Analysis of the

NEWPORT, RHODE ISLAND HOUSING MARKET

as of August 1, 1966

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

May 1967

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

Foreword

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

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

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

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Summary and Conclusions

1. Total nonagricultural civilian employment is estimated to have averaged about 20,200 in April 1966, a gain of some 3,200 jobs since April 1962, or nearly 800 annually. In recent years growth in employment has been most rapid in trade and services. Much of the increase in employment reflects the presence of the U.S. Naval Base, the largest single employer in the Newport area, and the growth of tourism in the Newport HMA. Continued growth at the rate of 800 jobs a year is expected for the next two years.

   Uniformed military personnel assigned to the "Newport side" of the U.S. Navy Base totalled just over 25,300 in April 1966, 12 percent above the level reported in December 1962. Civil Service employment at the various Navy facilities in the Newport HMA reached nearly 3,125 in March 1966, not much above the April 1960 level but 240 (eight percent) above the April 1962 total.

   The Rhode Island Department of Employment Security reports that "hard core" unemployment (discounting seasonal or temporary unemployment) has been low in the Newport area in recent years. The ratio of unemployed to the total work force in the area was reported to be about 4.4 percent in April 1966, down from 5.2 percent in April 1962.

2. The current median annual income of all families in the Newport area is estimated to be $6,575, after deduction of Federal income tax, and the median after-tax income of renter households of two-or-more persons is about $5,325. By August 1, 1968, median annual after-tax income for all families in the Newport area is expected to increase by $350 to $6,925, and by $300 to $5,625 for renter households of two-or-more persons.

3. At the present time, the population in households of the Newport HMA totals approximately 72,850 persons, including 20,400 (28 percent) military population in households (uniformed military and dependents), and 9,200 (13 percent) military-connected civilian population in households (civilians who work for the military and their dependents). The nonmilitary-connected household population totals 43,250 (59 percent of the total). By August 1, 1968, the population in households is expected to reach 76,350, a gain of 3,500 persons (1,750 annually) during the two-year period.

4. Currently, there are an estimated 22,250 households (occupied dwelling units) in the HMA, including 5,750 military households (26 percent of the HMA total), 3,000 military-connected civilian households (13 percent), and 13,500 nonmilitary-connected civilian households (61 percent). Based

on projected increases in employment and population in households, there will be about 23,350 households in the Newport area by August 1, 1968, an increase of 1,100 (550 annually) above the current estimate.

5. At the present time, there are about 25,050 housing units in the Newport HMA, indicating a net gain of 3,150 units (14.4 percent), or 500 annually, since April 1, 1960. Currently, there are about 140 single-family houses and 65 multifamily units under construction in the Newport area.

6. There are approximately 130 housing units available for sale, representing a homeowner vacancy ratio of 1.1 percent, and an estimated 470 vacant units available for rent, indicating a renter vacancy ratio of 4.1 percent. In April 1960, sales and rental vacancy ratios were 1.5 percent and 7.9 percent, respectively. The current low vacancy ratios are indicative of a tight housing market among the communities on Aquidneck Island, which is reflected to some extent in the low inventory of unsold new houses, the rising prices of new sales houses, and the leasing program of the Department of the Navy. At the present time, vacancies in acceptable rental accommodations with gross monthly charges of less than $100 are virtually nonexistent; the newer rental units with rents of $150 and up are being absorbed rather slowly, however.

7. The volume of privately-owned net additions to the housing supply that will meet the requirements of anticipated growth during the next two years and result in a more balanced demand-supply relationship is judged to average 500 units a year, including 340 units of new sales houses and 160 units of new rental housing. An additional 90 middle-income rental units could be marketed annually at rents achievable with the aid of below-market-interest-rate financing or assistance in land acquisition and cost. These estimates exclude public low-rent housing or rent-supplement accommodations. The experience in marketing these units may indicate the extent of possible additional demand from Navy personnel now living in accommodations classed as "unsuitable." The annual demand for new sales housing by price classes is expected to approximate the pattern indicated on page 30. An approximate distribution of rental demand by monthly gross rent and size of units is presented on page 32.

ANALYSIS OF THE NEWPORT, RHODE ISLAND, HOUSING MARKET AS OF AUGUST 1, 1966

Housing Market Area

The Newport Housing Market Area (HMA) is defined for this analysis as Aquidneck Island, comprised of the city of Newport and the towns of Middletown and Portsmouth, and the town of Tiverton which is located on the eastern mainland of Rhode Island and connected with Aquidneck Island by the toll-free Sakonnet River Bridge. All of the municipalities are located in Newport County, Rhode Island, of which the city of Newport is the county seat.

During the war years, it was not uncommon for a substantial number of workers to commute to Newport daily from Providence, Rhode Island, and New Bedford and Fall River, Massachusetts. There is much commutation between the latter city and Newport today since Fall River is only 18 miles northeast of Newport City via the Sakonnet River Bridge.

The total population of the Newport HMA was approximately 77,450 in 1960, including military families resident in the area, and military personnel aboard vessels berthed in Newport on the census date. The 1960 population of the city of Newport totalled 47,050, accounting for 61 percent of the population of the HMA. In 1960, the town of Middletown had a population of nearly 12,700 (16 percent of the HMA total), 8,250 persons (11 percent) resided in Portsmouth Town, and 9,450 (12 percent) lived in Tiverton Town.1/

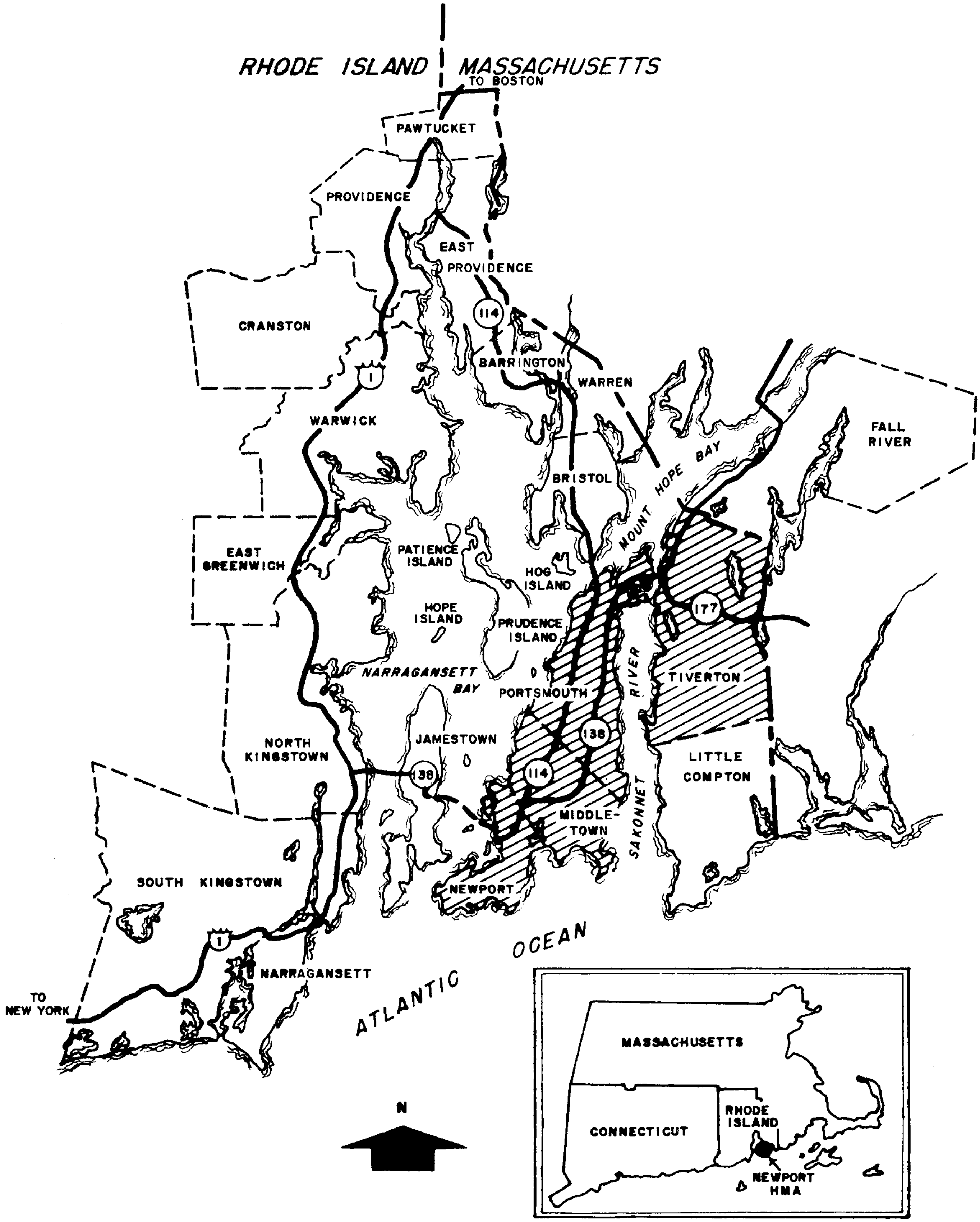
Since most of the HMA is an island, accessibility by road is limited. The toll-free Sakonnet River Bridge connects Aquidneck Island with Tiverton. The Mount Hope Bridge connects the island to Bristol County on the north (see map). The one-way toll on the Mount Hope Bridge is 35 cents, but the cost for commuters, who generally purchase ten-trip tickets, averages ten cents each way. The Narragansett Bay Bridge is now being built. When the bridge is completed (early 1968), the city of Newport will be connected for the first time with the Rhode Island mainland to the west via the Narragansett Bay Bridge to Jamestown and then the Jamestown Bridge to the mainland.

