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Analysis of the
**NASHVILLE, TENNESSEE
HOUSING MARKET**

as of January 1, 1965



**A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

A constituent of the Housing and Home Finance Agency

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FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
Housing and Home Finance Agency

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.

Table of Contents

	<u>Page</u>
Summary and Conclusions	i
Housing Market Area	1
Map of the Area	2
Economy of the Area	
Character and History	3
Employment	3
Principal Employers	6
Unemployment	7
Future Employment Prospects	7
Income	8
Demographic Factors	
Population	9
Households	11
Housing Market Factors	
Housing Supply	13
Residential Building Activity	14
Tenure of Occupancy	16
Vacancy	17
Sales Market	20
Rental Market	22
Mortgage Market	23
Urban Renewal and Redevelopment	24
Public Housing	26
Demand for Housing	
Quantitative Demand	27
Qualitative Demand	27

ANALYSIS OF THE
NASHVILLE, TENNESSEE, HOUSING MARKET
AS OF JANUARY 1, 1965

Summary and Conclusions

1. The economy of the Nashville Housing Market Area (HMA) is marked by a highly diversified manufacturing base and a predominance of non-manufacturing industries such as trade, services, education, and government. There has been a steady growth of employment in the area during the past ten years. Nonagricultural wage and salary employment averaged 151,400 in 1963, an increase of 25,100 (about 2,790 jobs a year) over the 1954 level. Over three-fourths of this growth resulted from gains in the nonmanufacturing segment of the economy. In 1963 unemployment averaged 6,250 workers, representing an unemployment ratio of 3.5 percent, the lowest level recorded during the 1954-1963 period. Over the January 1965-January 1967 forecast period, nonagricultural employment is expected to increase by about 3,200 jobs a year.
2. The current median income of all families, after deduction of Federal income taxes, is \$5,975; that of tenant families is \$4,075.
3. The current population of the HMA is about 441,000 persons, an increase of around 41,250 (10 percent) since 1960. Population growth since 1960 has averaged 8,685 persons a year. During the 1950-1960 decade the increase averaged 7,799 annually. By January 1, 1967, the population is expected to total 458,000 persons, an average gain of 8,500 a year. Households in the area total 128,100 at present, a gain of about 13,465, or an average of 2,835 annually since 1960. Between 1950 and 1960 the increase averaged 2,589 households a year. The gain during the next two years is expected to approximate 2,750 a year.
4. The current housing inventory of 135,200 units represents a net addition of 14,350 units, or about 3,020 a year since 1960; the average gain between 1950 and 1960 was 2,930 units a year. New residential building activity, as measured by building permits issued, increased from an annual average volume of about 2,720 units during the 1950-1960 decade

to 3,775 units during the 1960 to 1965 period. Of the 18,865 housing units authorized for construction since 1960, slightly over 58 percent were single-family units. During the 1950-1960 decade single-family units represented over 75 percent of the 27,166 units authorized. Approximately 2,800 housing units have been demolished through governmental action since 1960. The proportion of units occupied by owners increased from 52.9 percent in 1950 to 60.9 percent in 1960. The current proportion is estimated at 61.4 percent, indicating a sharply reduced rate of shift from tenant to owner status.

5. There currently are approximately 4,300 available vacant housing units in the area of which about 1,600 are available for sale, representing a homeowner vacancy ratio of 2.0 percent, no change from the 1960 level. The remaining 2,700 vacant available units are for rent, a rental vacancy ratio of 5.2 percent, slightly above the 1960 ratio of 5.1 percent.
6. The number of additional housing units needed to meet the requirements of anticipated household increases and result in establishing more acceptable demand-supply relationships in the market is approximately 3,775 housing units annually. Total demand consists of 1,750 sales units and 2,025 rental units a year.
7. Total demand for 1,750 sales houses a year is distributed by price classes in the table on page 30. Distribution by gross monthly rent levels and by unit sizes of the total annual demand for 2,025 rental units is indicated in the table on page 31. About 1,200 units fall in the rent ranges above the estimated minimum gross rents achievable with customary interest rates, and 825 units fall in the lower gross rent ranges which probably will require the use of public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition.

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Housing Market Area

For the purposes of this analysis, the Nashville Housing Market Area (HMA) is defined as being coterminous with the 1960 definition of the Nashville Standard Metropolitan Statistical Area (SMSA) which consisted of Davidson County, Tennessee. In October 1963 the SMSA was expanded to include Sumner and Wilson Counties, Tennessee, and in January 1964 the labor market area was redefined to include those two counties. However, Davidson County represents the housing market area for the purposes of this analysis, and unless otherwise indicated, references to the "area" or to the "HMA" will be to Davidson County.

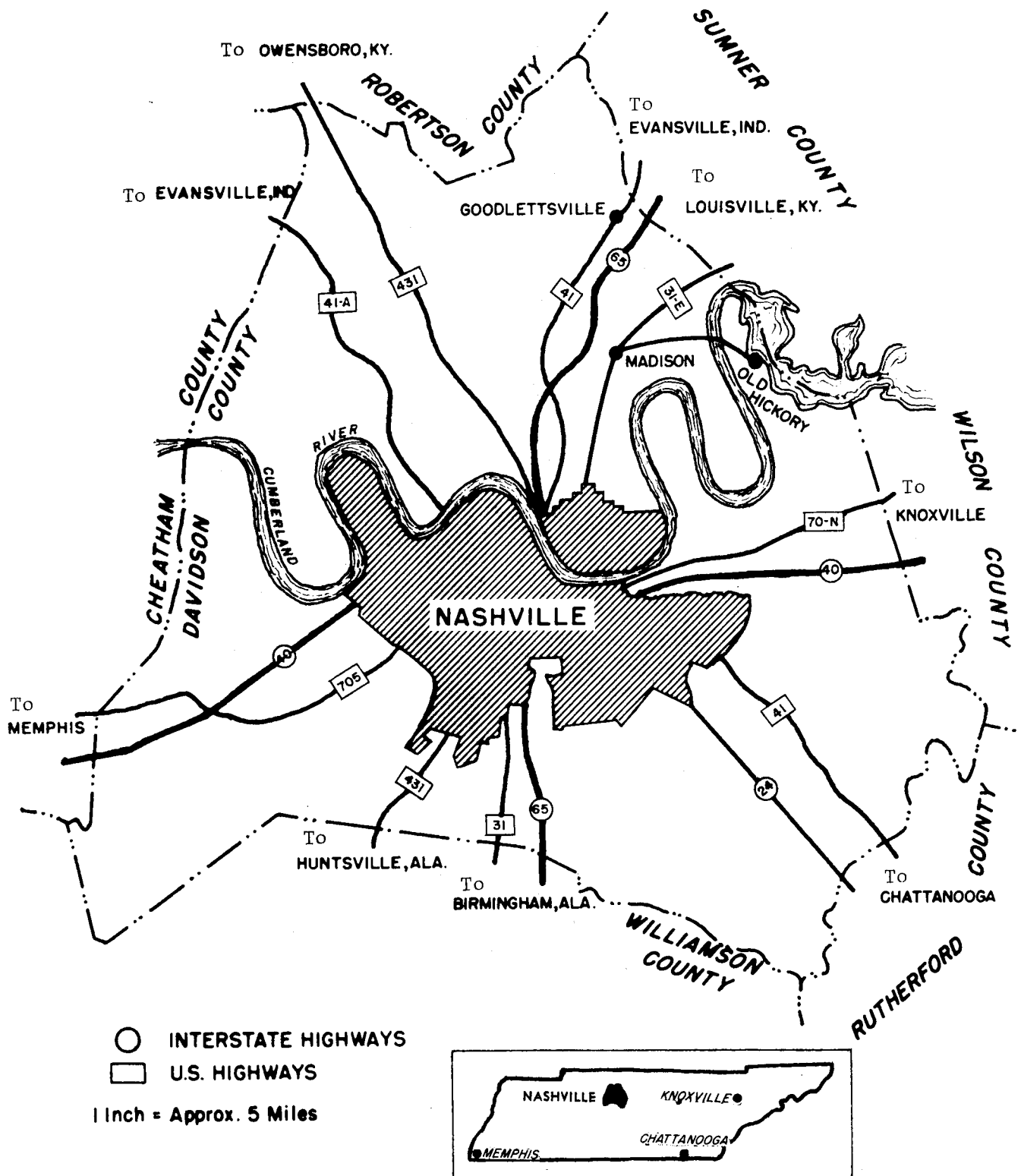
Nashville,^{1/} the central city of the HMA, is located near the geographic center of the State, approximately 140 miles northwest of Chattanooga, 200 miles west of Knoxville, 220 miles east of Memphis, and 180 miles, south of Louisville, Kentucky. The area is served by a fine highway system with about ten Federal highways (three of which are interstate) converging in Nashville. The area is well-served by over 100 motor freight lines, 33 barge lines, two railroads, and six airlines.

