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Analysis of the
**LACONIA, NEW HAMPSHIRE,
HOUSING MARKET**

as of August 1, 1965

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

January 1966

ANALYSIS OF THE
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AS OF AUGUST 1, 1965

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Foreword

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

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, 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
LACONIA, NEW HAMPSHIRE, HOUSING MARKET
AS OF AUGUST 1, 1965

Summary and Conclusions

1. The New Hampshire Employment Security Office estimates that employment in the Laconia HMA averaged 12,500 in 1964, an increase of 550 jobs over the 1958 average of 11,950. Since Laconia is basically a resort community, employment fluctuates with the seasons. In recent years, there have been about 4,500 seasonally employed persons who either come to the HMA for summer employment or are residents who enter the labor force during the summer months.

Employment covered by New Hampshire Unemployment Compensation, about 55 percent of total employment, increased from about 6,300 in 1958 to a 1964 annual average of approximately 7,100. Manufacturing employment represents almost 55 percent of the covered employment in the area. The only segment which experienced significant employment growth was nonmanufacturing, which rose steadily during the 1958-1964 period.

Over the August 1965 - August 1968 forecast period, employment is expected to reach about 13,200, an increase of about 400 jobs. The major contribution to this growth should come from the trade and services segments of the economy.

2. Current unemployment in the Laconia area is estimated to equal about 1.5 percent of the total work force, a seasonal low. In 1964, unemployment averaged only 410 (3.2 percent), a decrease from the 1958 total of 560 (4.5 percent) persons.
3. The current median income of all families in the Laconia HMA is about \$6,700 annually after deduction of Federal income tax, and the median income of renter families is about \$5,700. By 1968, median annual after-tax incomes are expected to increase to \$7,200 for all families and \$6,100 for renter families.
4. As of August 1965, population in the Laconia HMA totals about 30,200, an increase of about 1,300 (five percent) over the April 1960 total of 28,900. This rate of growth closely approximates the 1950-1960 census population gain of about one percent annually. Population should continue to rise at about this rate, reaching an August 1968 total of about 31,150.
5. Currently, there are about 9,000 households in the Laconia HMA, an addition of about 400 (four percent) or about 70 annually since 1960. The number of households grew by about one percent

annually between 1950 and 1960. This rate of increase is not expected to change during the forecast period as households reach 9,250 in August 1968.

6. There are about 12,900 housing units in the Laconia HMA currently, representing an increase of about 730 (six percent) since April 1960. Included in this total are about 3,000 seasonal units. Some 550 dwelling units have been built in the Laconia HMA since January 1, 1960, of which about 70 were in areas of Belknap County outside permit-issuing places. In addition, over 300 trailers have been put in place in the area since 1960. Single-family construction, which has accounted for over 90 percent of all construction, has remained stable, averaging approximately 80 units annually since 1960. Currently there are about 60 housing units under construction in the Laconia HMA, including 50 single-family units and ten multifamily units.
7. The current number of vacant available units in the Laconia HMA is judged to have increased since April 1960. As of August 1, 1965, there are about 425 available vacant units in the HMA, including 150 available for sale (a homeowner vacancy rate of 2.3 percent) and 275 units available for rent (a rental vacancy rate of 9.6 percent).
8. The demand for new sales housing over the three-year forecast period approximates recent rates of new sales construction, about 85 units annually. The annual demand for new sales housing distributed by price classes is expected to approximate the pattern presented in the table on page 19. The demand for rental units created by the expected demolition of renter-occupied units must be adjusted downward due to the excess rental vacancies evident in the Laconia area. The above adjustments indicate that the demand for new rental housing annually during the three-year forecast period will be limited to 15 to 20 rental units each year provided at the lower rents possible with public benefits or assistance in financing.

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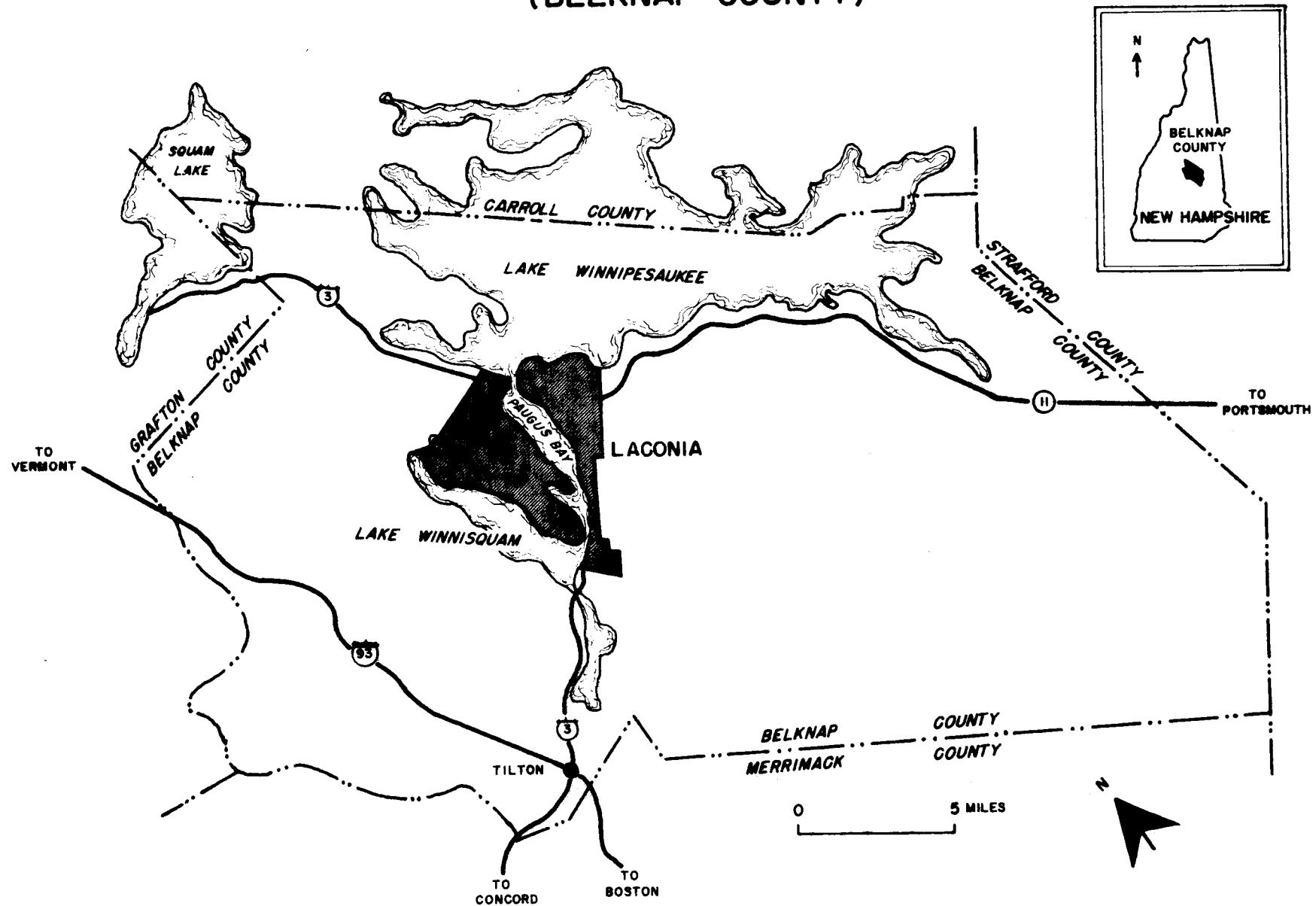
Housing Market Area

