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Analysis of the
**HIDALGO COUNTY, TEXAS
HOUSING MARKET**

as of September 1, 1966

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

June 1967

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
WASHINGTON, D.C.
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AS OF SEPTEMBER 1, 1966

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

Foreword

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

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

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

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ANALYSIS OF THE
HIDALGO COUNTY, TEXAS, HOUSING MARKET
AS OF SEPTEMBER 1, 1966

Summary and Conclusions

1. The economy of the Hidalgo County Housing Market Area (HMA) is agriculturally-oriented to a high degree. In mid-August 1966, agricultural employment was 10,900 and accounted for one-fifth of all employment in the HMA. Major crops include citrus fruits, vegetables, and cotton. Crop freezes in 1961 and 1962 created a depressive effect on economic conditions which persisted until 1964. The 1960-1966 employment gain of 1,330 jobs has occurred primarily in the past two years. Over the 1966-1968 forecast period, continued employment gains are expected. Most of the increase of 1,400 jobs (700 a year) that is forecast during the next two years is expected to be in nonmanufacturing industries.

Since 1960, the Hidalgo County labor market area has been classified as an area of persistent unemployment eligible for special assistance under federal programs. The unemployment rate ranged between 6.5 and 7.3 percent of the work force from 1960 to 1964, but declined to less than six percent in April 1965 and to less than five percent in April 1966. The decline in the excess labor supply reflects greater employment opportunities since 1964, but it also reflects slower growth of the work force.

2. Reflecting the predominance of low-paying agricultural, trade, and service industries, family and household incomes in Hidalgo County are among the lowest in the state. Currently, the median income of all nonfarm families is about \$3,800, after the deduction of federal income tax, and the median income of renter households of two persons or more is \$2,850. By 1968, median incomes are expected to rise to after-tax levels of \$4,075 for all families and \$3,050 for renter households of two or more persons.
3. The current nonfarm population of the HMA is 177,700, an average annual increase of 1,725 (one percent) since 1960. Nonfarm population increased by nearly three percent annually during the 1950-1960 decade. The six largest cities and towns in the HMA contain about 113,300 persons at present and account for about 64 percent of the population of the HMA. By September 1968, the nonfarm population is expected to reach 182,000, an average annual gain of 2,150 persons.

4. As of September 1966, there are 40,800 nonfarm households in the HMA, an average annual increase of 530 households over the 1960 level of 37,350. The six largest cities and towns account for about 66 percent of all nonfarm households in the county. By September 1968, the number of households is expected to reach 41,900, an average addition of 550 annually over the forecast period.
5. The housing supply currently totals 49,000 nonfarm units, a net addition of 4,900 since 1960. About 6,000 units have been added by residential construction activity and 1,100 have been lost by demolition, conversion, fire, and other inventory changes.

The trend of single-family construction has been steadily downward in recent years from 800 units authorized in 1960 to 550 units in 1965. Privately-financed multifamily building activity has been sporadic. Over half of the 800 privately-financed units authorized for multifamily construction since 1960 were authorized in 1963 and 1964. At the present time, there are about 350 units under construction, including 150 units of public housing, 170 single-family units, and 30 privately-financed multifamily units.

6. At the present time, there are about 1,600 nondilapidated, nonseasonal units available for sale or rent in the HMA, equal to 3.3 percent of the nonfarm inventory. Included in this total are 500 available sales units and 1,100 available rentals. The homeowner vacancy rate of 1.8 percent and the 7.2 percent rental vacancy rate indicate a slight excess in both the sales and the rental markets.
7. Demand for additional housing during the September 1, 1966 to September 1, 1968 period is expected to total 840 units annually, including 650 sales units and 190 rental units. Annual rental demand includes 90 units of demand at the lower rent levels achievable with below-market-interest-rate financing or assistance in land acquisition and cost, excluding public low-rent housing and rent-supplement accommodations. Annual demand for new sales housing by price class is expected to approximate the pattern indicated on page 27. Annual demand for new rental housing by gross monthly rent and unit size is expected to be distributed approximately as indicated on page 28.

ANALYSIS OF THE
HIDALGO COUNTY, TEXAS, HOUSING MARKET
AS OF SEPTEMBER 1, 1966

Housing Market Area

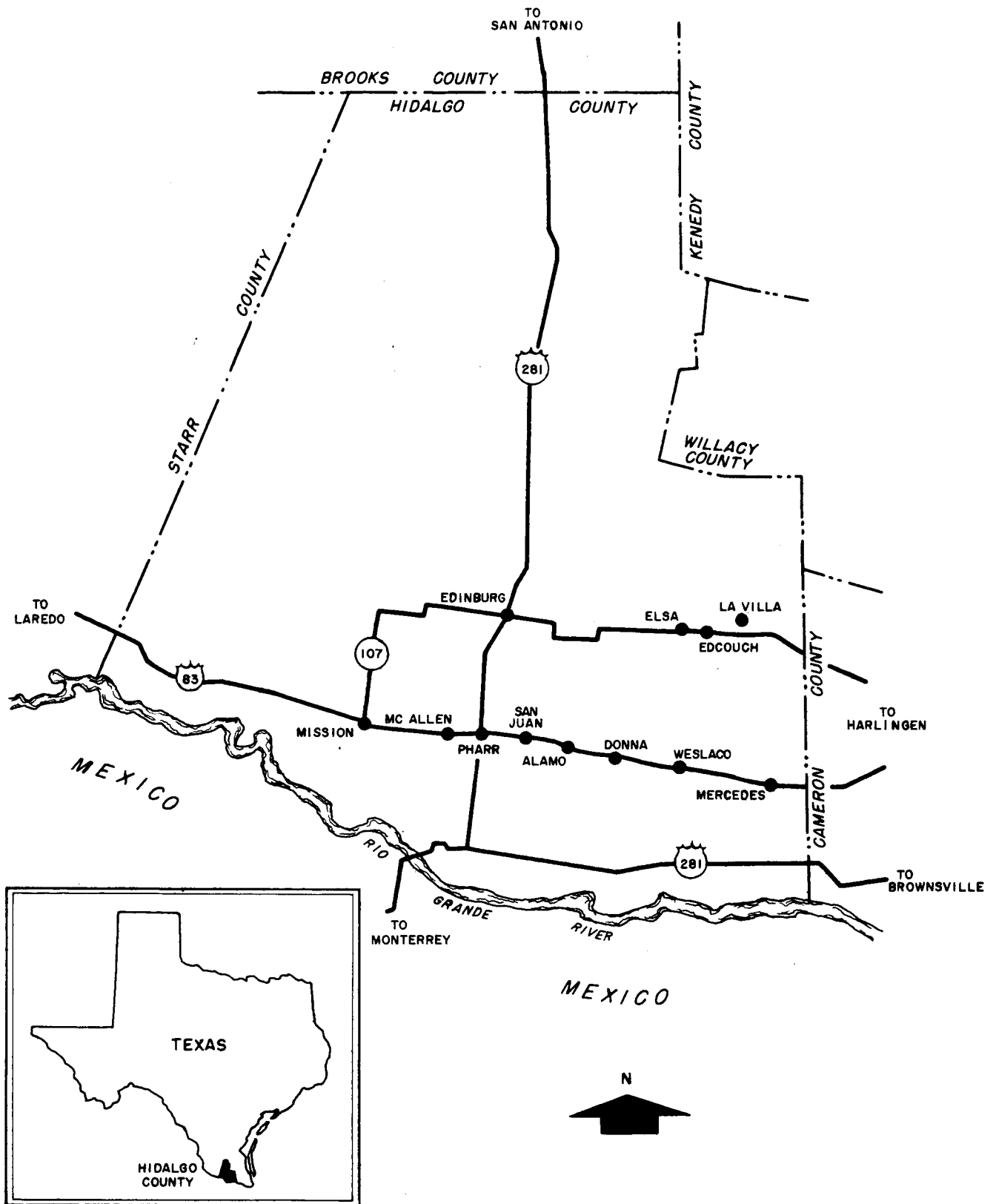
The Hidalgo County Housing Market Area (HMA) under consideration in this report is defined as being coterminous with the McAllen-Edinburg-Pharr Standard Metropolitan Statistical Area (SMSA) which consists of Hidalgo County, Texas. The HMA is one of four counties located at the southernmost tip of Texas that comprise the Lower Rio Grande Valley area. This four-county region, which is near the Gulf of Mexico and lies along the Rio Grande River, is a major citrus fruit, vegetable, and cotton producing region of the U.S.

