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Flagstaff, Ariz.
July 1, 1967

Analysis of the
FLAGSTAFF, ARIZONA
HOUSING MARKET

as of July 1, 1967

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

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ANALYSIS OF THE
FLAGSTAFF, ARIZONA, HOUSING MARKET
AS OF JULY 1, 1967

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

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Foreword

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

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the 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
FLAGSTAFF, ARIZONA, HOUSING MARKET
AS OF JULY 1, 1967

Summary and Conclusions

1. Nonagricultural employment in Coconino County, Arizona, averaged 14,000 during 1966, an increase of 1,500 over the 1964 average.^{1/} Total nonagricultural employment in Coconino County is expected to increase by about 300 jobs annually during the July 1, 1967-July 1, 1969 forecast period, of which about 200 will be in Flagstaff. Manufacturing will add about 100 jobs yearly and nonmanufacturing employment will increase by about 200 jobs a year.
2. Current median annual incomes, after deducting federal income tax, are \$6,925 for all families and \$5,900 for renter households of two or more persons. By 1969, median annual after-tax incomes are expected to approximate \$7,225 for all families and \$6,150 for renter households.
3. The estimated July 1, 1967 population of Flagstaff was 25,500, a gain of 1,000 yearly since April 1960. By July 1, 1969, the population is expected to total 27,700, an anticipated gain of 1,100 a year.
4. As of July 1, 1967, there were about 6,225 households in Flagstaff, representing an average annual increment of 200 since 1960. The number of households in the city is expected to total 6,650 by July 1, 1969, an anticipated gain of 215 households yearly.
5. As of July 1, 1967, there were about 6,725 housing units in Flagstaff, a net addition of 1,475 units (200 a year) since 1960. The net increase resulted from the construction of about 1,375 new units, the net addition of about 150 trailers, and the loss of about 50 units through demolition.
6. The July 1967 net available homeowner vacancy rate was 1.4 percent, and the net rental vacancy rate, 4.6 percent. The homeowner rate represents a slight increase from the 1.3 percent reported in the 1960 Census, while the renter vacancy rate represented a decline

^{1/} Comparable employment data are available only for Coconino County. An estimated 60 percent of the employment opportunities in Coconino County are in Flagstaff. The most recent comparable data available are for 1966.

from the 6.8 percent vacancy rate in 1960. The vacancy levels indicated a market in reasonable balance.

7. The volume of privately-financed new construction that will meet the requirement of anticipated growth during the July 1967-June 1969 period is approximately 200 units annually, including 125 single-family houses and 75 multifamily units. If assistance is made available in the acquisition and cost of land or in the cost of financing, a modest additional demand for privately-financed units in multifamily structures could be met effectively at the lower rents possible with such assistance. These estimates exclude public low-rent housing and rent-supplement accommodations. The demand for new units is expected to approximate the pattern shown of page 14.

