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Analysis of the

IOWA CITY, IOWA

HOUSING MARKET

as of February 1, 1965



A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411
A constituent of the Housing and Home Finance Agency

August 1965

ANALYSIS OF THE
IOWA CITY, IOWA, HOUSING MARKET
AS OF FEBRUARY 1, 1965

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
Housing and Home Finance Agency

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
IOWA CITY, IOWA, HOUSING MARKET
AS OF FEBRUARY 1, 1965

Summary and Conclusions

1. The development of Iowa City has been, basically, that of a university town. Since the University of Iowa includes a medical school, the area also has developed as a medical center. In 1960, employment in education and hospitals, along with trade, accounted for over 60 percent of all nonagriculturally employed residents of the HMA. The manufacturing sector of the economy is small, accounting for less than nine percent of all nonagricultural employment in 1960. This sector of the economy is becoming increasingly important, however, because of its recent rapid growth.
2. Current nonagricultural employment in the HMA is estimated at 22,100, representing average increases of about 600 (3.1 percent) yearly since 1960. Over the next two years, to February 1, 1967, employment gains are expected to be slightly greater, with increases averaging 650 jobs annually.
3. The current nonfarm population of the Iowa City HMA is about 53,350, with slightly over 80 percent of the total HMA population living in the Iowa City urban area (Iowa City, Coralville, and University Heights). Since 1960, the rate of population growth of the HMA has been faster than during the preceding decade. Between the 1950 and 1960 censuses, the population of the HMA increased by an average of 925 (2.6 percent) annually, while post-1960 population increases have averaged over 1,600 (3.5 percent) annually. A major factor in this growth rate has been very rapid increases in the student population of the HMA. Spurred by the rapidly growing student population and continued economic growth, the population of the HMA is expected to reach 57,600 by February 1, 1967, an average increase of 2,125 (4.0 percent) a year.
4. The number of households in the HMA currently totals 15,350, an increase of about 500 annually since 1960. Based on the projected 1967 population, adjusted for expected increases in the nonhousehold population, and the average household size prevalent in the area, the number of households is expected to reach 16,350 by February 1, 1967, an average increase of 500 households annually.
5. The current inventory of housing in the HMA totals about 15,950 units, an average net gain of about 470 units annually since 1960. In recent years, however, there has been a strong upward trend in the rate of residential construction in the HMA. In each year since 1960, the number of units constructed in the HMA (as measured by building permit

authorizations) has been greater than in the preceding year, with the total number of units authorized in 1964 (844), three and one-half times the number authorized in 1960 (239). The rapid increase in the number of units authorized reflects increased multifamily construction, although single-family authorizations also have been growing in number.

6. Vacant units available for sale or rent in the Iowa City HMA are scarce. Current available vacancies number approximately 225 units, with about 75 units available for sale (a net homeowner vacancy rate of 0.8 percent) and about 150 units available for rent (a net rental vacancy rate of 2.2 percent).
7. Over the two-year forecast period, to February 1, 1967, it is anticipated that 600 additional units of housing will be marketable annually to satisfy the needs of the growing population of the area, divided evenly between about 300 units of sales housing and 300 units of rental housing.

ANALYSIS OF THE
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Housing Market Area

The Iowa City Housing Market Area (HMA) under consideration in this report consists of Johnson County, Iowa. Unless otherwise noted, data on agricultural employment and rural farm population, households, and housing are excluded from this report since the rural farm segment of the population does not constitute a part of the market for urban housing. In 1960, about 73 percent of the nonfarm population of the HMA resided in Iowa City. Two smaller urban areas, Coralville and University Heights, adjoin Iowa City. There are also a number of smaller incorporated areas within the HMA, the largest of which had a population of only 717 in 1960.

Iowa City is located on the Iowa River, just east of the center of Johnson County, about 55 miles west of Davenport, Iowa. Cedar Rapids, Iowa is about 27 miles north of Iowa City, and Des Moines is about 112 miles west.

Highways serving the area include Interstate 80, which connects Iowa City with Des Moines to the west and Chicago to the east. U. S. Routes 6 and 218 also serve the area. Air transportation is provided at the municipal airport, with four flights in and out daily. Air transportation is also available from nearby Cedar Rapids. Commutation to and from the HMA is not particularly significant. Unpublished data from the 1960 census indicated that in- and out-migration were almost equal, with about 1,100 in-commuters and about 1,050 out-commuters. Most commuters went to or came from the Cedar Rapids area.

Economy of the Area

Character and History

Iowa City came into being when the area was selected as the site for the capital of the new Iowa Territory. Eighteen years later, in 1857, the capital was moved to Des Moines. The State University of Iowa was chartered at Iowa City in 1847 and ten years later, when the capital was moved, the capitol building and ten acres of ground were left to the university. Beginning in 1857, therefore, the development of Iowa City has been, basically, that of a university town. Since the university includes a medical school, the area has also developed as a medical center, with the university hospitals of 1,200 beds, a 500-bed Veterans Administration Hospital, and a number of smaller hospitals and medical facilities in the area. Education and hospitals, along with trade, supply the bulk of employment in the HMA. In 1960, education, trade, and hospitals accounted for the jobs of over 60 percent of all non-agriculturally-employed residents.

The manufacturing sector of the economy of the area is small. In 1960, manufacturing employment accounted for less than nine percent of all nonagricultural employment. The manufacturing sector is becoming increasingly important, however, because of recent rapid growth.