Bus service on the island is provided by the Newport Bus Company and the Transit Line Incorporated. Hourly bus service is provided by the Short Line Bus Company to Providence and Fall River. Daily bus service to

1/ Inasmuch as the rural farm population in the HMA constituted less than one percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

Boston is offered by the Greyhound Bus Lines. The New York, New Haven, and Hartford Railroad provides freight service only. The Newport Air Park, five miles from Newport City in Middletown, offers private air charter service and limited air taxi service only. Efforts are currently being made in developing the airport into the "trunk" category, which would permit certified 24-hour passenger service. Limited service to Jamestown is provided by the Jamestown Ferry which operates on an hourly basis between 6:00 a.m. and 11:30 p.m. during most of the year, weather permitting. During the summer months, the ferry operates on a half-hour schedule to accommodate tourists.

NEWPORT, RHODE ISLAND, HOUSING MARKET AREA



Economy of the Area

Character and History

Newport was settled in 1639. As a result of the excellent harbors in Narragansett Bay, early growth of Newport evolved from sea-borne commerce, principally the famous rum, molasses, and slave trade. Newport grew rapidly as a commercial center until the American Revolution, during which time the British occupied the town. The post-Revolutionary economy of the Newport area revolved around the growth of the United States Navy in the Narragansett Bay area until the 1800's when Aquidneck Island developed as the summer playground for the fashionable and ultra-rich. During the next 100 years, the economy of the area depended upon the few elite families whose palatial estates still grace the ocean front. During World War I, the Navy grew rapidly in importance in the area and many of the wealthy families left, auctioning their mansions at fractions of their former value. From this time on, the old resort economy which depended on a wealthy few steadily declined in Newport, superseded by a new and different resort business which catered to less elite tourists from all parts of the country and to recreation seekers from larger metropolitan areas within easy driving distance of Newport.

The United States Navy long has played a role in the economy of the Narragansett Bay area. Subsequent to the establishment of an experimental torpedo station on Goat Island in 1869 the local Naval establishment grew rapidly and became the dominant economic force. Whatever the outcome of efforts to convert Newport into a conventional resort area, the elite resort element of the economy, which furnished the principal support some 50 years ago, is now decidedly secondary in this respect to the United States Navy and its various operations. In 1965, the payroll for all naval activities on the "Newport side" of Narragansett Bay was in excess of 101 million dollars.

Employment

Current Estimate. Data regarding total civilian employment in the Newport area are lacking. Based on provisional data made available by the Rhode Island Department of Employment Security and on other estimates, it is judged that nonagricultural civilian employment in the Newport HMA totalled about 20,200 in April 1966. On a similar basis, nonagricultural civilian employment in April 1962 is estimated to have totalled about 17,000, indicating that employment has grown by about 3,200 during the four-year period, or by about 800 jobs annually. In 1962, approximately 10 percent of all nonagricultural workers were employed in manufacturing industries. Nearly 70 percent of the manufacturing workers were employed in the electrical machinery industry. Principal sources of nonmanufacturing employment were government (28 percent of total nonagricultural employment), services (18 percent), and trade (15 percent).

Past Trend. The only continuous comparable series available on employment in the Newport area is that provided by data on workers covered by the Rhode Island Employment Security Act (see table I). Inasmuch as the data exclude civilian employees of the Federal, State, and local governments in the Newport area (about 5,600 at present), covered employment comprises only between 40 and 50 percent of the total nonagricultural employment. Also excluded from covered employment data are owner-operated small service-type establishments, which are numerous in the Newport area, and the self-employed and non-profit organization employees.

The effects of the 1957-1959 recession were evident in the Newport area, as covered employment declined 200 (2.9 percent) from December 1957 to December 1959. This loss was offset by a gain of 700 jobs (10.6 percent) during the subsequent two years. A loss of nearly 530 jobs from December 1961 to December 1962 was more than compensated for by a gain of 1,325 during the December 1962-December 1965 period. Nonagricultural covered employment in the Newport HMA experienced a net gain of 800 during the entire December 1961-December 1965 period, or 200 jobs (2.7 percent) annually.

Employment by Industry. From 1957 through 1961, all of the growth in covered employment (500) resulted from gains in manufacturing industries. In the four years subsequent to 1961, employment growth in nonmanufacturing has been the sustaining factor, with a gain of some 1,250 jobs in nonmanufacturing industries offsetting an employment loss of nearly 450 in manufacturing industries. Over the entire 1957-1965 period, therefore, manufacturing employment experienced only a modest gain of 75 jobs, whereas employment in nonmanufacturing industries experienced a net gain of 1,250 jobs.

From 1957 through 1961, employment gains in services (200), finance, insurance, and real estate (80), and contract construction (10) were offset by losses in trade (230), and transportation and utilities (60) so that nonmanufacturing employment remained unchanged over the four-year period. More recently (December 1961-December 1965), there has been growth in all categoreis of nonmanufacturing employment except contract construction, in which the number of jobs declined slightly. From 1961 to 1965, significant employment growth occurred in wholesale and retail trade (650), and services (450).

Principal Employment Sources. There are three major civilian employers in the Newport HMA. The Raytheon Manufacturing Company opened a new plant in Portsmouth in 1960, for the manufacture of anti-submarine warfare ordnance. This firm employed 700 workers in 1960 and employment is currently estimated to total 1,200 persons, making it the largest single civilian employer to enter the area since the official establishment of the United States Naval Base. Although Raytheon is a civilian establishment, the sole customer is the United States Navy.

The General Electric Wiring Device Department, a subsidiary of the General Electric Company, currently employs from 250 to 275 persons (mostly female) in the wiring assembly of electrical equipment. This G.E. facility has been in operation in the Newport area for some 20 years and the level of employment has been relatively steady during the two decades.

The Kaiser Aluminum and Chemical Company is currently in the process of building a plant in Portsmouth. Approximately 300 persons will be employed initially (within two years) in the manufacture of aluminum cable. Ultimately, this facility of the Kaiser Company is expected to employ from 500 to 600 persons.

United States Naval Base. Esek Hopkins, the first Commander-in-Chief of the Continental Navy, used Narragansett Bay as a haven for his small fleet between combat engagements during the Revolutionary War. During the Civil War (1861-1865), the U.S. Naval Academy was transferred from Annapolis to Newport to avoid capture by Confederate forces. After the Civil War, the Academy was moved back to Annapolis, leaving a more organized and permanent Naval establishment in the Newport area. In 1869, the Secretary of the Navy authorized the establishment of an experimental torpedo station on Goat Island. This station was established for the purpose of developing torpedos and conducting experimental work on other forms of naval ordnance. During the 1880's, the concept of shore-based training of officers and enlisted personnel was developed, and the Navy acquired Coasters Harbor Island in 1881 for this purpose; the island later became the home of the U.S. Naval War College and the first Navy recruit training station.

With the advent of steam-powered ships during the late 1800's, the Navy established coaling stations on Aquidneck Island; these grew slowly until World War I when Navy facilities were expanded rapidly. Many of these facilities were deactivated following the cessation of hostilities, only to be reactivated to meet the threat of another world war. During World War II, the Navy complex in the Narragansett Bay area experienced unprecedented growth. Coddington Cove was acquired as a Supply Station and new fuel facilities were constructed on Aquidneck Island, a communications station was constructed on Jamestown Island, and Congress appropriated money for construction of a Naval Air Station at Quonset Point on the West Side of the Bay. By the time the Air Station went into operation in 1941, plans had been completed for the construction of another facility directly adjacent to Quonset. In 1942, the Advanced Base Depot at Davisville, predecessor to the present Construction Battalion Center, was established. In a brief period of three years, Narragansett Bay became one of the Navy's largest installations.