The 1960 population of the county amounted to 180,900, including a rural farm population of 14,350. Inasmuch as the rural farm population constituted nearly eight percent of the total population in 1960, all demographic and housing data used in this analysis exclude the rural farm component, except where specifically noted. However, since agricultural employment is significant, and many agricultural workers are nonfarm residents, the text concerning the economy of the area includes a consideration of agricultural employment.

Although the HMA is fairly large in size (1,541 square miles), the upland region in the northern part of the county is thinly-populated ranching country; most of the population is concentrated in a number of towns in the southern portion of the county. In 1960, the southern delta portion of the county contained thirteen incorporated areas with populations of 1,200 persons or more; six of these had over 10,000 persons each. McAllen, the largest city in the HMA with 32,700 persons in 1960, is one of the principal trade, service, and commercial centers in the valley. Other towns in the HMA are primarily trade, service, and food processing centers. Edinburg, nine miles northeast of McAllen and the second largest city in the HMA with 18,700 persons in 1960, is also the county seat and home of Pan American College. Mission and Pharr, which had about 14,100 persons each in 1960, are adjacent to McAllen. Two other agriculturally-oriented towns of significant size are located east of McAllen along U.S. Route 83. Weslaco, 15 miles east of McAllen, had a 1960 population of 15,650 and Mercedes, 20 miles east of McAllen, contained 10,950 persons in 1960.

The closest metropolitan centers to McAllen are San Antonio, 237 miles north, Corpus Christi, 153 miles northeast, and Laredo, 141 miles northwest. Monterrey, Mexico's third largest city, is 150 miles southwest of McAllen and Mexico City is 700 miles to the south. Transportation facilities include two United States highways, two railroad lines, and one commercial airline. U.S. Route 83 is the major east-west highway through the valley and a four-lane U.S. 83 expressway is currently under construction through the HMA. U.S. 281, the north-south route through the HMA, is a primary transportation route to the interior of Mexico. Railroad facilities are provided by the Missouri Pacific and the Southern Pacific systems. Trans-Texas Airlines offers daily passenger service in the valley and points north via the McAllen International Airport.

HIDALGO COUNTY, TEXAS, HOUSING MARKET AREA



Economy of the Area

Character and History

Although initial settlement of the Lower Rio Grande Valley dates back to Spanish colonization in the latter half of the eighteenth century, principal foundations for the present economic structure were laid in the present century with the arrival of transportation facilities. The first railroad line, now part of the Missouri Pacific Railroad, reached the easternmost county of the valley in 1904 and adjoining lines were added through the HMA by 1911. Hard surfaced highways were constructed in the 1920's and the Southern Pacific Railroad reached the area during the same period. Adequate transportation not only permitted a rapid means of moving agricultural products to northern markets, but also encouraged prospective settlers and land developers into the area. Land development and settler migration occurred during the 1930's and 1940's as agriculturally-related industries (canning and processing plants) moved into the area.

After early attempts at rice and sugarcane production failed, agricultural activity became oriented toward the production of citrus fruits, vegetables (onions, carrots, tomatoes, peppers, lettuce, cabbage, etc.), and cotton. The Lower Rio Grande Valley accounts for one-third of all vegetables harvested in Texas and the region ranks third in the nation (after Florida and California) in citrus production. Crop failures with the freezes of 1949, 1951, and early 1962 nearly wiped out the citrus industry in those years and had a depressive effect on general economic conditions. Diversification of the agriculturally-intensive economy has occurred to some extent by the acceptance of the area as a retirement and tourist center. The sub-tropical climate, proximity to Mexico, and Spanish atmosphere attract tourists to the area (primarily from the Midwest) during the winter months, many of whom settle in the valley after retirement.

Employment

Current Estimate. The civilian work force of Hidalgo County was 57,520 in mid-April 1966, including 2,780 unemployed workers (4.8 percent of the work force) and 54,740 employed. Total employment consisted of 14,480 directly employed in the agricultural industry (over 26 percent of total employment), and 40,260 nonagricultural workers. Manufacturing industries account for about eight percent of nonagricultural employment in the HMA, about 3,000 workers in April 1966.

Past Trend. Employment and work force data for the HMA are available for the month of April only for the 1960-1966 period. Although employment, unemployment, and the size of the work force fluctuate widely with seasonal agricultural planting and harvesting and the tourist season, these data are indicative of the economic trends of the area since 1960 and are presented in detail in table I.

From April 1960 to April 1966, total employment (including agricultural employment) in Hidalgo County increased by 1,330 (2.5 percent) from 53,410 to 54,740. The net addition of over 220 jobs annually reflects a large employment decline from 1960 to 1961, virtually no growth through 1963, another employment drop in 1964, and exceptionally large increases since that time, including gains of 1,000 and 3,800 in 1965 and 1966, respectively. Over half of the 3,800-employment increase from 1965 to 1966 reflects the addition of 2,170 agricultural jobs in April. Increased vegetable harvest and additional workers needed for cultivation and weeding of cotton (because of heavy spring rainfalls) were responsible for the increase. Employment and the available work force tend to fluctuate widely with weather conditions and crop yields. During the 1960-1966 period, the total work force and the employed work force of Hidalgo County exhibited similar trends of growth and decline, but the net gain in the work force has been only 420 from 1960 through 1966, less than one percent, as compared with the increase of 1,330 in employment. Employment declines early in this decade are attributable primarily to citrus crop freezes in 1961 and 1962, whereas large gains in employment in recent years reflect favorable climatic conditions.

Employment by Industry

Agriculture, the main support of the economy, directly accounts for one-fifth of all employment in the HMA. Seasonal agricultural employment during crop planting and harvesting months may vary by several thousand workers. So far this year, agricultural employment has ranged from an April high of nearly 14,500 to only 10,000 three months later in July. Although vegetables are being planted and harvested nearly every month of the year, the employment pattern seems to be typically downward in the summer months. Although cotton picking occurs during the summer months, mechanization is reducing the requirement for labor for that crop. During the summer, a large portion of the resident farm workers migrate to other agricultural portions of the country following the completion of spring vegetable harvesting in the valley. Out-migration, which typically occurs from April to November of each year, is reportedly extremely heavy this year because of extensive recruiting activity in other states because of the reduced Mexican farm labor supply resulting from termination of the bracero program in late 1964.

The trend of agricultural employment in the HMA has been generally downward since 1960. The large decline in agricultural activities in 1961 and 1962 because of crop freezes resulted in steady employment losses in subsequent years from the high level of 16,300 in 1960. After 1960, agricultural employment generally ranged between 11,900 and 13,900 workers until this year. The gain of 2,170 jobs in agriculture in 1966 brought the April 1966 total to 14,480. That gain reflects late crop harvesting following heavy spring rainfalls this year.

Trend of Agricultural and Nonagricultural Employment
Hidalgo County, Texas
As of April 1960-1966

Year	Employment			Change from preceding date		
	Agri- cultural	Nonagri- cultural	Total	Agri- cultural	Nonagri- cultural	Total
1960	16,300	37,110	53,410	-	-	-
1961	13,900	37,350	51,250	-2,400	240	-2,160
1962	11,900	39,830	51,730	-2,000	2,480	480
1963	12,800	39,050	51,850	900	- 780	120
1964	12,380	37,560	49,940	- 420	-1,490	-1,910
1965	12,310	38,640	50,950	- 70	1,080	1,010
1966	14,480	40,260	54,740	2,170	1,620	+3,790

Source: Texas Employment Commission.

