13,999	45
14,000 - 15,999	70
16,000 - 17,999	70
18,000 - 19,999	60
20,000 - 24,999	75
25,000 - 29,000	45
30,000 and over	<u>15</u>
Total	425

The distribution shown above differs from that in table VIII, which reflects only selected subdivision experience during 1963 and 1964. It must be noted that the 1963 and 1964 data do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. The demand estimates above reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal. Because of current construction and land costs, it is judged that few, if any, new sales houses can be built to sell for below \$10,000.

Rental Housing. An annual demand for 75 units is anticipated, based on projected renter-family income and ratios of rent to income which are typical in the area. The net additions involved in rental demand may be accomplished either by newly constructed or rehabilitated units with or without public benefits or assistance through tax abatement or aid in financing or land acquisition. Of the total rental demand, about 50 units can be produced with market interest rate financing, preferably in the lower ranges of gross rent. Assuming costs remain fairly constant during the forecast period, the minimum gross rentals (including utilities) considered achievable with market interest rate financing are \$100 to efficiencies, \$115 for one-bedroom units, \$125 for two-bedroom units, and \$153 for three-bedroom units. If public benefit or assistance financing is utilized, lower rents will be possible for the remaining 25 units of the potential demand.

APPENDIX TABLES

Table I
Work Force Components
Decatur, Illinois, Housing Market Area
1960-1965 (January of each Year) a/

<u>Work Force Components</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Total Civilian Work Force	<u>52,025</u>	<u>50,975</u>	<u>48,875</u>	<u>47,050</u>	<u>48,100</u>	<u>50,050</u>
Unemployment	3,200	4,400	4,325	3,150	2,400	1,875
Percent Unemployed	6.2%	8.6%	8.8%	6.7%	5.0%	3.7%
Agricultural Employment	1,875	1,850	1,775	1,775	1,700	1,450
Nonagricultural Employment	<u>46,950</u>	<u>44,725</u>	<u>42,775</u>	<u>42,125</u>	<u>44,000</u>	<u>46,725</u>
Wage and Salary Employment	41,650	39,375	37,825	37,500	39,225	41,325
Other Nonagricultural Employment ^{b/}	5,300	5,350	4,950	4,625	4,775	4,900

a/ Comparable employment data are available for the years 1960-1965 only.

b/ Includes self-employed, domestic, and unpaid family workers.

Source: Illinois Bureau of Employment Security.

Table II

Trend of Nonagricultural Wage and Salary Employment
Decatur, Illinois, Housing Market Area
1960-1965 (January of each Year)

<u>Industry</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Nonagricultural Wage & Salary Employment	<u>41,650</u>	<u>39,375</u>	<u>37,825</u>	<u>37,500</u>	<u>39,225</u>	<u>41,825</u>
Manufacturing	<u>15,650</u>	<u>13,750</u>	<u>13,425</u>	<u>13,375</u>	<u>14,900</u>	<u>16,300</u>
Durable Goods	<u>10,175</u>	<u>8,550</u>	<u>8,425</u>	<u>8,450</u>	<u>9,400</u>	<u>10,575</u>
Furniture-Fixtures	325	375	350	325	325	350
Stone, Clay and Glass Products	600	600	500	400	550	600
Primary Metals	975	700	800	750	1,100	1,350
Fabricated Metals	2,100	1,875	2,125	2,150	2,250	2,425
Nonelectrical Machinery	5,875	4,400	3,850	3,975	4,250	4,800
Electrical Machinery	25	325	550	625	700	850
Other Durable Goods	275	275	250	225	225	250
Nondurable Goods	<u>5,475</u>	<u>5,200</u>	<u>5,000</u>	<u>4,925</u>	<u>5,500</u>	<u>5,725</u>
Food Products	4,100	3,900	3,875	3,875	3,925	3,925
Apparel	500	400	275	350	350	400
Printing and Publishing	475	475	450	450	450	425
Chemical Products	375	400	400	250	250	225
Rubber Products	25	25	0	0	525	750
Nonmanufacturing	<u>26,000</u>	<u>25,625</u>	<u>24,400</u>	<u>24,125</u>	<u>24,325</u>	<u>25,525</u>
Mining	75	75	75	75	75	75
Construction	2,700	2,600	1,925	1,775	1,725	2,675
Trans., Comm., and Pub. Util.	3,850	3,850	3,800	3,925	3,850	3,900
Trade	7,950	7,650	7,625	7,300	7,250	7,300
Fin., Ins., and Real Estate	1,500	1,525	1,500	1,550	1,600	1,725
Service	4,925	4,975	5,550	5,675	5,975	6,150
Government	5,000	4,950	3,925	3,825	3,850	3,700

