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Analysis of the
**SAN JOSE, CALIFORNIA
HOUSING MARKET**

as of January 1, 1970

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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

June 1970

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FHA Housing Market Analysis
San Jose, California, as of January 1, 1970

Foreword

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

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

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

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

FHA HOUSING MARKET ANALYSIS - SAN JOSE, CALIFORNIA
AS OF JANUARY 1, 1970^{1/}

The San Jose, California, Housing Market Area (HMA) is defined as being coterminous with the San Jose Standard Metropolitan Statistical Area (Santa Clara County). San Jose is approximately 40 miles south of San Francisco, 360 miles north of Los Angeles and 30 miles inland from the Pacific Ocean. The HMA, as defined above, covers approximately 1,300 square miles. Most of the January 1970 population (1,112,500 persons), however, resided in the northwestern quadrant of the county closest to San Francisco. About 70 percent of the total population lived in the five largest cities, which are closely interrelated: San Jose, Mountain View, Palo Alto, Santa Clara, and Sunnyvale.

The economy of the San Jose HMA grew very rapidly in the 1960's; nonagricultural employment gains averaged about 20,900 yearly from 1960 through the first eleven months of 1969. Much of the economic growth was supported by increases in employment in the aerospace industries. Aerospace employment grew by an over-all annual average of about 4,350 during the period, despite decreases in 1964 and 1965 and in 1969. The declines in aerospace employment are expected to continue into the near future, and lower rates of nonagricultural employment growth will result.

^{1/} Data in this analysis are supplementary to a previous FHA analysis of the area as of April 1, 1967. Some of the data have been adjusted on the basis of information which has become available since the previous analysis.

Mostly reflecting the rapid economic growth, the rate of population gain in the San Jose HMA has been one of the highest in the nation. In the period since the April 1967 market analysis, population increases have averaged about 45,950 (4.5 percent) annually. Although the rate of housing construction has increased substantially from the depressed conditions existing at the time of the 1967 market analysis, the increase in households has been slightly higher than net additions to the housing inventory and vacancies have decreased. The housing market is tight, especially in the lower sales price and rental ranges.

Anticipated Demand for Housing

The estimated demand for new, privately-financed, nonsubsidized housing in the San Jose HMA is based on the expected increase in the number of households during the two-year forecast period ending January 1, 1972, and on the replacement requirements for units removed from the housing inventory. The need for permanent housing is adjusted to allow for demand which will be met through sales of mobile homes. Barring unforeseen developments, the annual demand for permanent, privately-financed, nonsubsidized housing will approximate 12,050 units during the next two years. The most desirable demand-supply relationship will be achieved if annual construction consists of 5,450 single-family houses and 6,600 units in multifamily structures. Approximately 2,000 to 2,500 of the annual demand for multifamily units will be for sales housing, mostly below \$20,000 per unit (under about \$190 per month total charges, assuming minimum downpayment and a thirty-year mortgage). An additional 1,200 households annually are expected to be accommodated in mobile homes. Distributions of the demand for housing by sales price and by gross rent and unit size are shown in table I. The above estimates and distributions of demand are based on the assumption that current monetary conditions may not change materially during the forecast period, and that the economic and demographic forecasts outlined in the report will hold.

Although the forecast of demand for privately-financed housing is somewhat above the average for the over-all 1965-1968 period, when an average of 11,250 units were authorized annually, the forecast represents a reduction from the rate of housing construction indicated by the 17,200 units authorized in the first eleven months of 1969. Given a slowing in the rate of household increase during 1970 and 1971, a decrease in the rate of construction from 1969 levels will be necessary to assure a continued balance in housing supply and demand.

These demand estimates are not intended to be forecasts of construction activity, but a guide to desirable rates of building based on the assumptions and economic and demographic forecasts

outlined in this report. Should economic activity in the area proceed at a rate substantially different from the forecast, then the indicated demand for housing will need to be adjusted. It is important to note, however, that increases in households do not vary directly with rates of economic change over the short term of two years.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through four different programs administered by the FHA--monthly rent-supplement payments, principally in rental projects financed with market-interest-rate mortgages insured under Section 221(d)(3); partial payments for interest for home mortgages insured primarily under Section 235; partial payment for interest for project mortgages insured under Section 236; and below-market-interest-rate financing for project mortgages insured under Section 221(d)(3). In addition to these programs, market-interest-rate mortgages may be arranged for moderate-income housing under the provisions of Section 221(d)(4).

