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Lexington, Ky.

Analysis of the
**LEXINGTON, KENTUCKY
HOUSING MARKET**

as of January 1, 1966

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

JULY 1966

ANALYSIS OF THE
LEXINGTON, KENTUCKY, HOUSING MARKET
AS OF JANUARY 1, 1966

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

Foreword

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

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, 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
LEXINGTON, KENTUCKY, HOUSING MARKET
AS OF JANUARY 1, 1966

Summary and Conclusions

1. Until the 1950's the economy of Lexington depended primarily on economic activities associated with horse breeding and tobacco farming. Today, the economy continues to be supported by agricultural, trade, and service activities, but recent economic expansion has been stimulated by the establishment of several manufacturing establishments. As the home of the University of Kentucky and ten Federal, State, and local hospitals, economic growth is also attributed to the development of Lexington as an educational and medical center.

An average of 60,850 wage and salary workers was employed in the HMA in the first ten months of 1965, up 5,700 over the same period in 1964 which, in turn, was 6,000 higher than the 1963 figure. Manufacturing employment has increased by 5,950 since 1957 with the metals and machinery industry accounting for virtually all of the growth.

Nonmanufacturing employment (which accounts for over 75 percent of the wage and salary total) is dominated by government, trade, and service industries. Growth in the nonmanufacturing segment, although sporadic, has accelerated in recent years. From 1963 to 1964, 5,700 workers were added in nonmanufacturing industries and between the first ten months of 1964 and 1965 the gain amounted to 4,350.

The economy of the area is expected to continue to expand over the next two years, although not at the level of the recent past. There have been temporary employment increases recently which are not expected to recur. The number of wage and salary workers is expected to increase by an average of 3,100 annually over the forecast period. Employment gains will continue to be concentrated in the major non-manufacturing industries.

2. The current median annual income of all families in the Lexington HMA, after the deduction of Federal income tax, is \$6,750. The current median after-tax income of all renter families is \$4,700. By 1968, median after-tax income is expected to rise to \$7,250 for all families and \$5,050 for renter families.

3. As of January 1966, the population of the Lexington HMA totals about 168,200, an increase of 36,300 (about 6,325 annually) since April 1960. Over half of the current population, about 87,750 persons, reside in the city of Lexington. By January 1968, the total population of the HMA is expected to reach 184,200, an increase of 16,000 (8,000 annually) over the January 1966 level.
4. There are about 49,400 households in the HMA at present of whom 55 percent are in the city of Lexington. The current number of households indicates an increase of 11,200 (1,950 annually) over the April 1960 total. By January 1968, it is expected that there will be about 53,400 households in the HMA, an annual increase of 2,000 households over the 1966 total.
5. As of January 1, 1966, there are about 52,200 housing units in the HMA, a gain of 11,950 (2,075 annually) since April 1960. Nearly 56 percent of the current inventory, about 29,000 units, is in the city of Lexington. The increases in inventory were the result of the addition of over 11,750 units by construction and the addition of about 820 house trailers since 1960. About 700 units have been demolished since 1960.

Building permits are required for all new construction in the HMA. The number of single-family units authorized has fluctuated from about 790 units in 1961 to 1,775 units authorized in 1964. The year 1964 also represented the all-time high in units authorized for multifamily construction when over 1,650 units were authorized. Privately-financed multifamily construction has remained at high levels since 1962; about 900 units were authorized in 1963 and 950 units were authorized in 1965.

6. The estimated available homeowner vacancy rate is about 2.1 percent currently and the rental vacancy ratio is 6.2 percent. Vacancy rates have increased since April 1960 when they were 1.8 percent for homeowner units and 5.3 percent for rental units. Present vacancy ratios suggest a moderate excess of available vacancies.
7. The volume of privately-owned net additions to the housing supply that will meet the requirements of anticipated household growth during the next two years and result in an acceptable demand-supply balance in both sales and rental markets is approximately 2,200 units annually. Of this total about 1,350 units represent demand for sales housing and 850 units represent rental demand, including 250 middle-income units at the lower rents possible with public benefits or assistance in financing, exclusive of public low-rent housing and rent-supplement accommodations. Continuing attention should be directed toward the absorption of newly completed rental projects in order to adjust planning rates downward promptly when absorption rates soften. The distribution of sales demand by price range is expected to approximate the pattern indicated on page 22. The annual demand for rental units is distributed by gross monthly rent and unit size, as shown on page 23.

ANALYSIS OF THE
LEXINGTON, KENTUCKY, HOUSING MARKET
JANUARY 1, 1966

Housing Market Area

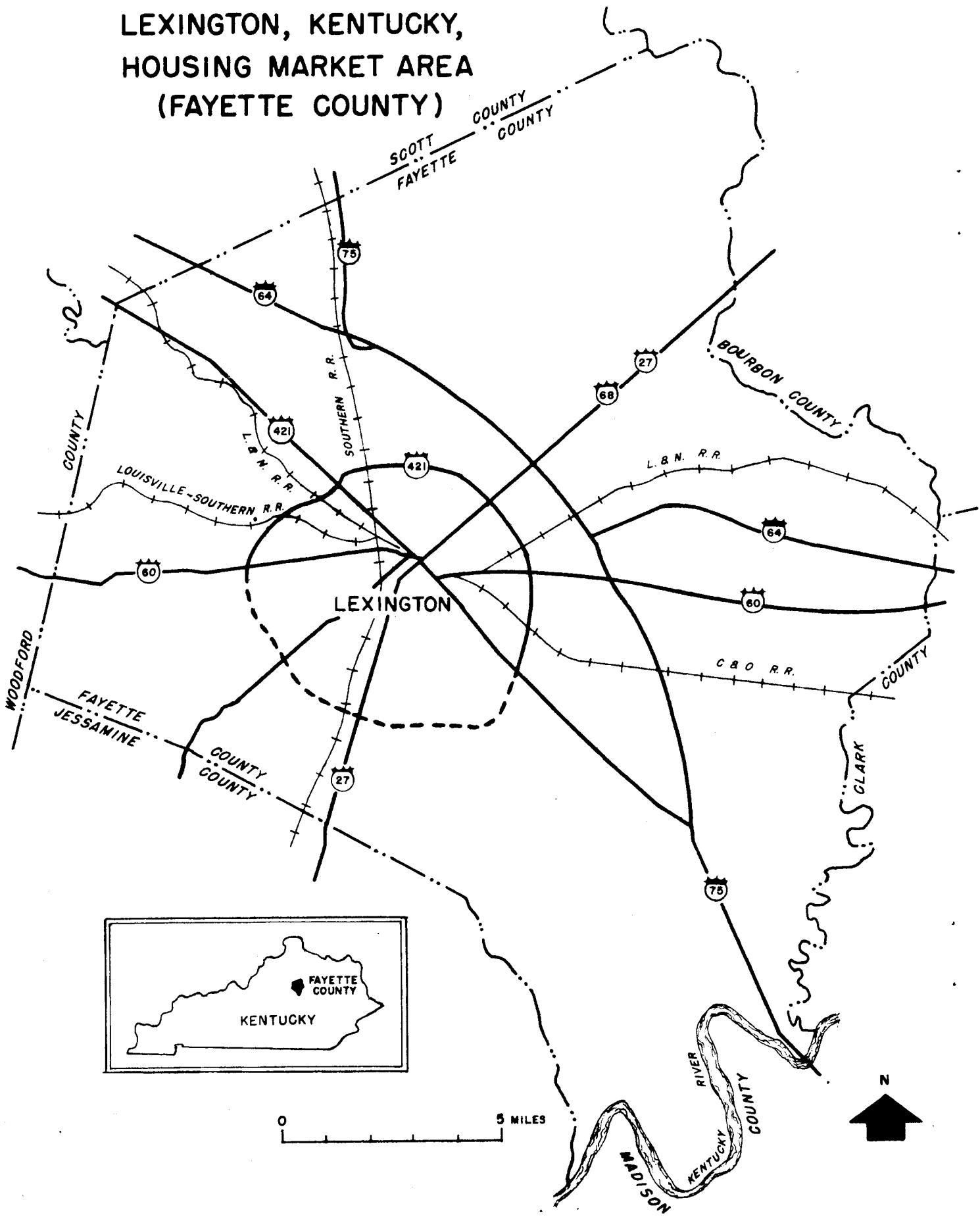
The Lexington, Kentucky, Housing Market Area (HMA) is defined for purposes of this analysis as being coterminous with Fayette County. The HMA, which conforms in definition to the Lexington Standard Metropolitan Statistical Area as delineated by the U.S. Bureau of the Budget, contained about 131,900 persons in 1960 of whom 85 percent (nearly 112,000) resided in the Lexington urbanized area. The city of Lexington, the second largest city in the state, had a 1960 population of 62,800.

