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Analysis of the
LIMA, OHIO
HOUSING MARKET

as of June 1, 1966

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

May 1967

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

Foreword

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

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

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

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ANALYSIS OF THE
LIMA, OHIO, HOUSING MARKET
AS OF JUNE 1, 1966

Summary and Conclusions

1. Total employment in the Lima HMA is estimated to have averaged 43,250 from April 1965 to April 1966. There was virtually no growth in employment from 1960 through 1964. The increase in total employment since 1964 cannot be estimated, but it is likely that it paralleled the significant growth in covered employment, which increased by 2,500. During the June 1, 1966 to June 1, 1968 forecast period, a gain of about 500 workers annually appears to be a reasonable expectation.

Unemployment in the Lima HMA was estimated to total 2.6 percent of the work force in April 1966. This was the lowest rate recorded in recent years.

2. The current median income of all families in the Lima HMA is about \$7,350 annually after the deduction of Federal income tax; the median after-tax income of renter households of two or more persons is \$6,100. By 1968, median after-tax incomes are expected to increase to \$7,750 for all families and to \$6,400 for renter households.
3. The current nonfarm population of the Lima HMA is approximately 104,900. Since 1960, the population of the HMA has grown by an average of 1,390 persons annually. At the present time, 54 percent of the nonfarm population in the HMA is in the city of Lima. By June 1, 1968, the nonfarm population of the area is expected to reach 107,700, an increase of 1,400 annually.
4. As of June 1, 1966, there are an estimated 30,700 nonfarm households in the Lima HMA. Nonfarm households have been increasing by about 390 annually since 1960. There are, currently, 17,650 households in the city of Lima and 13,050 in the remainder of the HMA. During the two-year forecast period June 1, 1966 - June 1, 1968, there will be an average of about 400 nonfarm households a year added to the current HMA total.
5. There are approximately 32,850 nonfarm housing units in the HMA currently, including about 3,200 units built since 1960. Reflecting the demolition of about 450 units, the current estimate of the housing inventory indicates an increment to the housing supply of an average of about 440 units annually since the 1960 census. There are about 220 housing units under construction in the HMA at the present time. Of these, 90 units are in apartments and 130 are sales units.

6. There are, as of June 1966, an estimated 1,400 available vacant nonfarm housing units for sale or rent in the Lima HMA. Of this total, 350 units (including about 25 units lacking some plumbing facility) are available for sale, and 1,050 units (including about 190 units lacking some plumbing facility) are available for rent, indicating homeowner and renter vacancy rates of 1.6 percent and 11.0 percent, respectively. The present vacancy levels are higher than those reported in the 1960 census, when the homeowner and rental vacancy rates were reported to be 1.4 percent and 9.1 percent.
7. The volume of privately-owned net additions to the housing supply that will meet the requirements of projected household growth will average 410 housing units a year during the next two years, excluding public low-rent housing or rent-supplement accommodations. The total demand includes 350 sales-type units and 60 rental units. Demand for new sales housing by sales price range is expected to approximate the pattern indicated on page 18. Total annual demand for rental units will be concentrated close to the minimum achievable rents by unit size shown on page 19.

ANALYSIS OF THE
LIMA, OHIO, HOUSING MARKET AREA
AS OF JUNE 1, 1966

Housing Market Area

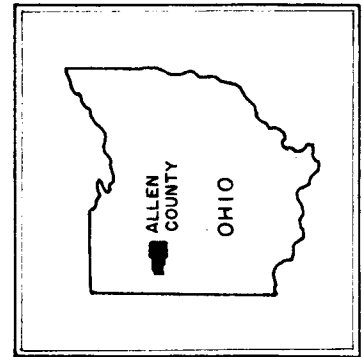
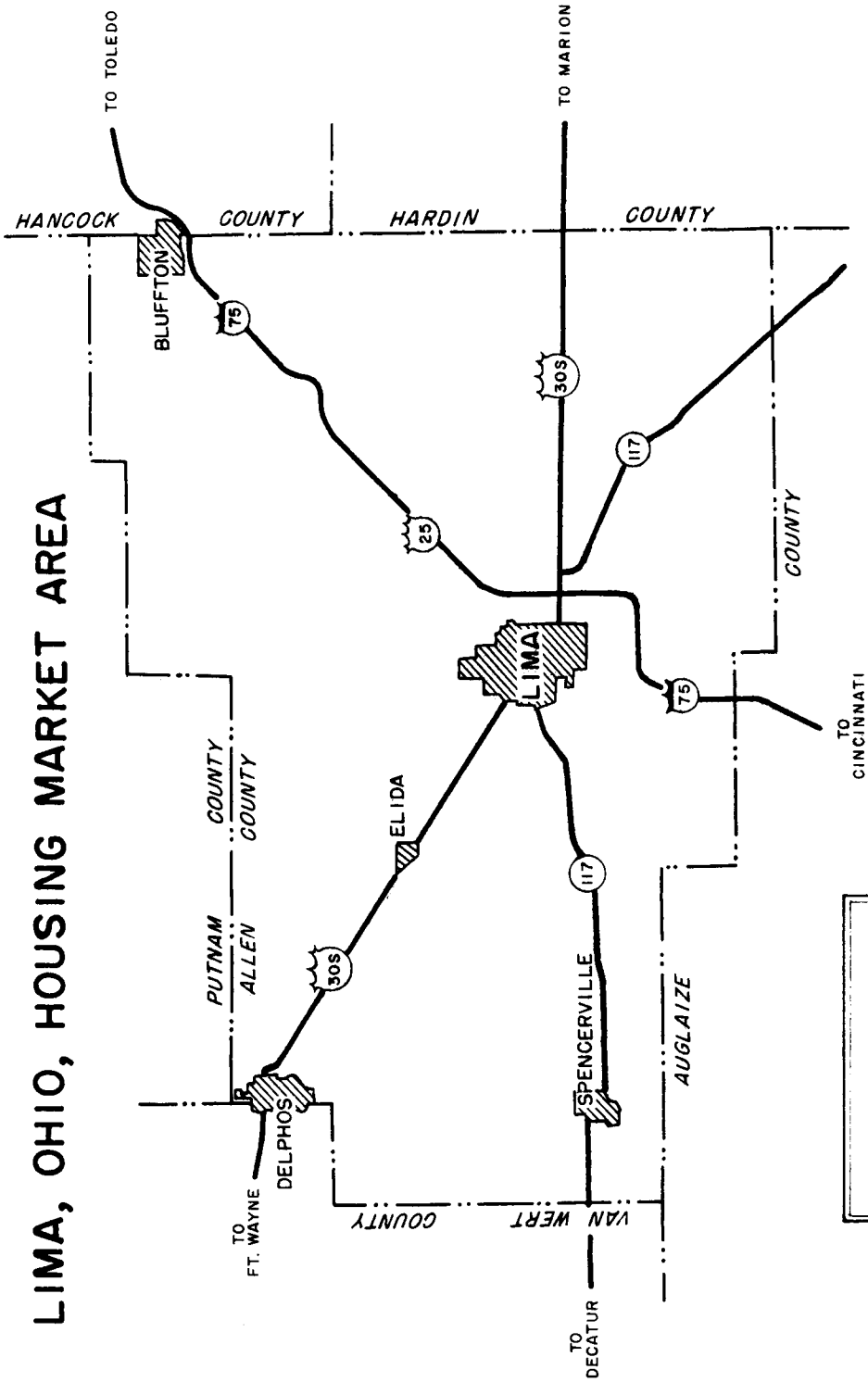
The Lima, Ohio, Housing Market Area (HMA) is defined, in this analysis, as co-extensive with the Lima, Ohio, Standard Metropolitan Statistical Area (Allen County). The 1960 nonfarm population of Allen County was approximately 96,300.^{1/} Lima, the central city in the HMA, had a 1960 population of 51,050, equal to 53 percent of the nonfarm population of the county. Located in northwestern Ohio, Lima is an industrial and trade center for the nine counties within a 35 mile radius of the city. Lima is 65 miles from a larger city. Columbus is 90 miles to the southeast, Toledo is 80 miles north, Fort Wayne, Indiana is 65 miles west, and Dayton is 75 miles to the south.

