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1968

Analysis of the
**DUBUQUE, IOWA
HOUSING MARKET**

As of December 1, 1968

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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

June 1969

ANALYSIS OF THE
DUBUQUE, IOWA, HOUSING MARKET AREA
AS OF DECEMBER 1, 1968

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

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Foreword

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

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the current and future 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 at the time (the "as of" date) from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

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ANALYSIS OF THE
DUBUQUE, IOWA, HOUSING MARKET AREA
AS OF DECEMBER 1, 1968

Summary and Conclusions

1. The Dubuque Housing Market Area (HMA) has experienced a moderate economic expansion since 1960. Nonagricultural wage and salary employment averaged 30,250 workers during the 12 months ending September 30, 1968, only 150 workers more than in the comparable period ending September 30, 1967. The largest employment gains since 1960 were in three years between 1965 and 1966, when employment increased by 1,200 or more annually. Nonagricultural wage and salary employment is expected to increase by an average of 600 in the two-year forecast period.
2. The median income of all nonfarm families in the HMA as of December 1968 was approximately \$8,475 annually, after deduction of federal income tax; the median after-tax income of nonfarm renter households of two- or more-persons was \$7,200. In December 1970, median after-tax incomes are expected to increase to \$8,975 for all nonfarm families and to \$7,625 for nonfarm renter households.
3. The estimated nonfarm population of the Dubuque HMA in December 1968 was 80,300, an average gain of 1,125 persons annually since 1960. The nonfarm population will increase by approximately 1,100 persons annually from December 1968 to December 1970; most of the growth in population will occur in or near the city of Dubuque.
4. As of December 1968, there were an estimated 22,200 nonfarm households in the HMA, an average increase of 350 annually since 1960. During the two-year forecast period, nonfarm households are expected to increase by 325 annually.
5. In December 1968, there were approximately 23,000 nonfarm housing units in the Dubuque HMA, an increase of 2,950 since 1960. The increase has resulted from the construction of an estimated 3,025 privately financed housing units, the addition of approximately 275 trailers, a loss of 450 units through demolitions, and a net gain of 100 units in conversions. As of December 1968, there were an estimated 125 units under construction, of which 100 were single-family houses.
6. Approximately 375 housing units were available for sale or rent in December 1968. Of this total, 100 units were available for sale and 275 units were available for rent, indicating homeowner and renter vacancy rates of 0.7 percent and 3.8 percent, respectively. Both the homeowner and renter vacancy rates are below those reported in the 1960 Census.

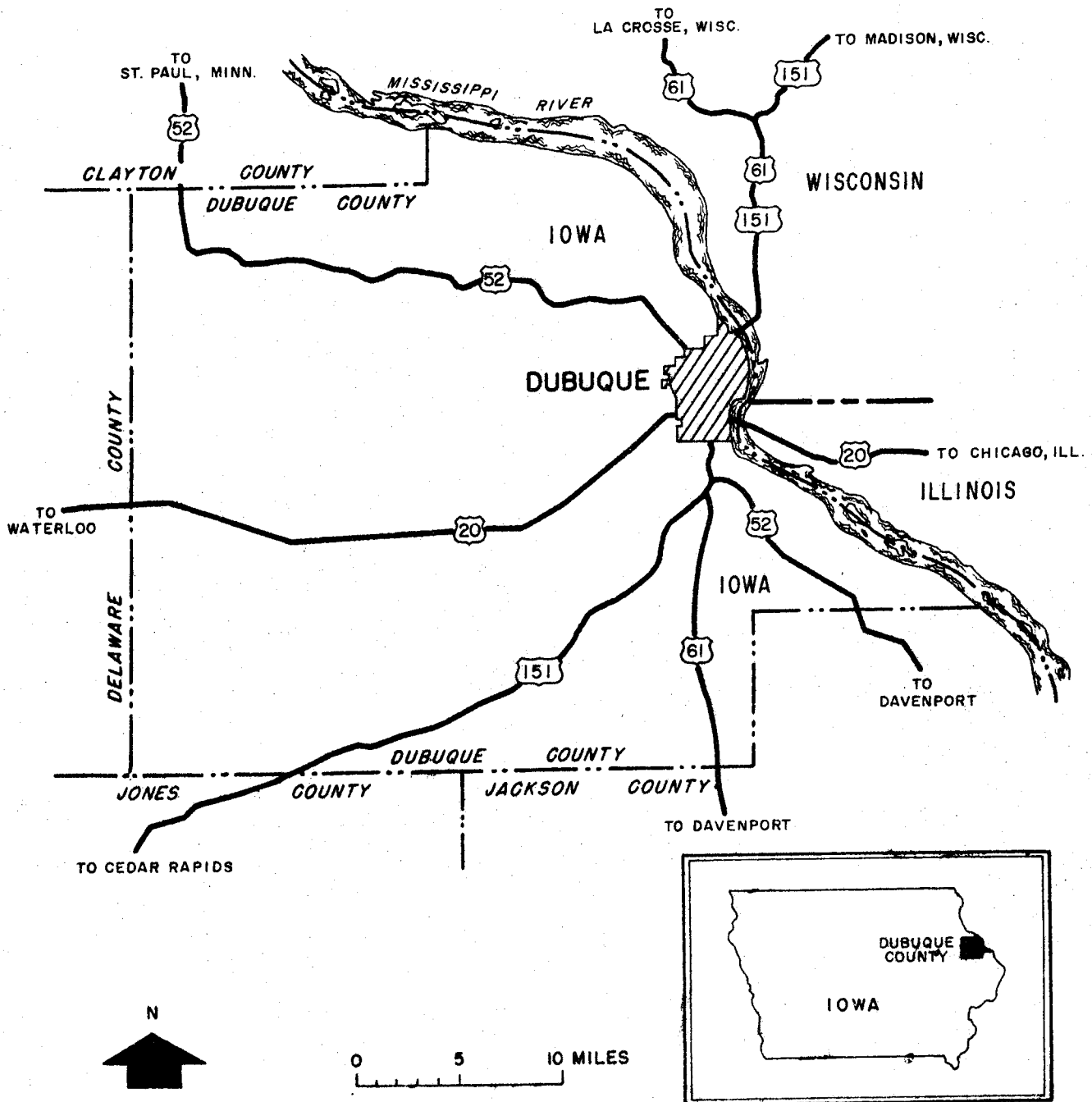
7. In the Dubuque HMA, approximately 375 additional privately financed housing units could be absorbed annually during the two-year forecast period ending December 1970, including 250 single-family units and 125 multifamily units. The distribution of annual demand for new single-family homes by price class is shown on page 12 ; demand for multifamily housing is discussed on page 12 . Occupancy potentials for the various subsidized housing programs are presented on pages 13 and 14.