Inasmuch as the rural farm population constituted only four percent of the 1960 total population (5,700 persons), all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

The HMA is well served by transportation facilities, including two interstate highways, three railroad lines, three airlines, and one waterway. Interstate 75 connects Lexington with Cincinnati, Ohio, 85 miles north, and Interstate 64 provides access to Louisville, Kentucky, 75 miles northwest. Other major highways include north-south highways U.S. Routes 25 and 27 and east-west highways U.S. 60 and 68 (see map). U.S. Route 421 is the major highway access to Frankfort, Kentucky, the State capital, located 25 miles northwest of Lexington. Three railroad lines, the Chesapeake & Ohio, the Louisville & Nashville, and the Southern Railway System, have terminal facilities in Lexington, with the latter two providing passenger service. Three airlines (Eastern, Delta, and Piedmont) provide access to all major U.S. cities from Lexington Blue Grass Field, four miles west of the city.

The HMA is accessible also to the Inland Waterway System via the Kentucky River, which marks the southern boundary of the HMA. Shipments of fuel and raw material (gasoline, oil, coal, sand, and gravel) comprised the greatest portion of the 1960 cargo.

LEXINGTON, KENTUCKY, HOUSING MARKET AREA (FAYETTE COUNTY)



Economy of the Area

Character and History

Fayette County was formed in 1780 as one of three counties that comprised the original district of Kentucky. The HMA is situated geographically in the center of the Kentucky Blue Grass Region that is typified by thoroughbred racing, horse breeding, and tobacco farming. Lexington historically developed economic activities related primarily to horse breeding and training, and the production and marketing of burley tobacco. The city also developed as an educational and medical center as the home of several institutions of higher learning, including the State University, and ten major Federal, State, and private hospitals.

Until the 1950's, Lexington remained an agricultural, trade, and service center dependent primarily on horse breeding and tobacco farming, with additional economic support generated by the private and public institutions. Rapid economic expansion of the past ten years, however, has been stimulated by the development of several manufacturing enterprises.

Employment

Current Estimate and Past Trend. As of October 1965, there are 63,700 nonagricultural wage and salary workers in the Lexington housing market area. During the first ten months of 1965, an average of 60,850 wage and salary workers were employed in the HMA. A comparison of average wage and salary employment in the HMA for the first ten months of 1963, 1964, and 1965 indicates an increase of 5,700 (10.3 percent) between 1964 and 1965 and a gain of 6,000 (12.2 percent) between 1963 and 1964. Tables I and II, which show annual average employment trends in the area since 1957, indicate the increased rate of growth over the past several years. From 1957 up to 1961, gains in wage and salary employment averaged about 920 annually; in 1961 and 1962 the increase amounted to about 2,275 each year. The 3,150-increase in nonagricultural wage and salary employment from 1962 to 1963 was more than doubled in the following year when the increase was 6,400 workers. Preliminary 1965 data compiled by the Kentucky Department of Economic Security indicate that employment growth from 1964 to 1965 will be slightly below the 1964 record gain, but comparable to average increases recorded since 1963.

Employment by Industry

Manufacturing. Manufacturing has become more significant to the Lexington economy in recent years, increasing nearly 100 percent from 6,100 (16 percent of all wage and salary workers) in 1957 to 12,050 (21 percent of the total) in 1964. Most of the 5,950-gain in manufacturing employment since 1957 has been in the metals and machinery industry which has increased from 2,400

workers in 1957 to 6,700 in 1964. In the first ten months of 1965, there was an average of 7,550 workers employed in the metals and machinery industry, an increase of 1,050 over the first ten months of 1964. Employment gains in the industry have occurred each year since 1957 with the exception of the net decline of 100 from 1960 to 1961, corresponding with the 1961 national recession. Growth has been sporadic, however, ranging from the large annual gain of 1,400 from 1957 to 1958 to the nominal increase of 100 from 1962 to 1963. Gains in metals and machinery have accounted for most of the manufacturing employment increase since 1963, averaging a net gain of 900 workers from 1963 to 1964 and over 1,000 from 1964 to 1965 (first ten months). Expansion of the metals and machinery industry is attributable to the establishment of several plants in the HMA since the late 1950's and their continued expansion since that time.

Nonmanufacturing. Despite the growth in manufacturing industries in the past eight years, nonmanufacturing has continued to represent over 75 percent of all wage and salary employment in the HMA. Employment increases in nonmanufacturing industries alternated each year between 1959 and 1963 from large gains of 2,525 (1960-1961 and 1962-1963) to modest gains of about 600 (1959-1960 and 1961-1962). The increments to nonmanufacturing employment have accelerated since 1963, totaling 5,700 workers from 1963 to 1964 and 4,350 from 1964 to 1965. Gains in nonmanufacturing employment, which are attributable to three dominant industries (government, trade, and services), reflect general economic conditions of the area (i.e., growth in manufacturing industries) as well as government employment policies not directly related to economic conditions.

