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1970

Analysis of the
**ELKHART, INDIANA
HOUSING MARKET**

as of January 1, 1970

**DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

June 1970

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FHA Housing Market Analysis
Elkhart, Indiana, as of January 1, 1970

Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Field Market Analysis Service as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Field Market Analysis Service
Washington, D. C.

FHA HOUSING MARKET ANALYSIS-ELKHART, INDIANA
AS OF JANUARY 1, 1970

The Elkhart, Indiana, Housing Market Area is defined as Elkhart County, Indiana. Located in northern Indiana, the area is about 100 miles east of Chicago and 150 miles north of Indianapolis. In January 1970, the HMA had a population of about 126,300, including 45,450 in Elkhart, the principal city.

The economy of the HMA is based on manufacturing, with the fabricated metals and transportation equipment industries the major sources of industrial jobs. Since 1963, growth in the fabricated metals industry has been moderate while the transportation equipment industry, composed almost entirely of trailer manufacture, has undergone rapid expansion. Employment in both manufacturing and nonmanufacturing industries has been increasing since 1960, with the result that there has been in-migration throughout the 1960 decade. The favorable economic conditions and household growth have stimulated an increase in housing construction in recent years, particularly of multifamily units. A recent rise in vacancy rates for sales and rental housing suggests that construction levels have been more than adequate.

Anticipated Housing Demand

In Elkhart County, an annual demand for 725 new nonsubsidized housing units (including 175 mobile homes) is expected for the two year period ending January 1, 1972. The demand estimate is based on projections of household growth and losses to the housing inventory and adjusted for other factors. Mobile homes were a significant factor in additions to the housing supply of the HMA during the 1960 decade, and it is likely that part of the projected demand will be met by this type of housing. Based on the trend since 1960, it is estimated that about one-fourth of the annual demand will be satisfied by new mobile homes in each year of the forecast period. For the remaining demand, it

is judged that about 475 single-family houses and 75 multifamily units should be constructed in order to achieve the most favorable demand-supply balance. This estimate was made after consideration of current housing market factors--acceptable levels of vacancy, construction volume, and the continued shift to owner occupancy. The qualitative distribution of the demand for single-family houses by price class is presented in table I. The multifamily units should be one- and two-bedroom apartments for the most part, priced as near as possible to the minimum achievable rents of \$140 for one-bedroom units and \$180 for two-bedroom units.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- and moderate-income families may be provided through four different programs administered by FHA--monthly rent-supplement payments, principally in rental projects financed with market-interest-rate mortgages insured under Section 221(d)(3); partial payment for interest for home mortgages insured primarily under Section 235; partial payment for interest for project mortgages insured under Section 236; and below-market-interest-rate financing for project mortgages insured under Section 221(d)(3).

Household eligibility for federal subsidy programs is determined primarily by evidence that household or family income is below established limits. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using federal or state support. Since the potential for each program is estimated separately, there is no attempt to eliminate the overlaps among program estimates. Accordingly, the occupancy potentials discussed for various programs are not additive. Furthermore, future approvals under each program should take into account any intervening approvals under other programs which serve the same requirements. The potentials^{1/} discussed below reflect the estimates unadjusted for housing provided or under construction under alternative FHA or other programs, except as indicated.

As of January 1, 1970, about 81 units of a Section 221(d)(3) BMIR project totaling 106 units have been constructed in the city of Elkhart, with the final 25 units scheduled to be completed by February 1970. There also are 240 units of Section 236 housing under construction, as well as commitments outstanding for two other Section 236 projects with a total of 214 units.

^{1/} The occupancy potentials referred to in this analysis are dependent upon the capacity of the market in view of existing vacancy strength or weakness. The successful attainment of the calculated market for subsidized housing may well depend upon construction in suitable accessible locations, as well as upon the distributions of rents over the complete range attainable for housing under the specified programs.

The annual occupancy potentials for subsidized housing in FHA programs discussed in the following paragraphs are based upon 1969 incomes, on the occupancy of substandard housing, on estimates of the elderly population, on the most recent income limits, and on available market experience.^{1/} The occupancy potentials by size of units required are shown in table II.

Rent-Supplement. Under the rent-supplement program there is an annual occupancy potential for approximately 20 families and 75 elderly households. About 75 percent of the families and 55 percent of the elderly households that qualify for rent-supplements also qualify for Section 236 housing. All those eligible for rent-supplements also are eligible for public housing. There are two public housing projects totaling about 300 units in the HMA; both projects have been built since 1960. A low-rent public housing project of 127 units for the elderly is under construction. If completed during the first year of the forecast period, it would provide about 50 units in excess of the calculated annual occupancy potential. Assuming a reasonable rate of absorption, upward revision of the potential for successive years may be necessary.

