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Analysis of the
**ERIE, PENNSYLVANIA
HOUSING MARKET**

as of April 1, 1965

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

February 1966

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AS OF APRIL 1, 1965

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FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
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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, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

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

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ANALYSIS OF THE
ERIE, PENNSYLVANIA, HOUSING MARKET
AS OF APRIL 1, 1965

Summary and Conclusions

1. Manufacturing dominates the economy of the Erie area, with over 42 percent of all nonagricultural employment in manufacturing, in 1964. Although a wide variety of products is manufactured, the bulk of manufactured goods produced are "producer" durables, as opposed to consumer goods. The area's dependence on the manufacture of producer durables has lent considerable instability to employment in the SMSA since, in times of economic distress, the demand for capital goods falls off much faster than does the demand for consumer goods.
2. In 1964, nonagricultural employment in the Erie SMSA averaged 91,000, higher than any year since 1957. Since 1954, employment in the SMSA has been subject to considerable fluctuation, but has exhibited a generally upward trend since 1961, with most of the gain registered in the durable goods industries. Over the next two years, it is anticipated that there will be an increase of about 3,000 jobs in the SMSA. The fluctuations that employment in the area has experienced in the past are expected to continue over the forecast period, and most (possibly all) of the forecast employment growth is expected in the first year.
3. The current population of the SMSA is 264,300, an increase of about 2,725 (1.1 percent) annually since 1960. Reflecting the improved economy of the area, population is expected to expand by about 3,150 (1.2 percent) annually over the next two years. By April 1, 1967, total population in the SMSA is expected to total 270,600.
4. There are currently 76,500 households in the Erie SMSA, an average increase of about 740 households (1.0 percent) annually since April 1960. By April 1, 1967, it is expected that households will have increased to 78,150, an average increase of 825 households (1.1 percent) annually over the two-year forecast period.
5. The current number of housing units in the Erie SMSA totals 82,350, an average net gain of 685 units (0.9 percent) annually since 1960. Since 1960, however, there has been a steady increase in residential construction, with 530 units authorized by building permits in 1960 compared with 740 units in 1964. Over the last five years, multi-family construction has been negligible, with 120 units of public housing accounting for over half of all units authorized in structures of two or more units.

6. There are currently about 2,500 units available for sale or rent in the SMSA, with about 650 units available for sale only (a net homeowner vacancy rate of 1.2 percent) and about 1,850 units available for rent (a net rental vacancy rate of 7.5 percent). Vacancy levels in both the sales and rental markets are reasonably close to acceptable levels.
7. The volume of residential construction over the next two years necessary to meet the needs of the area's growing population and maintain a reasonable supply-demand balance in the market is expected to total 910 units annually, consisting of 800 units of sales housing and 110 units of rental housing.

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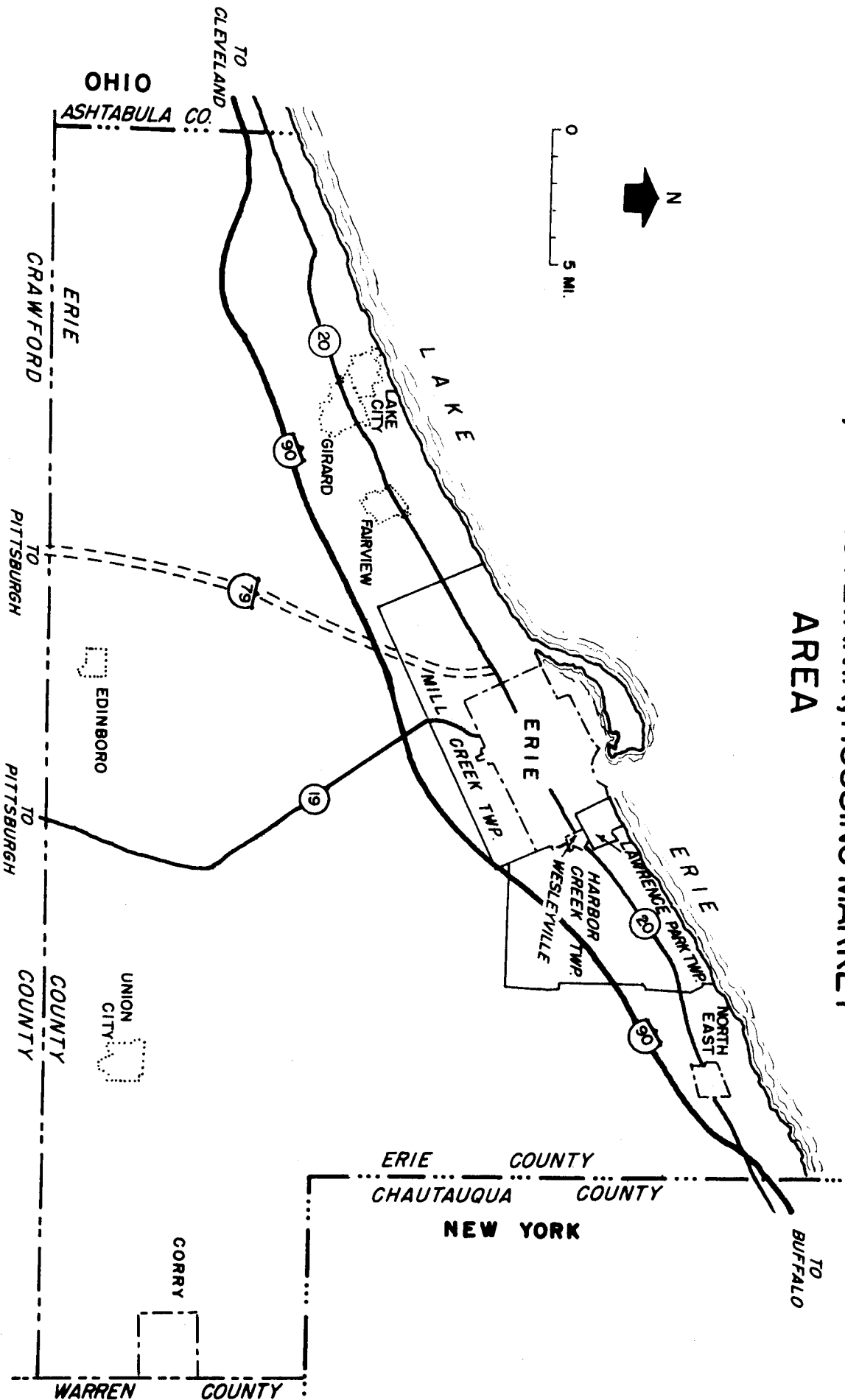
Housing Market Area

The Erie Housing Market Area is coterminous with the Erie Standard Metropolitan Statistical Area (SMSA), which consists of Erie County, Pennsylvania. The urban area includes the city of Erie, Millcreek Township, Harborcreek Township, Lawrence Park Township, and Wesleyville Borough. There are numerous small outlying municipalities in the SMSA. The major ones (in terms of size or growth) are Corry City, North East Borough, Union City, and Edinboro Borough.

