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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410
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Analysis of the
EL PASO, TEXAS
HOUSING MARKET

as of April 1, 1967

(A supplement to the June 1965 analysis)

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

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ANALYSIS OF THE
EL PASO, TEXAS, HOUSING MARKET
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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 be differences of opinion, of course, 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 and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
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Summary and Conclusions

1. Nonagricultural wage and salary employment in the El Paso Housing Market Area (HMA) increased during the 1964-1966 period from an average of 81,500 to an average of 90,700 workers, a gain of 9,200 employees. Most of the increase since 1964 occurred in the manufacture of apparel and in government, trade and service industries. During the next two years, nonagricultural wage and salary employment in the area is expected to increase by 3,000 jobs a year with most of the gain occurring in the apparel manufacturing industry and in government, trade, and service industries. In 1966, unemployment averaged 4,800 workers, representing an unemployment ratio of 4.4 percent of the work force, the lowest rate since 1959.
2. As of April 1, 1967, the estimated median annual income of all families in the HMA, after deduction of federal income taxes, was about \$5,800; the median annual after-tax income of all renter households of two or more persons was \$4,425.
3. As of April 1, 1967, the total population of the El Paso HMA was about 383,500 persons, representing an annual gain of 15,925 since June 1965. About 77 percent of the total 1965-1967 population gain occurred in the civilian segment which increased by an annual average of 12,325 persons; the military population (uniformed personnel and their dependents) increased by 3,600 a year. By April 1, 1969, the total population in the area is expected to reach 398,300 persons, an annual gain of around 7,400 persons over the 1967 level. All of the projected increase is expected in the civilian segment of the population; the military population is expected to decline somewhat.

Households totaled 93,500 as of April 1, 1967, representing a yearly increase of 2,500 since mid-1965. All of the household increase since June 1965 has occurred in the civilian segment; military households have declined. During the next two years, household growth is expected to approximate 2,300 annually. No increase in the number of military households is expected during the next two years.
4. The housing inventory of 99,400 units (including 3,625 military-controlled units) as of April 1, 1967, represented a net addition of only 1,250 units, or about 675 a year, since June 1965. The small increase since 1965 reflects large losses by demolition and units acquired by government actions and held off the market pending demolition. Since mid-1965, there have been about 3,250 units completed in the area which were partially offset by the demolition of approximately 2,000 units. The proportion of housing units occupied by owners in the El Paso area in April 1967 was 57.8 percent.

5. Vacancies in both sales and rental housing have decreased substantially since 1965, primarily because of increased population growth and the relocation of displaced families. There were 3,750 available vacant housing units in the area as of April 1, 1967, of which 1,250 were available for sale, representing a homeowner vacancy ratio of 2.3 percent, compared with the 1965 ratio of 2.8 percent. The remaining 2,500 available vacant units were for rent, a rental vacancy ratio of 6.0 percent, a significant decline from the 1965 ratio of 14.1 percent.
6. The number of additional housing units needed to meet the requirements of anticipated increases in nonmilitary households and result in establishing more acceptable demand-supply relationships in the market is estimated to be 1,600 units annually during the next two years, about the same as the 1,670 units authorized in 1965 but somewhat above the 1,480 units authorized in 1966.

Market conditions indicate that additions to the inventory should include 1,200 single-family houses and 400 multifamily units. The demand estimate excludes public low-rent housing and rent-supplement accommodations. If assistance is made available in the acquisition and cost of land or in the cost of financing, some additional demand for privately-financed units in multifamily structures could be met effectively at the lower rents possible with such assistance. Demand for sales houses is expected to approximate the sale price pattern indicated on page 17. Distributions by gross monthly rent levels and by unit sizes of the total annual demand for 400 multifamily units are shown on page 18.

ANALYSIS OF THE
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Housing Market Area

The El Paso Housing Market Area (HMA) is defined as being coterminous with El Paso County, Texas. This area had a 1960 population of 314,100 persons.^{1/} El Paso, the only major city in the HMA, contained 88 percent of the total 1960 population of the county.