Source: Illinois Bureau of Employment Security.

Table III

Estimated Percentage Distribution of Family Income by Tenure
After Deduction of Federal Income Tax
Decatur, Illinois, Housing Market Area
1965 and 1967

<u>Annual income</u>	<u>1965</u>		<u>1967</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under \$4,000	19	32	17	30
\$4,000 - 4,999	8	14	8	12
5,000 - 5,999	13	14	12	14
6,000 - 6,999	13	11	12	12
7,000 - 7,999	11	10	12	10
8,000 - 8,999	9	6	9	7
9,000 - 9,999	7	4	8	5
10,000 - 11,999	9	4	10	4
12,000 and over	11	5	12	6
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$6,750	\$5,325	\$7,075	\$5,575

Source: Estimated by Housing Market Analyst based on the 1960 Census of Population.

Table IV

Population and Household Trends
Decatur, Illinois, Housing Market Area
1950, 1960, and 1965

Area	April 1950	April 1960	June 1965	Average annual change			
				1950-1960		1960-1965 ^{a/}	
				Number	Percent	Number	Percent
<u>Population</u>							
Decatur HMA total	98,853	118,257	123,600	1,940	2.0	1,025	8.8
Decatur	66,269	78,004	88,000 ^{b/}	1,173	1.8	1,925	2.5
Remainder of HMA	32,584	40,253	35,600 ^{b/}	767	2.4	-900	-2.2
<u>Households</u>							
Decatur HMA total	30,636	37,110	38,800	647	2.1	330	.9
Decatur	21,120	25,601	28,650	448	2.1	590	2.3
Remainder of HMA	9,516	11,509	10,150	199	2.1	-260	-2.3

a/ Rounded.

b/ Reflects annexations to Decatur of subdivisions with about 8,500 population in 1960.

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

Table V

Components of the Housing Inventory
Decatur, Illinois, Housing Market Area
1950, 1960, and 1965

Occupancy and tenure	Number of housing units			Average annual change			
	April 1950	April 1960	June 1965	1950-1960		1960-1965	
				Number	Percent	Number ^a	Percent
Total housing supply	<u>31,461</u>	<u>39,478</u>	<u>41,050</u>	<u>802</u>	<u>2.5</u>	<u>305</u>	<u>.8</u>
Occupied housing units	<u>30,636</u>	<u>37,110</u>	<u>38,800</u>	<u>647</u>	<u>2.1</u>	<u>330</u>	<u>.9</u>
Owner occupied	<u>20,335</u>	<u>26,621</u>	<u>28,000</u>	<u>628</u>	<u>3.1</u>	<u>270</u>	<u>1.0</u>
Percent of total occupied	66.4%	71.7%	72.2%	-	-	-	-
Renter occupied	<u>10,301</u>	<u>10,489</u>	<u>10,800</u>	<u>19</u>	<u>.2</u>	<u>60</u>	<u>.6</u>
Percent of total occupied	33.6%	28.3%	27.8%	-	-	-	-
Vacant housing units	<u>825</u>	<u>2,368</u>	<u>2,250</u>	<u>155</u>	<u>18.8</u>	<u>-25</u>	<u>-1.0</u>
Available	<u>303</u>	<u>1,408</u>	<u>1,525</u>	<u>111</u>	<u>36.6</u>	<u>20</u>	<u>1.6</u>
For sale	<u>132</u>	<u>492</u>	<u>625</u>	<u>36</u>	<u>27.3</u>	<u>25</u>	<u>5.3</u>
Homeowner vacancy rate	.6%	1.8%	2.2%	-	-	-	-
For rent	<u>171</u>	<u>916</u>	<u>900</u>	<u>75</u>	<u>43.9</u>	<u>-5</u>	<u>- .3</u>
Rental vacancy rate	1.6%	8.0%	7.7%	-	-	-	-
Other	<u>522</u>	<u>960</u>	<u>725</u>	<u>44</u>	<u>8.4</u>	<u>-45</u>	<u>4.8</u>