The city of Erie is the third largest city in Pennsylvania and is located on Lake Erie in the northwest corner of the State, 130 miles north of Pittsburgh, 90 miles west of Buffalo, N. Y., and 100 miles east of Cleveland, Ohio. Highway facilities include Interstate 90 and U. S. 20, which connect Erie with Buffalo to the east and Cleveland to the west, and U. S. 19, which connects Erie with Pittsburgh to the south. U. S. 6N traverses the southern part of the SMSA. Interstate 79, which is currently under construction, will provide improved access to Pittsburgh and south. Rail transportation is provided by the New York Central, Pennsylvania, Erie, Bessemer and Lake Erie, and Nickel Plate Railroads. Air transportation is provided from Port Erie Airport by Allegheny, Mohawk, and Lake Central Airlines.

The fine natural harbor at Erie, which is capable of handling all vessels that come through the St. Lawrence Seaway, provides water transportation to and from the SMSA. In terms of cargo handled, however, Erie is not a major lake port. In 1963, 2.5 million short tons of waterborne cargo (in and out) were handled in Erie. By comparison, Toledo handled 40.4 million tons, Cleveland handled 16.5 million tons, and Ashtabula handled 10.9 million tons. Even the relatively small city of Conneaut handled more tonnage than Erie (3.3 million tons in 1963).

ERIE, PENNSYLVANIA, HOUSING MARKET AREA



Economy of the Area

Character and History

The development of the economy of the Erie area began in mid-19th century, with the discovery of low grade iron ore near Presque Isle, and the opening of the Lake Erie Extension Canal, which provided access to Pennsylvania coal fields. The establishment of furnaces and foundries followed, and a wide variety of iron products was manufactured. By 1900, there were five railroads serving Erie. These railroads, together with Erie's harbor the only natural harbor on Lake Erie, facilitated development of the area into the industrialized manufacturing center it is today.

Manufacturing dominates the present economy of the Erie SMSA. In 1964, over 42 percent of all nonagricultural employment was in manufacturing, with about 78 percent of all manufacturing employment concentrated in durable goods industries. A wide variety of products is manufactured in Erie, ranging from locomotives and heavy excavation equipment to toys and writing paper. The bulk of products manufactured in Erie, however, are "producer" durables, as opposed to consumer goods. The area's dependence on the manufacture of producer durables has lent considerable instability to employment in the SMSA, since in times of economic distress, the demand for capital goods falls off much faster than does the demand for consumer goods.

Employment

Current Estimate. In 1964, nonagricultural employment in the Erie SMSA averaged 91,000, higher than any year since 1957.

Past Trend. The recent history of employment in the Erie SMSA can be described as a series of cyclical swings generally coincident with National business cycles. Since 1950, the Nation has undergone three recessions (1953-1954, 1957-1958, and 1960-1961).

Between 1953 and 1954, employment in the Erie SMSA declined sharply, with average nonagricultural employment in 1954 over 6 percent below that of the previous year. In the subsequent recovery, employment had not reached the 1953 level, when employment suffered another severe decline, with average 1958 nonagricultural employment over 7 percent below the 1957 level. Employment increased slowly from the 1958 level until 1961, when there was a much milder recession, during which employment in Erie dropped by about 1.7 percent. Since 1961, however, the trend of nonagricultural employment has been generally upward. Between 1961 and 1962 employment expanded by about 3,400 jobs (4.0 percent) and although there was little change in employment between 1962 and 1963, average 1964 employment was about 3,100 (3.5 percent) above the previous year.

Average Annual Nonagricultural Employment
Erie, Pennsylvania, SMSA
1953 to 1964
(in thousands)

<u>Year</u>	<u>Employment</u>	<u>Change from</u> <u>preceding year</u>	<u>Year</u>	<u>Employment</u>	<u>Change from</u> <u>preceding year</u>
1953	94.3	-	1959	84.9	.1
1954	88.4	-5.9	1960	86.1	1.2
1955	87.7	-.7	1961	84.6	-1.5
1956	92.5	4.8	1962	88.0	3.4
1957	91.6	-.9	1963	87.9	-.1
1958	84.8	-6.8	1964	91.0	3.1

Source: Pennsylvania State Employment Service.

The 1961-1964 experience in Erie parallels the longest sustained economic recovery the Nation has experienced since World War II.

Distribution by Industry. Manufacturing employment has been somewhat erratic over the 1958-1964 period with a general upward trend. Since 1958, manufacturing employment has expanded by about 3,800 jobs, with total manufacturing employment averaging 38,600 in 1964. Most of this employment gain occurred in the last three years. At no point in this period, however, has manufacturing employment reached the 40,000 to 49,000 level of the early 1950's. This sector never really recovered from the 1957 recession.

Employment in durable goods has increased by about 3,300 since 1959, with employment in nonelectrical machinery and transportation equipment accounting for the major share of the gain. Only the primary metals industry suffered an employment decline over this five-year period. Employment in nondurable goods industries has remained relatively stable. Over the last five years, employment declines in food products and paper, printing, and publishing have been off-set by employment gains in rubber and miscellaneous plastic products.

