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Analysis of the
**FRESNO, CALIFORNIA
HOUSING MARKET**

as of October 1, 1970

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

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FHA Housing Market Analysis
Fresno, California, as of October 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 Economic and Market Analysis Division 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
Economic and Market Analysis Division
Washington, D. C.

FHA HOUSING MARKET ANALYSIS
FRESNO, CALIFORNIA, HOUSING MARKET AREA
AS OF OCTOBER 1, 1970

For purposes of this analysis, the Fresno, California, Housing Market Area (HMA) is defined as Fresno County, California and conforms to the Bureau of the Budget definition for the Fresno Standard Metropolitan Statistical Area. The HMA is situated in the agriculturally rich San Joaquin Valley of central California, about 150 miles southeast of San Francisco and 200 miles north of Los Angeles. The geographical boundaries of the HMA extend over an area of 5,950 square miles. However, the eastern and western sectors of the HMA are sparsely populated mountainous areas. Much of the eastern portion of the HMA is U.S. government-owned land, including national parks and forests with great recreational potential. Preliminary 1970 census data released by the Bureau of the Census placed the population of the HMA at 407,048 as of April 1, 1970, including 162,326 in Fresno and 13,297 in Clovis.

The bulk of the population and employment in the HMA are located in the Fresno-Clovis area which includes numerous smaller towns in close proximity to the two larger cities. Clovis is situated directly northwest of Fresno and is the fastest growing area in the HMA; the population of Clovis has more than doubled since 1960.

Agriculture is the dominant factor in the economy of the HMA. A wide range of cash crops are grown including fruits, vegetables, and cotton. Most of the industry in the area is designed to serve the needs of agriculture, including the processing of agricultural products and the manufacture of farm implements and farm chemicals. The economy has become increasingly more diversified and less dependent on agriculture since 1960, however, as manufacturing firms not dependent on agriculture have located in the area and rapid increases in nonmanufacturing employment have occurred. The number of persons employed in producing agricultural products has declined over the decade. Employment growth over the 1960 decade has occurred primarily in the trade, services, and government sectors and has been concentrated in the Fresno-Clovis area. The increasing importance of Fresno as a regional trade, financial, and government center has stimulated growth in the nonmanufacturing sector.

Anticipated Housing Demand

Taking into consideration such diverse factors as current demand-supply relationships in the Fresno housing market, the expected growth in the economy of the HMA, the projected growth in households and anticipated losses to the inventory through demolitions and other causes, it is anticipated that there will be an annual demand for about 2,600 new nonsubsidized housing units in the Fresno HMA during the two-year forecast period (October 1, 1970-October 1, 1972). Best absorption of these units is anticipated if production consists of 1,400 single-family units and 1,200 units in multifamily structures. Approximately 55 percent of the demand for single-family units is expected to be for houses priced to sell for less than \$22,500 and demand for multifamily units is expected to be at or near the lowest rents achievable, \$160 for one-bedroom units and \$180 for two-bedroom units (excluding the cost of utilities). These demand estimates are premised on the assumptions that present conditions in the mortgage market will remain fairly stable over the forecast period and that the economic and demographic projections outlined in this analysis hold. Qualitative distributions of demand for single-family units by price class and for multifamily units by gross monthly rents and unit size are presented in table I.

The total annual demand projection approximates the average annual level of building activity since 1968. Single-family demand approximates recent construction levels, but is well below the number of single-family houses constructed during the years of greatest building activity since 1960. The multifamily demand projection about equals the average building volume during the past three years, but is below the level of multifamily construction activity in the first ten months of 1970. Construction of the projected units should be sufficient to maintain a reasonably balanced housing market in the HMA over the forecast period.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families and individuals may be provided through a number of different programs administered by FHA: monthly rent supplements in

rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement. There may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the Fresno HMA, the total occupancy potential is estimated to be 2,000 units annually, including 265 units designed for occupancy by elderly persons (see table II). Future approvals under each program should take into account any intervening approvals under other programs which serve the same families and individuals.

The estimated occupancy potentials^{1/} for subsidized housing discussed below are based upon 1970 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits in effect on October 1, 1970,^{2/} and on available market experience.

Sales Housing under Section 235. Sales housing can be provided for low- to moderate-income families under the provisions of Section 235. Based on exception income limits, approximately 535 houses could be absorbed in the HMA annually over the two-year period from October 1, 1970 to October 1, 1972. If regular income limits are utilized, the potential would be reduced

^{1/} The occupancy potentials referred to in this analysis have been calculated to reflect the strength of the market in view of existing vacancy. The successful attainment of the calculated potentials for subsidized housing may well depend upon construction in suitably accessible locations, as well as distribution of rents and sales prices over the complete range attainable for housing under the specified programs.

^{2/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing.

by an estimated 20 percent. Approximately 35 percent of the families eligible under this program are five or more person households. All of the families eligible for Section 235 housing also are eligible for Section 236 rental housing.

To date, there have been 223 reservations of funds under Section 235 in the HMA and 168 firm commitments have been issued; most of the firm commitments have been used. The Section 235 program has been well received in the area and local builders report that they have waiting lists of persons desiring housing under the program.

Rental Units under the Public Housing and Rent Supplement Programs.

These two programs serve essentially the same low-income households. The principal differences arise from the manner in which net income is computed for each program and other eligibility requirements such as personal asset limitations. The annual occupancy potential for public housing is estimated to be 1,450 units annually over the forecast period, including 225 units designed for elderly occupants. About 15 percent of the elderly are eligible for Section 236 housing. In the case of the more restrictive rent supplement program, the potential for the elderly would remain unchanged while the potential for families would be about 70 percent of the public housing potential.

There are 2,827 units of public housing under management in the HMA, including 1,069 units of Section 23 leased housing. About 65 percent (1,837) of the public housing units are located in the city of Fresno and include 215 units occupied by elderly persons. The remainder of the public housing units are located outside the city and include 112 units occupied by elderly persons. All of the public housing units are occupied and the current waiting list includes about 2,500 families and individuals. At present, 48 family units and 12 units for elderly persons are under construction outside the city; completion of these units is scheduled for early 1971. Currently in the planning stage, are 1,500 units of public housing including 1,300 units in the city of Fresno; 700 of these units will be in Section 23 leased housing, including 500 units in the city and 200 in the county.

Rental Units under Section 236 and Section 221(d)(3). Moderately priced rental units can be provided under the provisions of Section 236. Using exception income limits, there is an occupancy potential for approximately 610 units of Section 236 housing annually during the forecast period; the potential includes 75 units designed for elderly occupants. If regular income limits are used, these potentials would be reduced by approximately 25 and 15 percent for families and elderly occupants, respectively. About 50 percent of the elderly and five percent of the families eligible under this program also are eligible for public housing.

There are currently 56 units of Section 236 housing under management in the HMA; these units were completed in June 1969 and absorption has been good. In addition, applications have been submitted for 376 units of Section 236 housing; feasibility studies are being done for 196 of these units.

There are 496 units of Section 221(d)(3) BMIR rental housing in the HMA; these units include 346 units in the city of Fresno and a 100 unit project located in the county. Absorption of these units proceeded at a rapid rate and acceptable occupancy levels were reached shortly after completion.

Sales Market

The market for new and existing sales housing in the Fresno HMA is good. Local sources report that both new and used homes are being sold after short periods of market exposure. Considerable improvement has occurred in the sales market over the past three years. An excessive supply of unsold new sales housing existed in the area throughout the early and middle part of the 1960 decade. Single-family construction was excessive in the 1960-1965 period, primarily because of the practice of builders in the area of constructing large numbers of sales houses on a speculative basis. Increasing inventories of unsold new homes forced builders to virtually cease the construction of houses on a speculative basis. After 1965, single-family building activity declined to a level that was more representative of the demand-supply relationships existing in the market.

By 1967, the market had returned to a reasonably balanced demand-supply relationship. However, the advent of high interest rates sharply reduced building activity after 1968 and resulted in a tightening of the market. Vacancies have been further reduced by the absorption of about 1,000 single-family units by the public housing authority under the Section 23 leased housing program. These units are mostly new single-family units that ordinarily would be available for sale.

Major subdivisions are being developed to the north and west of the city of Fresno and in the vicinity of Clovis. The majority of these houses are being constructed on a contract basis with the most popular price range for nonsubsidized units falling between \$20,000 and \$25,000. Local builders have the ability to market new houses beginning at \$15,000. However, the 1970 interest rate of 8.5 percent and downpayment requirements of 20 percent made it difficult to market the lowest priced houses with conventional financing. Much of the construction in the \$15,000-\$17,500 price range is being marketed under the FHA subsidized housing program.

The reduced supply and rising costs of new homes have forced many families to seek housing in lower-priced existing units. The supply of good quality existing sales houses is limited. Many families finding themselves unable to find houses they can afford, have turned to lower priced mobile homes to satisfy their housing needs. It is anticipated that in the future, an increasingly large proportion of the demand for low cost sales housing will be satisfied under the Section 235 program.

Rental Market

The market for rental housing in the Fresno HMA is extremely tight. Recently constructed units have been absorbed rapidly and local property managers report that most of these units are fully occupied. Most of the current rental vacancies in the HMA are in the older units, many of which are in a state of disrepair. These units are undesirable to families and individuals seeking rental accommodations and probably will remain vacant.

Most of the new multifamily units have been constructed in the north and northeastern sections of Fresno. The design of these units is typically low density one- and two-story garden apartments, with rents starting at \$140 and \$160 monthly for one- and two-bedroom apartments, respectively (excluding the cost of utilities). There has been a sharp increase in the number of multifamily units authorized by building permits in the first ten months of 1970; completion of these units should lead to a slight improvement in the rental market.

New rental units also have been built in the vicinity of Fresno State College. These units are primarily occupied by the faculty and students at the college. Dormitory construction has not kept pace with increases in student enrollment and it is anticipated that demand for additional units to house the increasing student population will continue over the near-term future.

Economic, Demographic, and Housing Factors

The estimated demand for nonsubsidized housing units over the next two years is based on the trends in employment, income, population, and housing factors summarized below.

Economic Factors. The economy of the Fresno HMA is heavily dependent on the extensive agriculture of the region. The importance of agriculture to the economy of the area is evident both in the number of persons directly engaged in producing agricultural products and the number of jobs in manufacturing firms engaged in processing agricultural products. Demand for labor in agriculture has declined because of increased mechanization and agriculture has decreased as a percentage of total employment from 27 percent in 1960 to 21 percent in 1969.

Nonagricultural employment averaged 133,500 jobs in 1969, an increase of 3,580 (3.5 percent) annually since 1960. Peak growth in nonagricultural employment occurred in the 1962 to 1963 and 1965 to 1966 periods, when 4,800 and 5,200 jobs, respectively, were added.

The general decline in the importance of agricultural employment has contributed significantly to reduced rates of unemployment over the decade. Annual rates of unemployment have declined consistently since 1961, with

the exception of the 1966 to 1967 period, when unemployment increased from 6.5 percent of the labor force to 7.1 percent. The unemployment rate averaged 5.8 percent of the labor force in 1969.

