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Lorain-  
Elyria, Ohio  
1969

*Analysis of the*  
**LORAIN-ELYRIA, OHIO**  
**HOUSING MARKET**

as of April 1, 1969

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

August 1969

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Lorain-Elyria, Ohio, as of April 1, 1969

Foreword

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

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

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

Department of Housing and Urban Development  
Federal Housing Administration  
Field Market Analysis Service  
Washington, D. C.

FHA HOUSING MARKET ANALYSIS - LORAIN-ELYRIA, OHIO  
AS OF APRIL 1, 1969

The Lorain-Elyria, Ohio, Housing Market Area (HMA) is coterminous with the Lorain-Elyria Standard Metropolitan Statistical Area (SMSA), Lorain County, Ohio. The HMA, with a population of about 269,400 as of April 1, 1969, borders Lake Erie in north central Ohio.

The economy of the HMA is dependent on the transportation equipment industry, particularly shipbuilding and automobile assembly, which together provided about 37 percent of manufacturing employment in 1968. Employment in the area has increased steadily since 1965 and, as a result, there has been substantial population and household growth. During the same period, however, stringencies in the mortgage market resulted in comparatively low construction levels. The effect has been low vacancy rates and tight markets for both sales and rental housing.

Anticipated Housing Demand

An average annual demand for 1,825 new market-interest-rate financed housing units is anticipated in the Lorain-Elyria SMSA during the two-year period beginning April 1, 1969, subject to possible unforeseeable economic fluctuations which might tend to alter demand significantly. In view of a continued decrease in vacancies, slackened building activity during the past several years, and an increasing ratio of multifamily to single-family unit construction, the most desirable demand-supply balance would be achieved if 1,225 single-family units and 600 multifamily units were supplied (see table I for price and rent distributions). Should sufficient funds be made available, additional units could be absorbed over the next two years through the use of some form of interest rate subsidy.

Estimated annual demand during the forecast period is appreciably greater than the volume of building activity since 1965. During the 1966-1968 period, however, some part of the demand for new housing was met by a reduction of about 750 in the number of vacant units. Since vacancy rates were very low in early 1969, this resource is no longer available. Additionally, it should be noted that the anticipated level of demand is approximately equal to the 1960-1966 levels of activity which were not affected by shortages of mortgage funds.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through four different programs administered by FHA--below-market-interest-rate financing of projects under Section 221(d)(3); monthly rent-supplements in rental projects financed with market-interest-rate mortgages, also under Section 221(d)(3); partial payments of interest on home mortgages insured under Section 235; and partial interest payments on project mortgages insured under Section 236.

Household eligibility for federal subsidy programs is determined primarily by evidence that household or family income is below established limits. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using federal or state support. The potentials<sup>1/</sup> discussed in the following paragraphs reflect estimates adjusted to indicate housing provided under alternative FHA or other programs. It is cautioned that the occupancy potentials discussed for various programs are, therefore, not additive.<sup>2/</sup>

The annual occupancy potentials for subsidized housing discussed below are based upon 1969 incomes, on the occupancy of substandard housing, on estimates of the elderly population, on April 1, 1969 income limits, and on available market experience. (See table II for a distribution of the occupancy potentials by size of units).

Section 221(d)(3) BMIR. If federal funds are available, a total of about 160 units of Section 221(d)(3) BMIR housing probably could be absorbed annually during the next two years.<sup>3/</sup> Fifty housing units were recently completed in the HMA under Section 221(d)(3) BMIR. As of April 1, 1969, there were 118 units under construction. The total of 168 units satisfy a large proportion of the potential.

Rent-Supplement. There is an estimated annual occupancy potential for 205 units under the rent-supplement program during the two-year forecast period ending April 1, 1971. Included are 75 units annually for elderly individuals and couples who are eligible for rent-supplement or public low-rent housing. About 50 of these eligibles are also eligible for Section 236 housing. Generally, families eligible for rent supplements also are eligible for low-rent public housing.

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<sup>1/</sup> The occupancy potentials referred to in this analysis have been developed to reflect the capacity of the market in view of existing vacancy. The successful attainment of the calculated market for subsidized housing may well depend upon construction in suitable, accessible locations, as well as upon the distribution of rents over the complete range attainable for housing under the specified programs.

<sup>2/</sup> All families with incomes inadequate to purchase or rent nonsubsidized housing are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized programs and absorption rates remain to be tested.

<sup>3/</sup> At the present time, funds for allocation are available only from recaptures resulting from reductions, withdrawals, and cancellation of allocations.

