Analysis of the

JOHNSTOWN, PENNSYLVANIA HOUSING MARKET

as of March 1, 1972

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
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Housing Market Analysis

Johnstown, Pennsylvania, as of March 1, 1972

Foreword

This analysis has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
Washington, D. C.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement; there may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the Johnstown HMA, the total occupancy potential is estimated to be 760 units annually (see table II).

Section 235 and Section 236. Subsidized housing for households with low to moderate incomes may be provided under either Section 235 or Section 236. Moderately-priced, subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing for the same families in the same income range may be alternatively provided under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Johnstown HMA, it is estimated (based on regular income limits) that, for the March 1, 1972 to March 1, 1974 period, there is an estimated annual occupancy potential for a total of 210 subsidized family units, utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential for about 90 units under Section 236 rental housing for elderly couples and individuals. About ten percent of the families and two-thirds of the elderly eligibles are alternatively eligible for low-rent public housing.

As of March 1, 1972, there were 28 houses built or under construction in Cambria County under the provisions of Section 235. One hundred and sixty rental units are under construction in Richland Township under the Section 236 program and will be completed during the next six months. These units will comprise about one year's occupancy potential under Section 235 and Section 236 for the HMA. As of March 1972, no units produced under the Section 236 program had been completed in the HMA.

Rental Housing Under the Public Housing and Rent-Supplement Programs. Under the low-rent public housing program, there is an annual occupancy potential for approximately 235 units for families and 310 units for elderly couples and individuals (see table II). Under the somewhat more restrictive rent-supplement program, the potential would be about 110 units for families and 275 units for the elderly. The potentials under the programs are not additive. There is presently no rent-supplement housing in the Johnstown HMA.

FHA HOUSING MARKET ANALYSIS - JOHNSTOWN, PENNSYLVANIA
AS OF MARCH 1, 1972

The Johnstown Housing Market Area (HMA) includes Cambria and Somerset Counties and is coterminous with the Johnstown Standard Metropolitan Statistical Area (SMSA). The population of the HMA was about 260,000 persons on March 1, 1972, including 42,200 residents of the city of Johnstown.

The high unemployment level of the area in the early 1960's was accompanied by a loss of population. As the economy recovered after 1964, the levels of household formation gradually increased and the rate of out-migration was reduced. Although wage and salary employment dropped from 78,600 jobs in 1969 to 78,100 jobs in 1971, employment levels are expected to increase moderately during the next two years.

Anticipated Housing Demand

It is estimated that there will be an annual demand for about 625 new, unsubsidized housing units in the Johnstown HMA between March 1972 and March 1974. Best absorption probably would result if production consisted of 300 single-family houses, 125 units in multifamily structures, and an addition of 200 mobile homes a year. These estimates are based on the economic, demographic, and housing trends in the HMA as of March 1972. Distributions of demand for single-family houses by price class and for multifamily units by the number of bedrooms and gross monthly rents are shown in table I.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by HUD: monthly rent supplements in rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

In March 1972, there were 961 units of public housing for families and 238 units designed for elderly occupancy in the city of Johnstown. In addition, 252 units of public housing for the elderly were recently constructed of which about half are completed and occupied. Currently, 800 families and 500 elderly applicants are on the waiting list for public housing in the city of Johnstown. There are 56 units of public housing in Nanty Glo, 48 units in Portage, and 150 units in Somerset County.

Sales Market

The market for new nonsubsidized sales housing in the Johnstown HMA is tight and has not changed appreciably for the past two years, as indicated by the homeowner vacancy rate which was 0.8 percent in April 1970 and is 0.9 percent currently. The demand for new single-family houses is low and has remained fairly stable over the past few years; however, the level of construction was appropriate to meet the demand for new houses and overproduction has not occurred. Almost all new homes are built on a contract basis with the average price ranging from $19,000 to $23,000. Most building activity is limited to scattered lots and major subdivision activity is virtually nonexistent. Richland Township is the location of the greatest amount of new single-family housing construction; building activity in the city of Johnstown is limited by a lack of available land.