Manufacturing employment averaged 18,700 jobs in 1969, an increase of 3,900 jobs (430 annually) since 1960. Increases in manufacturing employment have been irregular; almost half of the jobs added since 1960 were added after 1967. The growth in manufacturing employment has resulted from the location of new plants in the area and numerous expansions by existing plants. Most of the employment increases have been in areas other than the traditionally agriculturally oriented industries.

About 114,800 persons were employed in the nonmanufacturing sector in 1969; this reflected an increase of about 3,140 jobs annually since 1960. About 85 percent of nonagricultural employment is in the nonmanufacturing sector. The peak growth period for nonmanufacturing employment occurred between 1962 and 1966 when an average of 4,025 jobs were added annually. Growth in nonmanufacturing employment was reduced between 1966 and 1967, primarily because of the absence of growth in the trade sector. Nonmanufacturing employment entered an expansionary stage after 1967, with growth averaging about 3,500 jobs annually. The bulk of the nonmanufacturing employment growth since 1960 is traceable to rapid growth in the trade, services, and government sectors. The increasing importance of nonmanufacturing employment in the HMA should exert a moderating influence on the seasonal fluctuations in the economy associated with agriculture.

Nonagricultural employment is expected to increase by approximately 9,000 jobs during the two-year forecast period (October 1970-October 1972). The nonmanufacturing sector is expected to provide the bulk of the employment increase (about 7,400 jobs) with the government sector registering the largest gains. A regional office of the U.S. Department of Internal Revenue is under construction in Fresno; when it becomes fully operational in the fall of 1972 this office is expected to employ 2,000 full time workers and an equal number of part-time workers during the peak season for tax returns.

In October 1970, the median annual income of all families in the Fresno HMA, after deduction of federal income taxes, was estimated at \$7,950. The median annual income of renter households of two or more persons was about \$5,925. These incomes represented increases over the 1959 median incomes of \$5,250 and \$3,925 for all families and renter households of two or more persons, respectively. See table IV for percentage distributions of all families and renter households by income classes.

Demographic Factors. The population of the Fresno HMA was estimated at 409,950 persons as of October 1, 1970,^{1/} an increase of 4,190 (1.1 percent) annually since 1960. Over 85 percent of the population growth has been in

^{1/} Preliminary 1970 Census data, released by the Bureau of the Census, enumerated a population of 407,048 persons in the HMA as of April 1, 1970; the total included 162,326 in Fresno and 13,297 in Clovis.

the Fresno-Clovis urban area. The population of Fresno was estimated at 164,325, an increase of 2,890 annually since 1960 and the population of Clovis was estimated at 13,800, an increase of 790 annually. Based on the prospects for economic growth in the area and an anticipated increase in in-migration, population growth is expected to average 4,500 annually over the two-year forecast period. Distribution of the growth is expected to follow recent trends with most of the growth occurring in the Fresno-Clovis area.

There were approximately 124,625 households in the Fresno HMA in October 1970, an increase of 1,690 (1.5 percent) annually since 1960. Based on the expected increase in population and an expected decline in the average number of persons per household, households in the HMA are expected to increase by 1,825 annually over the forecast period. Trends in population and household growth in the HMA from 1960 to 1972 are presented in table V.

Housing Inventory and Residential Construction Trends. In October 1970, there were approximately 137,000 housing units in the Fresno HMA, reflecting an increase of about 18,200 units (1,720 annually) since the 1960 Census. The net addition to the inventory resulted from the construction of 33,175 units, the removal of 17,400 units from the inventory through demolitions and other causes, and the addition of 2,425 mobile homes. An estimated 1,325 units were under construction in October 1970, including 550 single-family houses and 775 units in multifamily structures.

The trend of residential construction activity, as measured by building permit authorizations,^{1/} has shown declining levels of construction activity over the 1960 decade, although minor upward fluctuations have been evident in the level of multifamily construction. The peak year of building activity occurred in 1960 when building permits were authorized for 4,516 units, including 2,841 single-family units and 1,675 units in multifamily structures. Between 1960 and 1962, the level of construction activity dropped sharply; in 1962, 2,851 units were authorized including 1,940 single-family and 911 units in multifamily structures. Building activity recovered somewhat during the 1962-1964 period, particularly in the multifamily sector, building volume reached 3,419 units in 1964 and included 1,403 multifamily units. The high level of single-family construction during the early part of the decade was to a great extent the result of excessive speculative building in the area. Trends in residential construction activity are presented in table VI.

Vacancy. There were about 12,375 vacant housing units in the Fresno HMA in October 1970, including 2,500 units available for sale, a homeowner vacancy rate of 1.2 percent and 1,450 units were available for rent, a rental vacancy rate of 3.4 percent. Both the homeowner and rental vacancy ratios are considerably below the 1960 vacancy ratios of 1.9 percent and 7.9 percent for sales and rental units, respectively (see table VII).

^{1/} The entire land area of the HMA is covered by building permit-issuing jurisdictions.

Table I

Estimated Annual Demand for New, Nonsubsidized Housing
Fresno, California, Housing Market Area
October 1, 1970 to October 1, 1972

A. Single-family Houses

<u>Sales price</u>	<u>Number of units</u>	<u>Percent of total</u>
Under \$17,499	280	20
\$17,500 - 19,999	210	15
20,000 - 22,499	280	20
22,500 - 24,999	210	15
25,000 - 29,999	210	15
30,000 - 34,999	140	10
35,000 and over	70	5
Total	1,400	100

B. Multifamily Units

<u>Gross monthly rents^{a/}</u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$130 - \$149	40	-	-	-
150 - 169	15	190	-	-
170 - 189	5	185	150	-
190 - 209	-	70	200	20
210 - 229	-	20	120	50
230 - 249	-	10	50	40
250 and over	-	5	20	10
Total	60	480	540	120

^{a/} Gross monthly rent is shelter rent plus the cost of utilities.

Source: Estimated by housing market analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Rental Housing
Fresno, California, Housing Market Area
October 1, 1970-October 1, 1972

	<u>Section 236a/ exclusively</u>	<u>Eligible for both programs</u>	<u>Public housing exclusively</u>	<u>Total for both programs</u>
A. <u>Families</u>				
1 bedroom	110	0	240	350
2 bedrooms	235	10	400	645
3 bedrooms	125	5	360	490
4+ bedrooms	<u>40</u>	<u>10</u>	<u>200</u>	<u>250</u>
Total	510	25	1,200	1,735
B. <u>Elderly</u>				
Efficiency	20	25	150	195
1 bedroom	<u>20</u>	<u>10</u>	<u>40</u>	<u>70</u>
Total	40	35 ^{b/}	190	265

^{a/} Estimates are based upon exception income limits.

^{b/} All of the elderly couples and individuals also are eligible for rent supplement payments.

Table III

Trend of Civilian Labor Force Components
Fresno, California, HMA
1960-1969

	<u>Annual averages^{a/}</u>									
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Total civilian labor force	148,300	153,100	153,400	159,800	163,200	168,400	174,400	175,000	178,500	179,500
Unemployment	10,300	13,100	12,200	12,300	11,900	12,200	11,400	12,400	11,600	10,400
Percent of labor force	7.0%	8.6%	8.0%	7.7%	7.3%	7.2%	6.5%	7.1%	6.5%	5.8%
Employment - all industries ^{b/}	138,000	139,900	141,200	147,500	151,300	156,200	163,000	162,600	166,900	169,100
Agriculture	36,700	37,500	36,100	37,600	37,500	38,900	40,500	32,200	37,600	35,600
Nonagricultural	101,300	102,400	105,100	109,900	113,800	117,300	122,500	124,400	129,300	133,500
Manufacturing	14,900	14,600	15,200	15,700	16,100	16,000	16,500	16,800	18,000	18,700
Durable goods	5,200	4,900	5,400	5,500	5,700	5,900	6,200	6,400	7,200	7,800
Nondurable goods	9,700	9,700	9,800	10,200	10,400	10,100	10,300	10,400	10,800	10,900
Nonmanufacturing	86,400	87,800	89,900	94,200	97,700	101,300	106,000	107,500	111,300	114,800
Agricultural services	1,000	1,900	1,200	1,100	1,100	1,000	1,000	900	1,000	1,200
Mining	800	900	900	900	1,100	1,100	900	900	700	700
Contract construction	7,000	7,200	6,700	7,000	7,100	7,300	7,800	7,000	6,800	6,700
Trans., comm., & utl.	8,500	8,200	8,100	8,100	8,000	8,300	8,500	8,300	8,600	8,600
Trade	29,800	30,000	30,600	31,300	32,100	33,700	34,500	34,600	35,400	36,200
Fin., ins., & real estate	4,300	4,400	4,600	5,000	5,100	5,300	5,400	5,600	6,000	6,000
Service	18,500	18,900	19,700	21,600	23,300	24,300	25,000	25,900	26,200	28,200
Government	16,500	17,300	18,100	19,200	19,900	20,400	22,900	24,300	25,600	27,200

^{a/} Components may not add to totals because of rounding.

^{b/} Employment estimates include wage and salary workers, self-employed, unpaid family workers, and domestic workers.

Source: State of California, Department of Human Resources Development.

Table IV

Estimated Percentage Distribution of All Families and Renter Households^{a/}
By Annual Income, After Deduction of Federal Income Tax
Fresno, California, Housing Market Area, 1959 and 1970

<u>Annual income</u>	<u>1959</u>		<u>1970</u>	
	<u>All families</u>	<u>Renter households</u>	<u>All families</u>	<u>Renter households</u>
Under \$2,000	11.5	23.5	4.5	19.5
\$2,000 - 2,999	10.0	10.0	5.0	4.0
3,000 - 3,999	12.5	18.0	7.5	6.0
4,000 - 4,999	12.5	16.0	8.0	9.5
5,000 - 5,999	14.0	11.5	9.0	12.0
6,000 - 6,999	11.0	7.5	7.5	8.5
7,000 - 7,999	8.5	7.0	9.0	9.5
8,000 - 8,999	5.0	4.0	8.0	6.0
9,000 - 9,999	3.5	1.0	7.0	5.0
10,000 - 12,499	7.0	.5	13.0	11.0
12,500 - 14,999	2.5	.5	6.5	6.0
15,000 and over	2.0	.5	15.0	3.0
Total	100.0	100.0	100.0	100.0
Median	\$5,250	\$3,925	\$7,950	\$5,925

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

Source: Estimated by Housing Market Analyst.