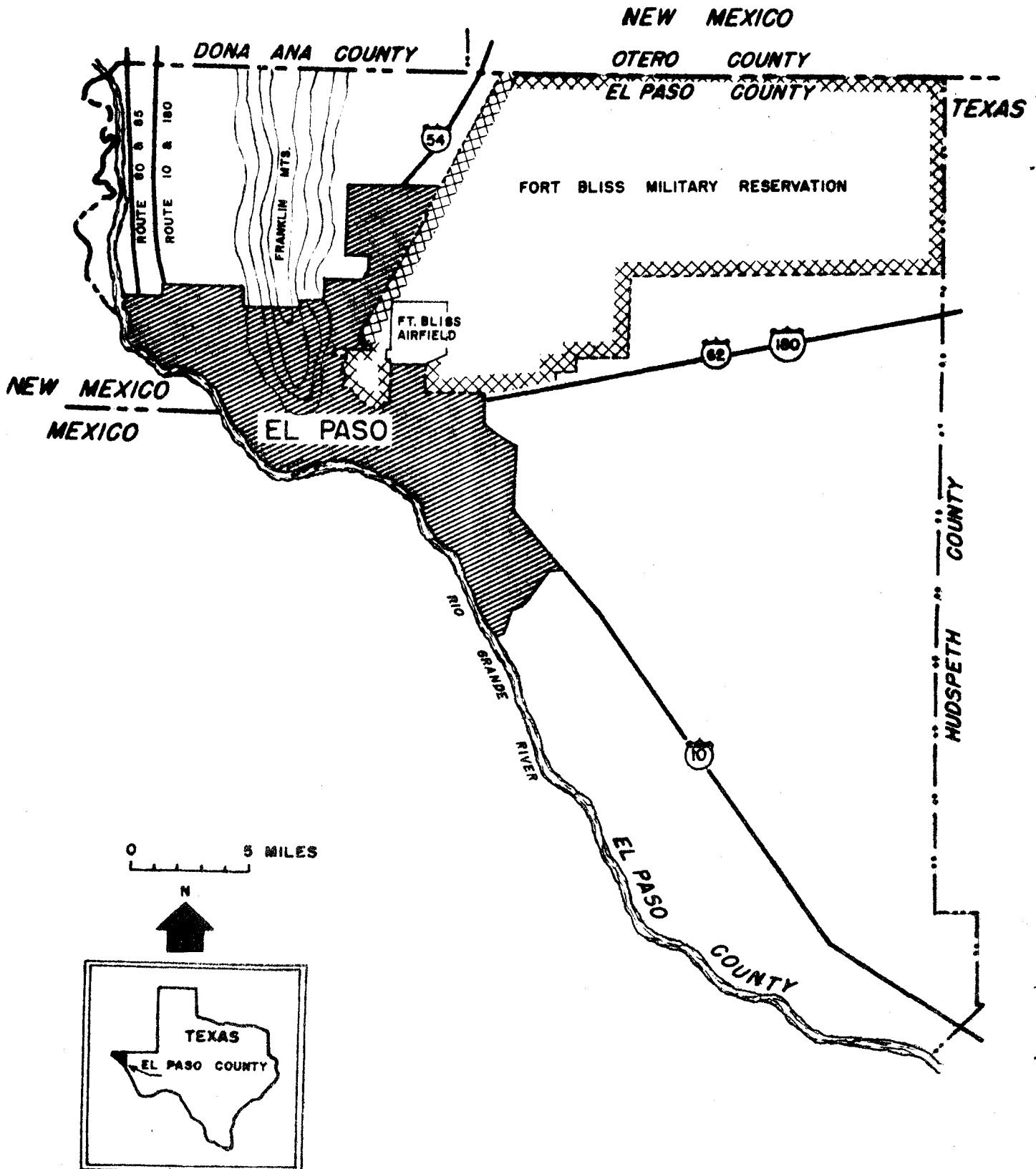
The El Paso HMA is situated in the extreme western tip of Texas, bounded by the state of New Mexico on the north; the state of New Mexico, the Rio Grande River, and the state of Chihuahua; Mexico on the west and south, and Hudspeth County, Texas on the east (see map on page 2). Immediately across the Rio Grande is Ciudad Juarez, Mexico with an estimated population of 350,000 persons as of April 1, 1967, the sister city of El Paso (although not a part of the HMA). El Paso is approximately 400 miles southeast of Phoenix, Arizona, about 260 miles south of Albuquerque, New Mexico, 630 miles west of Dallas, and 570 miles northwest of San Antonio.

Most of the land in the county is arid. The lack of water in the area surrounding El Paso has forced growth into or close to the city, leaving the surrounding desert almost uninhabited. The main topographical feature in the HMA is the Franklin Mountains which reach over 7,100 feet in altitude. These mountains, extending almost to the Rio Grande River, nearly divide the city and create a bottleneck for east-west traffic in El Paso.

The area is served by a fine transportation system. Rail service from Chicago, St. Louis, Memphis, New Orleans, and the West Coast is provided by seven railroads. A fine highway system including U.S. Routes 54, 62, 80, 85, 180, and Interstate 10 serves the area. Air transportation (including jet service) is available at the El Paso International Airport, with such companies as American, Continental, and Trans-Texas Airlines represented.

^{1/} Inasmuch as the rural farm population of the El Paso HMA constituted only one percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

EL PASO, TEXAS, HOUSING MARKET AREA



Economy of the Area

Character

The economy of the El Paso HMA is dominated by nonmanufacturing industries, particularly trade, services, and government. These three industries have accounted for 60 percent of total average nonagricultural wage and salary employment for the past several years. These industries, as well as related industries, receive major support from three military and space installations--Fort Bliss, William Beaumont General Army Hospital, and the White Sands Missile Range complex in New Mexico.^{1/}

Employment

Current Estimate. Total nonagricultural employment in the HMA averaged 102,300 in 1966, representing an increase of 6,800 (seven percent) above the 1965 average and 9,200 (ten percent) above 1964, according to the Texas Employment Commission. Total nonagricultural employment in 1966 included 90,700 wage and salary workers and 11,600 self-employed, domestics, and unpaid family workers. In addition, there were 2,000 agricultural workers in the HMA in 1966.

Work Force Components El Paso, Texas, Housing Market Area Annual Averages, 1964-1966

<u>Component</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Civilian work force	100,100	103,500	109,100
Unemployment	5,000	6,000	4,800
Percent unemployed	5.0%	5.8%	4.4%
Agricultural employment	2,000	2,000	2,000
Nonagricultural employment	<u>93,100</u>	<u>95,500</u>	<u>102,300</u>
Wage and salary	81,500	84,000	90,700
Other nonag. employment ^{a/}	11,600	11,500	11,600

^{a/} Includes the self-employed, unpaid family workers, and domestics.

Source: Texas Employment Commission.