Employment

Trend. The HMA is not classified a major employment center and, consequently, current work force and employment statistics are not prepared for the area by the Iowa Employment Security Commission. Based on the nonagricultural employment reported in the 1960 census, and available data on recent employment trends, current nonagricultural employment is estimated to total 22,100. This represents average annual increases of about 600 (3.1 percent) over the 1960 census total.

The census reported resident nonagricultural employment of 19,200 in 1960, an increase of 5,850 (43.8 percent) over reported nonagricultural employment in 1950 (see table I). Employment growth in all sectors of the economy was apparent. Manufacturing employment more than doubled in the 1950's. Nonmanufacturing employment increased by over 40 percent over the same period, with education, hospitals, and services providing the major nonmanufacturing employment gains.

Distribution by Major Industry. The local office of the Iowa State Employment Service keeps statistics on "major market employers" (defined as employers of 15 or more workers). Employment in some industries (particularly nonmanufacturing industries because of the typically smaller size of firms in these industries) is severely underreported in these data as may be seen in a comparison of the figures in the following table with the 1960 census data shown in table I. Despite deficiencies in the current data, an upward trend in employment is apparent. Reported

manufacturing employment has expanded by an average of 140 employees annually since 1959, with services adding about 75 annually and trade employment increasing by about 70 annually.

Major Market Employment a/
Iowa City, Iowa, HMA
December 1959 to December 1964 b/

<u>Industry</u>	<u>Dec.</u> <u>1959</u>	<u>Dec.</u> <u>1960</u>	<u>Dec.</u> <u>1961</u>	<u>Dec.</u> <u>1962</u>	<u>Dec.</u> <u>1963</u>	<u>Dec.</u> <u>1964</u>
Total	<u>2,925</u>	<u>3,025</u>	<u>3,125</u>	<u>3,625</u>	<u>3,675</u>	<u>4,400</u>
Manufacturing	1,000	1,100	1,175	1,250	1,300	1,725
Construction	100	25	50	75	100	100
Trade	850	850	900	1,150	1,050	1,200
Trans., comm., & pub. util.	300	300	300	350	350	400
Finance	100	100	100	100	125	125
Services	575	600	600	675	775	950

a/ Excludes agriculture, government, railroads, self-employed, domestics, unpaid family workers, and firms with fewer than 15 employees.

b/ Employment data for the years 1959-1964 are internally consistent; comparable data for prior years are not available.

Note: Data rounded to the nearest 25. Some columns will not total, because of rounding.

Source: Iowa City office of the Iowa Employment Security Commission.

Female Employment. Female employment in the HMA is high. In 1960, just over 40 percent of all nonagriculturally employed residents of the HMA were women, compared with a ratio of less than 35 percent for the Nation as a whole. At the time of the census, almost two-thirds of those employed by hospitals were women. Female employment accounted for over one-half of total service employment and about 42 percent of employment in the education group. A large number of women were employed in manufacturing; one-quarter of the employment in this sector were women in 1960. More recent data indicate that a large share of the recent growth in manufacturing employment involved women. The local office of the Iowa Employment Security Commission reports that about one-third of the "major market" manufacturing employment is of females.

Employment participation rate (the proportion of the population that is employed) in the HMA is very high. In 1960, over 42 percent of the population was employed, compared with 36 percent in the Nation as a whole. One of the reasons for the high participation rate is the very substantial female employment. The participation rate for the

female population of the HMA in 1960, 34 percent, was not far below the normal rate for both sexes Nationally. Part-time employment has also contributed to the high participation rate. In June 1960, the total payroll at the university included about 2,300 persons that were not full time employees, and by June 1964 this number exceeded 3,200.

Growing female and part-time employment have contributed to the maintenance of the participation rate at high levels, although it is doubtful that the participation rate has risen above the 1960 level.

Principal Employers

Employment at the University of Iowa, which is not included in the previously discussed "major market" employment, is by far the most important source of employment in the area. The University reports that a total of 9,344 persons were included on the December 1964 payroll. This included all persons working for the university; full-time employment was much lower, totaling 5,069. Full-time employment has been increasing rapidly. Since 1959, additions to the full-time employment of the university have averaged over 200 yearly. Part-time employment by the university also has been increasing, averaging in excess of 100 new part-time employees annually.

In the State of Iowa, there is a tendency on the part of smaller manufacturing establishments to move from the large industrial centers to smaller towns and cities. Smaller manufacturers can put themselves in a more competitive position by locating modern plants in these lower wage-cost areas. Iowa City is among the beneficiaries of this change. Most of the manufacturers now in the area moved there within the last 10 to 15 years. Last year three new manufacturers located in the HMA-- two producers of livestock feed and a manufacturer of foam rubber, Sheller Manufacturing Corp. Chamber of Commerce data indicate that other major employers include Owens Brush Co. (toothbrushes), employing about 350; Proctor and Gamble Co., employing about 250; Protein Blenders (feed products), employing about 175; Moore Business Forms, employing about 125; and Economy Advertising (printing material) employing between 80-100. Another manufacturer, Pepperidge Farms (frozen food), employing about 200, is scheduled to close its Iowa City facility by mid-1965. Most of the above firms located in the HMA since 1950.

Unemployment

No current data are available on unemployment in the HMA. The 1960 census reported a very low unemployment rate of 1.6 percent in the HMA. The unemployment rate reported by the census for the State in 1960 was double (3.2 percent) that in the HMA and the National rate was more than triple (5.1 percent) the HMA rate. The local employment office reports that initial claims for unemployment and weeks of unemployment benefits paid in Iowa City are consistently among the lowest reported in the State.