The Laconia, New Hampshire, Housing Market Area (HMA), is defined as being coterminous with Belknap County. Belknap County had a population of 28,900 in 1960. Since only about four percent of the 1960 population was classified as rural farm, this analysis considers the total population of the area. The county is in a resort area of central New Hampshire known as the Lakes Region. The city of Laconia, the only predominately urban area in Belknap County, is located on Lakes Winnisquam, Paugus, Winnepesaukee, and Opechee. Lakes Opechee and Paugus lie entirely within the city boundaries, while Lake Winnisquam forms the west border of the city and Lake Winnepesaukee forms its northern boundary (see map). Laconia is about 60 miles northwest of Portsmouth, New Hampshire, and 95 miles north of Boston, Massachusetts.

Good north-south highway facilities are available in Belknap County with U.S. 3 and Interstate 93 traversing the county. The only major east-west artery in the HMA, however, is U.S. Highway 11. In addition to the rail transportation provided by the Boston and Maine Railroad, air travel and freight service is available. Statewide Airlines and Northeast Airlines operate daily flights from Laconia Municipal Airport.

According to the U.S. Bureau of the Census, there was a net in-commutation of about 90 workers from surrounding counties in 1960, a balance between 1,330 in-commuters and about 1,240 out-commuters.

THE LACONIA, NEW HAMPSHIRE, HOUSING MARKET AREA (BELKNAP COUNTY)



Economy of the Area

Character and History

Laconia was incorporated as a city in 1893. With the opening of Scott and Williams Company, a manufacturer of knitting machines, in the early 1900's, Laconia became predominantly a manufacturing center. As the summer and winter recreational areas in or near Laconia have developed, trade and services have become the major economic activities in the HMA. However, the recent construction of Interstate 93, which bypasses Laconia about 10 miles to the west, may route some seasonal traffic past the city and further north into the White Mountains recreational area. The possible curtailment of winter resort activities and supporting trade and services in the Laconia area could impede its future growth potential from this source.

Employment

Current Estimate and Past Trends. Total employment in the Laconia HMA is estimated to have averaged 12,800 from September 1964 to August 1965. The New Hampshire Department of Employment Security estimates that employment in the Laconia HMA averaged 12,500 in 1964, an increase of 550 (five percent) over the 1958 average of 11,950. Annual average employment decreased by almost 900 jobs from 12,750 in 1961 to a 1963 total of 11,850, then rose by 650 jobs to a 1964 level of 12,500. The cyclical fluctuations in employment in the HMA reflect the changing employment levels at the Scott and Williams Company, the largest employer in the area. As a durable goods producer (knitting machinery), employment at this firm generally follows national employment trends. As shown in table I, although there were employment increases and decreases annually between 1950 and 1964, there has been a long-run average increase of 120 jobs annually.

Seasonal Patterns. Laconia is a resort community and employment fluctuates with the seasons. While winter recreational activities supply some employment to area residents, the major economic support is derived from summer resort activity. The only available monthly employment data for the Laconia HMA consists of New Hampshire Employment Security data for the Laconia Labor Office Area, which includes parts of two surrounding, primarily rural, counties in addition to Belknap County. The typical seasonal pattern for employment and unemployment in the Laconia Labor Office Area is shown in the following table.

Seasonal Employment Trends
Laconia Local Office Area
1964

<u>Month</u>	<u>Work force</u>	<u>Total employed</u>	<u>Unemployed</u>	
			<u>Number</u>	<u>Percent</u>
January	21,100	20,000	1,100	5.2
March	21,300	20,250	1,050	4.9
May	21,700	21,200	500	2.3
July	26,000	25,500	500	1.9
September	23,000	22,600	400	1.7
November	22,000	21,450	550	2.5

Source: New Hampshire Department of Employment Security.

The above data suggest that there are about 4,500 seasonally employed persons who either come to the HMA for employment or are residents who enter the labor force during the summer months. The year-round work force recently has averaged about 22,500 persons, including about 500 to 1,000 unemployed.