Section 235, Sales Housing. Sales housing can be provided for low- to moderate-income families under Section 235. Under exception income limits there is an annual occupancy potential for about 270 homes during the next two years. With regular income limits, the potential would be somewhat lower. All of the families eligible for Section 235 housing also are eligible under the Section 236 program and about 75 percent are eligible for Section 221(d)(3) BMIR housing. None are eligible for public housing, but a few may be eligible for rent supplements.

Section 236, Rental Housing. Under Section 236, the annual occupancy potential is estimated at 270 units for families under exception income limits; with regular income limits, the potential would be somewhat lower. Families eligible under this program also are eligible under Section 235, and about 40 percent are eligible under Section 221(d)(3) BMIR. None are eligible for public housing, but a few may be eligible for rent supplements. There is an annual occupancy potential for an additional 40 units under Section 236 for elderly households. About one-fourth of the elderly eligible under Section 236 also are eligible for low-rent public housing or rent supplements.

#### The Sales Market

The market for new and existing sales housing in the Lorain-Elyria area has shown significant improvement since April 1966. The homeowner vacancy rate declined from 1.3 percent in April 1966 to 0.9 percent in April 1969; the strengthening of the seller's market resulted from increased in-migration and a lower percentage of single-family unit construction each year since 1966. Availability of mortgage funds and continued high demand despite rising interest rates has led to a continued rapid rate of contract and speculative building. Presently, area real estate agents report difficulty in satisfying the demand for sales housing from the existing inventory.

In Lorain, most single-family construction is centered in the southeastern section around Tower Boulevard and east and west of Oberlin Avenue in the vicinity of Tower Boulevard. Tract developments in Elyria are located largely along Abbe Road and extend into North Ridgeville. Sub-division development is quite active in the communities of Amherst, Avon Lake, and Vermilion; however, many areas with a high growth potential are not developing because of such local factors as the lack of public sewers or water, excess clay in soil composition which prohibits septic field approval, and building permit restrictions until builders meet local code requirements.

### The Rental Market

As of April 1, 1969, all indications point to increased expansion in the market for rentals. The absorption of 250 available vacant rental units reduced the rental vacancy rate from 5.5 percent in early 1966 to a current rate of 3.9 percent. Single-family rental structures compose less than 50 percent of the current renter inventory, a 15 percent drop since 1960. Renter households in five-or-more-unit structures have tripled; two- to four-unit structures comprise approximately the same percentage of the inventory as in 1960. Building permits and market absorption data indicate that new rental housing in two-or-more-unit structures added to the inventory since 1966 totaled 1,350 units. Vacancy rates in single-family rental units and newer multifamily units are lower than those of the older multifamily structures, which offer less in the way of amenities.

An increasing number of multifamily units constructed since 1965 have been in the medium to high rental ranges and offer swimming pools, air-conditioning, dishwashers, and carpets. Absorption of these new units has been rapid, with occupancy taking place as fast as units were completed in many cases. Average rents for walk-up rental units built since 1965 are about \$140 to \$160 a month for one-bedroom units, \$160 to \$200 for two-bedroom units, and \$175 to \$225 for three-bedroom units, excluding electricity. Townhouse and garden-type apartments in medium price ranges appear to obtain satisfactory occupancy in a shorter time than do high-rise projects with somewhat higher rents. Single-family rental units, which rent for about \$100 a month for two-bedroom units and \$125 for three-bedroom units, are currently scarce.

When viewed in relation to increasing employment, high financing costs for single-family homes, and a large number of young married couples who cannot afford to place any equity into a home, it is expected that the rental market will constitute an increasing proportion of the overall market.

### Economic, Demographic, and Housing Factors

The estimated demand for 1,825 new nonsubsidized housing units a year is predicated on the findings and assumptions set forth below.

Employment. As of February 1969, nonagricultural employment in the Lorain-Elyria HMA totaled 82,700, including 76,700 wage and salary workers and 6,000 self-employed persons, domestics, and unpaid family workers. Nonagricultural employment growth since 1965 has increased steadily from an annual average of 79,300 in 1966 to 83,300 in 1968.

Manufacturing represented 48 percent of wage and salary employment in February 1969. Between 1966 and 1967, manufacturing employment declined by 2,100 workers, with the bulk of the decrease occurring in the dominant transportation equipment and primary metals industries, which, combined, accounted for 60 percent of all manufacturing. This decline was precipitated by contract disputes between labor and automobile makers and also by imports of foreign metals and decreased orders for steel from 1966 levels (see table III).

Lorain differs from Elyria in that the former is durable goods oriented with a high concentration of heavy industries, while the economy of the latter is composed of smaller, more diversified industry. If a fluctuation were to occur in the business cycle, Lorain would be more vulnerable to employment and income changes; thus, the industrial characteristics could cause demand for both subsidized and nonsubsidized housing to shift between the individual submarkets.