Government employment, which includes those employed by the University of Kentucky and the Lexington Army Supply Depot, has exhibited continued increases since 1960. Rapid growth in government employment since 1963 (an increase of 2,150 from 1963 to 1964 and 3,900 from 1964 to 1965) reflects University expansion as well as temporary employment gains at the Supply Depot attributable to the U. S. military buildup in Southeast Asia (see Principal Employers).^{1/}

Employment expansion in trade and service industries is a reflection of general economic conditions of the area. With the exception of the nominal increase (300) from 1961 to 1962, increases in trade and service employment from 1959 to 1963 were consistently higher each year (from an increase of 450 in 1959-1960 to a gain of 1,050 from 1962 to 1963). The 1963-1964 increase of 2,000 employees in trade and service marks the largest annual gain yet recorded in the industry.

^{1/} Part of the 1964-1965 increase of 3,900 government workers also reflects greater coverage of government agencies not previously reporting employment totals.

Principal Employers

Manufacturing. Five manufacturing concerns in the HMA employ more than 500 persons, but only two maintain employment levels of more than 1,000. All other manufacturing employment in the HMA is scattered among smaller manufacturing concerns. The two firms, which account for a substantial portion of employment in the metals and machinery industry, have steadily expanded their employment levels.

Nonmanufacturing. The October 1965 employment total of 5,000 at the University of Kentucky indicates that the University is the largest nonmanufacturing employer in the HMA. The addition of educational facilities and regular enrollment increases have stimulated University employment growth since 1960. The University Medical Center, constructed in 1961-1962, brought three additional departments to the University's academic program (the Colleges of Nursing, Dentistry and Medicine) as well as the creation of a major University hospital. University enrollment increases have risen steadily in the past fifteen years. The net gain in student enrollment over the 1950-1960 decade amounted to about 3,700 students, or an average gain of 370 students annually, from 6,450 students in September 1950 to about 10,150 in September 1960. The average annual increase from 1960 to 1962 (fall semester) amounted to 550, and from 1962 to 1964 the net enrollment increase averaged 1,875 each year, reflecting full utilization of the new medical facilities. The September 1964 enrollment level amounted to over 14,900 students. Enrollment gains over the next two years are expected to average above 1,000 each year.

Military. The Lexington-Blue Grass Army Depot was formed in 1964 by the consolidation of the Lexington Army Depot, which is located in the HMA, 12 miles northeast of Lexington, and the Blue Grass Army Depot, located south of the HMA near Richmond, Kentucky. Headquarters of the combined activities is the Lexington Depot, and additional facilities remain at the Blue Grass Depot. The primary function of the installation, which was constructed in 1941, is the storage, repair, and distribution of signal equipment. Military strength remains nominal; the number of military personnel over the 1960-1965 period averaged about 50 persons. Civilian strength at the Lexington facility is 3,300 as of November 30, 1965,

representing an increased employment level of 1,300 over the 2,000 civilian employees at the Lexington Depot in November 1964. The employment gain from 1964 to 1965 is attributable to the U.S. military buildup in Southeast Asia, and the 1,300 additional workers are considered to be temporary employees of less than one year.

Unemployment

The Lexington unemployment rate (those unemployed compared with total work force) has consistently declined each year since 1961, an indication of expanding employment opportunities in the HMA. From the 1961 recession-high of 5.6 percent (3,000 unemployed workers), the unemployment rate dropped steadily to the 1964 low of 2.9 percent (2,000 unemployed). As shown in the following table, the Lexington rate of unemployment in 1964, less than three percent, is well below the national average, as well as that of the nearby metropolitan areas of Cincinnati and Louisville.

Annual Average Unemployment
Lexington, Cincinnati, Louisville, and United States
1960-1964

<u>Year</u>	<u>Lexington HMA</u>		<u>Unemployment rate</u>		
	<u>Number</u> <u>unemployed</u>	<u>Percent of</u> <u>work force</u>	<u>Cincinnati</u>	<u>Louisville</u>	<u>United States</u>
1960	2,700	4.7	4.4	6.7	5.6
1961	3,000	5.6	5.7	7.5	6.7
1962	2,400	4.0	4.5	5.2	5.6
1963	2,000	3.2	4.3	4.5	5.7
1964	2,000	2.9	3.9	3.7	5.2

Sources: Kentucky Department of Economic Security and U.S. Department of Labor.

Future Employment

Over the next two years, employment in manufacturing is expected to increase at about 700 a year and nonmanufacturing employment at about 2,400 a year, or a total of 3,100 nonagricultural wage and salary jobs a year. This is somewhat below the rate of increase in employment in the 1963-1965 period, but higher than in most previous periods in the Lexington area. Government, particularly public education (including the University of Kentucky) will be the leading source of increased employment, but increases are expected in metals and machinery manufacturing and in trade and services as well.

Income

The current median annual income of all families in the Lexington HMA, after deduction of Federal income tax, is \$6,750, and the current median after-tax income of all renter families is \$4,700. Since 1959, the level of income in the Lexington HMA has risen by about 30 percent.

Currently, about 25 percent of all families and 41 percent of the renter families have after-tax incomes below \$4,000 annually. At the upper end of the income distribution, 24 percent of all families and ten percent of the renter families have annual after-tax incomes of \$10,000 or more.

Distributions of all families and renter families in the HMA by 1966 and 1968 income classes is presented in table III. This table also indicates current and projected median income levels for all families and renter families. By January 1968 it is expected that incomes will rise by about eight percent so that the median after-tax income of all families will equal about \$7,250 and the median income of all renter families will be \$5,050.

Demographic Factors

Population

Current Estimate. As of January 1, 1966, the population of the Lexington HMA totals 168,200, an increase of 36,300 (about 6,325 annually) since April 1, 1960. Over half of the current population, about 87,750 persons, reside in the city of Lexington. The present population of the city indicates an increment of nearly 24,950 since the April 1960 Census. Population growth in the city is the result of annexation activity as well as migration and natural increase. An active annexation policy has been pursued by the city of Lexington. During the 1960 through 1964 period, there were about 190 annexations to the city of Lexington resulting in increased land area of over six square miles. Local sources reported a population of 13,400 in the annexed areas at the time of annexation, indicating that annexations account for over half of the population growth since 1960.

Population Changes Lexington, Kentucky, HMA April 1950 to January 1968

<u>Date</u>	<u>Total population</u>	<u>Average annual change from preceding date</u>
April 1, 1950	100,746	-
April 1, 1960	131,906	3,116
January 1, 1966	168,200	6,325
January 1, 1968	184,200	8,000

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

Past Trend. Between April 1950 and April 1960, the total population of the HMA increased from 100,750 to 131,900, or a decennial growth of 31,160 persons. The average annual increase from 1950 to 1960, of nearly 3,125, was less than half that of the post-1960 period. In the 1950-1960 period, the population of Lexington increased by nearly 7,300, from over 55,550 in April 1950 to 62,800 in April 1960. Virtually all of the decennial population increase in the city was the result of annexation activity. The population in areas annexed during the decade totaled over 8,900 persons in 1960; the number of persons residing in the 1950 Lexington area actually declined by over 1,625 during the ten years.