ANALYSIS OF THE
DUBUQUE, IOWA, HOUSING MARKET
AS OF DECEMBER 1, 1968

Housing Market Area

The Dubuque, Iowa, Housing Market Area (HMA) is defined as coterminous with Dubuque County, Iowa. This definition also conforms to that of the Bureau of the Budget for the Dubuque Standard Metropolitan Statistical Area (SMSA). Located approximately 75 miles east of Waterloo, the HMA lies in the eastern portion of Iowa, bounding on the Mississippi River, and bordering the states of Illinois and Wisconsin.

DUBUQUE, IOWA, HOUSING MARKET AREA



Economy of the Area

Character of the Economy

Since World War II, the distribution and storage of agricultural products, expanding educational facilities, and an increasingly larger trade area, have provided a basis for a growing economy. A division of the John Deere Tractor Work was established in 1946, introducing a component of rapid, but volatile, economic growth which has shaped, to a large extent, the disposition of the local economy. As a result, during most of the 1960's the affluence of the community has been tied to plant expansion at John Deere.

Employment

Trend. During the twelve-month period ending September 30, 1968, non-agricultural wage and salary employment averaged 30,250, an increase of only 150 jobs over the corresponding period ending September 30, 1967.

From 1960 to 1961 nonagricultural wage and salary employment increased by 900 jobs. Early in 1962, however, one of Dubuque's oldest firms, Farley and Loestcher, discontinued operation; the woodworking manufacturer employed approximately 600. Primary as the result of this shutdown, wage and salary employment dropped by 450 during 1962. Recovery from the shutdown was slow. By the end of 1963, employment averaged only 200 jobs more than in 1961. The economy subsequently improved during the mid-1960's, as plant expansion at John Deere generated greater employment opportunities. Wage and salary employment increased at a steady pace, adding 3,650 jobs from 1963 through 1966. The high level of prosperity of these three years ended in the second quarter of 1967, as a shrinking demand for new farm machinery led John Deere to lay off a large number of employees hired during the expansionary phase. There was only a small (200 jobs) gain in employment from 1966 to 1967. Furthermore, average employment for the twelve-month period ending September 30, 1968 suggests that the economy is expanding very slowly. Increased hiring at John Deere, however, could rapidly accelerate economic growth. Changes in nonagricultural wage and salary employment are shown in the following table:

Trend of Nonagricultural Wage and Salary Employment
Dubuque, Iowa, Housing Market Area
1960-1968

<u>Year</u>	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>	<u>Total^{a/}</u>	<u>Change in total from previous year</u>	
				<u>Number</u>	<u>Percent</u>
1960	11,250	13,550	24,800	-	-
1961	11,700	14,000	25,700	900	3.6
1962	10,900	14,350	25,250	-450	-1.8
1963	11,050	14,850	25,900	650	2.6
1964	11,450	15,650	27,100	1,200	4.6
1965	12,200	16,100	28,300	1,200	4.4
1966	12,850	16,700	29,550	1,250	4.4
1967	12,350	17,350	29,750	200	0.7
<u>Twelve months ending:</u>					
9/30/67	12,850	17,250	30,100	-	-
9/30/68	12,450	17,850	30,250	150	0.5

^{a/} Totals may not add because of rounding.