Employment by Industry. Employment covered by New Hampshire Unemployment Compensation covers about 55 percent of total employment. Although some nonmanufacturing and small manufacturing firms are not included in the covered employment, it is possible to establish trends and examine relationships by industry within the Laconia economy. As seen in table II, covered employment in the HMA increased from 6,300 in 1958 to 7,100 in 1964, a gain of about 800 jobs over the six-year period. This increase is larger than the gain in total employment and reflects the increasing number of firms covered under the New Hampshire law.

Of the 7,100 covered workers employed in the HMA during 1964, a total of about 3,875 (55 percent) was employed in manufacturing industries. During the 1958-1964 period, covered employment in durable goods industries remained relatively stable, increasing from about 2,550 to 2,750, an average of about 30 jobs (one percent) annually. Machinery and other durable goods employment increased from a 1958 level of 1,775 to about 2,425 in 1961, then dropped to 1,600 in 1963, and rose again to 1,900 in 1964. The 1961-1963 drop of 825 (33 percent) evident in this segment was primarily caused by the cut back of employment at Scott and Williams Company in 1962 and 1963. The gain of 125 jobs

in this industry from 1958 to 1964 was partially offset by a loss of about 100 in the lumber and wood products category.

Employment in covered nondurable goods industries decreased by about 125 jobs (10 percent) during the 1958-1964 period, from a high of 1,250 in 1958 to a 1964 level of 1,125. Losses were concentrated in textiles and apparel products.

Nonmanufacturing industries accounted for about 39 percent of covered employment in 1958 and 45 percent in 1964. The low level of non-manufacturing employment in the area reflects the fact that many nonmanufacturing employees are not covered by the New Hampshire law, while a large proportion of employees in manufacturing industries are covered. Covered nonmanufacturing employment rose steadily from about 2,475 in 1958 to its 1964 level of 3,225, an annual increase of almost 125 jobs (five percent) over the six-year period. All nonmanufacturing segments experienced **similar** gains except for the transportation, communications, and utilities category which remained at about 440 jobs from 1958 to 1964.

Employment Participation Rate. The participation rate (the number of persons working in the area per 100 population) is high in the Laconia HMA. Currently, it is estimated that there are about 42 jobs in Belknap County for every 100 people. The rate is exceptionally high due to the large number of seasonal jobs available in the HMA which are filled either by residents who would otherwise not be in the labor force or by persons who come to the HMA for summer employment only.

Principal Employers. Presently, Scott and Williams Company is the only employer in the HMA with more than 350 employees. As a heavy machinery producer, Scott and Williams has experienced employment fluctuations as a result of the cyclical demand usually associated with durable goods. Employing about 1,800 workers in 1962, the company laid off almost 800, reaching a low of about 1,000 in 1963. Recent demand for its products, however, has increased employment by Scott and Williams to a July 1965 level of almost 1,400, as reported by the Laconia Industrial Development Commission.

Unemployment. Current unemployment in the Laconia area is estimated to equal about 1.5 percent of the total work force, a seasonal low. As seen in table I, unemployment reached a 13-year high of 640 (five percent) in 1963 with the lay off at Scott and Williams. In 1964, however, unemployment averaged only 410 (3.2 percent), a decrease from the 1958 total of 560 (4.5 percent) unemployed.

Estimated Future Employment. Employment in the Laconia HMA is expected to reach about 13,200 by August 1968, an increase of about 400 jobs over the August 1965 level. The major contribution of this growth should come from the trade and services segments of the economy. It is expected that employment in textiles and apparel production will continue to decline slowly over the three-year period. Manufacturing employment should not change significantly from August 1965 to August 1968; however, a layoff at Scott and Williams Company similar to that experienced in 1962 would abolish the employment gains expected during the August 1965-August 1968 period.

Income

Current median annual family income in the Laconia HMA, after deducting Federal income tax, is approximately \$6,700. By 1968, it is estimated that median family after-tax income will rise to \$7,200 annually. These estimates cover all families of two or more persons. At present, about 19 percent of all families receive annual after-tax incomes of below \$4,000 annually, while an estimated 19 percent of all families enjoy annual after-tax incomes of over \$10,000.

Median renter family after-tax income is about \$5,700 annually and is expected to reach \$6,100 by 1968. Currently, 26 percent of these families have after-tax incomes of below \$4,000 annually and 10 percent receive after-tax incomes of above \$10,000. Distributions of area families by tenure and by income classes are presented in table II.

Demographic Factors

Population

Current Estimate and Past Trend. As of August 1, 1965, the population of the Laconia HMA totals about 30,200, an increase of 1,300 (five percent) over the April 1960 total of 28,900. This rate of growth closely approximates the 1950-1960 population gain of about one percent annually.

During the 1950's, the population of the city of Laconia increased from 14,750 to 15,300, a gain of almost 550 (four percent). Population in the city currently is about 15,650, an increase of 360 since April 1960. Over 70 percent of the total population growth in the Laconia HMA between April 1950 and August 1965 occurred in Belknap County outside of the city of Laconia. Currently, about 14,550 persons, or 48 percent of the total population of the HMA, reside outside of Laconia in the rest of Belknap County. The following table shows the growth in population of the HMA and its segments since April 1950.

Population Trends Laconia, New Hampshire, HMA April 1950 - August 1965

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>August 1965</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Laconia	14,745	15,288	15,650	54	0.4	65	0.4
Rest of HMA	<u>11,887</u>	<u>13,624</u>	<u>14,550</u>	<u>174</u>	<u>1.5</u>	<u>175</u>	<u>1.3</u>
HMA total	26,632	28,912	30,200	228	0.9	240	0.8

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

Estimated Future Population. Population in the Laconia HMA should continue to rise at about one percent annually during the three-year forecast period, reaching 31,150 in August 1968. This gain is based on expected employment increases in trade and services and stabilization of manufacturing employment. If employment at Scott and Williams drops significantly by August 1968, however, the expected population gains would be somewhat less than that reported above. The major population increases are expected to take place in those areas of Belknap County to the south and west of the city of Laconia.