Estimated Future Population. Based on future employment growth, as well as projected enrollment gains at the University over the two-year forecast period, it is expected that the population of the Lexington HMA will total 184,200 by January 1, 1968. This represents an anticipated annual increment of about 8,000, with 19 percent of the increase in the nonhousehold population. Nonhousehold population increase in the two years is primarily attributable to the addition of 2,700 dormitory spaces at the University of Kentucky to meet expanding student enrollment.

Net Natural Increase and Migration

Factors contributing to population change are natural increase (births minus deaths of area residents) and migration. As shown in the following table, in-migration has accounted for the largest portion of population growth in recent years. About 69 percent of the population increase from 1960 to 1966 is attributable to net in-migration, as compared with 49 percent of the growth in the previous decade. The Lexington area is unusual in that, contrary to national trends of declining natural increase, the annual average net natural increase has risen in the HMA by about 350 since April 1960.

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

<u>Components</u>	<u>Annual average change</u>	
	<u>April 1950-April 1960</u>	<u>April 1960-Jan. 1966</u>
Net natural increase	1,600	1,950
Net in-migration	<u>1,516</u>	<u>4,375</u>
Total change	3,116	6,325

Sources: 1950 and 1960 Censuses of Population, Kentucky Department of Health, and estimates by Housing Market Analyst.

Households

Current Estimate and Past Trend. As of January 1, 1966 there are 49,400 households (occupied housing units) in the Lexington HMA of which 55 percent (27,400) are in the city of Lexington. The current number of households indicates an increase of 11,200 (1,950 annually) over the April 1960 total, and approximates the total addition to households over the entire 1950-1960 decade. From April 1950 to April 1960 the number of households in the HMA increased by 11,100 from 27,100 in 1950 to 38,200 in 1960. Reflecting the trend toward suburbanization, the proportion of the total number of households in the HMA within the city declined from 58 percent (15,700) of all households in 1950 to 50 percent in 1960. It should be noted that the increase in the number of households between 1950 and 1960 reflects, in part, the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census. The impact of this change was concentrated within the city of Lexington. The following table indicates household growth in the HMA for total households since 1950.

Household Trends
Lexington, Kentucky, HMA
April 1950 to January 1968

<u>Date</u>	<u>Total households</u>	<u>Average annual change from preceding date</u>
April 1, 1950	27,124	-
April 1, 1960	38,194	1,107
January 1, 1966	49,400	1,950
January 1, 1968	53,400	2,000

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

Household Size Trends. The average household in the Lexington HMA is estimated to contain 3.20 persons at the present time, compared with an average of 3.21 persons in April 1960. In the previous decade, the average size declined from 3.30 in 1950 to 3.21 in 1960, but some part of this drop reflected the change in census definition of household which would have had a substantial impact in a college community like Lexington. This slight decline in the current period reflects a nominal drop in average household size in the city of Lexington, but no change in average size of suburban households.

Estimated Future Households. It is expected that there will be 53,400 households in the HMA by January 1968, representing a continuation of the increasing rate of household growth in the HMA. The projected household increase of 2,000 annually is based on employment, population, and university enrollment gains, as well as a continuation of the trend of declining household size. The majority of the new households are expected in the city of Lexington and adjacent urban areas. The likelihood of continued annexation activity by the city of Lexington makes separate estimates of growth for sub-market sectors difficult.

Housing Market Factors

Housing Supply

Current Estimate. As of January 1, 1966, there are 52,200 housing units in the Lexington HMA, indicating a gain of 11,950 units (2,075 annually) since April 1960. The 30 percent increase in the housing supply over the 1960 total was the net result of the construction of over 11,750 units, the addition of about 820 house trailers and the demolition of 700 units. Nearly 56 percent of the current housing stock, 29,000 units, is in the city. The increase of 8,600 units in the housing supply in the city since April 1960 is primarily the result of annexation activity and the construction of a large number of multifamily units.

Past Trend. From April 1, 1950 to April 1, 1960, the housing supply in the Lexington HMA increased from 27,900 to 40,250 units. The decennial gain of 12,350 units (44.3 percent) averaged an increase of over 1,225 units annually. In the city of Lexington, the housing supply increased by 4,300 units in the ten years, from 16,000 units in April 1950 to about 20,300 units in April 1960. A small portion of the decennial gain is likely the result of census conceptual change from "dwelling unit" in 1950 to "housing unit" in 1960.

Characteristics of the Housing Supply

Type of Structure. About 75 percent of the current housing stock consists of single-family structures, including trailers. The current distribution of the Lexington housing supply, shown in the following table, indicates a reduction in the proportion of one-unit structures in the total inventory from 78 percent in 1960 to 75 percent in 1966. Two- to four-unit structures also declined slightly in relation to the total inventory, while the number of units in structures **containing** five or more units increased considerably. Units in larger multifamily structures (with five or more units) currently comprise 14 percent of the housing supply as compared with ten percent in April 1960, a reflection of the volume of multifamily construction activity in recent years.

Housing Inventory by Units in Structure
Lexington, Kentucky, HMA
1960 and 1966

<u>Units in structure</u>	<u>April</u>	<u>January</u>	<u>Percent of total</u>	
	<u>1960</u>	<u>1966</u>	<u>1960</u>	<u>1966</u>
1 unit ^{a/}	31,354	38,950	78	75
2 to 4 units	4,802	5,750	12	11
5 or more units	4,056	7,500	10	14
Total units	40,212 ^{b/}	52,200	100	100

a/ Includes trailers.

b/ Differs slightly from count of all units because units by type of structure were enumerated on a sample basis.

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

Condition of the Inventory. Currently about 12.5 percent of the housing supply (6,500 units) is judged to be either dilapidated or lacking some plumbing facility. This indicates an improvement in the general quality of the inventory since April 1960 when 17.2 percent (6,900 units) of the housing supply was so classified. Upgrading of the Lexington housing supply over the past several years is attributed not only to the large volume of residential construction in the area since 1960, but also to strict code enforcement which has resulted in demolition of substandard housing and upgrading of inferior units.

Age of Structure. The fact that the Lexington housing supply is expanding at an increasing rate can be noted by a distribution of the current inventory by age of structure. As indicated in the following table, over 24 percent of the current housing supply was added to the inventory over the April 1960-January 1966 period, as compared with about 26 percent of the current inventory added in the previous ten years. Less than ten percent of the current housing supply was added in the 1940-1949 period. It should be noted also that, although half of the present housing supply is less than 16 years old, over 40 percent of the inventory is over 25 years old.

Distribution of the Housing Supply by Age of Structure
Lexington, Kentucky, HMA, January 1966

<u>Year built</u> ^{a/}	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960 - January 1966	12,650	24.2
1955 - March 1960	8,150	15.6
1950 - 1954	5,600	10.7
1940 - 1949	4,500	8.6
1939 or earlier	<u>21,300</u>	<u>40.9</u>
Total	52,200	100.0

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

Source: Estimated by Housing Market Analyst.