Manufacturing employment accounts for less than eight percent of all nonagricultural employment currently. About 45 percent of all manufacturing employment is in the manufacture of food products. (It should be noted that some food processing is classified in the non-manufacturing, wholesale trade category). The trend of manufacturing employment in the HMA has been steadily downward, from 4,400 in 1960 to 3,000 this year. With the exception of the slight gain from 1964 to 1965 of 110, manufacturing employment has dropped each year. These losses reflect more efficient methods of processing that require less labor.

Nonmanufacturing employment has expanded over the past six years from 32,710 in 1960 to 37,260 in 1966, despite the downward trend evidenced in agricultural and manufacturing employment. Employment opportunities in this sector, which generally respond to fluctuations in agriculture and manufacturing, increased by 1,570 annually from 1960 to 1962. Reflecting crop failures and depressed economic conditions during the 1962-1964 period, nonmanufacturing dropped by 1,640. Since 1964, favorable economic conditions have resulted in a gain of 3,050 jobs in the past two years. Nearly half of this gain was recorded in the construction industry (primarily private and public nonresidential construction) and in government. Government employment, which increased by 610 in the two years, reflects larger payrolls in educational activities.

Employment in trade and services (15,735 in April 1966) accounts for about 40 percent of all nonmanufacturing employment in the HMA. This employment category includes some food processing activities which are classified as wholesale trade. Since 1964, employment in trade and services has increased by 1,265 (8.7 percent), with most of the gains being registered in the retail trade and service sector.

Principal Employers

Employment in the HMA is such that no single employer dominates the economy. Most manufacturing employment, as noted earlier, is concentrated in the food processing industry. Of the 59 plants in McAllen in 1965, 18 (30 percent) were classified as food processors. The 1965-1966 Directory of Manufacturers, Fabricators, and Processors for McAllen indicates that only three manufacturing companies and one food processor (in the wholesale trade category) in the HMA currently employ more than 125 persons. The three largest employers in the HMA are in nonmanufacturing industries and two of these represent federal and local government activities.

Unemployment

The McAllen labor market area (recently defined as Hidalgo County, but formerly consisting of Hidalgo and Starr Counties) has consistently been classified by the U.S. Department of Labor as an area of persistent unemployment. These areas, which generally have a high unemployment rate, are designated for special assistance under federal programs relating to government contract awards, redevelopment assistance, and public works. Unemployment, although still a major problem of the economy, has declined significantly in recent years. In April 1966, there were 2,780 unemployed workers, 4.8 percent of the work force, as compared with 3,040 unemployed in 1965 (5.6 percent) and 3,960 (7.3 percent) in 1964. Declining unemployment is related, in part, to improving employment opportunities in the HMA, but also reflects slower growth of the work force.

Future Employment Prospects

An employment gain of 1,400 over the next two years is projected for the HMA. This average forecast of 700 new jobs yearly over the September 1966-September 1968 period is based on the assumption that changes in agricultural employment and manufacturing employment will be nominal and growth will be concentrated in the nonmanufacturing wage and salary sector. Two-year employment forecasts for this area are hazardous, however, because the basic industry is dependent on climatic conditions, and related industries are highly susceptible to mechanization and automation.

However, it is significant that growth in the HMA work force is more closely related to growth in population and households, and consequently to housing demand, than is growth in employment. The fact that employment in the area varies widely from month to month indicates that a large portion of increased job opportunities (particularly unskilled ones, such as those related to greater agricultural production) are easily met from the existing work force, as well as those not in the work force but willing to work if opportunities become available. For example, the large employment gain of over 1,000 jobs from 1964 to 1965 was associated with a decline in unemployment of 920 during the year and virtually no change in the work force. A large portion of the gains registered in trade and service industries, as the character of the economy becomes more resort-retirement oriented, can be filled in the same manner.

Family Incomes

Family incomes in the HMA are among the lowest in the state, reflecting low wages and irregular employment associated with the predominant agricultural industry. Wages are also at a minimum level in trade and service industries. In 1959, the median family income in Hidalgo County, including rural farm families, was \$2,780, as compared with a state median family income of \$4,884 and a national median of \$4,791. Exclusion of rural farm families (with a 1959 median of \$3,147 in Hidalgo County) indicates an even lower median income for nonfarm families.

Table II presents detailed income distributions of all nonfarm families and of renter households^{1/} for 1966 and 1968. The current median income of all nonfarm families in the HMA is \$3,800 after the deduction of federal income tax, and the after-tax median income of renter households of two-or-more persons is \$2,850. Currently, 40 percent of all nonfarm families and over half (51 percent) of the nonfarm renter households earn less than \$3,000 annually, after the deduction of federal income tax. Only 12 percent of all nonfarm families and six percent of renter households have after-tax income of \$10,000 or more. By September 1968, median after-tax family income is expected to rise by about seven percent to \$4,075 for all nonfarm families and to \$3,050 for nonfarm renter households.

^{1/} Excludes one-person renter households.

Demographic Factors

Nonfarm Population

HMA Total. The September 1, 1966 nonfarm population of Hidalgo County is 177,700, an average increase of 1,725 annually over the April 1960 population of 166,550. Nonfarm population growth since 1960 has been at an annual rate of less than half that of the previous decade when gains averaged over 3,750 annually. Part of the larger 1950-1960 population increase, however, is a reflection of the change in definition of "farm" between the 1950 and 1960 Censuses. Many persons living in rural areas, who were classified as living on farms in 1950, were considered to be rural nonfarm residents in 1960. From April 1950 to April 1960, the farm population in Hidalgo County declined by more than 50 percent, from 31,500 to 14,350. Part of this large decline is, of course, attributable to rural-to-urban migration during the decade, but part of the decline is also a reflection of census definitional change from 1950 to 1960. Annual population increases from 1950 to 1960 in the combined farm and nonfarm sectors averaged nearly 2,050, or only slightly above the 1960-1966 gains. The following table summarizes nonfarm population changes in the HMA since 1950 and includes a population forecast to September 1, 1968.

Nonfarm Population Trends
Hidalgo County, Texas
April 1950-September 1968

<u>Date</u>	<u>Population</u>	<u>Average annual change</u> <u>from preceding date</u>	
		<u>Number</u>	<u>Percenta/</u>
April 1, 1950	128,943	-	-
April 1, 1960	166,560 <u>b/</u>	3,762 <u>b/</u>	2.6
September 1, 1966	177,700	1,725	1.0
September 1, 1968	182,000	2,150	1.1

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

b/ Substantially affected by definitional changes in Census classifications between 1950 and 1960.

Sources: 1950 and 1960 Censuses of Population.
1966 and 1968 estimated by Housing Market Analyst.

Component Areas. The six largest incorporated areas in the county (with current populations ranging from 10,650 in Mercedes to 35,700 in McAllen) have a combined population of 113,300 and account for about 64 percent of the nonfarm population of the HMA at present. This proportion is roughly comparable to the proportion residing in the six cities in 1960. Table III presents population growth trends for the six cities and the remainder of Hidalgo County for the 1950-1966 period.

Between 1950 and 1960 much of the population growth apparently resulted from annexations--perhaps as much as half of all the population gains in the six cities. Slightly less than half of the population gain in Mercedes reflected annexation activity from 1950 to 1960, while eighty percent of the population growth of McAllen, Edinburg, and Mission was in areas annexed to the cities from 1950 to 1960. In Weslaco and Pharr, nearly all of the decennial increase in population was the result of annexations. Since 1960, annexation activity has not contributed significantly to population growth. Allowance for the influence of annexations suggests that 1960-1966 growth rates within the cities are not substantially different from 1950-1960 growth.

Estimated Future Population. Based on projected employment and household growth in the HMA over the next two years, the nonfarm population is expected to reach 182,000 by September 1, 1968, an increase of 2,150 a year. This expectation is based also on a continuation of the declining trend in household size over the next two years and a fairly stable nonhousehold population. Following recent growth trends in the HMA, most of the population gain can be expected in the southern delta portion of the county, primarily in the six largest cities.