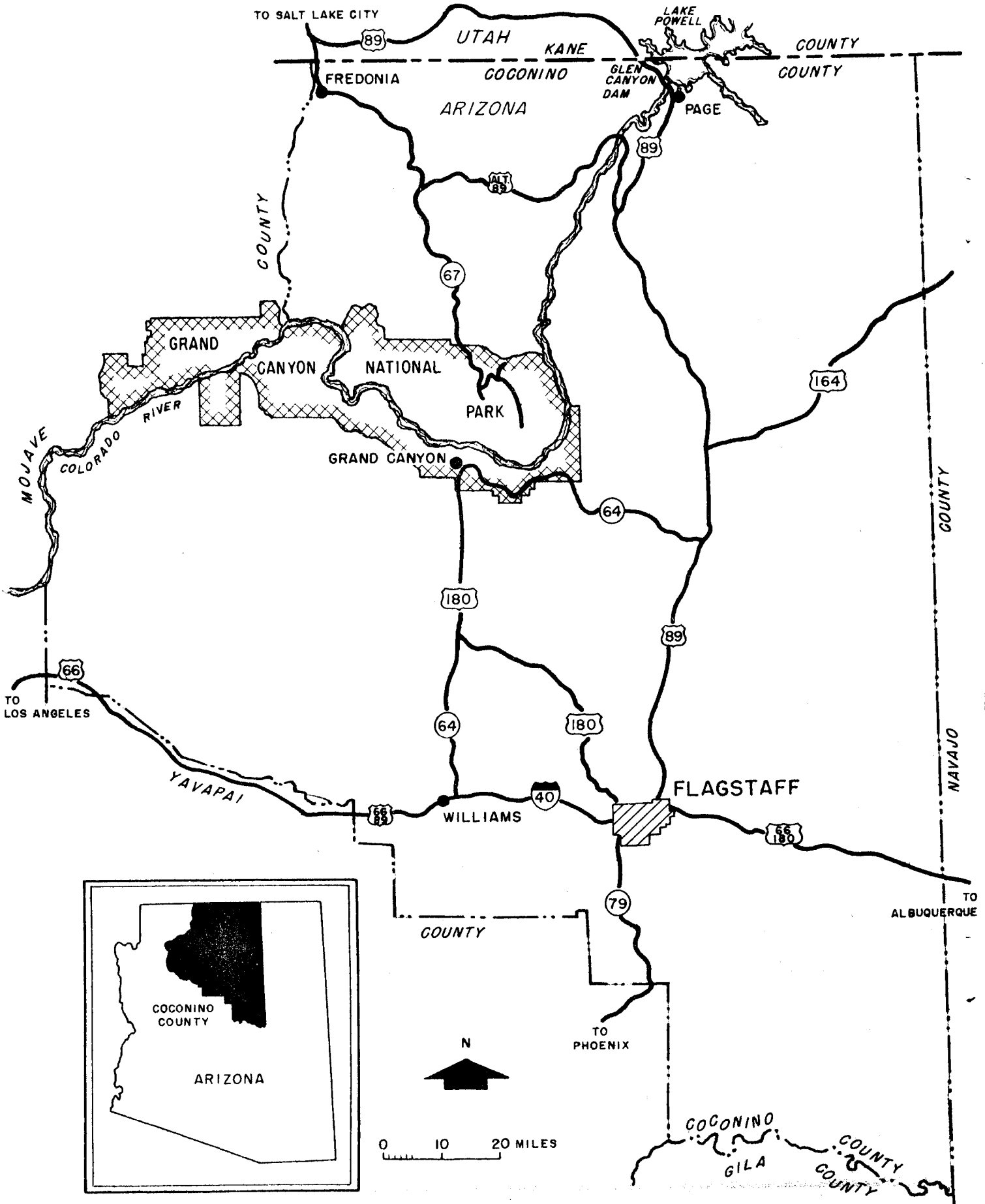
ANALYSIS OF THE
FLAGSTAFF, ARIZONA, HOUSING MARKET
AS OF JULY 1, 1967

Housing Market Area

For the purposes of this analysis, the Flagstaff, Arizona, Housing Market Area (HMA) is defined as the city of Flagstaff, which had a population of about 18,200 in April 1960. Flagstaff is located in north central Arizona in Coconino County, the largest county in the state (the county encompasses about 18,475 square miles, roughly one-sixth of the state). The city is entirely surrounded by national forests and there are no significant concentrations of population immediately adjacent to the city. Flagstaff is about 7,000 feet above sea level and is characterized by relatively short, cool summers and long cold winters with heavy falls of snow. Flagstaff is about 140 miles north of Phoenix, 260 miles southeast of Las Vegas, Nevada, and 500 miles east of Los Angeles, California.

Flagstaff is served by U. S. Route 66, a main national east-west artery, as well as numerous other federal and state highways. Interstate 40 is currently under construction and is scheduled for completion in the summer of 1968. Flagstaff is on the main line of the Santa Fe Railway; other transportation is provided by Continental Trailways and Greyhound Bus Lines, Frontier Airlines at Pulliam Airport, and about a dozen trucking lines.