According to the 1960 census, there was a net in-commutation, in 1960, of about 5,300 workers to the Nashville HMA with 9,400 area residents commuting to work outside the area and 14,700 commuting daily to jobs in the area. Of the workers who traveled each day to work in the area, approximately 68 percent (10,000) came from the counties which are contiguous to Davidson County.

^{1/}

This is the city of Nashville as defined by the 1960 census which consisted of the 1950 city limits plus an annexation of about seven square miles, but did not include 42 square miles of area annexed in March 1960. Nashville City ceased to exist as such on April 1, 1963, when the new Metropolitan Government of Nashville-Davidson County became effective. Since that date, the city has been designated as the Urban Services District (USD). For purposes of this study, however, the USD will be referred to as "Nashville".

NASHVILLE, TENNESSEE, HOUSING MARKET AREA



Economy of the Area

Character and History

The present economy of Nashville is marked by a highly diversified manufacturing base and a predominance of nonmanufacturing industries such as trade, services, education, and government. The diversification of the manufacturing base and the dominance of nonmanufacturing industries have helped prevent wide fluctuations in employment brought on by cyclical and technological changes, even in periods of national or regional economic distress. The stability of the economy is evidenced by the fact that during the national recession of 1957-1958, nonagricultural wage and salary employment in the Nashville area declined by only about 500 jobs (less than one percent). In fact, this was the only employment decrease experienced during the ten-year period of 1954 through 1963.

The Nashville area was settled around 1779, and its early economy was based upon the cultivation of tobacco and cotton and the raising of livestock. The specialized agrarian economy of the area provided early impetus for the development of many of the main features of the present economy of Nashville, including trade functions, food and tobacco processing, and textile manufacturing, among others. Both World Wars saw substantial industrial advances, when chemical and munitions plants were located in the area.

Employment

Current Estimate. In 1963 (the latest year for which estimates are available for Davidson County only), the Tennessee Department of Employment Security reported an average work force of 179,550 persons in the county, representing an increase of 22,950 (2,550 annually) over the 1954 average level. Nonagricultural wage and salary employment registered an average gain of 25,100 (about 2,790 a year), increasing from an average of 126,300 in 1954 to an average of 151,400 in 1963.^{1/}

Past Trend. As shown in the following table, nonagricultural wage and salary employment increased substantially each year during the 1954-1963 period, with the exception of the 500-job loss registered for the 1957-1958 recession period. Over three-fourths of the wage and salary employment growth between 1954 and 1963 resulted from gains in the nonmanufacturing sector.

^{1/} Comparable employment data are available for the years 1954-1963 only.

Trend of Nonagricultural Wage and Salary Employment
Davidson County, Tennessee
Annual Averages, 1954-1963

<u>Year</u>	<u>Manu- facturing</u>	<u>Non- manufacturing</u>	<u>Total wage and salary employ.</u>	<u>Change in total</u>
1954	36,300	90,000	126,300	-
1955	38,700	92,700	131,400	5,100
1956	38,300	96,000	134,300	2,900
1957	39,100	96,700	135,800	1,500
1958	38,700	96,600	135,300	-500
1959	39,700	98,600	138,300	3,000
1960	40,400	101,000	141,400	3,100
1961	40,200	103,300	143,500	2,100
1962	40,500	107,400	147,900	4,400
1963	42,400	109,000	151,400	3,500

Source: Department of Labor, Bureau of Labor Statistics.

Employment by Industry. Of the average of 151,400 wage and salary workers employed in Davidson County in 1963, 42,400 (28 percent) were employed by manufacturing industries and 109,000 (72 percent) were engaged in nonmanufacturing activities.

Nearly 65 percent of all manufacturing employment in 1963 was provided by the nondurable goods industries which had an average employment of 27,400 workers, and durable goods producers employed 15,000 persons. The printing and publishing, food, and chemical industries accounted for 41 percent of total manufacturing employment. The printing and publishing industry, which employed 7,100 employees (five percent of total wage and salary employment), was the largest manufacturing employer, followed by the food industry with 5,900 workers (four percent) and the chemicals industry which engaged 4,400 persons (three percent of total wage and salary employment). No other single manufacturing group accounted for as much as three percent of total nonagricultural wage and salary employment in 1963.

The wholesale and retail trade group, the service industries, and the various governmental agencies in the county provided more than half (52 percent) of all nonagricultural wage and salary employment

in 1963. The wholesale and retail trade industry was the largest single employing group, with 33,100 workers (22 percent of total wage and salary employment). Service industries engaged 24,700 workers (16 percent), followed by the government group with 21,500 employees (14 percent). The remainder of nonmanufacturing employment was rather evenly distributed among all other groups.

During the 1954-1963 period, manufacturing employment increased by 6,100 (approximately 680 a year). Excellent gains experienced by the stone, clay, and glass industry of 3,100 (344 percent) and in the printing and publishing group of 2,000 (39 percent) were primarily responsible for the ten-year increase. All other groups registered gains ranging from 200 to 800 for the period, with the exceptions of the chemical, fabricated metals, and textile industries which experienced losses amounting to a total of 1,800 jobs and the apparel group which showed no gain (see table I).

Nonmanufacturing employment grew by 19,000 (21 percent) during the 1954-1963 period. All groups showed excellent gains, except the transportation, communications, and public utility industry which declined by 1,900 (16 percent). The largest gains for the period were registered by service industries (5,900), wholesale and retail trade (5,600), and the government group (4,900).

Employment in the Expanded Labor Market Area. In January 1964 the Nashville Labor Market Area was redefined to conform with the new SMSA delineation set by the Bureau of the Budget, i.e., Davidson, Sumner, and Wilson Counties. The Tennessee Department of Employment Security has made estimates for 1963 for the new area so that comparisons can be made for the 1963-1964 period. A comparison of 1963 wage and salary employment data for the old and new labor market areas indicates that the two counties added 13,300 wage and salary workers to the 151,400 in Davidson County in 1963, an increase of about nine percent. Manufacturing employment was increased by 16 percent, and six percent was added to employment in nonmanufacturing industries. The change, however, did not materially effect the distribution of wage and salary employment by industry, although the proportion of manufacturing workers to total wage and salary employment was 30 percent in the expanded three-county area compared with 28 percent in the one-county area.

Work Force, Unemployment, and Employment
Davidson, Sumner, and Wilson Counties
1963 and 1964

<u>Item</u>	<u>1963</u> ^{a/}	<u>1964</u> ^{a/}	<u>Change</u>	
			<u>Number</u>	<u>Percent</u>
Work force	NA	<u>211,550</u>	-	-
Unemployment	NA	7,850	-	-
Percent of work force	NA	3.7%	-	-
 Total employment	 <u>198,700</u>	 <u>203,700</u>	 <u>5,000</u>	 <u>2.5</u>
Wage and salary	<u>164,700</u>	<u>169,400</u>	<u>4,700</u>	<u>2.9</u>
Manufacturing	49,200	50,900	1,700	3.5
Nonmanufacturing	115,500	118,500	3,000	2.6
 All other ^{b/}	 34,000	 34,300	 300	 0.9

a/ Eleven-month average.

b/ Includes agriculture, self-employed, unpaid family workers, and domestics.

Source: Tennessee Department of Employment Security.

Principal Employers

As mentioned previously, the wholesale and retail trade industry is the largest employer in the area, reflecting the role of Nashville as a regional, as well as local, trade center. The concentration of educational, medical, and entertainment activities in Nashville has placed the service industry in the second leading employment position. There are fourteen colleges and universities located in the area, of which two have major medical centers. Total fall enrollment in 1964 in these institutions totaled over 16,000 students. The entertainment activities in the area are primarily concentrated in the musical recording sector, and Nashville ranks second in the Nation (behind New York City) in this category. Being a State capital and regional headquarters for many Federal agencies has placed government employment in a dominating role in the economy of Nashville, also.

There are no single dominating manufacturing employers in the area at present. A check of the major firms listed by local sources indicates that there are only 20 to 25 firms with 500 or more employees.