Net Natural Increase and Migration. The major components of population change are net natural increase (resident births less resident deaths) and net migration. Between April 1950 and April 1960, the total population of Belknap County increased by 2,275, while the net natural increase totaled about 2,525, indicating a net out-migration of 250 persons during the 1950 decade. Out-migration has increased since 1960. Net natural increase in the Laconia HMA is estimated at 1,500 for the 1960-1965 period. When this figure is compared with the estimated total population increase of 1,300, a net out-migration of about 200 persons, or 40 a year, is indicated.

Age Distribution. As seen in the following table, comparison of the April 1950 and April 1960 population distributed by age group reveals significant changes in the 5-19 and 20-29 age groups. Population in the 5-19 age group rose from 5,850 (22 percent of the total population in 1950) to about 7,625 (26 percent) in 1960. This rise is attributed mainly to the high birth rates evident in the post-World War II and Korean Conflict boom periods. The decrease in the 20-29 age group, which dropped from about 14 percent of the total population in 1950 to 10 percent in 1960, is caused not only by the low birth rates of the 1930's, but also by out-migration of persons 20 to 29 years of age as a result of a lack of growth in employment opportunities during the latter half of the 1950's.

Population Distributed by Age
Laconia, New Hampshire, HMA
April 1950 and April 1960

<u>Age group</u>	<u>April 1950</u>		<u>April 1960</u>		<u>April 1950 to</u> <u>April 1960 change</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	2,785	10.4	3,060	10.6	275	9.9
5 - 19	5,854	22.0	7,613	26.3	1,759	30.0
20 - 29	3,620	13.6	2,916	10.1	-704	-19.4
30 - 39	3,693	13.9	3,692	12.8	- 1	--
40 - 54	4,876	18.3	5,147	17.8	271	5.6
55 - 64	2,624	9.9	2,936	10.1	312	11.9
65 and over	<u>3,180</u>	<u>11.9</u>	<u>3,548</u>	<u>12.3</u>	<u>368</u>	<u>11.6</u>
Total	26,632	100.0	28,912	100.0	2,280	8.6

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate and Past Trend. There are approximately 9,000 households in the Laconia HMA currently, an addition of about 70 (one percent) annually since 1960. For purposes of this report, households are defined as families or other groups of area residents occupying nonseasonal housing units and do not include families or other groups occupying housing in the area during vacations. The one percent annual increase in households in the HMA between April 1960 and August 1965 represents about the same rate of growth as that experienced during the April 1950 - April 1960 period, when the number of households in the Laconia area increased from 7,950 to about 8,625. The number of households in the city of Laconia rose from 4,300 in April 1950 to a 1960 total of approximately 4,550, an increase of 25 units annually. Part of the 1950-1960 increase in the number of households is attributable to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in 1960. The following table shows the growth in households in the HMA and in the city of Laconia since 1950.

Household Trends Laconia, New Hampshire, HMA April 1950 - August 1965

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>August 1965</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Laconia	4,312	4,558	4,675	25	0.6	20	0.5
Rest of HMA	<u>3,642</u>	<u>4,056</u>	<u>4,325</u>	<u>41</u>	<u>1.1</u>	<u>50</u>	<u>1.2</u>
HMA total	7,954	8,614	9,000	66	0.8	70	0.8

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

Household Size Trends. The average household size in the Laconia HMA remained at about 3.18 persons during the 1950 decade. In the city of Laconia, however, average household size decreased from 3.14 persons in 1950 to a 1960 average of about 3.08 persons. The drop in the average size of Laconia households reflects the increasing proportion of elderly persons maintaining separate households and the consequent large number of one- and two-person households in the HMA. The average size of households outside of the city of Laconia increased between 1950 and 1960, however, as a result of the rise of the number of suburban, owner-occupied dwelling units in the area of Belknap County contiguous to the city of Laconia, typically occupied by young

families of child-rearing age. The divergent trends evident inside and outside Laconia are judged to have continued to the present, keeping the average size of households in the area as a whole near the 1960 level.

Estimated Future Households. Based on household size trends evident in the area and on the population increase expected to occur in the HMA through employment growth, there will be approximately 9,250 households in the Laconia HMA by August 1, 1968. This represents an increase of about 250 over the current total, or over 80 units annually.

Housing Market Factors

Housing Supply

Current Estimate. There are 12,900 housing units in the Laconia HMA currently, representing an increase of about 730 (six percent) since April 1960 (see table IV). The current inventory estimate includes resident-occupied units, nonseasonal vacant units, and seasonal units. About 70 percent of the housing stock growth since 1960 has occurred outside Laconia, primarily to the south and west of the city.

Past Trend. Excluding seasonal vacant units, the housing stock in the Laconia HMA increased by almost nine percent between April 1950 and April 1960. However, the total housing supply decreased from 12,500 to about 12,150, a net loss of close to 350 units (three percent). The decline is due to the drop in the number of units classified as seasonal vacancies, from 3,850 in April 1950 to about 2,750 in April 1960.

Seasonal Units. As of August 1965, there are approximately 3,000 seasonal units in the Laconia HMA, an increase of about 250 units since April 1960. Included in this estimate are about 400 trailers held for seasonal and recreational use. Virtually all of the seasonal units in the HMA were listed as vacant in the 1950 and 1960 Censuses of Housing because the enumeration was as of the month of April; as of August 1965, however, most of these units are occupied. The decrease in the number of seasonally vacant units from 1950 to 1960 is believed to have resulted from at least three factors: (1) demolitions, (2) conversion of units from seasonal to year-round use, and (3) definitional changes and enumerator choices in the census.