After the war, many of the temporary units in the bay were deactivated. In 1946, the entire Naval complex in the bay area was consolidated as a U.S. Naval Base. The Navy in Narragansett Bay adjusted to the peacetime era by increasing its activities in the fields of research and development, specialized training, and preparedness for modern warfare. Except for a brief period during the Korean War, the Navy has applied its effort to these three major areas. In 1951, the Torpedo Station was permanently closed, and the manufacture of torpedoes was awarded to private industry. In place of the Torpedo Station, a new research and development facility, the Naval Underwater Ordnance Station, was established. In 1952, the Naval Training Station at Newport was shut down as a result of the transfer of recruit training to Bainbridge, Maryland. The Fleet Training Center and Naval Schools Command, which had been established several years earlier at Newport, continued to provide specialized training to Fleet personnel, and the Officer Candidate School, which opened in 1951, became the Navy's primary source of junior Naval Reserve Officers.

The primary mission of the U.S. Navy Base at Newport is to provide logistic and other support to units of the Fleet and other associated Naval activities. Although the U.S. Naval Base has component and area coordinated commands on both sides of Narragansett Bay, civilian and uniformed Navy personnel discussed in this report refer to the Navy installations on the east side of Narragansett Bay, unless stated otherwise.

The latest military strength figure for the Navy, available by assigned strength only, indicated a military complement of 25,300 on the "Newport side" as of April 1, 1966, virtually unchanged from the level reported on December 1, 1965, and 12 percent above the level reported on December 1, 1962.

Total Uniformed Navy Personnel Strength
Assigned to the Newport Area
December 1962-April 1966

Date	Ashore		Homeported		Total
	Officers	Enlisted	Officers	Enlisted	assigned
December 1962	1,025	3,730	1,280	16,653	22,688
" 1963	1,049	4,035	1,312	16,075	22,471
" 1964	1,118	3,639	1,415	17,284	23,456
" 1965	1,564	3,308	1,392	18,993	25,257
April 1966	1,387	3,734	1,319	18,882	25,322

Source: Department of the Navy.

These strength figures include military personnel assigned to the Newport area on that day, whether or not they are physically present at the time. Thus, the number of uniformed Navy personnel physically present in the Newport area is subject to large fluctuations as a result of ship movements.

Based on the most recent data made available by the Department of the Navy, total assigned Naval strength for the east Narragansett Bay area is expected to approach 26,000 by August 1968. Virtually all of the addition will be enlisted personnel. The projected estimates of military strength at the Newport Naval Base are subject to change, particularly in view of hostilities in Southeast Asia.

Civil Service employment at the various Navy facilities in the Newport HMA was reported to total nearly 3,125 on March 1, 1966, a modest increase of about 55 since April 1, 1965. Civil Service employment has been steadily increasing since 1962, and the figure reported for March of this year represents the highest recorded for the dates shown in the table below.

Civil Service Employment at Navy Installations
Newport, Rhode Island, Housing Market Area
April 1, 1956-March 1, 1966

Date	Total employment	Change	Date	Total employment	Change
April 1, 1956	2,495	-	April 1, 1961	2,935	-91
" 1957	2,488	-7	" 1962	2,878	-57
" 1958	2,194	-294	" 1963	2,926	48
" 1959	2,889	695	" 1964	2,989	63
" 1960	3,026	137	" 1965	3,058	69
			March 1, 1966	3,113	55

Source: Department of the Navy.

Unemployment

The Rhode Island Department of Employment Security estimated the ratio of unemployed to the total work force to be 4.4 percent in April 1966, down from 5.2 percent in April 1962. While a series of accurate unemployment data are not readily available for the Newport area, the Rhode Island Department of Employment Security reports that the ratio of unemployed to the total work force in the area has not exceeded 6.0 percent for the past four years, discounting seasonal, or temporary unemployment. Local sources estimate that the unemployment ratio has been declining since 1960 principally as a result of increased employment at the Raytheon plant and growth in the trade and services industries.

Future Employment Prospects

Based on the most recent employment trends and on information obtained from local sources, it is estimated that nonagricultural employment will increase by about 800 jobs annually over the next 24 months, the same rate of growth which occurred from April 1962 to April 1966. Manufacturing employment is expected to increase slightly in response to an expansion program at the Kaiser Aluminum plant, but growth is expected to occur principally in trade, services, and construction. While contract construction has shown no growth in the Newport area in recent years, this segment of the economy is expected to grow rapidly after construction of the piers of the Narragansett Bay Bridge is completed in 1967 and construction begins on the structure and road above the water.

At the present time, it is too early to assess the total possible impact of the completion of the Narragansett Bay Bridge in early 1968. It is clear, however, that, with the elimination of the drive of over 60 miles around the bay from Newport to Jamestown, and the expensive and inconvenient ferry ride between these two communities, the trade and services industries will undoubtedly flourish from the anticipated increase in the tourist trade. Inasmuch as the Narragansett Bay Bridge will ultimately place the populous areas of Southern New England and New York within relatively short driving distances of the HMA, it is likely that the bridge will also generate some out-commutation to the larger, more prominent employment centers. By the same token, personnel assigned or employed at Naval facilities on the east side of the bay will have a housing market not previously available, and the new access may encourage many to reside with their families on the western mainland.1/

Income

Family Incomes. The current median annual family income, after deduction of Federal income taxes, is approximately $6,575 for all families in the HMA, and the median after-tax income of renter households2/ is about $5,325. At the present time, 26 percent of all families and 35 percent of renter households earn annual incomes of less than $4,000, while 22 percent of all families and 12 percent of the renter households earn in excess of $10,000 a year. By August 1, 1968, median annual after-tax income for all families in the Newport area is expected to increase by $350 to $6,925 and by $300 to $5,625 for renter households. Detailed distributions of income and tenure are presented in table II.

1/ The toll will be $1.00 each way on a commutation basis, however, which may tend to limit the number of daily users, except for bus riders and those with car pools.

2/ Excludes one person renter households.

Demographic Factors

Population

The movement of ships in and out of Narragansett Bay complicates the population count of the HMA. The U.S. Bureau of the Census enumerates crews of vessels as nonhousehold residents of the port in which the vessels were berthed on the census date. For example, on April 1, 1960, there were about 10,550 Navy personnel aboard ships berthed in the ports of Aquidneck Island. In addition, the April 1, 1960 population included some 4,700 persons housed in barracks or dormitories who are not included in the household population. Thus, the 1960 population of the Newport HMA was comprised of a nonhousehold population of some 15,250 persons (69 percent of whom just happened to be present on that day) and a population in households of over 62,150.

Population in Households

Current Estimate. A realistic analysis of the population trend of the Newport HMA is possible only if the population in households is viewed separately. 1/ As of August 1, 1966, the population in households of the Newport HMA totals approximately 72,850. Nearly one-half of the current population resides in the city of Newport. The town of Middletown accounts for 22 percent of the population in households, while the remainder is about equally divided between the towns of Tiverton (15 percent) and Portsmouth (14 percent).

Past Trend. The current population in households of the HMA is 10,700 above the April 1, 1960 Census total of 62,150, an annual gain of about 1,700 persons. Population gains since 1960 have been concentrated in the municipalities on Aquidneck Island. Middletown accounted for 30 percent (3,300) of the population growth, followed closely by the town of Portsmouth which accounted for 29 percent (3,075), and the city of Newport which accounted for 26 percent (2,750) of the growth. Tiverton experienced a gain of 1,575 in population in households, equal to 15 percent of the HMA total population increase.

1/ Because of the substantial number of uniformed military personnel (e.g., students and Fleet personnel) who are continually moving in and out of the Newport area, the term "military" is defined in this report as including only those uniformed military personnel whose families reside in the Newport HMA. Thus, the military population in the HMA reflects only that portion of the uniformed military population in households as opposed to military personnel residing aboard ship or in barracks (nonhousehold population). "Military-connected civilians" include those civilians and their dependents in the household population who are employed by the military. The term "nonmilitary-connected civilians" includes all other civilians in households not directly connected with the various military installations in the area.