Freight and passenger transportation facilities are adequate in the HMA. The Allen County Airport is served by Lake Central Airlines, which provides daily freight and passenger flights. Motor freight transportation is available through a number of trucking firms maintaining terminal facilities in the city. The Pennsylvania, Baltimore and Ohio, Nickel Plate, and Erie Lackawanna Railroads provide rail freight service. Railroad passenger transportation is available in all directions from the city. Highway facilities include Interstate Route 75 which is replacing U.S. Route 25, the main highway between Toledo and Cincinnati. Interstate 75 will provide connections with the Ohio Turnpike to the north and Interstate Route 70 to the south. U.S. Route 30S is the main east-west highway in the HMA.

Residents of contiguous counties depend heavily on Allen County employment sources. At the time of the 1960 Census, nearly 5,400 workers were commuting into the HMA from nearby areas. About 1,750 of these workers resided in Auglaize County, 1,150 entered the county from Putnam County, and 1,100 commuted from Van Wert County. The remaining 1,400 in-commuters journeyed from Hancock and Hardin Counties. There were about 750 workers who commuted from Allen County to the neighboring counties for employment in 1960.

^{1/} Since rural farm population constituted seven percent of the population of the Lima HMA in 1960, all demographic and housing data used in this analysis exclude the rural farm component, except where specifically noted.

LIMA, OHIO, HOUSING MARKET AREA



Economy of the Area

Character and History

The survey and plat of Lima was completed in April 1831. The frontier settlement was located in the midst of the "Great Black Swamp" of northwestern Ohio. It is reported that the name Lima was chosen as a tribute to the capital city of Peru. "Peruvian Bark", from which a quinine extract was obtained, was the favorite remedy for combating "swamp fever" which had made the land almost uninhabitable. The early history of Lima was concerned with the development from a wilderness to a frontier town. The introduction of transportation facilities, beginning with the Erie Canal, and later the railroads, opened the area to outside markets. Oil was discovered in 1885 and the local oil field was, for a time, the largest in the nation. Production soared at the turn of the century until the field was exhausted in the early 1900's. The present-day Lima economy is based on manufacturing. Principal industrial activities are the production of transportation and construction equipment, and electrical and nonelectrical machinery.

Employment

Current Estimate. Total employment in the Lima HMA is estimated to have averaged 43,250 from April 1965 to April 1966. Trends in covered employment suggest that there was virtually no growth in employment from 1960 through 1964. The increase in total employment since 1964 has not been estimated but it is likely that it paralleled the significant growth in covered employment discussed below.

Past Trend. Detailed information on trends in employment are available only for employment covered by unemployment compensation. These data are indicative of changes in total employment, however. In December 1965, covered employment totaled nearly 32,800 (see table I), equal to about three-fourths of the total jobs in the HMA. Based on preliminary data obtained from the Ohio Bureau of Unemployment Compensation, covered employment averaged about 30,750 in 1965. Total covered employment varied within a narrow range between 1960 and 1964, prior to a significant gain in 1965. In 1960, covered employment totalled about 28,700; in 1961, a slump in the local economy paralleled the national trend, and average covered employment declined by about 1,000 jobs. Covered employment rose in 1962 and 1963, but declined in 1964, primarily in the durable goods manufacturing sector of the local economy. A 2,500 job increase from 1964 to 1965 resulted from substantial gains in both manufacturing and nonmanufacturing employment.

Employment by Industry. Information on employment in specific industry groupings is available only for employment covered by unemployment compensation. Although some small firms are not included in covered employment, the totals are large enough to establish trends and relationships, by industry, within the local economy.