Nonmanufacturing employment, comparatively unaffected by cyclical movements and, reflecting the growing population of the SMSA, has been increasing slowly since 1950 at least. Since 1959, nonmanufacturing employment has expanded by about 1,100 jobs. The growth in this sector has been relatively steady over the last five years, with a minor drop in employment occurring between 1960-1961. Over the five-year period employment losses in construction and transportation, communications, and public utilities were off-set by gains in government and services. All other nonagricultural employment (self-employed, domestics, and unpaid family workers) is estimated to have increased from 9,000 in 1959 to 10,500 in 1964. Table I shows employment by industry group from 1958 to 1964. Industry group employment for years prior to 1958 is not strictly comparable.

Female employment in the SMSA is relatively low, primarily because employment in the SMSA is concentrated in heavy manufacturing industries which are not typically employers of women. The 1960 census reported that about 32 percent of all nonagriculturally employed residents were women, compared with almost 35 percent for the Nation. According to the Pennsylvania State Employment Service, the relationship of employed females to total employment in Erie has not changed significantly since 1960.

Trend of Employment Participation Rate. Between 1950 and 1960, the proportion of the population that was employed dropped sharply, from 37.5 percent in 1950 to a low of 33.6 percent in 1960, according to census data. Because of improved economic conditions and declining unemployment since 1960, the participation rate has been increasing, with the current rate estimated at over 34 percent. Over the forecast period, it is anticipated that the participation rate will continue to increase with 35 percent of the population employed in nonagricultural jobs by April 1967.

Principal Employers. The largest employer in the SMSA is the General Electric Company, which produces locomotives, locomotive parts, electrical machinery, and miscellaneous electrical equipment in Erie. Employment has been rising steadily at G. E. for the last several years, and is currently growing at the rate of about 100 jobs a month. Since January 1963 employment at G. E. in Erie expanded from about 6,800 to the current level of about 8,500.

General Electric has been the major contributor to employment growth the area has experienced since 1961. Strong demand for locomotives, by local and foreign railroads, as well as growing demand for electric machinery, has resulted in a back-log of orders at G. E. and indicates continued employment expansion.

The following table shows the eight major employers in the area, type of goods produced, and approximate employment. Note that over three-quarters of all employment by these eight largest manufacturers was engaged in the production of durable goods. Employment by these eight manufacturers represent over 40 percent of all manufacturing employment.

Principal Employers
Erie, Pa., SMSA
1964

<u>Name of firm</u>	<u>Principal products</u>	<u>Approx. employ.</u>
General Electric Co.	Locomotives & elec. equip. & supplies	8,500
Louis Marx Co., Inc.	Toys	1,950
Hammermill Paper Co.	Writing & printing papers	1,900
Erie Forge & Steel Corp.	Shafting & crankshafts	1,300
Erie Technological Products	Electric equipment	800
Lord Manufacturing Co.	Bonded rubber products	1,150
American Sterilizer Co.	Hospital equipment	785
Bucyrus-Erie Co.	Power cranes & shovels	780
Total		<u>17,165</u>

Source: Greater Erie Chamber of Commerce.

Many firms are experiencing a back-log of unfilled orders and are having difficulty finding skilled labor at this time. The employment outlook for the remainder of the year is good. Employment forecasts by local employers indicate continued employment growth of existing firms in the area.

Unemployment

Since the mid-1950's, unemployment has been a serious problem, with unemployment below six percent of the work force in only two of the last eleven years. In 1964, the unemployment situation improved considerably, with the average unemployment rate for the year reported at 5.4 percent and a low of 2.9 percent reported for October. This year, the unemployment rate has improved further, with the unemployment rates reported in the first few months of this year well below those reported for comparable months last year.

The combination of increases in employment and decreases in the work force have resulted in lower unemployment. The decline in unemployment of about 5,800 (a drop of over 50 percent) from 1959 to 1964, has caused some shortages in the labor market and some employers report difficulty in finding certain types of skilled labor and are recruiting in nearby industrial centers. Further employment expansion will necessitate new trained entrants into the work force, because of the shortages that have developed. Thus, the impact of employment growth on population may be greater than it has been over the last five years, because fewer jobs can be filled by the unemployed already in the work force.

Future Employment

As mentioned earlier in this report, changes that have occurred in the National economy have played a major role in employment changes that have occurred in the SMSA. Since there have not been any significant changes in the nature of the economy of the area, this relationship is expected to continue in the future.

National economic growth for the remainder of 1965 is expected to be rapid. The "Survey of Current Business" for March 1965 indicated that an increase in investment for new plant and equipment of 12 percent over the already high level of last year can be expected. Thus, the 1965 outlook for the capital goods oriented economy of Erie is bright, and employment growth in Erie is expected to be rapid. If this occurs, the area will experience two consecutive years of relatively rapid growth for the first time since 1950.

The rate of economic growth in the Nation is not expected to be as rapid in 1966 as in 1965. Based on an expected decline in National economic growth and the past performance of employment in Erie, it is unlikely that area employment will expand significantly in 1966, and may even decline slightly.

The volatile nature of area employment makes employment forecasting in this area hazardous. However, based on the fluctuations that are expected in the economy, and the current general trend of employment, it is anticipated that there will be an increase of about 3,000 jobs in the SMSA by April 1967.

Income

Weekly wages of manufacturing workers in the Erie SMSA averaged \$111 last year, over 15 percent above the 1959 average. Compared with nearby industrial centers such as Buffalo, Cleveland, and Pittsburgh, weekly wages in the SMSA are low, between 17 and 20 percent below these three cities. However, of the twelve major labor markets in Pennsylvania, only Pittsburgh had higher average weekly earnings. This, in part, was due to a longer average work week in Erie, a reflection of the skilled labor shortage that has developed in Erie recently.

Current median family income, after deducting Federal income taxes, is estimated at \$6,500, with almost 20 percent of all families below the \$4,000 income level and about 15 percent having after-tax incomes of \$10,000 or more. Median renter-family income is about \$5,475, with

about 29 percent of all renter families earning less than \$4,000 and about 6.5 percent having after-tax income exceeding \$10,000. Projecting renter family income at the same rate of increase estimated for the last five years results in a median after-tax renter-family income of \$5,800 by early 1967.