Net Natural Increase and Migration. Components of population change are net natural increase (excess of births over deaths) and net migration. Because vital statistics are not compiled separately for the farm and nonfarm components, discussion here refers to the total of farm and nonfarm population. As the following table indicates, all population gain in the HMA in the past sixteen years is the result of natural increase, and this component has declined steadily in recent years. Declining natural increase is primarily a reflection of the national trend toward lower birth rates. In the past six years, the number of resident births in Hidalgo County has dropped each year from 6,250 in 1960 to 5,275 in 1965. Declining natural increase also is attributable to a slight increase in the number of resident deaths each year since 1960; this probably reflects the increasing importance of the area as a retirement center. Net out-migration, on the average, has diminished only slightly in recent years, from 3,800 annually in the preceding decade to 3,375 a

year in the past six years. An analysis of net migration patterns by age between 1950 and 1960 showed a net out-migration for all age groups up to 65 years of age. The group aged 65 and over recorded a net in-migration for the decade.

Components of Population Change
Hidalgo County, Texas
1950-1966

<u>Component</u>	<u>Average annual change</u>	
	<u>1950-1960</u>	<u>1960-1966</u>
Net natural increase	5,851	4,750
Net migration	<u>-3,805</u>	<u>-3,375</u>
Net change	2,046	1,375

Sources: Current Population Report P-23, U.S. Bureau of the Census; State of Texas, Department of Vital Statistics; and estimates by Housing Market Analyst.

The Mexican-American Population. The majority of persons in the HMA are Mexican-Americans, either immigrants from Mexico or persons of Mexican descent. Persons with Spanish surname accounted for 70 percent of the population in 1950 and 71 percent in 1960. Although persons with Spanish surname as a proportion of total population remained about the same during the 1950-1960 decade and accounted for 80 percent of the decennial total population increase in the HMA, the number of foreign-born Mexican-Americans declined from 35,200 in 1950 to 27,450 by 1960. This decline indicates that the increase of 16,700 Mexican-Americans in the HMA from 1950 to 1960 was the result of high birth rates (and, possibly, some migration from other areas of the U.S.) rather than immigration from Mexico.

It is predominantly this group that is employed in agricultural activities in the HMA, and many migrate to crop harvesting jobs throughout the Midwest and West each year. A distribution of population by age groups in 1960 shows that over half of the Mexican-Americans (56 percent) were under twenty years of age. This group is characterized by large families and most of the children are engaged, to some extent, in crop harvesting activities. Of the 72,500 Mexican-Americans in the HMA in 1960 who were 14 years of age or older, 56 percent (40,800) were part of the labor force.

Households

HMA Total. As of September 1966, there are 40,800 nonfarm households in the HMA, an increase of about 530 annually over the 1960 number of 37,350. Household growth during the post-1960 period is below that of the preceding decade, when nonfarm household growth averaged 770 a year. The degree to which the 1950-1960 nonfarm increase reflected a decline in the number of farm households (partially because of change in census definitional concept of "farm") can be noted by the fact that the total household growth, including rural farm, averaged about 410 annually from 1950 to 1960. Part of the decennial increase in households was also the result of the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census. The following table summarizes the trend in household growth since 1950; these trends are presented by cities in the HMA in table IV.

Nonfarm Household Growth Trends Hidalgo County, Texas April 1950-September 1968

<u>Date</u>	<u>Number of households</u>	<u>Average annual change from preceding date</u>	
		<u>Number</u>	<u>Percent^{a/}</u>
April 1, 1950	29,683	-	-
April 1, 1960	37,379 ^{b/}	770 ^{b/}	2.3
September 1, 1966	40,800	530	1.4
September 1, 1968	41,900	550	1.4

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

b/ Substantially affected by definitional changes in Census classifications between 1950 and 1960.

Sources: 1950 and 1960 Censuses of Housing.
1966 and 1968 estimated by Housing Market Analyst.

Component Areas. The six largest cities that account for 64 percent of the population of the county account for 66 percent of all households in the HMA. Since 1960, the six cities have accounted for about 60 percent (330 annually) of the total increase in households in the HMA. In the preceding decade, the six largest cities and towns added over 770 households a year, primarily reflecting annexation additions to the cities during the decade. The number of households in the remainder of the HMA declined by 200 during the decade. Since 1960, annexation has not contributed significantly to household growth in the cities. The number of households has expanded by about 200 annually since 1960 in the remainder of the HMA. Most of the increase has occurred in the southern delta portion of the county.

Estimated Future Households. Household growth in the HMA over the 1966-1968 forecast period is expected to be slightly higher than the average growth in the past six years. By September 1, 1968, it is expected that there will be 41,900 nonfarm households in the HMA, an increase of 550 annually during the next two years. Most of the household increase can be expected in the southern portion of the county, primarily in the six largest cities.

Household Size Trends. Currently, there are 4.28 persons per household in the HMA, a reversal of the 1950-1960 trend of increasing household size, when the average expanded from 4.20 persons in April 1950 to 4.38 in 1960. Declining household size since 1960 is attributed not only to the significantly lower birth rates in recent years, but also to the in-migration of typically small elderly households as the area has gained in importance as a retirement center. Household size is fairly large throughout the HMA, reflecting the predominance of large agriculturally-employed, Mexican-American families. In 1960, household size ranged from an average of 4.23 in the six largest cities to 4.69 in the remainder of the county.

Housing Market Factors

Housing Supply

The nonfarm housing supply of Hidalgo County currently totals 49,000 units, an increase in the inventory of 4,900 units over the 1960 total. The net gain in the inventory since 1960 is the result of the addition of 6,000 new housing units and the loss of 1,100 units by demolition, conversion, fire, and other inventory changes. The six largest cities in the HMA account for over 70 percent of the net increase in the housing supply since 1960 (see table V). The annual average gain of 760 units since 1960 compares with the increase of nearly 1,050 units a year from 33,650 units in 1950 to over 44,100 in 1960. Part of the decennial gain is attributed to the change in census definitions of "farm" and "dwelling unit" mentioned earlier.

Characteristics of the Housing Supply

Type of Structure. Single-family units, including trailers, currently account for about 91 percent of the housing stock (44,800 units). Smaller multifamily structures of two to four units account for only five percent of the inventory and contain a total of 2,475 units. Structures containing five units or more, with a total of 1,725 units currently, make up four percent of the inventory. The predominance of single-family units in the HMA at the present time represents only a slight decline since 1960 when single-family structures accounted for 92 percent of the inventory. The addition of about 1,000 public and private units in structures containing two units or more has been the major cause of the slight increase in the proportion of multifamily structures since 1960.

Age of Structure. The greatest portion of the housing supply is concentrated in units 26 years old or less. The fact that 70 percent of the inventory (34,250 units) was added since 1940 is attributed to the recent economic development of the area. Reflecting initial growth and development of the area in the 1940's, about 32 percent of the inventory was added from 1940 to 1950, and another 26 percent was added in the 1950-1960 decade. Only 15 percent of the housing stock is in units 37 years old or more. The following table shows a detailed distribution of the inventory by year built.

Distribution of the Nonfarm Housing Inventory by Year Built
Hidalgo County, Texas, September 1966

<u>Year built</u> ^{a/}	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960 - August 1966	6,000	12.2
1950 - March 1960	12,700	25.9
1940 - 1949	15,550	31.8
1930 - 1939	7,500	15.3
1929 and earlier	<u>7,250</u>	<u>14.8</u>
	49,000	100.0

a/ The basic data in the 1960 Census of Housing from which the above estimates were developed 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: 1960 Census of Housing adjusted to reflect changes in the inventory since 1960.

Condition and Plumbing Facilities. About 12 percent of the housing supply, 6,050 units, is judged to be substandard because of the dilapidated condition of the units. The current proportion of dilapidated housing is a significant decline from that of 1960 and represents a continuation of the 1950-1960 trend in upgrading of the inventory. In the preceding decade, the proportion of dilapidated units declined from 30 percent of the nonfarm inventory in 1950 (10,100 dilapidated units) to 16 percent (7,125 units) in 1960.^{1/} Upgrading of the housing stock in the past six years reflects active demolition programs for highway construction and urban renewal in several cities. The following table presents trends in condition of the inventory over the 1950-1960 period.