^{1/} Biggs Air Force Base, formerly located in the HMA, was inactivated in July 1966 and the installation was transferred to the U.S. Army.

Recent Trend. Manufacturing employment increased by 900 during the 1964-1965 period and by 2,000 between 1965 and 1966, thus accounting for almost 32 percent of the total wage and salary increase of 9,200 recorded during the 1964-1966 period (see table I). Nearly 97 percent (2,800) of the total manufacturing employment gain occurred in the apparel industry. Most of the employment increase in this industry was attributable to the expansion program of the largest apparel firm in the area. Other gains and losses in manufacturing industries in the HMA during the 1964-1966 period were off-setting.

Nonmanufacturing employment increased by 6,300 workers during the 1964-1966 period, accounting for about 68 percent of the total wage and salary gain for the period. Although almost all nonmanufacturing industries showed net gains during the two-year period, nearly 89 percent of the growth occurred in government employment (3,200), in services (1,400), and in trade (1,000). A large portion of the government employment increase reflected the significant gains in civilian employment at Fort Bliss and the William Beaumont General Army Hospital. These gains, in turn, undoubtedly affected growth in the trade and services establishments in the area.

Military

There are two military installations in the El Paso HMA, Fort Bliss and the William Beaumont General Army Hospital. Military activities in the area have undergone significant changes since June 1965. One installation, Biggs Air Force Base, with a military complement of about 2,850 and a civilian work force of nearly 300 employees in March 1965, was inactivated in July 1966. The two army installations have experienced personnel gains as a result of the Vietnam buildup.

The number of uniformed military personnel at Fort Bliss has doubled since April 1965 when 14,660 personnel were stationed there; strength in February 1967 stood at 29,400. In addition to the uniformed military personnel, there were nearly 5,050 civilians employed at Fort Bliss in February 1967, an increase of almost 2,150 (74 percent) over the April 1965 level. The February total of military and civilian personnel at Fort Bliss is the highest level attained at this installation during the past seventeen years.

Military strength increases at the William Beaumont Hospital have been moderate during the past two years. As of February 1967, there were almost 1,190 uniformed personnel attached to the installation, a gain of about 110 (ten percent) over the April 1965 level. Civilian employment at the Hospital increased by slightly over 300 (71 percent) since April 1965 to a February 1967 total of approximately 730 employees.

Despite the loss of nearly 3,150 military and civilian personnel as a result of the inactivation of Biggs AFB, there has been a significant increase in military and military-connected employment in the HMA during the past two years. In total, there has been a net gain of about 12,000 uniformed military personnel and a net increase of 2,150 civilians at the two Army installations since April 1965. However, much of the recent increase in personnel is temporary.

Unemployment

The number of unemployed workers in the HMA has declined during the past three years. In 1966, the Texas Employment Commission reported that there was an average of 4,800 workers unemployed, representing 4.4 percent of the civilian work force. This level compares with the 1965 average of 6,000 unemployed (5.8 percent) unemployed and the 1964 average of 5,000 unemployed (5.0 percent). The 1966 rate of unemployment was the lowest reported since 1959 when unemployment averaged 3,200 workers, or 3.4 percent of the work force.

Future Employment Prospects

Nonagricultural wage and salary employment in the El Paso HMA is expected to increase by about 3,000 jobs annually during the next two years. The projected growth is well above any annual gain of the 1960-1964 period, is slightly above the 1964-1965 gain, and is substantially below the 1965-1966 increase. Employment growth since 1965 was inflated, however, by significant gains in civilian employment at the Army installations and by the expansion of the largest apparel manufacturer in the area, increases which are not expected to occur in such magnitude during the next two years.

As in the past, the greatest employment gains are expected in the apparel, trade, services, and governmental industries. A significant proportion of the employment gains will be women. The employment leaders are expected to be the apparel industry with anticipated increases of between 750 to 1,000 employees annually reflecting the continued expansion of this industry, and the various local, state, and federal governmental agencies in the HMA with expected gains of about 750 persons a year. Growth in the military and civilian complements at the Army installations will depend upon the tempo of the Vietnam conflict but, for the purposes of this analysis, it is assumed that there will be no significant change in civilian employment and that a decline in uniformed military personnel will occur. Respective gains of 500 annually are expected for the trade and services industries in response to continued population growth and the general trend of increased demand for services. Moderate increases are expected, also, in the primary metal and construction industries.

Incomes

Family Incomes. As of April 1, 1967, the estimated median annual income of all families in the HMA, after deduction of federal income taxes, was about \$5,800 and the median after-tax income of renter households of two or more persons was approximately \$4,425. By 1969, the median annual after-tax income of all families in the HMA is expected to approximate \$5,975 and the median after-tax income of all renter households of two or more persons is expected to rise to \$4,550 (see table II).

Demographic Factors

Population

Current Estimate. The total population of the El Paso HMA was approximately 383,500 persons as of April 1, 1967, an increase of 29,200 (eight percent) since June 1, 1965. The population gain since June 1965 represents an average annual increase of about 15,925 persons.

Civilian population growth in the area accounted for approximately 77 percent of the total gain since June 1965^{1/}. As of April 1, 1967, the civilian population was 327,300, an increase of 22,600 (seven percent), or 12,325 annually, since June 1965.

The military population in the El Paso area (uniformed military personnel and their dependents) totals about 56,200 persons, representing an increase of 6,600 (13 percent) since June 1965. This level of population gain represents an average annual growth of around 3,600 during the June 1965-April 1967 period. This increase resulted from a loss of military family population in the area and a substantial increase in the military population who resided in barracks.