Although there is no one single dominating industry, the printing and publishing group provides the largest number of jobs (7,100 in 1963), reflecting the concentration of religious printing and publishing houses in the area. The two most important employers in this category are the publishing houses of the Southern Baptist Convention and the Methodist Church.

Unemployment

The Tennessee Department of Employment Security reported that there was an average of 6,250 workers unemployed in Davidson County in 1963, representing an unemployment ratio of 3.5 percent. This is the lowest unemployed total for the county during the entire 1954-1963 period. In 1957 the unemployment rate in Nashville equaled 4.4 percent, slightly above the National rate of 4.3 percent, but substantially below the State rate of 7.1 percent. In the recession year 1958, the rate in Nashville was 5.9 percent, substantially below both the National rate of 6.8 percent and the State rate of 9.4 percent. Although information was not readily available concerning the composition of the unemployed in the county in 1963, it probably was similar to that of the Nation as a whole in that the bulk of the unemployed were the unskilled and semi-skilled workers.

Future Employment Prospects

Based on the employment trends presented in this analysis and on information from local sources on future employment growth, nonagricultural employment in the Nashville HMA is expected to increase by about 6,400 jobs (3,200 annually) during the January 1965-January 1967 period. This average is above the average employment increase of almost 2,800 a year during the 1954-1963 period, but equals the annual growth of 3,200 experienced over the 1958-1963 period. Growth is anticipated in both the manufacturing and nonmanufacturing segments of the economy, with the latter providing the bulk of the gains.

This employment projection is based upon the excellent record of gains that the Nashville area has maintained over the past ten years. Local sources indicated that many of the firms in the area are planning expansion programs for the near future. With the period of prosperity which the Nation is enjoying now and which, according to many economists, will continue, there is no reason to believe that Nashville will not show gains as high as those experienced over the past several years.

Income

The average weekly earnings of manufacturing production workers in Davidson County have shown increases each year over the December 1960-December 1963 period. In December 1960 the average weekly earnings reported by the Bureau of Labor Statistics totaled about \$79, compared to \$87 in 1961, \$89 in 1962, and \$92 in December 1963. In the expanded labor market area of Davidson, Sumner, and Wilson Counties, the latest estimates show that average weekly earnings increased from \$88 in November 1963 to \$91 in November 1964.

The current median annual income of all families in the HMA, after deduction of Federal income taxes, is about \$5,975, and the median income of tenant families, about \$4,075 a year. By 1967 the median annual after-tax income of all families is expected to approximate \$6,250 and that of tenant families, \$4,250. The table below presents the distribution of all families and tenant families by income classes at 1965 and 1967 income levels.

Estimated Percentage Distribution of Families by Annual Income
After Deduction of Federal Income Tax
Nashville HMA, 1965 and 1967

<u>Annual family income</u>	<u>1965 incomes</u>		<u>1967 incomes</u>	
	<u>All families</u>	<u>Tenant families</u>	<u>All families</u>	<u>Tenant families</u>
Under \$4,000	28	49	27	46
\$4,000 - 4,999	11	14	9	14
5,000 - 5,999	12	11	11	12
6,000 - 6,999	11	9	11	9
7,000 - 7,999	10	6	10	6
8,000 - 8,999	7	4	8	4
9,000 - 9,999	6	2	7	3
10,000 - 12,499	8	3	8	4
12,500 and over	7	2	9	2
Total	100	100	100	100
Median income	\$5,975	\$4,075	\$6,250	\$4,250

Source: Estimated by Housing Market Analyst.

Demographic Factors

Population

Current Estimate. The total population in the HMA is about 441,000 on January 1, 1965, an increase of about 41,250 (10 percent) over the 1960 level. The current total represents an annual average gain of about 8,685 persons since 1960. During the 1950-1960 decade, the total population increased by 77,985 (24 percent) from 321,758 in April 1950 to 399,743 in April 1960, an annual average gain of around 7,800 persons. Since the city of Nashville annexed rather large amounts of population during the 1950-1965 period, demographic comparisons for the city would be unrealistic, and thus, have been omitted from this analysis.

Population Trends Davidson County, Tennessee, 1950-1967

<u>Date</u>	<u>Total population</u>	<u>Total change</u>		<u>Annual change</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
April 1950	321,758	-	-	-	-
April 1960	399,743	77,985	24.2	7,799	2.4
January 1965	441,000	41,250	10.3	8,685	2.2
January 1967	458,000	17,000	3.9	8,500	1.9

Source: 1950 and 1960 Censuses of Population.
1965 and 1967 estimated by Housing Market Analyst.

Past Trend. As shown above, annual growth during the 1960-1965 period was substantially above that of the previous decade, reflecting a greater expansion of the economy since 1960. During the 1950-1960 decade, employment increased by about 2,700 jobs a year compared with an annual growth of around 3,200 since then. Another growth factor is the number of students that are attracted to the fourteen colleges and universities in the area. In 1960 there were about 12,900 students enrolled compared with nearly 16,000 in the fall of 1964. By 1967 college enrollment in the HMA should total at least 17,000.

Future Estimate. On the basis of anticipated gains in employment and in college and other institutional population, the total population in Davidson County is expected to increase by about 17,000 (8,500 persons a year) to a January 1967 total of 458,000 persons. The projected annual growth of 8,500 persons during the forecast period is approximately the same as that which occurred over the 1960-1965 period, but is substantially above the 1950-1960 annual growth.

Natural Increase and Migration. Net natural increase (excess of resident live births over resident deaths) averaged about 5,725 a year during the 1950-1960 decade. Total population increased by approximately 7,800 annually, indicating an annual net in-migration of around 2,075 persons during the period, equal to nearly 27 percent of the total annual growth. Since 1960, migration into the area has increased to about 2,620 a year, and net natural increase has averaged 6,065 a year, indicating that in-migration accounted for slightly over 30 percent of the annual 1960-1965 population increase. The greater rate of in-migration since 1960 is a result of the increase in economic opportunities.

Components of Population Change
Davidson County, Tennessee
April 1950 - January 1965

<u>Component</u>	<u>Average annual change</u>	
	<u>1950-1960</u>	<u>1960-1965</u>
Population increase	7,800	8,685
Natural increase	5,725	6,065
Migration	2,075	2,620
Percent of increase due to migration	26.6%	30.2%

Source: 1950 and 1960 Censuses of Population.
Tennessee State Department of Health, and
Estimates by Housing Market Analyst.

Age of Population. A comparison of the total population in the HMA by age in 1950 and 1960 is presented on the following page. The distribution shows that the greatest percentage rates of growth occurred in the age groups under nineteen years and in the 50 years and over age group, reflecting, in part, the high birth rates of the post-World War II and Korean Conflict periods, the improvement in the mortality rates as a result of advances in medicine and other techniques for prolonging life, and the general aging of the population. The loss shown in the table for the 20 to 29 age group reflects, principally, the low birth rates of the 1930-1940 depression decade.

Age of Population
Davidson County, Tennessee
April 1950-April 1960

<u>Age</u>	<u>1950</u>	<u>1960</u>	<u>Change</u>	
			<u>Number</u>	<u>Percent</u>
0- 9	58,185	85,898	27,713	47.6
10-19	45,774	64,710	18,936	41.4
20-29	59,368	56,979	-2,389	-4.0
30-39	51,738	56,818	5,080	9.8
40-49	43,016	49,725	6,709	15.6
50-59	29,937	39,841	9,904	33.1
60-69	19,815	25,974	6,159	31.1
70 and over	<u>13,925</u>	<u>19,798</u>	<u>5,873</u>	<u>42.2</u>
Total	321,758	399,743	77,985	24.2

Source: 1950 and 1960 Censuses of Population.

Households

Since 1960, the number of households (occupied housing units) in the HMA increased by about 13,465 (12 percent) to a January 1965 total of 128,100 households, an annual gain of around 2,835. Between 1950 and 1960, the number of households increased by 25,894 (29 percent) from 88,741 in April 1950 to 114,635 in April 1960, an annual gain of about 2,590 households. The increase in households during the 1950-1960 decade was due in part to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in 1960. The greater household growth during the 1960-1965 period compared with the previous decade is a reflection of a faster population growth and a declining household size.

The average number of persons per household in the HMA has decreased from 3.40 in 1950 to 3.32 in April 1960, and to 3.28 as of January 1965. The decline in the average size of households is a reflection of the increase in marriages, in the number of one-person households and households with two unrelated individuals, and in the number of elderly couples. By 1967 the average number of persons per household is expected to decrease only slightly to 3.27 persons.