1/ Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of the 1960 Census enumeration procedures.

Housing Supply by Condition and Plumbing Facilities
Hidalgo County, Texas
1950-1966

<u>Condition and Plumbing</u>	<u>April 1950</u>	<u>April 1960</u>	<u>September 1966</u>
<u>Sound or deteriorating</u>			
With all plumbing	12,210	22,034	27,150
Lacking plumbing	11,345	14,955	15,800
Percent of total lacking plumbing	34%	34%	32%
<u>Dilapidated</u>	10,096	7,138	6,050
Percent of total in dilapidated condition	30%	16%	12%
Total	33,651	44,127	49,000

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

Despite the improvement in the inventory with the removal of dilapidated housing in the past sixteen years, units that lack plumbing continue to account for a substantial portion of the housing supply. These units currently comprise an estimated 32 percent of the nonfarm inventory; they accounted for 34 percent of the inventory in both 1950 and 1960. Units that lacked plumbing comprised over one-third of the additions to the inventory from 1950 to 1960. Units lacking only hot water increased by about 130 a year, accounting for 12 percent of the additions, and units lacking other plumbing facilities increased by over 230 annually to account for over 22 percent of the net gain.

Residential Building Activity

From January 1960 to August 1966, about 5,125 privately-financed units and 400 units of public housing were authorized for construction in Hidalgo County. Another 950 units were constructed, or are under construction, outside permit-issuing places in the HMA. Authorized units accounted for about 85 percent of all residential building activity in the HMA from 1960 to 1966 and are presented by annual totals for permit-issuing places in table VI. Although the number of privately-financed units authorized from 1960 through 1965 averaged about 800 units annually, the volume ranged from 920 units authorized in 1960 to 640 authorized in 1965.

From 920 units authorized in 1960, the number dropped to about 790 in 1961 and to 760 in 1962, after which authorizations rose to 870 in 1963, then declined to 830 in 1964 and to 640 in 1965. Part of the lower 1965 level reflects the lack of data concerning authorizations for the year in the town of Alamo, which averaged 40 to 50 units annually from 1960 through 1964.

McAllen accounts for the greatest portion (36 percent) of all authorizations in the HMA, and the three largest towns of McAllen, Edinburg, and Weslaco accounted for nearly 75 percent of all units authorized in 1965. The towns of Mission, Mercedes, and Pharr accounted for about 19 percent of the authorizations. The following table summarizes single-family and multifamily authorization trends since 1960.

Number of Privately-Financed Units Authorized for Construction
In Permit-Issuing Places, Hidalgo County, Texas
January 1960-August 1966

<u>Year</u>	<u>Single-family</u> <u>units</u>	<u>Multifamily</u> <u>units</u>	<u>Total</u> <u>units</u>
1960	802	118	920
1961	728	59	787
1962	734	28	762
1963	598	273	871
1964	632	198	830
1965	546	98	644

Jan.-July

1965 ^{a/}	308	66	374
1966	284	28	312

^{a/} Units authorized in four towns presented in 1966 data are not included in 1965; fourteen units were authorized in these towns during the first seven months of 1966.

Sources: Local Building Inspectors; Bureau of the Census, C-40 Construction Reports; and the University of Texas, Bureau of Business Research.

Single-Family Units. About 4,050 single-family homes were authorized for construction in the HMA from 1960 through 1965, an average of over 670 units a year since 1960. Another small number of units, about 120 yearly since 1960, were constructed in scattered locations in the HMA in areas not requiring building permit authorization. Single-family

construction in the HMA, which is concentrated in the largest towns, has been declining throughout the 1960's. From 800 single-family homes authorized in 1960, the annual number of authorizations for new homes dropped to about 730 in 1961 and 1962 and declined still further to average 620 units annually in 1963 and 1964. In 1965, the total number of single-family units authorized reached the post-1960 low of 550 units for the year. Declining rates of single-family construction reflect primarily the slower economic growth of the area since 1960 as compared with that of earlier years.

Multifamily Units. From January 1960 to August 1966, 800 privately-financed multifamily units were authorized for construction in the HMA. Until this year, an average authorization rate of 130 units annually was recorded in the HMA. Over half of the total authorizations were recorded in 1963 and 1964, when 270 and 200 units were authorized, respectively. The cities of McAllen and Weslaco account for three-fourths of the units authorized since 1960. A total of almost 370 multifamily units in McAllen and 230 units in Weslaco have been authorized since 1960. The remaining multifamily units were constructed in the other larger cities and towns in the county.

Units Under Construction. Based on building permit data, on the results of the recent postal survey which enumerated units under construction, and on local observation of the market, it is judged that there are about 350 units currently in various stages of construction in the HMA. Included in this total are 150 units of public housing in Edinburg and Pharr. The 100-unit project under construction in Pharr is about half completed and will be ready for occupancy in early 1967. The 50 units of public housing in Edinburg are nearly completed and will be ready for occupancy in October of this year. The 200 privately-financed units currently being built include 170 single-family homes and 30 multifamily units. Construction activity is concentrated in the southern portion of the HMA, primarily in the six largest cities and towns.

Demolitions. Since 1960, about 1,100 units have been removed from the Hidalgo County housing supply by demolition and other causes, and another 670 units are expected to be demolished over the next two years. Planned demolition has been a primary factor in the upgrading of the inventory in recent years. Urban renewal and expressway construction have accounted for most of the demolitions. These actions will continue to account for a large portion of the demolitions in the HMA over the forecast period.

Tenure of Occupancy

At present about 65.2 percent (26,600 units) of all nonfarm occupied units in the HMA are owner-occupied and 34.8 percent (14,200 units)

are renter-occupied. The proportion of owner-occupancy has risen steadily in the HMA since 1950, when 61.0 percent of all occupied units were owned by the occupants. In 1960, the proportion of owner-occupied units was 64.5 percent; the trend toward ownership has slowed somewhat since 1960 as the HMA has developed as a tourist-retirement area.

Vacancy

Census. In April 1960, the Census of Housing enumerated 6,750 vacant housing units, equal to 15 percent of the nonfarm inventory. Only 20 percent of these (1,450 units) were nonseasonal, nondilapidated units available for sale or rent, including 350 units available for sale and 1,100 available for rent. Available vacancies accounted for 3.3 percent of the 1960 housing supply. The 1,450 available vacancies included 100 sales units and 400 rental units that lacked plumbing facilities. The 1960 available vacancy level indicated a 1.4 percent homeowner vacancy rate and a 7.6 percent renter vacancy rate. Other vacant units in 1960 included 2,900 seasonal units and nearly 1,000 dilapidated units.

As noted in table VII, total vacancies increased substantially in the 1950-1960 decennial period, from 3,975 units (12 percent of the nonfarm inventory in 1950) to 6,750 units (15 percent) in 1960. The number of available vacancies remained fairly steady, however, increasing slightly from 1,250 to 1,450. Reflecting the greater importance of tourism after 1950, the number of seasonal units increased from only 620 units in 1950 to 2,900 units in 1960

Postal Vacancy Survey. Vacancy surveys of residences and apartments were conducted by the post offices in seven towns in Hidalgo County in August 1966. Results of the surveys are summarized in table VIII. The postal vacancy survey covered 36,900 residences and apartments, about 75 percent of the current housing inventory in the HMA, of which 3,225 were enumerated as vacant. The nine percent vacancy rate included 2,500 vacant residences (seven percent of all residences surveyed) and 725 vacant apartments (31 percent of all apartments surveyed). Included in the large number of vacancies are nonseasonal, nondilapidated available units, seasonal units, vacant dilapidated units, and units held off the market for absentee owners and other reasons. The survey also reported 115 residences and about 155 apartments currently under construction in the seven postal areas,

A previous vacancy survey was conducted in the HMA in late July and early August 1964 by the seven cooperating post offices. The 1964 survey covered 34,150 possible deliveries of which 2,300 were vacant, a 6.7 percent vacancy rate at that time. Included in this total were 1,700 vacant residences, 5.4 percent of the surveyed residences, and 600 vacant apartments, 24 percent of all apartments. A comparison of the current survey with that of 1964, shown in the table below, indicates a rapid increase in vacancies in the two-year period, from 2,300 vacancies in 1964 to 3,225 currently. Vacancies are substantially higher in five of the seven postal areas, with most of the increase noted in previously-occupied units, rather than new accommodations. Because both surveys were conducted during the summer months, the increased vacancy level reflects the greater availability of units for sale or rent, as well as a larger number of seasonal units in the HMA.