Table V

Trend of Population and Household Growth
Fresno, California, Housing Market Area
April 1, 1960-October 1, 1972

	<u>April 1960</u>	<u>October 1970</u>	<u>October 1972</u>	<u>Average annual changes^{a/}</u>			
				<u>1960-1970</u>		<u>1970-1972</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<u>Population</u>							
HMA total	365,945	409,950	418,950	4,190	1.1	4,500	1.1
Fresno	133,929	164,325	170,625	2,890	2.0	3,150	1.8
Clovis	5,546	13,800	15,600	790	8.7	900	6.1
Remainder	226,470	231,825	232,725	510	.2	450	.2
<u>Households</u>							
HMA total	106,844	124,625	128,275	1,690	1.5	1,825	1.5
Fresno	42,458	55,550	58,250	1,250	2.6	1,350	2.4
Clovis	1,552	4,225	4,725	250	9.5	250	5.6
Remainder	62,834	64,850	65,300	190	.3	225	.4

^{a/} Rounded.

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

Table VI

Housing Units Authorized by Building Permits^{a/}
Fresno, California, Housing Market Area
January 1960-October 1, 1970

	<u>Fresno County HMA</u>		<u>Fresno City</u>		<u>Clovis</u>		<u>Remainder</u>	
	<u>Single-family</u>	<u>Multi-family</u>	<u>Single-family</u>	<u>Multi-family</u>	<u>Single-family</u>	<u>Multi-family</u>	<u>Single-family</u>	<u>Multi-family</u>
1960	2,841	1,675	1,031	1,242	589	20	1,221	413
1961	2,649	507	1,406	328	199	3	1,044	176
1962	1,940	911	752	425	172	23	1,016	463
1963	1,973	1,411	604	862	121	35	1,248 ^{b/}	514
1964	2,016	1,403	683	986	136	67	1,197 ^{c/}	350 ^{d/}
1965	1,978	1,347	710	949	96	3	1,172	395 ^{e/}
1966	1,756	1,099	697	779	43	33	1,016	287
1967	1,729	1,255	697	877	113	34	919	344
1968	1,642	1,242	576	685	156	53	910	504 ^{f/}
1969	1,370	1,072	483	757	173	81	714	234
1970 Jan. - Oct.	1,176	1,486	419	1,175	200	91	557	220

^{a/} The entire land area of the HMA is covered by building permit systems.

^{b/} Excludes six units of low-rent public housing.

^{c/} Excludes 40 units of low-rent public housing.

^{d/} Excludes 50 units of low-rent public housing.

^{e/} Excludes 50 units of low-rent public housing.

^{f/} Excludes 50 units of low-rent public housing.

Table VII

Tenure and Occupancy of the Housing Inventory
Fresno, California, Housing Market Area
April 1, 1960 and October 1, 1970

<u>Tenure and occupancy</u>	<u>April 1960</u>	<u>October 1970</u>
Total housing supply	118,784	137,000
Occupied housing units	106,844	124,625
Owner-occupied	68,550	83,325
Percent of all occupied	64.2%	66.9%
Renter-occupied	38,294	41,300
Percent of all occupied	35.8%	33.1%
Vacant housing units	11,940	12,375
Available vacant	4,606	2,500
For sale	1,317	1,050
Homeowner vacancy rate	1.9%	1.2%
For rent	3,289	1,450
Renter vacancy rate	7.9%	3.4%
Other vacant ^{a/}	7,334	9,875

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

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

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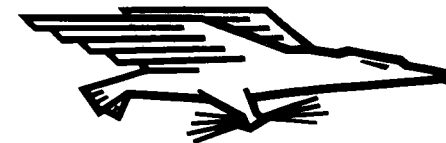
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U.S. Federal Housing Administration
Analysis..

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

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410
JUL 8 1966

Analysis of the **EVANSVILLE, INDIANA-KENTUCKY, HOUSING MARKET**

as of January 1, 1966

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

JULY 1966

ANALYSIS OF THE
EVANSVILLE, INDIANA-KENTUCKY, HOUSING MARKET
AS OF JANUARY 1, 1966

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION

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
EVANSVILLE, INDIANA-KENTUCKY, HOUSING MARKET
AS OF JANUARY 1, 1966

Summary and Conclusions

1. Nonagricultural wage and salary employment in the Evansville, Indiana-Kentucky, HMA averaged 78,200 in 1965. The increase of 2,900 jobs during 1965 was considerably below the gain of 4,100 workers experienced the previous year. During the January 1966 through January 1968 forecast period, major employment gains are not anticipated and one firm with 100 workers will relocate elsewhere; a gain of about 1,500 workers annually appears to be a reasonable expectation. Further expansion by the refrigeration and air-conditioning industry, however, may cause somewhat larger gains in employment than now anticipated.

Unemployment in the HMA averaged 3.5 percent of the total work force in 1965. This was the lowest rate recorded in recent years and represents a substantial improvement since 1958, when unemployment reached 10.4 percent of the work force.

2. The current median income of all families in the Evansville HMA is about \$6,175 annually after the deduction of Federal income tax; the median after-tax income of renter families is \$4,650. By 1968 median after-tax incomes are expected to increase to \$6,500 for all families and to \$4,900 for renter families.
3. The current nonfarm population of the Evansville HMA is approximately 225,200 persons. Since 1960, nonfarm population in the HMA has grown annually by an average of about 2,425 persons. Nearly 72 percent of the nonfarm population growth in the HMA since 1960 has occurred in Vanderburgh County. By January 1, 1968, the nonfarm population of **the area is expected** to reach 229,800, an increase of 2,300 annually above the current estimate.
4. As of January 1, 1966, there are an estimated 69,100 nonfarm households in the Evansville HMA. Nonfarm households in the area have been increasing by about 820 annually since 1960. Of the total nonfarm household growth in the HMA since 1960, about 600 have been in areas of Vanderburgh County. During the two year forecast period, January 1, 1966-January 1, 1968, there will be an average of about 800 nonfarm households a year added to the current HMA total.
5. There are approximately 73,750 housing units in the HMA currently, including about 3,750 private units and 200 public housing units built since 1960. Reflecting the demolition of about 930 units, the current estimate of the housing supply total indicates an increment to the housing stock of an average of about 530 units annually since the 1960 census. There are about 390 housing units under construction in the HMA at the present time. Of these 150 units are in apartments and 240 **are** sales units.

6. There are, as of January 1966, an estimated 1,700 available, vacant nonfarm housing units for sale or rent in the Evansville HMA. Of this total, 500 units (including about 50 units lacking some plumbing facility) are available for sale and 1,200 units (including about 300 units lacking some plumbing facility) are available for rent, indicating homeowner and renter vacancy rates of 1.0 percent and 5.3 percent, respectively. The present vacancy levels reflect a marked improvement since April 1960, when the homeowner and rental vacancy rates were reported to be 2.0 percent and 11.4 percent, respectively.
7. The volume of privately-owned net additions to the housing supply that will meet the requirements of projected household growth will average 900 housing units a year during the next two years, excluding public low-rent housing or rent-supplement accommodations. The total demand, includes 700 sales-type units and 200 rental units. An additional 50 to 60 rental units could be absorbed at the lower rents possible with aid in financing or assistance in land acquisition and cost, excluding public low-rent housing or rent-supplement accommodations. Demand for new sales housing by sales price range is expected to approximate the pattern indicated on page 22. Total annual demand for rental units distributed by unit size and rents is shown on page 23.

ANALYSIS OF THE
EVANSVILLE, INDIANA-KENTUCKY, HOUSING MARKET
AS OF JANUARY 1, 1966

Housing Market Area

The Evansville, Indiana-Kentucky, Housing Market Area (HMA) includes Vanderburgh and Warrick Counties in Indiana and Henderson County, Kentucky. This is also the definition of the Standard Metropolitan Statistical Area (SMSA) as defined, since 1963, when Warrick County was added to the SMSA by the Bureau of the Budget. The three counties had a nonfarm population of almost 212,000 persons in 1960.^{1/} Located in the southwestern corner of Indiana and northwest Kentucky, the Evansville HMA is the manufacturing and trade center for an area in southeast Illinois, southwestern Indiana, and northwestern Kentucky known as the Tri-State region.

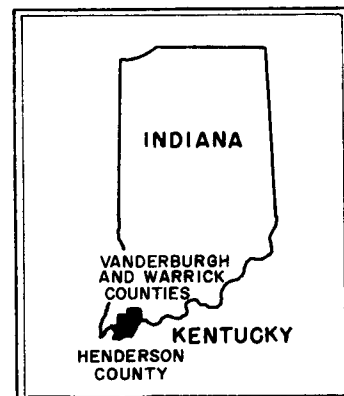
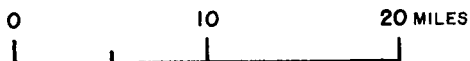
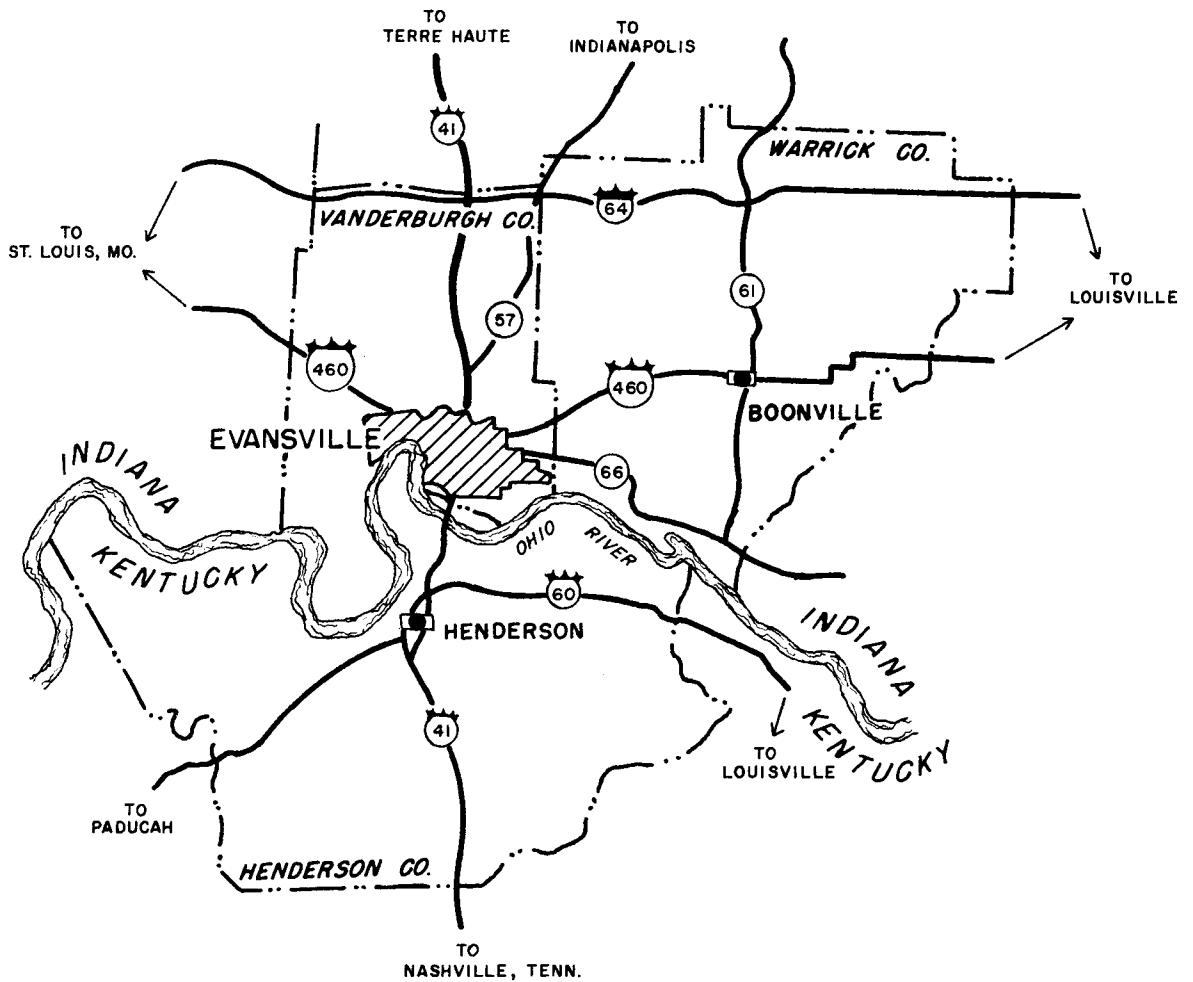
Evansville, the dominant city of the HMA, is situated on the north shore of a bend in the Ohio River at its confluence with Pigeon Creek. The area is nearly equidistant from a number of other urban centers. Indianapolis is 168 miles northeast, Nashville 160 miles south, Louisville 125 miles east, and St. Louis 170 miles west of Evansville.