During the April 1, 1950 to April 1, 1960 period, the population of the Newport HMA grew by some 13,600 persons (1,350 annually). The gain which occurred during the 1950-1960 period was somewhat below that which occurred in subsequent years. A complicating factor is the change in definition of households by the Bureau of the Census between 1950 and 1960, as a result of which many furnished-room accommodations were classified as housing units in the 1960 Census (and their residents, therefore, as members of households) whereas they were not included in the dwelling unit total in 1950. The "definitional increment" in the household population of the Newport area suggests that the disparity in growth of the population in households between the two periods in comparison (i.e., 1950 to 1960, and 1960 to date) is greater than appears superficially. Population gains during the 1950-1960 decade were concentrated in the towns of Middletown and Tiverton, which added 5,300 and 3,750 persons, respectively, compared with gains of 2,550 in Portsmouth and 2,000 in the city of Newport. Whereas Tiverton town accounted for 28 percent of the gain in population during the 1950-1960 decade, this ratio dropped to 15 percent from 1960 to 1966. The lower rate of household growth in Tiverton in the later period reflects the loss of a textile firm in 1960.

<u>Estimated Future Household Population</u>. Based on anticipated growth in civilian employment and projected military strength levels in the Newport area during the next two years, it is estimated that the population in households in the Newport HMA will increase by about 3,500 persons, or about 1,750 annually, to an August 1, 1968 total of 76,350. The projected growth of the population approximates the gains which occured during the 1960-1966 period. Population growth is expected to be concentrated on the island, principally in the towns of Middletown and Portsmouth, where relatively suitable inexpensive residential sites are still available. With the completion of each new structure in the city of Newport, land becomes increasingly scarce and expensive. As a result, it is not likely that Newport City will experience growth similar to the gains of the 1960-1966 period. The prospective growth should be substantially higher than that of the 1950-1960 period, however.

<u>Natural Increase and Migration</u>. Net natural increase (excess of births over deaths) and net migration are the components of population change. Between 1950 and 1960, there were a total of about 14,450 resident births and some 5,550 resident deaths, or a net natural increase of over 8,900 persons. Since the population in households increased by 13,600 persons over the decade, a net in-migration of some 4,700 persons is evident, equal to 35 percent of the growth. From April 1, 1960 to date, there had been a total of nearly 12,250 births and 3,700 deaths among residents of the Newport HMA, or net natural increase of 8,550 persons

(1,350 a year). A comparison with the estimated growth of the population (10,700) during the same period suggests a net in-migration of some 2,150 persons (340 annually). Thus, since April 1, 1960, net in-migration accounted for 20 percent of the growth of population in households compared with 35 percent in the 1950-1960 period.

Military Population in Households. At the present time, uniformed military personnel and their dependents total approximately 20,400 persons, comprising 28 percent of the total number of persons in households in the Newport HMA. The military-connected civilian population numbers about 9,200, or 13 percent of the population in households.

From April 1, 1960 to date, the combined military-connected population grew by an average of 230 persons annually, 190 a year military and their dependents, and 40 a year military-connected civilians and their dependents. From 1950 to 1960, the military population increased by an average of 200 a year, while the number of military-connected civilians and their dependent declined by some 100 a year, resulting in a net gain of 100 a year for the two segments combined.

A comparison of the population growth of these two segments of the population between 1950 and 1960, and 1960 to date suggests that the growth of the military and their dependents has been moderate, but steady over the past 16 years, while the number of military-connected civilians and their dependents has exhibited modest growth only since 1960. The decline in military-connected civilian employment results from the decline in employment at the Navy Base in the late 1950's from the high levels reached during the Korean Conflict.

The table below shows the percentage distribution of the components which comprise the population in households of the Newport HMA. The absolute changes are presented in detail in table II.

Percentage Distribution of the Population in Households
by Major Components in the Newport, Rhode Island, HMA
April 1, 1950-August 1, 1966

Components of Population in Households	April 1, 1950	April 1, 1960	August 1, 1966
Nonmilitary-connected civilian	44	55	59
Military-connected civilian	21	14	13
Military	35	31	28
Total	100	100	100

Sources: 1950 to 1960 Census of Population. Population in households for 1950 and 1966 and components for all years estimated by Housing Market Analyst.

It is significant to note that both segments of the population directly related to military activities have been declining as a proportion of total household population for the past 16 years. While the nonmilitary-connected civilians in households are not directly related to Navy activities in the Newport area, it is likely that the population not affected in some way by such military activities is negligible in the Newport area. Thus, the impact of the U.S. Naval Base has undoubtedly served to generate growth in the nonmilitary-connected civilian household population engaged in secondary supporting activities.

Households

Current Estimate. Currently, there are approximately 22,250 households (occupied dwelling units) in the Newport HMA; about 11,100 households (one-half) are in the city of Newport, 4,650 (20 percent) in Middletown, and 3,250 households (15 percent) are located in each of the two remaining municipalities, Portsmouth and Tiverton.

Past Trend. The current number of households is 3,300 above the 1960 Census total, a gain of 520 annually. The gain in the number of households since 1960 was quite similar among the municipalities on Aquidneck Island. The number of households in Middletown increased by 975, accounting for 30 percent of the total increment, followed closely by Portsmouth, with 925, or 28 percent, and the city of Newport, with 900, or 27 percent. The town of Tiverton experienced a gain of nearly 500 households, equal to 15 percent of the total household increment since 1960.

Between 1950 and 1960, the number of households in the Newport HMA increased by about 4,500. The decennial gain is inflated somewhat by the definitional change referred to earlier, however. During the decade, households in Middletown increased by 1,550, accounting for approximately 34 percent of the HMA total, followed by Tiverton, with nearly 1,225 (28 percent), Portsmouth, with 920 (21 percent), and the city of Newport, with 810 (17 percent).

Although the annual increase in households is somewhat higher from 1960 to 1966 than from 1950 to 1960, the fact that the 1950-1960 change is inflated by a definitional increment suggests that the disparity in the levels of growth between these two periods is greater than appears on the surface. With the exception of Middletown, in which the level of growth in the number of households was the same during the periods under comparison, the municipalities on the island experienced a more rapid rate of growth in households during the 1960-1966 period than in the previous decade.

Household Size Trends. The average number of persons per household in the Newport HMA has been declining since April 1950. Average household size decreased from 3.35 in 1950 to 3.28 in 1960 and to 3.27 at present. The change in census definition between 1950 and 1960 accounts for some portion of the decline in average household size during the decade. The decline in average household size is estimated to have slowed considerably since 1960 as the result of the increase in the number of young families growing in size in the area. As shown in the following table, the trends in household size among the components of the HMA are consistent with that for the area as a whole. Over the two-year forecast period, average household size is expected to continue to decline, but only very slightly.

Average Household Size Trends
Newport, Rhode Island, HMA
April 1, 1950-August 1, 1966

Area	April 1950	April 1960	August 1966
Middletown	3.44	3.42	3.42
Newport	3.24	3.18	3.17
Portsmouth	3.70	3.34	3.33
Tiverton	3.64	3.40	3.37
HMA total	3.35	3.28	3.27

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

Future Household Growth. Based on the anticipated increase in the population in households in response to new job opportunities and on the projected military strength levels and the anticipated decline in average household size, there are expected to be about 23,350 households in the HMA by August 1968, representing an average annual increment of 550 households, including the uniformed military and their dependents. As in recent years, the growth of households is expected to be concentrated on the island, particularly in Middletown and Portsmouth.

Military Households. At the present time, there are about 5,750 military households in the HMA, comprising 26 percent of the HMA total. There have been 250 military households added in the Newport area since April 1, 1960. As table III shows, the number of military households has been increasing slowly over the past 16 years, from approximately 5,175 in 1950 to 5,500 in 1960. The modest military household growth since 1950 has resulted in a decline in military households as a proportion of the total. In 1950, military households comprised 35 percent of the total; by 1960, this ratio had declined to 29 percent.

The current number of military-connected civilian households is the same as in 1950, but is 100 above the 1960 level. Inasmuch as military-connected civilian households have remained virtually unchanged for over a decade and one-half, this segment has also declined steadily as a proportion of total households, from 21 percent in 1950 to 15 percent in 1960. Both household segments related directly to military activities have been declining in relative importance since 1950, while there has been a high level of sustained growth in the number of households in the nonmilitary-connected civilian segment.

Reflecting the tendency of military families to be somewhat larger than civilian families, average household size for the military-connected segment is estimated to be 3.55 at the present time, up from 3.50 in 1960 and 3.31 in 1950. Average household size among military families is expected to increase only slightly over the next 24 months to about 3.56. The current average household size among nonmilitary-connected civilian families is judged to be 3.07, down from 3.09 in 1960 and 3.32 in 1950. Average household size among military-connected civilian families should decline to about 3.06 by August 1, 1968.