Source: Iowa Employment Security Commission.

Employment by Industry. Employment in manufacturing for the recent twelve-month period averaged 12,450; during the corresponding period ending in September 1967, manufacturing employment averaged 12,850. The loss of 400 jobs in the recent period resulted from the combined effects of a decline in durable goods manufacturing and labor-management disputes which lowered average employment. Fluctuations of employment in the manufacturing sector have been bound, almost exclusively, to changes in durable goods manufacturing (see table I). The frequently large gains or losses in this segment have been primarily the result of expansion or contraction at the John Deere Tractor Works. In contrast, the nondurable goods segment has maintained a nearly constant level of employment. For the most recent twelve-month period, employment averaged 5,300, only 200 more than in 1960. Stability in this category has been due to continued high levels of employment at the Dubuque Packing Company which provides more than half of the jobs in the non-durable goods category.

The trend of nonmanufacturing employment has not reflected the abrupt changes associated with manufacturing. Throughout the 1960's the nonmanufacturing sector has expanded continuously. Demand for goods and services has grown despite the volatile nature of durable goods manufacturing. Declines in nonmanufacturing employment, which could

have resulted from fluctuations in durable goods manufacturing, have been avoided as the result of growing enrollments of Clark College, Loras College, and the University of Dubuque, as well as an expanding trade area. Employment during the recent period averaged 17,850, an increase of 4,300 jobs since 1960; of this increase, 3,350 were in services, retail trade, and government.

Principal Sources of Employment

The largest firm in the Dubuque HMA is the John Deere Tractor Works. Employment at John Deere reached a peak during 1966, but as new orders fell in 1967, it declined sharply. In the last quarter of 1967, John Deere retooled a portion of its production line, and in the following Spring began rehiring many of those who had been laid off. Although there have been occasional layoffs since May 1968, total employment appears to have stabilized.

Until recently, this division of John Deere produced primarily small farm tractors. With the trend toward farm consolidation, however, the market for these tractors has been shrinking. Furthermore, expenditures by farmers for new machinery and equipment dropped sharply in 1967. Farmers have been dissuaded from investing in new machinery for three reasons: (1) high interest rates; (2) an 11 percent increase in prices of machinery and equipment from 1963 to 1967; (3) declining incomes in the last half of 1967. The drop in capital expenditures by farmers, in conjunction with a smaller market, has led John Deere to redirect its primary interests. There has been a greater emphasis in the past eighteen months on the production of their industrial earth moving and construction equipment, which is less susceptible to changes in demand.

The Dubuque Packing Company (meat slaughtering, processing, packaging and canning) is the second largest manufacturer in the HMA. In recent years, employment at Dubuque Packing has been very stable (excluding fluctuations that result from seasonal hiring). For the most part, Dubuque Packing has accounted for a large degree of the stability in the Dubuque economy during the 1960's. Though it is unlikely that there will be any large scale expansion during the forecast period, the recent employment level should be maintained.

Unemployment

During most of the 1960's, unemployment has not been a major problem for the Dubuque economy. From a rate of 5.1 percent (1,700 persons) in 1960, average annual unemployment declined continually to a low of 2.6 percent (950 persons) in 1965. After a small increase during

1966 (50 persons), unemployment rose sharply to a rate of 4.2 percent (1,600 persons) in 1967. Most of the change from 1966 to 1967 was the result of a general economic slowdown. Unemployment during the twelve-month period ending September 1, 1968 was 3.8 percent (1,450 persons).

Prospective Employment

A moderate rate of economic expansion should occur during the forecast period. From December 1968 to December 1970, nonagricultural wage and salary employment is expected to increase by 600 jobs annually. Most of this increase will result from plant expansion at John Deere, while employment gains at Dubuque Packing will be small. Employment among the remaining manufacturing firms should remain relatively unchanged.

A large part of the prospects for economic growth during the two-year forecast period rest with the anticipated gains (300 jobs annually) in nonmanufacturing industries. The demand for goods and services remains strong, although not as great as in recent years. But this demand generates positions such as clerks, typists, and waitresses, for which there has been an acute shortage. Employment in government should increase, although part of the expansion in this category is also contingent upon procuring the necessary personnel. Recent data suggest that there could be some difficulty in filling new positions. It is possible, however, that more women will be drawn into the labor market, thus averting a critical shortage which could hinder the anticipated expansion.

Incomes

As of December 1, 1968, the median annual income of all nonfarm families in the HMA, after deduction of federal income taxes, approximated \$8,475, and the median after-tax income of two- or more-person renter households was \$7,200. By 1970, median after-tax incomes are expected to increase to \$8,975 for all nonfarm families and to \$7,625 for nonfarm renter households. Percentage distributions of all family and renter households by income class are detailed in table II.