The pattern of residential growth in the Evansville area has been, to a large extent, determined by the topographical features of the area. Level terrain, extending east from the city has made this the most suitable direction for suburban development which has spread into adjacent Warrick County. The Ohio River and the adjoining river bottom land have acted as a barrier between Evansville and Henderson, Kentucky. Hilly terrain to the northwest of Evansville has limited growth in this area to a few subdivisions and scattered sites along transportation arteries.

Freight transportation facilities are excellent in the HMA with air, rail, highway, and waterway service provided. The Mead Johnson Terminal Corporation offers facilities for interchange of traffic between rail, truck, barge, and storage. Five major railroads provide freight service, with industrial switching. Thirty-two motor carriers with local terminal facilities operate out of the city. Air transportation is offered by three airlines with daily passenger and freight flights departing from Dress Memorial Airport. Evansville is intersected by two national highways, U. S. 41, a major north-south route, and U. S. 460 an east-west connecting route. Upon completion, Interstate Highway 64 will traverse the area ten miles north of the city.

^{1/} Since rural farm population constituted 5.2 percent of the population of the Evansville HMA in 1960, all demographic and housing data used in this analysis exclude the rural farm component except where specifically noted.

EVANSVILLE, INDIANA - KENTUCKY HOUSING MARKET AREA



Economy of the Area

Character and History

Settlement in the Evansville area began in the early 1800's. A lack of industry restricted growth until mid-century, when the construction of the Wabash-Erie Canal provided a stimulus to development. Although the canal was rendered obsolete almost upon completion, the development of railroad transportation and the opening of a river port in Evansville hastened the transition from a pioneer to a trade and industrial economy. At this time, utilization of local iron ore sources and hardwood forests gave rise to the iron and furniture industries, which remained central in the local economy until the resources were depleted. Early in the twentieth century, with the two major industries declining, Evansville secured an early foothold in the infant auto industry. By the mid-thirties, the Evansville Chrysler-Plymouth body plant was all that remained of the early automotive firms. Development of the refrigeration industry in Evansville paralleled growth in automotive production, and by the mid-1940's, the two industries constituted a strong industrial base.

A peak of economic prosperity was realized in early 1953 followed by a serious decline in the next few years. As a result of the closing of the Chrysler plant and of several refrigeration firms which employed a large percentage of the manufacturing labor force, unemployment rose substantially, and it was not until ten years later that the area began to emerge from the recession.

Employment

Current Estimate. Nonagricultural wage and salary employment in the Evansville, Indiana-Kentucky, HMA averaged 78,200 persons in 1965 (see table II). Although there was an increase of 2,900 jobs between 1964 and 1965, the increment was considerably below the expansion of 4,100 workers during the previous year, when nonagricultural wage and salary employment rose from 71,200 to 75,300 jobs. The failure of the machinery industry and contract construction to repeat the large gains of 1964 resulted in a reduced level of employment growth in 1965. Of the 2,900 jobs added in 1965, 1,800 (62 percent) were in the manufacturing sector. Employment in durable goods production increased by 1,200 persons while nondurable good producers added 600 persons to their work forces. Nonmanufacturing employment increased by 1,100 persons during 1965. The wholesale and retail trade industry, with an addition of 800 workers, experienced the largest employment gain in nonmanufacturing.

Past Trend. Changes in the definition of the Evansville Labor Market Area have paralleled the changes in the definition of the SMSA. As a result, employment data for recent years are available only for the present three-county area while for the years prior to 1963 employment data refer to a two-county area. For 1963, however, statistics are available on both bases and, as shown in table II, the expansion of the area resulted in an increase of about seven percent in nonagricultural wage and salary employment.

Between 1958 and 1961, nonagricultural wage and salary employment declined each year. Annual average employment fell from 64,600 persons in 1958 to 62,300 in 1961. During this period, manufacturing employment declined by 3,200 workers, many of whom lost their jobs because of the phase-out and subsequent closing of the Chrysler automotive plant, which was relocated in the St. Louis area. Nonmanufacturing employment increased from 38,300 to 39,300 between 1958 and 1961 and helped to dampen the economic decline.

Nonagricultural wage and salary employment increased by 2,000 in 1962, expanding in both the manufacturing and nonmanufacturing sectors. The addition of several small firms and a sizable increase in the service category combined to reverse the downward trend in employment. In 1963, a wage and salary employment increase of 2,400 workers in the two-county area (Vanderburgh and Henderson) indicated that improvement of the local economy had continued from the previous year. The rise in manufacturing employment of 1,100 workers was concentrated primarily in the machinery industry. Gains in nonmanufacturing employment were in evidence in almost all categories in 1963. The largest growth in recent years occurred in 1964, when wage and salary employment for the three-county area increased by 4,100. It is significant to note that, of the 1,500 workers added in manufacturing during 1964, 900 were in the refrigeration and air conditioning industry. Of the 2,600 added jobs in nonmanufacturing, 1,000 were the result of a boom in contract construction and 900 jobs came from additions in the wholesale and retail trade category.

Employment by Major Industry. Of the 78,200 nonagricultural wage and salary workers employed in the HMA during 1965, a total of 29,700 (38 percent) was employed by manufacturing industries (see table II). After the 1953 employment peak, when manufacturing employment comprised nearly 55 percent of total wage and salary employment, sharp declines in the refrigeration and transportation equipment industries reduced the

relative importance of manufacturing employment in the area. By 1958, only 40 percent of the wage and salary work force was employed in manufacturing. Despite small gains in the refrigeration and air conditioning industries, losses in other manufacturing categories caused manufacturing employment to decline between 1958 and 1961. Since 1962, the state of manufacturing employment in the area has improved considerably. Increments have been largest in the "all other manufacturing" category in which employment rose by 1,600 between 1963 and 1965. A large part of the increase in the "all other manufacturing" category was in primary metals (Alcoa); however, the chemical, plastics, and rubber industries have increased employment since 1963. The machinery industry added 1,000 workers during this same period. Although refrigeration and air conditioning manufacturing firms are still the largest employers in the area, Evansville, currently, is experiencing employment growth in nearly all manufacturing categories.

Nonmanufacturing employment averaged 48,500 persons in 1965, equal to 62 percent of nonagricultural wage and salary employment. Consistent growth in this sector has reduced the magnitude of past fluctuations in the Evansville economy. Between 1958 and 1961, as manufacturing employment fell, annual increments in the service and government categories added 1,000 jobs to total nonmanufacturing employment. Beginning in 1963, a boom in building activity resulted in substantial increases in the contract construction sector, in which employment rose from 3,100 persons in 1963 to 4,200 in 1965. The bulk of this increase took place in 1964 as a result of both increased highway construction and commercial and residential building activity in the area. In addition to stimulating construction employment, the addition of suburban shopping facilities resulted in substantial increases in wholesale and retail trade. Employment in this category rose by 900 persons in 1964 and by 800 in 1965. Although government employment has grown by only 100 workers since 1963, an increase of 800 workers in the service category continued to increase the level of growth in nonmanufacturing jobs.

Principal Employers

The Whirlpool Corporation, a manufacturer of refrigeration and air conditioning products, is the largest employer in the Evansville area. Increased demand for refrigerators and air conditioners arising from national prosperity in recent years has resulted in expansion and modernization programs at this plant. Growth in employment at this plant has been substantial since the end of 1957. Seasonal factors have a considerable influence on employment at Whirlpool. In 1965, employment varied by nearly 1,000 jobs. Additions to employment during

the forecast period are likely, but the size of these may vary considerably if there are changes in national consumption patterns or unexpected seasonal influences. The Arkla Air Conditioning Company, the other large firm in the refrigeration and air conditioning industry, produces gas air conditioners. Employment levels in this firm have nearly tripled since 1957.

Mead Johnson Company, producing pharmaceutical and baby food products, is the second largest employment source in Evansville. The current work force is only 100 above the 1958 employment level. Growth in the firm is not expected to be large during the next two years.

The largest new industry in the Evansville area is the Alcoa Warrick Works which initiated aluminum smelter operations in June of 1960. By 1963, the Warrick Works added two cold rolling mills and a hot mill. With capacity levels yet to be determined, maximum employment at Alcoa is still unknown; however, it is reasonably certain that there will be hiring during the forecast period.

Employment Prospects

During the January 1, 1966 through January 1, 1968 forecast period, nonagricultural wage and salary employment in the Evansville HMA is expected to increase by 1,500 jobs annually. Manufacturing employment will continue to expand, but increments are not expected to be as large as in the past three years. The loss of a food processing firm currently employing around 600 persons will reduce gains in non-durable goods manufacturing considerably. Slight employment increases in nondurables will occur mainly as a result of expanded work forces in the numerous small firms in this industry category. Additions to work forces in durable goods production will be below the levels of recent years. Although there has been a substantial rise in employment in the refrigeration and air conditioning group since 1963, it appears that employment in this industry is leveling off and that additions to the work force during the next two years will be smaller than in the recent past. Much of the expansion in this industry can be related to current nation-wide prosperity. If the boom in appliance sales continues at the present rate of acceleration, refrigerator and air conditioner sales may warrant larger employment levels in the industry. However, it is expected that the principal impetus for growth in durable goods employment will come from smaller firms employing under 1,000 persons. A number of existing firms have announced extensive expansion programs and several new firms plan to relocate in the Evansville area during the forecast period.