Household eligibility for federal subsidy programs is determined primarily by evidence that household or family income is below established limits. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using Federal or State support. Since the potential for each program is estimated separately, there is no attempt to eliminate the overlaps among program estimates. Accordingly, the occupancy potentials discussed for various programs are not additive. Furthermore, future approvals under each program should take into account any intervening approvals under other programs which serve the same requirements. The potentials^{1/} discussed in the following paragraphs reflect estimates unadjusted for housing provided or under construction under alternative FHA or other programs.

The annual occupancy potentials for subsidized housing in FHA programs discussed below are based upon January 1970 incomes, on January 1, 1970 income limits, upon exception income limits for Sections 235 and 236, on the estimated occupancy of substandard housing, on estimates of the elderly population, and on available

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

market experience.^{1/} Units now under construction or committed under these subsidized programs would satisfy a commensurate portion of the occupancy potential. Distributions of the occupancy potentials by unit size are contained in table II.

Section 221(d)(3) BMIR. If federal funds are available, about 900 units of Section 221(d)(3) BMIR housing probably could be absorbed annually during the next two years.^{2/} Almost all families eligible for this type of housing also are eligible for Section 236 housing. There are now 360 units of 221(d)(3) below-market-interest-rate housing in the HMA. All existing units are occupied, except for frictional vacancy. Construction is expected to commence for 192 units in April 1970.

Rent-Supplement Housing. Based on the incomes of the area and on other household characteristics, it is judged that there is an annual occupancy potential for about 640 units of rent-supplement housing during the two-year forecast period of this report. Approximately 220 units of the annual potential will be for families and 420 units will be for elderly households. About 25 percent of the families and 15 percent of the elderly eligible for rent-supplement also are eligible for Section 236. There is no rent-supplement housing in the HMA, but about 400 units are in application and a 210-unit project is now under construction.

Most families eligible for rent supplements also are eligible for low-rent public housing. As of January 1970, there were about 2,010 public-housing units under management in the HMA--1,330 in San Jose and 680 in Santa Clara County. All of the units are leased by the housing authorities; none are specifically designed for the elderly. A very extensive waiting list was reported by both agencies.

^{1/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized programs and absorption rates remain to be tested.

^{2/} As of January 1970, funds for allocation are available only from recaptures resulting from reductions, withdrawals, and cancellations of outstanding allocations.

Section 235, Sales Housing. Sales housing could be provided for low- to moderate-income families under the provisions of Section 235. As of January 1970, funds had been reserved for about 300 units; only about five units had been completed and occupied. With exception income limits, there is an annual occupancy potential for about 970 housing units during 1970 and 1971. With regular income limits, the potential would be about one-third of that number. All of the families in the potential for Section 235 housing also are part of the potential estimated below for the Section 236 program, and vice versa, but the two are not additive; most have incomes within the Section 221(d)(3) BMIR range. Because of statutory maximum mortgage limits and high land and construction costs, it is estimated that two-thirds of the housing in the San Jose HMA under Section 235 will be in cluster, planned-unit developments. The remaining one-third will be in detached single-family dwellings located in peripheral areas of lower land costs.

Section 236, Rental Housing. The occupancy potential for rental housing under Section 236 is estimated at 970 units annually for families and 260 units for elderly under exception income limits; with regular income limits, the potential for families would be about one-third of that number, and the potential for elderly would be about two-thirds of the potential calculated with exception limits. Families eligible under this program also are eligible for Section 235 (the two are not additive) and about five percent of the families and 25 percent of the elderly households qualify for rent-supplement. Most of the families and elderly households also are eligible under Section 221(d)(3) BMIR.