Based on projected military strength levels, it is estimated that over the next two years 90 military households (45 annually) will be added to the HMA, accounting for eight percent of the total household increment for the Newport area. The projected annual increase is virtually the same as the military household growth which has occurred since April 1950. Military-connected civilian households are expected to increase modestly (by 25 a year) over the next two years. Thus, projected households in the two segments combined account for 13 percent of the HMA total. Military strength projections often are subject to significant short-run fluctuations, of course. A decision affecting the U. S. Navy Base could alter the overall military strength drastically. Military-connected civilian households are, of course, also subject to the needs of the military and a decision to activate or disestablish a naval activity could affect seriously the above estimates.

Housing Market Factors

Housing Supply

Current Estimate. As of August 1, 1966, there are 25,050 housing units in the Newport HMA, an increase of 3,150 over the April 1, 1960 Census total, 21,900. The net increase in the housing supply results from the construction of 3,300 new units, 120 units which were added to the inventory through conversion in the city of Newport, and a loss of 270 units through demolition. There are about 12,100 housing units in the city of Newport, constituting 48 percent of the HMA total. Middletown contains 5,050 housing units (20 percent), followed by Portsmouth, with 4,250 (17 percent), and Tiverton, with 3,650 (15 percent).

Past Trend. An average of about 500 housing units has been added to the inventory of the HMA each year since 1960. The average annual net additions were higher in Middletown and Portsmouth (150 each), than in the city of Newport (120) or Tiverton (80). The average annual net addition to the housing inventory of the HMA since 1960 was nine percent below the average of nearly 550 units added each year during the 1950-1960 decade. The trend of the housing inventory of the HMA and the four component municipalities is presented in the table below.

Trend of the Housing Inventory
Newport, Rhode Island, HMA
April 1, 1950-August 1, 1966

	April 1, 1950	April 1, 1960	August 1, 1966	Average annual change 1950-1960 Number	Average annual change 1960-1966 Number
Middletown	2,325	4,129	5,050	180	150
Newport	10,138	11,354	12,100	122	120
Portsmouth	2,183	3,313	4,250	113	150
Tiverton	1,815	3,115	3,650	130	80
HMA total	16,461	21,911	25,050	545	500

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

Type of Structure. The present composition of the housing inventory by size of structure reflects only minor changes since 1960. Increased construction of multifamily units (military and public housing, principally) since 1960 has been concentrated in structures with five or more units and the proportion of housing units in this category has risen from eight percent in 1960 to about ten percent at present. The proportion of units in two-to-four-unit structures declined from 32 percent to 28 percent since 1960, while the proportion of single family houses increased slightly from 60 percent to 62 percent during this period.

Housing Inventory by Units in Structure
Newport, Rhode Island, HMA
April 1, 1960 and August 1, 1966

Units in structure	April 1, 1960 Number	Percent	August 1, 1966 Number	Percent
1 unit	13,117	60.0	15,500	61.9
2 to 4	6,987	31.9	7,025	28.0
5 or more	1,769	8.1	2,525	10.1
Total	21,873	100.0	25,050	100.0

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

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

Age of Inventory. As the table below shows, the current housing inventory of the Newport HMA is quite old. Over one-half of the supply is at least 27 years old. Structures completed in the past six years constitute about 13 percent of the total housing supply. The more recent history of the Newport area is reflected in the age of housing inventories of the major components of the HMA. Almost three-fourths of the current inventory of the city of Newport was constructed prior to 1940 and only eight percent was constructed in the past six years. Fifty percent of the housing supply in Middletown was constructed since 1950, compared to 45 percent in Portsmouth and 45 percent in Tiverton. The relatively newer housing supply in Middletown results from the rapid growth of this community since 1950.

Percentage Distribution of the Housing Inventory
By Age of Structure
Newport, Rhode Island, HMA

Age a/	Percentage Middletown	Newport	Portsmouth	Tiverton	HMA
6 years old or less	18.5	7.6	21.9	14.6	13.2
7 to 16 years old	31.7	7.4	23.5	29.9	18.3
17 to 26 years old	22.8	11.1	22.6	11.8	15.5
27 or more years old	27.0	73.9	32.0	43.7	53.0
Total	100.0	100.0	100.0	100.0	100.0

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

Source: 1960 Census of Housing adjusted by Housing Market Analyst for units built, units under construction, and units demolished since 1960.

Condition of Inventory. Despite the old age of the housing inventory in the Newport HMA, 90 percent of the supply is acceptable in that the units are neither dilapidated nor lacking any plumbing facilities. This ratio represents an improvement since April 1, 1960 when 87 percent of the inventory was in this category; the demolition of substandard units in recent years has resulted in the improved condition. The table below shows that the improvement in housing inventory has been consistent throughout the HMA. Housing inventories in Newport and Middletown are in better condition than the inventories of Portsmouth and Tiverton.

Percentage Distribution of the Housing Inventory by Condition
Newport, Rhode Island, HMA
April 1, 1960 and August 1, 1966

Area	Proportion of acceptable housing units to the total housing supply	
	April 1, 1960	August 1, 1966
Middletown	98.1%	98.4%
Newport	89.6	92.3
Portsmouth	74.3	80.0
Tiverton	77.7	81.2
HMA total	87.2	89.8

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

Value and Rent. The median value of owner-occupied units in the Newport HMA was $14,700 in 1960. In 1960, the median values of owner-occupied units were lower in Portsmouth ($12,400) and Tiverton ($12,400) than in Middletown ($15,500) and Newport ($13,500). The lower values in Portsmouth and Tiverton reflect, to some extent, the poorer condition of the housing inventories in these two communities (see section on Condition of the Inventory), which of course, serves to reduce the value of any residential unit. Current housing values are substantially higher as a result of construction of units in price ranges well above the 1960 median. Another contributing factor to the increase in value is the demolition of low value units in recent years.

The median gross rent in the area was $81 in 1960. Similar to the patterns experienced in the values of owner-occupied units, the gross monthly rents were highest in Middletown ($83) and Newport ($78) and lowest in Portsmouth ($65) and Tiverton ($63).

Residential Building Activity. Since January 1960, nearly 3,450 residential units have been authorized by building permits in the Newport HMA. Of this total, some 2,325 units are privately-financed, 625 are public housing units, and 500 are Navy housing. Seventy-five public housing units were authorized in 1963, all in the city of Newport. The 500 units of Navy housing were built in 1961, some 260 units in Middletown and 240 units in Portsmouth.

The annual volume of private residential construction has been somewhat erratic since 1960. From nearly 320 units authorized in 1960, the volume declined to 280 in the following year. Volume increased in 1962, and in 1963 reached 390 units. After a decline to 330 in 1964, a peak of nearly 500 units was reached in 1965.

About 85 percent of the privately-financed units authorized by permits since 1960 were single-family houses, 13 percent were multifamily units (in structures of five or more units), and only 2 percent were in two to four family structures. With the exception of a decline of 50 units between 1960 and 1961, the construction of single-family houses has been rather steady. With over 200 units authorized in the first six months of 1966, it is likely that the number authorized by the end of this year will exceed the 290 units built in each of the two preceding calendar years. As the table below shows, all of the private multifamily units have been authorized since 1962 and two thirds of these were authorized during 1965.

Privately-financed Dwelling Units Authorized by Building Permits
By Type of Structure
Newport, Rhode Island, Housing Market Area
January 1960 - June 1966

Year	Single family	2-4 units	5 or more units	Total
1960	316	-	-	316
1961	268	12	-	280
1962	295	14	-	309
1963	313	14	64	391
1964	287	6	36	329
1965	287	10	201	498
1966 (Jan.-June)	203	2	-	205

Sources: U.S. Bureau of the Census, Construction Reports C-40; local building inspectors.

Over the past six and one-third years, 31 percent of the privately-financed units have been authorized in Portsmouth, and 29 percent in Middletown. Twenty-four percent of the privately-financed units were authorized in Tiverton and only 16 percent were authorized in the city of Newport, reflecting the scarcity of available land in the central city area. There is little doubt that the greater availability of sites suitable for residential construction in Middletown and Portsmouth has contributed to the relatively high level of building activity in these areas in recent years. The annual volumes of new construction activity since 1960 are shown for the HMA and the component communities in the following table.

Number of Dwelling Units Authorized by Building Permits
Newport, Rhode Island, Housing Market Area
1960-1966

Year	Middletown	Newport	Portsmouth	Tiverton	Total HMA
1960	130	29	104	53	316
1961	100	23	88	69	280
1962	83	21	105	100	309
1963	137	19	144	91	391
1964	96	29	102	102	329
1965	95	231	89	83	498
1966 (Jan.-June)	36	25	90	54	205

Sources: U.S. Bureau of the Census, Construction Reports C-40; local building inspectors.