Increases in nonmanufacturing employment have continually bolstered the Evansville economy and are expected to comprise a substantial share of the increase in total employment during the forecast period. Increments in employment in this sector of the economy will be concentrated in the wholesale and retail trade and service categories. There **also** may be some increase in government employment. Contract construction, at best, will remain at about the current level; there are indications of a reduction in the number of construction workers as local building programs near completion.

Unemployment

Unemployment in the Evansville HMA averaged 3.5 percent of the total work force in 1965. This is the lowest rate recorded in recent years and represents a substantial improvement since 1958, when unemployment soared to 10.4 percent of the work force. Between 1958 and 1961, the annual rate of unemployment declined; however, the decline resulted from contractions of the work force and not from an improvement in the continually declining level of employment. Since 1962, there has been an economic revival on the local level, and increases in employment have paralleled reductions in the rate of unemployment, which fell from 5.0 percent in 1962 to 3.5 percent in 1965 (see table I).

Income. The current median family income for all families in the Evansville HMA is estimated at \$6,175 a year, after deduction of Federal income tax; and the median after-tax income of renter families is \$4,650. The income levels reflect a general increase of about 25 percent (before deduction of Federal tax) since 1959. By 1968, median after-tax income is expected to increase to about \$6,500 for all families and to \$4,900 for renter families. At the present time, about 26 percent of all families receive less than \$4,000 annually, while over 40 percent of all renter families earn less than \$4,000. Approximately 16 percent of all families and seven percent of all renter families have incomes of more than \$10,000 annually (see table III).

Demographic Factors

Population

Current Estimate. The nonfarm population of the Evansville HMA is estimated at 225,200 as of January 1, 1966. The population has increased by an average of about 2,425 persons (1.2 percent)^{1/} annually since April 1, 1960. Approximately 172,900 persons, or about 77 percent of the total nonfarm population of the HMA, now reside in Vanderburgh County. Evansville has a current population of about 147,400 and the remainder of Vanderburgh County has about 25,500 nonfarm residents. Since 1960, the population of Vanderburgh County has increased by 1,750 persons annually (1.1 percent) including 1,020 in the city of Evansville and 730 persons in the remainder of Vanderburgh County. In the other two counties of the HMA, Warrick County, Indiana, and Henderson County, Kentucky, the nonfarm populations at present are estimated at 22,000 and 30,300 persons, respectively. Warrick County has grown by 360 persons (1.8 percent) annually since 1960, while Henderson County has added about 310 persons (1.1 percent) annually during the same period.

Past Trends. During the April 1, 1950 to April 1, 1960 period, the nonfarm population of the Evansville HMA increased from 194,000 to 211,300, or an annual increment of 1,725 persons (0.9 percent). The total nonfarm population of Vanderburgh County increased from 155,700 in 1950 to 162,900 in 1960. The average annual population growth in the county was low (720 a year), reflecting out-migration resulting from nearly a decade of economic recession.

The increase during the 1950 decade in the city of Evansville was solely the result of annexation activity. A population gain of 12,915 resulted from the annexation of areas containing 25,525 persons. Population within the area delineated as the 1950 city limits, actually decreased by 12,625 persons. In the remainder of Vanderburgh County, nonfarm population gains were completely offset by annexations and out-migration. The population of the area declined from 27,900 in 1950 to 21,300 in 1960.

The nonfarm population of Warrick County, Indiana, grew by 495 (2.9 percent) annually between 1950 and 1960, and in 1960 there were 19,900 nonfarm residents in the county. In Henderson County, Kentucky, the nonfarm population increased by 510 annually (2.0 percent), rising from 23,450 in 1950 to 28,550 in 1960.

Changes in the components of nonfarm population since April 1, 1950 are presented in the following table.

^{1/} Average annual percentage changes used in this analysis are derived through the use of a formula designed to calculate the rate of change on a compound basis.

Nonfarm Population Trends
Evansville, Indiana-Kentucky, HMA
1950-1966

<u>Area</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>Jan. 1, 1966</u>	<u>Average annual change</u>			
				<u>1950-1960</u>	<u>1960-1966</u>	<u>1950-1960</u>	<u>1960-1966</u>
				<u>Number</u>	<u>Rate</u> ^{a/}	<u>Number</u>	<u>Rate</u> ^{a/}
Evansville	128,636	141,543	147,400	1,291	.9	1,020	.7
Remainder of county	<u>27,026</u>	<u>21,316</u>	<u>25,500</u>	<u>-571</u>	<u>-2.4</u>	<u>730</u>	<u>3.3</u>
Vanderburgh Co., Ind.	155,662	162,859	172,900	720	.5	1,750	1.1
Warrick Co., Ind.	14,950	19,904	22,000	495	2.9	360	1.8
Henderson Co., Ky.	<u>23,431</u>	<u>28,572</u>	<u>30,300</u>	<u>514</u>	<u>2.0</u>	<u>310</u>	<u>1.1</u>
HMA total	194,043	211,335	225,200	1,729	.9	2,425	1.2

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

Sources: 1950 and 1960 Censuses of Population.
1966 estimated by Housing Market Analyst.

Future Population Growth. Based on the increases in employment that are expected to occur in the Evansville HMA during the next two years, it is anticipated that the nonfarm population will increase by about 2,300 persons annually, with nonfarm population reaching 229,800 by January 1968. About seventy percent of the increase will be in Vanderburgh County. The proportion of this growth that will occur in Evansville (probably more than half) depends, of course, on whether or not annexations continue. Most of the nonfarm population increase in Warrick County will occur in the vicinity of Boonville and in Ohio Township. Ohio Township is located adjacent to Evansville; population growth is influenced by easy access to the city as well as by employment opportunities at the new Alcoa Warrick Works. Most of the population growth in Henderson County will be in the suburban areas of Henderson City, where recently expanded employment opportunities have resulted in increased building activity. The suburbs of Henderson are also within convenient commuting distance of Evansville.

Natural Increase and Migration.^{1/} During the 1950-1960 decade, the net natural increase of the population (excess of resident births over resident deaths) of the Evansville HMA totaled 33,799. The total population increase

^{1/} Data in this section refer to total farm and nonfarm population changes since vital statistics are not available on a farm-nonfarm basis.

during the decade was 10,226, indicating that there was a net out-migration of 23,573 persons. Out-migration in the Evansville area coincided with reductions in employment beginning in the mid-fifties. As unemployment rose the work force continued to contract, and the rate of out-migration accelerated rapidly through 1959. Data compiled for the years since 1960 reveal a substantial reduction in the level of out-migration. The total population is estimated to have increased by 11,250 between April 1, 1960 and January 1, 1966. The net natural increase during this period was about 12,950; so that a net out-migration of about 300 a year is indicated compared with about 2,350 a year in the previous decade. It is believed that most of the out-migration occurred prior to 1962. Since that time, out-migration has been negligible. Comparative data relative to the components of population change are shown below.

Components of Population Change
Evansville, Indiana-Kentucky, HMA
April 1950-January 1966

	<u>April 1950- April 1960</u>	<u>April 1960- Jan. 1966</u>
Total increase	<u>10,226</u>	<u>11,250</u>
Net natural increase	33,799	12,950
Net out-migration	23,573	1,700

Sources: Bureau of the Census, Current Population Reports;
Indiana State Board of Health; and estimates by
Housing Market Analyst.

Households

Current Estimate. As of January 1, 1966, there are an estimated 69,100 nonfarm households in the Evansville HMA, an average increase of 820 a year since April 1, 1960. There are about 53,250 households in Vanderburgh County, 77 percent of the total. The city of Evansville has about 46,150 households. Household growth has averaged about 370 a year in Evansville since 1960. Household growth in the remainder of Vanderburgh County has averaged 230 a year since 1960, and there are currently 7,100 nonfarm households in this area. There are about 6,500 nonfarm households in Warrick County as of January 1966 and about 9,350 nonfarm households in Henderson County. Household growth has averaged about 110 a year in each of these two counties since 1960.

Past Trends. From April 1, 1950 to April 1, 1960, nonfarm households in the Evansville HMA increased from 57,950 to 64,400, for a gain of 640 (1.0 percent) annually. During the period, households in Vanderburgh County increased by 340 (.7 percent) a year. In April 1960, there was a total of 49,800 nonfarm households in the county. All of the household increase in Evansville resulted from the annexation of contiguous suburban area, since households within the 1950 city limits declined sharply during the decade. Nonfarm households in Warrick County increased by 130 annually, rising from 4,600 in 1950 to 5,900 in 1960. Henderson County added 170 nonfarm households a year during the 1950 decade, and by 1960 there were 8,700 in the county. Nonfarm household trends in the HMA since 1950 are presented in the following table.

Nonfarm Household Trends
Evansville, Indiana-Kentucky, HMA
1950-1966

<u>Area</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>January</u> <u>1966</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1966</u>	
				<u>Number</u>	<u>Rate^{a/}</u>	<u>Number</u>	<u>Rate^{a/}</u>
Evansville	39,403	44,033	46,150	463	1.0	370	1.9
Remainder of Co.	6,978	5,764	7,100	-121	-1.9	230	3.8
Vanderburgh Co., Ind.	46,381	49,797	53,250	342	.7	600	1.2
Warrick Co., Ind.	4,610	5,889	6,500	128	2.5	110	1.8
Henderson Co., Ky.	6,984	8,708	9,350	172	2.3	110	1.3
HMA total	57,975	64,394	69,100	642	1.0	820	1.3

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

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Future Household Growth. Based on the anticipated growth in population and on the assumption that the average household size will not change appreciably, it is estimated that about 1,600 households will be added during the next two years. About 70 percent of the households added will be in Vanderburgh County, and most of this growth will occur in east and northeast Evansville and the adjoining suburbs. Household growth in Warrick County will occur principally in suburbs in Boonville, Chandler, and Newburghtowns. Most growth in Henderson County will be in the city of Henderson and the surrounding suburbs.

Household Size. The average size of nonfarm households in the Evansville HMA is currently estimated at 3.20 persons, continuing the 1950-1960 trend, when the average household size decreased from 3.27 to 3.23 persons per household (see following table). Household size in the HMA as a whole is not expected to change appreciably over the forecast period.

In the city of Evansville, the average household size decreased from 3.20 in 1950 to 3.14 in 1960. The decrease in the average size of Evansville households, which has continued to the present level of 3.12 persons, is indicative of a higher proportion of one- and two-person households resulting from both an increase of elderly people maintaining separate households in the city and the migration of large families to the suburbs. The average size of households in the remaining area of Vanderburgh County, currently estimated at 3.57 persons, is considerably larger than in Evansville. Average nonfarm household size in Warrick County increased from 3.21 in 1950 to the current level of 3.36 persons. Household size in Henderson County has fallen gradually since 1950 and is currently about 3.23 persons.