There has been no Section 236 housing constructed in the HMA. However, there are applications pending for almost 1,700 units. Because there is a calculated annual occupancy potential for a total of 1,230 units of this type of housing, because most of those eligible also are eligible for one or more other subsidized programs, and because little is known about absorption rates in this untested market, it appears prudent to limit approval of these first applications to the most feasible projects only.

The Sales Market

The sales housing market has continued the improvement noted in the 1967 market analysis, but prices have continued to rise and the shortage of low-cost housing has worsened. The sales vacancy rate, at 1.1 percent, is down from 1.5 percent in 1967. There is no longer a surplus of sales housing in any price range in the area. All signs indicate a tightening market.

There was a very rapid increase in single-family construction from the low levels of 1966, when about 5,175 units were authorized for construction, to 9,400 units in 1968. Partly as a result of

slowed population increases and because of the increasingly high cost of mortgage credit, single-family authorizations declined to 6,425 units in the first eleven months of 1969, compared to about 8,750 in the corresponding period in 1968.

The development of single-family sales housing continues to be interspersed throughout the periphery of the entire HMA. Most of the highest-priced units are built in the western areas of the periphery. Much of the moderate- and lower-priced new sales housing is located east of the Bayshore Freeway.

The annual FHA surveys of houses completed in subdivisions containing five or more completions during the previous year give some indication of the condition of the market for new sales housing. The surveys cover all types of sales housing, including townhouses (but excepting trailers). The median sales price of all units covered in the survey of 1966 completions was about \$23,600. The median increased to \$27,400 for 1968 completions, but decreased to \$26,500 in 1969. Some of the recent decrease in the median price may be the result of increases in construction of townhouses for sale, some of which are lower priced than detached housing. Approximately \$17,500 is the lowest price at which single-family detached houses are being built, but townhouses can be produced for about \$15,000. According to table VI, there was a decrease in the number of new single-family houses in 1969 from 1968, while the number of multifamily units increased. The coverage of the FHA surveys of new sales units increased by 950 units between the two years, which may also reflect the growth of planned-unit developments.

The surveys also indicate a decline in speculative construction from about 2,775 units in 1966 to 2,525 in 1967, and subsequent increases to 5,325 in 1969. The increased speculation was partially responsible for a rise in the rate of unsold speculative houses from seven percent at the end of 1967 to 27 percent at the end of 1969. Some caution appears to be warranted in the rate of speculative building, especially since the rate of population growth is expected to continue to decline in the near future.

The sale of units in multifamily structures (principally planned-unit developments) has been increasing. These projects, mostly consisting of row-type (townhouse) structures, include the lowest-cost permanent sales housing in the area. The increased rate of development of units in these projects is partly responsible for the increase in speculation and the increase in the proportion of units unsold.

According to the Santa Clara County Planning Commission, the first large multifamily sales project was built in the mid-1960's, and consisted of luxury-type units. The success of the project

was limited. Most of the more recent projects, built at the lower prices achievable through multifamily construction rather than single-family building, have been successful. The attraction of the low-cost townhouse development is apparent in the area--there were about 2,000 such units authorized for construction in 1969; there are proposals pending in the San Francisco FHA Insuring Office for additional planned-unit developments in the HMA containing over 6,000 units, the majority of which would be priced under \$20,000.

The market for lower-priced sales housing increasingly is being met through sales of mobile homes, which are the only new housing available for sale at prices under \$15,000. Since the 1967 market analysis, an average of approximately 1,225 mobile homes have been purchased and put in place annually. A relatively large down payment is required to finance this type of housing, however, and there is no long-term mortgage financing available (15 years usually being the maximum), which tends to increase the monthly mortgage payment. In short, mobile homes, given present conditions, may not be a complete solution to the low-cost sales housing shortage. Mobile homes are expected, however, to continue to account for a substantial part of the market for sales housing.

The Rental Market

The rental market in the San Jose HMA has had a past history of over-building and surplus supply. In 1960, the rental vacancy rate was 8.5 percent. There were many rental units constructed in the early 1960's, and the vacancy rate increased rapidly. A great many concessions were offered to obtain tenants during the period, including free trips, rental discounts, etc.