FLAGSTAFF, ARIZONA, HOUSING MARKET AREA



Economy of the Area

Character and History

The Flagstaff area was settled in the latter 19th century with the extension of the Santa Fe Railway. Early economic growth was based primarily upon the lumber industry, which continues to be important to the local economy. Lowell Observatory, from which the planet Pluto was discovered in 1930, and Northern Arizona University (formerly Arizona State College) both were located in Flagstaff shortly after the city was incorporated in 1894. Growth at the university and the founding of four other observatories have made Flagstaff a major educational and scientific center.

Economic advancement in the last twenty years has resulted in large part from the growing tourist trade. Flagstaff's location on a major east-west highway has enabled it to profit greatly from the country's increased mobility and wealth. The many topographical features and cultural activities, among them the Grand Canyon and the various Indian reservations, attract thousands of tourists annually; many transients use Flagstaff as a trade and service center.

Employment

Current Estimate and Recent Trend. Employment data are available only for Coconino County. Comparable data are available only for the years 1964, 1965 and 1966. An average of 14,000 nonagricultural workers were employed in the county in 1966, of whom an estimated 8,300 (60 percent) were employed in Flagstaff.^{1/} The remainder were employed outside Flagstaff in the communities of Williams, Page, and Fredonia and on the Indian reservations.

Since 1964, nonagricultural employment has increased by 1,500 workers. Between 1964 and 1965, employment increased by 250 and between 1965 and 1966 the gain was 1,250 workers. These increases reflect, in part, recovery of losses in employment (particularly in construction and in government) which occurred in the county following completion of the Glen Canyon Dam. The 1966 employment appears to be about equivalent to the peak level in 1961 when the dam was under construction. Although the dam site is 135 miles north of Flagstaff and very few of the workers employed there lived in Flagstaff, the city served as the railhead and principal trucking point for materials for the dam. The substantial employment gain since 1964 reflects, also, increased employment at the Navajo Army Depot in 1966, construction on Interstate-40, and increased employment in trade and services in areas of the county outside Flagstaff,

^{1/} In April 1960, when the dam was under construction, the Census enumerated 13,125 employed residents of Coconino County, including 6,675 residents of Flagstaff.

particularly in the recreation areas in the northern part of the county around Lake Powell, which is formed by Glen Canyon Dam.

Employment by Industry. Manufacturing employment accounted for only 11 percent of wage and salary employment in Coconino County in 1966. In 1966, manufacturing employment averaged 1,400, up 200 from the 1964 average; about 83 percent of the manufacturing employment is in the city of Flagstaff. Logging and manufacturing of timber into wood and wood products dominate manufacturing employment.

Nonmanufacturing industries in Coconino County employed 10,950 persons in 1966, an increase of 1,000 over the 1965 average and 1,050 above the 9,900 that were employed in 1964. Employment in construction, with almost eight percent of wage and salary employment, fell sharply by 500 jobs between 1964 and 1965, before adding 150 jobs in 1966. The 950 workers in construction in 1966 compares with over 2,500 such workers during construction of the Glen Canyon Dam. Government employment which represented 28 percent of wage and salary employment in 1966, totaled 3,450 in 1966, down from about 4,000 during construction of the dam, but up about 250 over 1964. Trade, which accounts for about 26 percent of wage and salary employment in the county, increased by about 500 workers between 1964 and 1966. Service industries, which account for over 17 percent of all employment, recorded a gain of 550 workers between 1964 and 1966. No significant employment changes occurred in the remaining nonmanufacturing categories between 1964 and 1966.

Principal Employment Sources

Because trade, services, and government are the leading sources of employment in Flagstaff, large scale employers account for a small portion of total employment. The small manufacturing sector is dominated by lumber producing firms.

The Navajo Army Depot, located west of Flagstaff, is the only military installation in the area. The depot generally has maintained a civilian employment level of between 300 and 500 (and only a few military personnel) since World War II, to receive, store, and dispose of ammunition and other ordnance. The recent build-up in Southeast Asia, however, has resulted in a substantial increase in employment at the installation. In July 1967, there were 850 civilians employed at the depot; up 450 from a year ago. Most of the employees at this installation commute from Flagstaff. The present employment level will be maintained for at least two more years even if the Vietnam hostilities are settled in the near future; the subsequent storing of the ordnance materials now being used would require employment roughly equal to the current level.