Residential Building Activity

The building permit systems of the city of Lexington and of Fayette County cover the entire HMA. As shown in table IV, the volume of new construction in the area has exhibited an upward trend for the past eleven years, interrupted only by the recessions of 1956 and 1961. A peak of 3,436 units authorized was reached in 1964. The 1965 total of about 2,500 privately-financed units represents a decline from the previous year's peak, but is above the total for any year in the 1955-1963 period.

Single-family Building Activity. Single-family construction patterns closely paralleled economic activity in the HMA. In the past, rapid economic growth has immediately stimulated home building activity and occasionally has resulted in an oversupply. Continuing rapid economic expansion and adjustments in the volume of residential construction, however, usually have resulted in absorption of the temporary excess units over a short period of time. From 1956 to 1959 (in a period of

relatively steady economic expansion) the number of single-family authorizations increased each year, from about 1,250 units in 1957 to 1,450 units in 1959. The 1960 volume of single-family authorizations (about 1,250 units) signaled a decline in home building activity. In the following year, only 790 units were authorized. The decline in single-family authorizations in the early 1960's, despite the increased rate of economic growth, indicates that the former residential building levels had been slightly ahead of housing demand. By the end of 1963, however, the number of single-family authorizations had reached previous high levels with 1,350 units authorized for construction in that year. Rapid economic expansion since that time created an immediate building boom as indicated by the 1964 record high in single-family authorizations of 1,775 units; the 1965 level was only slightly below the record level at 1,675 units.

Multifamily Building Activity. From 1955 through 1961, privately-financed multifamily construction fluctuated from a low of 40 units authorized by building permits in 1955 to the 1960 high of 540 units. From 1955 to 1958, the number of units authorized for multifamily construction remained at nominal levels, averaging less than 80 units each year. In the following two years, the annual number of authorizations climbed rapidly to 400 units in 1959 and 540 multifamily units authorized in 1960. There was a reaction to the number of multifamily units under construction and the number of multifamily units authorized dropped to 200 units in 1961. Since 1961, the volume of multifamily construction has been maintained by continued economic growth of the area. Nearly 690 units were authorized in 1962 and over 900 units were authorized in 1963. The increased volume of multifamily home building reached a peak in 1964 when over 1,650 multifamily units were authorized. In 1965, nearly 950 units were authorized, indicating a lower level of multifamily construction currently.

The following table shows the number of units authorized for multifamily construction in the HMA, by structural type, from 1960 to 1965. Virtually all fluctuations in multifamily construction in the HMA occurred in duplex structures and larger multifamily structures, as the number of units in 3- and 4-family structures remained modest.

Privately-Financed Multifamily Units Authorized by Units in Structure
Lexington, Kentucky, HMA
1960-1965

<u>Year</u>	<u>Duplex</u>	<u>3- and 4-units</u>	<u>5- or more-units</u>	<u>Total multifamily</u>
1960	98	48	393	539
1961	50	30	121	201
1962	54	23	612	689
1963	172	32	699	903
1964	310	17	1,334	1,661
1965	NA	NA	NA	948

Source: Lexington Office of Building Inspection.

Units Under Construction. Currently, there are 1,225 units under construction in the HMA, including 575 single-family units. Of the 650 multifamily units in various stages of construction, 500 units are in privately-financed multifamily structures and 150 units are under construction in one public housing project.

Demolitions. About 700 units have been removed from the Lexington housing supply since 1960, primarily by demolition activity in the city. Virtually all planned residential demolitions in the HMA are recorded by the Lexington Office of Building Inspection and a small number of units are demolished also by catastrophes such as fire. Permits were issued for the demolition of about 600 units over the 1960-1965 period, including 560 units in the city. Strict code enforcement in the HMA in recent years is indicated by the increase in the number of residences demolished each year since 1960 in the city of Lexington. About 60 units were demolished each year from 1960 through 1963, according to building permit records. In 1964, permits were issued for the demolition of about 100 units and the number was above 220 units in 1965. Over the January 1966 to January 1968 period, about 500 units are expected to be removed from the housing supply.

Tenure of Occupancy

Currently, over 57 percent of the occupied housing supply (28,300 units) is owner-occupied and nearly 43 percent (21,100 units) is renter-occupied. The trend toward home ownership evident in the HMA since 1950 has been slowed since 1960 by increased renter-occupancy attributed to the volume of multifamily construction. Reflecting the volume of single-family home building and the trend toward suburbanization in the previous decade,

owner-occupancy increased rapidly, from 49 percent (13,300 units) in April 1950 to over 56 percent (21,450 units) in April 1960. Table IV presents a detailed description of the housing inventory including occupancy and vacancy characteristics for 1950, 1960, and 1966.

Vacancy

1960 Census. The 1960 Census of Housing reported nearly 2,075 vacant housing units in the HMA, including 1,350 available vacant units and over 730 units vacant for other reasons. The 1,350 available vacancies included 400 units available for sale only and 950 units available for rent. The 1960 vacancy levels indicate a 3.4 percent available vacancy rate, including a 1.8 percent homeowner vacancy rate and a 5.3 percent renter vacancy rate. Only a small portion of the available vacancies (about 260 units) were substandard in 1960.

Postal Vacancy Survey. The Lexington Post Office conducted a vacancy survey on December 28, 1965 of all residences and apartments within the Lexington postal area. This survey covered nearly 47,800 possible deliveries, nearly 92 percent of the current housing inventory. Results of the survey (summarized in table VII) indicate over 1,500 vacant units of which 960 were previously occupied units and 550 units were never occupied. Another 980 units were enumerated in various stages of construction in the postal area. About 870 of the total vacancies reported by the survey were in residences, a 2.4 percent vacancy ratio, and 650 were vacant apartments, a 5.9 percent apartment vacancy ratio. The postal survey also reported over 1,425 total deliveries to house-trailers, of which 30 trailers were in place and vacant.

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

Current Estimate. Based on results of the postal vacancy survey adjusted for an assumed undercount of rental vacancies, a recent FHA survey of new rental and sales units, and local field inspection, it is judged that there are about 2,800 vacant units in the HMA including 2,000 units available for occupancy. Of the total available vacant units, 600 units are available for sale only and 1,400 units are available for rent, indicating a 2.1 percent homeowner vacancy rate and a 6.2 percent renter vacancy rate. The current vacancy levels indicate significant increases in the number of available vacancies in both sales and rental units since 1960. While higher vacancy ratios are not inappropriate for a housing market that is experiencing a rapid rate of growth, in the Lexington HMA these vacancy levels indicate a slight excess of available units currently, including recently-completed sales units that have yet to be absorbed by the market. Vacancy characteristics in the HMA for 1950, 1960, and 1966 are presented in table IV.