The rate of rental construction peaked in 1963 and declined until 1966. Rental vacancies were reduced to 3.8 percent in 1967. The high rate of population growth continued, and despite a constantly-increasing rate of rental construction since 1966, the rental vacancy rate decreased to only 2.8 percent as of January 1970. Rental concessions are now seldom used by apartment owners. The rental housing built at market rates of interest is not concentrated in any particular rental range; however, few projects are built at the lowest rents achievable. Most are garden-type projects and include such amenities as swimming pools, game rooms, etc. Minimum achievable gross monthly rents are about \$140 a month for one-bedroom units, \$170 a month for two-bedroom units, and \$200 a month for three-bedroom units.

Part of the recently-developed tightness in the rental market may be explained by the current high mortgage interest rates and lack of available low-cost sales housing in the area. Many potential buyers have been forced to postpone purchases because of high sales housing costs. Also, household formation among the maturing post-World War II "baby boom" population has created a

growing market for rental housing. The increasing number of older persons also is strengthening the rental market, as many prefer maintenance-free apartment living.

Although the market for all types of rental housing is tight, low-rent housing is especially scarce. According to a 1969 survey of structures containing five units or more made by the County Planning Department, less than one-half of one percent of units at rents below \$100 a month were vacant. The same survey indicated that vacancy rates in larger units were much lower than in one- and two-bedroom units. One-bedroom units had vacancies averaging 3.0 percent and three-bedroom units had 0.8 percent vacancies. The results of the survey also indicated that apartment managers have taken cognizance of the tight rental market; the management of about one-half of the projects included in a similar survey conducted in 1967 indicated they would accept families with school-age children, but only one-fourth so indicated in 1969.

Economic, Demographic, and Housing Market Factors

The estimated demand for 12,050 units of permanent, unsubsidized housing each year is predicated on the findings and assumptions set forth below:

Employment. During the twelve-month period ending in November 1969, total nonagricultural employment averaged 404,800 in the San Jose HMA, up 16,300 from the previous twelve months (see table III). Nonagricultural job increases averaged almost 27,350 a year during the 1965-1968 period, but the annual rate of increase slowed from 31,600 between 1965 and 1966 to 24,400 between 1967 and 1968. The twelve-month gain through November 1969 is the lowest increase since the 1964-1965 period.

Although the proportion of manufacturing employment to total nonagricultural employment in the San Jose area is only slightly greater than in the nation as a whole (31 percent versus 29 percent), almost 57 percent of manufacturing employment is in the aerospace industries (ordnance, electrical machinery, and instruments), much of which is dependent on production contracts for the military and on the needs of space exploration programs. Recent history shows the uncertainty of such an economic base, which is highly vulnerable to national economic conditions, national goals, and contractual decisions; the recent completion of some space programs and the lack of alternative contracts available resulted in the recent decline in aerospace manufacturing shown in table III. Given present conditions and expectations, over-all aerospace employment probably will continue to decline in the near future.

Almost all of the nonmanufacturing employment in the HMA is ancillary to the local population and industry. Nonmanufacturing jobs increased from 218,300 in 1965 to 277,700 in the twelve months ending in November 1969 (an average of 15,200 annually), reflecting the rapid industrial and demographic growth of the area during the period. Every sector of nonfarm nonmanufacturing increased in the over-all 1965-1969 period, although construction employment declined somewhat in 1966 and 1967 as a result of the mortgage money stringencies which developed at the time.

It is difficult to forecast with confidence the employment prospects of an area heavily impacted by the volatile aerospace industries. The present and future status of government and private aerospace programs (and their funding) and the success of the local companies in attracting production contracts are critical to future employment levels in the industries. Expectations for the future do not appear to be promising. A successful outcome of the diversification efforts of certain aerospace firms into more stable industries could change the prospects for the companies, but further employment declines seem a likely prospect for the near future. However, continuing gains in other manufacturing may off-set the losses in aerospace employment, depending upon the extent of the losses in the aerospace industry.