Demographic Factors

Population

Housing Market Area. As of December 1, 1968, the nonfarm population^{1/} of the Dubuque HMA was estimated to be 80,300. Since 1960, growth of population has averaged 1,125 persons, or 1.5 percent annually.^{2/} This increase reflects the moderate economic growth during the 1960's. Employment opportunities in general, however, have not kept pace with the natural increase in population. As a result, Dubuque County has continually lost a small portion of its population through out-migration.

Trend of Nonfarm Population Growth Dubuque, Iowa, Housing Market Area April 1, 1960-December 1, 1968

<u>Date</u>	<u>Nonfarm population</u>	<u>Average annual change from previous date</u>	
		<u>Number</u>	<u>Percent</u>
April 1, 1960	70,587	-	-
December 1, 1968	80,300	1,125	1.5
December 1, 1970	82,500	1,100	1.4

Sources: 1960 Census of population, 1968 and 1970 estimated by Housing Market Analyst.

Dubuque. More than seventy-five percent of the nonfarm population growth in the HMA since 1960 has occurred in the city of Dubuque. In December 1968, the population of Dubuque was approximately 64,200, an increase of 880 persons annually. Population increased most rapidly during the mid-1960's, primarily as the result of expanded operations at John Deere (see table III).

In the last eighteen months, however, employment opportunities in the city have not been unusually attractive. As a result, the population of Dubuque has been growing at a declining rate.

Future Population. The nonfarm population is expected to increase by approximately 1,100 persons annually to a total of 82,500 in December 1970.

^{1/} See Appendix A, paragraph 1.

^{2/} See Appendix A, paragraph 2.

Households

Housing Market Area. As of December 1968, there were approximately 22,200 nonfarm households in the HMA, an increase of 350 (1.7 percent) annually since April 1960. The net increase in the number of households is judged to have been relatively slow during the early 1960's. As employment opportunities improved in the mid 1960's, the number of households increased. But the rate of economic growth has again been declining in the past eighteen months, with a corresponding reduction in the rate of gain in new households.

Trend of Nonfarm Household Growth
Dubuque, Iowa, Housing Market Area
April 1, 1960-December 1, 1970

<u>Date</u>	<u>Nonfarm households</u>	<u>Average annual change from previous date</u>	
		<u>Number</u>	<u>Percent</u>
April 1, 1960	19,182	-	-
December 1, 1968	22,200	350	1.7
December 1, 1970	22,850	325	1.5

Sources: 1960 Census of Housing, 1968 and 1970 estimated by Housing Market Analyst.

Dubuque. Since April 1960, the city of Dubuque has added approximately 290 households annually, for a total of 18,000 in December 1968 (table III).

Future Households. There will be an estimated 22,850 nonfarm households in the Dubuque HMA by December 1970, an addition of 325 annually for the two-year forecast period. Most of this growth will occur in or near the city of Dubuque.

Housing Market Factors

Housing Supply

As of December 1, 1968, there were approximately 23,000 nonfarm housing units in the HMA, an increase of 2,950 since 1960 (see table IV). Nearly two thirds of the new units are judged to have been added in the four years from 1963 through 1966. The increase has resulted from the construction of an estimated 3,025 privately financed housing units, the addition of approximately 275 trailers, a loss of 450 units through demolitions, and a net gain of 100 units in conversions.

Residential Building Activity

Trend. During the 1960's, most new privately financed housing in the HMA has been built in the city of Dubuque. Through 1964, authorizations for single-family homes dominated residential building activity in Dubuque; multifamily construction during this period was confined largely to duplex housing. In 1965 and 1966, however, while the level of single-family construction remained high, the city experienced its first large volume of multifamily building activity. More than 250 units of multifamily housing were authorized in two years. As economic expansion slackened during 1967, the market for both single-family and multifamily housing thinned. Permit authorizations, through October, indicate that the volume of building activity for 1968 will fall below all previous levels of construction experienced during the 1960's.

Privately Financed Housing Units Authorized by Building Permits City of Dubuque, Iowa 1960-1968

<u>Year</u>	<u>Single-family</u>	<u>Multi-family</u>	<u>Total units</u>
1960	288	13	301
1961	305	10	315
1962	181	59	240
1963	237	38	275
1964	322	32	354
1965	330	127	457
1966	261	136	397
1967	190	46	236

January thru October

1967	172	30	202
1968	147	29	176

Sources: Bureau of the Census, C-40 Construction Reports.
Local Building Inspector.

Units Under Construction. Based on building permit authorizations and on the results of a postal vacancy survey, there were an estimated 125 units under construction in the HMA as of December 1, 1968, including 100 single-family units. Of the 25 multifamily units under construction, 8 units are being built under Section 221(d)(3)BMIR.

Demolitions. There have been approximately 450 residential units demolished in the HMA since 1960, as the result of highway right-of-way clearance, building code enforcement, and other causes. The city of Dubuque has lost an estimated 400 of these units. During the two-year forecast period, another 70 units are expected to be removed from the nonfarm inventory.