Of increasing importance to the Flagstaff economy has been Northern Arizona University (formerly Arizona State College). Full-time employment at the university increased from about 300 in 1960 to 700 in 1967, an increase of about 60 jobs annually. About one-half of the increase has been in faculty employment and one-half for various support personnel.

Future Employment Prospects

Based on past employment trends presented in this analysis, total nonagricultural employment in Coconino County is expected to increase by about 300 jobs annually during the July 1, 1967 - July 1, 1969 forecast period, of which about 200 will be in Flagstaff. The projected gain is considerably below those between 1964 and 1966. Growth since 1964 reflects, to some degree, a general business recovery from the slump that followed completion of the dam and increased employment at the Navajo Army Depot.

The opening of two new manufacturing establishments -- an electronics company and a lumber company -- will add about 100 jobs annually in the manufacturing sector. The gain is comparable with increases between 1964 and 1966.

About 200 jobs will be added annually in nonmanufacturing industries; most of these will be in trade and services with small gains expected to occur in government. The employment gain projected for the trade and services industries is substantially below increases in these industries since 1964. This reflects, in part, the scheduled opening of I-40 in 1968, which may have some adverse effect on the Flagstaff economy during the latter half of the forecast period by reducing the transient tourist trade.

Income

As of July 1967, the median income of all families in Flagstaff, after deduction of federal income taxes, was about \$6,925 a year and the median after-tax income of renter households of two or more persons was \$5,900 annually. About 19 percent of all families and 25 percent of the renter households had after-tax incomes of less than \$4,000 annually. At the upper end of the income distribution, 23 percent of all families and 14 percent of the renter households received after-tax incomes of \$10,000 or more annually. Over the two-year forecast period, the median incomes of all families and of renter households are expected to increase to \$7,225 and \$6,150, respectively.

Detailed distribution of all families and renter households by annual after-tax incomes are presented in table II.

Demographic Factors

Population

Current Estimate and Past Trend. The population of the city of Flagstaff totaled about 25,500 as of July 1, 1967, representing average annual increases of about 1,000 since April 1960, when the population totaled 18,214. The post-1960 rate of growth is slightly below the numerical rate of the 1950-1960 decade; between 1950 and 1960, the population increased by 1,055 persons annually.

Virtually all of the 1950-1960 population growth in Flagstaff resulted from annexations. Less than 10 percent of the population increase occurred in the previously-defined city limits. Since 1960, the tendency has been to annex land before development; for that reason, only a small number of persons were in areas annexed during the 1960-1967 period.

Population Trend Flagstaff, Arizona 1950-1969

<u>Date</u>	<u>Population</u>	<u>Average annual change</u>
April 1, 1950	7,663	-
April 1, 1960	18,214	1,055
July 1, 1967	25,500	1,000
July 1, 1969	27,700	1,100

Sources: 1950 and 1960 Censuses of Population.
1967 and 1969 estimated by Housing Market Analyst.

Student Population. There are about 5,800 students enrolled at Northern Arizona University, compared with 2,625 in 1960; student growth during the 1960 - 1967 period averaged about 440 annually. Between 1950 and 1960, the student population increased by only about 135 annually. The more rapid enrollment increase since 1960 reflects the growing numbers of college-age young people who were born during the post-war "baby boom". During the two-year forecast period, enrollment at the university is expected to increase by about 600 students annually.

Most of the students are housed by the university. About 3,100 students live in dormitories and about 1,200 students reside in sorority and fraternity houses, a composite average increase of about 300 annually since 1960. There are about 250 married students

occupying university quarters. The remaining 1,250 students either reside with their parents, occupy other private housing, or commute from outside the HMA. Of the projected increase of 1,200 students during the next two years, about 650 will be housed in additional group quarters and 550 will occupy other housing.