Assuming a continued decline in aerospace employment with a subsequent stabilization in the latter part of the 1970-1971 period, a net over-all increment of about 30,000 nonfarm jobs (15,000 a year) may develop in the next two years. On the assumption that aerospace employment will continue to decline through 1970 before leveling off, the largest part of the increase will occur in 1971. The average annual increase forecasted (15,000 nonagricultural jobs) is considerably below the over-all average maintained in the 1960's (about 20,900 annually through November 1969) and contrasts even more with the most recent years--nonfarm jobs increased by an average of about 24,200 yearly from 1965 through November 1969. However, the growth of the 1960's was implemented by over-all average annual employment gains of about 4,125 in the aerospace industries. If the continued declines in aerospace employment which are expected materialize, the reduction in growth rates of total employment will result. When the job total in the aerospace industries declined in 1963 and 1964 at a rate similar to that anticipated for the 1970-1971 period, nonfarm employment increases were held to levels approximating those forecasted. In the event that employment in the aerospace industries, or in other "basic" industries such as nonelectrical machinery manufacture, should expand significantly above the levels anticipated, future employment levels would change accordingly.

Income. The estimated median 1970 income of all families in the San Jose HMA is estimated at \$10,850, after the deduction of federal income tax. The median 1970 after-tax income of renter households of two or more is estimated at \$8,400. See table IV for percentage distributions by income class for 1967 and 1970.

Population and Households. As of January 1970, the population of the San Jose HMA is estimated at 1,112,500, up 126,400 from April 1967, or about 45,950 yearly (see table V). The population increase reflects a net natural increase (excess of resident births over resident deaths) of about 36,900 and the net in-migration of about 89,500 persons. The rate of in-migration to the HMA is a relatively high 32,550 in-migrants annually, but has declined slightly from the 1960-1967 period, when in-migration averaged about 35,100 annually. Despite the small decline in migration to the HMA, the area has continued as one of the most rapidly growing metropolitan areas in California and the nation; the rate of growth during the 1967-1970 period amounted to 4.5 percent annually (compounded).

San Jose contained the most population of any incorporated area in the HMA in January 1970, accounting for 464,600 persons (42 percent of the total), and has contributed more than one-half of all population increase since 1960. The four other most populous incorporated areas as of January 1970 were Mountain View (64,000 persons), Palo Alto (62,000), Santa Clara (90,300), and Sunnyvale (101,200), all up since 1967. These five most populous cities are adjacent, and highly interdependent. Mostly because of declines in annexations by incorporated areas, the remainder of the area had an increase in population growth rates since 1967, from 7,800 annually during the 1960-1967 period to 11,850 yearly since 1967.

Based on the expected lower employment gains in the HMA in 1970 and 1971, average annual population increases of about 39,500 seem likely during the period. Although the expected population increases represent declines from the very rapid growth of recent years, continued high levels of net in-migration are expected. Based on a continuation of the slow decline in the rate of natural increase of recent years, the forecast indicates the net in-migration of about 27,500 persons annually.

As of January 1, 1970, there were about 330,700 households (occupied housing units) in the San Jose HMA, reflecting average annual increases of 14,750 since April 1, 1967. Gains in the number of households had averaged 15,000 annually during the April 1960-April 1967 period. Based on the expected increases in population, anticipated household formation, and declines in persons per household, the number of households in the San Jose HMA is expected to increase by about 12,500 a year during the forecast period, to total 355,700 in January 1972.

Housing Inventory and Residential Construction Trends. As of January 1, 1970, there were approximately 342,500 housing units in the San Jose HMA, reflecting a net increase of 39,900 units since April 1, 1967, or about 14,500 yearly. The net increase since 1967 resulted from the construction of 38,550 new units, the loss of about 2,000 units, and the addition of 3,350 mobile homes. During the 1960-1967 period, the housing inventory increased by about 14,650 yearly.