Household and Household Size Trends
Davidson County, Tennessee, 1950-1967

<u>Date</u>	<u>Households</u>	<u>Average annual change</u>		<u>Household size</u>
		<u>Number</u>	<u>Percentage</u>	
April 1950	88,741	-	-	3.40
April 1960	114,635	2,589	2.9	3.32
January 1965	128,100	2,835	2.5	3.28
January 1967	133,600	2,750	2.1	3.27

Source: 1950 and 1960 Censuses of Housing.
1965 and 1967 estimated by Housing Market Analyst.

As shown in the preceding table, the number of households in the area will total 133,600 as of January 1967, a gain of 5,500 (2,750 annually). This rate of growth is practically the same as that which occurred during the 1960-1965 period, and reflects the anticipated continuation of favorable economic conditions and employment gains.

Housing Market Factors

Housing Supply

Current Estimate. The housing inventory in the HMA is now 135,200 units, a net gain of around 14,350 units (12 percent) since April 1960. The April 1960 Census of Housing counted 120,847 housing units, an increase of 29,272 (32 percent) over the 1950 total of 91,575 units. The growth of the inventory averaged about 2,930 units (3.2 percent) a year during the 1950-1960 decade, and has grown at a rate of about 3,020 units (2.5 percent) annually since then.

Type of Structure. About 75 percent of the housing units now in the HMA are in one-unit structures (including trailers), slightly below the 1960 proportion of 76.4 percent reported by the Census of Housing. The present proportion of two-unit structures in the inventory is about the same as in April 1960, eleven percent. Units in structures with three or more units presently constitute about 14 percent of the total inventory, somewhat higher than the 1960 ratio of 12.5 percent. The increased proportion reflects the relatively larger increase in construction of multifamily units since 1960.

Units in Structure
Davidson County, Tennessee, 1960-1965

<u>Units in</u> <u>structure</u>	<u>April</u>	<u>January</u>	<u>Percent of total</u>	
	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>
1 unit	92,388 ^a /	101,490 ^a /	76.4	75.1
2 units	13,355	14,880	11.1	11.0
3 or more units	15,090	18,830	12.5	13.9
Total units	120,833 ^b /	135,200	100.0	100.0

^a/ Includes trailers.

^b/ Differs slightly from the count of all housing units (120,847), because units by structural size were enumerated on a sample basis.

Source: 1960 Census of Housing.
1965 estimated by Housing Market Analyst.

Year Structure Built. A large portion of the housing inventory in the HMA is rather old. Based on the 1960 Census of Housing and estimates derived from building permit and demolition data, it is judged that about 40 percent of the current inventory was built before 1940. Approximately 16 percent of the inventory was built between 1940 and 1949, which was nearly equaled by the construction volume in the five years between 1950 and 1954, and was equaled in the period between 1955 and March 1960. About 13 percent of the total current inventory was built subsequent to March 1960.

Year Structure Built
Davidson County, Tennessee, as of January 1965

<u>Year Built</u>	<u>Percent distribution</u>
March 1960 - January 1965	13
1955 - March 1960	16
1950 - 1954	15
1940 - 1949	16
1939 or earlier	<u>40</u>
Total	100

Source: Estimated by Housing Market Analyst.

Condition of the Inventory. Approximately 85 percent of the current housing inventory in Davidson County is not dilapidated and has all plumbing facilities, which constitutes an improvement over the 1960 ratio of about 81 percent. The improvement in the condition of the inventory results from the demolition of substandard units by government action (urban renewal and highway construction) and from a high level of new construction since 1960. The condition of the inventory should continue to improve as over 2,800 housing units (the bulk of which are substandard) are removed within the next two years by governmental action, and as the building volume continues at an expected high level.

Residential Building Activity

Trend. Some 18,865 housing units were authorized in the HMA since 1960. A little over 58 percent of the total units authorized were single-family units, about eight percent were two-family units, and nearly 34 percent were multifamily units (three or more units in a structure). The current proportions of new units by type represent a substantial change from those which prevailed during the 1950-1960 decade. During that decade, there were 27,166 housing units authorized, of which over 75 percent were single-family units, ten percent were two-family units, and 15 percent were multifamily units (see table II).

There has been an average of approximately 3,775 housing units authorized annually since 1960, compared with an average of 2,720 units a year during the 1950-1960 decade. Single-family authorizations have remained at about the same average level during the past fifteen years, with 2,050 a year authorized over the 1950-1960 decade and 2,195 a year since then. Building authorizations for two-family units have increased slightly from an average of 265 a year during the 1950-1960 decade to about 305 annually over the past five years. Multifamily authorizations, however, more than tripled from 1960 to 1965 when an average of about 1,275 units a year (over 2,500 in 1964) were authorized, as contrasted with only 400 a year during the 1950-1960 decade.

Housing Units Authorized by Building Permits
Davidson County, Tennessee, 1950 - 1965

<u>Type</u>	<u>1950 - 1960</u>		<u>1960 - 1965</u>		<u>Annual average a/</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>1950-1960</u>	<u>1960-1965</u>
Single-family	20,509	75.5	10,968	58.1	2,050	2,195
Two-family	2,626	9.7	1,530	8.1	265	305
Multifamily	<u>4,031</u>	<u>14.8</u>	<u>6,367</u>	<u>33.8</u>	<u>405</u>	<u>1,275</u>
Total	27,166 ^{b/}	100.0	18,865 ^{c/}	100.0	2,720	3,775

a/ Rounded.

b/ Includes 2,625 public housing units.

c/ Includes 641 " " " .

Source: Codes Administration Office of Nashville and Davidson County, and Bureau of the Census.

During the past five years, the trend of construction volume, as measured by building permit authorizations, has exhibited a varying pattern. The lowest volume reported for the period was in 1960 when only 3,162 units were authorized. In 1961, the volume jumped to 3,989 units and then declined to 3,166 units in 1962, about equal to the 1960 low. Since 1962, the volume increased to 3,645 units in 1963 and to 4,903 units in 1964, the highest volume recorded in the area for the entire 1950-1965 period (see table IV).

Construction authorizations for public housing units accounted for a little more than three percent of the 1960-1964 authorizations, compared with nearly ten percent of 1950 to 1960 authorizations.

Units Under Construction. On the basis of a postal vacancy survey conducted in November of 1964, on building permit authorizations, and on personal observation, it is judged that about 1,680 units are currently in some stage of construction in the HMA. Approximately 1,090 (65 percent) of the units under construction are multifamily units and 590 are single-family units. With the exception of two garden-type apartment projects totaling about 210 units being constructed in Madison, all of the multifamily units under construction are located in Nashville or its immediate environs.

Demolition Activity. Losses in the inventory resulting from demolition activity have been rather significant since 1960, totaling almost 2,800 units. Over 55 percent (1,545) of the total number of demolitions resulted from the clearance program in the East Nashville Urban Renewal Area, while

the bulk of the remainder was a result of interstate highway construction. During the next two years, the Nashville Housing Authority anticipates that about 2,850 families will be displaced by demolition activity due to urban renewal and highway construction programs.

Estimated Number of Families to be Displaced by Public Action
Davidson County, Tennessee, 1965 - 1966

<u>Project</u>	<u>1965</u>	<u>1966</u>
<u>Urban renewal:</u>	<u>147</u>	<u>636</u>
Central Loop #1	-	77
Edgehill	77	379
University Center	70	180
<u>Highway construction:</u>	<u>937</u>	<u>1,134</u>
Central Loop	363	364
Edgehill	195	390
Other	<u>379</u>	<u>380</u>
Total	<u>1,084</u>	<u>1,770</u>

Source: Nashville Housing Authority

The displacement of 2,850 families during the next two years will present rehousing problems, especially in the case of lower income groups. To help alleviate some of this relocation load, the Nashville Housing Authority recently recommended to the Nashville-Davidson County government the construction of 500 additional public housing units, but as yet no action has been taken. Under these circumstances, it seems probable that all the planned demolitions will not be realized in the two-year period.

Tenure of Occupancy

As of January 1, 1965, there are approximately 128,100 occupied housing units in Davidson County, of which 78,600 (61.4 percent) are owner-occupied and 49,500 (38.6 percent) are renter-occupied. The current tenure estimate represents a substantial reduction in the relative increase in the owner status which occurred during the 1950-1960 decade. In 1960, the owner-occupancy ratio was 60.9 percent, a sizeable jump from the 52.9 percent ratio reported in April 1950. The reduction in the relative shift from renter-occupancy to owner-occupancy reflects the increased construction and occupancy of multifamily units. Increased demand for rental units probably results in part from an increase in

single-person households, from an increase in married couples, and from the movement of elderly persons into rental housing. Increased rental occupancy from those sources has been made possible by the construction of new rental units that are attractive to them.