Vacancy as Indicated by Postal Vacancy Surveys
Hidalgo County, Texas
August 1964 and August 1966

<u>Date</u>	<u>Vacant residences and apartments</u>		<u>Vacant residences</u>		<u>Vacant apartments</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
August 1964	2,305	6.7	1,691	5.4	614	23.9
August 1966	3,234	8.8	2,500	7.2	734	30.5

Source: FHA in cooperation with Post Offices in Hidalgo County.

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 mail-box). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction and in areas that contain a large proportion of seasonal deliveries. 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 a comparison of the 1964 and 1966 postal vacancy surveys (adjusted for incomplete coverage of the HMA and conversion to census concepts), informed local opinion, and personal observation of the market, it is judged that there are about 8,200^{1/} vacant units in the HMA at the present time, of which 1,600 units are available for occupancy. Of the 6,600 other vacant units, seasonal units account for over half (3,400), dilapidated units for about 1,000, and units held for absentee owners for 2,200. The 1,600 vacant units currently available for occupancy represent an available vacancy rate of 3.3 percent of the housing supply and include 500 available sales units, a 1.8 percent homeowner vacancy rate, and 1,100 vacant rental units, a 7.2 percent renter vacancy rate. Although the current number of available vacancies includes a small number of marginally-competitive units (because of poor location, condition, etc.), this vacancy level suggests a slight excess in both sales and rental markets. Available vacancies have been at high levels in the HMA since 1950 which reflects, in part, the resort-retirement character of the area. Vacancies are at their seasonal peak during the April-October period each year and decline significantly during winter months. Table VII summarizes occupancy and vacancy trends in the HMA since 1950.

Sales Market

As indicated by the relatively high homeowner vacancy rate of 1.2 percent in 1950, 1.4 percent in 1960, and 1.8 percent in 1966, the HMA is characterized by a large supply of available sales units. Although the seasonality of occupancy accounts, in part, for the high vacancy level, the current homeowner vacancy rate indicates a slight excess of sales units. The current weakness of the sales market reflects slower growth since 1960 as compared with previous decades. The sales market weakening is more evident in the existing home market rather than in poor absorption of new sales houses.

Speculative construction accounts for only a small portion (ten percent or less) of all single-family building in the HMA and declined in 1966 because of the stringent money supply. Contract construction in the HMA is concentrated in the cities and towns in the southern portion of the county. In the larger cities and towns, subdivision construction is, for the most part, limited to the addition of single-family homes in existing subdivisions. The price range generally is in the \$10,000-\$20,000 category.

^{1/} It should be noted that the current number of vacant units (8,200) is not comparable with the total number of vacancies enumerated in seven towns conducting a recent postal survey (3,234) primarily because of incomplete coverage of the HMA by the postal survey.

In the smaller towns, sales of existing units and new construction remain at a low level. The low and unstable incomes of agriculturally-oriented families prevent rapid turnover and upgrading typical of most housing markets. Although the Mexican-American families generally prefer sales units to rental accommodations, demand is satisfied primarily by existing units priced at less than \$7,500.

McAllen is generally the preferred place of residence of higher income families in the HMA. Local sources report that a home in McAllen is generally valued at \$2,000-\$3,000 above a comparable unit in adjacent Mission or Pharr. Although some subdivision homes in McAllen in the early 1960's (when construction funds were more readily available) were successfully marketed in the lower price ranges of \$8,250-\$9,000, the subdivision construction in the HMA above \$15,000 is concentrated in McAllen. Some building activity above \$10,000 also occurs in Edinburg. In contrast to other towns along Route 83, where better residential areas are located in the southern parts of towns in newer prestige neighborhoods, most construction activity in McAllen is located in the north and northwest portions of the city. In Edinburg, a small number of units are built each year in existing subdivisions in the south and west of the city. Building in the \$10,000-\$20,000 range occurs in subdivisions near Pan American College.

Single-family Units Under Construction. Currently, there are about 170 single-family units in various stages of construction in the HMA. Building activity is concentrated in the southern delta portion of the county. The six largest cities and towns, where 135 single-family units are being built, account for about 80 percent of all current home construction activity.

Rental Market

Rental units available to lower income groups constitute the largest segment of the rental market. Most of these are older single-family homes that are no longer saleable because of condition, location, or other factors. These units usually are absorbed well by the market, probably because of the lower rent levels associated with older units. Rents for older homes are usually \$50 or less, but are as low as \$15 per month in some instances. In 1960, the median gross monthly rent of occupied units in the HMA was less than \$40, with over one-fourth of all tenants paying no cash rent.

New rental housing in multifamily structures has been added throughout the cities and towns in the HMA in small multifamily projects, usually with less than 20 units per structure. These units are available in the higher rent ranges that exclude a large segment of residents and are oriented, to some extent, to the winter tourist trade. Many

of the rentals are furnished one- and two-bedroom units. Vacancies are as high as 25 percent in multifamily projects in the off-season, and rents are generally 15 to 30 percent below those charged in the peak November-April period. The tourist trade is such that turnover during peak months is low. Most of the tourists reside in the valley throughout the winter months.

An informal survey of six newer multifamily projects with a total of 85 units in Edinburg indicated 21 vacancies in late August, an overall vacancy rate of 25 percent. Similar vacancy conditions are noted in new rental projects throughout the HMA.

Multifamily Units Under Construction. Excluding the 150 units of public low-rent housing currently under construction in the HMA, multifamily building has dropped off sharply this year. Currently, there are only about 30 privately-financed multifamily units being built. Lower construction levels reflect primarily the tightening of construction funds.

Urban Renewal and Redevelopment

Residential urban renewal activity is concentrating on the upgrading of residences primarily by the acquisition of parcels, the removal of sub-standard units, and construction of standard structures. The program has been particularly successful among low income families where relocation is on or near the original parcel. New housing, for the most part, has been conventionally-financed.

Edinburg. Gateway City East (R-52) was delineated as a general neighborhood for renewal and redevelopment in Edinburg in October 1957. The Gateway City 2 (R-10) project, part of the general neighborhood area, is currently in the completion stages. The area is located in west Edinburg and is bounded by South 4th, Cano, Southside, and Sprague Streets. A total of 105 units were demolished in the Gateway project and about 64 families have been displaced since 1961. About 80 percent of these (52 families) have been relocated into standard private housing in Edinburg.

A second project area, the Orion (R-66) project is located in the northeast section of the city. The 45-acre area is bounded generally by North 15th Avenue, Lovett Street, North 25th Avenue, and Cano Street. When renewal activity was initiated, the area contained 711 structures, most of which were substandard residences. As of June 30, 1966, 279 housing units had been demolished and 163 families relocated. Most of these families (116, or 70 percent) moved to private standard housing in the city. About 150 families are expected to be displaced by urban renewal activity from the Orion area in the next year.

Mercedes. Central Queen City (R-47) has been delineated as a general neighborhood renewal area and a portion of this area, Queen City 1 (R-8) is in execution. The project area is bounded by Base Line Road, Maryland Avenue, Third Street, and 16th Street. A total of 107 families have been relocated, with over half of these moving to private standard sales units in Mercedes. About 193 housing units have been demolished in the Queen City area and another 19 units are to be removed. Queen City 1 is currently nearing completion. About 500 structures, primarily residential and commercial units, have been rehabilitated and 100 new structures have been built in the area.