Of the 30,750 workers covered by unemployment compensation in 1965, about 15,875 (52 percent) were employed by manufacturing firms. Preliminary data reveal that covered workers in manufacturing increased by about 1,200 during 1965, but the 1965 average was only about 300 above the 1960 average of 15,575. Between 1960 and 1961 there was a sharp decline of about 1,000 to an average of 14,550. About half of this loss was recovered in 1962 and covered manufacturing employment remained constant until it dropped off again in 1964, to 14,650 jobs.

About 80 percent of covered manufacturing employment is in durable goods. The largest sources of employment in durable goods are the transportation equipment and the electrical and nonelectrical machinery industries. Employment in the production of durable goods was about 12,250 in 1960. The 1961 recession resulted in a reduction of about 950 workers; a decline of 1,375 jobs in electrical and nonelectrical machinery was partially offset by an increase of 450 in the transportation equipment industry. Despite the loss of a firm employing nearly 800 workers in the primary metals industry, there were gains in all other durable goods industries, and employment rose to 11,950 in 1962. From 1962 to 1964, there was a slight decline in employment, to about 11,675. Covered employment in nondurable goods production declined from about 3,325 in 1960 to about 3,000 between 1960 and 1964. The greatest declines occurred in 1962 and 1964.

Employment in nonmanufacturing industries, which comprised about 48 percent of covered employment in 1965, increased sharply between 1964 and 1965, rising from about 13,600 to 14,900. An increase of 750 jobs in the trade sector and 400 added jobs in construction accounted for most of the increase. The addition of suburban shopping facilities provided the impetus for growth in wholesale and retail trade employment, which increased from 7,050 in 1964 to about 7,800 in 1965. Increased residential and commercial building activity boosted construction to about 1,875 in 1965. Between 1960 and 1964, nonmanufacturing employment increased by about 490 jobs largely in the 1961 to 1964 period. During this period, the trade and service categories generally trended upward. The level of employment in transportation and utilities and in finance, insurance, and real estate has remained relatively constant.

Principal Employers^{1/}

Around three-fifths of the covered manufacturing workers in the HMA in 1964 were in six large firms classified in the transportation equipment, machinery, and tobacco industries. Employment in these six firms totaled 9,000 in 1964; but growth from 1960 through 1964 was negligible, and during the five years, the combined employment level at these firms increased by about 50 jobs (see table II).

The largest firm in the Lima area is the Ford Motor Company Lima Engine Plant, which produces Falcon and Mustang automobile engines. The Lima Engine Plant was established in 1956 to manufacture Edsel automobile engines. When the Edsel models were discontinued, the local plant was retooled for the production of compact car engines, and employment totaled 3,150 in 1960. A slump in compact car sales caused employment to decline to 2,400 in 1964. Reflecting the popularity of the Ford Mustang, current employment is considerably above the 1964 level. Local sources report that a proposed plant expansion scheduled for completion within the next two years will provide approximately 200 more jobs.

Another firm in the transportation equipment industry, the Superior Coach Corporation, employed around 1,250 workers in 1964. Employment at this plant, which manufactures bus and hearse bodies, declined by about 50 jobs between 1960 and 1963, but during 1964 over 200 workers were added. It is anticipated that additional hiring will take place during the next two years.

The Baldwin-Lima-Hamilton Corporation (BLH) manufactures heavy construction equipment. Employment increased from 1,100 in 1960 to 1,700 in 1964, an increase of 56 percent.

Employment at the Ohio Steel Foundry increased from 725 in 1960 to 875 in 1963, and in 1964 there were 950 workers at the foundry. The work force at the Westinghouse Electric Corporation declined from 2,100 in 1960 to 1,850 in 1964.

The DWG Cigar Company is the principal source of manufacturing employment for women in the Lima HMA. In 1964 there were about 825 workers, of whom nearly four-fifths were female. Employment at DWG has remained relatively stable in recent years.

^{1/} Data used in this section were obtained from the Ohio Directory of Manufacturers.

Unemployment

Unemployment in the Lima HMA has been at an unusually low level in the past year, and at the present time there are indications that a shortage of skilled and semiskilled labor exists. Unemployment was estimated to total 2.6 percent of the work force in April 1966, a decline from 2.9 percent in December 1965. Since April 1964, when 4.8 percent of the work force was without work, the rate of unemployment has declined sharply. Although comparisons with prior years cannot be made, it is probable that the current rate of unemployment in the Lima HMA is significantly below the rates experienced in the late fifties and early sixties.

Employment Prospects. During the June 1, 1966 through June 1, 1968 forecast period, total employment in the Lima HMA may increase by as much as 500 jobs annually. If the current nation-wide economic boom continues, manufacturing employment increments in the Lima HMA may be larger. However, because of a shortage of qualified job seekers, it is likely that additional workers will come from outside the HMA. Manufacturing employment will continue to expand but the extent of this growth will depend largely on a continuation of national prosperity. As in the past, the added jobs in manufacturing will be in the durable goods sector.

Gains in nonmanufacturing employment will not be as large as the increase between 1964 and 1965. The major portion of the 1965 increase was in the wholesale and retail trade and construction categories and can be attributed to the addition of suburban shopping centers. With construction nearing completion and the initial staffing of personnel at the new stores accomplished, employment increases will be much smaller. There may be little or no growth in either transportation and utilities or the finance, insurance, and real estate categories. Service employment will increase slightly during the forecast period.

Income

Average Weekly Earnings. Average earnings of all workers covered under Ohio unemployment compensation increased by 24 percent, rising from \$87 to \$108 between 1958 and 1964. Weekly earnings in the Lima HMA are highest in manufacturing industries. The average incomes of production workers increased 24 percent, from \$102 to \$127, during the seven years from 1958 through 1964. Earnings of contract construction workers, the highest among nonmanufacturing workers, averaged \$122 in 1964, an increase of 23 percent above the 1958 average. The largest percentage increase occurred in the transportation and utilities industry, where weekly earnings increased by 37 percent. Wages in trade and in finance, insurance, and real estate have increased steadily, but are below the

average for the HMA. The lowest earnings are those of service employees. Estimates of weekly earnings by industry groups are shown in detail in table III for the years from 1959 to 1964.