^{a/} Rounded.

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

Table VI

Housing Units Authorized by Building Permits, 1960-March 1965
Decatur, Illinois, Housing Market Area

<u>Locality</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>First three months</u>	
						<u>1964</u>	<u>1965</u>
Argenta village	2	6	-	4	11	2 <u>a/</u>	2 <u>a/</u>
Decatur	255	138	198	216	243	46	54
Forsyth village	4	3	6	3	3	- <u>a/</u>	1 <u>a/</u>
Macon County (uninc.)	254	225	158	129	135	20	24
Macon	3	3	5	1	4	1 <u>a/</u>	1 <u>a/</u>
Maroa	-	-	6	3	4	1 <u>a/</u>	1 <u>a/</u>
Mount Zion village	26	13	8	16	35	6 <u>a/</u>	7 <u>a/</u>
Oreana village	14	16	16	23	41	9	-
Warrensburg village	5	2	2	1	2	-	1
Total HMA	<u>568</u>	<u>451</u>	<u>399</u>	<u>406</u>	<u>478</u>	<u>35</u>	<u>71</u>

a/ Estimated by Housing Market Analyst.

Source: Bureau of the Census. C-4- Construction Reports.

Table VII

Decatur, Illinois Area Postal Vacancy Survey

January 22, 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.	%
Decatur	33,664	1,214	3.6	1,168	46	155	30,602	872	2.8	827	45	137	3,062	342	11.2	341	1	18	728	32	4.4
Main Office	20,815	790	3.8	778	12	48	18,067	502	2.8	491	11	45	2,748	288	10.5	287	1	3	57	-	-
Stations:																					
Brettwood	10,491	345	3.3	321	24	75	10,177	291	2.9	267	24	60	314	54	17.2	54	-	15	668	30	4.5
Parcel Post Annex	2,358	79	3.4	69	10	32	2,358	79	3.4	69	10	32	-	-	-	-	-	-	3	2	66.7

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).

Table VIII

FHA Unsold Inventory Survey
Decatur, Illinois
1963 a/ and 1964 a/

Sales Price	Total completions		Houses sold before construction started		Speculative Homes							
					Total		Number sold		Number unsold ^{b/}		Percent unsold	
	1963	1964	1963	1964	1963	1964	1963	1964	1963	1964	1963	1964
\$10,000 - \$12,499	29	1	21	1	8	-	6	-	2	-	25	-
12,500 - 14,999	22	48	11	29	11	19	11	17	-	2	-	11
15,000 - 17,499	57	49	37	30	20	19	18	19	2	-	10	-
17,500 - 19,999	30	30	19	23	11	7	10	5	1	2	10	29
20,000 - 24,999	44	47	23	22	21	25	21	23	-	2	-	8
25,000 - 29,999	7	27	7	18	-	9	-	9	-	-	-	-
30,000 - 34,999	3	19	3	14	-	5	-	5	-	-	-	-
35,000 and over	1	16	1	11	-	5	-	5	-	-	-	-
Total	193	237	122	148	71	89	66	83	5	6	7	7

a/ December 31 of each year.

b/ None of the houses unsold had been on the market for more than six months.

Source: Federal Housing Administration, Springfield Insuring Office.