Population trends in the HMA are presented in the following table for the military and civilian components of the population.

Population Trends
El Paso, Texas, HMA
April 1960 - April 1969

<u>Population component</u>	<u>April 1, 1960</u>	<u>June 1, 1965</u>	<u>April 1, 1967</u>	<u>April 1, 1969</u>
Civilian	244,950	304,700	327,300	344,800
Military	<u>69,150</u>	<u>49,600</u>	<u>56,200</u>	<u>53,500</u>
Total	314,100	354,300	383,500	398,300

Sources: Total population for 1960 from the U.S. Census of Population (rounded by Analyst). Total population for 1965, 1967, and 1969 and the civilian and military components for all years estimated by Housing Market Analyst.

^{1/} The civilian population in the HMA includes all nonmilitary and military-connected civilians.

Annual civilian population growth during the June 1965-April 1967 period reflected a sharp increase in the rate of economic growth. Based on employment data from the Texas Employment Commission, nonagricultural employment has increased by around 4,600 annually since 1964.

The military population increased sharply during the 1965-1967 period, a reflection of the Vietnam buildup. The recent trend is a reversal of the continued loss of military strength experienced in previous years.

Future Population Growth. On the basis of anticipated employment gains, the total population in the El Paso HMA is expected to increase by about 14,800 (7,400 persons a year) to an April 1969 total of 398,300 persons. The projected annual growth of 7,400 persons is considerably below the yearly increment of 15,925 persons which occurred during the June 1965-April 1967 period. The projected lower rate of increase is the result of anticipated declines in employment growth and a decrease in the number of military personnel in the area (projected by the Department of Defense). The civilian population is expected to increase by about 8,750 persons a year during the forecast period while the military population is projected to decline by 1,350 persons annually.

Households

Current Estimate and Past Trend. Since June 1965, the number of households (occupied housing units) in the El Paso HMA has increased by about 4,600 (five percent) to an April 1967 total of 93,500. The current total represents an annual average gain of nearly 2,500 households since 1965. Civilian households totaled 85,550 in April 1967, accounting for 91 percent of the total and representing an increase of 6,250 (eight percent), or 3,400 annually, since June 1965.

On the basis of the latest family housing surveys conducted by Fort Bliss and the William Beaumont Hospital, there are approximately 7,950 military households in the HMA as of April 1, 1967. This number of households is about 1,650 below the number enumerated in June 1965, reflecting the inactivation of Biggs AFB.

It should be noted that the military population increase in the HMA since 1965 resulted entirely from the influx of military personnel who live in barracks. Such non-household military population increased from slightly over 9,000 in June 1965 to 22,650 in April 1967.

Household Trends
El Paso, Texas, HMA
April 1960 - April 1969

<u>Household component</u>	<u>April 1, 1960</u>	<u>June 1, 1965</u>	<u>April 1, 1967</u>	<u>April 1, 1969</u>
Civilian	64,500	79,300	85,550	90,150
Military	<u>13,750</u>	<u>9,600</u>	<u>7,950</u>	<u>7,950</u>
Total	78,250	88,900	93,500	98,100

Sources: Total households for 1960 from U.S. Census of Housing (rounded by Analyst). Total households for 1965, 1967, and 1969 and the civilian and military components for all years estimated by Housing Market Analyst.

Household Size. The average size of all households in the El Paso area has declined very slightly from 3.83 persons in April 1965 to 3.82 persons as of April 1, 1967. No significant change in the average size is expected to occur during the next two years.

Future Household Growth. On the basis of anticipated population gains in response to projected employment opportunities and no change in the average household size, the number of households in the El Paso HMA is expected to total about 98,100 as of April 1, 1969, a gain of 4,600 (2,300 annually) over the 1967 level. The projected rate of growth is somewhat below the net annual increase of 2,500 households during the June 1965-April 1967 period. All of the household increase during the forecast period will occur in the civilian segment; the number of military households is expected to remain unchanged. The projected civilian household gain of 2,300 a year is considerably below the annual increment of 3,400 which occurred during the 1965-1967 period.

Housing Market Factors

Housing Supply

Current Estimate. There were about 99,400 housing units in the El Paso HMA as of April 1, 1967, indicating a net gain of 1,250 units (about one percent) over the June 1, 1965 total of 98,150 units,^{1/} or approximately 675 units annually. Despite the completion of over 3,250 housing units in the area since mid-1965, net housing unit gains were small because of large losses totaling 2,000 units caused by the implementation of the Chamizal Treaty and highway construction.

Residential Building Activity

Virtually all new private residential construction in the HMA has occurred in the city of El Paso; the area outside the city is largely arid and lacks adequate water supply and other necessities for housing. From nearly 2,175 housing units authorized in 1964, the volume declined to about 1,675 units in 1965, and to almost 1,500 in 1966. The decline in construction occurred despite an increasing rate of employment and population gains. The decline is reflected in a substantial reduction in vacancies since June 1, 1965. The shortage of construction and mortgage money in 1966 probably prevented an upturn in construction during that year.

The following table presents the number of private housing units authorized since 1964 by type of structure.

Private Housing Units Authorized by Building Permits
El Paso City, Texas, 1964-1967

<u>Year</u>	<u>Total</u>	<u>Single-family</u>	<u>Two family</u>	<u>Multi-family</u>	<u>Percent multifamily</u>
1964	2,167	1,180	16	971	44.8
1965	1,670 ^{a/}	1,430	8	232 ^{a/}	13.9
1966	1,481	1,125	44	312	21.1
<u>Jan.-March</u>					
1966	413	381	2	30	7.3
1967	456	346	2	108	23.7

^{a/} Excludes 330 public housing units.