Units Currently Under Construction. As of August 1, 1966, there are approximately 140 single-family residences and 65 multifamily units under construction in the Newport HMA. Eighty-six percent of the single-family homes are under construction in areas outside the city of Newport, notably Portsmouth (39 percent) and Tiverton. Virtually all of the multifamily units are in two projects (garden-type) under construction in the city of Newport.

Conversions and Demolitions. Since January 1, 1960 some 130 units have been added to the housing inventory as a result of conversions. Ten units have been "converted out" resulting in a net conversion of 120 units in recent years. Most conversions have taken place in old frame houses in the city of Newport. While there are no data available relating to conversions in the remaining municipalities, it is judged that this number is negligible.

Virtually all of the demolitions have taken place in the city of Newport as a result of urban renewal. Since 1960, some 260 units have been razed in the city of Newport. Practically all of the residences demolished in Newport City were old multifamily structures located along the waterfront area on the western edge of the city, bordering Narragansett Bay. In the remainder of the area, demolition activity has been negligible. Over the next two years, the volume of residential demolition will be small, amounting to 15 to 20 units annually.

Tenure of Occupancy

At the present time 51.0 percent of the total occupied dwelling units in the Newport area are owner-occupied. Owner occupancy increased from 45.0 percent in 1950 to 50.7 percent in 1960. The following table shows that owner occupancy has been increasing steadily since 1950 in Middletown and Tiverton. Owner-occupancy increased in Newport and Portsmouth between 1950 and 1960, but has declined since. In recent years, the combined effect of construction of new conventional apartments and the completion of Navy and public housing in Newport and Portsmouth served to lower the proportion of owner-occupied units.

Trends of Owner-Occupancy
Newport, Rhode Island, HMA
April 1950 - August 1966

Area	Owner-occupied households as a percentage of total occupied units		
	April 1, 1950	April 1, 1960	August 1, 1966
Middletown	45.2	50.2	53.8
Newport	38.5	40.3	37.4
Portsmouth	61.4	64.1	63.8
Tiverton	69.3	78.1	80.1
HMA total	45.0	50.7	51.0

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

Vacancy

1960 Census. According to the 1960 Census of Housing, there were some 950 vacant available housing units in the HMA, equal to 4.8 percent of of the available housing inventory. There were 140 vacant units available for sale, equal to 1.5 percent of all homeowner units. The remaining 810 units were available for rent, a renter vacancy ratio of 7.9 percent.

The over-all available vacancy ratio was lower in Portsmouth (3.2 percent) and Tiverton (2.0 percent) than in Middletown (5.6 percent) and Newport (5.6 percent). The homeowner vacancy ratios were quite similar among the communities in the HMA, 1.0 percent in Middletown, 1.8 percent in Newport, 1.5 percent in Portsmouth, and 1.3 percent in Tiverton. Rental vacancy ratios were higher in Middletown (9.8 percent) and in Newport (8.0 percent) than in Portsmouth (6.2 percent) and Tiverton (4.3 percent).

Postal Vacancy Survey. A postal vacancy survey was conducted in the Newport HMA during the period from June 29 to July 11, 1966, covering 20,450 possible deliveries, or about 82 percent of the estimated housing inventory of the area. The survey revealed an over-all vacancy rate of 2.9 percent. There were 270 vacant residences, reflecting a vacancy rate of 1.6 percent, and there were 320 vacant apartment units, revealing an apartment vacancy rate of 9.9 percent. The vacancy rates for the major segments of the HMA are summarized below and presented in greater detail in table IV.

Post Office Vacancy Surveys
Newport, Rhode Island, HMA
June 29-July 11, 1966

Area	Vacancy rates Residences	Apartments	Total
Middletown	1.5	-	1.5
Newport	1.4	8.7	3.2
Portsmouth	2.0	28.0	3.4
Tiverton	1.8	32.8	2.4
HMA total	1.6	9.9	2.9

Source: FHA Postal Vacancy Surveys conducted by cooperating postmasters.

The high vacancy ratio among the apartment units surveyed does not reflect an entirely true picture of the rental market in the Newport area. With the exception of public and Navy housing constructed over the years, the construction of conventional multifamily units has been virtually nil (until 1963), so that the only rental accommodations available to residents of the area were single-family houses and converted units. Many of these vacant houses were constructed during World War II to alleviate the short housing supply, and as a result, they are old, unattractive, and poorly located. These units are concentrated in Portsmouth and Tiverton, and to a limited extent, in Newport. In addition, the rental vacancies enumerated in the postal vacancy survey include some seasonal units which are numerous in the Newport area. Finally, some of the rental vacancies in Newport are units which have been abandoned in view of imminent demolition resulting from urban renewal.

It is important to note that postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of the differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mail box). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators the survey serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. Based on the postal vacancy survey, on less comprehensive private surveys, and on field inspection, it is judged that there are currently about 600 housing units available for sale or rent in the Newport HMA, representing an over-all vacancy ratio of 2.6 percent. The current vacancy level is substantially below that reported in the 1960 Census, reflecting the fact that military strength at the U.S. Naval Base and general economic conditions have improved somewhat since then, resulting in a corresponding tightening of the housing situation. Demolitions of residences in the city of Newport have also served to reduce vacancies in the area. Of the available vacant units, 130 are available for sale only, a homeowner vacancy rate of 1.1 percent, and 470 are for rent, representing a renter vacancy rate of 4.1 percent.

Vacant Housing Units
Newport, Rhode Island, HMA
April 1, 1960 and August 1, 1966

	April 1, 1960	August 1, 1966
Total housing supply	21,911	25,050
Vacant housing units	2,944	2,800
Available vacant	951	600
For sale	144	130
Homeowner vacancy rate	1.5%	1.1%
For rent	807	470
Renter vacancy rate	7.9%	4.1%
Other vacant a/	1,933	2,200

a/ Includes vacant seasonal units, dilapidated units, units rented or sold and awaiting occupancy, and units held off the market for absentee owners and for other reasons.

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

Although current vacancy estimates are based primarily on the postal vacancy survey, adjustments were made to eliminate units in dilapidated structures (or otherwise not intended for occupancy), seasonal units, and units sold or rented and awaiting occupancy. Additional adjustments were made to bring the survey data into conformity with the concept of owner and renter units used in this analysis rather than with post office definitions of residences and apartments.

Since 1960, vacancies have declined in all of the municipalities except Tiverton; vacancies in Tiverton remain unchanged from 2.0 percent in 1960. The available vacancy ratio declined in Middletown from 5.6 percent in 1960 to 2.8 percent currently. The vacancy ratio in Newport declined from 5.6 percent in 1960 to 3.1 percent and the current vacancy ratio of 1.5 percent in Portsmouth represents a decline from 3.2 percent in 1960.

In view of the moderate growth rate in the Newport area, the current vacancy levels appear to represent a balanced supply-demand relationship in a sound market.

Sales Market

General Market Conditions. The market for sales housing in the Newport area continues to be excellent. During the past six years, virtually all new construction of single-family houses has been started on a speculative basis and the inventory of unsold new houses has remained at a low level for the past three years. The market for existing houses is also tight throughout the HMA because of the demand generated primarily by military families. The only minor exception to the generally tight market conditions which prevail is the town of Tiverton. Sales houses appear to move more slowly in Tiverton than in any other areas of the HMA, as reflected by the fact that a few houses are available for rent in Tiverton with option to purchase. A major factor contributing to the short supply of sales houses on the island is the fact that land available for residential development is without water and sewage facilities capable of accommodating such growth. An estimated 70 percent of the land in Middletown is without water and sewage disposal facilities. Much of the land is either undeveloped or is being farmed. The only developed areas of Middletown are concentrated adjacent to Newport where water and sewage facilities are located. A bond issue has been floated in Middletown in an effort to acquire funds necessary to extend the water and sewage to a larger area in the community and eventually connect the entire developed areas of Middletown with the facilities in Newport. A new water system completed this year in Portsmouth should accelerate residential development in the northern portion of the island.

Major Subdivision Activity. Subdivisions in the Newport area are being developed as rapidly as sewage and water lines are extended. As dictated by the availability of land, house building in the city of Newport is concentrated in the northern portions of the city adjacent to Middletown. Most active areas are off Bateman Avenue, Smith Avenue, and West Main Road (State Route 114). In Middletown, the most active areas for single-family construction begin immediately beyond the Newport City line at the intersection of Aquidneck Avenue (State Road 138), and West Main Road, and extend northward for about ten miles paralleling these two major arterials. The active subdivisions in Portsmouth are located off West Main Road and Park Avenue. The construction of single-family houses in Tiverton is concentrated off Main Road along East Warren and Robert Gray Avenues and along Russell Drive.