Occupied Housing Units by Tenure
Davidson County, Tennessee, 1950-1965

<u>Tenure</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>January</u> <u>1965</u>
Total occupied	<u>88,741</u>	<u>114,635</u>	<u>128,100</u>
Owner	46,941	69,865	78,600
Renter	41,800	44,770	49,500
Percent owner-occupied	52.9%	60.9%	61.4%

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

Vacancy

Last Census. In April 1960 the census reported that there were 3,797 vacant, nondilapidated, nonseasonal housing units available for sale or rent in Davidson County, an over-all net vacancy ratio of 3.2 percent. Of the total number of available vacancies, 1,395 were for sale, or a home-owner vacancy ratio of 2.0 percent. The remaining 2,402 available vacancies were for rent, representing a rental vacancy ratio of 5.1 percent. Of the available vacant units, 93 sales units and 729 rental units lacked some or all plumbing facilities.

Postal Vacancy Survey. The four principal post offices in the HMA conducted a postal vacancy survey in the latter part of November 1964. The survey covered nearly 87 percent of the current estimate of housing units in the area. The results of the survey are summarized in the following table and are presented in detail in table III.

Postal Vacancy Survey Summary
Davidson County, Tennessee, November 1964

<u>Post office</u>	<u>Total units surveyed</u>	<u>Units vacant</u>	<u>Percent vacant</u>
Nashville	105,247	2,892	2.7
Goodlettsville	3,022	76	2.5
Madison	6,046	220	3.6
Old Hickory	<u>2,917</u>	<u>86</u>	<u>2.9</u>
Total	117,232	3,274	2.8

Source: FHA Postal Vacancy Survey conducted by the four cooperating postmasters.

Vacancy ratios revealed by postal vacancy surveys are not strictly comparable with those reported by the U. S. Census of Housing. The Census Bureau enumerates vacancies by intended tenure, whereas postal carriers report vacancies by type of structure.

Vacancies in FHA-Insured Projects. According to the March 15, 1964, occupancy survey, there are 1,735 units in 29 projects in the HMA which are insured by the FHA. Of the 1,735 units, 114 units were vacant, representing a vacancy ratio of 6.8 percent.

There are 1,323 units in the older FHA-insured projects in the area. The vacancy experience of these projects since 1960 has been good, although there were increases in 1962 and 1963. As of March 15, 1960, the vacancy ratio for these projects equaled 2.6 percent. In 1961 the ratio declined to 2.1 percent, jumped to 6.6 percent in 1962, and then declined slightly to 6.1 percent in 1963. The latest survey (March 15, 1964) shows that vacancies declined to a ratio of 4.5 percent. The fluctuating trend of vacancies in these projects reflects, partially, the introduction of new, modern rentals into the market since 1960. Also, the varied pattern of vacancies results, partly, from occupancy difficulties experienced by one project.

The vacancy experience of some of the newer FHA projects has been good, although some have had to resort to short-term leases to improve their occupancy position.

Current Estimate. On the basis of postal vacancy survey results, information from local realtors, and personal observation, it is judged that there are currently about 4,300 available vacant housing units in the HMA. Of the total available vacancies, 1,600 are for sale, representing a homeowner vacancy ratio of 2.0 percent, and 2,700 units are available for rent, for a rental vacancy ratio of 5.2 percent. A comparison of the current number of vacancies with the number reported in April 1960 by the Census of Housing is shown in the following table.

Vacant Housing Units
Davidson County, Tennessee, 1960-1965

<u>Category</u>	<u>April</u> <u>1960</u>	<u>January</u> <u>1965</u>
Total vacant	6,212	7,100
Available vacant	<u>3,797</u>	<u>4,300</u>
For sale only	1,395	1,600
Homeowner vacancy ratio	2.0%	2.0%
For rent only	2,402	2,700
Rental vacancy ratio	5.1%	5.2%
Other vacant	2,415	2,800

Source: 1960 Census of Housing.
1965 estimated by Housing Market Analyst.

Approximately 1,500 of the currently available vacant sales units and 2,500 of the available vacant rental units are judged to be acceptable vacancies in that they contain all plumbing facilities. The present proportion of "inferior vacancies" is substantially below that reported by the 1960 census, reflecting the demolition of several hundred such vacant units through governmental action.

The current estimate of acceptable sales and rental vacancies in the HMA represents a level slightly above the level that is judged to represent acceptable demand-supply relationships in areas with growth rates comparable with those of Nashville.

Sales Market

General Market Conditions. The market for new sales houses appears to have softened somewhat during the past year, but not seriously. This slight downturn in the market is evidenced by a current homeowner vacancy level somewhat above the level that represents a balanced demand-supply relationship, by a relatively high unsold inventory of new sales houses, and by an upward trend in FHA acquisitions. This slight weakening of the market is a result of many factors. These include the ever-increasing competition from the large number of rental units which have been built in the area since 1960, and the movement of single persons, young marrieds, and elderly persons into the conveniences of an apartment.

The market for existing homes (those that have been occupied at least once) is relatively firm. The strength of this market reflects the demolition of many older sales units, the transfer of older houses from the sales to the rental market, the relative advantage of locations in established neighborhoods, and the rapid turnover in transitional neighborhoods.

Subdivision Activity. Subdivision activity is scattered throughout the area. There is a ring of such activity around the city of Nashville. About 48 percent of new sales houses were built speculatively in 1964, and about 42 percent in 1963. This fact probably accounts for the slight softening of the market as some builders have overbuilt somewhat. The situation is not serious at present, however, and a slight cutback in construction volume during the next few years would undoubtedly help balance the market in regard to a demand-supply relationship.

Price Trends. There is no evidence to indicate that prices for new homes have changed much, at least during the past few years. The bulk of new construction in 1964 was in the \$12,500 to \$17,500 price range. There are a few areas of higher-priced homes, located south and southwest of Nashville in the Forest Hill, Oak Hill, and Bell Meade areas. Homes in subdivisions in those areas are priced in the \$18,000 to \$40,000 price range. About 15 percent of completions in 1964 were priced at \$20,000 and over. Although the bulk of new construction is in the \$12,500 to \$17,500 range, one subdivision northwest of the city has units priced in the \$9,500 to \$13,500 range. Existing sales housing of good quality and location is priced predominantly in the \$10,000 to \$13,000 range.

Unsold Inventory. Table VI presents the results of the annual surveys of unsold new sales houses which were conducted by insuring office personnel of the Nashville Service Office in January 1964 and 1965. The surveys covered subdivisions in which five or more houses were completed in the twelve months preceding the surveys. The January 1965 survey covered fifteen subdivisions in the Nashville HMA in which 578 houses were completed in 1964. Of that number, 302 were sold before the start of construction and 276 were built speculatively. The comparable January 1964 survey counted 1,088 houses in 22 subdivisions completed in 1963, of which 635 were sold before construction started and 453 were speculatively built. Of the 276 speculative houses built in 1964, 94 remained unsold as of January 1, 1965, 34.1 percent of the speculative construction volume. The January 1964 survey shows that 453 speculatively built houses were completed during the previous twelve months of which 131, or 28.9 percent, were unsold.

Of the 94 houses which were reported unsold as of January 1, 1965, a total of 17 (18 percent) had been unsold for one month or less, 53 (about 56 percent) were unsold for two to three months, and 24 (26 percent) between four and six months. Of the 131 unsold houses reported in the January 1964 survey, 36 (28 percent) had been on the market for one month or less, 69 (53 percent) for two to three months, 15 (11 percent) for four to six months, and 11 (8 percent) for seven to twelve months.

According to the 1965 survey, approximately 71 percent (408) of all the houses constructed were priced in the \$12,500 to \$17,499 range and 15 percent (90) in the \$20,000 to \$24,999 price class. The remainder of the construction volume (80) was evenly divided between the \$10,000-\$12,499 range and the \$17,500 to \$19,999 class. About 96 percent (90 units) of all of the unsold houses were in the \$12,500 to \$17,499 price range.