Queen City 2 (R-57) also is in execution. The 41-acre area is bounded by the Queen City area on the south and by Missouri Avenue, Anocintas Street, Base Line Road, and Sixth Street. Of the 152 housing units in the area, 150 units are substandard. The area contained 109 families, of which 39 families have been relocated at present. About 75 units have been demolished in the area and the remaining substandard units are expected to be removed in the next year. A third renewal area (R-89) is currently in the planning stages.

Mission. In the general neighborhood renewal area Lomita 1 (R-57), the Valle Hermosa (R-53) project is in execution. This area was significantly overcrowded with 85 housing units and 169 families. A total of 119 families have been relocated; nearly half of these have moved to private standard sales housing in Mission. A second project area that contains about 400 substandard structures is presently in the early stages of renewal planning and delineation.

Public Housing

As of September 1, 1966, there were 805 public low-rent housing units under management distributed in nine towns in Hidalgo County, as shown on the following page. Another 150 units currently are under construction in the towns of Edinburg (50 units) and Pharr (100 units). An additional 122 units are in the pre-construction planning stage. Of the 955 units of low-rent public housing either existing or under construction, 409 units have been added since 1960. Public housing construction has been the major factor in the provision of new housing at rents for low income families in the HMA.

Public Housing Inventory
Hidalgo County, Texas
September 1966

<u>City or town</u>	<u>Number of units</u>		<u>Total units^{a/}</u>
	<u>Under management</u>	<u>Under construction^{a/}</u>	
Alamo	40	-	40
Donna	70	-	70
Edcouch	34	-	34
Edinburg	100	50	150
Elsa	50	-	50
McAllen	150	-	150
Mercedes	206	-	206
Mission	80	-	80
Pharr	<u>75</u>	<u>100</u>	<u>175</u>
Total	805	150	955

^{a/} Projects currently in the planning stages are not included.

Sources: Local public housing directors and 1966 Public Housing Directory.

Demand for Housing

Quantitative Demand

The demand for new housing is based primarily on the expected household growth during the forecast period (550 annually) and on the demolition of 670 housing units over the next two years. Consideration also is given to the current and future tenure composition, the transfer of single-family homes from the sales inventory to the renter stock, the current rate of construction, the current vacancy level, and the number of sales and rental vacancies necessary to attain a satisfactory demand-supply balance in the market. Giving consideration to the above factors, demand for privately-financed new housing is projected at 840 units annually during the next two years, including 650 sales units and 190 rental units. The 190 units of annual rental demand exclude demand for low-rent public housing and rent-supplement accommodations, but include 90 units which can be marketed at the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost. The demand estimates are not estimates of the number of units that actually may be built, particularly in view of the current stringency in the supply of construction and mortgage funds.

The annual demand for 650 sales units over the next two years includes demand in all nonfarm areas in Hidalgo County, of which about 100-120 units a year probably will be built in southern portions of the county outside permit-issuing places. The projected annual demand for 530-sales units in permit-issuing cities and towns is below the average of 590 single-family units authorized annually in the 1963-1965 period, but is comparable with the 550 units authorized in 1965. The projection is below the average of 700 houses a year authorized during the entire post-1960 period. However, as noted earlier, the volume of single-family building has declined over the past six years, primarily because of the slower economic growth in recent years. The demand for 100 rental units annually at rents achievable with market-interest-rate financing is below the average of 170 multifamily units authorized annually since 1963. It is comparable to the 100 units authorized in 1965 and is above the annual rate of 50 units authorized in the first seven months of 1966. New rental housing probably will be absorbed best in smaller multifamily structures in the larger towns, particularly in Edinburg, McAllen, and Weslaco.

Qualitative Demand

Sales Housing. The distribution by price ranges of the annual sales demand is shown in the following table. This distribution is based on the current distribution of families by after-tax income and on the proportion of income that families pay for sales housing in Hidalgo County. Based on FHA minimum property standards and current construction and land costs, it is judged that few FHA-acceptable sales units can be produced for less than \$7,500. Locally-acceptable construction is produced at prices below this level and, based on the incomes of area residents, demand for housing is strongest in the lower price ranges. ^{1/} Over one-third of the annual demand is for sales units priced under \$10,000. Demand for housing priced at less than \$7,500 arises primarily from among the low-income, agriculturally-oriented families in the HMA. Although homeownership is a primary desire of these families, location is an important factor. Established neighborhoods, which are convenient to places of employment, shopping, and other amenities, are often the governing consideration in home purchase.

Estimated Annual Demand for New Sales Housing
by Sales Price Class
Hidalgo County, Texas, September 1966-September 1968

<u>Sales price classes</u>	<u>Number of units</u>	<u>Percentage distribution</u>
Under \$ 8,000	135	21
\$ 8,000 - 9,999	90	14
10,000 - 11,999	65	10
12,000 - 13,999	60	9
14,000 - 15,999	50	8
16,000 - 17,999	45	7
18,000 - 19,999	45	7
20,000 - 24,999	55	8
25,000 - 29,999	60	9
30,000 and over	<u>45</u>	<u>7</u>
Total	650	100

^{1/} It should be noted that the projected demand includes many units which may lack plumbing or, because of other structural considerations or location, would be below the FHA minimum property standards for mortgage insurance, but are acceptable to a large segment of the market.

Rental Housing. The monthly rent levels at which 190 privately-owned net additions to the rental inventory might best be absorbed are indicated by unit size and monthly gross rent in the following table. Net additions to this total may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition, exclusive of public low-rent housing and rent-supplement accommodations.

Estimated Annual Demand for New Rental Housing
Hidalgo County, Texas
September 1, 1966-September 1, 1968

<u>Unit size</u>	<u>Gross monthly renta/</u>	<u>Number of units</u>
One-bedroom	Under \$90	20
	\$ 90 - 109	10
	110 - 129	10
	130 and over	20
Two-bedroom	Under\$110	25
	\$110 - 129	15
	130 - 149	15
	150 and over	10
Three-or more-bedroom	Under \$130	45
	\$130 - 149	10
	150 and over	<u>10</u>
Total		190

a/ Gross rent is shelter rent plus the cost of utilities.

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

The number of rental units in Hidalgo County that can be marketed at gross rents at and above the minimum rent levels achievable with market-interest-rate financing is 100 units annually over the forecast period. Minimum gross rents achievable with market-interest-rate financing are \$90 for one-bedroom apartments, \$110 for two-bedroom units, and \$130 for apartments containing three bedrooms or more.^{1/} As noted in the above table, rental demand is strong for smaller units (one- and two-bedroom units) at rents achievable with market-interest-rate financing. At below-market rates, however, demand probably will be strongest for units containing three bedrooms or more. An additional 90 units of rental housing can be marketed each year at the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost, excluding public low-rent housing and rent-supplement accommodations. The location factor is of especial importance in the provision of new units for lower income families. Families in this user group are not as mobile as other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships; and proximity to place of work frequently is a governing consideration in place of residence preferred by families in this group. Thus, the utilization of lower priced land for new housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

^{1/} Calculated on the basis of a long-term mortgage (40 years) at 5½ percent interest and 1½ percent initial annual curtail; changes in these assumptions will affect minimum rents accordingly.

Table I

Work Force Components
Hidalgo County, Texas
April 1960-April 1966

<u>Components</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Total work force	<u>57,100</u>	<u>55,140</u>	<u>55,710</u>	<u>55,860</u>	<u>53,900</u>	<u>53,990</u>	<u>57,520</u>
Unemployment	3,690	3,890	3,980	4,010	3,960	3,040	2,780
Percent of work force	6.5%	7.1%	7.1%	7.2%	7.3%	5.6%	4.8%
Total employment	<u>53,410</u>	<u>51,250</u>	<u>51,730</u>	<u>51,850</u>	<u>49,940</u>	<u>50,950</u>	<u>54,740</u>
Agricultural employment	<u>16,300</u>	<u>13,900</u>	<u>11,900</u>	<u>12,800</u>	<u>12,380</u>	<u>12,310</u>	<u>14,480</u>
Nonagricultural employment ^{a/}	<u>37,110</u>	<u>37,350</u>	<u>39,830</u>	<u>39,050</u>	<u>37,560</u>	<u>38,640</u>	<u>40,260</u>
Manufacturing	4,400	4,390	4,100	3,970	3,350	3,460	3,000
Nonmanufacturing ^{a/}	32,710	33,960	35,850	35,080	34,210	35,180	37,260

Note: Columns may not add to total because of rounding.