Future Employment

Over the forecast period, it is anticipated that employment in the HMA will continue to expand, with employment growing by about 650 new jobs annually. Total nonagricultural employment is expected to reach 23,400 by February 1967.

The main contribution to this growth will be the university. Enrollment at the university will expand rapidly, as young people born in the post World War II period are now reaching college enrollment age. During this period, the number of births throughout the Nation increased rapidly, and in Iowa, between 1945 and 1947, the number of births increased by over 40 percent. Not only are the number of college-age young persons increasing rapidly, but also larger proportions of them are planning on a college education. As the enrollment increases, employment by university must also increase. To keep pace with this growth, employment increases at the university will probably exceed 300 new jobs (part-time employment included) annually.

It is expected that manufacturing employment will also continue to expand, although the loss of Pepperidge Farms, Inc. will tend to make employment changes erratic over the forecast period. Local sources indicate that several firms are actively interested in acquiring the Pepperidge Farms facility in Iowa City and it is likely that a new firm will move into the area not long after the departure of Pepperidge Farms.

The over-all outlook for the economy of the area is favorable. Continued employment growth can be expected in virtually all sectors of the economy.

Income

Current median family income in the Iowa City HMA, after deducting Federal income tax, is estimated at \$6,300, an increase of about 17 percent over the 1959 median reported in the 1960 census. About 18 percent of all families have annual after-tax incomes exceeding \$10,000, while about 21 percent have incomes below \$4,000 yearly.

The current median renter-family income is about \$5,375, after deducting Federal income tax, with about 29 percent of all renter families earning less than \$4,000 and about 10 percent having after-tax incomes of \$10,000 or more. A continued increase in the level of income in the area is expected to result in a median after-tax renter-family income of \$5,700 by early 1967.

Percentage Distribution of Annual Nonfarm Family Income After Tax
Iowa City, Iowa, Housing Market Area
February 1965 and 1967

<u>Annual income</u>	<u>February 1965</u>		<u>February 1967</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Under \$3,000	13	17	12	16
\$3,000 - 3,999	8	12	7	10
4,000 - 4,999	11	16	10	13
5,000 - 5,999	13	15	11	16
6,000 - 6,999	15	12	14	13
7,000 - 7,999	9	8	11	9
8,000 - 8,999	8	6	8	6
9,000 - 9,999	5	4	6	5
10,000 -12,499	9	5	10	6
12,500 -14,999	4	) 5	5	) 6
15,000 and over	5	) 5	6	) 6
Median	\$6,300	\$5,375	\$6,700	\$5,700

Source: Estimated by Housing Market Analyst.

The median family income in the area is relatively low. According to the 1960 census, only five cities out of 25 in Iowa having populations over 10,000, had lower median incomes than Iowa City. This was primarily the result of the low income of student families. If student families are excluded from the distribution, the median income of area families would probably be about \$1,000 higher, suggesting that non-student resident families in the HMA are among the more affluent in the State.

Demographic Factors

Population

Current Estimate. The current nonfarm population of the Iowa City HMA is 53,350. Slightly over 80 percent of the total HMA population lives in the Iowa City urban area, which includes Iowa City, Coralville, and University Heights. These three communities have current populations of 38,550, 3,750, and 1,050, respectively.

Past Trend. Since 1960, the rate of population growth of the HMA has been much faster than during the preceding decade. Between the 1950 and 1960 censuses, the population of the HMA increased by an average of 925 (2.6 percent) annually, while post-1960 population increases have averaged over 1,600 (3.5 percent) annually. Some portion of the reported nonfarm population gain between 1950 and 1960 results from a change in the census definition of "farm".

Nonfarm Population
Iowa City, Iowa, HMA
1950 to 1965

<u>Area</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>February 1,</u> <u>1965</u>
Iowa City	27,212	33,443	38,550
Coralville	977	2,357	3,750
University Heights	446	841	1,050
Remainder of HMA	<u>7,571</u>	<u>8,904</u>	<u>10,000</u>
HMA total	36,206	45,545	53,350

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

The population of Iowa City has increased since 1960 by an average of about 1,050 (3.2 percent) annually, compared with about 625 (2.3 percent) annually during the 1950's. However, annexations have been an important factor in the population growth of Iowa City. Between 1950 and 1960, about 70 percent of the population growth of the city is ascribed to annexations. The post-1960 population growth of Iowa City has also reflected annexation activity. Annexations have been a concomitant of population growth in Coralville and University Heights as well, although on a smaller scale than in Iowa City. Except for an Iowa City accession involving about 350 people in 1960, annexations have typically involved mostly platted subdivisions.

Rural areas in the HMA have shared in the recent increase in population growth, with population gains outside the urban area of Iowa City in the 1950's averaging 130 (1.8 percent) annually, compared with about 225 (2.5 percent) annually since 1960. Had it not been for annexations, of course, growth in these areas would have been larger. Most of the gain in the unincorporated part of the HMA occurred in the area north of Iowa City.

University students account for a large segment of the population, about one-quarter of the total HMA population. At the beginning of the 1964-1965 school year, enrollment totaled 14,480, but has declined somewhat since. From 1952 to 1962, increases in total fall enrollment have averaged about 500 students annually. In the last two years, however, enrollment increases have been much greater, with 1963 first semester enrollment 800 above first semester enrollment in 1962, and 1964 enrollment more than 1,500 higher than in 1963. These increases reflect the growing numbers of college age young people, who were born during the post war "baby boom". By the 1966-1967 school year, the university expects fall enrollment to reach 17,000, over 2,500 above enrollment last fall.