Tenure of Occupancy

Since 1960, there has been a small shift toward homeownership (see table IV). The magnitude of the shift was reduced considerably by the significant number of well built rental units which became available beginning in 1965. In December 1968, an estimated 15,200 (68.5 percent) of the occupied nonfarm housing units in the HMA were owner-occupied and 7,000 (31.5 percent) were renter-occupied.

Vacancy

1960 Census. The Census reported 865 vacant housing units in April 1960. Of these vacant units, 424 were not available because they were seasonal, rented or sold awaiting occupancy, dilapidated, or held off the market for occasional use or for other reasons. Of the 441 available units (a net vacancy rate of 2.2 percent), 110 were available for sale (a sales housing vacancy rate of 0.9 percent) and 331 were available for rent (a rental housing vacancy rate of 4.8 percent). The available sales housing was in fair condition, with 23 units (21 percent) reported as lacking one or more plumbing facilities; however, 134 (40 percent) of the available rental units were reported deficient in plumbing, indicating that the available rental housing was in relatively poor condition.

Postal Vacancy Survey. Results of a postal vacancy survey conducted December 10, 1968 are shown in table V.^{1/} The survey covered 20,853 deliveries, approximately 91 percent of the nonfarm housing supply, and reported 361 vacant units for an over-all vacancy rate of 1.7 percent. Vacancies in residences numbered 137, or 0.8 percent of the total residences reported (including 31 houses reported as "new" and never occupied); vacancies in apartments totaled 224 or 5.2 percent of the apartment units enumerated. The survey also included 153 trailers, of which 14 (9.2 percent) were vacant.

^{1/} See Appendix A, paragraph 7.

Vacancy Estimate as of December 1, 1968. On the basis of postal vacancy survey data, adjusted for complete coverage and converted to concepts used by the census, it is estimated that, as of December 1, 1968, there were 375 available vacant housing units in the Dubuque HMA, a net vacancy rate of 1.7 percent. There were approximately 100 units available for sale, a homeowner vacancy rate of 0.7 percent; and 275 units available for rent, a renter vacancy rate of 3.8 percent. Estimated vacancies for both sales and rental housing are lower than in 1960, as shown in table IV.

Sales Market

The sales market in the Dubuque HMA has weakened, continually, over the last eighteen months. A large percentage of the market for new sales housing throughout the 1960's has been intimately linked to plant expansion or contraction at the John Deere Tractor Works. As employment opportunities improve, the market for new sales housing grows; when John Deere is forced to reduce its personnel, the absorptive capacity of the market shrinks. Recent market experience, while coinciding with a general economic slowdown, was precipitated by layoffs at John Deere during the summer of 1967. Although many of those laid off subsequently were rehired, sharply rising costs of construction have prevented the market from regaining its momentum. Existing properties have been absorbed very slowly, even in periods of prosperity. Listings of homes available for sale continue to reflect the large inventory of older homes located in the downtown area. Prospective buyers, families with moderate incomes, have not found these listings attractive. As a result, owners of existing properties have frequently encountered difficulty when trying to upgrade their living accommodations.

The prices of new sales housing have advanced abruptly since 1966. Construction has been heavily concentrated in the price range between \$18,500 and \$28,500. Few homes are being offered below \$18,000, and the market above \$30,000 is very thin. Most new homes are selling in the \$18,500 to \$21,500 range or from \$24,500 to \$27,500. Prices of existing properties have increased only moderately during the 1960's. Most houses are listed in the \$12,000 to \$14,000 range.

Major subdivision activity has occurred along the western periphery of Dubuque city. Speculative construction in this area has been minimal. Land development, however, has been obstructed by rock formations which have hindered proper water and sewage installation. Residential construction has been restricted to natural corridors, particularly along Pennsylvania Avenue, Asbury Road, and Kaufmann Avenue.

Recently, sales in all price classes have declined, and construction activity has been sharply curtailed. By introducing a greater variety of design and style, however, a few builders have managed to soften the decline in sales without significantly adding to the price.

Rental Market

The rental market in the Dubuque HMA is exceptionally tight. Among the large multifamily projects built during 1965 and 1966, vacancy rates are very low. These projects, however, were not readily accepted when initially offered. Rents for new units were considerably above those which prevailed among existing units, and prospective tenants were reluctant to pay the higher rents. As a result, several projects encountered relatively high vacancy rates during the first year. These units were absorbed only under market pressure for high quality rental units and an increasing ability to pay which accompanied rising incomes. The demand for well built rental units continues to exceed the available supply. In general, the rental housing inventory is in poor condition; nearly half of the available rental units are sub-standard. The recent decline in multifamily building in conjunction with an increasing demand, has resulted in a critical shortage of adequate rental housing, particularly in the lower rent ranges.

Prior to 1965, multifamily construction was confined largely to duplex housing. Apartments built beginning in 1965 include several large garden apartment projects. Rents, excluding utilities, for one-bedroom apartments range from \$115 to \$145 a month; rents for two-bedroom apartments range from \$125 to \$175 monthly. A few efficiency apartments also have been built and satisfactorily absorbed, but the market for three-bedroom apartments remains unexplored. Since 1966, multifamily building has been negligible. And although there is a renewed interest in apartment construction among builders, rising costs, particularly costs of materials and labor, will necessitate rents in a range where marketability may be difficult.