Estimated Distribution of Annual Family Income ^{a/}
Erie, Pennsylvania, SMSA
April 1, 1965 and April 1, 1967

<u>Annual income</u>	<u>April 1, 1965</u>		<u>April 1, 1967</u>	
	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>
Under \$3,000	12.0%	19.0%	11.0%	18.0%
\$3,000 - 3,999	7.5	10.0	7.0	9.0
4,000 - 4,999	10.0	13.0	9.0	11.5
5,000 - 5,999	13.0	16.0	11.0	14.5
6,000 - 6,999	14.5	15.0	14.0	16.0
7,000 - 7,999	12.0	10.5	12.0	11.0
8,000 - 8,999	10.0	6.5	10.5	8.0
9,000 - 9,999	6.0	3.5	7.5	4.0
10,000 - 12,499	9.0	3.0	10.0	4.0
12,500 - 14,999	3.0	2.0	4.0	2.0
15,000 and over	3.0	1.5	4.0	2.0
Total	100.0	100.0	100.0	100.0
Median	\$6,500	\$5,475	\$6,875	\$5,800

a/ After the deduction of Federal income tax.

Source: Estimated by Housing Market Analyst.

Demographic Factors

Population

Current Estimate. The current population of the Erie SMSA is 264,300, with about 73 percent of this population located in Erie and the surrounding urban area, including Erie (140,900), Millcreek Township (32,400), Harborcreek Township (11,450), Lawrence Park Township (4,800), and Wesleyville Borough (3,550).

Past Trend. Population growth in the Erie SMSA has been slower over the past five years than in the previous decade, growth averaging about 2,725 (1.1 percent) annually since 1960, compared with about 3,125 (1.4 percent) annually between the 1950 and 1960 censuses. In Millcreek Township there were annual increments of 1,150 (6.7 percent) between 1950 and 1960, compared with about 790 (2.8 percent) annually since 1960. Between 1950 and 1960, the population of the city of Erie expanded by an average of 760 (0.6 percent) persons annually. Since 1960, annual population increments in Erie have declined to fewer than 500 (0.4 percent) persons annually (see table II).

Population growth in the smaller towns in the SMSA has been lethargic, despite improved economic conditions in most of these towns. Edinboro is a notable exception. The rapid growth of Edinboro State College has led to population increments of about nine percent annually since 1960. There has been some population growth in the Fairview, Lake City, and Girard areas west of Millcreek township. Because of the small size of these areas, and a lack of statistical information concerning their growth, no current population estimates were made for these areas.

Estimated Future Population. Based on continued employment growth and the past trend of population growth, the total population of the SMSA is expected to reach 270,600 by April 1, 1967, representing annual population increments of about 3,150 (1.2 percent) over the next two years. The most rapid population growth should be in Millcreek Township. Population growth should increase in Harbor Creek Township in response to growing employment opportunity on the eastside of Erie (General Electric).

Net Natural Increase and Migration. Population change results from net natural increase (resident births less resident deaths) and migration. During the 1950's, net natural increase in the Erie SMSA averaged about 3,700 annually, while population increases averaged 3,125 annually, resulting in a calculated net out-migration of about 575 persons annually during the 1950's. Since 1958, net natural increase has declined substantially. The net natural increase in 1964 was almost 30 percent below the 1958 level. Since 1960, net natural increase has averaged 3,050, so that, despite the lower rate of population growth experienced since 1960, out-migration

has declined to about 325 persons annually. Over the forecast period, assuming that birth and death rates do not change appreciably, a moderate amount of net in-migration is expected.

Age Distribution. The distribution of the 1950 and 1960 population of the SMSA by age is shown in the following table. The most rapid population increases took place in the youngest and oldest age groups, reflecting the high birth rates of the post-World War II period and increased longevity and the general aging of the population, respectively. The decline in the 15- to 29-year age group reflects, in part, the low birth rate prevalent during the 1930's. This decline was not typical, however. During the 1950's, in the Nation as a whole, the number of people in this age group increased slightly. The changes in the Erie SMSA indicate the lack of employment opportunities that were available to young people in Erie during the 1950's.

Distribution of the Population by Age
Erie, Pennsylvania, SMSA
1950 and 1960

<u>Age group</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>Decennial change</u>	
			<u>Number</u>	<u>Percent</u>
0 - 14	58,520	80,474	21,954	37.5
15 - 29	49,748	44,187	-5,561	-11.2
30 - 44	48,573	53,086	4,513	9.3
45 - 64	44,330	49,460	5,130	11.6
65 and over	<u>18,217</u>	<u>23,475</u>	<u>5,258</u>	<u>28.9</u>
Total	219,388	250,682	31,294	14.3

Source: U. S. Censuses of Population, 1950 and 1960.

Households

Current Estimate and Past Trend. There are currently about 76,500 households in the Erie SMSA, an average increase of about 740 households (1.0 percent) annually since April 1960. Between the 1950 and 1960 censuses, households increased by an average of almost 1,100 (1.8 percent) annually. The more rapid increase in households between the 1950 and 1960 censuses in part was due to a conceptual change in definition from "dwelling unit" in 1950 to "housing unit" in 1960. Table III shows the trend of household growth in the Erie SMSA and its components since 1950.

Household Size. The average household size in the Erie SMSA declined from 3.43 persons per household in 1950 to 3.37 in 1960. The change in the definition of "housing unit", mentioned earlier, which counted a number of small "housing units" in 1960 that were not counted as "dwelling units" in 1950, accounts for some of the decline. A minor fluctuation

in average household size since 1960 is estimated to have resulted in a current household size of 3.38, with the average size of households in the SMSA expected to return to about the 1960 level by April 1967.

Future Households. Based on the expected future population in the SMSA, and a minor decline in the average household size, it is expected that the number of households will reach 78,150 by April 1, 1967, an average increase of 825 households (1.1 percent) annually over the forecast period.

Housing Market Factors

Housing Supply

Current Estimate. There are approximately 82,350 housing units in the Erie SMSA, an average increase of 685 units (0.9 percent) annually since 1960. Census data indicate that the housing supply grew by annual increments of over 1,400 during the 1950's. Some part of this increase was due to the definitional change from "dwelling unit" in 1950 to "housing unit" in 1960, however. Nevertheless, annual additions to the housing supply since 1960 have been substantially below yearly increments prevalent during the 1950's.

Characteristics of the Inventory. Based on the 1960 census data, new construction and demolitions, it is estimated that 77 percent of all housing units in the Erie SMSA are in single-family structures, 12 percent in duplexes, five percent in structures of three or four units, and five percent in larger multifamily structures. The remaining one percent are trailers. The proportion of single-family homes in the area is comparatively high. It is also significant that over 45 percent of all rental units in the SMSA are currently in single-family homes.