Family Income. In the Lima, Ohio, HMA, the current median family income is estimated at \$7,350 a year for all families after deduction of federal income tax, and the median after-tax income for renter households of two or more persons is \$6,100. The current family income levels reflect a general increase of about 32 percent since 1959. By 1968, median after-tax incomes are expected to increase to about \$7,750 for all families and to \$6,400 for renter households. At the present time, about 18 percent of all families receive less than \$4,000 annually, while 27 percent of the renter households earn less than \$4,000 annually. Currently, about 26 percent of all families and 15 percent of the renter households have incomes of \$10,000 or more annually (see table IV).

Demographic Factors

Population

HMA Total. The nonfarm population of the Lima HMA is estimated to be 104,900 as of June 1, 1966, an average increase of 1,390 persons (1.4 percent)^{1/} annually since April 1960. Between 1950 and 1960, the nonfarm population of the HMA increased from 77,000 to 96,300, or by an average of 1,930 (2.2 percent) annually. Most of the population increase between 1950 and 1960 occurred in the early part of the decade. Employment declines in the latter years of the decade caused a reduction in the rate of population growth which has continued in the post-1960 period. It should be noted that because of the change in definition of "farm" between the 1950 and 1960 Censuses, many persons living in rural areas who were classified as living on farms in 1950 were considered to be rural nonfarm residents in 1960. Total population in the Lima HMA increased by 15,500 persons between 1950 and 1960, while nonfarm population rose by 19,300 during the decade. A part of the increase in nonfarm population between the two census dates obviously is the result of a change in definition. The difference in the rate of growth between the 1950-1960 decade and the post-1960 period would have been much smaller had it not been for the definitional change.

Lima City. The current population of the city of Lima is 56,400, equal to 54 percent of the nonfarm population of the HMA. The population increase of about 5,350 since April 1960 includes about 3,700 persons residing in areas recently annexed to the city. Annexations to Lima since 1960 added considerable land area suitable for residential development, and the result has been an annual population growth considerably above that of the previous decade. The population increase from 50,250 in 1950 to 51,050 in 1960 was solely the result of the annexation of areas containing 2,950 persons. Population within the 1950 city limits decreased by 2,160 persons from 1950 to 1960.

Remainder of the HMA. The current nonfarm population of the portion of Allen County outside the corporate limits of Lima is estimated to be 48,500. The average population increase of 520 persons a year since 1960 has accounted for about 37 percent of the increase in the HMA. The increase would have been considerably larger except for annexations by the city of Lima. Annexations between 1950 and 1960 also reduced the population increase in these areas. Between 1950 and 1960, the nonfarm population in areas outside the city limits of Lima increased from 26,750 to 45,250, an average increase of about 1,850 persons annually. As mentioned previously, a part of this increase was the result of the change in definition of "farm" in the two censuses which tended to inflate the 1960 nonfarm figure.

^{1/} Average annual percentage changes used in this section of the report have been derived through the use of a formula designed to calculate the annual rate of change on a compound basis.

Future Population Growth. Based on the projected employment increase, it is anticipated that nonfarm population in the Lima HMA will increase by about 1,400 annually to a total of 107,700 by June 1968. The distribution of the increase in nonfarm population by political boundaries will depend largely on whether territory is annexed to the city of Lima during the next two years.

Natural Increase and Migration.^{1/} During the 1950-1960 decade, the net natural increase of the population (excess of resident births over resident deaths) of the Lima HMA totaled 15,700. The total population increase during the decade was 15,500, indicating that there was a small net out-migration of 200 persons. It is likely that there was in-migration during the early and mid-fifties, but employment declines in the latter years of the decade offset the earlier growth and resulted in out-migration in the late fifties. Data compiled for the years since 1960 reveal that the out-migration which began in the late 1950's has continued. The total population is estimated to have increased by 8,400 persons between April 1, 1960 and June 1, 1966. The net natural increase during the period was about 9,200, so that a net out-migration of about 800 is indicated, compared with 200 during the previous decade. It is believed that recent employment increases have slowed out-migration, however.

Households

HMA Total. There are an estimated 30,700 nonfarm households in the Lima HMA as of June 1966, an average increase of 390 (1.3 percent) a year since April 1960. Between April 1950 and April 1960, the number of nonfarm households increased from 23,000 to 28,300, a gain of about 530 (2.1 percent) a year. Part of the increase in nonfarm households between 1950 and 1960 was the result of a change in definition of "farm" in the 1960 Census and also the change from "dwelling unit" to "housing unit", both of which tended to inflate the 1960 count of nonfarm households.

^{1/} Data in this section refer to total farm and nonfarm population changes since vital statistics are not available on a farm-nonfarm basis.

Lima. The city of Lima has an estimated 17,650 households as of June 1, 1966, an increase of 1,650 since 1960. Annexations since 1960, which added a considerable number of households as well as additional land for building sites, have accounted for approximately seven-tenths of the household growth in the city. The number of households increased by about 610 from 1950 to 1960, but all of the gain was the result of annexations.

Remainder of HMA. Currently, there are an estimated 13,050 households in areas of Allen County beyond the corporate limits of Lima, indicating that households in the remainder of the county have increased by 750 since 1960. The increase since 1960 was considerably reduced by annexations to the city. Household increases have occurred, for the most part, in the townships adjacent to the city of Lima.

Household Size. The average size of nonfarm households in the Lima HMA is currently estimated at 3.33 persons, continuing to increase but at a slower rate than the 1950-1960 trend when the average household size increased from 3.22 to 3.31 persons (see following table). In the city of Lima, the average household size decreased from 3.19 in 1950 to 3.15 in 1960. Since 1960, the annexation of suburban areas containing a high proportion of large families has increased the average size of households in Lima to 3.17. The average number of persons in each household in the remaining areas of Allen County is currently estimated at 3.55 persons. Reflecting the movement of young families from the city, household size is larger in the areas outside the city of Lima.