Estimated Future Population. The population of the city of Flagstaff is expected to total 27,700 by July 1, 1969, an average increase of 1,100 annually over the July 1, 1967 total. Approximately 750 of the annual increase will represent population in households. The projected rate of increase is slightly above the 1960 - 1967 average, and reflects principally the increased rate of growth at the university.

Households

Current Estimate and Past Trend. There were about 6,225 households with an average of 3.60 persons per household in Flagstaff as of July 1, 1967. The April 1960 total was 4,747 with an average of 3.63 persons per household. Household growth has closely paralleled patterns of population change. The post-1960 annual increase in the number of households is somewhat below the numerical increase of the previous decade; the latter reflects, in part, the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census. However, this change probably was not significant in Flagstaff.

Household and Households Size Trends Flagstaff, Arizona 1950 - 1969

<u>Date</u>	<u>Households</u>	<u>Average annual change</u>	<u>Average size of households</u>
April 1, 1950	2,136	-	3.26
April 1, 1960	4,747	261	3.63
July 1, 1967	6,225	200	3.60
July 1, 1969	6,650	215	3.59

Sources: 1950 and 1960 Censuses of Population and Housing;
1967 and 1969 estimated by Housing Market Analyst.

Estimated Future Households. Based on the anticipated annual increment to the population in the 1967-1969 period, and on the assumption that the average size of households will decline moderately, there will be about 6,650 households in Flagstaff by July 1, 1969. This represents an expected addition of 215 households each year during the July 1, 1967-July 1, 1969 forecast period.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of July 1, 1967, there were about 6,725 housing units in the city of Flagstaff, indicating a net gain since April 1960 of about 1,475 units, or an average increment of 200 units annually. The net increase resulted from the construction of about 1,375 new housing units (including 132 units of public housing), the net addition of about 150 trailers, and the loss of about 50 units through demolition. The average yearly increase in the housing inventory since April 1960 compares with a net gain of about 290 a year during the 1950 - 1960 decade.

Units in Structure. A substantial volume of new multifamily housing constructed in Flagstaff between 1960 and 1967 resulted in a significant shift in the composition of the inventory by the number of units in each structure. Single-family structures (including trailers) accounted for about 80 percent of the housing inventory in 1967 compared with almost 87 percent in 1960. The proportion of the inventory in structures with two or more units increased from 13 percent in 1960 to 20 percent.

The Housing Inventory by Units in Structure Flagstaff, Arizona 1960 and 1967

<u>Units in structure</u>	<u>Number of units</u>		<u>Percent of total</u>	
	<u>April 1, 1960</u>	<u>July 1, 1967</u>	<u>1960</u>	<u>1967</u>
One <u>a/</u>	4,540	5,375	86.5	79.9
Two to four	410	760	7.8	11.3
Five or more	298	590	5.7	8.8
Total	5,248	6,725	100.0	100.0

a/ Includes trailers.

Sources: 1960 Census of Housing.
1967 estimated by Housing Market Analyst.

Year Built. The very rapid growth of Flagstaff since World War II is shown by the age of its housing inventory. Almost 23 percent of the units in the 1967 inventory have been built since 1960 and 38 percent were built during the 1950's. Only 39 percent of the inventory was constructed prior to 1950.

Distribution of the Housing Supply by Year Built^{a/}
Flagstaff, Arizona
July 1, 1967

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960 - June 1967	1,525	22.7
1950 - March 1960	2,575	38.3
1940 - 1949	1,075	16.0
1939 or earlier	<u>1,550</u>	<u>23.0</u>
Total	6,725	100.0

^{a/} The basic data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

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

Condition. Of the 6,725 housing units in Flagstaff, about 700 (10.4 percent) are dilapidated or lack one or more plumbing facilities. The current condition of the inventory indicates a slight improvement over 1960, when 12.7 percent of the inventory was either dilapidated or lacked one or more plumbing facilities.