Urban Renewal

The city of Dubuque has a downtown urban renewal project (Iowa R-15) in the stage of execution. The 15-block area is in the commercial center of town and involves the relocation of 32 families and clearance of 139 structures. Proposed re-use of the project area is commercial.

Demand for Housing

Quantitative Demand

The demand for additional privately financed housing in the Dubuque HMA is essentially a function of the anticipated growth in the number of households (an estimated 325 annually) and the need to replace approximately 35 units to be lost from the inventory annually. Further adjustments have been made with respect to the shift toward owner-occupancy, and the acceptable levels of vacancy and residential construction. Based on these considerations, and barring unanticipated changes in economic, demographic, or housing factors incorporated in this analysis, it is estimated that 250 single-family units and 125 multifamily units can be absorbed annually in the HMA from December 1968 to December 1970.

Qualitative Demand

Single-family Houses. The following table approximates the sales price distribution of the estimated annual demand for 250 single-family houses. The distribution is based on recent market experience and on the proportion of incomes typically paid in the HMA for sales housing.

Estimated Annual Demand for New Single-family Houses
Dubuque, Iowa, Housing Market Area
December 1968 to December 1970

<u>Price range</u>	<u>Number of units</u>	<u>Percent of total</u>
Under \$17,500	10	4
\$17,500 - 19,999	50	20
20,000 - 24,999	100	40
25,000 - 29,999	75	30
30,000 and over	<u>15</u>	<u>6</u>
Total	250	100

Multifamily Housing. The estimated annual demand for 125 could best be absorbed at the minimum rents achievable with market interest rate financing: 15 efficiency units with monthly gross rents (shelter plus the cost of utilities) ranging from \$110 to \$130; 55 one-bedroom units from \$130 to \$170; 35 two-bedroom units in the \$170 to \$200 rent range; and 20 three-bedroom units with gross rents of \$200 a month or more.

Occupancy Potential for Subsidized Housing

In addition to the demand for privately financed housing discussed in the preceding section, there is a substantial potential for federally assisted housing units under FHA programs in the Dubuque HMA during the next two years. These units could be built under several federal programs which have been designed to provide adequate and modern housing at the lower price and rent levels which are within the paying capacities of low- and moderate-income households residing in the area. Generally, such low-cost housing may be provided under FHA programs by types of subsidy which include: (1) rent-supplement payments, (2) financial assistance through low-interest mortgage loans to private sponsors, and (3) interest subsidy payments. Household eligibility for these subsidy programs is determined primarily by evidence that household or family income is below established limits. In addition, eligibles for rent supplements are limited to those occupying substandard housing, to displacees, to the elderly, to the physically handicapped, and to natural disaster victims.

The two-year occupancy potential for subsidized housing (excluding public housing) in the Dubuque HMA is presented in the following paragraphs. This potential is based upon 1968 incomes prevalent in the area, on data pertaining to occupancy of substandard housing, on estimates of the elderly population in the HMA, and on income limits in effect as of December 1, 1968. It should be noted that, because of similar income limits and other requirements, households eligible for one type of subsidized housing program may be eligible for one or more of the other programs. Thus, the occupancy potentials shown below are not additive.

Section 221(d)(3) BMIR. With federally subsidized low-interest mortgage loans, inexpensive rental housing can be provided for families with low- to moderate-incomes. In the Dubuque HMA, an estimated 165 units of below-market interest rate housing could be absorbed during the two-year forecast period (excluding 8 units under construction as of December 1968). Approximately 75 percent of the families eligible for BMIR housing also qualify for housing under Section 236. Of the elderly households (about 55) eligible for BMIR accommodations, 50 percent are eligible for housing under Section 202, 30 percent could qualify for Section 236 housing, and some would be eligible for rent supplement.

Rent-Supplement. The occupancy potential for rent-supplement housing during the next two years is estimated to be 215 units. This potential probably would best be absorbed if distributed as follows.

Estimated Two-Year Occupancy Potential
for Rent-Supplement Housing
December 1968 to December 1970

<u>Unit size</u>	<u>Families</u>	<u>Elderly</u>	<u>Total</u>
Efficiencies	-	125	125
1 bedroom	10	30	40
2 bedrooms	25	-	25
3 bedrooms	15	-	15
4 bedrooms	<u>10</u>	<u>-</u>	<u>10</u>
Total	60	155	215

Almost all of the families eligible for rent supplements are eligible for public housing; and correspondingly, 10 percent of the elderly who qualify for rent-supplements, also qualify for housing accommodations under Section 236.

Section 235, Sales Housing. Based on the high cost of sales housing in the Dubuque HMA and statutory mortgage limits under the provisions of Section 235, it is judged that little, if any, low-cost sales housing can be built during the forecast period. If feasible, however, there is an occupancy potential for approximately 80 homes during the next two years.