Section 221(d)(3) BMIR. About 120 units of Section 221(d)(3) BMIR housing probably could be absorbed annually during the next two years. The two-year potential will be met by the subsidized housing under construction or committed (discussed above). About 75 percent of all those eligible under Section 221(d)(3) BMIR also are eligible under the Section 235 and Section 236 programs.

Section 235, Sales Housing. Sales housing for families could be provided for low- to moderate-income families under Section 235. Using exception income limits, there is an occupancy potential for about 95 units annually during the next two years. If regular income limits were used the occupancy potential would be the same. All the families included in the Section 235 potential qualify for the Section 236 program and about 70 percent qualify for housing under Section 221(d)(3) BMIR. There is no Section 235 housing in the HMA,

Section 236, Rental Housing. Under Section 236, the occupancy potential, using exception income limits, is estimated to be about 155 units, consisting of 95 units for families and 60 units for elderly households. With regular income limits, the total potential would be about 95 percent of the potential mentioned above. All of the potential for the next two years will be met by the Section 236 projects under construction. About 15 percent of the families and 65 percent of the elderly households eligible for Section 236 housing also are eligible for rent-supplements.

^{1/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized programs and absorption rates remain to be tested.

The Sales Market

The sales market for new and existing homes has weakened since 1960 as evidenced by the rise in the homeowner vacancy rate from 1.0 to 2.0 percent. However, the increase in the vacancies is mainly in new unsold housing in the \$30,000 and over price range and in substandard units in the existing inventory, so that for units of good quality priced below \$30,000 the market is balanced.

Construction of about one-half of the new homes is speculative. Few of these homes sell for less than \$22,000. Demand for housing below this price must be met by the existing stock; however, acceptable vacancies in this range are scarce. Much of this demand is being fulfilled by mobile homes, as indicated by the increase of about 1,850 mobile homes in the housing inventory of the HMA since 1960.

Building activity in the HMA has been concentrated mainly in and around the cities of Elkhart and Goshen. In Elkhart, subdivision activity has taken place in the northeast, southeast and southern areas around the city. Prices are highest in the northeast section of the city with sales prices beginning at \$30,000. Lower priced homes are in the south and southeast. The typical price range for these homes is \$25,000-\$30,000 for a three-bedroom house.

The Rental Market

The market for rental housing is in a somewhat stronger position than indicated by the renter vacancy rate of 6.2 percent. The majority of rental units in the HMA are old single-family houses, large homes converted to multifamily units, and apartments located over retail establishments. Most of the available vacancies are in the least adequate of these units and are not considered competitive with new projects because of age, condition, and location.

Since 1964, five sizeable multifamily projects, totaling 527 units, have been built in the HMA. Management sources report high occupancy levels for all projects except for one completed in October 1969. This is the only luxury apartment complex in the HMA; rents are \$200-\$280 for a two-bedroom apartment and \$400-\$465 for a three-bedroom unit. Typical monthly charges (excluding utilities) for units in other projects are \$135 for a one-bedroom unit and \$160 for a two-bedroom apartment. All these projects are located in the city of Elkhart. However, smaller multifamily projects (fewer than 30 units each) have been built in and around Goshen in recent years and a 36-unit apartment building is under construction.

Economic, Demographic, and Housing Factors

The forecast of annual demand is based on the projected trends in employment, income, population, and housing factors presented in the following discussion.

Employment. Complete data for employment in the HMA are available only for 1967 and 1968 (see table III). However, there is information from 1963 to 1968 for employment covered by unemployment insurance. Covered employment represents about 83 percent of total nonagricultural wage and salary employment for 1968, which is sufficient to indicate trends for the HMA economy.

Covered employment averaged 51,043 jobs for the first six months of 1969. During the 1963-1968 period, covered employment increased by about 2,400 jobs annually, from 34,981 in 1963 to 47,034 in 1968. Employment grew each year, although the increase in 1967 was small, about 50 new jobs (see table IV).