Estimated Future Population. Spurred by a rapidly growing student population and continued economic growth, the population of the HMA is expected to increase at an even more rapid pace in the next two years than has occurred in the past several years. It is anticipated that the population of the HMA will reach 57,600 by February 1, 1967, an average increase of 2,125 (4.0 percent) a year over the next two years. The major increases are expected to take place in Iowa City and Coralville, although all areas in the HMA are expected to share in the growth, including the many small towns in the area.

Net Natural Increase and Migration. Population change is the result of net natural increase (resident births less resident deaths) and migration. Because data are not available separately for farm and nonfarm births and deaths, it is necessary to use the total population of Johnson County, including the rural farm population, to determine migration and net natural increase.

Between 1950 and 1960, there was a total population gain of about 7,900 in Johnson County, while the net natural increase totaled 10,300, so that there was a net out-migration of 2,400 persons. A substantial portion of the out-migration was of rural farm population, and reflected

the declining trend of the farm population in the 1950's. Some portion of the drop in the rural farm population results, however, from a change in the definition of "rural farm" between the 1950 and 1960 censuses.

Another factor which may be partially responsible for an out-migration of population was the lack of growth at the university during this period.. The late 1940's and early 1950's was a period of substantial decline in enrollment at the university (34 percent, 1948 to 1952), so that even with rising enrollment from 1952 to 1960, the 1960 enrollment was only about four percent above the 1950 level. Since 1960, enrollment at the university has been increasing more rapidly. During this period, however, the nonstudent segment of the population has maintained the pattern of out-migration at about the same level as that of the 1950's, although the increase in student enrollment at the university has acted to reverse the 1950-1960 migration pattern of the total population. Since 1960, total net in-migration has averaged about 400 annually, with in-migration over the last two years much greater than the average. Over the forecast period, continued out-migration is expected in the nonstudent population, although at a slower rate, mainly because of declining net natural increase (fewer births and more deaths).

This comparatively small number of in-migrants in the total population represents a balance between very large movements of people into and out of the HMA. Not only are there very large movements of the student population, but those professional persons with academic careers or in associated research activities, are members of a group that is typically highly mobile. These population movements tend to obscure the fact that the economic growth in the HMA which is not directly connected to the university has not been sufficient to provide jobs for local people entering the labor market and there has been a comparatively high out-migration of young adults.

Population in Group Quarters (nonhousehold population) represents persons living in institutions, dormitories, barracks, rooming houses, etc. In the HMA, university residence halls, fraternity and sorority houses, and the hospitals account for virtually all of the nonhousehold population. Increases in the nonhousehold population occur only as additional space becomes available in such quarters, or as the intensity of utilization of those quarters increases. In 1960, the census reported a nonhousehold population of about 6,250. Since 1960, the university has added about 475 new spaces in residence halls; there has been little or no change in the "group" population at the VA hospital. Because of the rapid increase in student enrollment,

it is expected that there was some increase in the intensity of utilization of those quarters that serve students. Based on these considerations, the current nonhousehold population is approximately 6,750, or about 500 above the 1960 level.

There are currently under construction 563 dormitory spaces which will be ready for occupancy next fall. An additional 523 spaces, not yet approved for construction, are planned for occupancy in the fall of 1966. Consequently, nonhousehold population in the HMA can be expected to increase by a minimum of 500, and may increase by over 1,050 over the two-year forecast period.

Households

Current Estimate. The number of nonfarm households in the HMA currently totals 15,350, an increase of about 2,400 (18.6 percent since 1960, including increments of about 1,610 households (17.1 percent) in Iowa City, about 410 households (59.1 percent) in Coralville, 75 households (24.6 percent) in University Heights, and 310 households (12.2 percent) in the remainder of the HMA.

Nonfarm Households
Iowa City, Iowa, HMA
1950 to 1965

<u>Area</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>February 1,</u> <u>1965</u>
Iowa City	6,634	9,413	11,025
Coralville	293	694	1,100
University Heights	137	301	375
Remainder of HMA	<u>2,165</u>	<u>2,540</u>	<u>2,850</u>
HMA total	9,229	12,948	15,350

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

Past Trend. In 1960, the census reported 12,948 households in the HMA, representing a 3,719 (40.3 percent) household increase over the 9,229 households enumerated by the census in 1950. On an average annual basis, households in the HMA increased by about 370 annually during the 1950's, compared with about 500 annually since 1960. Both

the change in definition from "dwelling unit" in 1950 to "housing unit" in 1960 and the change in the definition of a farm resulted in definitional increments in the number of nonfarm households as reported in the 1960 census compared with the 1950 enumeration so that the actual change between 1950 and 1960 was somewhat less than indicated herein.

Estimated Future Households. Based on the projected 1967 population, adjusted for the expected increase in the nonhousehold population, and the average household size prevalent in the area, the number of households is expected to reach 16,350 by February 1, 1967, an average increase of 500 households annually. This expected annual increase in households is roughly equal to the yearly increases experienced over the last 5 years, despite the increased rate of population growth expected. Increases in nonhousehold population, or more exactly, increased dormitory space at the university, is expected to accommodate much of the increased student population, resulting in the slower (relative to the rate of population growth) rate of the forecast household growth.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. The current inventory of housing in the HMA totals about 15,950 nonfarm units, an annual average increase of about 470 units (3.4 percent) since April 1960. Between the 1950 and 1960 censuses, the number of housing units increased from 9,328 to 13,679, or average increments of 435 units yearly (4.7 percent). The current housing inventory in Iowa City, 11,250 units, increased by an average of 315 units (3.2 percent) annually since 1960, while annual additions during the 1950's averaged 305 units, or 4.6 percent. The remainder of the HMA has a current inventory of 4,700 units, representing average additions of 155 units (3.9 percent) annually since 1960. Between 1950 and 1960, annual increments in this segment of the HMA averaged 130 units, or 4.9 percent (see table II). Changes in the definition of "farm" and "housing unit" between 1950 and 1960 affected the total inventory, of course, as well as the figures for households.