The market for existing homes is strong, with the greatest demand for used homes in the $15,000 to $20,000 price range. Nearly all well-located homes in good condition are sold quickly, but approximately 30 percent of the used houses on the market are substandard.

Rental Market

The rental market in the Johnstown HMA is firm. New units are being absorbed at acceptable rates without an increase in vacancies in existing projects. Most vacancies occur in older converted buildings, many of which lack adequate plumbing facilities. Since 1960, there has been a steady decline in the number of renter households in the HMA. This resulted from the demolition of a large number of renter units in the city of Johnstown, and the construction of more single-family houses than rental units in the HMA during the 1960 to 1970 period. The construction of new rental units for the past five years has been at a level of about 150 units per year. This level of construction has been sufficient to replace demolished units and satisfy demand for new rental units.

There are very few vacancies in the newer apartment units, which have gross monthly rentals that range from $150 to $180 for one-bedroom units, $175 to $225 for two-bedroom units, and $190 to $245 for three-bedroom units. These rents are substantially higher than the average rents for older apartment units, particularly units in converted houses.

About one-third of the rental inventory in the Johnstown HMA consists of single-family houses built before 1940. There are few vacancies in standard quality units among these structures because of the tight rental market.

Economic, Demographic, and Housing Factors

Economic Factors. Nonagricultural wage and salary employment in the Johnstown HMA averaged 78,100 jobs in 1971, a decline of 400 from the previous year (see table III). The growth trend in nonagricultural wage and salary employment between 1961 and 1969 was reversed in 1970 when employment dropped by 400 jobs. Although there were employment gains annually during the 1961 to 1969 period, the gains represented a recovery from the employment losses that occurred between 1957 and 1961. Employment declined by 6,700 jobs between 1960 and 1961 and the annual unemployment rate did not drop below ten percent during the 1960 to 1963 period. Nonagricultural wage and salary employment recorded its largest gains between 1963 and 1966, but the growth slowed somewhat during the 1966 to 1969 period and employment losses were recorded for the last two years (1970 and 1971).

Employment in the manufacturing sector is concentrated in metals and metal products, machinery, and transportation equipment. The main producer of steel products and transportation equipment is the Bethlehem Steel Corporation, the largest employer in the HMA. Manufacturing employment declined by 4,900 jobs from a total of 25,900 between 1960 and 1961, but recorded annual employment gains during the 1961 to 1966 period, with the largest gain (1,900 jobs) between 1963 and 1964. Since 1966, there has been very little growth in the manufacturing sector, and the only employment gain (300 jobs) occurred between 1968 and 1969. Manufacturing employment declined by 2,100 jobs between 1969 and 1971 to a total of 23,900, a level below the 1960 employment average of 25,900.

Nonmanufacturing employment has increased each year from 43,800 jobs in 1962, offsetting manufacturing losses and providing an over-all net wage and salary employment increase in the Johnstown HMA for the 1960 to 1971 period. A loss in nonmanufacturing employment (2,000 jobs) occurred between 1960 and 1962, which was a period of substantial decline in manufacturing employment. Between 1962 and 1971, employment increased by 10,400 jobs, much of the gain occurring in the 1964 to 1968 period. Most of the employment growth in the nonmanufacturing sector was in the service and government categories, augmented by significant employment increases in the wholesale and retail trade and contract construction industries.

Nonagricultural wage and salary employment in the Johnstown HMA is expected to increase by 1,250 jobs annually during the next two years. Employment in the manufacturing sector, which is sensitive to fluctuations in the national economy, will increase by approximately 1,500 jobs over the two-year period to a March 1974 total of 25,000 jobs, in effect, a return to 1970 job totals. The metal and metal products, machinery, and transportation equipment industries will recover much of the employment lost between 1970 and 1971. Nonmanufacturing employment will increase by about 1,000 jobs over the two-year period. The wholesale and retail trade, service, and government categories will continue to show employment gains, and mining employment will increase as more new mines are opened.