Sales Market

Despite the volume of single-family construction in recent years, and the slight excess of new sales units at the present time, the Lexington sales market generally is in balance. Because of the rapid growth of the area, the market for older sales units has not been weakened by the volume of sales housing construction. The market for new sales units is characterized by a fluctuating volume of speculative construction. In the past, periods of rapid building activity, which occasionally have led to slight oversupply, have been followed by a lower volume of construction to allow for absorption of the new units. The late 1950's were years of a residential building boom that were followed by several years of lower construction rates in the early 1960's. Stimulated by rapid economic expansion in recent years, the Lexington sales market has entered another period of accelerated building activity that is expected to level off slightly. The largest proportion of single-family housing has been built by small operators who construct just a few houses each year for speculative purposes. Of the total number of building permits issued for single-family construction from January 1965 through June 1965, 72 percent were issued to builders who constructed less than four units; only five of the 210 home builders obtained permits for 20 or more units in the six month period.^{1/}

^{1/} Records compiled by the Lexington Home Builders Association from building permit data.

Residential development within the HMA is influenced somewhat by the location of institutional properties, industrial sites, and large farming estates. Generally, subdivision activity is concentrated in areas east and south of the central city along primary highway facilities. Sales prices of new homes in active subdivisions are evenly distributed in all ranges from \$12,000 to \$30,000.

Unsold Inventory of New Homes. The January 1966 survey of new residential construction conducted by the Louisville FHA Insuring Office covered 23 subdivisions in the HMA in which there had been five or more completions during 1965. A total of 1,200 completions were reported, of which 77 percent (920 units) had been built speculatively. Although 41 percent of the speculatively-built houses (380) were unsold as of January 1, 1966, just 20 units had been on the market for more than three months. In the two previous years, only 35 percent of the new houses surveyed had been built speculatively. This suggests that the 1964-1965 boom in single-family construction has been concentrated in speculative building operations. About three-quarters of the speculative construction in 1965 was priced below \$20,000. Just 35 percent of the houses in this price class remained unsold compared with 60 percent of the speculative construction priced at \$20,000 or over. As shown in table VI, there has been a substantial increase since 1963 in all price classes above \$15,000, with greatest increases between \$15,000 and \$19,999.

Although the unsold inventory survey does not reflect total sales construction in the HMA (by the exclusion of new construction on scattered lots or in subdivisions with less than five completions in the year) the survey represents over 80 percent of the single-family construction over the past year and serves to indicate the general condition of the new sales market.

Rental Market

From January 1960 to January 1966, about 4,950 privately-financed units have been authorized for multifamily construction in the HMA, including over 4,100 units in the city of Lexington. Multifamily construction in the HMA, which has been at high levels since 1962, has helped fulfill the housing need of in-migrant families and has permitted residents to obtain higher quality rental housing. The 1960 multifamily rental market consisted of fewer than 7,700 units, of which only 640 units were vacant and available for rental occupancy in April 1960.

New Rental Housing. The volume of recent multifamily construction has been concentrated in garden-apartment projects primarily in the low and moderate rental ranges. In garden apartment structures, demand is strong for both unfurnished and furnished units, with gross monthly rents about \$15 - \$20 higher for the latter. Virtually all new projects have experienced good occupancy, despite the increased volume offered on the market.

Although the new garden apartments generally have experienced rapid absorption, it is evident that, as a significant number of units are added to the rental market, location becomes an increasingly important factor. In addition to downtown areas adjacent to the University, prime apartment locations are those near good shopping and transportation facilities. Several such areas in suburban Lexington have developed into apartment complexes and contain a large portion of the new rental housing. Generally, suburban multifamily development has occurred north and east of central Lexington convenient to several of the new manufacturing plants; whereas west and south of central Lexington, multifamily expansion has been associated with University development.

Urban Renewal

Currently there is no Federally-assisted urban renewal program in the HMA. The Lexington Workable Program expired December 1, 1965, and is in the process of being renewed. One renewal project is currently in the formative planning stage. The delineated renewal area, which is part of the Lexington central business district, contains only 62 dwelling units of which 48 are expected to be demolished. Of the 64 families currently residing in the urban renewal area, 43 are expected to be relocated.

Public Housing

As of January 1, 1966, there are 1,169 units of public housing in the Lexington HMA. Another 150 units are currently under construction, and 200 units of elderly public housing are being planned for Lexington. It is reported that, although available vacancies are consistently negligible in all projects, turnover in public housing has increased considerably in recent years, indicating a greater availability of lower rental accommodations in the HMA because of greater building activity.

Demand for Housing

Quantitative Demand

After a period during which employment, population, and housing all expanded at peak rates from 1963 to 1965, the Lexington area is expected to revert to a moderately reduced growth pattern over the next two years. Growth in jobs and households will be about the average level of the 1960-1965 period. Because of increased enrollment at the University of Kentucky, population will continue to grow comparatively rapidly, but this will have a moderate effect on the demand for new housing, since the additional students will be housed in new dormitories. The peak construction levels of the recent past have, however, resulted in slight excesses in the numbers of available sales and rental vacancies. The inventory of units under construction is also somewhat higher than necessary, in view of the expected decline in the rate of household growth of the area.

After giving consideration to all of these factors, it is estimated that there will be a demand for a total of 2,200 additional housing units each year for the next two years. This total includes 1,350 sales units and 850 rental units. The rental estimate is made up of 600 units that may be marketed at the rents required with current construction costs, including financing at market-interest rates, and 250 middle-income rental units that may be marketed only at the rents achievable with the aid of below-market-interest-rate financing or assistance in land acquisition and cost. This demand estimate does not include low-rent housing or rent-supplement accommodations. The projected level of demand is lower than construction activity of the past two years, but is about equal to 1963 construction levels; it thus approximates the expected level of economic expansion which is also expected to be at lower levels than in the past two years.

Qualitative Demand

Sales Housing. The annual demand for 1,350 new sales housing units is distributed by sales price class as indicated in the following table. This distribution is based on past experience in the Lexington area, adjusted for current costs and the experience of the past few years, as reported in the FHA unsold inventory surveys.

Estimated Annual Demand for New Sales Housing
Lexington, Kentucky, HMA, January 1966 to January 1968

<u>Price range</u>	<u>Total demand</u>	
	<u>Number</u>	<u>Percent</u>
\$10,000 - \$14,999	175	13
15,000 - 17,499	450	33
17,500 - 19,999	350	26
20,000 - 24,999	200	15
25,000 - 29,999	100	7
30,000 and over	75	6
Total	1,350	100

Rental Housing. With current construction and land costs, the minimum gross monthly rents achievable are \$70 for efficiency apartments, \$90 for one-bedroom units, \$105 for two-bedroom units and \$120 for three-bedroom units. At or above these minimum rents there is a demand for 600 rental units. At the lower rents possible with assistance in financing or land acquisition, an additional 250 rental units could be marketed annually, exclusive of low-rent public housing and rent-supplement accommodations. The monthly rental 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 at gross monthly rents up to \$200 in the following table. The demand for units at monthly rents above \$200 in all unit sizes is expected to be filled by available existing accommodations. 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. In view of the high rate of multifamily construction in recent years, continuing attention should be directed toward absorption rates for completed projects. Prompt reduction of project planning should be instituted as soon as absorption rates begin to soften.