Principal Characteristics

Type of Structure. Currently, about 10,450 units (81 percent) of the 12,900 total housing units in the Laconia HMA are in one-unit structures (including about 500 trailers); about 14 percent (1,800 units) of the units are in two- to four-unit structures and the remaining five percent (only about 650 units) are in structures containing five or more units.

Age of Structure. The relatively high age of the Laconia housing inventory is indicated by the fact that almost 60 percent of the current housing supply was built prior to 1930 and is, therefore, at least 35 years old. Approximately 900 units, or seven percent of the current supply, have been added since 1960; included in this total, however, are over 300 trailers which have located in the Laconia HMA since April 1960. A distribution of the housing supply by age of structure is shown in the following table.

Distribution of Housing Supply by Year Built^{a/}
Laconia, New Hampshire, HMA
August 1, 1965

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960 - August 1965	900	7
1955 - March 1960	1,000	8
1950 - 1954	925	7
1940 - 1949	1,550	12
1930 - 1939	950	7
1929 or earlier	<u>7,575</u>	<u>59</u>
Total	12,900	100

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

Source: Estimated by Housing Market Analyst, based on 1960 Census of Housing and adjusted to reflect demolitions.

Condition of the Inventory. The proportion of units in the HMA which are classified as substandard (those dilapidated or lacking one or more plumbing facilities) has declined slowly since 1960 because some of the poorer quality and dilapidated units have been demolished and some have been upgraded in quality. In April 1960, the census reported that about 2,200 units, or 18 percent of the housing inventory, were substandard. With the slight improvement in the housing stock since 1960, however, there are now about 2,100 units (16 percent of the current total of 12,900) in the HMA which are judged substandard in condition.

Value and Rent. The 1960 Census of Housing listed the median value of owner-occupied dwelling units in Belknap County and Laconia City as \$10,000 and \$11,300, respectively. The current median value of owner-occupied units in the HMA is judged to be slightly higher than in 1960 due to construction of units in the \$12,500 to \$17,500 price range since that time. While some expensive units (\$30,000 - \$50,000) are being built in the city of Laconia for seasonal and/or occasional uses, there are not enough of these units to raise the median significantly. The median gross rent in the HMA in 1960 was \$67 a month and is estimated to be above \$70 a month currently.

Residential Building Activity

Some 550 dwelling units have been built in the Laconia HMA since January 1, 1960, of which about 70 were built in areas of Belknap County outside permit-issuing places. In addition, 300 trailers were added to the housing supply. Building permits are required in the city of Laconia and in the towns of Alton, Tilton, Belmont,

and Sanbornton (see table V); in 1960, about 80 percent of the population of the HMA resided in permit-issuing places. In addition to the year-round dwelling units built, approximately 75 seasonal units have been built in the Laconia HMA since 1960. The number of new nonseasonal dwelling units authorized in permit-issuing places since 1960 by type of structure is summarized in the following table.

New Dwelling Units Authorized by Building Permits^{a/}
Laconia, New Hampshire, HMA
1960-1965

<u>Year</u>	<u>Total, all units</u>	<u>Single- family</u>	<u>Multi- family</u>
1960	73	73	-
1961	107	78	29
1962	91	91	-
1963	87	71	16
1964	81	81	-
1965 ^{b/}	42	N.A.	N.A.

^{a/} Excludes seasonal units.

^{b/} Through July.

Sources: U.S. Department of Commerce and local building inspectors.

As indicated in the table above, less than ten percent of all authorized residential construction in the HMA during the 1960-1965 period has been of the multifamily type. Single-family construction has remained relatively stable, averaging approximately 80 units annually since 1960.

About 260 dwelling units have been authorized for construction in the city of Laconia since January 1, 1960, over 53 percent of all units authorized in the HMA. All but four of the 45 multifamily units added since 1960 were built in the city of Laconia.

Units Under Construction. Based on building permit data and on the postal vacancy survey conducted in the area, it is estimated that there are approximately 60 housing units under construction in the Laconia HMA in August 1965, including 50 single-family units and 10 multifamily units (in two- to six-unit structures).

Demolitions and Conversions. Almost 150 housing units have been removed from the housing supply since January 1, 1960 through housing code enforcements, fire losses, and other changes in the inventory. In addition, some housing units have been lost through conversion to commercial use as motels or overnight cottages. Based on future urban

renewal activity and the expectation of more stringent code enforcement, it is estimated that an additional 170 units will be demolished in the Laconia HMA during the next three years.

Tenure of Occupancy

Current Estimate. The current number of occupied dwelling units in the Laconia HMA, about 9,000, includes approximately 6,400 owner-occupied units (71 percent) and 2,600 renter-occupied units (29 percent). These totals do not include those units currently occupied by seasonal or transient residents (see table IV).

Past Trends. Owner occupancy increased during the 1950-1960 decade from about 61 percent (4,825 units) of the occupied housing stock in 1950 to almost 68 percent (5,875 units) in 1960. The increase was caused primarily by the high proportion of sales-type new construction in the decade and demolition of rental units in the city of Laconia in the 1956-1958 period. The trend toward owner occupancy has continued in the HMA from 1960 to the present. Since there are only about 650 housing units in multifamily structures in the area, a large proportion of the current stock of renter-occupied units are in single-family units or in two- to four-unit structures.

Vacancy

Census. In April 1960, there were 3,550 vacant housing units in the Laconia HMA. About 3,225 (91 percent) of these units were not available for rent or sale, however, because they were seasonal, dilapidated, rented or sold awaiting occupancy, or units held off the market for occasional use.