Section 236, Rental Housing. Under Section 236, the housing needs of low- and moderate-income renter families and individuals could be met through the use of interest subsidy payments by the federal government that are designed to reduce the housing expense of such households. In the Dubuque area, the two-year occupancy potential with exception limits is an estimated 185 units distributed as follows:

Estimated Two-Year Occupancy Potential
for Section 236 Rental Housing^{a/}
December 1968 to December 1970

<u>Unit size</u>	<u>Families</u>	<u>Elderly</u>	<u>Total</u>
Efficiencies	-	50	50
1 bedroom	20	20	40
2 bedrooms	50	-	50
3 bedrooms	30	-	30
4 bedrooms	<u>15</u>	<u>-</u>	<u>15</u>
Total	115	70	185

^{a/} Based on exemption income limits.

Nearly 75 percent of the families eligible under this program also are eligible for BMIR housing. All of the families eligible for housing under Section 235 qualify for housing under Section 236.

APPENDIX A
OBSERVATIONS AND QUALIFICATIONS
APPLICABLE TO ALL FHA HOUSING MARKET ANALYSES

1. When the rural farm population constitutes less than five percent of the total population of the HMA, all demographic and housing data used in the analysis refer to the total of farm and non-farm data; if five percent or more, all demographic and housing data are restricted to non-farm data.
2. All average annual percentage changes used in the demographic section of the analysis are derived through the use of a formula designed to calculate the rate of change on a compound basis.
3. Because of the change in definition of "farm" between 1950 and 1960 censuses, many persons living in rural areas who were classified as living on farms in 1950 would have been considered to be rural nonfarm residents in 1960. Consequently, the decline in the farm population and the increase in nonfarm population between the two census dates is, to some extent, the result of this change in definition.
4. The increase in nonfarm households between 1950 and 1960 was the result, in part, of a change in the definition of "farm" in the two censuses.
5. The increase in the number of households between 1950 and 1960 reflects, in part, the change in census enumeration from "dwelling unit" in the 1950 census to "housing unit" in the 1960 census. Certain furnished-room accommodations which were not classed as dwelling units in 1950 were classed as housing units in 1960. This change affected the total count of housing units and the calculation of average household size as well, especially in larger central cities.
6. The basic data in the 1960 Census of Housing from which current housing inventory estimates are developed reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.
7. Postal vacancy survey data are not entirely comparable with the data published by the Bureau of Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.
8. Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of the 1960 enumeration procedures.
9. The distribution of the qualitative demand for sales housing differs from any selected experience such as that reported in FHA unsold inventory surveys. The latter data do not include new construction in subdivisions with less than five completions during the year reported upon, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower-value homes are concentrated in the smaller building operations, which are quite numerous. The demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.
10. Monthly rentals at which privately owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the demand section of each analysis. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition. The production of new units in higher rental ranges than indicated may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result of the availability of an ample rental housing supply.
11. Distributions of average annual demand for new apartments are based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorptive experience of new rental housing. Thus, they represent a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. However, individual projects may differ from the general pattern in response to specific neighborhood or sub-market requirements. Specific market demand opportunities or replacement needs may permit the effective marketing of a single project differing from these demand distributions. Even though a deviation from these distributions may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless a thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.
12. 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. Proximity to or quick and economical transportation to place of work frequently is a governing consideration in the place of residence preferred by families in this group.

APPENDIX TABLES

Table I
Nonagricultural Wage and Salary Employment by Industry
Dubuque, Iowa, Housing Market Area
1960-1968
(Annual averages)

<u>Components</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>Twelve mos. ending</u>	
									<u>Sept. 30,</u>	<u>Sept. 30,</u>
									<u>1967</u>	<u>1968</u>
Total	<u>24,800</u>	<u>25,700</u>	<u>25,250</u>	<u>25,900</u>	<u>27,100</u>	<u>28,300</u>	<u>29,550</u>	<u>29,750</u>	<u>30,100</u>	<u>30,250</u>
Manufacturing	<u>11,250</u>	<u>11,700</u>	<u>10,900</u>	<u>11,050</u>	<u>11,450</u>	<u>12,200</u>	<u>12,850</u>	<u>12,350</u>	<u>12,850</u>	<u>12,450</u>
Durable goods	6,150	6,700	5,750	6,050	6,450	7,150	7,850	7,150	7,650	7,150
Nondurable goods	5,100	5,050	5,150	5,000	5,000	5,050	5,000	5,200	5,200	5,300
Nonmanufacturing	<u>13,550</u>	<u>14,000</u>	<u>14,350</u>	<u>14,850</u>	<u>15,650</u>	<u>16,100</u>	<u>16,700</u>	<u>17,350</u>	<u>17,250</u>	<u>17,850</u>
Construction	1,000	1,050	1,000	1,150	1,250	1,250	1,250	1,350	1,300	1,450
Trans., comm., and utilities	1,500	1,500	1,500	1,500	1,550	1,600	1,600	1,650	1,650	1,650
Wholesale trade	950	1,050	1,050	1,050	1,000	1,050	1,150	1,150	1,150	1,150
Retail trade	3,750	3,800	3,850	4,100	4,450	4,600	4,750	4,950	4,900	5,050
Fin., ins., and real estate	700	750	750	750	800	850	850	900	850	900
Service	4,250	4,450	4,650	4,850	5,050	5,150	5,350	5,500	5,500	5,550
Government	1,350	1,400	1,450	1,450	1,550	1,600	1,750	1,900	1,850	2,100

Note: Totals may not add because of rounding.