Nonfarm Household Size Trends
Lima, Ohio, HMA
1950, 1960, and 1966

<u>Area</u>	<u>Number of persons per household</u>		
	<u>1950</u>	<u>1960</u>	<u>1966</u>
Lima	3.19	3.15	3.17
Remainder of HMA	3.25	3.51	3.55
HMA total	3.22	3.31	3.33

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

Future Household Growth. Based on the 1968 projected household population, and on the assumption that the average household size will not change appreciably, it is estimated that about 800 nonfarm households will be added during the next two years. Unless additional territory is annexed to Lima, most of the increase is likely to occur in the suburbs outside the central city.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. At present, there are an estimated 32,850 nonfarm housing units in the HMA, reflecting a net addition to the housing stock of about 2,725 units, or about 440 annually, since April 1960 (see table V). Currently, about three-fifths of the housing stock in the HMA is in Lima City. During the 1950-1960 decade, the number of nonfarm dwelling units increased by 6,550, from 23,600 to 30,150. Part of this increase is accounted for by the definitional change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census and the changes in definitions of "farm" and "nonfarm" between 1950 and 1960.

Principal Characteristics

Type of Structure. The Lima area is predominately one of single-family homes. A distribution of the current housing inventory by type of structure indicates that about 85 percent of all housing units in the HMA are one-unit structures (including house trailers). Because of demolitions, the number of two-unit structures has decreased since 1960. There has been an increase in the number of multifamily units since 1960, but the proportion of multifamily units in the total housing stock has not changed.

Nonfarm Housing Inventory by Units in Structure

Lima, Ohio, HMA

April 1960 and June 1966

<u>Units in structure</u>	<u>April 1960</u>		<u>June 1966</u>	
	<u>Number of units</u>	<u>Percent of total</u>	<u>Number <u>b/</u> of units</u>	<u>Percent of total</u>
1 unit <u>a/</u>	25,498	84.6	28,000	85.2
2 units	1,745	5.8	1,700	5.2
3 or more units	2,885	9.6	3,150	9.6
Total	30,128	100.0	32,850	100.0

a/ Includes trailers.

b/ Rounded.

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

Age of Structure. Nearly ten percent of the current nonfarm housing supply has been added since April 1960. During the 1950-March 1960 period, 22 percent of the current housing inventory was constructed. About 18 percent of the nonfarm housing supply was built during the depression years of the 1930's and the World War II and post-war period of the 1940's. One-half of all housing units in the Lima HMA were built prior to 1930 and are, therefore, at least 36 years old. A distribution of the housing supply by age of structure is shown in the following table.

Distribution of the Nonfarm Housing Supply by Year Built
Lima, Ohio, HMA

<u>Year built</u> ^{a/}	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960-May 1966	3,200	9.7
1955-March 1960	3,891	11.9
1950-1954	3,265	9.9
1940-1949	3,596	10.9
1930-1939	2,266	6.9
1929 or earlier	<u>16,632</u>	<u>50.7</u>
Total	32,850	100.0

^{a/} The basic data in the 1960 Census of Housing from which the above estimates were developed reflect an unknown degree of error in "age of structure" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

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

Condition of the Inventory. The proportion of nonfarm units in the HMA which are classified as substandard (those dilapidated, or lacking one or more plumbing facilities) has declined slightly since 1960, because 3,200 new units have been constructed, a number of the poorer quality units have been demolished, and some have been upgraded in quality. In April 1960, the census reported that about 3,950 units (13 percent) of the housing inventory were dilapidated or lacked one or more plumbing facilities. It is estimated that currently about 3,800 units in the HMA are substandard in condition.

Tenure of Occupancy

Currently, 72.3 percent (22,200) of the occupied housing units in the HMA are owner-occupied, and 27.7 percent (8,500) are renter-occupied (see table IV). Reflecting the predominance of sales housing construction, owner-occupancy increased from 65 percent (14,950) to 71 percent (20,100)

of the occupied units during the April 1950-April 1960 decade. Increased multifamily construction and some renting of single-family dwelling units which had previously been owner-occupied has slowed the trend toward owner-occupancy since 1960.

Residential Building Activity

About 3,200 housing units have been built in the Lima HMA since April 1960. It is estimated on the basis of information obtained locally that approximately 65 percent of the residential construction in the HMA is in areas requiring building permits. The largest concentration of building activity outside permit-issuing areas has occurred in Shawnee and Bath Townships adjacent to Lima. The principal areas of residential building activity covered by building permits have been the city of Lima and American Township. These two areas have accounted for 75-80 percent of the permits issued in recent years. Although the total volume of new construction cannot be itemized on an annual basis, it is estimated that in 1964 and 1965 about 400 single-family units and 75 multifamily units were built in each year.

Building permit authorizations by geographic area are shown in table VI. The number of building permits issued increased annually from 1960 through 1962, increasing from 308 to 423. After the peak in 1962, the number of permits declined to 345 in 1963. In 1964 and 1965, total permits averaged about 300 a year. Although the volume of building permits has been declining since 1962, residential building activity outside permit areas has been increasing.

Single-family permit authorizations reached a high of 364 in 1961. Since that time, the number of permits has declined annually and, in 1965, permits were issued for 239 single-family houses. The decline in the number of single-family permits has resulted primarily because of a shift of new construction from Lima to non-permit issuing areas as a result of the scarcity of suitable sites in the city of Lima.

Multifamily building activity was negligible in 1960 and 1961. In 1962 and 1963, multifamily permits averaged 75 a year. The number of multifamily permits declined to 35 in 1964, but there were 40 units of apartments built beyond permit issuing jurisdictions. In 1965, there were 36 multifamily units authorized in the city of Lima, 32 units in American Township, and an additional 75 multifamily units were under construction outside permit areas. The numbers of dwelling units authorized by building permits in the Lima HMA are summarized by type of structure in the following table.