The housing inventory in the SMSA is rather old, with just over 55 percent of all of the current inventory having been built in 1929 or earlier years, and 18 percent between 1930 and 1950. The proportion of housing stock that has been built in the three five-year intervals since 1950 has been getting smaller each successive five-year period, with 12 percent of the housing stock built between 1950 and 1955, 10 percent between 1955 and 1960, and only five percent between 1960 and 1965. Rental housing is significantly older than owner-occupied housing, with about 80 percent of all renter-occupied units over 25 years old currently, compared with about 50 percent of all owner-occupied units.

Currently, about nine percent of all housing units in the SMSA are dilapidated or lack some or all plumbing facilities. Most of the units in poor condition are rentals, with about 15 percent of all the renter-occupied units dilapidated or lacking some or all plumbing facilities, compared with about five percent of all owner-occupied units.

The median value of owner-occupied houses in both the Erie SMSA and the city of Erie was \$11,000, according to the 1960 census. The highest median value for owner-occupied housing in the SMSA was reported for Millcreek Township, \$13,800. The value of owner-occupied housing in the outlying towns was relatively low, with 1960 median values in Corry and Union City reported at \$7,400 and \$5,900, respectively. The median gross rent in the SMSA was reported to be \$68 in 1960. Median gross rents did not vary significantly throughout the SMSA.

Residential Construction Activity

Residential construction activity in the SMSA has declined markedly since the mid-1950's. Between 1954 and 1956, over 1,000 units were authorized by building permits annually. The low point was reached in 1960, when only 530 units were authorized. Since then, there has been a steady increase in residential construction. Last year, despite increased building permit coverage, only 740 units were authorized. Table IV shows units authorized by building permits in all permit issuing places in the SMSA since 1954.

The following table shows the trend of post-1960 residential construction in permit issuing places in the SMSA. Multifamily construction has been negligible, with the 122 units of public housing accounting for 60 percent of all units authorized in structures of two or more units.

Units Authorized by Building Permits Erie, Pennsylvania, SMSA 1960-1964

<u>Year</u>	<u>One family</u>	<u>Duplexes</u>	<u>Multifamily</u>	<u>Total</u>
1960	526	4	-	530
1961	641	6	-	647
1962	608	6	16	630
1963	639	12	125 <u>a/</u>	776
1964	690	4	47	741

a/ Includes 122 units of public housing.

Sources: U. S. Bureau of the Census, Construction Reports, C-40 and local municipal officials.

Units Under Construction. On the basis of the postal vacancy survey, which covered virtually all areas in the SMSA where residential construction is taking place, it is estimated that approximately 325 housing units are currently under construction, including about 290 single-family homes and about 35 multifamily units. About one-third of the single-family units are under construction in Millcreek Township.

Demolitions. Since 1960, approximately 800 units have been demolished in the SMSA. Most of the demolition occurred in 1964, when over 500 units were demolished in Erie, largely as a result of urban renewal activity. In all other years since 1959, demolitions have averaged about 55 units annually in Erie. Few demolitions have been reported outside the city of Erie since 1960. Over the two-year forecast period,

it is anticipated that demolitions will average about 60 units annually, about the level of prior years when there was no urban renewal impact.

Tenure of Occupancy

Renter occupancy in the SMSA is low, representing less than 30 percent of all occupied units currently. Between 1950 and 1960, renter-occupied units declined by about 1,600 (6.7 percent). As a result, the proportion of renter-occupied units dropped from 38.2 percent of all occupied units in 1950 to 30.3 percent in 1960. Although the proportion of renter-occupied units has continued to decline since 1960, there has been a slight increase in the number of renter-occupied units in the SMSA. Decreases in rental vacancies and increased renting of existing single-family homes have been responsible for this increase, since few new rental units have been added to the inventory since 1960.

Occupied Housing Units by Tenure Erie, Pennsylvania, SMSA 1950-1965

<u>Tenure</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>April 1, 1965</u>
All occupied units	<u>61,880</u>	<u>72,821</u>	<u>76,500</u>
Owner-occupied	38,223	50,760	53,800
Percent	61.8%	69.7%	70.3%
Renter-occupied	23,657	22,061	22,700
Percent	38.2%	30.3%	29.7%

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

Vacancy

Census. In 1960, the census reported that 2,800 units were available for sale or rent in the SMSA, including 625 units available for sale only (a net homeowner vacancy rate of 1.2 percent) and 2,175 units available for rent (a net rental vacancy rate of 8.9 percent). Included in these figures were 50 sales vacancies and 460 rental vacancies that lacked some or all plumbing facilities.

Postal Vacancy Survey. In April 1965, postal vacancy surveys were conducted by ten post offices in the SMSA, covering 70,950 possible deliveries (over 85 percent coverage). A summary of the results is shown in table V. The survey revealed an over-all vacancy rate of 3.0 percent, with 2.1 percent of all residential stops reported vacant and 7.6 percent of all possible apartment deliveries reported vacant. These data are not entirely comparable with the census vacancy data because of differences in definition, area delineation, and methods of enumeration. Vacancy rates reported in the area covered by the Erie post office were substantially below those reported for areas covered by post offices in other cities and towns in the SMSA. The high vacancy rates in these areas reflect a long-term lack of growth in most of these outlying urban areas. In the case of Edinboro, however, the high vacancy rate reflects the inclusion of seasonal units.

Current Estimate. There are currently about 2,500 units available for sale or rent in the SMSA, with about 650 units available for sale only (a net homeowner vacancy rate of 1.2 percent) and about 1,850 units currently available for rent (a net rental vacancy of 7.5 percent). Included in these current estimates are about 50 units of sales housing and 400 units of rental housing that lack some or all plumbing facilities. The following table compares the current estimates with vacancies reported in the 1960 Census of Housing. There has been a noticeable decline in rental vacancies, while sales vacancies have not changed significantly.