Manufacturing is the main support of the HMA economy, accounting for about 70 percent of covered employment. The manufacturing industries are characterized by numerous small companies. Although there are three companies that employ over 1,000 workers each, with the largest providing about 2,000 jobs, no single company dominates the economy. During the 1963-1966 period, manufacturing employment increased steadily, averaging about 2,700 new jobs yearly. Although employment decreased slightly between 1966 and 1967, data since 1967 (see table V) indicate that growth in 1969 has resumed the 1963-1966 trend. Major gains have been in two industries--fabricated metals and transportation equipment. Nonmanufacturing employment has increased by an average of 770 jobs a year since 1963. Most of this growth has been in the trade and construction industries.

During the January 1970-January 1972 forecast period, it is anticipated that nonagricultural wage and salary employment will increase by 2,700 jobs a year. About two-thirds of the growth is expected to be in manufacturing with the transportation equipment industry continuing to provide the largest number of new jobs.

Income. As of January 1, 1970, the median incomes of all families and of all renter households of two or more persons, after deduction of federal income tax, were estimated to be \$9,000 and \$7,650, respectively. The median annual income in 1959 for all families was \$5,925 and for renter households it was \$5,050. Table V contains distributions of all families and renter households by income class.

Population and Households. The population of the Elkhart, Indiana HMA was 126,300 in January 1970, representing an annual average increase of about 2,000 persons since 1960. The number of residents of the city of Elkhart increased by about 5,175. The population growth of Elkhart City, however, was affected by annexations which accounted

for about one-fourth of the increase. Based on expectations that employment opportunities will continue to attract in-migrants and that birth rates will remain stable, an average annual gain of 2,250 persons is forecast for the next two years (see table VI).

Since April 1960, the number of households has grown by about 635 a year. It is anticipated that between January 1970 and January 1972, the number of new households added each year will be about 675 annually, a slight increase over the average for the 1960-1970 period.

Housing Inventory. There were about 40,200 housing units in the Elkhart HMA in January 1970, including 30,200 owner-occupied units, 8,000 rental units, and 2,000 vacant dwelling units. The net increase in the housing inventory of approximately 6,675 units was the result of the construction of 5,700 units, the loss of 875 through demolitions and other causes, and the addition of 1,850 trailers.

As of January 1, 1970, there were approximately 600 units under construction, of which 160 were single-family houses and 440 were multifamily units. Included in the estimate of multifamily units under construction were 127 units of public housing, 240 units of Section 236 housing, and 25 units of Section 221(d)(3) BMIR.

Building permit coverage has been 100 percent since 1961; as measured by these permits, residential construction has fluctuated widely (largely because of multifamily authorizations), with the greatest amount of growth in the second-half of the 1960-1969 period. The peak year was 1965 when 935 units were authorized. The level of single-family building activity has varied, with a high of 607 units in 1965 and a low of 434 in 1966. Multifamily construction has been concentrated in the years since 1964; from 1960 through 1964 a total of 61 multifamily units were authorized, but since then 1,059 units have been authorized for privately financed construction (see table VIII). About 65 percent of the multifamily building activity was concentrated in 1965 and 1969, when several projects with subsidized mortgages were started. The total of 328 units in 1965 included a 96 unit Section 202 project as well as two other apartment complexes. In the first ten months of 1969, there were permits for 404 multifamily units issued, mainly consisting of 346 units of government subsidized housing; so that the nonsubsidized multifamily total for 1969 is not likely to be much different from the 72 unit total for 1968.

Vacancy. The number of vacant units in the HMA has grown by about 470 since 1960, when there were 1,533 vacant units. As of January 1, 1970 there were 2,000 vacant units, including 630 available for sale, 530 available for rent, and 840 vacant for other reasons. The number of units available for rent and for sale represent homeowner and renter vacancy rates of 2.0 and 6.2 percent respectively. Both the homeowner and the renter vacancy rates have increased since 1960. The homeowner vacancy rate has risen from 1.0 percent since 1960, while the renter vacancy has increased from 4.8 percent.

Table I

Estimated Annual Demand for New Unassisted Single-Family Housing
Elkhart, Indiana, Housing Market Area
January 1, 1970 - January 1, 1972

<u>Sales price</u>	<u>Number of units</u>	<u>Percent of total</u>
\$15,000 - \$17,499	30	6
17,500 - 19,999	50	11
20,000 - 24,999	120	25
25,000 - 29,999	130	27
30,000 - 34,999	70	15
35,000 and over	<u>75</u>	<u>16</u>
Total	475	100

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
Elkhart, Indiana, Housing Market Area
January 1, 1970-January 1, 1972

A. Subsidized Sales Housing, Section 235

<u>Family Size</u>	<u>Number of units^{a/}</u>
Four persons or less	65
Five persons or more	<u>30</u>
Total	95

B. Privately-financed Subsidized Rental Housing

<u>Unit size</u>	<u>Rent-Supplement</u>		<u>Section 236</u>	
	<u>Families</u>	<u>Elderly</u>	<u>Families</u>	<u>Elderly</u>
Efficiency	-	55	-	40
One bedroom	-	20	10	20
Two bedrooms	10	-	40	-
Three bedrooms	5	-	30	-
Four bedrooms or more	<u>5</u>	-	<u>15</u>	-
Total	20	<u>75</u>	95	<u>60</u>

^{a/} All of the families eligible for Section 235 housing are eligible also for the Section 236 program, and about 70 percent are eligible for Section 221(d)(3) BMIR housing.