Sales Prices. While the prices of new houses vary considerably among subdivisions, very few houses have been built to sell for less than $15,000 or in excess of $30,000 over the past year and one-half. In 1964, houses were built to sell from $13,000 to $15,000; during 1964, there was also building activity in price ranges above $25,000. More recently, however, most new houses are priced to sell from $15,000 to $25,000, with only a small number of units constructed for sale below and beyond these limits.

The availability of acceptable older houses for sale is nil, with the possible exception of Tiverton. Sales units have appreciated in value on the island to the extent that the price of a resale often exceeds the original purchase price. Whereas there is considerable turnover in many of the available existing sales units because of military transfers, those units which become vacant are on the market for a very short period.

Unsold Inventory. In January 1966, the Providence Insuring Office surveyed all subdivisions in the area in which five or more houses had been completed in 1965. The survey revealed a total of 140 houses completed in these subdivisions during the year, virtually all of which were constructed speculatively. Of the speculatively built units, about 10.1 percent remained unsold at the time of the survey. Forty-seven percent of the houses completed in these subdivisions were priced to sell from $20,000 to $25,000. The remaining houses were evenly divided between the $15,000 to $17,500 and the $17,500 to $20,000 price ranges.

New Sales Houses Completed in the Past Twelve Months
Number Sold and Number Unsold
Newport, Rhode Island, HMA, January 1, 1966

Sales price	Total completions	Pre-sold	Speculative construction Total	Number sold	Number unsold	Percent unsold
$15,000 - $17,499	37	1	36	34	2	5.6
17,500 - 19,999	37	1	36	32	4	11.1
20,000 - 24,999	66	-	66	58	8	12.1
25,000 - 29,999	1	-	1	1	-	-
Total	141	2	139	125	14	10.1

Source: FHA Inventory of Unsold Houses, January 1966.

A similar survey covering 14 subdivisions in 1964, showed that 130 of the 140 houses completed were built on a speculative basis, and that 12.0 percent of the speculatively built units were unsold at the end of the year. Five percent of the units were priced to sell from $12,500 to $15,000 and four percent were priced to sell for $25,000 and over. The highest proportion (45 percent) of the completions were priced to sell between $17,500 and $20,000. About one-third were priced to sell from $15,000 to $17,500 and 13 percent from $20,000 to $25,000.

A comparison of the most recent survey with the January 1965 survey gives evidence of only a slight improvement in the condition of the market. If the data for Tiverton are excluded, it becomes more pronounced. The unsold inventory ratio for Aquidneck Island was 3.5 percent in January 1966, down from 8.6 percent for January of the preceding year. During the same period, the unsold inventory ratio in Tiverton increased from 35.3 percent to 41.0 percent. It becomes readily apparent that the excellent condition of the sales market reflects principally the communities on the island.

Rental Market

General Market Conditions. As reflected by a sharp reduction in vacancies since 1960, the rental market is firm. The present condition of the rental market is attributed primarily to the demand among military families, many of whom are forced to locate in old unattractive units which have monthly rentals within the paying capacity of military families. Only those military families able to supplement their incomes with second jobs are able to choose from among the newer units on the market. In an effort to alleviate this problem, the Department of the Navy has leased conventionally-financed rentals (single-family and multifamily) to accommodate the military family housing shortage, thereby tightening the available supply for other families still further. The rental market also is affected by the fact that construction in Middletown is severely hampered by the lack of a sewage disposal facility which can accommodate new units at a pace suitable to builders. Several multifamily builders have attempted to install their own sewage disposal unit only to abandon the project in view of the expense involved. Until such time as an adequate sewage facility is built, the development of Middletown will progress slowly in spite of the fact that it contains much land yet to be developed.

Aside from public and Navy housing, the newer apartment projects in the Newport area have been completed since 1963. All new rental units are in garden-type structures and all are conventionally-financed.

Urban Renewal

The Redevelopment Land Agency of the city of Newport is currently in the process of acquiring land in project #1 of a broader General Neighborhood Renewal Plan (GNRP). The GNRP area is comprised of 74 acres and is bordered roughly by Division and Fair Streets and Long Wharf and the Newport Harbor.

Long Wharf-Market Square (R.I. R-12) is project #1 in the GNRP and the only active project at the present time. The project area is composed of 22 acres and is bordered by Thames Street, Long Wharf, the Market Square, and the Newport Harbor. At the present time, 75 percent of the land has been acquired by the agency. The present warehouses and marina will be replaced with easily accessible parking areas, a new commercial area and a new marina. The project #1 area is expected to be completed by late 1967.

Public Housing

There are four public housing projects (924 units) in operation in the city of Newport and one (40 units) in Portsmouth. There are long waiting lists for all of the projects at the present time. In one project of 511 units in the city of Newport, there are nearly 400 military families. Tonomy Hill (R.I.-53) was constructed in 1941 under the Lanham Act provisions to house construction workers who were in the process of building the naval installations along Narragansett Bay. During World War II, this project housed some of the workers at the Torpedo Station. In 1950, Congress authorized the transfer of Tonomy Hill to the Housing Authority of the city of Newport, and the transfer was effected in 1956. There were approximately 400 units set aside to operate under a waiver of income limits for military personnel, however. The monthly rents charged Navy families in Tonomy Hill start at $60 for a one-bedroom unit and increase by five dollar intervals to $80 a month for a five-bedroom unit. The average rental for conventional public housing units is $55 a month. Occupancy in Tonomy Hill experiences an average turnover of 100 percent approximately every two years because of the military; turnover in the remaining projects is considerably less.

Within 90 days, the Housing Authority of the city of Newport will open bids for a contract involving the construction of 150 units of additional housing designed specifically for the elderly. Currently, the only units allocated specifically for the elderly are in the project in Portsmouth.

Military Housing

There are approximately 1,400 units of military family housing in six projects in the Newport, Rhode Island HMA, excluding the units leased by Navy for military families. Thus, the number of military-controlled housing units represents about 5.7 percent of the total housing supply in the area. Virtually all of the current inventory of military-controlled housing is classified as adequate.

In addition to the approximately 1,400 military households residing in military-controlled housing, there are about 4,350 families living in privately owned accommodations. Over three-fourths (3,325) of the military households living in private housing were renters. About 17 percent (750) of these families owned their own homes in the Newport area. The remainder (275) owned and resided in trailers. Of the units rented by military households, nearly 40 percent (1,325) are classified unsuitable for one reason or another. There are 760 rented units considered substandard by the Department of the Navy, over 320 are classified as excessive in cost, and some 240 are judged to be located beyond a reasonable commuting distance. Approximately one-third of the owner-occupied units are classified unsuitable in some respect, excessive in cost primarily. Nearly one-fourth of the trailers owned by military families are considered unsuitable and one-half of these were classified substandard.

Demand for Housing

Quantitative Demand

The demand for new housing in the Newport HMA is based on an annual increase of about 550 households, on the need to replace housing units expected to be demolished, the current trends in the composition of tenure, and the shift of single-family houses from the sales inventory to the rental inventory and the conversion of structures to multiple occupancy. Based on these factors, it is estimated that the demand for new housing units will average about 500 units each year over the next two years, including 340 units of new sales housing and 160 units of new rental housing. An additional 90 middle-income rental units might be marketed annually at rents achievable with the aid of below-market-interest-rate financing or assistance in land acquisition and cost. This demand estimate excludes public low-rent housing or rent-supplement accommodations.

It is important to note that the above estimates of projected demand reflect the normal anticipated long-run growth of the Newport area exclusive of short-run fluctuations generated by the local military installations. These estimates reflect a moderate rate of household growth in the nonmilitary-connected segment of the population and slow, but steady gains in the number of households in the military segment of the population. It is recognized, however, that the slow rate of household growth projected for the military and their families does not reflect the present deficiency of rental accommodations with monthly charges within the paying capacity of military families, among enlisted personnel in particular. The above estimates of rental demand might be expanded to meet a portion of the rental deficit among military families, and virtually all of this additive can be absorbed at rents achievable with below-market-interest-rate financing, or assistance in land acquisition and cost, excluding public low-rent housing and rent-supplement accommodations.

The experience in marketing these units may indicate the extent of prospective additional demand from Navy personnel living in accommodations classed as inadequate. Of the 1,600 families in this category, about one-half have incomes which would make them eligible for below-market-interest-rate housing and the remainder have incomes sufficient to rent new rental housing at the higher rents generally available with market-interest-rate financing.

The annual demand for 340 new sales houses is somewhat above the average annual volume of 300 single-family houses a year since 1960. The projected sales demand assumes the availability of suitable sites for the construction of single-family houses. Until such time as the problem of sewage disposal in Middletown is resolved, it is not likely that the construction of single-family houses in this area will keep pace with demand.