Residential Building Activity

In general, the number of privately-owned units authorized by building permits from 1960 to 1967 has ranged between 137 and 188; the notable exceptions are 1960, when only 54 units were authorized, and 1963, when 360 units were authorized. As can be seen in the following table, however, construction activity in 1967 probably will fall below the level of the past few years.

The trend of single-family authorizations has been somewhat erratic. From a low of only 32 units in 1960, authorizations jumped to 136 in 1961, then declined during the following two years. Annual increases in 1964 and 1965 brought single-family permit volume back to 136 units in 1965, only to fall to 68 units in 1966. Based on data for the first six months of 1967, the volume of single-family units authorized will about equal the 1966 total.

Except in 1963, when 266 private multifamily units were authorized, the number of apartments authorized by building permits has not exceeded the 69 units authorized in 1966. The 266 private multifamily units authorized in 1963 were in many small projects, a number of which were built in the area near Northern Arizona University. They were well absorbed and apparently satisfied a backlog of demand, a part of it being demand by students. Only two multifamily units were authorized during the first half of 1967.

Privately-Financed Housing Units Authorized by Building Permits
and Public Housing Units Put Under Contract
City of Flagstaff, Arizona
1960 - 1967

<u>Year</u>	<u>Private units</u>			<u>Public units</u>
	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>	
1960	32	22	54	2
1961	136	9	145	0
1962	98	45	143	26
1963	94	266	360	100
1964	115	64	179	0
1965	136	52	188	4
1966	68	69	137	0
<u>Jan. - June</u>				
1966	35	55	90	0
1967	37	2	39	0

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

Tenure of Occupancy

As of July 1, 1967, about 58 percent (3,625 units) of the occupied housing stock in the Flagstaff HMA was owner-occupied and 42 percent (2,600 units) was renter-occupied. Since April 1950, there has been an increase in the proportion of owner-occupied housing units; the 58 percent owner-occupancy rate as of July 1, 1967, compared with 57 percent in 1960 and only 39 percent in 1950.

Occupied Housing Units by Tenure
Flagstaff, Arizona
1950, 1960, and 1967

<u>Tenure</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>July 1, 1967</u>
Total occupied units	<u>2,136</u>	<u>4,747</u>	<u>6,225</u>
Owner-occupied	832	2,704	3,625
Percent	39.0%	57.0%	58.2%
Renter-occupied	1,304	2,043	2,600
Percent	61.0%	43.0%	41.8%

Sources: 1950 and 1960 Censuses of Housing.
1967 estimated by Housing Market Analyst.

Vacancy

1960 Census. According to the April 1960 Census of Housing, there were about 185 vacant, nondilapidated, nonseasonal housing units available for sale or rent in the Flagstaff HMA, an available vacancy rate of 3.8 percent. About 35 of the available vacancies were for sale, equivalent to a homeowner vacancy rate of 1.3 percent. The remaining 150 were for rent, representing a rental vacancy rate of 6.8 percent.

Postal Vacancy Survey. The results of a postal vacancy survey conducted by the Flagstaff Post Office on July 18, 1967, are shown in table III. The survey covered a total of about 6,900 possible deliveries in the Flagstaff delivery area (excluding trailers), which included a few units outside the city. At the time of the survey, about 160 units (2.3 percent of the total units counted) were vacant. Of this total, about 85 were vacant residences, a vacancy rate of 1.6 percent in residences, and 75 were apartments, equal to 5.7 percent of the surveyed apartments. An additional 35 units were reported to be under construction.

It is important to note that the postal vacancy survey data are not entirely comparable with those published by the Bureau of the Census because of differences in definition, area delineation, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, it serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. Based on the postal vacancy survey and on information from local sources, it is judged that there were approximately 175 vacant, nondilapidated, nonseasonal housing units available for sale or rent in Flagstaff on July 1, 1967. Of the total number of available vacancies, about 50 were for sale (a homeowner vacancy ratio of 1.4 percent), and 125 were for rent (a rental vacancy ratio of 4.6 percent). Only a small number of the available vacancies lacked one or more plumbing facilities.