Source: El Paso Department of Public Inspection; Bureau of the Census, C-40 Construction Reports.

^{1/} The 1965 estimate has been revised on the basis of more complete demolition data which were not available at the time of the 1965 analysis.

The rise in single-family construction during 1965 and 1966 resulted from an improving market caused by the absorption of vacant and newly-built homes by families displaced by government action and by the increased population growth in response to the sharp rise in employment opportunities. The number of multifamily units authorized increased almost continuously from 1960 through 1964, then dropped sharply in 1965. This decrease was caused by the tightening of the supply of mortgage and construction money resulting from the poor occupancy of completed projects in the area. The modest increase in multifamily construction in 1966 and 1967 reflects the improvement in the rental market that has occurred since 1965.

Units Under Construction. On the basis of building permit data and a postal vacancy survey conducted in March 1967, there were an estimated 410 units in some stage of construction in the HMA in April 1967. Approximately 330 (80 percent) of the units under construction were single-family units, and 80 were multifamily units.

Losses to the Inventory. Housing unit losses from the inventory in El Paso have amounted to slightly over 2,850 units since 1960. About 70 percent of these losses occurred in 1965 and 1966 when 2,000 units were removed from the market. The acquisition of properties (most of which have been demolished) by the federal government implementing the Chamizal Treaty totaled around 1,360 housing units, while 250 units were demolished by the highway department for its North-South Freeway right-of-way. During the next two years, losses to the inventory will be slight as the Chamizal and highway removal programs are virtually completed.

Tenure of Occupancy

As of April 1, 1967, approximately 57.8 percent (54,050 units) of the occupied inventory in the El Paso area was owner-occupied and 42.2 percent (39,450 units) was renter-occupied. The level of homeownership in the HMA represents a decrease from the June 1965 ratio of 59.4 percent (see table III). This shift in tenure reflects the absorption of hundreds of newly-built and older vacant rental units by in-migrants and displaced families.

Vacancy

Postal Vacancy Survey. A postal vacancy survey was conducted in late March 1967 by the El Paso Post Office. The survey covered nearly 85 percent of the housing units in the area. At the time of the survey, about 3,025 units were vacant out of nearly 84,150 units covered the survey, a vacancy ratio of 3.6 percent. Of the total vacant units, a little over 1,725 were vacant residences, 2.5 percent of all residences, and about 1,300 were vacant apartments, 9.0 percent of all apartments

counted. In addition, about 300 trailers out of 2,000 surveyed were vacant, a vacancy ratio of 14.8 percent. About 330 residences and 80 apartment units were reported to be under construction at the time of the survey (see table IV).

An earlier postal vacancy survey was conducted in the HMA in June 1965. That survey enumerated about 81,350 units, of which 6,225 (7.7 percent) were vacant. Of the total vacancies, slightly over 3,350 were residences, 5.2 percent of all residences covered, and nearly 2,875 were apartments, 17.0 percent of all apartment units covered. There were 2,100 trailer accommodations surveyed, of which 300 were vacant, a vacancy factor of 14.4 percent. Approximately 760 units were reported in some stage of construction.

A comparison of the two postal surveys indicates a substantial reduction in the number of both vacant residences and vacant apartments since mid-1965. The over-all vacancy ratio and the residence vacancy ratio have been cut in half; the over-all and the residence vacancy rates of 3.6 and 2.5 percent, respectively, reported in March 1967 contrast with respective ratios of 7.7 percent and 5.2 percent in June 1965. The apartment vacancy ratio of nine percent in March 1967 also is almost half the 17.0 percent rate reported in the June 1965 survey. The decrease in vacancies in the HMA during the 1965-1967 period reflects (1) the decrease in single-family construction in 1966 which probably was caused by the tight mortgage money situation, (2) the lower levels of multifamily construction in 1965 and 1966, (3) the faster population growth in the past two years in response to increased employment opportunities, and (4) the relocation of hundreds of families displaced by the implementation of the Chamizal Treaty and highway clearance programs.

It is important to note that the 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 vacancies 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.

FHA Vacancy Surveys. The FHA conducted a sample rental survey in March 1965 and its market absorption survey in April 1966. The surveys covered units in all rental ranges from as low as \$50 a month to \$225 or more a month, usually including all utilities except electricity. All of the projects enumerated were built since 1960. Although the surveys are not all-inclusive and are not entirely comparable, they do reflect the appreciable improvement in the rental market between March 1965 and April 1966 in all rental ranges except the \$225 and over range.

Summary of Rental Vacancy Surveys
El Paso City, Texas
March 1965 and April 1966

<u>Monthly rent</u>	<u>March 1965 survey</u>			<u>April 1966 survey</u>		
	<u>Units surveyed</u>	<u>Number vacant</u>	<u>Percent vacant</u>	<u>Units surveyed</u>	<u>Number vacant</u>	<u>Percent vacant</u>
\$ 50 - \$ 90	304	51	16.7	544	42	7.7
90 - 140	869	219	25.2	1,290	165	12.8
140 - 225	552	199	36.0	576	48	8.3
225 and up	58	18	31.0	70	22	31.4
Total	1,783	487	27.3	2,480	277	11.2

Source: Lubbock Insuring Office.