The 1964 survey indicated that around 63 percent (685) of all houses completed were priced between \$12,500 and \$17,499. The next largest volume of activity was in the \$12,500 and under class in which 21 percent (227) of all completions occurred, closely followed by the \$17,500 and above price range in which about 16 percent (176) of the construction activity occurred. Slightly over three-fourths of the total number of unsold houses were priced in the \$12,500 to \$17,499 class.

In general, the two unsold inventory surveys indicate a slight weakening of the market as evidenced by an unsold inventory to total speculative construction ratio of 34.1 percent registered in January 1965 compared with 28.9 percent as of January 1964. Even though construction volume was about twice as great in 1963, the inventory of unsold houses completed in 1964 was proportionately greater. The surveys also indicate that in both 1963 and 1964 the greatest sales housing demand appears to have been

for units priced between \$12,500 and \$17,500; although an increased proportion of demand in 1964 was for units priced between \$17,500 and \$25,000. In the unsold houses category, two subdivisions consistently had high unsold inventories. These same subdivisions have had a relatively high number of repossessions during the past few years.

FHA Acquired Properties. Acquisitions of single-family homes by the FHA in the area have increased each year since 1960. In 1960 the FHA acquired 12 properties compared with 40 in 1961. In 1962 acquisitions jumped to 126 and further to 172 in 1963 and 191 in 1964. Sales have kept nearly apace with acquisitions and the FHA had 176 properties on hand as of December 31, 1964. The increasing acquisition trend in the area is a reflection of the softening market, but the good sales record indicates that the market is not in any serious trouble.

Rental Market

General Market Conditions. The market for rental housing in the HMA is relatively firm at the present time. This is evidenced by the current estimate of acceptable rental vacancies that is only slightly above a level judged to represent a desirable balance between demand and supply in the area. Also, many of the new multifamily projects and most of the older, well-located, good-quality projects have been able to achieve and maintain a good occupancy experience over the past few years, indicating a rather firm market. This market condition is due to an increased population growth since 1960 and the elimination from the inventory of over 1,500 rental units during the past five years as a result of demolition activity.

New Rental Housing. As indicated above, most of the rental projects (for which information is available) have been able to maintain a fairly high occupancy level. According to a small sample survey recently conducted, there were only 13 vacancies out of a total of 341 units in six garden apartment projects which have been built in the last few years, a vacancy ratio of 3.8 percent. In addition, one project of about 32 units which has just been completed is reportedly having favorable experience. Rentals in these seven projects range from \$100 to \$135 for one-bedroom units, from \$135 to \$155 for two-bedroom apartments, and from \$160 to \$195 for three-bedroom units, depending upon whether the units are furnished. Usually, the monthly rent includes only water. Although this sample survey is quite small, it does indicate the firmness of the market.

The older, well-located and maintained projects such as the FHA-insured rental developments also have been able to maintain an excellent occupancy experience during the past few years. Reports from some of the project managers indicate that the occupancy experience has not changed significantly in recent months. Monthly rentals in these projects typically range from \$66 to \$70 for one-bedroom units, from \$76 to \$80 for two-bedroom units, and from \$93 to \$110 for three-bedroom apartments.

The occupancy experience of the high-rise, luxury apartment projects in the HMA has been fair during the last few years. Many of the projects have been able to achieve 80 percent occupancy, while a few others have achieved occupancy of over 90 percent. Two projects have had problems, though, and reflect difficulties unique to these particular developments. Monthly rentals for the bulk of the high-rise units typically range from \$85 to \$100 for efficiencies, from \$130 to \$145 for one-bedroom units, from \$150 to \$225 for two-bedroom units, and from \$265 to \$325 for three-bedroom units, including all utilities.

Under Construction. Currently, there are about 1,090 multifamily units in some stage of construction in the HMA, including 220 public housing units for the elderly. All of the units under construction are in garden-type developments, with the exception of the public elderly housing project which is a high-rise. There are two FHA-insured projects now under construction in Nashville containing 200 units. Practically all of the units currently under construction will be ready for occupancy before the end of this year.

Proposed Construction. In addition to the units now under construction, a high-rise building is in the planning stage. No information was available for this project. Besides the two projects now being constructed, three others totaling 206 units are now being planned for construction with public benefit financing at relatively low rents. A 300 unit project also is in the planning stage in the Edgehill Urban Renewal Area.

Mortgage Market

The mortgage market of the Nashville HMA appears to be amply supplied with funds, currently. There are no indications that developers are having any significant problems obtaining financing. With regard to apartment financing, evidence indicates that various insurance companies are investing rather heavily in the area. No difficulties could be discerned, either, with regard to home financing.

The participation of the FHA in new construction financing in the HMA has equaled over one-third of the total each year during recent years. Such participation can be approximated by comparing building permits issued for new single-family homes with the number of Section 203, 221, and 222 home mortgages insured by the FHA on proposed construction.

FHA Participation in New Construction Financing
Single-Family Houses
Davidson County, Tennessee, 1961-1963

<u>Year</u>	<u>Single-family permits issued</u>	<u>Home mortgages insured by FHA</u>	
		<u>Number</u>	<u>As pct. of permits</u>
1961	2,405	835	34.7
1962	2,154	768	35.7
1963	2,287	843	36.9

Source: Bureau of the Census, C-40 Construction Report and
FHA Division of Research and Statistics.

Urban Renewal and Redevelopment

At present, there are three active urban renewal projects in the area and two projects which are nearly completed. The following sections summarize various aspects of these projects.

The Edgehill Urban Renewal Project (Tenn. R-69) in the city of Nashville covers an area of about 1,130 acres. The area is bounded roughly on the north by Demonbreun Avenue, 12th Avenue, and Division Street, on the west by 16th Avenue and Belmont Boulevard, on the south by Bernard, 15th, Ashwood, Lawrence, 9th, Bradford, White, and Craighead Avenues, and on the east by the Louisville and Nashville Railroad.

The future development of the land in the project area is a "mix" of residential, commercial, industrial, public, and highway re-use. Present plans call for the initial construction of about 470 single-family homes, 500 public housing units (which have not yet been approved), and 1,500 multifamily units to be built by private developers. In addition, the Nashville Housing Authority hopes to be able to build, initially, 300 units of Section 221(d)(3) housing in this area, with others to follow if these are successful.

The area is surrounded by a variety of land uses. On the north are commercial and industrial areas, and on the northeast and east sides of the project are poorer-quality, single-family developments and public housing. To the west of the Edgehill project is the University Center Urban Renewal Area which is to be developed into institutional, commercial, and multifamily re-use. On the south are areas of good-quality single-family and multifamily development.

Approximately 1,040 housing units in the project area are to be demolished over the next two years, and about 1,105 units are to be removed during the 1967-1970 period. The planning for this area will not be completed until June of this year, with execution to start thereafter. Final completion of the entire project, however, will take at least six years.

The University Center Urban Renewal Project (Tenn. R-51) covers an area of approximately 740 acres. The project is bounded roughly by the Edgehill project on the east, by West End Avenue, 18th Avenue, and Division Street on the north and northwest, by 32nd Avenue on the west, and by Blakemore, Acklen, 26th, Fairfax, 24th, 21st, and Belcourt Avenues, and Natchez Trace on the south.

The land in this project area is to be developed into a mix of institutional, highway, commercial, public, and residential re-use. Most of the land will be sold to Vanderbilt University, Scarritt College, and Peabody College for their expansion programs. There will be some spot clearance and rehabilitation of residential properties in the area, also. The area is surrounded by good-quality commercial properties along its northwest boundary, single-family residences on the south, and the Edgehill project on the east.

Approximately 890 housing units in this area will be demolished during the 1965-1970 period, 250 of them within the next two years. As of January 1, 1965, the project planning was not completed, and will not be finished until April. Execution of project plans is expected to begin sometime in mid-1965, and final completion will take at least six years.

The only other project that is really active in the HMA is the first stage of the Central Loop General Neighborhood Renewal Project (Tenn.R-4^c). This project covers an area of nearly 41 acres and is delineated by Demonbreun Avenue on the southeast, by 12th Avenue on the southwest, by Charlotte, 3rd, and Gay Avenues on the northwest, and by the Cumberland River, Broadway, and 3rd Avenue on the northeast.

Primarily, the area is to be developed into commercial re-use, with some high-rise multifamily units to be built along the river. Other re-uses for the land in this project are the development of a public park and a new boulevard and tunnel. The area is completely surrounded by the central business district, a part of which also is scheduled for renewal sometime within the next six to ten years.