Vacant Housing Units
Flagstaff, Arizona
1950, 1960, and 1967

<u>Vacancy status</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>July 1,</u> <u>1967</u>
Total vacant units	<u>179</u>	<u>501</u>	<u>500</u>
Available vacant units	<u>59</u>	<u>186</u>	<u>175</u>
For sale	3	36	50
Homeowner vacancy rate	0.4%	1.3%	1.4%
For rent	56	150	125
Rental vacancy rate	4.1%	6.8%	4.6%
Other vacant units ^{a/}	120	315	325

^{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.

Sources: 1950 and 1960 Censuses of Housing; 1967 estimated by Housing Market Analyst.

The homeowner vacancy rate had increased only slightly since 1960; the July 1967 level indicates a balanced market. The rental vacancy rate dropped substantially since 1960, but much of this results from seasonal influences. The rental vacancy rate still indicated some surplus in the market if allowance is made for the high seasonal occupancy in July.

Sales Market

As indicated by the homeowner vacancy ratio of 1.4 percent, the condition of the sales market in Flagstaff was good in July 1967. Most of the new housing in the area is built on a contract basis, although some small scale speculative construction has taken place. A lack of available land, plus the relatively short building season, result in high construction costs. In general, construction costs in Flagstaff are 15 percent to 20 percent above other areas of Arizona. The rising construction costs are making it increasingly difficult to build lower-priced homes (under \$15,000). Most new home prices start about \$17,000 and they range up to \$25,000 or more. The sale of both new and existing homes in the better residential areas of Flagstaff is particularly strong. Homes in these areas generally are priced above \$30,000, but some are available for as little as \$22,000.

Rental Market

As of July 1967 the rental market in the city of Flagstaff reflected a general improvement since April 1960. Part of this improvement, however, reflects the summer tourist trade; occupancy of rental units is somewhat higher during the summer months than it is in April, the date of the census. It is apparent from the current inventory distribution, with only 20 percent of the units in multifamily structures, that the rental inventory in the Flagstaff HMA is composed primarily of single-family houses. However, there has been a trend toward apartment construction; in 1967, multifamily units accounted for almost 20 percent of the inventory, as compared with 13 percent in 1960.

In general, the newly-constructed apartments in the area are in small structures with virtually all of the units having one or two bedrooms. Demand for efficiencies is usually supplied by the many motels in the area while demand for larger units is supplied by single-family houses. Monthly rentals for one-bedroom apartment units range between \$90 and \$120 a month; two-bedroom apartment units rent for between \$120 and \$140 monthly. Single-family homes have rents of \$100 to \$200 or more, depending upon size, location, and amenities. Occupancy in all of the newer units, both single-family and multifamily, is quite high. The vacancies tend to be concentrated in the older multifamily structures, which lack most amenities, or in older single-family homes with only two bedrooms or less.

Continued growth of Northern Arizona University can be expected to stabilize the rental market somewhat. Although most of the students are housed by the university, some do occupy private housing during the nine-month school year; these units then become available to tourists during the summer months. As the student body increases and occupies additional private housing, the seasonal difference in the occupancy of rental units may diminish somewhat unless summer tourist requirements remain far in excess of student requirements.

Public Housing and Urban Renewal

There are three public housing projects in the city of Flagstaff, which contain a total of 127 units. Preference is given to veterans and vacancies are minimal.

There are no active urban renewal projects in Flagstaff.

Demand for Housing

Quantitative Demand

Annual demand for additional housing in Flagstaff during the two-year forecast period is based on an expected yearly increase of 215 households and on the need to replace a small number of units expected to be removed from the inventory through demolition. Consideration also is given to the existing tenure composition, to the vacancy situation, and to the probability that some part of the rental demand will be supplied by single-family houses formerly occupied by owners. Based on these considerations, demand for new housing is expected to total 200 units annually. About 125 units of the annual demand will be for single-family houses and 75 for units in multifamily structures. If assistance is made available in the acquisition and cost of land or in the cost of financing, some additional (a part of the) demand for privately-financed units in multifamily structures could be met effectively at the lower rents possible with such assistance. The demand estimate excludes demand for low-rent public housing and rent-supplement accommodations.