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

Source: Texas Employment Commission.

Table II

Percentage Distribution of Nonfarm Families and Households By Income Classes
After Deduction of Federal Income Tax
Hidalgo County, Texas, 1966 and 1968

<u>Family income</u>	<u>1966</u>		<u>1968</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$1,000	10	11	9	10
\$ 1,000 - 1,999	13	17	12	15
2,000 - 2,999	17	23	15	23
3,000 - 3,999	11	12	13	11
4,000 - 4,999	10	10	10	10
5,000 - 5,999	8	7	7	8
6,000 - 6,999	6	6	7	6
7,000 - 7,999	5	4	5	4
8,000 - 8,999	5	2	4	3
9,000 - 9,999	3	2	4	3
10,000 and over	<u>12</u>	<u>6</u>	<u>14</u>	<u>7</u>
Total	100	100	100	100
Median	\$3,800	\$2,850	\$4,075	\$3,050

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

Source: Estimated by Housing Market Analyst.

Table III

Nonfarm Population Growth Trends
Hidalgo County, Texas
April 1950-September 1966

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>September 1966^{a/}</u>	<u>Average annual change</u>	
				<u>1950-1960^{a/}</u>	<u>1960-1966</u>
McAllen	20,067	32,728	35,700	1,266	460
Edinburg	12,383	18,706	20,500	632	280
Weslaco	7,514	15,649	17,100	814	230
Pharr	8,690	14,106	15,200	542	170
Mission	10,765	14,081	14,150	332	-
Mercedes	10,081	10,943	10,650	86	-50
Remainder of HMA	<u>59,443</u>	<u>60,347</u>	<u>64,400</u>	<u>90</u>	<u>630</u>
HMA total	128,943	166,560	177,700	3,762	1,725

^{a/} Substantially affected by annexations between 1950 and 1960.

Note: Current population and 1960-1966 changes are rounded; accordingly, components may not add to totals.

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

Table IV

Nonfarm Household Growth Trends
Hidalgo County, Texas
April 1950-September 1966

<u>Components</u>	<u>April 1950</u>	<u>April 1960^{a/}</u>	<u>September 1966</u>	<u>Average annual change</u>	
				<u>1950-1960^{a/}</u>	<u>1960-1966</u>
McAllen	5,217	8,298	9,200	309	140
Edinburg	3,017	4,271	4,725	125	70
Weslaco	1,876	3,458	3,750	158	50
Pharr	1,917	3,115	3,400	120	40
Mission	2,624	3,373	3,450	75	20
Mercedes	2,427	2,458	2,550	3	10
Remainder of HMA	<u>12,605</u>	<u>12,406</u>	<u>13,725</u>	<u>-20</u>	<u>200</u>
HMA total	29,683	37,379	40,800	770	530

^{a/} Substantially affected by annexations between 1950 and 1960.

Note: Current households and 1960-1966 average annual change in number of households rounded; accordingly, components may not add to total because of rounding.

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

Table V

Changes in the Nonfarm Housing Supply
Hidalgo County, Texas
April 1950-September 1966

<u>Area</u>	<u>Number of housing units</u>			<u>Annual average change</u>	
	<u>1950</u>	<u>1960^{a/}</u>	<u>1966</u>	<u>1950-1960^{a/}</u>	<u>1960-1966</u>
McAllen	5,768	9,291	10,800	352	240
Edinburg	3,392	4,936	5,600	154	100
Weslaco	2,033	4,023	4,650	199	100
Pharr	2,107	3,489	3,950	138	70
Mission	2,940	3,856	3,950	92	20
Mercedes	2,875	2,916	3,000	4	10
Remainder of HMA	<u>14,536</u>	<u>15,616</u>	<u>17,050</u>	<u>108</u>	<u>220</u>
HMA total	33,651	44,127	49,000	1,047	760

a/ Substantially affected by annexations between 1950 and 1960.

Note: 1960-1966 average annual changes in the number of housing units are rounded; accordingly, components may not add to total because of rounding.

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

Table VI

Privately-Financed Units Authorized for Construction
Hidalgo County, Texas
January 1960-July 1966

<u>Cities and Towns</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>First seven months</u>	
							<u>1965</u>	<u>1966</u>
McAllen	385	249	227	178	219	232	161	139
Edinburg	94	109	116	79	127	148	100	72
Weslaco	70	123	90	268	94	85	44	20
Pharr	138	103	100	70	56	61	22	21
Mission	58	35	48	64	41	38	18	19
Mercedes	30	25	55	84	190	22	11	9
Alamo	56	43	37	47	39	NA	NA	6
Donna	29	53	43	42	33	35	18	17
Edcouch	8	6	10	9	9	5	NA	4
Elsa	11	12	10	24	13	7	NA	1
San Juan	<u>41</u>	<u>29</u>	<u>26</u>	<u>6</u>	<u>9</u>	<u>11</u>	<u>NA</u>	<u>4</u>
Total	920	787	762	871	830	644	374	312

Sources: U. S. Bureau of the Census, C-40 Construction Reports; University of Texas, Bureau of Business Research; Local Building Inspectors.

Table VII

Characteristics of the Nonfarm Housing Supply
Hidalgo County, Texas
1950-1966

<u>Components</u>	<u>April 1950</u>	<u>April 1960</u>	<u>September 1966</u>
<u>Total housing supply</u>	<u>33,651</u>	<u>44,127</u>	<u>49,000</u>
<u>Occupied units</u>	<u>29,683</u>	<u>37,379</u>	<u>40,800</u>
Owner-occupied	18,103	24,114	26,600
Percent of total	61.0%	64.5%	65.2%
Renter-occupied	11,580	13,265	14,200
Percent of total	39.0%	35.5%	34.8%
<u>Vacant units</u>	<u>3,968</u>	<u>6,748</u>	<u>8,200</u>
Available vacant units	<u>1,251</u>	<u>1,440</u>	<u>1,600</u>
For sale	218	342	500
Homeowner vacancy rate	1.2%	1.4%	1.8%
For rent	1,033	1,098	1,100
Renter vacancy rate	8.2%	7.6%	7.2%
Other vacant units	<u>2,717</u>	<u>5,308</u>	<u>6,600</u>
Seasonal units	618	2,911	3,400
Dilapidated units	1,167	987	1,000
Units held off the market	932	1,410	2,200

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

Table VIII

Hidalgo County, Texas, Area Postal Vacancy Survey

August 17-25, 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	36,924	3,234	8.8	3,014	220	272	34,518	2,500	7.2	2,400	100	115	2,406	734	30.5	614	120	157	441	211	47.8
Donna	2,122	116	5.5	98	18	3	2,057	109	5.3	91	18	3	65	7	10.8	7	-	-	20	-	0.0
Edinburg	5,741	504	8.8	415	89	42	5,518	400	7.2	366	34	38	223	104	46.6	49	55	4	33	17	51.5
McAllen	11,950	900	7.5	816	84	43	10,963	587	5.4	563	24	18	987	313	31.7	253	60	25	-	-	-
Mercedes	2,814	186	6.6	180	6	21	2,743	168	6.1	163	5	21	71	18	25.4	17	1	-	-	-	-
Mission	4,829	215	4.5	211	4	17	4,284	156	3.6	152	4	17	545	59	10.8	59	-	-	-	-	-
Pharr	4,608	408	8.9	406	2	107	4,230	241	5.7	241	-	7	378	167	44.2	165	2	100	135	1	0.7
Weslaco	4,860	905	18.6	888	17	39	4,723	839	17.8	824	15	11	137	66	48.2	64	2	28	253	193	76.3

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).