The projected level of annual demand for 160 new rental units is also above the number of privately-financed multifamily units authorized by building permits from 1960 through 1964, but is below the 1965 volume. At the lower rents achievable with the aid of below-market-interest-rate financing or assistance in land acquisition and cost, an additional 90 new rental units might be marketed annually. The projected annual demand exceeds the average annual number of privately-financed multifamily units completed in the past six years. It should be recognized, however, that heretofore the requirements for rental housing have been met largely through conversion of existing structures. The projected demand may be considered as an attempt to satisfy both a need suggested by the present tight market and competitive replacement of existing accommodations. The lack of older privately-financed rental units in the Newport area precludes any long-term assessment of the rental market, although the rate of absorption of the newer projects in the area suggests that the market for rental accommodations at $150 and up is limited in size. In any event, the lack of long-term experience, coupled with the number of multifamily units currently under construction and proposed, suggests that the market be observed carefully and appropriate adjustments be made on the basis of market experience.

Qualitative Demand

The expected distribution of the annual demand for 340 sales units shown in the following table is based on ability to pay, as determined by current family income levels and the ratio of sales price to income typical in the area. The minimum selling price at which acceptable sales housing can be produced in this area is estimated at about $12,000.

Estimated Annual Demand for New Sales Housing by Selling Price
Newport, Rhode Island, Housing Market Area
August 1, 1966 to August 1, 1968

Sales price	Number	Percent
Under $15,000	75	22
$15,000 - 17,499	60	18
17,500 - 19,999	50	14
20,000 - 24,999	80	24
25,000 and over	75	22
Total	340	100

The foregoing distribution differs from that presented on page 26, which reflects only selected subdivision experience during the year 1965. It must be noted that the 1965 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 preceding demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

Rental Housing

The monthly rentals at which the annual demand for 250 privately-owned rental units might best be absorbed by the rental market are indicated for various size units in the following table. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition.

Under current costs, minimum rents (including utilities) at which new privately-owned rental units can be produced in the area at market interest rate financing are approximately \$80 a month for efficiencies, \$100 for one-bedroom units, \$120 for two-bedroom units, and \$140 for three-bedroom units.1/ At and above these minimum rents, there is a prospective annual demand for about 160 units. At the lower rents achievable with some form of public benefits or assistance, an additional 90 units a year probably can be absorbed, excluding public low-rent housing and rent-supplement accommodations.

1/ Calculated on the basis of a long-term mortgage (40 years) at $5\frac{1}{4}$ percent interest and $1\frac{1}{2}$ percent initial annual curtail; changes in these assumptions will affect minimum rents accordingly.

Estimated Annual Demand for New Rental Housing
Newport, Rhode Island, Housing Market Area
August 1, 1966 to August 1, 1968

Monthly gross rent a/	Size of Unit			
	Efficiency	One bedroom	Two bedroom	Three bedroom
$65 and over	20	-	-	-
70 " "	20	-	-	-
75 " "	15	-	-	-
80 " "	10	85	-	-
85 " "	10	75	-	-
90 " "	5	70	-	-
95 " "	5	65	100	-
100 " "	-	60	90	-
105 " "	-	55	80	-
110 " "	-	50	75	45
120 " "	-	40	70	35
130 " "	-	30	60	25
140 " "	-	20	45	20
150 " "	-	15	30	10
160 " "	-	10	15	5

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

Note: The figures above are cumulative and cannot be added vertically. For example, the demand for one-bedroom units to rent between $100 and $120 is 20 (60 minus 40).

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

Table I

Employment Covered by the Rhode Island Employment Security Act
Newport, Rhode Island, Housing Market Area
December 1957-December 1965

Industry	1957	1958	1959	1960	1961	1962	1963	1964	1965
Total nonfarm employment	6,875	6,825	6,675	7,175	7,375	6,850	7,000	7,275	8,175
Manufacturing	1,575	1,600	1,400	1,975	2,075	1,500	1,450	1,500	1,650
Nonmanufacturing	5,300	5,225	5,275	5,200	5,300	5,350	5,575	5,775	6,550
Contract construction	780	570	690	600	790	630	730	500	780
Transportation and utilities	670	700	690	580	610	610	650	640	690
Wholesale and retail trade	2,650	2,525	2,500	2,525	2,425	2,500	2,600	2,825	3,075
Finance, ins., and real estate	210	250	230	250	290	320	280	300	330
Services	1,000	1,175	1,175	1,225	1,200	1,300	1,300	1,525	1,650

Note: Components may not add to totals because of rounding.

Source: Rhode Island Department of Employment Security.

Table II

Estimated Percentage Distribution of All Families
and Renter Households[a] by Income and Tenure
After Deductions of Federal Income Taxes
Newport, Rhode Island, Housing Market Area
August 1, 1966 and August 1, 1968

Annual after-tax incomes	August 1, 1966		August 1, 1968	
	All families	Renter households	All families	Renter households
Under $2,000	14	17	13	16
$2,000 - 2,999	5	8	5	8
3,000 - 3,999	7	10	7	9
4,000 - 4,999	9	11	8	11
5,000 - 5,999	9	11	9	10
6,000 - 6,999	10	10	9	10
7,000 - 7,999	9	10	9	8
8,000 - 8,999	8	6	8	7
9,000 - 9,999	7	5	7	6
10,000 - 12,499	11	6	12	7
12,500 - 14,999	5	3	6	3
15,000 and over	6	3	7	5
Total	100	100	100	100
Median	$6,575	$5,325	$6,925	$5,625

a/ Excludes one person renter households.

Source: Estimated by Housing Market Analyst.

Table III

Population in Households, Number of Households, and Household Size
Newport, Rhode Island, Housing Market Area
April 1, 1950-August 1, 1966

				Average annual change			
				1950-1960		1960-1966	
Household population	April 1, 1950	April 1, 1960	August 1, 1966	Number	Rate[a/]	Number	Rate[a/]
Nonmilitary-connected civilian	21,450	34,000	43,250	1,250	4.6	1,470	3.9
Military-connected civilian	9,950	8,950	9,200	-100	-1.1	40	0.5
Military	17,150	19,200	20,400	200	1.1	190	1.0
HMA total	48,550	62,150	72,850	1,350	1.3	1,700	2.6
Households							
Nonmilitary-connected civilian	6,325	10,550	13,500	425	5.1	465	4.0
Military-connected civilian	3,000	2.900	3,000	-10	-	15	0.5
Military	5,175	5,500	5,750	35	-	40	0.8
HMA total	14,500	18,950	22,250	450	1.4	520	2.6
Household size							
Nonmilitary-connected civilian	3.39	3.22	3.20	-	-	-	-
Military-connected civilian	3.32	3.09	3.07	-	-	-	-
Military	3.31	3.49	3.55	-	-	-	-
HMA total	3.35	3.28	3.27	-	-	-	-

a/ Derived through a formula designed to calculate the rate of change on a compound basis.

Sources: 1950 and 1960 Censuses of Population and Housing. Total population in households for 1950 and 1966 and components for all years estimated by Housing Market Analyst.

Table IV

Newport, Rhode Island, Area Postal Vacancy Survey

June 29 - July 11, 1966

Postal area	Total residences and apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	Residences: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	Apartments: Total possible deliveries	Vacant units: All	Vacant units: %	Vacant units: Used	Vacant units: New	Under const.	House trailers: Total possible deliveries	Vacant: No.	Vacant: %
The Survey Area Total	20,467	594	2.9	533	61	200	17,198	271	1.6	217	54	136	3,269	323	9.9	316	7	64	450	14	3.1
Newport	12,527	404	3.2	392	12	78	9,440	135	1.4	128	7	19	3,087	269	8.7	264	5	59	1	-	-
Main Office	8,535	262	3.1	258	4	72	6,656	69	1.0	69	-	13	1,879	193	10.3	189	4	59	-	-	-
Broadway Station	3,992	142	3.6	134	8	6	2,784	66	2.4	59	7	6	1,208	76	6.3	75	1	-	1	-	-
Other Cities and Towns	7,940	190	2.4	141	49	122	7,758	136	1.8	89	47	117	182	54	29.7	52	2	5	449	14	3.1
Middletown 1/	2,630	40	1.5	32	8	11	2,630	40	1.5	32	8	11	-	-	-	-	-	-	60	-	-
Portsmouth	2,091	72	3.4	49	23	58	1,973	39	2.0	16	23	53	118	33	28.0	33	-	5	302	8	2.6
Tiverton	3,219	78	2.4	60	18	53	3,155	57	1.8	41	16	53	64	21	32.8	19	2	-	87	6	6.9

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).

1/ Middletown served by the Newport Post Office.