There has continued to be improvement in the rental market as revealed by a comparison of FHA absorption surveys in April 1966 and February 1967; occupancy in projects containing about 760 units which were reported in both surveys increased from 86.8 percent in April 1966 to 88.7 percent in February 1967.

Current Estimate. On the basis of postal vacancy survey results and FHA surveys, it is judged that there were about 3,750 available vacant housing units in the El Paso HMA as of April 1, 1967, an overall net available vacancy ratio of 3.9 percent. Of the total number of available vacancies, approximately 1,250 were for sale, representing a homeowner vacancy ratio of 2.3 percent, and 2,500 were for rent, a rental vacancy ratio of 6.0 percent (see table III). Most of the available vacancies in the area are judged to be acceptable in that they contain all plumbing facilities. The favorable condition of the vacant housing in the HMA results from the removal of many unacceptable units in the Chamizal Treaty Area.

As shown in table III, both the homeowner and renter vacancy ratios have decreased significantly from the June 1965 levels. The homeowner vacancy rate declined from 2.8 percent in 1965 to an April 1967 level of 2.3 percent; the renter vacancy ratio fell more sharply from 14.1 percent in 1965 to 6.0 percent in 1967.

Sales Market

General Market Conditions. The market for sales housing in the El Paso HMA has improved appreciably since mid-1965. This market condition is reflected by the decline of the sales vacancy rate from 2.8 percent in 1965 to 2.3 percent in 1967, by a decline in the unsold inventory of new homes (to be discussed later), and by the increase in new house sales.

El Paso can be divided into three major parts with respect to sales activity, with each segment containing several sizable housing tracts. The major area of activity during the past few years has been in east El Paso. The following table presents data on new house closings in various subdivisions in the three major areas of activity in the city. These data were compiled from the Commercial Recorder by a local mortgagee and indicate the trend in activity by the three major geographic segments.

Number of Sales of New Houses Closed
El Paso City, Texas
1964 to 1966

<u>Area</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
East El Paso	558	677	736
Northeast El Paso	172	255	218
West El Paso	<u>183</u>	<u>204</u>	<u>188</u>
Total	913	1,136	1,142

There has been an increase in activity in all areas of the city since 1964, a reflection of the improving market.

Unsold Inventory of New Houses. Annual surveys of unsold new sales houses in the El Paso HMA were conducted by the Lubbock Insuring Office in January 1965, 1966, and 1967. The surveys covered only subdivisions in which five or more houses were completed during the twelve months preceding the survey date. The most recent survey covered 1,104 houses which were completed in 1966. Of that number, 1,007 houses were built speculatively of which 185 remained unsold at the time of the survey, a ratio of unsold to completed houses of 18.4 percent (see table V). The comparable 1966 survey enumerated 1,386 houses completed in 1965, of which 1,131 units had been built speculatively. As of January 1, 1966, 220 houses remained unsold, an unsold ratio of 19.5 percent.

The 1965 survey covered 1,098 homes completed in 1964, of which 815 were speculatively-built; 173 of the speculatively-constructed homes were unsold as of January 1, 1965, an unsold ratio of 21.2 percent.

A comparison of the surveys indicates that speculative construction has increased in the area during the past three years from a level of about 74 percent of the 1964 completions to slightly over 91 percent of all homes built in 1966. The increase in speculative construction coupled with a decreasing unsold inventory ratio is indicative of the strengthening sales market in the HMA.

Rental Market

General Market Conditions. The rental market in the El Paso area has improved significantly since June 1965, as indicated by the decline in the rental vacancy ratio from 14.1 percent in April 1965 to 6.0 percent as of April 1, 1967. The relocation of hundreds of families displaced by government action and the more rapid population growth of the past year and a half are the primary reasons for the substantial reduction in rental vacancies. It should be noted that military population increases since mid-1965 had little direct effect on increased rental demand because all of the military increase consisted of military personnel living in barracks. Military households have declined since 1965.

As indicated previously, the special March 1965 and April 1966 vacancy surveys by the Lubbock Insuring Office revealed that vacancies declined at all rental levels in the El Paso area with the exception of those units renting for \$225 or more a month. This segment of the market is quite small, however, and the high vacancy in this portion reflects almost entirely the difficulties of one high-rise project in El Paso.

Military Housing

As of November 1966, the Army listed 3,625 units of military-controlled family housing in the El Paso HMA, including 3,463 units at Fort Bliss and 162 units at the William Beaumont Hospital. (The 800 military housing units at Biggs AFB were transferred to Fort Bliss when the air base was inactivated.) All but three of these were listed as adequate for public quarters. As of November 1966, there were 21 vacant military-controlled units. No additional military housing is contemplated for construction during the next two years.

Public Housing

All of the public housing (excluding military-controlled housing) in the HMA is located in the city of El Paso. There are 1,650 public housing units in operation in the city.

Urban Renewal

There was no urban renewal program in the HMA as of April 1, 1967, and the workable program of the city of El Paso had expired.

Demand for Housing

Quantitative Demand

Demand for additional housing during the two-year period from April 1, 1967 to April 1, 1969, is based on an expected annual increase of about 2,300 nonmilitary households, on the need to replace housing units expected to be lost from the inventory, and on the need for some further reduction in vacancies. Consideration also is given to the existing tenure composition of households and to a projected trend toward homeownership.

To accommodate the anticipated increase in the number of nonmilitary households and to allow for expected occupancy and inventory changes, approximately 1,600 additional privately-owned housing units will need to be added in each of the next two years. That rate of addition would be about the same as the 1,670 units authorized in 1965 but somewhat above the 1,480 units authorized in 1966.