Vacant Housing Units
Erie, Pennsylvania, SMSA
1960 and 1965

<u>Vacancy status</u>	April 1, 1960	April 1, 1965
Total vacant units	6,105	5,850
Total available units	2,790	2,500
For sale only	625	650
Homeowner vacancy rate	1.2%	1.2%
Lacking some or all plumbing facilities	52	50
For rent	2,165	1,850
Rental vacancy rate	8.9%	7.5%
Lacking some or all plumbing facilities	463	400
Other vacant ^{a/}	3,315	3,350

a/ Includes seasonal units, dilapidated units, units rented or sold awaiting occupancy, and units held for other reasons.

Sources: 1960 Census of Housing.

1965 estimated by Housing Market Analyst.

The homeowner vacancy rate is well within vacancy limits believed to represent reasonable limits of vacancy for a balanced housing market, even without a judgment concerning quality of available sales units. Although the rental vacancy rate in the SMSA is somewhat above levels which are considered to be reasonable, the exclusion of vacant rental units which lack some or all plumbing facilities reduces the rental vacancy rate to six percent. Thus, vacancy levels in both the sales and rental markets are reasonably close to acceptable levels. There may be some minor quantitative surplus of rental units. However, because the age and condition of rental housing in the SMSA as well as a lack of modern rental projects, higher vacancy rates than would otherwise be the case may be appropriate.

Sales Market

General Market Conditions. Since 1960, the market for both new and existing sales housing has shown marked improvement. In 1964, the

number of real estate sales was more than 40 percent above the 1962 level, according to Pennsylvania transfer tax records. The sales market is sound, as reflected by the current level of vacancies, and there has been no indication of an unsold inventory build-up in either new or existing homes. Few homes have been constructed on a speculative basis over the last five years. Only in the last year have builders shown any interest in speculative building.

Subdivision Activity. Subdivision activity in potential growth areas outside the city of Erie has been somewhat limited by a lack of municipal services, such as water and sewers. As a result, most of the new homes built in the urban area have been constructed on scattered lots or in small subdivisions. Most subdivision building last year took place in the southeast corner of Erie, where low priced housing in the \$12,000 class, for the most part, is being built. More expensive homes, priced above \$20,000, are being built just south of Erie in the Glenwood area and west of Erie in Millcreek Township, just south of Port Erie Airport.

Unsold Inventory of New Homes. In January 1964 and January 1965, the Pittsburgh FHA Insuring Office surveyed all subdivisions in the Erie area in which five or more homes had been built in the previous year. In 1964, only 200 units were included in the survey, and in the preceding year only 130 homes were built in the surveyed subdivisions. The 1964 survey covered less than 30 percent of all single-family homes built during the year, and in 1963 less than 20 percent were covered. Speculative construction (homes sold after construction was started) represented only 15 percent of all homes surveyed in 1963, with only three of the 20 speculatively built homes unsold at the time of the survey. In 1964, confidence in the market had improved and 27 percent of homes built in the surveyed subdivisions were speculatively built, with 10 homes unsold out of the 55 total speculatively built homes. Few subdivision homes were built in the moderate price class, with over 40 percent of the homes built in the \$12,000 price class and over 20 percent priced above \$25,000. The primary reason for the lack of moderate priced subdivision building was the lack of city water in developable suburban locations. This deficiency also has led to an appreciation in the price of residential real estate in suburban areas where city water is available. Consequently, residential construction in Millcreek Township, west of Erie has been restricted to higher priced homes (\$25,000 and up).

Rental Market

Since the early 1950's, the rental market has been relatively dormant, with current renter occupancy still below the 1950 level. In the past several years, the market has picked up somewhat, with reduced vacancies, and increased renter occupancy. Currently, the Erie rental market is considered sound, with most vacancies located in

older frame buildings that have been converted from single-family to multifamily use.

Vacancies in multifamily structures have declined in recent years. In March 1963, over 20 percent of all units in multifamily structures insured by FHA were vacant. In March of last year, less than eight percent were vacant and the vacancy ratio was about the same this March. Occupancy of single-family rentals has improved also. According to census data, over six percent of all single-family units in the rental market were vacant and available in April 1960. Current data indicate that this vacancy rate may be no more than 3 percent at present.

Rental experience of the few new rentals that have been built over the last few years has been excellent. In some cases, units have been leased prior to their completion. Since 1960, however, fewer than 100 units of housing in structures of two or more units have been built in the SMSA (excluding 120 units of public housing). Over 80 percent of those units were in structures of four units or less; about one-third were in duplexes and over 50 percent were in three- and four-unit structures. These units were widely scattered throughout the SMSA, with fewer than one-third of these units located in Erie.

Urban Renewal

The only urban renewal project currently in execution in Erie is Liberty-Sassafras (R-94). The area is bounded on the south by West 12th Street, on the north by West 10th Street, on the west by Liberty Street, and on the east by Sassafras Street. The New York Central Railroad runs parallel to the project area south of 12th Street and industrial property covers the southern half of the project area. As a result, over 80 percent of project land, except for streets, roads, etc., is currently planned for industrial or commercial re-use.

The Peach-Sassafras Urban Renewal Project (R-8), a four block project located just east of the Liberty-Sassafras project, between 10th and 14th Streets was completed in June, 1964. Re-use of land in this project is entirely commercial and industrial.

Further urban renewal to the east is planned for the industry-related area between 10th and 14th Streets, to extend to French Street. The State Street Project (R-233), to be located in this area between State and Peach Streets, is currently in the planning stage.

Downtown Erie Urban Renewal Project (R-136), located between 6th and 10th Streets, and Sassafras and French Streets, is also in the planning stage. This project encompasses the core area of the central business district, an area of about twelve blocks. Although the project is in the planning stage, some project execution activity has been completed in connection with the recently constructed city hall.

Public Housing

There are six public housing projects in Erie containing about 1,300 units. There is one other project which is currently being demolished, with only eleven families still living there. Almost 70 percent of the 1,300 units are in projects financed with Federal funds. One project of 195 units is owned by the Erie Housing Authority and one project of 210 units is State-financed. Four of the projects were built between 1940 and 1943, and another project was built in 1951. One project was completed just last year.

There has been some increase in the demand for public housing for the elderly. As a result, efficiency apartments were included in the project completed last year, as well as three-, four-, and five-bedroom units to accommodate large families. The Erie Housing Authority currently has a program reservation for 200 units of elderly housing. At present, the Housing Authority plans to start construction on these units in the spring of 1966.