Table III

Work Force and Employment by Industry
Elkhart, Indiana, Housing Market Area
1967-1968

	<u>1967</u>	<u>1968</u>
Work Force	<u>60,300</u>	<u>63,190</u>
Unemployment	1,640	1,520
Rate	2.7%	2.4%
Employment	<u>58,660</u>	<u>61,670</u>
Agricultural	1,230	1,190
Nonagricultural	57,430	60,480
Wage and Salary	<u>53,220</u>	<u>56,400</u>
Manufacturing	<u>31,145</u>	<u>33,120</u>
Durable goods	<u>22,765</u>	<u>24,745</u>
Lumber & wood products	855	1,025
Furn., & fixtures	2,320	2,280
Stone, clay & glass	130	145
Primary metals	485	365
Fab. metals	4,240	4,860
Nonelec. machinery	1,355	1,405
Elec. mach'y & instruments	3,195	3,200
Transportation equip.	7,750	9,310
Misc. manufacturing	2,435	2,155
Nondurable goods	<u>8,380</u>	<u>8,375</u>
Food & kindred prod.	1,250	1,155
Apparel & finished prod.	660	755
Paper & like products	970	1,040
Printing & publishing	365	385
Chemicals & leather prod.	3,065	3,035
Rubber & misc. plastics	2,070	2,005
Nonmanufacturing	<u>22,075</u>	<u>23,280</u>
Mining & misc.	100	85
Construction	2,085	2,240
Trans., comm., & pub. util.	1,955	1,920
Wholesale & retail trade	8,645	9,215
Fin., ins., & real estate	1,270	1,330
Services	4,840	5,120
Government	3,180	3,370
All other nonagricultural	4,210	4,080

Source: Indiana Employment Security Division.

Table IV

Trend of Covered Wage and Salary Employment by Industry
Elkhart, Indiana, Housing Market Area, 1963-1969
 (Annual averages)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>Jan-June</u> <u>1969</u>
Total wage & salary employment	<u>34,981</u>	<u>37,727</u>	<u>40,460</u>	<u>44,094</u>	<u>44,141</u>	<u>47,034</u>	<u>51,043</u>
Manufacturing	<u>24,575</u>	<u>26,520</u>	<u>28,559</u>	<u>31,123</u>	<u>30,760</u>	<u>32,790</u>	<u>35,880</u>
Fabricated metal	3,354	3,590	3,804	4,119	4,187	4,807	5,765
Transportation equip.	5,114	6,206	6,845	7,880	7,672	9,207	10,416
Other	16,107	16,724	17,910	19,124	18,901	18,776	19,699
Nonmanufacturing	<u>10,407</u>	<u>11,207</u>	<u>11,899</u>	<u>12,971</u>	<u>13,382</u>	<u>14,246</u>	<u>15,164</u>
Mining	34	31	33	30	34	68	60
Construction	901	1,071	1,219	1,450	1,571	1,744	1,728
Trans., comm., & pub. util.	1,023	1,062	1,001	1,088	1,149	1,152	1,273
Trade	5,737	6,171	6,572	7,142	7,281	7,772	8,334
Fin., ins., & real estate	865	931	981	1,020	1,064	1,109	1,136
Agriculture & services	1,738	1,833	1,986	2,143	2,193	2,309	2,538
Local government	109	108	107	98	90	92	91

Note: Annual averages may not add to total due to rounding.

Source: Indiana Employment Security Division.