The estimated median income of all families in the HMA as of March 1, 1972 was $7,650, after deduction of federal income tax. Renter households of two or more persons had an estimated median annual after-tax income of $6,675. In 1959, the median incomes for all families and for renter households were $4,150 and $3,650, respectively (see table IV).

Demographic Factors. The population of the Johnstown HMA was estimated to be 260,000 persons in March 1972, which represents a slight decrease from the April 1970 Census total (see table V). This loss in population, as compared with the large losses of the 1960 to 1970 period, resulted from a reduction in the number of out-migrants as economic conditions improved. In recent years the net natural increase (resident births minus resident deaths) in the HMA has stabilized, but at a lower level than that of the early 1960's. Reflecting some economic recovery, the population is expected to increase by an average of 1,250 persons yearly to an HMA total of 262,500 by March 1974.

As of March 1972, there were an estimated 81,350 households in the HMA, an average increase of 320 a year since April 1970. Between April 1960 and April 1970, as the population declined, the number of households increased by 1,050, indicating a decline in the average household size. Based on the assumption that the average number of persons in a household will continue to decline, households will increase by 325 a year from March 1972 to March 1974.

Housing Factors. The housing inventory in the Johnstown HMA totaled 85,700 units in March 1972, including about 58,000 owner-occupied units, 23,350 renter occupied and 4,350 vacant units. The increase in the housing inventory of about 950 units since April 1970 resulted from the construction of 1,225 units, the loss of about 825 units through demolition and other causes, and the addition of 550 mobile homes. A net loss of 650 units from the housing inventory occurred between 1960 and 1970, a result of the completion of an estimated 3,550 new units, an addition of 1,500 mobile homes, and the loss of about 5,700 units through demolition and other causes. On March 1, 1972, there were 360 housing units under construction in the HMA, including 130 single-family houses and 230 units in multifamily structures. Of the multifamily units under construction, 160 were in a Section 236 project.

Approximately 70 percent of the construction activity in the HMA is covered by the building permit system (see table VI). Total residential construction of nonsubsidized housing, including units not authorized by building permits, remained at a level of about 180 to 250 units a year between 1960 and 1965, a relatively low level due to economic conditions which caused a large loss of population. Since 1965, the number of housing units constructed increased to a level between 375 and 550 a year, and a high of 879 units were started or authorized by building permits in 1971.

There were about 1,750 vacant, nondilapidated, nonseasonal housing units available in the HMA as of March 1, 1972. Approximately 500 were available for sale and 1,250 were available for rent, indicating homeowner and renter vacancy rates of 0.9 percent and 5.1 percent, respectively. The homeowner vacancy rate has not changed appreciably since 1970, and the renter vacancy rate increased due to the large number of rental units that were recently completed (see table VII).

Table I

Estimated Annual Demand for New Nonsubsidized Housing
Johnstown, Pennsylvania, Housing Market Area
March 1, 1972 to March 1, 1974

A. Single-family Houses

Price class	Number of houses
$17,500 - $19,999	55
20,000 - 22,499	45
22,500 - 24,999	40
25,000 - 29,999	70
30,000 - 34,999	40
35,000 and over	50
Total	300

B. Multifamily Units

Gross monthly rent[a]	Efficiency	One bedroom	Two bedrooms	Three bedrooms
$130 - $149	5	-	-	-
150 - 169	-	25	-	-
170 - 189	-	20	-	-
190 - 209	-	10	20	-
210 - 229	-	10	5	-
230 - 249	-	-	10	5
250 and over	-	-	10	5
Total	5	65	45	10

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

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
Johnstown, Pennsylvania, Housing Market Area
March 1, 1972-March 1, 1974

	Section 236[a] exclusively	Eligible for both programs	Public housing exclusively	Total for both programs
A. Families				
1 bedroom	30	10	35	75
2 bedrooms	90	15	90	195
3 bedrooms	50	-	55	105
4+ bedrooms	15	-	30	45
Total	185	25	210	420
B. Elderly				
Efficiency	10	30	150	190
1 bedroom	20	30	100	150
Total	30	60	250	340

a/ Estimates are based on regular income limits, and all families eligible for Section 236 housing also are eligible for the Section 235 program.