New Private Dwelling Units Authorized by Building Permits
Lima, Ohio, Housing Market Area
January 1960-April 1966

<u>Year</u>	<u>Single-family</u>	<u>Multi-family</u>	<u>Total all units^{a/}</u>
1960	308	0	308
1961	364	3	367
1962	347	76	423
1963	271	74	345
1964	260	35	295
1965	239	68	307
1966-Jan.-April	48	4	52

^{a/} Approximately 65 percent of residential construction in the HMA is in areas requiring building permits.

Sources: United States Bureau of the Census, Construction Reports C-40 and local building inspectors.

Units Under Construction. Based on building permit data and the postal vacancy survey results, it is estimated that there are approximately 220 housing units under construction in the Lima HMA as of May 1966. Of the 130 single-family units under construction, about 70 percent are located in Lima and the immediate suburban environs and in the Cridersville area of Shawnee Township (two miles south of Lima). Seventy-five of the 90 apartment units under construction in May are in a high-rise project in the vicinity of the Shawnee Country Club. This project is nearing completion and should be ready for occupancy by early summer.

Demolitions. There have been approximately 450 residential units demolished since 1960 in the Lima HMA. About two-thirds of these units were demolished in the city of Lima. It is estimated that about 100 units will be lost through demolitions during the next two years.

Vacancy

Last Census. In April 1960, there were 1,825 vacant housing units in the Lima HMA. About 725 (40 percent) of these units were not available for sale or rent because they were seasonal, dilapidated, rented or sold awaiting occupancy, or were held off the market for occasional use. Of the 1,100 available units (a net vacancy rate of 3.7 percent) 280 units were available for sale and 820 were available for rent, yielding a sales housing vacancy rate of 1.4 percent and a rental vacancy rate of 9.1 percent. About 20 sales units (7 percent of the available vacant sales units) and about 150 rental units (18 percent of the available vacant rental units) lacked one or more plumbing facilities.

Postal Vacancy Survey. A postal vacancy survey was conducted in the Lima HMA during the May 21-25, 1966 period by the four participating post offices, Lima, Bluffton, Delphos, and Spencerville. The survey enumerated 34,350 possible deliveries. This total exceeds the estimated total inventory of the HMA; the excess results from the fact that these post offices serve parts of counties which adjoin the HMA in addition to all of Allen County. At the time of the survey, about 1,535 units were vacant, indicating an over-all vacancy rate of 4.5 percent. Of the total units vacant, 1,075 were residences, a vacancy rate of 3.4 percent, and 460 were apartments, a vacancy rate of 16 percent. Also included in the survey were 640 trailers of which 24 (3.8 percent) were in place and vacant.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. 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 the postal vacancy survey conducted in May 1966 and other vacancy information obtained in the Lima area, there are approximately 1,400 vacant units available for sale or rent in the Lima HMA, an over-all vacancy rate of 4.4 percent. Of the available vacant units, 350 are vacant sales units and 1,050 are vacant rental units, indicating current ratios of 1.6 and 11.0 percent, respectively. These ratios indicate that vacancies in the area have increased since 1960. It is estimated that 25 of the available sales vacancies and about 190 of the available rental units are of substandard quality, that is, lack one or more plumbing facilities or are in dilapidated condition.

Sales Market

General Market Conditions. The market for new sales housing in the Lima HMA appears to be reasonably sound. There have been no sharp fluctuations in building activity in recent years, and the current sales housing vacancy rate is not excessive. Area builders report that the strongest segment of the market is for homes priced from \$20,000 to \$25,000, but there are a few subdivisions offering houses in the \$10,000-\$15,000 price range.

Judging from information obtained from local builders and from the unsold inventory surveys, which indicate an annual decline in the percentage of unsold homes since 1963, builders have adjusted the supply of speculatively-built houses to the needs of the market. Sales of existing homes have been increasing in recent years, but realtors indicate that changes in the supply of mortgage funds are of especial importance in the market for older houses.

The major areas of subdivision activity are in American Township to the immediate west and northwest of Lima. Easy access to downtown Lima and the proximity of the new shopping facilities have made this an attractive location for residential development. Construction volume has been greatest in subdivisions located in this section, with homes generally priced above \$20,000. Home sites in the city of Lima are limited and most of the land available is in fringe areas annexed to the city. A development in northwest Lima is one of the few offering homes priced under \$15,000. Building activity in the vicinity of Fort Shawnee has increased in recent years. A large subdivision has been platted to accommodate 1,000 new home sites and it appears, on the basis of recent construction and proposed building, that this will be one of the more active developments in the HMA. Although there are a number of active subdivisions in the HMA, a large proportion of the new sales units are located on scattered sites throughout the county where inexpensive land has made possible the construction of lower-priced units.

Unsold Inventory of New Homes. In January 1966, the Columbus Insuring Office surveyed house completions in six subdivisions which had five or more completions during 1965 in the Lima HMA. A total of 136 homes were surveyed, of which 95 (70 percent) had been sold before construction started, and 41 had been built speculatively. Of the speculatively-built homes, 30 were sold and 11 remained unsold as of January 1966. Seven of the unsold homes had been on the market less than three months.

The January 1965 survey of 1964 completions covered nine subdivisions. A total of 125 completions were reported, of which 48 were speculatively-built homes. Although 16 of the houses remained unsold at the time of the survey, only one had been on the market more than three months. The January 1964 survey enumerated 169 completions in eight subdivisions in 1963. There were 56 speculatively-built houses of which 26 were not sold by the end of the year. Seventeen of the unsold houses built in 1963 were priced to sell under \$20,000.

The three surveys indicate that the volume of speculative construction has declined. Most of this reduction has occurred in the lower price ranges; the percentage of houses priced below \$17,500 fell from 59 percent in 1963 to 15 percent in 1965.

Rental Market

The rental housing inventory in the Lima HMA is composed largely of single-family structures built prior to 1950. The supply of multifamily units declined during the 1950 decade because there was very little apartment construction and many of the older units were removed from the inventory. Most of the existing multifamily structures are old and, because of obsolescent features, are not competitive with new rental units. At the present time, vacancy levels are high in these older structures.