Source: Iowa Employment Security Commission.

Table II

Percentage Distribution of All Families and Renter Households by Estimated
Annual Income after Deduction of Federal Income Tax
Dubuque County, Iowa, Housing Market Area, 1968 and 1970

<u>Annual after-tax income</u>	<u>All families</u>		<u>Renter households^{a/}</u>	
	<u>1968</u>	<u>1970</u>	<u>1968</u>	<u>1970</u>
Under \$ 3,000	9	8	11	10
\$ 3,000 - 3,999	4	4	6	5
4,000 - 4,999	6	4	8	8
5,000 - 5,999	7	7	11	9
6,000 - 6,999	9	8	12	11
7,000 - 7,999	10	10	12	11
8,000 - 8,999	10	9	11	11
9,000 - 9,999	10	9	8	9
10,000 - 12,499	16	19	9	13
12,500 - 14,999	8	9	5	4
15,000 and over	<u>11</u>	<u>13</u>	<u>7</u>	<u>9</u>
Total	100	100	100	100
Median	\$8,475	\$8,975	\$7,200	\$7,625

^{a/} Includes households of two or more persons.

Source: Estimated by Housing Market Analyst.

Table III

Nonfarm Population and Household Trends
Dubuque, Iowa, Housing Market Area
April 1, 1960 - December 1, 1968

<u>Population</u>	<u>April 1960</u>	<u>December 1968</u>	<u>Average annual change 1960-1968</u>	
			<u>Number</u>	<u>Percent</u> ^{a/}
HMA total (Nonfarm)	<u>70,587</u>	<u>80,300</u>	<u>1,125</u>	1.5
Dubuque	<u>56,606</u>	<u>64,200</u>	<u>880</u>	1.5
Remainder of HMA	<u>13,981</u>	<u>16,100</u>	<u>245</u>	1.6
<u>Households</u>				
HMA total (Nonfarm)	<u>19,182</u>	<u>22,200</u>	<u>350</u>	1.7
Dubuque	<u>15,524</u>	<u>18,000</u>	<u>290</u>	1.7
Remainder of HMA	<u>3,658</u>	<u>4,200</u>	<u>60</u>	1.6

^{a/} See Appendix A, paragraph 2.

Source: 1960 Censuses of Population and Housing.
1968 estimated by Housing Market Analyst.

Table IV

Tenure and Vacancy in the Nonfarm Housing Inventory
Dubuque, Iowa, Housing Market Area
April 1, 1960 - December 1, 1968

<u>Tenure and vacancy</u>	<u>April 1960</u>	<u>December 1968</u>
Total housing supply	<u>20,047</u>	<u>23,000</u>
Occupied housing units	<u>19,182</u>	<u>22,200</u>
Owner-occupied	<u>12,673</u>	<u>15,200</u>
Percent of all occupied	66.1%	68.5%
Renter-occupied	<u>6,509</u>	<u>7,000</u>
Percent of all occupied	33.9%	31.5%
Vacant housing units	<u>865</u>	<u>775</u>
Available vacant	<u>441</u>	<u>375</u>
For sale	<u>110</u>	<u>100</u>
Homeowner vacancy rate	0.9%	0.7%
For rent	<u>331</u>	<u>275</u>
Rental vacancy rate	4.8%	3.8%
Other vacant ^{a/}	424	425

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

Sources: 1960 Census of Housing.
1968 estimated by Housing Market Analyst.

Table V

Dubuque County, Iowa, Area Postal Vacancy Survey

December 10, 1968

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	20,853	361	1.7	330	31	89	16,547	137	0.8	106	31	65	4,306	224	5.2	224	-	24	153	14	9.2
Dubuque City	19,853	349	1.8	320	29	81	15,751	132	0.8	103	29	63	4,102	217	5.3	217	-	18	133	14	10.5
Dyersville	1,000	12	1.2	10	2	8	796	5	0.6	3	2	2	204	7	3.4	7	-	6	20	-	0.0

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e., a residence represents one possible stop with one possible delivery on a carrier's route; and apartment represents one possible stop with more than one possible delivery.

The estimates of total possible deliveries to residences, apartments, and house trailers were made by the postal carriers. The data in this table, therefore, are not strictly comparable to the corresponding data for surveys conducted prior to 1966. The combined totals, however, are as recorded in official route records.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).