By the end of 1970, about 270 housing units will have been removed. During the forecast period of 1965-1967, however, only about 77 units will be demolished. In addition, 727 more housing units in the entire Central Loop project will be removed within the next two years for the construction of an interstate highway. The planning application of this project is expected to be approved within a short time. Execution of project plans will probably start sometime in 1966, while final completion of construction in the project area probably will not be completed until 1968 or 1969.

In addition to the projects discussed above, there are two areas in which renewal work is practically completed. The oldest project in the area is the Capitol Hill Urban Renewal Area (Tenn. 2-1). The project covers an area of about 72 acres of land which surrounds the State Capitol. Clearance and construction work started in September 1952. The land was used for the construction of the James Robertson Parkway, a few motels and other commercial facilities, and two high-rise apartment developments (Capital Towers and Metro Manor). Very little work remains to be done in this area.

The only other project in the HMA in which work has been done is the East Nashville Urban Renewal Area (Tenn. R-13). The project covers an area of 2,052 acres. Work in this project began in June 1959. At the present time, there still is enough land available for the development of about 92 single-family homes and about 678 multifamily units. No proposals by developers have been received, however.

As can be seen from the preceding sections, urban renewal activity within the Nashville area has been quite extensive. Since the start of the Capitol Hill project in 1952, about 6,000 acres of land within the city have been or will be redeveloped through urban renewal action. Since 1960, over 1,500 housing units have been demolished and within the next seven years an additional 5,800 units will be removed from the housing inventory. In general, urban renewal activity has been a dynamic, as well as beneficial, force in the housing market. Such activity has helped improve the condition of the housing supply and helped keep the market in a rather fair balance between demand and supply. Urban renewal will continue to be a dynamic force in the Nashville area, not only from the projects now in final planning stages, but also from those which are only in the preliminary stage at this time.

Public Housing

There are 4,503 public housing units in the HMA at the present time. In addition there is one project for the elderly totaling 181 units which has just been completed and one project of 220 units for the elderly now under construction. In conjunction with the urban renewal plans for the city of Nashville, the Housing Authority hopes to be able to construct 500 more units by late 1966. Rentals for the existing units range between \$25 and \$80 a month, including utilities, with the average rental being \$34 a month. Maximum income limits for admission into these units range from \$3,000 to \$3,660 depending on the number of dependents. For elderly persons, however, the maximum income limit ranges from \$3,750 to \$4,500. There usually are a few units vacant at all times as a result of turnover.

Demand for Housing

Quantitative Demand

Over the January 1, 1965 to January 1, 1967 forecast period, prospective household growth is projected at 2,750 annually. The demand for new housing arising from household growth has been adjusted for the large number of units expected to be lost through demolitions, conversions, catastrophies, and other losses, for the need to reduce somewhat the number of acceptable vacancies to levels consonant with the long-term needs of the Davidson County area, and for the number of units now under construction. Consideration is also given to the current tenure composition of households and the continued slow trend toward homeownership.

To accommodate household growth and to allow for expected inventory and occupancy changes, approximately 3,775 housing units annually will need to be added during the next two years. Approximately 1,750 units will represent annual sales demand. About 2,025 units will represent annual demand for rental units.

The addition of 3,775 new units a year would be equivalent to the average of about 3,775 units a year authorized by building permits since 1960, but significantly below the 4,900 units authorized in 1964.

The estimate of demand does not take account of all the planned demolitions resulting from public actions during the next two years. Some demolitions have been discounted because of the probability of a lag in completion of urban renewal clearance plans and the fact that a portion of the families displaced probably will be rehoused (at least temporarily) through more intensive use of the existing housing inventory. If demolitions are accomplished according to planned schedules, demand for privately-owned units may be somewhat higher than the foregoing estimate. Most of the increase would be at the lowest rents and sales prices achievable in privately-owned housing.

Qualitative Demand

Sales Housing. Based on current family incomes, on typical ratios of income to purchase price, and on recent market experience, the annual demand for 1,750 sales units is expected to be distributed by price as shown in the following table. Single-family houses that meet FHA minimum standards cannot be produced in the Nashville area to sell for much less than \$9,000.

Estimated Annual Demand for New Sales Houses by Price Classes
Davidson County, Tennessee
January 1965 to January 1967

<u>Price range</u>	<u>All Households</u>
Below \$10,000	55
\$10,000-11,999	160
12,000-13,999	385
14,000-15,999	295
16,000-17,999	210
18,000-19,999	160
20,000-24,999	260
25,000 and over	225
Total	<u>1,750</u>

Source: Estimated by Housing Market Analyst.

The preceding distribution of prospective demand by price range indicates that over 50 percent is in the sales price of from \$12,000 to \$13,000. Although a substantially higher portion of new houses completed in 1964 in subdivisions with five or more completions were in that general price range, houses built to sell for those prices were reported to have been least readily sold (see table VII). About 12 percent of demand is expected to be at prices under \$12,000. Although only about seven percent of completions in 1964 were in that range, sales experience was good. Approximately 24 percent of demand falls in the price range of \$18,000 to \$25,000, somewhat more than the 23 percent proportion of 1964 completions in that range. But in that range, also, sales experience was exceptionally good in 1964.

The distribution shown above differs from that in table IV, which reflects only selected subdivision experience during the year 1964. It must be noted that the 1964 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 more expensive housing construction, and some of the lower value homes, are concentrated in the smaller building operations which are quite numerous. The demand estimates above reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

Rental Housing. On the basis of projected renter family incomes and ratios of rent to income which are typical in the area, the annual demand for 2,025 rental units in the Nashville HMA is expected to be distributed by monthly gross rent levels and by unit sizes according to the pattern indicated in the table below. Net additions at these rentals may be accomplished by new construction or rehabilitation at the specified rent levels with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or in land acquisition. The production of units in the higher ranges of rent will result in a competitive filtering of existing accommodations.

Under current costs, minimum rents (including utilities) at which new privately-owned rental units can be produced in the area at customary interest rates are approximately \$90 a month for efficiencies, \$100 for one-bedroom units, \$110 for two-bedroom units, and \$120 for three-bedroom units. At and above these minimum rents, there is a prospective annual demand for approximately 1,200 units. At the lower rents achievable with public benefit or assisted financing an additional 825 units a year probably can be absorbed.

Estimated Annual Demand for Additional Rental Housing in
Davidson County, Tennessee
January 1965 to January 1967

<u>Monthly gross rent a/</u>	<u>Size of unit</u>			
	<u>Efficiency</u>	<u>One- bedroom</u>	<u>Two- bedroom</u>	<u>Three- bedroom</u>
\$ 80 and over	150	-	-	-
85 " "	135	760	-	-
90 " "	115	650	845	-
95 " "	100	570	740	270
100 " "	85	490	335	230
110 " "	65	360	275	170
120 " "	45	255	230	120
130 " "	30	165	210	75
140 " "	15	90	115	40
150 " "	-	70	95	35
160 " "	-	65	85	30
180 " "	-	35	45	15
200 " "	-	20	25	10

a/ Includes all utilities.

Note: The above figures are cumulative, i.e., the columns cannot be added vertically.

Source: Estimated by Housing Market Analyst.

Table I

Annual Average Nonagricultural Wage and Salary Employment by Type of Industry
Nashville HMA
1954-1963
(in thousands)