New Multifamily Housing. After a long period of inactivity, there was a renewal of apartment construction in 1962. Most of the newer multifamily units have been built in garden apartments, but the rents vary significantly. The most successful have been the one- and two-bedroom units in the lower rent ranges. Nearly all projects of this type have maintained high occupancy levels. Projects in the higher rent ranges have filled slowly.

Urban Renewal and Public Housing

The Lima HMA does not have public housing or an active urban renewal program.

Demand for Housing

Quantitative Demand

The demand for additional new housing in the Lima HMA during the two-year forecast period from June 1, 1966 to June 1, 1968 is based on the projected level of household growth (estimated at 400 a year) and on the number of units expected to be demolished (50 a year). In addition, consideration is given to the current tenure of occupancy, which is expected to change little during the next two years. The demand estimates reflect some transfer of single-family houses from the sales inventory and an excess in the current number of rental vacancies. After considering each of these factors, the demand for additional privately-owned housing is estimated at 410 units annually for the next two years. The annual demand, excluding public low-rent housing and rent-supplement accommodations, includes about 350 sales units and 60 rental units.

Average annual household formation during the forecast period will be at a level close to the average since 1960, but the projected level of housing demand will be below the construction volume of recent years, because a part of the need for housing can be satisfied by the excess of available vacancies.

Qualitative Demand

Sales Housing. The average annual demand for new sales houses in the Lima HMA is expected to approximate the sales price pattern presented in the following table. The distribution of demand is based on the distribution of families in the HMA by current annual after-tax incomes, on the proportion of income that they typically pay for new sales housing, and on recent market experience. The major portion of the demand will occur in the townships adjacent to the city of Lima.

Estimated Annual Demand for New Sales Housing by Price Class
Lima, Ohio, Housing Market Area
June 1, 1966-June 1, 1968

<u>Price range</u>	<u>Annual demand</u>	
	<u>Number</u>	<u>Percentage distribution</u>
\$10,000 - \$12,499	15	4
12,500 - 14,999	50	14
15,000 - 17,499	60	17
17,500 - 19,999	65	19
20,000 - 24,999	85	24
25,000 - 29,999	45	13
30,000 - 34,999	20	6
35,000 and over	10	3
Total	350	100

The foregoing distribution differs from those in table VII, which reflect only selected subdivision experience during 1963, 1964, and 1965. It must be noted that the data do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. It is likely that the lower value housing construction and some of the more expensive homes are concentrated in the smaller building operations which are quite numerous. The preceding demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal. Few adequate sales houses can be built to sell at prices below \$10,000; therefore, all of the demand for new sales houses has been distributed at and above this minimum. The demand for sales housing priced below this level will be satisfied by the existing inventory.

Rental Housing. Acceptable new privately-owned rental housing in the Lima area can be produced only at gross rents that are at and above the minimum levels achievable under current construction and land costs. Minimum gross monthly rents (contract rent plus the cost of utilities) achievable in the HMA with financing at market interest rates are judged to be \$80 for efficiencies, \$100 for one-bedroom units, \$120 for two-bedroom units, and \$140 for three-bedroom units.^{1/}

Although the current rental vacancy rate is higher than in 1960, the supply of new units built since 1962 has served to provide a wider choice of rental accommodations, which has enabled renters to upgrade their standards of living. It is expected that some of the older inadequate units will be forced out of the inventory. The provision for 60 units annually in the next two years at and above monthly gross rents achievable under current construction and land costs, excluding units produced with some form of public benefits or assistance in financing, is below the average rate of construction since 1962. Judging from the number of units under construction and the recent market absorption, it is believed that the market for units in the moderate to high rent ranges is nearly satiated. Therefore, demand for rental units in the Lima HMA during the forecast period is expected to be primarily for one- and two-bedroom units at or close to the minimum rents.

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

Table I

Workers Covered Under Ohio Unemployment Compensation Law
Lima, Ohio, Housing Market Area
1960 - 1965
 (annual averages)

<u>Total</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965^{a/}</u>
Wage and salary employment	<u>28,683</u>	<u>27,585</u>	<u>28,289</u>	<u>28,608</u>	<u>28,248</u>	<u>30,747</u>
Manufacturing	<u>15,576</u>	<u>14,534</u>	<u>15,048</u>	<u>15,041</u>	<u>14,655</u>	<u>15,864</u>
Durable goods	<u>12,258</u>	<u>11,295</u>	<u>11,948</u>	<u>11,965</u>	<u>11,679</u>	-
Primary metals industry	818	784	55	58	64	-
Fabricated metal products	936	961	998	1,079	1,083	-
Machinery except elec.	2,977	1,702	2,846	3,145	3,095	-
Electrical machinery	2,811	2,714	2,759	2,778	2,580	-
Transportation equipment	4,182	4,635	4,776	4,430	4,322	-
Other durable goods	534	499	515	475	534	-
Nondurable goods	<u>3,318</u>	<u>3,240</u>	<u>3,100</u>	<u>3,076</u>	<u>2,977</u>	-
Food and kindred products	956	941	887	868	936	-
Printing, publishing, and allied prods.	418	434	445	473	365	-
Chemicals and allied products	391	380	382	376	388	-
Other nondurable goods	1,553	1,485	1,386	1,359	1,288	-
Nonmanufacturing	<u>13,107</u>	<u>13,051</u>	<u>13,241</u>	<u>13,567</u>	<u>13,593</u>	<u>14,883</u>
Contract construction	<u>1,494</u>	<u>1,442</u>	<u>1,373</u>	<u>1,516</u>	<u>1,484</u>	<u>1,881</u>
Transportation and utilities	<u>1,897</u>	<u>1,871</u>	<u>1,884</u>	<u>1,881</u>	<u>1,864</u>	<u>1,891</u>
Wholesale and retail trade	<u>6,441</u>	<u>6,459</u>	<u>6,735</u>	<u>6,942</u>	<u>7,055</u>	<u>7,798</u>
Finance, insurance, and real estate	<u>1,262</u>	<u>1,260</u>	<u>1,263</u>	<u>1,223</u>	<u>1,233</u>	<u>1,260</u>
Services	<u>1,898</u>	<u>1,910</u>	<u>1,860</u>	<u>1,887</u>	<u>1,888</u>	<u>1,994</u>
Not elsewhere classified	<u>115</u>	<u>108</u>	<u>125</u>	<u>119</u>	<u>68</u>	<u>59</u>

^{a/} 1965 preliminary data based on average of employment data for the four months, March, June, September and December.