Characteristics of the Inventory. The proportion of single-family housing to all housing units in the HMA is comparatively low. In 1960, 87 percent of the total housing inventory was in single-family structures in the State of Iowa, compared with 66 percent in the HMA. Thus, the Iowa City housing market differs significantly from the general experience prevalent in the State, with a much stronger propensity for multifamily housing. Table III shows units by type of structure in April 1960 for the HMA and Iowa City. At that time almost 95 percent of all units in multifamily structures were located in Iowa City.

In 1960, over half of the nonfarm inventory (52 percent) had been built in 1929 or earlier, 31 percent in the 1930-1954 period, with 17 percent built between 1955 and April 1960. The inventory in Iowa City was somewhat older than that in the HMA as a whole, with fewer than 15 percent of the units in structures built between 1964 and the time of the 1960 census, and 65 percent over 30 years old in 1960 (see table III).

In 1960, the census reported that 12.5 percent of all housing units in the HMA were either dilapidated or lacked some or all plumbing facilities, compared with 21 percent of all units in the State. All the major metropolitan areas in the State had higher proportions of below-standard units than did the Iowa City HMA.

The median value of all nonfarm owner-occupied housing units in Johnson County in 1960 was \$15,000, with 22 percent valued at \$20,000 or more. The median price of owner-occupied housing in the State was only \$9,900, and, within the State, there was no county that had a median reported

value higher than Johnson County. The median gross rent in 1960 was also high, with only Linn County (Cedar Rapids) having a higher median. The median rent in Johnson County (including farm renters was \$77 a month.

The median monthly rent in Johnson County was 13 percent above the State median (\$68), while the median value of owner occupied units in the area was over 50 percent above the State median value. It is obvious, therefore, that the HMA is a relatively high-priced housing market, particularly in regard to owner-occupied housing.

Residential Construction

Trend. In recent years there has been a strong upward trend in the rate of residential construction in the HMA. In each year since 1960, the number of units constructed in the HMA (as measured by building permit authorizations) has been greater than in the preceding year. The number of building permits authorized in 1964 (844) was three and one-half times the number authorized in 1960. This upward trend, however, has been relatively recent, with the level of construction activity in the area between 1954 and 1960 fairly stable at about 300 new units annually. Iowa City accounts for the largest proportion of residential construction activity in the HMA (over 60 percent of all units authorized in the HMA since 1961) and growing levels of residential construction are evident. The most recent, sharp increases in new construction, however, have been in Coralville and the unincorporated portion of Johnson County. The number of units authorized in Coralville in 1963 was over two and one-half times the number authorized in 1962. In the unincorporated area of Johnson County, 51 units were authorized in 1962. The number increased to 73 in 1963, and in 1964, 245 units were authorized, almost three and one-half times the 1963 total (see table IV).

In 1960, the census reported seven small towns in the HMA outside the urban area of Iowa City. In only two of these communities (Hills and Swisher) are building permits required. It is estimated that since 1960 about 100 new housing units have been constructed in all of these towns together representing additions of about 20 units annually. The following table shows the number of units authorized in the HMA by size of structure. Note that the rapid increase in the number of units authorized in the area reflects increased multifamily construction, although single-family authorizations also have been growing in number.

Number of Units Authorized by Building Permits
Iowa City, Iowa, HMA
1960-1964

<u>Year</u>	<u>One family</u>	<u>Duplexes</u>	<u>Multifamily</u>	<u>Total</u>
1960 <u>a/</u>	175	48	16	239
1961	264	60	51	375
1962	280	68	175	523
1963	307	22	262	591
1964	360	32	451	844

a/ In 1960, building permit data in the unincorporated portion of Johnson County and Hills town were not available.

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

Until 1963, virtually all of the multifamily units built in the HMA were located in Iowa City. In 1963, however, half of all multifamily units were authorized outside Iowa City and in 1964, over 60 percent were authorized outside the city.

Units Under Construction. According to a postal vacancy survey conducted on January 26, 1965, there were about 100 residences and 140 apartments under construction in the area surveyed (Iowa City, Coralville and University Heights).

The number of single-family units under construction estimated on the basis of building permit data corresponds closely with the number of residences under construction reported by the postal survey. It is concluded, therefore, that about 100 units of single-family housing are currently being built in the HMA.

Multifamily units currently under construction are estimated at 375. Apartments now under construction as reported by the post office appear to be underreported. The rapid increase in multifamily building last year makes the number of units under construction difficult to measure, particularly since many of these units are not being built along existing delivery routes.

Tenure of Occupancy

Included in the total number of occupied housing units in the HMA, currently estimated at 15,350, are about 8,750 owner-occupied units

(57.0 percent of all occupied units) and 6,600 renter-occupied units (43.0 percent). The rate of increase of both owner and renter units has been approximately equal since 1960, so that the proportion of owner-occupied units to the total has not changed since then. Between 1950 and 1960, the proportion of owner units increased from 53 percent in 1950 to 57 percent in 1960. Table II shows occupied housing by tenure in Iowa City and the HMA. Since over 80 percent of all renter-occupied units are located in Iowa City, almost half of all occupied units in Iowa City are currently renter occupied, compared with less than 30 percent in the remainder of the HMA.