Nonfarm Household Size Trends
Evansville, Indiana-Kentucky, HMA
1950, 1960, and 1966

	<u>Number of persons per household</u>		
	<u>1950</u>	<u>1960</u>	<u>1966</u>
Evansville	3.20	3.14	3.12
Remainder of Co.	3.59	3.66	3.57
Vanderburgh Co., Ind.	<u>3.26</u>	<u>3.20</u>	<u>3.18</u>
Warrick County, Ind.	3.21	3.36	3.36
Henderson County, Ky.	<u>3.32</u>	<u>3.27</u>	<u>3.23</u>
HMA total	3.27	3.23	3.20

Sources: 1950 and 1960 Censuses of Population and Housing.
1966 estimated by Housing Market Analyst.

Housing Market Factors

Housing Supply

Current Estimate. At present there is an estimated total of 73,750 nonfarm housing units in the HMA, reflecting a net addition to the housing stock of about 3,050 units, or about 530 annually, since April 1960 (see table IV). Currently, about three-fourths of the housing stock in the HMA is in Vanderburgh County.

Past Trend. During the 1950-1960 decade, the number of nonfarm dwelling units in the area increased by 10,400, rising from 60,300 to 70,700. The increase indicates an annual average increment nearly twice as large as the annual average increase since 1960. This reflects the substantial increase in the housing supply in the early 1950's. Employment declines and out-migration resulted in a sharp increase in vacancies in the later years of the decade, so that the increase in the number of households (occupied units) was substantially below the growth in the inventory over the decade as a whole.

Principal Characteristics

Type of Structure. The composition of the housing supply by type of structure has changed little since 1960. The ratio of one-unit structures to the total inventory rose slightly. A small decrease in the proportion of two-three- and four-unit structures resulted because demolitions of substandard structures has exceeded the number of units constructed since 1960. Although apartment construction was sharply curtailed between 1960 and 1962, increased multifamily building (including public housing) in the past three years has increased the proportion of five-or more-unit structures from 4.3 percent in 1960 to the present level of 4.6 percent. The composition of the housing inventory by type of structure for April 1960 and January 1966 is summarized in the following table.

The Housing Inventory by Units in Structure
Evansville, Indiana-Kentucky, HMA
April 1960 and January 1966

<u>Units in structure</u>	<u>April 1960</u>		<u>January 1966</u>	
	<u>Number of units</u>	<u>Percent of total</u>	<u>Number of units</u>	<u>Percent of total</u>
1 unit ^{a/}	60,792	86.0	63,550	86.2
2 units	4,053	5.7	4,050	5.5
3-4 units	2,791	4.0	2,775	3.7
5 or more units	3,064	4.3	3,375	4.6
Total	70,700 ^{c/}	100.0	73,750	100.0

^{a/} Includes trailers.

^{b/} Rounded.

^{c/} Differs slightly from count of all housing units (70,711), because units by type of structure were enumerated on a sample basis.

Sources: 1960 Census of Housing.
1966 estimated by Housing Market Analyst.

Age of Structure. About 5.4 percent of the current nonfarm housing supply has been added since April 1, 1960 and nearly 23 percent of the residential housing units were added between 1950 and 1960. Another 17 percent of the current housing stock was built in the prosperous 1940-1950 period. Almost 55 percent of the current housing stock was built prior to 1940 and is at least 25 years old. A distribution of the housing supply by year built is shown in the following table.

Distribution of the Housing Supply by Year Built
Evansville, Indiana-Kentucky, HMA

<u>Year built</u> ^{a/}	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960-December 1965	3,950	5.4
1955-March 1960	7,457	10.1
1950-1954	9,278	12.6
1940-1949	12,528	17.0
1930-1939	8,056	10.9
1929 or earlier	32,481	44.0
Total	73,750	100.0

^{a/} The basic census 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 1960 Census of Housing and adjusted to reflect demolitions.

Condition of the Inventory. The proportion of units in the HMA classified as substandard (those dilapidated, or lacking one or more plumbing facilities) has declined since 1960, because some of the poorer quality and dilapidated units have been demolished and some have been upgraded in quality. In April 1960, the census reported that about 10,000 units, or almost 14 percent of the housing inventory, were substandard. It is estimated that there are now about 9,300 units (13 percent of the inventory) in the HMA which are substandard.

Residential Building Activity

About 3,750 private dwelling units have been built in the Evansville HMA since 1960, including about 650 which were built in areas of Warrick and Henderson Counties outside permit-issuing places. Residential building permits are required in all areas of Vanderburgh County, but only the towns of Henderson and Boonville issued permits in the other two counties of the HMA. Following the sharp reduction in residential construction occurring in the late fifties and early sixties, residential building activity has increased substantially. Private building permit authorizations rose from a total of 422 units in 1960 to 900 units in 1965. Although approximately 89 percent of the 900 units authorized in 1965 were in Vanderburgh County, residential construction has increased in both Henderson and Warrick Counties. Most of the increase in Warrick County has occurred in non-permit-issuing places around Boonville, Chandler, and Newburgh towns. Residential building in Henderson County has been limited, for the most part, to the city of Henderson and the surrounding suburbs. The number of dwelling units authorized by building permits in the Evansville HMA since 1960 is summarized, by type of structure, in the following table.

New Private Dwelling Units Authorized by Building Permits
Evansville, Indiana-Kentucky, HMA
1960-1965

<u>Year</u>	<u>Single-family</u>	<u>Multifamily</u>	<u>Total all units</u>
1960	420	2	422
1961	469	0 ^{a/}	469
1962	391	8	399
1963	423	112	535
1964	545	228 ^{b/}	773
1965	706	194	900

^{a/} Excludes 100 units of public housing.

^{b/} Excludes 100 units of public housing.

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

Reflecting the economic decline in the area and the subsequent high vacancy level in rental property, private multifamily construction virtually ceased between 1960 and 1962. Revival of apartment construction activity took place in 1963, however, when 112 multifamily units were authorized, primarily in the city of Evansville. In 1964, the volume of multifamily construction more than doubled to a total of 228 units. Volume declined slightly in 1965 to 194 units, including 166 in Evansville and 28 in Henderson, Kentucky. The volume of single-family construction averaged about 425 units a year in the 1960-1962 period and, paralleling the increase in multifamily construction, increased each year in the 1963-1965 period, as shown above.

Units Under Construction. Based on building permit data and the postal vacancy survey results, it is estimated that there are approximately 390 housing units under construction in the Evansville HMA in January 1966. The total includes 240 single-family units and 150 multifamily units. About three-fourths of the single-family units under construction are located in Vanderburgh County. Of the 150 multifamily units under construction, about 120 are in Evansville and 30 in Henderson.

Demolitions. There have been approximately 930 residential units demolished since 1960 in the Evansville HMA. Most of these units were demolished in the city of Evansville and were the result of enforcement of building codes and community renewal. It is estimated that about 250 units will be lost through demolitions and other causes during the next two years.

Tenure of Occupancy

Currently, 68.7 percent (47,450) of the occupied housing units in the HMA are owner-occupied and 31.3 percent (21,650) are renter-occupied (see table IV). Reflecting the high level of sales-housing construction, owner-occupancy increased from 58.6 percent (33,950 units) in 1950 to 68.8 percent (44,300) in 1960. Since 1960 the owner-occupancy ratio has remained virtually unchanged as a result of the increase in multifamily construction and some renting of single-family dwelling units which had previously been owner-occupied.

Vacancy

Last Census. In April 1960, there were 6,325 vacant nonfarm housing units in the Evansville HMA. About 2,800 (44 percent) of these units were not available for sale or rent because they were seasonal, dilapidated, rented or sold awaiting occupancy, or were held off the market for occasional use. Of the 3,500 available units, (a net vacancy rate of 5.2 percent) 925 units were available for sale and 2,575 were available for rent, yielding

a sales housing vacancy rate of 2.0 percent and a rental vacancy rate of 11.4 percent. About 125 sales units (14 percent of the available vacant sales units) and 770 rental units (30 percent of the available vacant rental units) lacked some plumbing facility.

Postal Vacancy Surveys. A postal vacancy survey was conducted in the Evansville HMA during the January 26-28, 1966 period by the three participating post offices, Evansville, Boonville, and Henderson. The survey covered 66,214 possible deliveries, or about 90 percent of the current nonfarm housing inventory (see table V). At the time of the survey, about 1,552 units were vacant, indicating an over-all vacancy rate of 2.3 percent. Of the total units vacant, 1,067 were residences, a vacancy rate of 1.9 percent, and 485 were apartments, a vacancy rate of 5.7 percent. Also included in the survey were 857 trailers of which nine (1.1 percent) were in place and vacant.

An earlier postal vacancy survey in April 1960 revealed an over-all vacancy rate of 5.2 percent, suggesting that the vacancy rate has fallen sharply since 1960.

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

Current Estimate. Based on the postal vacancy survey conducted in January 1966 and other vacancy information obtained in the Evansville area, it is estimated that vacancies in both sales and rental housing have been substantially reduced since 1960. As of January 1966, there are approximately 1,700 vacant units available for sale or rent in the Evansville HMA (2.4 percent). Of this number, 500 are vacant sales units and 1,200 are vacant rental units, indicating current vacancy ratios of 1.0 percent and 5.3 percent, respectively. It is estimated that 10 percent of the available sales vacancies and 25 percent of the available rental units are of substandard quality, that is, lacking one or more plumbing facilities or in dilapidated condition.

Sales Market

General Market Conditions. The current market for sales housing in the Evansville HMA is sound. In recent years, there has been a significant increase in the construction of new houses and in sales of existing homes. During the same period, vacancies in sales housing have been reduced and foreclosures have declined. The optimism of local builders has resulted in increased speculative building. Although the ratio of unsold inventory to total speculative building rose in 1965, the percentage of unsold houses is within reasonable limits. The number of houses reported to be under construction (240) is slightly excessive, but does not appear to threaten the stability of the current sales market.

Unsold Inventory of New Homes. In January 1966, the Indianapolis, Indiana and Louisville, Kentucky Insuring Offices surveyed house completions in 37 subdivisions which had five or more completions during 1965 in the Evansville HMA. A total of 448 homes were surveyed, of which 185 (41 percent) had been sold before construction started and 263 (59 percent) had been built speculatively. Of the 263 houses built speculatively, 204 were sold and 59 remained unsold on January 1, 1966. The unsold houses represented about 22 percent of the speculative construction. Nearly two-thirds of the unsold homes, however, had been on the market for less than three months.

The January 1965 surveys of completions covered 30 subdivisions with five or more completions during 1964. A total of 267 completions, of which 143 (54 percent) were speculatively-built homes, were reported. Of the 143 speculative completions, 18 (12.6 percent) remained unsold. As of January 1965, 15 of the 18 unsold homes had been on the market for less than three months. Distributions of total completions and units unsold by sales prices in the two surveys are shown in table VI.

Prices appear to be trending upward in the area. In 1964, about 66 percent of the new houses were priced between \$15,000 and \$25,000. In 1965 this price class included 60 percent of the total, and there was an increase in the proportion of new construction priced above \$25,000 from 19 to 29 percent. In both years the relative proportion of speculative construction which remained unsold was higher at prices above \$25,000 than below.