Note: Total employment may not equal sum of industrial divisions because of exclusion of minor divisions and those with fewer than three employees.

Source: Division of Research and Statistics, Ohio Bureau of Unemployment Compensation.

Table VI

Housing Units Authorized by Building Permits, by Location
Lima, Ohio, Housing Market Area
1960-1966

<u>Area</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>Jan. - Apr.</u> <u>1966</u>
Lima City	155	226	225	142	118	111	15
American Township	99	74	133	125	108	134	24
Beaverdam Village	0	1	1	0	1	1	-
Bluffton Village	-	47	6	6	11	9	-
Delphos Village	41	12	7	11	11	10	-
Elida Village	0	0	1	8	1	0	-
Fort Shawnee Village	-	-	42	35	28	35	13
Perry Township	<u>13</u>	<u>7</u>	<u>8</u>	<u>18</u>	<u>17</u>	<u>7</u>	<u>-</u>
HMA total	308	367	423	345	295	307	52

Sources: United States Bureau of the Census, and local building inspectors.

Table VII

Houses Completed 1963-1965 in Selected Subdivisions
and the Number Unsold by Price Class
Lima, Ohio, Housing Market Area

<u>Sales price</u>	<u>Number</u>	<u>Percentage</u>	<u>Presold</u>	<u>Speculative construction</u>			
				<u>Total houses</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percentage unsold</u>
<u>Houses completed in 1965 as of January 1, 1966</u>							
Under \$15,000	8	6	7	1	1	0	0
\$15,000 - 17,499	13	9	10	3	3	0	0
17,500 - 19,999	33	24	21	12	9	3	25
20,000 - 24,999	69	51	47	22	14	8	36
25,000 - 29,999	9	7	6	3	3	0	0
30,000 and over	<u>4</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	136	100	95	41	30	11	27
<u>Houses completed in 1964 as of January 1, 1965</u>							
Under \$15,000	25	20	13	12	10	2	17
\$15,000 - 17,499	41	33	24	17	12	5	29
17,500 - 19,999	38	30	28	10	5	5	50
20,000 - 24,999	21	17	12	9	5	4	44
25,000 - 29,999	0	0	0	0	0	0	0
30,000 and over	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	125	100	77	48	32	16	33
<u>Houses completed in 1963 as of January 1, 1964</u>							
Under \$15,000	42	25	29	13	8	5	38
\$15,000 - 17,499	58	34	39	19	11	8	42
17,500 - 19,999	32	19	23	9	5	4	44
20,000 - 24,999	34	20	19	15	6	9	60
25,000 - 29,999	3	2	3	0	0	0	0
30,000 and over	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	169	100	113	56	30	26	46

Source: Surveys conducted by the Columbus, Ohio, FHA Insuring Office

Table VIII

Lima, Ohio Area Postal Vacancy SurveyMay 21-25, 1966

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	<u>34,341</u>	<u>1,535</u>	<u>4.5</u>	<u>1,444</u>	<u>91</u>	<u>211</u>	<u>31,387</u>	<u>1,074</u>	<u>3.4</u>	<u>1,007</u>	<u>67</u>	<u>130</u>	<u>2,954</u>	<u>461</u>	<u>15.6</u>	<u>437</u>	<u>24</u>	<u>81</u>	<u>640</u>	<u>24</u>	<u>3.8</u>
Lima	<u>28,541</u>	<u>1,313</u>	<u>4.6</u>	<u>1,234</u>	<u>79</u>	<u>181</u>	<u>25,872</u>	<u>898</u>	<u>3.5</u>	<u>837</u>	<u>61</u>	<u>100</u>	<u>2,669</u>	<u>415</u>	<u>15.5</u>	<u>397</u>	<u>18</u>	<u>81</u>	<u>542</u>	<u>9</u>	<u>1.7</u>
Main Office	24,516	1,219	5.0	1,163	56	136	21,877	810	3.7	770	40	57	2,639	409	15.5	393	16	79	441	5	1.1
Branches:																					
Cridersville	2,290	49	2.1	27	22	36	2,266	43	1.9	23	20	34	24	6	25.0	4	2	2	100	4	4.0
Elida	1,419	35	2.5	34	1	8	1,413	35	2.5	34	1	8	6	-	-	-	-	-	1	-	-
Station:																					
Lafayette	316	10	3.2	10	0	1	316	10	3.2	10	-	1	-	-	-	-	-	-	-	-	-
Other Cities and Towns	<u>5,800</u>	<u>222</u>	<u>3.8</u>	<u>210</u>	<u>12</u>	<u>30</u>	<u>5,515</u>	<u>176</u>	<u>3.2</u>	<u>170</u>	<u>6</u>	<u>30</u>	<u>285</u>	<u>46</u>	<u>16.1</u>	<u>40</u>	<u>6</u>	<u>-</u>	<u>98</u>	<u>15</u>	<u>15.3</u>
Bluffton	1,446	41	2.8	37	4	10	1,281	28	2.2	28	-	10	165	13	7.9	9	4	-	28	5	17.9
Delphos	3,070	100	3.3	93	7	9	2,959	69	2.3	64	5	9	111	31	27.9	29	2	-	27	2	7.4
Spencerville	1,284	81	6.3	80	1	11	1,275	79	6.1	78	1	11	9	2	22.2	2	-	-	43	8	18.6

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).