The large number of student renters is responsible for the low owner-occupancy rate in the HMA. This year, about 55 percent of the students at the university reside in residence halls, fraternity or sorority houses, or live at home and commute to school. The remaining 45 percent, who either rent off-campus housing or rent married student housing provided by the university, represent a minimum of 3,000 households. If this number is deducted from the total current households and is assumed to be composed entirely of renters, the owner occupancy rate in the remainder of the housing inventory would be just over 70 percent. Owner occupancy in nonstudent households is, therefore, comparatively high. More significant, however, is the fact that student households dominate the rental market, accounting for about half of all renter households in the HMA.

Vacancy

Census. In April 1960, the census reported 302 vacant units available for sale or rent in the HMA. Of the total, 85 units were available for sale only (a net homeowner vacancy rate of 1.1 percent) and 217 units were reported available for rent (a net rental vacancy rate of 3.8 percent). As can be seen in table II, the rental vacancy rate in Iowa City was significantly lower than in the remainder of the HMA, although almost half of the rental vacancies outside Iowa City lacked some or all plumbing facilities in 1960.

Units lacking some or all plumbing facilities provide one of the few statistical guides to the general condition of available vacancies in the market. While there were few sales vacancies having plumbing deficiencies, about one-third of all vacant rental units lacked these basic amenities in 1960.

Postal Vacancy Survey. On January 26, 1965, a postal vacancy survey was conducted by the Iowa City Post Office, covering a total of 13,329 possible deliveries (about 85 percent coverage of the HMA). A

summary of the results is shown in table V. The survey revealed an overall vacancy rate of 1.1 percent, with 1.3 percent of all residential deliveries reported vacant and only 0.7 percent of all apartments reported vacant. Since mid-1963, 130 market areas throughout the Nation have been surveyed by local post offices for FHA; there has been no area surveyed that reported a lower overall vacancy rate.

The results of postal surveys are not strictly comparable with the census because of significant differences in definition, area delineation, and methods of enumeration. For example, the census differentiates between owner and renter housing, while postal surveys differentiate between residences and apartments. Since many single-family units (residences) are available for rent a comparison of sales and rental vacancy rates (census) with residence and apartment vacancy rates (postal survey) is not always valid.

Current Estimate. Since 1960, both rental and sales vacancies in the HMA have declined. Current available vacancies number approximately 225, with about 75 units available for sale (a net homeowner vacancy rate of 0.8 percent) and about 150 units available for rent (a net rental vacancy rate of 2.2 percent). Vacant units lacking some or all plumbing facilities have probably not changed significantly since 1960, with about 10 sales vacancies lacking plumbing facilities and about 70 units of vacant rental housing similarly deficient (see table II).

In a small, moderately-growing area like the Iowa City HMA, where it is possible to have reasonably complete knowledge of available vacancies, comparatively low vacancy levels are appropriate. Current vacancies are below even those low ratios, with rental vacancies particularly scarce.

Sales Market

The demand for sales housing in the HMA is strong and a shortage of housing is apparent. These factors have resulted in an appreciation in the value of existing housing and of developable land. Total sales in 1964, as recorded by the multiple listing exchange of the Iowa City Board of Realtors, increased by about 25 percent over the 1963 total. The average price of these sales increased to over \$18,100 in 1964 from about \$17,100 in 1963. These figures represent sales of existing homes, for the most part, with the average sales price of new homes generally exceeding \$20,000 at the present time.

The demand for new sales housing in Iowa City is strongest for more expensive housing, generally priced above \$20,000, while demand for new housing priced below \$15,000 is weak. The income of families who are permanent residents of the area (excluding students) is high, not only because of high individual incomes, but also because many families have more than one wage earner. As a result, demand for expensive housing has been strong and there has been considerable up-grading of families to better housing within the market, which has contributed to the soft demand for lower priced new housing. Most vacant residences are in the lower price classes.

Since 1950, most of the new residential development of Iowa City has been to the east, although building is currently taking place around the city in virtually all directions. Housing built in Iowa City in the last few years priced below \$18,000 has been built in the southeastern part of the city.

There has been some increase in building activity outside the general urbanized area of Iowa City. Scattered residential building is taking place in the unincorporated area not far north of Iowa City and in the northern part of the county adjacent to Lake McBride. Scattered new construction of lower priced housing, for the most part, also is in evidence in most of the smaller towns in the HMA.

Rental Market

The rental market in the HMA is tight, with all types of rental housing currently experiencing very high occupancy. In a survey of relatively new apartment projects, containing over 100 units, only one recently completed project was found to have any vacancies. A number of older rentals were also surveyed, with the managers of these units all reporting 100 percent occupancy. Rental vacancies in the HMA are probably at or very near a minimum level. Most of the current available rentals are the least desirable units on the market, with almost half of all available rentals lacking some or all plumbing facilities.

New rental housing is being built in Coralville, the unincorporated area of Johnson County, fairly close to Iowa City, and the suburban fringe of Iowa City. In new rental housing gross rents for one-bedroom apartments start at about \$105, and gross rents for two-bedroom units generally start at \$120. Few units rent for more than \$20 above these levels.

There are currently about 900 two-bedroom units of married student housing at the university. About three-quarters of the total are older units renting for \$62.50 a month (all utilities included) and the remainder rent for \$83.50 a month (plus electricity). An additional 500 units of married student housing are planned, with occupancy expected

by the 1966-1967 school year. Final approval for the construction of these units is pending, however.