The similar average rates of increase during the two periods do not reflect steady year-to-year gains. According to the number of building permits^{1/} issued, the rates of construction varied greatly during both periods. The peak of 21,400 units during the 1960-1966 period was reached in 1963. Authorizations declined afterward, and the mortgage credit shortages which developed in 1966 contributed to a reduction in building permit authorizations to only about 6,700 units during that year. The rate of housing construction has since increased; there were over 17,550 units authorized for construction in 1968, and almost 17,200 units were authorized in the first eleven months of 1969, up from over 15,750 in the corresponding period in 1968 (see table VI).

Most of the increase in units authorized since 1966 has been for multifamily units. During the first eleven months of 1969, multifamily units authorized amounted to 10,750, up from 7,000 in the corresponding period in 1968 and reflecting increases each year since 1966. The most recent years during which multifamily authorizations were at higher rates than in 1969 were in 1962 and 1963 (the declines in aerospace employment in 1963 and 1964 were a factor in the decreases in multifamily construction after 1963). A large proportion of the increase in multifamily authorizations resulted from the increased popularity of planned-unit developments (townhouses) built for sale. These housing projects usually consist of row-type structures, but generally are considered to be and are reported as "multifamily" units. According to the Santa Clara County Planning Commission, there were about 2,000 multifamily sales units authorized in 1969, up at least 300 percent from the previous year. As of January 1, 1970, there were an estimated 6,200 multifamily units under construction, of which a large but unmeasurable proportion were for sale, most of them townhouses.

Single-family houses authorized increased from over 5,175 in 1966 to 9,400 in 1968, but in the eleven months through November 1969 the number declined to about 6,425, compared to 8,775 in the corresponding period in 1968. As of January 1, 1970, an estimated 2,550 single-family houses were under construction in the HMA.

^{1/} All of the land area in the San Jose HMA is covered by building permits.

Vacancy. Because of the sharp reduction in housing construction in the mid-1960's, accompanied by continued rapid increases in the number of households, housing vacancies declined substantially to April 1967. Although the rate of construction has increased since 1967, the rate of household gains has been greater and vacancies have continued to decline. Based on a vacancy survey conducted by the Post Office Department for the FHA and on other indicators, it is estimated that as of January 1, 1970, there were approximately 11,800 vacant housing units in the HMA. Of these, about 5,900 were available for rent or for sale, an overall available vacancy rate of 1.8 percent. The available vacancy rate in April 1967 was 2.4 percent. Both the homeowner and renter vacancy rates are down from 1967. The homeowner vacancy rate was 1.5 percent in 1967, and was down to 1.1 percent in 1970. The renter vacancy rate, 3.8 percent in 1967, was down to 2.8 percent in 1970 (see table VII).

Table I

Estimated Annual Demand for New
Privately-Financed Nonsubsidized Housing
San Jose, California, Housing Market Area, January 1970-January 1972

A. Demand for Single-Family Houses^{a/}

<u>Price ranges</u>	<u>Number</u>	<u>Percent</u>
Under \$20,000	250	5
20,000 - 22,499	750	14
22,500 - 24,999	1,000	18
25,000 - 27,499	950	17
27,500 - 29,999	600	11
30,000 - 34,999	750	14
35,000 and over	<u>1,150</u>	<u>21</u>
Total	<u>5,450</u>	<u>100</u>

B. Demand for Multifamily Units^{b/}

<u>Gross monthly rent^{c/}</u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$120 - \$139	170	-	-	-
140 - 169	80	1,700	-	-
170 - 199	-	675	1,700	-
200 - 229	-	275	750	650
230 and over	-	<u>50</u>	<u>300</u>	<u>250</u>
Total	<u>250</u>	<u>2,700</u>	<u>2,750</u>	<u>900</u>

^{a/} Does not include mobile homes.

^{b/} Includes sales units in planned-unit developments and in other multi-family structures. Demand for such units will approximate 2,000 to 2,500 of the annual total, mostly in the lower ranges of monthly charges.

^{c/} Gross monthly rent is the equivalent of shelter rent plus the cost of utilities, or the monthly housing expense for multifamily sales units.