The remaining 325 units were available for sale or rent, a net vacancy rate of 3.6 percent. Of this number, 125 were available for sale and 200 were available for rent, representing net homeowner and rental vacancy ratios of 2.0 percent and 6.9 percent, respectively. Included in these net vacancies were 32 vacant sales units (about 26 percent of the available vacant sales units) and 38 rental vacancies (about 19 percent of the available vacant rental inventory) that lacked one or more plumbing facilities. The 1960 census listed 170 available vacant units in the city of Laconia, 40 available for sale (1.6 percent) and about 130 available for rent (6.1 percent).

Postal Vacancy Survey. A postal vacancy survey conducted in the Laconia HMA in August 1965, covered about 7,500 total possible deliveries, or about 58 percent of the current housing inventory (see table VI). At the time of the survey, 340 units (4.6 percent) were vacant. Of the total units vacant, about 100 were deliveries

to residences, a vacancy ratio of 2.1 percent, and 240 represented deliveries to apartments, indicating a vacancy ratio of 9.5 percent in this category. An additional 45 units were reported to be under construction, but were not classified as vacant. Also included in the Laconia area postal survey were 360 house trailers, of which 10, or 2.5 percent, were in place and vacant. Note that both the sales and rental vacancy rates in Tilton were above the rates in the Laconia urban area. This is believed to be an indication of the excess vacancies which exist in the many small towns and villages in Belknap County.

The above vacancy data are not entirely comparable with those reported by the U.S. Census of Housing because of differences in definition, area delineations, and methods of enumeration. The postal vacancy survey classifies vacancies only by type of structure (residence or apartment), while the census lists vacancies by the intended tenure of the unit. This difference is especially significant in an area like Laconia where many single-family units are renter-occupied. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (or one mail box). These are primarily single-family homes but may include some duplexes. An "apartment" includes all stops where more than one delivery of mail is possible; these are primarily apartments, but may include roadside boxes where several deliveries of mail are made at one stop. In this area, it is likely that the postal carriers included vacancies among seasonal units in their enumeration.

Current Estimate. As in most resort areas, the housing supply of the Laconia HMA is utilized most intensively during the peak seasonal periods. Hence, those units listed as seasonal vacancies in April 1960 may currently be occupied. As of August 1965, there are approximately 3,900 housing units in the HMA which are not occupied by area residents--they include about 425 available vacant units, 3,000 occupied or vacant seasonal units, and about 475 vacancies held off the market for various reasons.

From the postal vacancy survey and personal observation and estimates, it is judged that vacancies in both sales and rental housing have increased since 1960. As of August 1965, there are approximately 425 vacant units available for sale or rent in the Laconia HMA. Of this number, 150 are vacant sales units, representing a current homeowner vacancy ratio of 2.3 percent, and 275 are vacant available non-seasonal rental units, indicating a current rental vacancy rate of 9.6 percent. It is estimated, however, that about 27 percent of the available vacant sales units and 33 percent of the available rental units are of substandard quality, that is, lacking one or more plumbing facilities or in dilapidated condition. After the deduction of unacceptable available vacant units, there is still a slight excess of competitive sales and rental vacancies in the Laconia HMA.

Sales Market

Current Conditions. The high current homeowner vacancy ratio of 2.3 percent and the low level of single-family construction indicates a slight softening of the sales market during the past five years. Local builders report that most new residential construction is done on a contract basis, although a few builders are active in small, speculatively-built subdivisions.

Most of the new sales construction since 1960 has been located in or near the city of Laconia. The new residences priced between \$17,500 and \$22,500 have generally been built in Laconia either in Windmill Shores on Lake Opechee or Keewaydin Shores on Lake Winnisquam. Scattered new construction of housing in the \$12,500 - \$15,000 price range is in evidence in the smaller towns in the HMA and in the Pine Hill area immediately to the east of Laconia.

Most of the new homes priced above \$30,000 built in the HMA are second homes used seasonally by owners from outside of the Laconia area. These are usually located on Lake Winnepesaukee, to the north of the city of Laconia.

Foreclosures. Total residential foreclosures in the Laconia HMA have been minimal, averaging only about 10 to 15 a year. This is not an unreasonable level and should not change significantly during the next few years.

Rental Market

The rental market in the Laconia HMA is composed largely of single-family renter-occupied units. Very few multifamily units have been built since 1960, although some new rental units have been created by conversion of single-family units into two- to four-unit structures. The rental vacancy situation has not improved recently, however, and even after the exclusion of many filtered-down, unacceptable rental units on the market, there still exists a slight excess of acceptable rental units.

Although only a very few multifamily projects have been built recently in the Laconia area, vacancies in the newer projects are currently somewhat higher than desirable. Monthly contract rents in the new projects typically range from \$85 for an efficiency unit to about \$130 for a two-bedroom unit. Renter-occupied single-family units, which are usually at least 10 to 15 years old, currently rent for about \$120 to \$145 monthly.

Mortgage Market

Local mutual savings banks are the principal sources of mortgage money in the Laconia HMA. Loans are typically made at six percent interest with 15 - 20 percent down and 20 - 25 year term. FHA activity in the Laconia HMA is minimal with only three FHA-insured mortgages on new construction since 1961.

Urban Renewal

There is one active urban renewal project in the Laconia HMA currently. The Winnepesaukee River Project (N.H. R-12) lies along Laconia's Main Street from Water Street and Canal Street on the north extending almost a block beyond Union Avenue on the south. The area comprises about one-fourth of the city's central business district.

The future development of the land will be a "mix" of commercial, residential, and institutional utilization. A housing project for the elderly, aided by the Public Housing Administration, has been approved for construction in the urban renewal area. The project will include 96 units and will be ready for occupancy in the beginning of 1968.

Demolition, which will begin in October 1965, will include about 125 dwelling units, 35 of which are currently vacant. Of the 90 occupied dwelling units which will be demolished, all but seven are currently renter-occupied. Current gross rents in the urban renewal area are generally about \$70 a month. Many of the project area rental units, which are all in converted single-family or commercial structures, are dilapidated or lacking one or more plumbing facilities.