The annual average unemployment rate in 1968 was 3.6 percent (3,200 workers), as compared to the average unemployment rate in 1966 of 3.4 percent (2,800 workers). The 1968 rate showed an improvement from 4.1 percent (3,500 workers) in 1967, due mainly to gains made in transportation equipment, fabricated metals, transportation, communication, and utilities, and services.

Reflecting the volatile durable goods manufacturing component of the economy, year-to-year changes in nonagricultural wage and salary employment in the HMA have varied from a loss of 200 jobs between 1966 and 1967 to a peak gain of 4,900 between 1965 and 1966. Over the six-year period, 1962-1968, there was an average increase of nearly 3,000 wage and salary jobs a year. During the two-year forecast period, it is anticipated that the gains will be somewhat above average. Two new bar mills which will provide a total of 1,500 jobs will become operational at the National Tube Division of U.S. Steel and employment at American Shipbuilding Company will expand by about 700 jobs as a result of a contract to build a very large ore-carrier for Great Lakes service. On the basis of these expansionary developments and assuming that the basic steel and automotive industries will not decline, it is judged that nonagricultural employment will increase by 3,175 workers a year.

Income. As of April 1969, the estimated median annual income of all families in the Lorain-Elyria HMA was \$7,750, after deduction of federal income taxes; median after-tax income of all renter households of two or more persons was \$6,475 a year. It is expected that by April 1971 the median annual after-tax income of all families in the HMA will approximate \$8,250; the median after-tax income of renter households with two or more persons is expected to reach \$6,900 (see table IV).

Population and Households. The April 1969 population estimate for the Lorain-Elyria HMA was 269,400 persons. See table V for detailed figures. Much of the population gain was the result of in-migration, as the rate of net natural increase between 1960 and 1968 declined. During the next two years population increases are expected to average 5,750 a year, only modestly above the average growth of 5,600 a year during the past three years.

In April 1969, there were 74,550 households (occupied housing units) in the HMA, an increase of 1,600 annually over the April 1966 estimate of 69,750. The largest gains were noted in the northern portion of the county, particularly around the central cities, Avon Lake, Amherst, and Vermilion. Based on a somewhat smaller average household size, it is judged that the number of households will increase by 1,725 annually to 78,000 by April 1971 (see table V).

Housing Inventory. As of April 1, 1969, there were an estimated 76,400 housing units in the HMA, a net increase of 4,050 units over the April 1966 inventory of 72,350 (see table VI). The increase in the housing inventory was the net effect of the completion of about 4,250 new units, demolition of 300 older units, and an increase of about 100 trailers. Building activity has been most significant within the central cities and in the northern half of the county. Building permits cover almost the entire HMA. Of the 4,250 units constructed, 2,900 were in single-family structures and 1,350 were multifamily units, over 60 percent of which were authorized in 1968 or early 1969.

Between 1960 and 1966, construction, as based on building permit activity, averaged about 1,825 units annually, but scarcity of mortgage funds beginning early in 1966 lowered the average to about 1,150 for both 1966 and 1967. Permits were issued for an estimated 1,550 residential units in 1968, and local building activity for the first quarter in 1969 indicates that the 1960-1966 building levels may be attained before 1971 (see table VII). Most of the increased construction was in the city of Lorain, where permits rose from 250 in 1967 to 750 in 1968. Multifamily units, including a 210-unit high rise presently under construction, accounted for most of the increase.

Vacancy. There were approximately 1,850 vacant housing units in the HMA in April 1969, of which 1,250 were available and 600 were either unavailable or unsuitable. About 500 units were for sale and 750 for rent, indicating homeowner and renter vacancy rates of 0.9 percent and 3.9 percent, respectively.

Available vacancies rose between 1960 and 1966, but fell sharply as building activity slowed over the past several years. Since no appreciable demand may be satisfied from the low supply of existing vacant units additional pressure is placed on building activity to bring about a desirable demand-supply balance (see table VI).