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
San Jose, California, Housing Market Area
January 1, 1970-January 1, 1972

A. Subsidized Sales Housing, Section 235^{a/}

<u>Family size</u>	<u>Number of units</u>
Four persons or less	690
Five persons or more	<u>280</u>
Total	970

B. Privately-Financed Subsidized Rental Housing

<u>Size of units</u>	<u>Rent Supplement</u>		<u>Section 236^{a/}</u>	
	<u>Families</u>	<u>Elderly</u>	<u>Families</u>	<u>Elderly</u>
Efficiency	-	360	-	170
One bedroom	40	60	140	90
Two bedrooms	90	-	430	-
Three bedrooms	50	-	260	-
Four bedrooms or more	<u>40</u>	<u>-</u>	<u>140</u>	<u>-</u>
Totals	220	420	970	260

a/ All of the families eligible for Section 235 housing also are eligible for the Section 236 program, and vice versa, and most are eligible for Section 221(d)(3)BMIR housing. The estimates are based upon the exception income limits established by legislative authority; under regular income limits the potential for families would be about one-third of that number and the potential for elderly would be about two-thirds of the number shown under Section 236.

Table III

Work Force and Employment Trends
San Jose, California, Housing Market Area, 1965-1969^{a/}
(in thousands)

<u>Work force components</u>	<u>Annual averages</u>				<u>12 months through Nov.</u>	
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1968</u>	<u>1969^{c/}</u>
Civilian work force ^{b/}	<u>336.7</u>	<u>365.0</u>	<u>390.6</u>	<u>414.8</u>	<u>413.4</u>	<u>429.5</u>
Unemployed	20.2	17.6	17.7	17.3	17.4	17.5
Percent of work force	6.0%	4.8%	4.5%	4.2%	4.2%	4.1%
Total employment	<u>316.5</u>	<u>347.4</u>	<u>373.0</u>	<u>397.4</u>	<u>395.8</u>	<u>412.0</u>
Nonagricultural employment	<u>308.1</u>	<u>339.7</u>	<u>365.7</u>	<u>390.1</u>	<u>388.5</u>	<u>404.8</u>
Manufacturing	<u>89.8</u>	<u>105.8</u>	<u>119.7</u>	<u>126.4</u>	<u>126.3</u>	<u>127.1</u>
Durable goods	<u>68.4</u>	<u>82.5</u>	<u>95.7</u>	<u>100.4</u>	<u>100.4</u>	<u>100.3</u>
Nonelectrical machinery	9.0	11.0	12.8	13.4	13.4	13.7
Aerospace	<u>48.8</u>	<u>59.8</u>	<u>70.8</u>	<u>73.8</u>	<u>73.8</u>	<u>72.9</u>
Ordnance	22.0	24.3	28.7	28.6	28.9	24.5
Electrical machinery	25.3	33.7	40.2	43.0	42.8	46.1
Instruments	1.5	1.8	1.9	2.2	2.1	2.4
Other durables	10.6	11.7	12.1	13.2	13.2	13.7
Nondurables	<u>21.4</u>	<u>23.3</u>	<u>24.0</u>	<u>26.0</u>	<u>25.9</u>	<u>26.8</u>
Food and kindred products	13.3	14.4	14.3	15.4	15.4	15.3
Other nondurables	8.1	8.9	9.7	10.6	10.5	11.5
Nonmanufacturing	<u>218.3</u>	<u>233.9</u>	<u>246.0</u>	<u>263.7</u>	<u>262.2</u>	<u>277.7</u>
Mining and agri. services	.9	.9	.9	1.0	1.0	1.0
Construction	20.0	19.1	18.1	20.0	19.9	21.0
Transp., comm., and utilities	12.7	14.1	14.7	15.4	15.3	16.0
Trade	57.2	61.7	65.9	71.5	71.1	76.0
Finance, ins. and real estate	12.4	12.7	13.2	14.1	14.0	14.9
Services	71.7	77.7	82.6	88.1	87.5	92.4
Government	<u>43.4</u>	<u>47.7</u>	<u>50.6</u>	<u>53.6</u>	<u>53.4</u>	<u>56.3</u>
Federal	7.7	8.4	9.1	9.2	9.2	9.5
State and local	35.7	39.3	41.5	44.4	44.2	46.8
Agricultural employment	8.4	7.7	7.3	7.3	7.3	7.2

^{a/} Subtotals may not add to totals because of rounding.