Demand for Housing

Quantitative Demand

Annual demand for new residential housing over the two-year forecast period, that will meet the needs of the area's growing population and maintain a reasonable supply-demand balance in the market, is expected to total 910 units, consisting of 800 units of sales housing and 110 units of rental housing. Of the total renter demand, it is estimated that 75 units could be marketed at rents associated with market interest rate financing, and an additional 35 units could be absorbed at the lower rents associated with public benefit or assistance through subsidy, tax abatement or aid in financing or land acquisition. Consideration has been given to the shift from renter to owner occupancy and estimated demolition activity in the area. These demand estimates reflect the improved economic climate of the Erie area.

Qualitative Demand

Sales Housing. Based on the sales price of new housing and its relationship to income typical in this area, the annual demand for 800 new sales-type units is expected to generally conform to the distribution by price range shown in the following table.

Estimated Annual Demand for New Sales Housing
Erie, Pennsylvania, SMSA
April 1, 1965 to April 1, 1967

<u>Price range</u>	<u>Number of units</u>	<u>Percentage distribution</u>
\$10,000 - \$13,999	110	14
14,000 - 15,999	180	23
16,000 - 17,999	170	21
18,000 - 19,999	115	14
20,000 - 24,999	145	18
25,000 and over	<u>80</u>	<u>10</u>
Total	800	100

The distribution above suggests a strong demand for housing priced between \$14,000 and \$18,000, with about 44 percent of the expected demand within this range.

Over three-fourths of all sales housing demand is expected to be for housing in the Erie urban area which includes Erie, Millcreek township, Lawrence Park township and Wesleyville. The remainder of the demand will be scattered throughout the county, with the strongest outlying market in and around Fairview.

Rental Housing. The annual demand for 75 units of new rental housing will be absorbed best by the construction of units in small structures of two to six units each at rents near the minimum levels achievable with financing at market interest rates. These rent levels are \$95 for efficiency units, \$105 for one-bedroom, \$115 for two-bedroom, and \$125 for three-bedroom apartments. Outside the Erie urban area, only in Edinboro does there appear to be any demand for new rental housing, as a result of the rapid growth of Edinboro State College. At the lower rents which are possible with public benefits or assistance in financing or land acquisition, an additional 35 units of new rental housing would be absorbed each year.

The estimated annual demand for 110 units of new rental housing represents a substantial increase over past levels of new multifamily construction in the area. Rental demand in the past has been satisfied largely by renting of existing single-family units. Consequently, expansion in the construction of new multifamily housing should be approached with caution, and the market acceptance of initial increments to the multifamily supply should be evaluated before further expansion is considered.

Table I

Estimated Work Force, Unemployment and Employment by Industry
Erie, Pennsylvania, SMSA
1958-1964 (Annual Average)
(in thousands)

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Civilian work force	101.2	98.9	98.3	97.5	98.0	97.4	98.8
Unemployment	13.4	11.1	9.3	10.1	7.4	7.0	5.3
Rate	13.2%	11.2%	9.5%	10.4%	7.5%	7.2%	5.4%
Agricultural employment	3.0	2.9	2.9	2.8	2.6	2.5	2.4
Nonagricultural employment	84.8	84.9	86.1	84.6	88.0	87.9	91.0
Manufacturing	34.8	35.1	35.8	34.1	36.8	36.4	38.6
Durable goods	26.8	26.7	27.3	26.1	28.4	28.2	30.0
Furniture & Fixtures	.9	1.0	1.2	1.1	1.2	1.1	1.2
Primary metals	4.1	4.3	4.1	3.9	4.1	3.6	4.0
Fabricated metal prod.	4.4	4.5	4.7	4.3	4.6	4.5	4.7
Nonelectrical machinery	9.0	8.4	9.0	8.5	9.0	9.2	9.9
Electrical machinery	4.5	4.4	4.4	4.4	4.9	5.1	5.2
Other durable goods	3.9	4.1	3.9	3.9	4.6	4.7	5.0
Nondurable goods	8.0	8.4	8.5	8.0	8.4	8.2	8.6
Food products	2.2	2.2	2.1	2.1	2.1	2.0	1.9
Paper, printing, & publishing	3.2	3.2	3.2	3.0	3.1	3.1	3.1
Rubber & misc. plastic prod.	2.1	2.4	2.6	2.4	2.7	2.7	3.0
Other nondurable goods	.5	.6	.6	.5	.5	.4	.6
Nonmanufacturing	41.0	40.8	41.0	40.7	41.1	41.4	41.9
Construction	2.7	2.6	2.2	2.3	2.2	2.3	2.3
Trans., comm., & public utilities	5.8	5.4	5.3	5.0	4.9	4.7	4.6
Trade	14.0	14.0	14.3	13.5	13.7	13.6	13.9
Fin., ins. & real estate	2.3	2.3	2.4	2.5	2.5	2.6	2.5
Service & misc. nonmanufacturing	9.4	9.7	9.7	9.8	9.9	10.2	10.5
Government	6.8	6.8	7.1	7.6	7.9	8.0	8.1
All other nonag. employment ^{a/}	9.0	9.0	9.3	9.8	10.1	10.1	10.5

^{a/} Self-employed, domestics, and unpaid family workers.

Source: Pennsylvania State Employment Service.

Table II

Population Trends
Erie, Pennsylvania, SMSA
April 1, 1950 to April 1, 1965

Area	April 1, <u>1950</u>	April 1, <u>1960</u>	April 1, <u>1965</u>	Average annual change			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Urban area							
Erie	130,803	138,440	140,900	764	.6	490	.4
Millcreek Township	17,037	28,441	32,400	1,140	6.7	790	2.8
Harborcreek Township	7,475	10,569	11,450	309	4.1	180	1.7
Lawrence Park Township	4,154	4,403	4,800	25	.6	80	1.8
Wesleyville Borough	<u>3,411</u>	<u>3,534</u>	<u>3,550</u>	<u>12</u>	<u>.4</u>	<u>5</u>	<u>.1</u>
Total	162,880	185,387	193,100	2,250	1.4	1,550	.8
Selected municipalities							
Corry City	7,911	7,744	7,975	-17	- .2	45	.6
North East Borough	4,247	4,217	4,300	- 3	- .1	15	.4
Union City	3,911	3,819	3,825	- 9	- .2	-	-
Edinboro Borough	<u>1,567</u>	<u>1,703</u>	<u>2,500</u>	<u>14</u>	<u>8.7</u>	<u>160</u>	<u>9.4</u>
Total	17,636	17,483	18,600	-15	- .1	225	1.3
Rest of the SMSA, total	38,872	47,812	52,600	894	2.3	960	2.0
SMSA total	219,388	250,682	264,300	3,129	1.4	2,725	1.1

Note: 1960-1965 average annual change totals do not add, because of rounding.