Table III

Labor Force Trends
Johnstown, Pennsylvania, Housing Market Area
1960-1971
(Annual average in thousands)

Industry	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Total civilian work force	97.4	93.8	90.8	88.1	88.0	89.3	90.6	91.5	93.1	93.0	93.9	95.1
Unemployment	13.9	17.1	13.7	9.3	6.3	5.1	4.2	5.0	5.0	4.1	5.4	6.5
Percent unemployed	14.3	18.2	15.1	10.6	7.2	5.7	4.6	5.5	5.4	4.4	5.8	6.8
Total employment	83.5	76.6	77.1	78.8	81.7	84.2	86.2	86.5	88.0	88.8	88.5	88.1
Nonagricultural wage and salary	71.7	65.0	65.5	67.0	69.9	72.8	75.2	75.8	77.7	78.6	78.5	78.1
Manufacturing	25.9	21.0	21.7	23.1	25.0	26.0	26.5	25.7	25.7	26.0	25.2	23.9
Durable goods	18.9	14.3	14.3	15.5	17.3	18.1	18.8	18.0	17.9	18.3	17.8	16.8
Metals and metal products, machinery and transp. equip.	17.4	12.8	12.8	13.9	15.6	16.4	17.0	16.3	16.2	16.5	16.2	15.1
Other durable goods	1.5	1.5	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.6	1.7
Lumber and wood products	0.8	0.7	0.8	0.8	0.9	1.0	1.1	1.1	1.1	1.1	0.9	1.0
Nondurable goods	7.0	6.7	7.4	7.6	7.7	7.9	7.7	7.6	7.7	7.7	7.4	7.1
Apparel and related products	4.7	4.3	5.0	5.3	5.3	5.4	5.2	5.2	5.3	5.4	5.1	4.8
Other nondurable goods	2.3	2.4	2.4	2.3	2.4	2.5	2.6	2.5	2.4	2.3	2.3	2.3
Food products	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.3	1.3	1.3	1.3	1.3
Nonmanufacturing	45.8	44.0	43.8	43.9	44.9	46.8	48.7	50.2	52.0	52.6	52.3	54.2
Mining	6.4	5.4	5.1	4.8	4.9	5.1	5.1	5.0	5.0	5.0	5.2	5.0
Contract construction	1.9	1.9	2.1	1.9	1.9	2.6	2.6	2.6	3.2	3.0	2.9	2.8
Transp. and public utilities	5.3	4.9	4.8	4.7	5.0	5.5	5.4	5.2	4.9	4.7	5.1	5.4
Wholesale and retail trade	12.5	12.1	11.7	11.5	11.6	11.8	12.2	12.4	13.3	13.5	13.3	13.9
Fin., ins. and real estate	1.8	1.8	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.2
Service and miscellaneous	9.3	9.1	9.3	9.6	10.0	10.3	10.5	11.4	11.7	12.2	12.0	12.1
Government	8.6	8.8	9.3	9.5	9.9	10.4	11.0	11.5	11.9	12.2	12.7	12.9
All other nonagricultural employment	8.6	8.6	8.7	9.0	8.9	8.7	8.3	8.0	7.8	7.6	7.5	7.4
Agricultural employment	3.0	3.0	2.9	2.8	2.8	2.8	2.7	2.7	2.5	2.5	2.5	2.5
Persons involved in labor-mgt. disputes	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.1	0.1	0.6

Note: In some instances, detail does not add to total because of rounding.

Source: Pennsylvania Bureau of Employment Security.