Table I

Estimated Annual Demand for Single-family and Multifamily Housing  
Lorain-Elyria, Ohio, Housing Market Area  
April 1, 1969-April 1, 1971

Single-family demand

<u>Price range</u>	<u>Number of houses</u>
\$15,000 - \$17,499	125
17,500 - 19,999	165
20,000 - 22,499	165
22,500 - 24,999	220
25,000 - 29,999	315
30,000 - 34,999	125
35,000 and over	<u>110</u>
Total	1,225

Multifamily demand

<u>Monthly gross rent<sup>a/</sup></u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$120 - \$129	25	55	-	-
130 - 139	10	45	-	-
140 - 149	-	35	-	-
150 - 159	-	35	-	-
160 - 179	-	40	90	-
180 - 199	-	35	75	-
200 - 219	-	-	60	30
220 and over	-	-	<u>35</u>	<u>30</u>
Total	<u>35</u>	<u>245</u>	<u>260</u>	<u>60</u>

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

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential  
Lorain-Elyria, Ohio, Housing Market Area  
April 1, 1969-April 1, 1971

A. Subsidized Sales Housing, Section 235

<u>Eligible family size</u>	<u>Number of units<sup>a/</sup></u>
Four persons or less	150
Five persons or more	<u>120</u>
Total	270

B. Privately Financed Subsidized Rental Housing

<u>Unit size</u>	<u>Rent Supplement</u>		<u>Section 236 housing</u>	
	<u>Families</u>	<u>Elderly</u>	<u>Families</u>	<u>Elderly<sup>b/</sup></u>
Efficiency	-	55	-	25
One-bedroom	25	20	25	15
Two bedrooms	40	-	105	-
Three bedrooms	35	-	95	-
Four-bedrooms or more	<u>30</u>	-	<u>45</u>	-
Total	130	<u>75</u>	270	<u>40</u>

<sup>a/</sup> All of the families eligible for Section 235 housing also are eligible for the Section 236 program, and about 75 percent are eligible for Section 221(d)(3) BMIR housing. None are eligible for public low-rent housing, but a few may be eligible for rent supplement. The estimates are based upon exception income limits; the use of regular income limits would reduce the potentials slightly.

<sup>b/</sup> Applications, commitments, and housing under construction under Section 202 are being converted to Section 236.

Table III

Nonagricultural Wage and Salary Employment by Industry<sup>a/</sup>  
Lorain-Elyria, Ohio, Housing Market Area  
Annual and Monthly Averages 1966-February 1969  
(in thousands)

<u>Components</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>February 1968</u>	<u>February<sup>b/</sup> 1969</u>
Nonagricultural wage and salary employment	<u>72.6</u>	<u>72.4</u>	<u>76.9</u>	<u>73.7</u>	<u>76.7</u>
Manufacturing	<u>36.1</u>	<u>34.0</u>	<u>36.8</u>	<u>35.5</u>	<u>37.1</u>
Durable goods	<u>32.5</u>	<u>30.5</u>	<u>32.9</u>	<u>31.8</u>	<u>32.9</u>
Stone, clay and glass	.5	.5	.5	.5	.5
Primary metals	10.2	9.8	9.6	9.3	9.2
Fabricated metals	5.4	5.3	5.8	5.2	6.3
Machinery, excluding electrical	1.9	2.0	1.9	1.9	1.8
Electric machinery	1.7	1.7	1.6	1.4	1.8
Transportation equipment	12.2	10.5	13.1	12.9	12.8
Other durables	.6	.7	.4	.6	.5
Nondurable goods	<u>3.6</u>	<u>3.5</u>	<u>3.9</u>	<u>3.7</u>	<u>4.2</u>
Chemicals	1.5	1.6	1.7	1.6	1.8
Other nondurables	2.1	1.9	2.2	2.1	2.4
Nonmanufacturing	<u>36.5</u>	<u>38.4</u>	<u>40.1</u>	<u>38.2</u>	<u>39.6</u>
Contract construction	2.7	2.7	2.5	2.1	2.5
Transportation, comm., and utils.	3.2	2.9	3.4	3.4	3.4
Trade	11.3	12.1	12.0	11.3	12.1
Finance, ins., and real estate	1.7	1.8	1.9	1.8	1.9
Services	10.0	10.7	11.1	10.8	11.1
Government	7.5	8.0	8.3	8.7	8.4
Other nonmanufacturing	.1	.2	.9	.1	.2

<sup>a/</sup> Revised through June 1968.

<sup>b/</sup> Preliminary.

Source: Ohio Bureau of Employment Security.