Rental Market

General Market Conditions. As indicated earlier, the volume of multi-family construction was negligible from 1960 through 1962. The work force in Evansville was declining, and with a rental vacancy rate fluctuating around ten percent, there was little incentive for new rental construction. In 1963, however, there was a renewal of apartment construction which has continued through 1965. During the last three years, there has been an average of almost 180 units of private multi-family construction annually.

Most of the new apartments in the HMA are of the garden and townhouse variety. Rents typically are in the medium price ranges, from a minimum of \$125 for a one-bedroom unit to a maximum of \$225 for a three-bedroom unit.

Nearly all of the new apartments in the HMA are located in the eastern section of Evansville and are within convenient distance of both the central business district and suburban shopping facilities. Recent market absorption surveys in the city indicate that most of the new projects are having little difficulty in obtaining high occupancy levels. Reduced vacancies in older apartments, as reflected in the postal vacancy survey, indicate that the occupancy in the existing supply of apartments is not being adversely affected by the supply of new apartments in the area.

Urban Renewal

There are several urban renewal projects in the Evansville central business district which are in various stages of planning and execution. High Street (Indiana U 3-1) is a light industrial park in downtown Evansville. This project is bounded by Pennsylvania and Market Streets on the north, by Fulton Avenue on the east, by Riverside Drive on the south, and by College Street on the west. A total of 99 residential structures have been demolished. The cleared sites have been sold for light industrial re-use.

Two smaller redevelopment projects, Riverside R-48 and Welborn Medical Center R-49, have been approved for execution, but work has been delayed by litigation. Riverside, which is located adjacent to the High Street project, is bounded on the south by Riverside Drive, by Locust Street on the west, and by Second Street on the north. Located on the Ohio River front within easy access to both the central business district and the industrial park area, cleared sites in the Riverside area will be used for commercial and hotel purposes. Execution of this project will result in the displacement of about 22 families. The Welborn Medical Center site is bounded by Chestnut Street on the east, Fourth Street on the south, Sixth Street on the north, and Mulberry Street on the west. When completed, the Welborn project will provide expanded medical facilities. Completion of the project will entail the demolition of 40 residential structures.

The proposed Civic Center in central Evansville will occupy a 35-acre tract. This redevelopment area is managed by a nonprofit local corporation for resale to government agencies planning new buildings at the site. A city and county office building, the public school system headquarters, and a civic auditorium are to be constructed. At the present time, the demolition of structures at the site has been completed and construction of the Civic Center Auditorium is underway.

Public Housing

Currently, there are 792 units of public housing in six projects under the management of the Evansville Housing Authority. About 200 units of public housing in Evansville have been designated to house the elderly. A proposal for 100 additional public housing units has been accepted and construction is tentatively scheduled to begin this year.

The Municipal Housing Authority in Henderson, Kentucky, manages a total of 200 units of public housing. There are an additional 130 units under construction, scheduled for completion in May of 1966. The new project will contain 24 efficiency units designated for the elderly.

Demand for Housing

Quantitative Demand

The demand for additional new housing in the Evansville HMA during the two-year forecast period from January 1, 1966 to January 1, 1968 is based on the projected level of household growth (estimated at 800 annually), on the number of units expected to be demolished (125 a year) and a slight excess in the number of sales-type units under construction. In addition, consideration is given to the current tenure of occupancy, which is expected to change little during the next two years. The demand estimates also reflect the transfer of single-family houses from the sales inventory to the rental inventory. After considering each of these factors, the demand for additional privately-owned housing is estimated at 900 units annually for the next two years. The annual demand excluding public low-rent housing and rent-supplement accommodations, includes about 200 rental units and 700 sales units. The projected level of demand is slightly below the 1965 level of construction activity, but is somewhat above the average level of construction over the past three years.

Average annual household formation during the forecast period will be at a level slightly below the average for the last six years, but the projected level of housing demand will be substantially higher than new construction volume over the 1960-1965 period. Over the past six years a substantial part (300 a year) of the need for housing by new households was met from the large stock of available vacancies which existed at the beginning of the period. Vacancy levels are now quite low and, as a result, demand for new housing will approximate the need created by household growth and the demolition of existing units.

Qualitative Demand

Sales Housing. The average annual demand for new sales houses in the Evansville HMA is expected to approximate the sales price pattern presented in the following table. The distribution of demand is based on the distribution of families in the HMA by current annual after-tax incomes, on the proportion of income that they typically pay for new sales housing, and on recent market experience. As in the past, a major portion of the demand, between 70 percent and 75 percent, will be for new housing in Vanderburgh County.

Estimated Annual Demand for New Sales Housing by Price Class
Evansville, Indiana-Kentucky, Housing Market Area
January 1, 1966-January 1, 1968

<u>Price range</u>	<u>Annual demand</u>	
	<u>Number</u>	<u>Percent distribution</u>
\$10,000 - \$12,499	110	16
12,500 - 14,999	120	17
15,000 - 17,499	100	14
17,500 - 19,999	140	20
20,000 - 24,999	110	16
25,000 - 29,999	50	7
30,000 and over	<u>70</u>	<u>10</u>
Total	700	100

The foregoing distribution differs from that in table VI, which reflects only selected subdivision experience during 1964 and 1965. It must be noted that the data in table VI do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower-value homes are concentrated in the smaller building operations which are quite numerous. The preceding demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal. Adequate new sales housing units in the HMA can not be built to sell below \$10,000.

Rental Housing. Acceptable new privately-owned rental housing in the Evansville area can be produced only at gross rents that are at and above the minimum levels achievable under current construction and land costs. Minimum gross monthly rents achievable in the HMA with financing at market interest rates are judged to be \$80 for efficiencies, \$95 for one-bedroom units, \$115 for two-bedroom units, and \$135 for three-bedroom units.

The provision of 200 rental units annually in the next two years at and above monthly gross rents achievable under current construction and land costs, excluding units produced with some form of public benefits or assistance in financing, is slightly above the annual average of 180 privately-financed rental units produced during the last three years. Reflecting the fact that acceptable rental vacancies are at a low level, new rental units will consist of a larger proportion of the total renter households added than in recent years. The successful absorption of the new supply of apartments would seem to indicate a slight adjustment in the projected level of demand over the annual average of the last three years.

The monthly rentals at which privately-owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. These net additions, excluding public low-rent housing or rent-supplement accommodations, may be accomplished by either new construction or rehabilitation at the specified rentals.

Estimated Annual Average Demand for Additional Rental Units
Evansville, Indiana-Kentucky, Housing Market Area
January 1, 1966 - January 1, 1968

Monthly gross rent ^{a/}	Size of unit			
	Efficiency	One bedroom	Two bedroom	Three bedroom
\$80 and over	15	-	-	-
85 " "	10	-	-	-
90 " "	10	-	-	-
95 " "	10	95	-	-
100 " "	10	85	-	-
105 " "	10	75	-	-
110 " "	10	70	-	-
115 " "	10	60	70	-
120 " "	10	50	60	-
125 " "	5	45	55	-
130 " "	5	40	50	-
135 " "	5	35	45	20
140 " "	5	30	40	20
150 " "	-	25	35	20
160 " "	-	20	25	15
170 " "	-	15	20	15
180 " "	-	10	15	10
200 " "	-	5	10	5

^{a/} Gross rent is shelter or contract rent plus the cost of utilities.

Note: The above figures are cumulative and cannot be added vertically. For example the demand for one-bedroom units at \$95 to \$110 is 25 units (95 minus 70).

The preceding distribution of average annual demand for new apartments is based on projected tenant-family income, the size distribution of tenant households, and rent paying propensities found to be typical in the area; consideration is also given to the recent absorption experience of new rental housing. Thus it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Even though a deviation may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance

unless thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.

Should use be made of the below-market-interest-rate program or other forms of public benefit, an additional 50 to 60 units of middle income housing could be absorbed annually, exclusive of rent-supplement accommodations or public-low rent housing.

Table I

Total Work Force Components
Evansville, Indiana-Kentucky, HMA
1958-1965
 (Annual average in thousands)

<u>Components</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1963^{b/}</u>	<u>1964</u>	<u>1965</u>
Work force	83.6	80.6	77.7	77.1	77.4	79.0	86.4	90.1	92.5
Total employment	74.9	73.6	72.5	71.9	73.4	75.7	82.9	86.8	89.3
Unemployment	8.7	6.9	5.2	5.2	3.9	3.2	3.4	3.2	3.2
Percent of work force	10.4%	8.6%	6.7%	6.7%	5.0%	4.1%	3.9%	3.6%	3.5%
Nonagricultural wage and salary	64.6	63.5	62.7	62.3	64.3	66.7	71.2	75.3	78.2
All other ^{a/}	10.4	10.1	9.7	9.6	9.1	9.0	11.7	11.5	11.1

Note: Subtotals may not add because of rounding.

^{a/} Includes agricultural workers and other nonagricultural employment consisting of self-employed, domestics, and unpaid family workers.

^{b/} Beginning in 1963, employment in Warrick County, Indiana, is included.

Source: Indiana Employment Security Division.

Table II

Nonagricultural Wage and Salary Employment by Type of Industry
Evansville, Indiana-Kentucky, HMA, 1958-1965
 (Annual average in thousands)

<u>Industry</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1963^{a/}</u>	<u>1964</u>	<u>1965</u>
Wage and salary employment	64.6	63.5	62.7	62.3	64.3	66.7	71.2	75.3	78.2
Manufacturing	<u>26.3</u>	<u>25.0</u>	<u>23.8</u>	<u>23.1</u>	<u>24.2</u>	<u>25.3</u>	<u>26.4</u>	<u>27.9</u>	<u>29.7</u>
Durable	NA	16.1	14.6	13.8	14.8	15.8	16.6	17.8	19.0
Nondurable	NA	8.9	9.2	9.2	9.4	9.5	9.8	10.1	10.7
Food and kindred products	3.3	3.1	3.3	3.2	2.9	2.8	2.9	2.9	3.0
Textiles and apparel	1.1	1.3	1.5	1.4	1.5	1.5	1.7	1.8	1.8
Furniture and fixtures	2.0	2.3	2.2	2.1	2.1	2.1	2.1	2.1	2.1
Fabricated metal products	2.6	2.7	2.7	2.5	2.7	2.7	2.7	2.9	3.3
Machinery (elec. and nonelec.)	7.1	7.7	8.1	7.9	8.6	9.5	9.8	10.6	10.8
Refrigeration and air conditioners	(5.6)	(6.1)	(6.4)	(6.2)	(6.4)	(7.6)	(7.8)	(8.7)	(8.7)
All other manufacturing	10.1	7.9	6.0	6.0	6.4	6.6	7.1	7.6	8.7
Nonmanufacturing	<u>38.3</u>	<u>38.6</u>	<u>38.9</u>	<u>39.3</u>	<u>40.1</u>	<u>41.4</u>	<u>44.8</u>	<u>47.4</u>	<u>48.5</u>
Mining	1.6	1.7	1.6	1.6	1.6	1.6	2.2	2.2	2.0
Contract construction	2.8	2.8	2.8	2.6	2.6	2.8	3.1	4.1	4.2
Trans., comm., and utilities	4.6	4.5	4.4	4.4	4.3	4.5	4.8	4.9	4.8
Wholesale and retail trade	14.2	14.2	14.4	14.4	14.4	14.9	15.4	16.3	17.1
Fin., ins., and real estate	2.2	2.3	2.4	2.4	2.4	2.6	2.7	2.8	2.8
Service and miscellaneous	7.4	7.3	7.5	8.0	8.8	8.9	9.3	9.7	10.1
Government	5.5	5.8	5.8	5.9	6.0	6.0	7.4	7.3	7.5

Note: Components may not add to totals because of rounding.