Table IV

Percentage Distribution of All Families and Renter Households
by Estimated Annual Income After Deduction of Federal Income Tax
Johnstown, Pennsylvania, Housing Market Area
1959 and 1972

	1959		1972	
Annual income	All families	Renter households[a]	All families	Renter households[a]
Under $2,000	14	20	6	10
$2,000 - 2,999	15	17	4	5
3,000 - 3,999	18	20	7	8
4,000 - 4,999	19	19	8	11
5,000 - 5,999	13	11	9	9
6,000 - 6,999	8	6	9	10
7,000 - 7,999	5	3	10	10
8,000 - 8,999	2	2	9	9
9,000 - 9,999	1	)	9	8
10,000 - 12,499	2	) 2	13	11
12,500 - 14,999	1	)	7	5
15,000 and over	2	)	9	4
Total	100	100	100	100
Median	$4,150	$3,650	$7,650	$6,675

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Demographic Trends
Johnstown, Pennsylvania, Housing Market Area
1960-1972

Population	April 1, 1960	April 1, 1970	March 1, 1972
HMA total	280,733	262,822	260,000
Cambria County	203,283	186,785	184,200
City of Johnstown	53,949	42,476	42,200
Remainder	149,334	144,309	142,000
Somerset County	77,450	76,037	75,800
Households			
HMA total	79,648	80,713	81,350
Cambria County	57,264	56,564	56,725
City of Johnstown	16,849	14,672	14,750
Remainder	40,415	41,892	41,975
Somerset County	22,384	24,149	24,625

Sources: 1960 and 1970 Censuses of Population and Housing and estimates by Housing Market Analyst.

Table VI

Housing Units Authorized by Building Permits
Johnstown, Pennsylvania, Housing Market Area
1960-1971

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Total residential construction												
Johnstown HMA	406	183	279	261	205	374	385	547	511	674	426	879
Single-family	254	183	223	203	203	342	311	360	349	324	308	301
Multifamily	152b/	-	56c/	58d/	2	32	74	187	162	350e/	118	578f/
Authorized construction												
Cambria County	155	82	151	148	78	120	160	274	216	409	174	600
Single-family	153	82	95	90	76	103	111	132	125	106	98	110
Multifamily	2	-	56c/	58d/	2	17	49	142	91	303e/	76	490f/
City of Johnstowna/	19	20	11	11	9	12	8	5	39	240	5	268
Single-family	19	20	11	11	9	12	6	5	9	2	5	6
Multifamily	-	-	-	-	-	-	2	-	30	238e/	-	262
Somerset County	181	31	48	33	47	104	65	113	120	86	88	113
Single-family	31	31	48	33	47	104	65	98	94	86	76	75
Multifamily	150b/	-	-	-	-	-	-	15	26	-	12	38
Built outside permit-issuing placesg/												
Cambria County	30	30	30	30	30	50	50	50	50	52	50	51
Single-family	30	30	30	30	30	35	35	30	30	32	35	36
Multifamily	-	-	-	-	-	15	15	20	20	20	15	15
Somerset County	40	40	50	50	50	100	110	110	125	127	114	115
Single-family	40	40	50	50	50	100	100	100	100	100	99	80
Multifamily	-	-	-	-	-	-	10	10	25	27	15	35

a/ Included in Cambria County total.
b/ Includes 150 units of public housing.
c/ Includes 48 units of public housing.
d/ Includes 56 units of public housing.
e/ Includes 238 units turnkey public housing.
f/ includes 262 units turnkey public housing and 160 units of Section 236 housing.
g/ Estimated by Housing Market Analyst.

Source: U. S. Bureau of the Census; C-40 Construction Reports.

Table VII

Housing Inventory, Tenure, and Vacancy Trends
Johnstown, Pennsylvania, Housing Market Area
1960-1972

Component	April 1, 1960	April 1, 1970	March 1, 1972
Total housing inventory	85,412	84,756	85,700
Total occupied units	79,648	80,713	81,350
Owner occupied	53,952	57,403	58,000
Percent	67.7	71.1	71.3
Renter occupied	25,696	23,310	23,350
Percent	32.3	28.9	28.7
Total vacant units	5,764	4,043	4,350
Available vacant	1,882	1,447	1,750
For sale	480	455	500
Homeowner vacancy rate	0.9%	0.8%	0.9%
For rent	1,402	992	1,250
Rental vacancy rate	5.2%	4.1%	5.1%
Other vacant[a]	3,882	2,596	2,600

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

Sources: April 1, 1960 and April 1, 1970 from U. S. Census of Housing.
March 1, 1972 estimated by Housing Market Analyst.

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