Table IV

Percentage Distribution of Families by Annual Income  
After Deduction of Federal Income Tax  
Lorain-Elyria, Ohio, Housing Market

<u>Annual income</u>	1969		1971	
	<u>All families</u>	<u>Renter households<sup>a/</sup></u>	<u>All families</u>	<u>Renter households<sup>a/</sup></u>
Under \$3,000	8	13	7	12
\$3,000 - 3,999	5	7	4	6
4,000 - 4,999	5	8	4	7
5,000 - 5,999	8	12	7	9
6,000 - 6,999	12	18	9	14
7,000 - 7,999	15	9	14	12
8,000 - 8,999	10	10	11	10
9,000 - 9,999	9	7	10	8
10,000 - 12,499	14	9	17	13
12,500 - 14,999	7	3	8	4
15,000 and over	7	4	9	5
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$7,750	\$6,475	\$8,250	\$6,900

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends  
Lorain-Elyria, Ohio, Housing Market Area  
April 1, 1960-April 1, 1971

<u>Population</u>	<u>April 1, 1960</u>	<u>April 1, 1966<sup>a/</sup></u>	<u>April 1, 1969</u>	<u>April 1, 1971</u>
Lorain	68,932	79,350	84,700	88,250
Elyria	43,782	51,700	54,900	57,200
Rest of HMA	<u>104,786</u>	<u>121,550</u>	<u>129,800</u>	<u>135,450</u>
HMA total	217,500	252,600	269,400	280,900
 <u>Households</u>				
Lorain	19,300	22,400	23,950	25,000
Elyria	12,754	15,150	16,100	16,800
Rest of HMA	<u>27,435</u>	<u>32,200</u>	<u>34,500</u>	<u>36,200</u>
HMA total	59,489	69,750	74,550	78,000

<sup>a/</sup> Revised on the basis of information developed subsequent to analysis dated April 1, 1966.

Sources: 1960 Censuses of Population and Housing.  
 1966, 1969, and 1971 estimated by Housing Market Analyst.

Table VI

Housing Inventory, Tenure, and Vacancy Trends  
Lorain-Elyria, Ohio, Housing Market Area  
April 1, 1960-April 1, 1969

	<u>April 1, 1960</u>	<u>April 1, 1966<sup>a/</sup></u>	<u>April 1, 1969</u>
Total inventory	<u>62,349</u>	<u>72,350</u>	<u>76,400</u>
Total occupied	<u>59,489</u>	<u>69,750</u>	<u>74,550</u>
Owner-occupied	<u>43,861</u>	<u>52,800</u>	<u>55,900</u>
Percent of total occ.	73.7%	75.6%	75.0%
Renter occupied	<u>15,628</u>	<u>17,000</u>	<u>18,650</u>
Percent of total occ.	26.3%	24.4%	25.0%
Total vacant	<u>2,860</u>	<u>2,600</u>	<u>1,850</u>
Available vacant	<u>1,518</u>	<u>1,700</u>	<u>1,250</u>
For sale	<u>691</u>	<u>700</u>	<u>500</u>
Homeowner vacancy rate	1.6%	1.3%	0.9%
For rent	<u>827</u>	<u>1,000</u>	<u>750</u>
Renter vacancy rate	5.0%	5.5%	3.9%
Other vacant	<u>1,342</u>	<u>900</u>	<u>600</u>

a/ Revised on basis of information received subsequent to analysis dated April 1, 1966.

Sources: 1960 Census of Housing.  
1966 and 1969 estimated by Housing Market Analyst.

Table VII

Number of New Housing Units Authorized  
by Building and Zoning Permits  
Lorain-Elyria Housing Market Area  
1966-1969

<u>Municipality</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>First quarter</u>		<u>Total</u> <u>1966-1969</u>
				<u>1968</u>	<u>1969a/</u>	
Amherst Twp.	13	6	-	-	5	24
Amherst City	69	94	49	16	15	227
Avon City	27	35	-	-	7	69
Avon Lake City	81	87	62	13	18	248
Carlisle Twp.	40	34	3	2	10	87
Columbia Twp.	20	22	1	-	6	49
Elyria City	217	270	255	59	215	957
Elyria Twp.	32	33	4	2	12	81
Grafton Village	8	3	-	-	3	14
Lorain City	283	249	750	96	240	1,522
North Ridgeville City	66	116	245	37	55	482
Oberlin	13	19	-	-	4	36
Sheffield Twp.	39	-	-	-	10	49
Sheffield Lake City	4	8	7	-	2	21
Vermilion <sup>b/</sup>	73	80	58	7	75	286
Wellington	7	11	-	-	2	20
Rest of HMAC <sup>c/</sup>	<u>121</u>	<u>119</u>	<u>116</u>	<u>25</u>	<u>29</u>	<u>385</u>
Total	<u>1,113</u>	<u>1,186</u>	<u>1,550</u>	<u>257</u>	<u>708</u>	<u>4,557</u>
Single-family units	903	856	875	142	508	3,142
Multifamily units	210	330	675	115	200	1,415

Note: Dash indicates reports not available.

a/ Includes estimate for quarter based on incomplete reports.

b/ Includes entire city of Vermilion, part of which is in Erie County.

c/ Includes estimates for nonreporting places and for places which do not require permits.

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