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

Table III

Number of Households
Erie, Pennsylvania, SMSA
April 1, 1950 to April 1, 1965

Area	April 1, 1950	April 1, 1960	April 1, 1965	Average annual change			
				1950-1960		1960-1965	
				Number	Percent	Number	Percent
Urban area							
Erie	37,267	41,465	42,200	420	1.1	150	.4
Millcreek Township	4,865	8,009	9,100	314	6.5	220	2.7
Harborcreek Township	1,932	2,814	3,050	88	4.6	50	1.7
Lawrence Park Township	1,126	1,243	1,350	12	1.0	20	1.7
Wesleyville Borough	<u>1,004</u>	<u>1,129</u>	<u>1,150</u>	<u>13</u>	<u>1.3</u>	<u>-</u>	<u>-</u>
Total	46,194	54,660	56,850	847	1.8	440	.8
Selected municipalities							
Corry City	2,469	2,450	2,500	- 2	-.1	10	.4
North East Borough	1,252	1,279	1,300	3	.2	5	.3
Union City	1,211	1,191	1,200	- 2	-.2	-	-
Edinboro Borough	<u>340</u>	<u>363</u>	<u>450</u>	<u>2</u>	<u>.7</u>	<u>20</u>	<u>4.8</u>
Total	5,272	5,283	5,450	1	-	35	.6
Rest of the SMSA, total	10,414	12,878	14,200	246	2.4	265	2.1
SMSA total	61,880	72,821	76,500	1,094	1.8	735	1.0

Note: 1960-1965 average annual change totals do not add, because of rounding.

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

Table IV

Number of Housing Units Authorized by Building Permits
Erie, Pennsylvania, SMSA
1954-1964

<u>Place</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Gorry City	21	21	16	5	11	10	8	16	14	16	24
Erie	686	733	551	344	274	267	222	257	257	362 ^{a/}	288
Fairview Borough	NA	NA	NA	NA	NA	NA	NA	NA	9	8	15
Fairview Township	NA	NA	NA	NA	NA	NA	NA	53	42	51	45
Girard Borough	9	11	15	17	18	NA	NA	10	9	11	7
Harborcreek Township	NA	NA	NA	NA	NA	NA	59	64	33	45	41
Lawrence Park Township	44	24	69	33	18	47	32	24	27	18	15
Millcreek Township	295	367	362	314	204	215	189	200	202	226	258
North East Borough	NA	NA	NA	NA	NA	NA	NA	NA	6	5	14
North East Township	NA	NA	NA	NA	NA	NA	NA	NA	8	18	12
Summit Township	NA	NA	NA	23	30	14	15	20	21	12	15
Union City	1	1	3	1	0	1	1	2	1	2	5
Wesleyville Borough	10	10	6	8	6	4	4	1	1	2	2
Total	1,066	1,167	1,022	745	561	558	530	647	630	776	741

^{a/} Includes 122 units of public housing.

Sources: U.S. Bureau of the Census, Construction Reports, C-40 and local municipal officials.

Table V

Erie, Pennsylvania, Area Postal Vacancy Survey

April 9-14, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	70,972	2,125	3.0	1,999	126	345	59,130	1,230	2.1	1,115	115	313	11,842	895	7.6	884	11	32	1,002	84	8.4
Erie	57,196	1,438	2.5	1,339	99	191	46,572	757	1.6	663	94	166	10,624	681	6.4	676	5	25	505	27	5.3
Main Office	21,830	738	3.4	715	23	37	13,872	248	1.8	230	18	19	7,958	490	6.2	485	5	18	-	-	-
Branches:																					
Presque Isle	8,971	164	1.8	138	26	58	8,878	162	1.8	136	26	58	93	2	2.2	2	-	-	365	14	3.8
Wesleyville	8,772	162	1.8	133	29	33	7,836	109	1.4	80	29	30	936	53	5.7	53	-	3	96	3	3.1
Stations:																					
Perry Square	5,770	258	4.5	253	5	2	4,861	139	2.9	134	5	-	909	119	13.1	119	-	2	-	-	-
South Erie	11,853	116	1.0	100	16	61	11,125	99	0.9	83	16	59	728	17	2.3	17	-	2	44	10	22.7
Other Cities and Towns	13,776	687	5.0	660	27	154	12,558	473	3.8	452	21	147	1,218	214	17.6	208	6	7	497	57	11.5
Albion	1,233	49	4.0	49	-	4	1,201	44	3.7	44	-	4	32	5	15.6	5	-	-	52	11	21.2
Corry	3,464	218	6.3	209	9	27	2,729	90	3.3	83	7	27	735	128	17.4	126	2	-	107	3	2.8
Edinboro	643	52	8.1	49	3	68	629	48	7.6	47	1	66	14	4	28.6	2	2	2	55	15	27.3
Girard	1,415	57	4.0	57	-	6	1,335	32	2.4	32	-	6	80	25	31.3	25	-	-	61	4	6.6
Lake City	408	10	2.5	10	-	-	408	10	2.5	10	-	-	-	-	-	-	-	-	56	9	16.1
McKean	412	24	5.8	20	4	8	403	15	3.7	11	4	8	9	9	100.0	9	-	-	15	1	6.7
North East	2,773	67	2.4	65	2	12	2,749	56	2.0	54	2	11	24	11	45.8	11	-	1	90	5	5.6
Union City	2,247	116	5.2	114	2	7	1,927	88	4.6	88	-	3	320	28	8.8	26	2	4	31	7	22.6
Waterford	1,181	94	8.0	87	7	22	1,177	90	7.6	83	7	22	4	4	100.0	4	-	-	30	2	6.7

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

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

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

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