<u>Industry</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Wage and salary employment	<u>126.3</u>	<u>131.4</u>	<u>134.3</u>	<u>135.8</u>	<u>135.3</u>	<u>138.3</u>	<u>141.4</u>	<u>143.5</u>	<u>147.9</u>	<u>151.4</u>
Manufacturing	<u>36.3</u>	<u>38.7</u>	<u>38.3</u>	<u>39.1</u>	<u>38.7</u>	<u>39.7</u>	<u>40.4</u>	<u>40.2</u>	<u>40.5</u>	<u>42.4</u>
Durable goods	<u>10.8</u>	<u>11.8</u>	<u>11.8</u>	<u>13.2</u>	<u>13.3</u>	<u>14.5</u>	<u>14.6</u>	<u>14.5</u>	<u>14.7</u>	<u>15.0</u>
Lumber, furn., & fixtures	1.9	2.1	2.3	2.2	1.9	2.3	2.4	2.3	2.0	2.1
Stone, clay, & glass	.9	1.0	.9	2.1	2.4	3.0	3.2	3.5	3.9	4.0
Fabricated metals	2.8	2.9	3.0	3.1	2.8	2.9	2.8	2.7	2.8	2.7
Machinery, includ. elect.	(5.2	3.8	3.6	3.6	4.0	4.1	4.1	3.9	3.8	4.0
Other durable goods <u>a/</u>	(2.0	2.0	2.2	2.2	2.2	2.1	2.1	2.2	2.2
Nondurable goods	<u>25.5</u>	<u>26.8</u>	<u>26.5</u>	<u>25.9</u>	<u>25.4</u>	<u>25.2</u>	<u>25.8</u>	<u>25.7</u>	<u>25.8</u>	<u>27.4</u>
Food & kindred products	5.7	5.9	5.9	5.8	5.6	5.4	5.4	5.5	5.6	5.9
Textile mill products	2.7	2.8	2.7	2.5	2.3	2.3	2.2	2.2	2.1	2.1
Apparel & related prods.	2.4	2.5	2.3	2.3	2.2	2.3	2.3	2.4	2.5	2.4
Printing & publishing	5.1	5.6	5.7	6.0	6.0	6.3	6.4	6.7	7.0	7.1
Chemicals	5.5	6.0	5.6	5.1	5.0	4.7	4.9	4.1	3.6	4.4
Leather	3.2	3.1	3.2	3.1	3.0	3.0	3.2	3.3	3.5	3.8
Other nondurable goods <u>b/</u>	.9	.9	1.1	1.1	1.3	1.2	1.4	1.5	1.5	1.7
Nonmanufacturing	<u>90.0</u>	<u>92.7</u>	<u>96.0</u>	<u>96.7</u>	<u>96.6</u>	<u>98.6</u>	<u>101.0</u>	<u>103.3</u>	<u>107.4</u>	<u>109.0</u>
Construction	7.0	6.9	6.8	6.5	6.7	7.1	7.1	8.0	8.7	8.5
Trans. & public utilities	12.2	12.0	12.5	12.2	11.3	11.0	10.7	10.5	10.4	10.3
Wholesale & retail trade	27.5	28.4	29.0	29.5	29.6	30.4	31.5	31.2	32.6	33.1
Finance, ins., & real estate	8.1	8.7	9.2	9.6	9.6	9.8	10.2	10.4	10.7	10.9
Services	18.8	19.5	20.5	20.8	20.8	21.2	21.8	22.8	24.0	24.7
Government	16.6	17.6	18.1	18.3	18.6	19.1	19.7	20.4	21.0	21.5

Note: Subtotals may not add to totals because of individual rounding.

a/ Includes primary metals, transportation equipment, and miscellaneous manufacturing.

b/ Includes tobacco, paper, and petroleum, coal, and rubber products.

Source: Department of Labor, Bureau of Labor Statistics and the Tennessee Department of Employment Security.

Table II

Housing Units Authorized by Building Permits
Davidson County, Tennessee
1950 - 1964

<u>Year</u>	<u>Total</u>	<u>One-family</u>	<u>Two-family</u>	<u>Multifamily</u>
1950	4,289	3,312	604	373
1951	3,838 ^{a/}	2,440	362	1,036
1952	2,961 ^{b/}	1,071	310	1,580
1953	2,030 ^{c/}	1,664	260	106
1954	2,825	2,557	204	64
1955	3,398	3,149	200	49
1956	1,924	1,786	120	18
1957	1,458	1,263	122	73
1958	1,948	1,545	184	219
1959	2,495	1,722	260	513
Sub-total	27,166	20,509	2,626	4,031
Percent	100.0%	75.5%	9.7%	14.8%
1960	3,162	2,083	302	777
1961	3,989 ^{d/}	2,405	292	1,292
1962	3,166	2,154	214	798
1963	3,645 ^{e/}	2,287	366	992
1964	4,903 ^{f/}	2,039	356	2,508
Sub-total	18,865	10,968	1,530	6,367
Percent	100.0%	58.1%	8.1%	33.8%
Grand total	46,031	31,477	4,156	10,398

^{a/} Includes 1,495 public housing units.

^{b/} " 1,030 " " "

^{c/} " 100 " " "

^{d/} " 240 " " "

^{e/} " 181 " " "

^{f/} " 220 " " "

Source: Codes Administration Office of Nashville-Davidson County and Bureau of the Census, C-40 Construction Reports.

Table III

Nashville, Tennessee Area Postal Vacancy Survey

November 23-26, 1964

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	117,232	3,274	2.8	2,636	638	1,930	104,564	2,239	2.1	1,841	398	589	12,668	1,035	8.2	795	240	1,341	1,141	48	4.2
Nashville	105,247	2,892	2.7	2,386	506	1,558	93,159	1,920	2.1	1,616	304	470	12,088	972	8.0	770	202	1,088	962	36	3.7
Main Office	14,888	571	3.8	468	103	391	11,095	256	2.3	228	28	45	3,793	315	8.3	240	75	346	-	-	-
Branches:																					
Donelson	6,033	225	3.7	170	55	37	5,913	193	3.3	158	35	33	120	32	26.7	12	20	4	9	9	100.0
Melrose	7,470	124	1.7	98	26	29	7,021	85	1.2	71	14	15	449	39	8.7	27	12	14	1	1	100.0
Stations:																					
Acklen	7,421	272	3.7	268	4	118	4,952	106	2.1	106	-	2	2,469	166	6.7	162	4	116	-	-	-
Airport	2,557	66	2.6	51	15	76	2,537	62	2.4	47	15	52	20	4	20.0	4	-	24	2	-	-
Arcade	405	41	10.1	38	3	-	8	-	-	-	-	-	397	41	10.3	38	3	-	-	-	-
East	16,502	455	2.8	406	49	320	15,243	333	2.2	295	38	49	1,259	122	9.7	111	11	271	4	-	-
Green Hills	5,189	60	1.2	45	15	163	5,090	60	1.2	45	15	45	99	-	-	-	-	118	-	-	-
North	10,996	219	2.0	208	11	48	9,986	170	1.7	163	7	41	1,010	49	4.9	45	4	7	2	2	100.0
Northeast	7,548	253	3.4	197	56	77	7,062	211	3.0	157	54	37	486	42	8.6	40	2	40	544	-	-
South	4,081	145	3.6	125	20	43	3,379	77	2.3	69	8	11	702	68	9.7	56	12	32	357	20	5.6
Stahlman	14	5	35.7	5	-	-	12	5	41.7	5	-	-	2	-	-	-	-	-	-	-	-
West	10,859	230	2.1	164	66	125	9,812	164	1.7	138	26	68	1,047	66	6.3	26	40	57	34	4	11.8
Woodbine	11,284	226	2.0	143	83	131	11,049	198	1.8	134	64	72	235	28	11.9	9	19	59	9	-	-
Suburban Area	11,985	382	3.2	250	132	372	11,405	319	2.8	225	94	119	580	63	10.9	25	38	253	179	12	6.7
Goodlettsville	3,022	76	2.5	45	31	64	3,000	76	2.5	45	31	64	22	-	-	-	-	-	76	2	2.6
Madison	6,046	220	3.6	137	83	290	5,512	163	3.0	118	45	37	534	57	10.7	19	38	253	34	7	20.6
Old Hickory	2,917	86	2.9	68	18	18	2,893	80	2.8	62	18	18	24	6	25.0	6	-	-	69	3	4.3

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).

Table IV

FHA Survey of Unsold Inventory of New Sales Houses
Davidson County, Tennessee, 1964 and 1965

<u>Sales price</u>	<u>Total completions</u>	<u>Units sold before const. start</u>	<u>Speculative construction</u>			<u>Percent unsold</u>
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u>	
<u>Houses completed in 1963 a/</u>						
Under \$10,000	48	38	10	5	5	50.0
\$10,000 - 12,499	179	135	44	28	16	36.4
12,500 - 14,999	424	192	232	167	65	28.0
15,000 - 17,499	261	144	117	83	34	29.1
17,500 - 19,999	97	60	37	31	6	16.2
20,000 - 24,999	60	47	13	8	5	38.5
25,000 - 29,999	<u>19</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	1,088	635	453	322	131	28.9
<u>Houses completed in 1964 a/</u>						
\$10,000 - \$12,499	40	10	30	26	4	13.3
12,500 - 14,999	204	84	120	70	50	41.7
15,000 - 17,499	204	87	117	77	40	34.2
17,500 - 19,999	40	31	9	9	-	-
20,000 - 24,999	<u>90</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	578	302	276	182	94	34.1

a/ Survey includes only subdivisions with five or more completions during the year.

Source: Annual Unsold Inventory Survey conducted by the Knoxville Insuring Office.