As mentioned earlier in this report, students comprise a very substantial part of the rental market. Many students prefer to rent off-campus housing and in many cases can lower their expenses by sharing an inexpensive apartment and by doing their own cooking. Since 1960, increases in the number of dormitory spaces available have fallen far below the increases in enrollment, and growing numbers of student households have been entering the off-campus housing market. Should the number of dormitory spaces be increased over the two-year forecast period by over 1,000 as planned, the increased spaces available will be well below the expected increase in enrollment of over 2,500. Thus, student households will continue to have a strong impact on the rental market, and near full occupancy in less expensive existing rental units can be expected to continue over the forecast period.

Demand for Housing

Quantitative Demand

In order to satisfy the needs of the growing number of households in the area and to allow vacancies to reach a more reasonable supply-demand balance, it is estimated that a total of 1,200 new housing units will be required over the two-year forecast period, or an average of 600 units annually. Consideration also has been given to the current number of units now under construction, particularly in the rental market where a very substantial number of rental units were started late last year.

The annual demand for 600 new units will include an anticipated 300 units of sales housing and 300 units of rental housing. While additional rental housing could be absorbed annually at the lower rents associated with below-market interest rate financing, in the absence of a "workable program" in Iowa City at the present time, it is unlikely that any such housing will be provided during the next two years. The 300 units of rental demand is in addition to any new housing which may be provided by the university for its students and faculty.

Qualitative Demand

Sales Housing. The distribution of family incomes in the HMA and the relationship of income to sales price for an area such as the HMA indicate that the 300 units of sales demand should generally conform to the distribution by sales price shown below. The income distribution used was adjusted to exclude the incomes of student families which have little or no impact on the sales market.

Estimated Annual Demand for New Sales Housing
Iowa City, Iowa, HMA
1965-1967

<u>Sales price</u>	<u>Number of units</u>
\$10,000 - \$12,499	20
12,500 - 14,999	30
15,000 - 17,499	45
17,500 - 19,999	55
20,000 - 24,999	65
25,000 - 29,999	40
30,000 - 34,999	20
35,000 and over	<u>25</u>
Total	<u>300</u>

Source: Estimated by Housing Market Analyst.

The foregoing distribution suggests a strong demand for homes priced between \$18,000 and \$30,000, with half of the anticipated demand above the \$20,000 price level. The many small towns throughout the HMA are expected to account for most of the demand for lower priced housing.

Rental Housing. 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 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. The production of units in the higher rental ranges will effect competitively a filtering of existing accommodations to lower ranges of rent.

Estimated Annual Demand for New Rental Units
Iowa City, Iowa, HMA
February 1965-February 1967

Gross monthly rent <u>a/</u>	Size of unit			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$ 95 and over	40	-	-	-
100 " "	40	-	-	-
105 " "	35	140	-	-
110 " "	30	130	-	-
115 " "	25	115	-	-
120 " "	20	100	95	-
125 " "	15	85	85	-
130 " "	15	75	75	25
140 " "	10	60	70	20
150 " "	10	45	55	15
160 " "	5	30	35	10
180 " "	-	20	20	10

a/ Gross rent includes all utilities and services.

Note: The columns above are cumulative and cannot be added vertically.

Table I

Employment by Industry Group
Iowa City, Iowa, Housing Market Area
1950 and 1960

<u>Industry</u>	<u>April</u>	<u>April</u>	<u>Decennial change</u>	
	<u>1950</u>	<u>1960</u>	<u>Number</u>	<u>Percent</u>
Labor force	<u>16,994</u>	<u>22,165</u>	<u>5,171</u>	<u>30.4</u>
Unemployment	148	351	203	137.2
Percent	.9%	1.6%	-	-
Agriculture, forestry, & fisheries	3,479	2,595	-884	-25.4
Nonagricultural employment	<u>13,367</u>	<u>19,219</u>	<u>5,852</u>	<u>43.8</u>
Manufacturing	<u>693</u>	<u>1,612</u>	<u>919</u>	<u>132.6</u>
Durable goods	<u>152</u>	<u>712</u>	<u>560</u>	<u>368.4</u>
Furn., lumber, & wood	19	71	52	273.7
Machinery	63	316	253	401.6
Other durables	70	325	255	364.3
Nondurable goods	<u>541</u>	<u>900</u>	<u>359</u>	<u>66.4</u>
Food & food products	248	308	60	24.2
Printing & publishing	255	380	125	49.0
Chemicals	17	180	163	958.8
Other nondurables	21	32	11	52.4
Nonmanufacturing	<u>12,281</u>	<u>17,246</u>	<u>4,965</u>	<u>40.4</u>
Mining	32	64	32	100.0
Construction	868	878	10	1.2
Trans., commun., & pub. utilities	795	869	74	9.3
Trade	2,948	3,515	567	19.2
Fin., ins., & real estate	316	470	154	48.7
Hospitals	1,892	2,863	971	51.3
Education	3,206	5,289	2,083	64.5
Public administration	416	513	97	23.3
Service & other nonmanufacturing	1,808	2,785	977	54.0
Industry not reported	393	361	-32	-8.1

Source: 1950 and 1960 Censuses of Population.