Estimated Annual Demand for New Rental Housing
Lexington, Kentucky, HMA, January 1966 to January 1968

Gross monthly rent ^{a/}	Size of unit			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$55 and over	105	-	-	-
60 " "	100	-	-	-
65 " "	95	-	-	-
70 " "	90	330	-	-
75 " "	85	315	-	-
80 " "	80	290	295	-
85 " "	75	265	275	-
90 " "	70	250	250	115
95 " "	60	225	230	105
100 " "	55	210	215	100
105 " "	50	190	190	90
110 " "	40	175	180	85
120 " "	30	145	150	70
130 " "	20	100	115	50
140 " "	10	55	85	40
150 " "	-	30	65	30
160 " "	-	15	40	20
170 " "	-	-	25	10
180 " "	-	-	10	5
200 " "	-	-	-	-

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

Note: The above figures are cumulative and cannot be added vertically. For example, between rents of \$100 and \$130 a month there is a demand for 110 one-bedroom units (210 - 100).

The preceding distribution of average annual demand for new apartments is based on projected tenant-family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is also given to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Specific market demand opportunities or replacement needs may permit effective marketing of a single project differing from this demand distribution. Even though a deviation may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.

The location factor is of especial importance in the provision of new units at the lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group. Thus, the utilization of lower-priced land for new rental housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

Table I

Nonagricultural Wage and Salary Employment by Industry
Lexington, Kentucky, HMA, 1957-1965
 (Annual Averages)

<u>Industry</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>First ten months</u>	
									<u>1964</u>	<u>1965</u>
Wage and salary employment ^{a/}	39,200	40,450	40,800	41,950	44,450	46,500	49,650	56,050	55,150	60,850
Manufacturing	6,100	7,600	8,750	9,350	9,350	10,750	11,350	12,050	11,750	13,100
Food & kindred products	1,300	1,350	1,300	1,150	1,200	1,050	1,150	1,150	1,150	1,200
Tobacco	1,050	1,050	1,100	1,250	1,300	1,550	1,600	1,400	1,200	1,250
Apparel	250	250	300	450	300	700	800	800	750	850
Printing and publishing	500	550	550	600	600	700	700	750	750	800
Metals and machinery	2,400	3,800	4,900	5,200	5,100	5,700	5,800	6,700	6,500	7,550
Other manufacturing	600	600	600	700	850	1,000	1,300	1,200	1,400	1,450
Nonmanufacturing	33,100	32,850	32,050	32,600	35,100	35,750	38,300	44,000	43,400	47,750
Government	9,300	9,350	9,100	8,950	10,300	10,900	11,100	13,250	13,000	16,900 ^{b/}
Trade	9,000	9,500	9,400	9,900	10,450	10,150	11,100	12,350	12,150	12,100
Service	7,000	7,300	7,250	7,200	7,400	8,000	8,100	8,850	8,850	8,600
Construction	3,500	2,350	1,800	2,550	3,100	2,700	3,550	4,500	4,550	4,600
Trans., comm., & util.	2,500	2,500	2,450	2,300	2,350	2,400	2,650	2,850	2,800	2,950
Finance, ins., and real estate	1,400	1,500	1,600	1,450	1,500	1,550	1,800	2,150	2,050	2,600
Other nonmanufacturing	400	400	400	250	-	-	-	-	-	-

a/ Excludes self-employed, domestics, and unpaid family workers.

b/ Includes approximately 1,000 employees of agencies whose employment was not previously reported.

Note: Figures are rounded to the nearest 50. Components may not add to totals because of rounding.

Source: Kentucky Department of Economic Security.

Table II

Annual Average Nonagricultural Wage and Salary Employment
Lexington, Kentucky, HMA, 1957-1965

<u>Year</u>	<u>Nonag. wage and salary employment</u>			<u>Change from preceding year</u>		
	<u>Manufacturing</u>	<u>Nonmfg.</u>	<u>Total</u>	<u>Manufacturing</u>	<u>Nonmfg.</u>	<u>Total</u>
1957	6,100	33,100	39,200	-	-	-
1958	7,600	32,850	40,450	1,500	-250	1,250
1959	8,750	32,050	40,800	1,150	-800	350
1960	9,350	32,600	41,950	600	550	1,150
1961	9,350	35,100	44,450	-	2,500	2,500
1962	10,750	35,750	46,500	1,400	650	2,050
1963	11,350	38,300	49,650	600	2,550	3,150
1964	12,050	44,000	56,050	700	5,700	6,400
<u>First ten months</u>						
1963	11,200	37,950	49,150	-	-	-
1964	11,750	43,400	55,150	550	5,450	6,000
1965	13,100	47,750 ^{a/}	60,850 ^{a/}	1,350	4,350 ^{a/}	5,700 ^{a/}

Note: Figures are rounded to nearest 50.

Components may not add to totals because of rounding.

^{a/} Includes approximately 1,000 employees of agencies whose employment was not previously reported.

Source: Kentucky Department of Economic Security.

Table III

Estimated Percentage Distribution of Families by Annual Income
After Deduction of Federal Income Tax
Lexington, Kentucky, HMA, 1966 and 1968

<u>Family income</u>	<u>1966</u>		<u>1968</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under \$2,000	8	16	8	15
\$2,000 - 2,999	8	11	7	9
3,000 - 3,999	9	14	8	13
4,000 - 4,999	10	13	9	12
5,000 - 5,999	9	10	9	10
6,000 - 6,999	8	9	7	9
7,000 - 7,999	9	7	8	8
8,000 - 8,999	8	6	8	6
9,000 - 9,999	7	4	6	5
10,000 -11,999	6	4	11	4
12,000 -14,999	12	(10	(
15,000 and over	<u>6</u>	<u>(6</u>	<u>9</u>	<u>(9</u>
Total	100	100	100	100
Median	\$6,750	\$4,700	\$7,250	\$5,505

Source: Estimated by Housing Market Analyst.

Table IV

Components of the Housing Inventory
Lexington, Kentucky, HMA
April 1950 - January 1966

<u>Components</u>	<u>April 1950</u>	<u>April 1960</u>	<u>January 1966</u>
Total housing supply	<u>27,905</u>	<u>40,263</u>	<u>52,200</u>
Occupied housing units	<u>27,124</u>	<u>38,194</u>	<u>49,400</u>
Owner-occupied	13,283	21,446	28,300
Percent of all occupied	49.0	56.2	57.3
Renter-occupied	13,841	16,748	21,100
Percent of all occupied	51.0	43.8	42.7
Vacant housing units	<u>781</u>	<u>2,069</u>	<u>2,800</u>
Available vacant	261	1,335	2,000
For sale	106	395	600
Homeowner vacancy rate	.8	1.8	2.1
For rent	155	940	1,400
Renter vacancy rate	1.1	5.3	6.2
Other vacant <u>a/</u>	520	734	800

a/ Includes vacant seasonal units, dilapidated units, units rented or sold awaiting occupancy, and units held off the market.