Market conditions indicate that additions to the inventory to meet expected demand should include 1,200 single-family housing units and 400 multifamily units a year during the next two years. If assistance is made available in the acquisition and cost of land or in the cost of financing, some additional demand for privately-financed units in multifamily structures could be met effectively at the lower rents possible with such assistance. These demand estimates do not include public low-rent housing or rent-supplement accommodations.

A construction volume of 1,200 single-family units annually during the next two years would be comparable with the 1,125 authorized in 1966. The projected demand for 400 multifamily units a year during the forecast period is comparable with the 350 units authorized in 1966 and with the yearly rate of 440 units which may be attained if the first quarter rate of 110 units authorized in 1967 is maintained.

The demand estimates are based on an expected high level of employment gain of 3,000 jobs a year during the forecast period, which is above any yearly increase that occurred in most recent years, but is substantially below the increase of 6,800 between 1965 and 1966.

Based on the best information available, no additional demand by military households is expected to occur in the El Paso area during the forecast period. Military changes could occur rapidly, however, depending upon the tempo of Vietnam activities, international political situations, and many other factors. Thus, military activities in the HMA should be checked frequently for changes which might alter the impact of demand by the military on the housing market.

Qualitative Demand

Single-family Houses. Based on the current after-tax incomes of families in the HMA, on sales price to income relationships typical in the area, and on recent market experience, the annual nonmilitary demand for new single-family sales houses by price class is expected to approximate the distributions shown in the following table. It is judged that adequate, competitive single-family houses cannot be produced in the El Paso area to sell for less than about \$10,000.

Estimated Annual Demand for New Single-Family Housing by Price Class
El Paso, Texas, HMA
April 1, 1967-April 1, 1969

<u>Price range</u>	<u>Total households</u>
Under \$12,499	150
\$12,500 - 14,999	215
15,000 - 17,499	175
17,500 - 19,999	200
20,000 - 24,999	260
25,000 - 29,999	125
30,000 and over	75
Total	<u>1,200</u>

Multifamily Housing. The monthly rentals for various size units at which 400 net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated in the following table. These net additions may be accomplished by either new construction or rehabilitation with or without public benefits or assistance in financing. The production of new units in higher rental ranges than indicated below may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result.

Estimated Annual Demand for New Multifamily Housing
El Paso, Texas, HMA
April 1, 1967 to April 1, 1969

<u>Monthly gross rent^{a/}</u>	<u>Size of units</u>			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$ 95 - \$109	10	-	-	-
110 - 129	-	125	-	-
130 - 149	-	30	105	-
150 - 169	-	-	45	50
170 - 189	-	-	10	15
190 or more	-	-	-	10
Total	10	155	160	75

^{a/} Includes all utilities.

The preceding distribution of average annual demand for new apartments is based on projected tenant-family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is given also to the recent absorption experience of new rental housing. Thus it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Individual projects may differ from the general pattern in response to specific neighborhood or submarket requirements.

Table I

Nonagricultural Wage and Salary Employment by Industry
El Paso, Texas, HMA
Annual Averages, 1964-1966

<u>Industry</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Wage and salary employment	<u>81,500</u>	<u>84,000</u>	<u>90,700</u>
Manufacturing	<u>15,700</u>	<u>16,600</u>	<u>18,600</u>
Durable goods	<u>3,800</u>	<u>4,100</u>	<u>4,200</u>
Stone, clay, and glass	600	600	600
Primary metals	1,800	1,900	2,000
Fabricated metals	500	600	500
Other durable goods ^{a/}	900	1,000	1,100
Nondurable goods	<u>11,900</u>	<u>12,500</u>	<u>14,400</u>
Food	2,300	2,200	2,300
Apparel	7,400	8,400	10,200
Print., publish., and paper	900	800	800
Other nondurable goods ^{b/}	1,300	1,100	1,100
Nonmanufacturing	<u>65,800</u>	<u>67,400</u>	<u>72,100</u>
Contract construction	4,500	4,400	4,800
Trans., comm., and pub. util.	9,000	9,100	9,400
Trade	21,700	22,200	22,700
Fin., insur., and real estate	3,200	3,200	3,200
Services	11,000	11,600	12,400
Government	16,200	16,700	19,400
Other nonmfg. ^{c/}	200	200	200

^{a/} Includes lumber and wood products, furniture and fixtures, nonelectrical and electrical machinery, transportation equipment, and miscellaneous durable goods industries.

^{b/} Includes chemicals, petroleum products, rubber products, leather products, and miscellaneous nondurable goods industries.

^{c/} Includes agricultural services, forestry and fishing, and mining.

Source: Texas Employment Commission.