Table II

Occupancy Characteristics of the Nonfarm Housing Stock
Iowa City, Iowa, HMA
1950-1965

<u>Occupancy and Tenure</u>	<u>April 1, 1960</u>			<u>February 1, 1965</u>		
	<u>Iowa City</u>	<u>Remainder of HMA</u>		<u>Iowa City</u>	<u>Remainder of HMA</u>	
Total housing units	<u>9,727</u>	<u>3,952</u>	<u>13,679</u>	<u>11,250</u>	<u>4,700</u>	<u>15,950</u>
All occupied units	<u>9,413</u>	<u>3,535</u>	<u>12,948</u>	<u>11,025</u>	<u>4,325</u>	<u>15,350</u>
Owner occupied	<u>4,811</u>	<u>2,571</u>	<u>7,382</u>	<u>5,675</u>	<u>3,075</u>	<u>8,750</u>
Percent	51.1%	72.7%	57.0%	51.5%	71.1%	57.0%
Renter occupied	<u>4,602</u>	<u>964</u>	<u>5,566</u>	<u>5,350</u>	<u>1,250</u>	<u>6,600</u>
Percent	48.9%	27.3%	43.0%	48.5%	28.9%	43.0%
Total vacant	<u>314</u>	<u>417</u>	<u>731</u>	<u>225</u>	<u>375</u>	<u>600</u>
Available vacant	<u>192</u>	<u>110</u>	<u>302</u>	<u>140</u>	<u>85</u>	<u>225</u>
For sale only	<u>52</u>	<u>33</u>	<u>85</u>	<u>45</u>	<u>30</u>	<u>75</u>
Percent	1.1%	1.3%	1.1%	.8%	1.0%	.8%
Lacking some or all plumbing facilities	<u>2</u>	<u>7</u>	<u>9</u>	<u>2</u>	<u>8</u>	<u>10</u>
For rent	<u>140</u>	<u>77</u>	<u>217</u>	<u>95</u>	<u>55</u>	<u>150</u>
Percent	3.0%	6.7%	3.8%	1.8%	4.2%	2.2%
Lacking some or all plumbing facilities	<u>35</u>	<u>36</u>	<u>71</u>	<u>30</u>	<u>40</u>	<u>70</u>
Other vacant	<u>122</u>	<u>307</u>	<u>429</u>	<u>85</u>	<u>290</u>	<u>375</u>

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

Table III

Selected Nonfarm Housing CharacteristicsIowa City, Iowa, HMAApril 1, 1960

<u>Characteristics</u>	<u>Iowa City</u>		<u>Remainder of HMA</u>		<u>HMA</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
All housing units	9,727	100.0	3,952	100.0	13,679	100.0
<u>Condition and plumbing</u>						
Sound	8,472	87.1	3,330	84.3	11,802	86.3
Lacking some or all plumbing facilities	(485)	(5.0)	(350)	(8.9)	(835)	(6.1)
Deteriorating	1,116	11.5	463	11.7	1,579	11.5
Lacking some or all plumbing facilities	(319)	(3.3)	(251)	(6.4)	(570)	(4.2)
Dilapidated	139	1.4	159	4.0	298	2.2
<u>Units in structure</u>						
1	5,835	60.0	3,219	81.5	9,054	66.2
2	1,352	13.9	49	1.2	1,401	10.2
3 and 4	872	9.0	34	0.9	906	6.6
5 to 9	) 1,594	16.4	) 151	3.8	1,077	7.9
10 or more	)		)		668	4.9
Trailer	74	0.7	499	12.6	573	4.2
<u>Year built</u>						
1955 to March 1960	1,425	14.7	928	23.5	2,353	17.2
1950-1954	613	6.3	604	15.3	1,217	8.9
1940-1949	1,364	14.0	454	11.5	1,818	13.3
1930-1939	)		)		1,240	9.1
1929 or earlier	) 6,325	65.0	) 1,966	49.7	7,051	51.5

Source: 1960 Census of Housing.

Table IV

Number of Units Authorized by Building Permits
Iowa City, Iowa, HMA
1954-1964

<u>Year</u>	<u>Iowa City</u>	<u>Coralville</u>	<u>University Heights</u>	<u>Hills</u>	<u>Swisher</u>	<u>Remainder of county^{a/}</u>	<u>Total</u>
1954	184	32	6	NA	NA	NA	222
1955	304	41	9	NA	NA	NA	354
1956	287	33	-	NA	NA	NA	320
1957	146	19	5	NA	NA	NA	170
1958	254	27	5	NA	NA	NA	286
1959	230	36	3	NA	NA	NA	269
1960	187	40	7	NA	5	NA	239
1961	261	44	10	3	3	54	375
1962	391	58	15	5	3	51	520
1963	337	155	19	2	5	73	594
1964	436	142	20	NA	NA	245	844

^{a/} Only unincorporated areas.

NA- Information not available.

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

Table V

Iowa City, Iowa Area Postal Vacancy Survey

January 26, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
Iowa City	<u>13,329</u>	<u>147</u>	<u>1.1</u>	<u>123</u>	<u>24</u>	<u>241</u>	<u>9,244</u>	<u>119</u>	<u>1.3</u>	<u>97</u>	<u>22</u>	<u>104</u>	<u>4,085</u>	<u>28</u>	<u>0.7</u>	<u>26</u>	<u>2</u>	<u>137</u>	<u>620</u>	<u>2</u>	<u>0.3</u>
Main office:																					
City Routes	11,906	94	0.8	81	13	166	7,832	66	0.8	55	11	69	4,074	28	0.7	26	2	97	229	-	-
Rural Routes	1,423	53	3.7	42	11	75	1,412	53	3.8	42	11	35	11	-	-	-	-	40	391	2	0.5

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).