Public Housing

There are no public housing projects in the Laconia HMA currently. The Federally-aided public housing for the elderly to be built in the urban renewal area, however, will be ready for occupancy in about two and one-half years. The 96-unit high-rise project will include six efficiencies, 72 one-bedroom units, and 18 two-bedroom units, with gross rents ranging from \$38 to \$52 monthly. No additional public housing projects are currently in planning.

Demand for Housing

Quantitative Demand

The prospective demand for housing in the Laconia HMA is based on the projected level of household growth (250 during the next three years) and on the expected demolition, primarily through urban renewal activity, of about 135 occupied housing units by August 1968. In addition, consideration is also given to the current tenure composition, the continuing trend toward owner occupancy, and the shift from owner to renter occupancy of single-family homes. The excess vacancies evident in the Laconia HMA, however, suggests the desirability of a downward adjustment of demand levels consistent with the long-term needs of the Laconia area, including a reasonable, but not excessive, number of vacancies.

A continuation of recent rates of new sales construction, about 85 units annually, will satisfy the anticipated sales housing demand and maintain reasonable demand-supply relationships. Although new rental construction has been negligible in recent years, there are estimated to be excess rental vacancies in the HMA. Even the stimulus of the demolition of a number of existing units is not expected to create a need for more than a very few rental units at the rents required with market interest rate financing. At the lower rents achievable with public benefits or assistance in land acquisition or financing, there will be an additional demand for 15 or 20 rental units annually. The provision of such units may accelerate the filtering process and assist in the elimination of substandard housing. Most of the demand for new housing is for accommodations in Laconia and its immediate vicinity.

Qualitative Demand

Sales Housing. The distribution of demand for 85 units of new sales housing annually is shown in the following table. The distribution is based on recent market experience and on the proportion of annual after-tax income that families in the Laconia HMA typically allocate to sales housing.

Estimated Annual Demand for New Sales Housing
Laconia, New Hampshire, HMA
August 1965-August 1968

<u>Sales price</u>	<u>Percentage distribution</u>
Under \$10,000	4
\$10,000 - 13,999	19
14,000 - 15,999	13
16,000 - 17,999	15
18,000 - 19,999	12
20,000 - 24,999	18
25,000 - 29,999	10
30,000 and over	<u>9</u>
Total	100

Because of current construction and land costs, it is judged that few, if any, adequate new sales units can be built to sell for below \$9,000 in the Laconia HMA. Therefore, all of the 85 units have been distributed at or above this minimum. The demand for sales housing priced below \$9,000 will be satisfied from the existing inventory.

Rental Housing. Minimum gross rents at which privately-owned rental units can be produced in the Laconia area at market interest rate financing are \$95 a month for efficiencies, \$105 for one-bedroom units, \$115 for two-bedroom units, and \$125 for three-bedroom units. At or close to these minimum rents there is little demand for additional rental construction. Should any units be produced with the aid of public benefits or assistance in financing, they will be in lower rent ranges. The maximum potential, however, would be limited to about 15-20 units annually. The 1965-1968 demand for rental housing is expected to be primarily for low- or moderate-rent units in small, garden-type apartments.

APPENDIX TABLES

Table I

Total Work Force Components
Laconia, New Hampshire, HMA a/
1950 - 1964
 (annual averages)

<u>Year</u>	<u>Work force</u>	<u>Employment</u>		<u>Unemployment</u>	
		<u>Number</u>	<u>change from previous year</u>	<u>Number</u>	<u>Percent</u>
1950	11,500	10,800	-	700	6.1
1951	11,700	11,350	550	350	3.0
1952	11,900	11,460	110	440	3.7
1953	12,100	11,750	290	350	2.9
1954	12,400	11,960	210	440	3.5
1955	12,500	12,170	210	330	2.6
1956	12,700	12,370	200	330	2.6
1957	12,800	12,470	100	330	2.6
1958	12,500	11,940	-530	560	4.5
1959	12,600	12,210	270	390	3.1
1960	13,000	12,570	360	430	3.3
1961	13,200	12,740	170	460	3.5
1962	13,000	12,570	-170	430	3.3
1963	12,500	11,860	-710	640	5.1
1964	12,900	12,490	630	410	3.2

a/ Laconia HMA consists of Belknap County.
 Source: New Hampshire Department of Employment Security.

Table II

Annual Average Employment
in Industries Covered by Unemployment Compensation
Laconia, New Hampshire, HMA a/
1958 - 1964

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1958-1964 change</u>	
								<u>Number</u>	<u>Percent</u>
Total Covered Employment	<u>6,300</u>	<u>6,769</u>	<u>7,098</u>	<u>7,260</u>	<u>7,233</u>	<u>6,661</u>	<u>7,103</u>	<u>803</u>	<u>2.7</u>
Manufacturing	<u>3,821</u>	<u>4,221</u>	<u>4,417</u>	<u>4,445</u>	<u>4,281</u>	<u>3,570</u>	<u>3,879</u>	<u>58</u>	<u>1.5</u>
Durable Goods	<u>2,562</u>	<u>2,985</u>	<u>3,225</u>	<u>3,175</u>	<u>3,025</u>	<u>2,390</u>	<u>2,748</u>	<u>186</u>	<u>7.3</u>
Lumber and wood products	393	435	424	378	347	289	297	-96	-24.4
Stone and clay products	120	158	163	167	178	198	215	95	79.2
Primary and fabricated metals	193	217	212	205	219	231	262	69	35.7
Electrical products	76	49	53	*	53	61	75	-1	-1.3
Machinery and other	1,780	2,126	2,373	2,425	2,228	1,611	1,899	119	6.7
Nondurable Goods	<u>1,259</u>	<u>1,236</u>	<u>1,192</u>	<u>1,270</u>	<u>1,256</u>	<u>1,180</u>	<u>1,131</u>	<u>-128</u>	<u>-10.2</u>
Textile and apparel	729	707	688	733	723	651	565	-164	-22.5
Paper and allied products	111	125	126	122	125	127	131	20	18.0
Leather and other	419	404	378	415	408	402	435	16	3.8
Nonmanufacturing	<u>2,479</u>	<u>2,548</u>	<u>2,681</u>	<u>2,815</u>	<u>2,952</u>	<u>3,091</u>	<u>3,224</u>	<u>745</u>	<u>30.0</u>
Construction	487	499	554	574	610	638	642	155	31.8
Trans., comm., util.	438	401	384	409	411	430	436	-2	-0.5
Trade	970	1,003	1,050	1,110	1,163	1,214	1,297	327	33.7
Fin., ins., & real estate	163	173	195	193	212	221	232	69	42.3
Services and other	421	472	498	529	556	588	617	196	46.6