Table II

Estimated Percentage Distribution of all Families and Renter Households
by Annual Incomes After Deduction of Federal Income Tax
El Paso, Texas, HMA
1967 and 1969

<u>Annual family income</u>	<u>1967</u>		<u>1969</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$3,000	17	26	16	25
\$ 3,000 - 3,999	11	18	9	17
4,000 - 4,999	13	14	12	14
5,000 - 5,999	12	13	11	12
6,000 - 6,999	9	9	10	10
7,000 - 7,999	9	6	10	7
8,000 - 8,999	7	5	6	5
9,000 - 9,999	5	3	6	3
10,000 - 12,499	10	3	10	2
12,500 and over	<u>7</u>	<u>3</u>	<u>10</u>	<u>5</u>
Total	100	100	100	100
Median income	\$5,800	\$4,425	\$5,975	\$4,550

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table III

Trend of Household Tenure and Vacancy
El Paso, Texas, HMA
1960 - 1967

<u>Tenure and vacancy</u>	April 1960	June ^{b/} 1965	April 1967	<u>Average annual change</u>			
				<u>1960 - 1965</u>		<u>1965 - 1967</u>	
				<u>Number</u>	<u>Percent^{c/}</u>	<u>Number</u>	<u>Percent^{c/}</u>
Total housing inventory	<u>85,939</u>	<u>98,150</u>	<u>99,400</u>	<u>2,350</u>	<u>2.5</u>	<u>675</u>	<u>.7</u>
Total occupied	<u>78,270</u>	<u>88,900</u>	<u>93,500</u>	<u>2,050</u>	<u>2.4</u>	<u>2,500</u>	<u>2.8</u>
Owner-occupied	<u>44,124</u>	<u>52,800</u>	<u>54,050</u>	<u>1,680</u>	<u>3.3</u>	<u>675</u>	<u>1.3</u>
Percent of total occupied	56.4%	59.4%	57.8%	-	-	-	-
Renter-occupied	<u>34,146</u>	<u>36,100</u>	<u>39,450</u>	<u>370</u>	<u>1.1</u>	<u>1,825</u>	<u>5.1</u>
Percent of total occupied	43.6%	40.6%	42.2%	-	-	-	-
Vacant housing units	<u>7,669</u>	<u>9,250</u>	<u>5,900</u>	<u>300</u>	<u>3.5</u>	<u>-1,825</u>	<u>-19.7</u>
Available vacant	<u>5,728</u>	<u>7,450</u>	<u>3,750</u>	<u>330</u>	<u>4.8</u>	<u>-2,025</u>	<u>-27.1</u>
For sale	<u>1,168</u>	<u>1,500</u>	<u>1,250</u>	<u>60</u>	<u>4.6</u>	<u>450</u>	<u>-9.1</u>
Homeowner vacancy rate	2.5%	2.8%	2.3%	-	-	-	-
For rent	<u>4,360</u>	<u>5,950</u>	<u>2,500</u>	<u>270</u>	<u>4.9</u>	<u>-1,875</u>	<u>-31.6</u>
Rental vacancy rate	11.8%	14.1%	6.0%	-	-	-	-
Other vacant ^{a/}	<u>1,941</u>	<u>1,800</u>	<u>2,150</u>	<u>-30</u>	<u>-1.4</u>	<u>200</u>	<u>10.6</u>

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

^{b/} Estimates have been revised on the basis of more complete demolition data which were not available at the time of the 1965 analysis.

^{c/} Derived through the use of a formula designed to calculate the rate of change on a compound basis.

Sources: 1960 Census of Housing and estimates by Housing Market Analyst.

Table IV

El Paso, Texas, Area Postal Vacancy Survey

March 22, 1967

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.	%
El Paso	84,128	3,032	3.6	2,695	337	408	69,655	1,736	2.5	1,481	255	328	14,473	1,296	9.0	1,214	82	80	2,000	295	14.8
Main Office	14,906	871	5.8	785	86	17	7,982	211	2.6	158	53	5	6,924	660	9.5	627	33	12	5	-	0.0
Branch:																					
Fort Bliss	3,249	58	1.8	58	-	-	2,789	43	1.5	43	-	-	460	15	3.3	15	-	-	-	-	-
Stations:																					
A	15,411	309	2.0	292	17	5	13,177	185	1.4	182	3	5	2,234	124	5.6	110	14	-	198	27	13.6
Coronado	4,641	171	3.7	98	73	66	4,232	113	2.7	72	41	66	409	58	14.2	26	32	-	141	32	22.7
Paisano	24,810	873	3.5	761	112	171	21,988	521	2.4	412	109	103	2,822	352	12.5	349	3	68	551	159	28.9
Sunrise	15,040	554	3.7	511	43	125	13,509	479	3.5	436	43	125	1,531	75	4.9	75	-	-	995	43	4.3
Ysleta	6,071	196	3.2	190	6	24	5,978	184	3.1	178	6	24	93	12	12.9	12	-	-	110	34	30.9

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 V

FHA Survey of Unsold Inventory of New Sales Houses^{a/}El Paso, Texas, HMAAs of January 1, 1967

<u>Sales price</u>	<u>Total completions</u>	<u>Pre-sold</u>	<u>Speculative Construction</u>			<u>Percent unsold</u>
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u>	
<u>Houses completed in 1966</u>						
Under - \$10,000	8	-	8	5	3	37.5
\$10,000 - 12,499	37	3	34	31	3	8.8
12,500 - 14,999	136	7	129	105	24	18.6
15,000 - 17,499	154	13	141	112	29	20.6
17,500 - 19,999	226	23	203	169	34	16.7
20,000 - 24,999	321	25	296	239	57	19.3
25,000 - 29,999	139	15	124	101	23	18.5
30,000 - 34,999	47	5	42	35	7	16.7
35,000 and over	<u>36</u>	<u>6</u>	<u>30</u>	<u>25</u>	<u>5</u>	<u>16.7</u>
Total	1,104	97	1,007	822	185	18.4

^{a/} Survey includes only subdivisions with five or more completions during 1966.

Source: Annual Unsold Inventory Survey conducted by the Lubbock Insuring Office.