^{a/} Beginning in 1963, employment in Warrick County, Indiana, is included.

Source: Indiana Employment Security Division.

Table III

Estimated Percentage Distribution of Families by Income and Tenure
After Federal Income Tax Deduction
Evansville, Indiana-Kentucky, HMA
1966 and 1968

<u>Annual after-tax</u> <u>incomes</u>	<u>1966 incomes</u>		<u>1968 incomes</u>	
	<u>All</u> <u>families</u>	<u>Renter</u> <u>families</u>	<u>All</u> <u>families</u>	<u>Renter</u> <u>families</u>
Under \$4,000	26.0	40.5	25.0	39.0
\$4,000 - 4,999	11.0	14.0	9.5	12.5
5,000 - 5,999	11.5	11.5	11.5	12.5
6,000 - 6,999	11.5	9.5	12.0	10.0
7,000 - 7,999	9.0	8.0	9.5	7.5
8,000 - 8,999	8.0	6.0	7.0	6.0
9,000 - 9,999	6.5	3.5	6.5	5.0
10,000 - 11,999	8.0	5.0	9.5	3.5
12,000 - 14,999	4.5	1.0	5.5	2.0
15,000 and over	<u>4.0</u>	<u>1.0</u>	<u>4.0</u>	<u>2.0</u>
Total	100.0	100.0	100.0	100.0
Median	\$6,175	\$4,650	\$6,500	\$4,900

Source: Estimated by Housing Market Analyst.

Table IV

Nonfarm Housing Inventory by Tenure and Vacancy Status
Evansville, Indiana-Kentucky, Housing Market Area
April 1, 1950-January 1, 1966

<u>Tenure and vacancy</u>	<u>April 1950</u>	<u>April 1960</u>	<u>January 1966</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1966</u>	
				<u>Number</u>	<u>Rate^{a/}</u>	<u>Number</u>	<u>Rate^{a/}</u>
Total housing supply	<u>60,279</u>	<u>70,711</u>	<u>73,750</u>	<u>1,043</u>	<u>1.6</u>	<u>530</u>	<u>.8</u>
Occupied housing units	<u>57,975</u>	<u>64,394</u>	<u>69,100</u>	<u>642</u>	<u>1.0</u>	<u>820</u>	<u>1.3</u>
Owner occupied	<u>33,972</u>	<u>44,279</u>	<u>47,450</u>	<u>1,031</u>	<u>2.6</u>	<u>550</u>	<u>1.3</u>
Percent of total occupied	58.6	68.8	68.7				
Renter occupied	<u>24,003</u>	<u>20,111</u>	<u>21,650</u>	<u>-389</u>	<u>-1.8</u>	<u>270</u>	<u>1.4</u>
Percent of total occupied	41.4	31.2	31.3				
Vacant housing units	<u>2,304</u>	<u>6,317</u>	<u>4,650</u>	<u>401</u>	<u>10.0</u>	<u>-290</u>	<u>-5.4</u>
Available	<u>910</u>	<u>3,505</u>	<u>1,700</u>	<u>260</u>	<u>13.0</u>	<u>-310</u>	<u>-13.0</u>
For sale	<u>268</u>	<u>922</u>	<u>500</u>	<u>66</u>	<u>12.0</u>	<u>-70</u>	<u>-11.1</u>
Homeowner vacancy rate	.8	2.0	1.0				
For rent	<u>642</u>	<u>2,583</u>	<u>1,200</u>	<u>194</u>	<u>13.0</u>	<u>-240</u>	<u>-13.0</u>
Renter vacancy rate	2.6	11.4	5.3				
Other vacant ^{b/}	<u>1,394</u>	<u>2,812</u>	<u>2,950</u>	<u>141</u>	<u>7.0</u>	<u>20</u>	<u>.9</u>

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

^{b/} Includes vacant units in the following categories: seasonal, dilapidated, rented or sold awaiting occupancy, and held off the market.

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Table V

Evansville, Indiana-Kentucky, Area Postal Vacancy Survey

January 26-28, 1966

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	66,214	1,552	2.3	1,236	316	354	57,651	1,067	1.9	905	162	210	8,563	485	5.7	331	154	144	857	9	1.1
Evansville, Indiana	54,620	1,250	2.3	992	258	265	47,014	845	1.8	725	120	149	7,606	405	5.3	267	138	116	520	4	0.8
Main Office	9,158	302	3.3	302	-	39	5,202	124	2.4	124	-	-	3,956	178	4.5	178	-	39	4	-	-
Stations:																					
A	12,796	193	1.5	169	24	60	11,928	161	1.3	137	24	38	868	32	3.7	32	-	22	281	-	-
B	4,615	47	1.0	43	4	12	4,427	32	0.7	28	4	12	188	15	8.0	15	-	-	22	-	-
D	11,060	162	1.5	141	21	21	10,114	141	1.4	123	18	5	946	21	2.2	18	3	16	35	-	-
Howell	3,122	120	3.8	113	7	21	3,099	115	3.7	108	7	21	23	5	21.7	5	-	-	17	2	11.8
Lawndale	3,973	157	4.0	55	102	73	3,662	87	2.4	40	47	41	311	70	22.5	15	55	32	3	2	66.7
Parcel Post	9,896	269	2.7	169	100	39	8,582	185	2.2	165	20	32	1,314	84	6.4	4	80	7	162	-	-
Other Cities and Towns	11,594	302	2.6	244	58	89	10,637	222	2.1	180	42	61	957	80	8.4	64	16	28	337	5	1.5
Booneville, Indiana	3,197	84	2.6	68	16	8	3,066	74	2.4	58	16	8	131	10	7.6	10	-	-	82	2	2.4
Henderson, Kentucky	8,397	218	2.6	176	42	81	7,571	148	2.0	122	26	53	826	70	8.5	54	16	28	255	3	1.2

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).

Federal Housing Administration
Division of Research and Statistics
Market Analysis and Research Section

Table VI

Houses Completed During 1964 and 1965
and the Number Unsold by Price Class
Evansville, Indiana-Kentucky, Housing Market Area

<u>Sales price</u>	<u>Number</u>	<u>Percentage</u>	<u>Presold</u>	<u>Speculative construction</u>			
				<u>Total houses</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percentage unsold</u>
<u>Houses completed in 1965 as of January 1, 1966</u>							
Under \$15,000	50	11.2	7	43	36	7	16.3
\$15,000 - 17,499	49	11.0	17	32	24	8	25.0
17,500 - 19,999	98	21.9	50	48	41	7	14.6
20,000 - 24,999	122	27.2	40	82	61	21	25.6
25,000 - 29,999	67	14.9	38	29	16	13	44.8
30,000 and over	<u>62</u>	<u>13.8</u>	<u>33</u>	<u>29</u>	<u>26</u>	<u>3</u>	<u>10.3</u>
Total	448	100.0	185	263	204	59	22.4
<u>Houses completed in 1964 as of January 1, 1965</u>							
Under \$15,000	38	14.2	11	27	25	2	7.4
\$15,000 - 17,499	57	21.4	31	26	26	0	0.0
17,500 - 19,999	62	23.2	35	27	25	2	7.4
20,000 - 24,999	59	22.1	26	33	26	7	21.2
25,000 - 29,999	28	10.5	16	12	9	3	25.0
30,000 and over	<u>23</u>	<u>8.6</u>	<u>5</u>	<u>18</u>	<u>14</u>	<u>4</u>	<u>22.2</u>
Total	267	100.0	124	143	125	18	12.6

Sources: Unsold Inventory Surveys of New Homes, conducted by the Indianapolis, Indiana and Louisville, Kentucky Insuring Offices.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

NEWS

Washington, D. C. 20411

FORMATION 382-4693

FOR RELEASE FRIDAY
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Poston

The Federal Housing Administration today released its analysis of the Evansville, Indiana-Kentucky, housing market. The housing market includes Vanderburgh and Warrick Counties in Indiana, and Henderson County, Kentucky.

Demand for new housing is estimated at an average of 900 units a year for the two years dating from January 1, 1966. Estimated demand consists of "700 sales units and 200 rental units. An additional 50 to 60 rental units could be absorbed at the lower rents possible with aid in financing or assistance in land acquisition and cost" (exclusive of public low-rent housing or rent-supplement housing).

Vacancy levels in the area "reflect a marked improvement since April 1960." In January 1966, there were "an estimated 1,700 available, vacant nonfarm housing units for sale or rent . . . Of this total, 500 units (including about 50 units lacking some plumbing facility) are available for sale and 1,200 units (including about 300 units lacking some plumbing facility) are available for rent." These figures indicate vacancy rates of

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1.0 percent and 5.3 percent, respectively. In April 1960, the home-owner rate was reported to be 2.0 percent and the rental rate 11.4 percent.

About 3,750 private housing units and 200 public housing units have been built since 1960. In January 1966, about 390 housing units were under construction. Of these, 150 units were in apartments and 240 were sales units.

Major employment gains are not expected in the area in 1966-67. In 1965, nonagricultural wage and salary employment averaged 78,200. "The increase of 2,900 jobs during 1965 was below the gain of 4,100" in 1964. "A gain of about 1,500 workers annually" is expected during the forecast years.

If the refrigeration and air-conditioning industry expands further in the area, gains may be larger.

Unemployment in 1965 "was the lowest rate recorded in recent years." It averaged 3.5 percent of the total work force, compared with 10.4 percent in 1958.

Family incomes are expected to increase. In January 1965, the median income of all families in the area was about \$6,175 a year, after deduction of Federal income tax. The median after-tax income of renter families was \$4,650. By 1968, these figures are expected to increase to \$6,500 and \$4,900 respectively.

Gains in population and in number of households are expected to be at a lower rate than those since 1960. In January 1966, the nonfarm population was about 225,200. Since 1960, the average yearly increase has been about 2,425. An increase of 2,300 is predicted for each of the forecast years.

In January 1966, there were about 69,100 nonfarm households in the area. The yearly increase since 1960 has been about 820. An average gain of about 800 nonfarm households is expected for each of the two forecast years.

Requests for copies of the complete analysis should be directed to Merle H. Tiede, Deputy Director, Federal Housing Administration, 333 North Pennsylvania Street, Indianapolis, Indiana 46209.

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7/8/66