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

Table V

Privately-Financed Housing Units Authorized By Building Permits
Lexington, Kentucky, HMA
1955-1965

<u>Year</u>	<u>Lexington</u>		<u>Rest of HMA</u>		<u>HMA total</u>		
	<u>Single family</u>	<u>Multi-family</u>	<u>Single family</u>	<u>Multi-family</u>	<u>Single family</u>	<u>Multi-family</u>	<u>Total units</u>
1955	NA	NA	NA	NA	1,025	36	1,061 ^{a/}
1956	NA	NA	NA	NA	874	83	957 ^{b/}
1957	NA	NA	NA	NA	1,244	97	1,341
1958	NA	NA	NA	NA	1,323	103	1,426
1959	NA	NA	NA	NA	1,453	395	1,848
1960	508	304	755	235	1,263	539	1,802
1961	431	132	361	69	792	201	993
1962	587	537	472	152	1,059	689	1,748
1963	858	770	498	133	1,356	903	2,259
1964	1,236	1,473	539	188	1,775	1,661	3,436
1965	1,154	886 ^{c/}	530	62	1,684	948	2,632 ^{c/}

^{a/} Excludes 330 units of public housing in 1955.

^{b/} Excludes 186 units of public housing in 1956.

^{c/} Excludes 150 units of public housing in 1965.

Source: Lexington Building Inspector's Office.

Table VI

Status of New House Completions in Selected Subdivisions^{a/}Lexington, Kentucky, HMAAs of January 1, 1964, 1965, and 1966

<u>Sales price</u>	<u>Total completions</u>	<u>Pre-sold</u>	<u>Speculative construction</u>			
			<u>Total</u>	<u>Sold</u>	<u>Number unsold</u>	<u>Percent unsold</u>
<u>Houses completed in 1965</u>						
Under \$15,000	162	34	128	96	32	25
\$15,000 - 17,499	420	85	335	215	120	36
17,500 - 19,999	286	72	214	130	84	39
20,000 - 24,999	101	33	68	31	37	54
25,000 - 29,999	114	25	89	37	52	58
30,000 and over	<u>107</u>	<u>19</u>	<u>88</u>	<u>32</u>	<u>56</u>	<u>64</u>
Total	1,190	268	922	541	381	41
<u>Houses completed in 1964</u>						
Under \$15,000	309	223	86	63	23	27
\$15,000 - 17,499	331	214	117	86	31	27
17,500 - 19,999	94	60	34	28	6	18
20,000 - 24,999	84	44	40	32	8	20
25,000 - 29,999	103	52	51	37	14	27
30,000 and over	<u>67</u>	<u>48</u>	<u>19</u>	<u>9</u>	<u>10</u>	<u>53</u>
Total	988	641	347	255	92	27
<u>Houses completed in 1963</u>						
Under \$15,000	300	185	115	105	10	9
\$15,000 - 17,499	166	115	51	44	7	14
17,500 - 19,999	26	23	3	2	1	33
20,000 - 24,999	10	8	2	2	0	0
25,000 - 29,999	14	8	6	4	2	33
30,000 and over	<u>50</u>	<u>34</u>	<u>16</u>	<u>5</u>	<u>1</u>	<u>6</u>
Total	566	373	193	172	21	11

^{a/} Subdivisions with five or more completions during the year.

Source: Annual Unsold Inventory Surveys conducted by the Louisville, Kentucky Insuring Office.

Table VII

Lexington, Kentucky, Area Postal Vacancy Survey
January 7, 1966

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
Lexington	47,775	1,514	3.2	964	550	977	36,823	869	2.4	524	345	374	10,952	645	5.9	440	205	603	1,428	34	2.4
Main office	23,586	897	3.8	619	278	639	17,084	447	2.6	312	135	118	6,502	450	6.9	307	143	521	1,217	33	2.7
Branches:																					
Gardenside	6,480	239	3.7	154	85	153	4,836	137	2.8	72	65	95	1,644	102	6.2	82	20	58	149	-	-
Southland	7,843	203	2.6	107	96	111	7,001	183	2.6	93	90	111	842	20	2.4	14	6	-	2	-	-
Station:																					
Henry Clay	9,866	125	1.8	84	91	74	7,902	102	1.3	47	55	50	1,964	73	3.7	37	36	24	60	1	1.7

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).

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

NEWS

Washington, D. C. 20411

FHA INFORMATION 382-4693

FOR RELEASE THURSDAY
JULY 21, 1966

HUD-FHA-MA-66-50
Poston

The Federal Housing Administration today released its analysis of the Lexington, Kentucky, housing market. The housing market is defined as Fayette County.

The report estimates demand for new housing at 2,200 units a year for two years dating from January 1966, including about 1,350 sales units and 850 rental units. Estimated rental demand includes "250 middle-income units at the lower rents possible with public benefits or assistance in financing," but does not include public low-rent housing and rent supplement housing.

Estimated vacancy ratios in January 1966 - 2.1 percent for available sales units and 6.2 percent for rental units - "suggest a moderate excess. Vacancy rates have increased since April 1960 when they were 1.8 percent for home-owner units and 5.3 percent for rental units." The number of single-family units authorized in the area by building permits fluctuated from 790 units in 1961 to 1,775 units in 1964 and dropped slightly to 1,675 units in 1965. "Privately-financed multifamily building has remained at high levels since 1962." Multifamily construction reached an all-time high of 1,650 units in 1964. About 900 units were authorized in 1963 and 950 units in 1965.

The economy of the area is expected to continue to grow, but "not at the level of the recent past." Until the 1950's, the economy depended mainly on activities that relate to horse breeding and tobacco farming. Added support has been given the economy through Lexington's growth as an educational and medical center. Recent growth has been stimulated also by manufacturing.

Past and projected figures for employment reflect the growth pattern of the economy. "An average of 60,850 wage and salary workers was employed... in the first ten months of 1965. (This was) up 5,700 over the same period in 1964." The 1964 figure was 6,000 higher than the 1963 figure. An increase of 3,100 jobs a year is expected during the forecast years.

Rises in family incomes are predicted. In January 1966, the median yearly income of all families, after deduction of Federal income tax, was \$6,750; that of renters was \$4,700. By 1968, the figures are expected to increase to \$7,250 and \$5,050 respectively.

Both population and number of households are expected to continue to increase. "As of January 1966, the population...totals about 168,200, an increase of...about 6,325 annually since April 1960." Yearly gains for the forecast years are projected at 8,000. In January 1966, there were "about 49,400 households...an increase of...1,950 a year over the April 1960 total." A gain of 2,000 households is expected for each of the forecast years.

Requests for copies of the analysis should be directed to Raymond G. Fleming, Director, Federal Housing Administration, Madrid Building, Third and Guthrie Streets, Louisville, Kentucky 40202.

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