Qualitative Demand

Single-Family Housing. Based on the current income levels of families in the Flagstaff HMA, on sales price to income relationships typical in the area, and on recent market experience, the demand for additional single-family houses is expected to approximate the pattern shown in the following table.

Annual Demand for New Single-Family Houses by Price Class
Flagstaff, Arizona
July 1, 1967 to July 1, 1969

<u>Sales price</u>	<u>Number of units</u>	<u>Percentage distribution</u>
Under \$15,000	15	12
\$15,000 - 17,499	25	20
17,500 - 19,999	30	24
20,000 - 24,999	30	24
25,000 - 29,999	15	12
30,000 and over	10	8
Total	125	100

Multifamily Housing. The demand for 75 new multifamily units annually will be divided equally between one- and two-bedroom units. Gross monthly rents should not exceed \$140 for the one-bedroom units and \$160 for the two-bedroom units.

Table I

Average Annual Employment
Coconino County, Arizona
1964 - 1966

<u>Industry</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>Change</u>	
				<u>1964-1965</u>	<u>1965-1966</u>
Total employment	<u>12,700</u>	<u>12,950</u>	<u>14,200</u>	<u>250</u>	<u>1,250</u>
Agricultural employment	200	200	200	0	0
Nonagricultural employment	<u>12,500</u>	<u>12,750</u>	<u>14,000</u>	<u>250</u>	<u>1,250</u>
Wage and salary employment	<u>11,100</u>	<u>11,250</u>	<u>12,350</u>	<u>150</u>	<u>1,100</u>
Manufacturing	1,200	1,300	1,400	100	100
Nonmanufacturing	<u>9,900</u>	<u>9,950</u>	<u>10,950</u>	<u>50</u>	<u>1,000</u>
Mining	100	100	100	0	0
Construction	1,300	800	950	-500	150
Transp., comm., & utilities	700	750	800	50	50
Trade	2,700	2,850	3,200	150	350
Finance, insurance, & real estate	300	300	300	0	0
Services	1,600	1,950	2,150	350	200
Government	3,200	3,200	3,450	0	250
All other nonag. employment ^{a/}	1,400	1,500	1,650	100	150

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

Source: Employment Security Commission of Arizona.

Table II

Estimated Percentage Distribution of All Families
and of Renter Households by Annual Income
After Deducting Federal Income Taxes
Flagstaff, Arizona
1967 and 1969

<u>Annual</u> <u>after-tax income</u>	<u>1967 Incomes</u>		<u>1969 Incomes</u>	
	<u>All</u> <u>families</u>	<u>Renter</u> <u>households^{a/}</u>	<u>All</u> <u>families</u>	<u>Renter</u> <u>households^{a/}</u>
Under \$4,000	19	25	18	24
\$4,000 - 4,999	9	14	8	13
5,000 - 5,999	11	13	11	11
6,000 - 6,999	11	12	11	12
7,000 - 7,999	12	10	10	11
8,000 - 8,999	9	7	9	8
9,000 - 9,999	6	5	8	6
10,000 and over	<u>23</u>	<u>14</u>	<u>25</u>	<u>15</u>
Total	100	100	100	100
Median	\$6,925	\$5,900	\$7,225	\$6,150

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table III

Flagstaff, Arizona, Area Postal Vacancy Survey

July 18, 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			All	%
Flagstaff	6,894	161	2.3	137	24	36	5,587	87	1.6	71	16	30	1,307	74	5.7	66	8	6	639	5	0.8

The distributions of total possible deliveries to residences, apartments and house trailers were estimated by the postal carriers. The data in this table, therefore, are not strictly comparable to the distribution of deliveries by structural type for surveys prior to 1966. The total possible deliveries for the total of residences, apartments and house trailers, however, are as recorded in official route records.

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 categories of "residence" and "apartment" are those of the Post Office Department. Each 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: FRA postal vacancy survey conducted by collaborating postmaster(s).