* Included in machinery and other

a/ Laconia HMA consists of Belknap County.

Source: New Hampshire Department of Employment Security

Table III

Percentage Distribution of Family Income by Tenure
After Federal Income Tax Deduction
Laconia, New Hampshire, HMA
1965 and 1968

Annual after-tax incomes	1965 incomes		1968 incomes	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under \$ 4,000	19	26	16	23
\$ 4,000 - 4,999	10	15	9	14
5,000 - 5,999	12	13	11	12
6,000 - 6,999	13	16	12	12
7,000 - 7,999	13	9	12	11
8,000 - 8,999	8	6	9	8
9,000 - 9,999	6	5	8	6
10,000 - 12,499	11	6	12	9
12,500 and over	8	4	11	5
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$6,700	\$5,700	\$7,200	\$6,100

Source: Estimated by Housing Market Analyst.

Table IV

Components of the Housing Inventory
Laconia, New Hampshire, HMA
April 1960-August 1965

<u>Supply, tenure, and vacancy</u>	<u>April 1950</u>	<u>April 1960</u>	<u>August 1965</u>
Total housing supply	<u>12,490</u>	<u>12,170</u>	<u>12,900</u>
Occupied nonseasonal units	<u>7,954</u>	<u>8,614</u>	<u>9,000</u>
Owner occupied	<u>4,830</u>	<u>5,868</u>	<u>6,400</u>
Percent of total occupied	61%	68%	71%
Renter occupied	<u>3,124</u>	<u>2,746</u>	<u>2,600</u>
Percent of total occupied	39%	32%	29%
Available nonseasonal vacant units	<u>221</u>	<u>324</u>	<u>425</u>
For sale	<u>66</u>	<u>122</u>	<u>150</u>
Homeowner vacancy rate	1.3%	2.0%	2.3%
For rent	<u>155</u>	<u>202</u>	<u>275</u>
Renter vacancy rate	4.7%	6.9%	9.6%
Seasonal units ^{a/}	4,315	3,232	3,475

^{a/} Includes occupied and vacant seasonal units and other vacant units not available for year-round occupancy.

Table V

Geographic Distribution of
Dwelling Unit Authorizations
Laconia, New Hampshire, HMA
1954-1965

<u>Year</u>	<u>Total HMA</u>	<u>Laconia City</u>	<u>Alton Town</u>	<u>Tilton Town</u>	<u>Belmont Town</u>	<u>Sanbornton Town</u>
1954	48	48	NA	NA	NA	NA
1955	59	59	NA	NA	NA	NA
1956	43	43	NA	NA	NA	NA
1957	49	49	NA	NA	NA	NA
1958	24	24	NA	NA	NA	NA
1959	41	41	NA	NA	NA	NA
1960	73	39	24	10	NA	NA
1961	107	83	9	6	9	NA
1962	91	44	8	5	18	16
1963	87	49	8	10	10	10
1964	81	26	6	16	18	15
1965 ^{a/}	42	16	3	6	7	10

^{a/} Through July.

Source: U. S. Department of Commerce and local building inspectors.

Table VI

Laconia, New Hampshire, Area Postal Vacancy Survey

August 18, 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.	%
The Survey Area Total	<u>7,496</u>	<u>344</u>	<u>4.6</u>	<u>338</u>	<u>6</u>	<u>45</u>	<u>4,960</u>	<u>102</u>	<u>2.1</u>	<u>96</u>	<u>6</u>	<u>34</u>	<u>2,536</u>	<u>242</u>	<u>9.5</u>	<u>242</u>	<u>-</u>	<u>11</u>	<u>359</u>	<u>9</u>	<u>2.5</u>
Laconia	<u>6,397</u>	<u>285</u>	<u>4.5</u>	<u>279</u>	<u>6</u>	<u>39</u>	<u>4,225</u>	<u>81</u>	<u>1.9</u>	<u>75</u>	<u>6</u>	<u>28</u>	<u>2,172</u>	<u>204</u>	<u>9.4</u>	<u>204</u>	<u>-</u>	<u>11</u>	<u>293</u>	<u>6</u>	<u>2.0</u>
City Routes	4,546	244	5.4	243	1	21	2,374	40	1.7	39	1	10	2,172	204	9.4	204	-	11	12	1	8.3
Rural Routes	1,851	41	2.2	36	5	18	1,851	41	2.2	36	5	18	-	-	-	-	-	-	281	5	1.8
Other Cities and Villages																					
Tilton	<u>1,099</u>	<u>59</u>	<u>5.4</u>	<u>59</u>	<u>-</u>	<u>6</u>	<u>735</u>	<u>21</u>	<u>2.9</u>	<u>21</u>	<u>-</u>	<u>6</u>	<u>364</u>	<u>38</u>	<u>10.4</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>3</u>	<u>4.5</u>

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).