Table V

Estimated Percentage Distribution of All Families and Renter Households^{a/}
By Annual Income After Deduction of Federal Income Tax
Elkhart, Indiana, Housing Market Area

<u>Annual income</u>	<u>1959</u>		<u>January 1, 1970</u>	
	<u>All Families</u>	<u>Renters</u>	<u>All Families</u>	<u>Renters</u>
Under \$2,000	5	9	1	3
\$2,000 - 2,999	8	9	4	5
3,000 - 3,999	10	13	5	6
4,000 - 4,999	12	17	5	8
5,000 - 5,999	16	17	7	9
6,000 - 6,999	14	12	8	12
7,000 - 7,999	9	8	9	11
8,000 - 8,999	8	6	11	9
9,000 - 9,999	5	3	9	9
10,000 - 12,499	8	3	17	14
12,500 - 14,999	2	1	10	7
15,000 - 17,499	1	1	6	4
17,500 and over	<u>2</u>	<u>1</u>	<u>8</u>	<u>3</u>
Total	100	100	100	100
Median income	\$5,925	\$5,050	\$9,000	\$7,650

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

Source: Estimated by Housing Market Analyst.

Table VI

Trend of Population and Household Growth
Elkhart, Indiana, Housing Market Area
April 1950-January 1972

	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>January</u> <u>1970</u>	<u>January</u> <u>1972</u>	<u>Annual average change</u>		
					<u>1950-1960</u>	<u>1960-1970</u>	<u>1970-1972</u>
Population							
Elkhart County	<u>84,512</u>	<u>106,790</u>	<u>126,300</u>	<u>130,800</u>	<u>2,228</u>	<u>2,000</u>	<u>2,250</u>
Elkhart City	<u>35,646</u>	<u>40,274</u>	<u>45,450</u>	<u>46,350</u>	<u>463</u>	<u>530</u>	<u>450</u>
Remainder	<u>48,866</u>	<u>66,516</u>	<u>80,850</u>	<u>84,450</u>	<u>1,765</u>	<u>1,470</u>	<u>1,800</u>
Households							
Elkhart County	<u>25,674</u>	<u>31,987</u>	<u>38,200</u>	<u>39,550</u>	<u>631</u>	<u>635</u>	<u>675</u>
Elkhart City	<u>11,355</u>	<u>12,816</u>	<u>14,425</u>	<u>14,700</u>	<u>146</u>	<u>165</u>	<u>140</u>
Remainder	<u>14,319</u>	<u>19,171</u>	<u>23,775</u>	<u>24,850</u>	<u>485</u>	<u>470</u>	<u>535</u>

Sources: 1950 and 1960 Censuses of Population and Housing; 1970 and 1972 estimated by Housing Market Analyst.

Table VII

Characteristics of the Housing Supply
Elkhart, Indiana, Housing Market Area
April 1950-January 1970

	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>January</u> <u>1970</u>
<u>Occupancy and Tenure</u>			
Total housing supply	<u>26,666</u>	<u>33,520</u>	<u>40,200</u>
Occupied housing units	25,674	31,987	38,200
Owner occupied	<u>18,910</u>	<u>24,933</u>	<u>30,200</u>
Percent of occupied units	73.7	77.9	79.1
Renter occupied	6,764	7,054	8,000
Percent of occupied units	26.3	22.1	20.9
Vacant housing units	<u>992</u>	<u>1,533</u>	<u>2,000</u>
Available	<u>233</u>	<u>612</u>	<u>1,160</u>
For sale	133	259	630
Homeowner vacancy rate	0.7	1.0	2.0
For rent	100	353	530
Renter vacancy rate	1.5	4.8	6.2
Other ^{a/}	759	921	840

^{a/} Other vacant units include seasonal units, dilapidated units, units rented or sold awaiting occupancy, and units held off the market.

Sources: 1950 and 1960 Censuses of Housing; 1970 estimated by Housing Market Analyst.

Table VIII

Units Authorized by Building Permits by Type of Structure
Elkhart, Indiana, Housing Market Area
1960-1969

<u>Year</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>
1960 ^{1/}	187	5	192
1961	539	6	545
1962	499	12	511
1963	466	2	468
1964 ^{2/}	473	36	509
1965	607	328	935
1966 ^{3/}	434	124	558
1967	563	131	694
1968	483	72	555
1969 (10 months) ^{4/}	437	404	841

^{1/} Data not available for the unincorporated areas of Elkhart County.

^{2/} Excludes 102 units of low-rent public housing.

^{3/} Excludes 198 units of low-rent public housing.

^{4/} Excludes 127 units of low-rent public housing.

Sources: U. S. Census Bureau, C-40 Construction Report, and local building inspectors.

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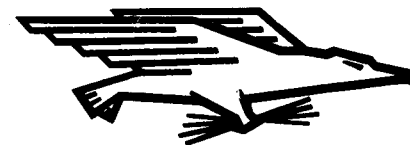
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