^{b/} Excludes persons in labor-management disputes.

^{c/} Preliminary.

Source: State of California Department of Human Resources Development.

Table IV

Estimated Percentage Distribution of Families and Renter Households
by Annual Income, after Deducting Federal Income Tax
San Jose, California, Housing Market Area

Annual after-tax income	All families		Renter households ^{a/}	
	1967 ^{b/}	1970	1967 ^{b/}	1970
Under - \$5,000	12	11	25	22
\$5,000 - 5,999	5	4	8	7
6,000 - 6,999	6	5	10	9
7,000 - 7,999	8	6	10	9
8,000 - 8,999	8	7	9	9
9,000 - 9,999	10	10	7	9
10,000 - 10,999	9	8	7	7
11,000 - 11,999	7	7	5	6
12,000 - 12,999	6	7	4	4
13,000 - 13,999	5	7	4	4
14,000 - 14,999	4	5	2	3
15,000 - 19,999	13	14	7	8
20,000 and over	7	9	2	3
Total	100	100	100	100
Median income	\$10,050	\$10,850	\$7,700	\$8,400

a/ Excludes one-person households.

b/ Revised.

Source: Estimated by Housing Market Analyst

Table V

Trends in Population and Households
San Jose, California, Housing Market Area
April 1960-January 1970

<u>Area</u>	<u>April 1,</u>	<u>April 1,</u>	<u>Jan. 1,</u>	<u>Average</u>		
	<u>1960</u>	<u>1967</u>	<u>1970</u>	<u>annual changes^{a/}</u>	<u>1960-67</u>	<u>1967-70</u>
<u>Population</u>						
HMA total	<u>642,315</u>	<u>986,100</u>	<u>1,112,500</u>	<u>49,100</u>	<u>45,950</u>	
Five-city total	<u>399,150</u>	<u>688,300</u>	<u>782,100</u>	<u>41,300</u>	<u>34,100</u>	
San Jose	204,196	395,900	464,600	27,400	25,000	
Mountain View	30,889	56,000	64,000	3,575	2,900	
Palo Alto	52,287	59,750	62,000	1,075	820	
Santa Clara	58,880	86,850	90,300	4,000	1,250	
Sunnyvale	52,898	89,800	101,200	5,275	4,150	
Remainder of HMA	243,165	297,800	330,400	7,800	11,850	
<u>Households</u>						
HMA total	<u>184,945</u>	<u>290,100</u>	<u>330,700</u>	<u>15,000</u>	<u>14,750</u>	
Five-city total	<u>118,495</u>	<u>207,400</u>	<u>238,200</u>	<u>12,700</u>	<u>11,200</u>	
San Jose	62,312	117,700	139,300	7,925	7,850	
Mountain View	9,663	19,200	22,300	1,350	1,125	
Palo Alto	16,896	19,550	20,450	380	330	
Santa Clara	15,146	24,200	25,550	1,300	490	
Sunnyvale	14,478	26,750	30,600	1,750	1,400	
Remainder of HMA	66,450	82,700	92,500	2,325	3,575	

^{a/} Subtotals may not add to totals because of rounding.

Source: 1960 Censuses of Population and Housing and estimates by Housing Market Analyst.

Table VI

Privately Financed Housing Units Authorized by Building Permits
San Jose, California, Housing Market Area
1965-1969

	Annual totals				Jan.-Nov.	
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1968</u>	<u>1969</u>
HMA total	10,414	6,709	10,241 ^{a/}	17,563	15,762	17,182
Single-family	(6,824)	(5,187)	(7,486)	(9,398)	(8,766)	(6,433)
Multifamily	(3,590)	(1,522)	(2,755)	(8,165)	(6,996)	(10,749)
San Jose	6,095	3,705	6,335	9,199	8,249	8,213
Mountain View	615	434	422	1,601	1,594	1,530
Palo Alto	216	133	88	658	639	165
Santa Clara	341	251	262	1,065	645	1,349
Sunnyvale	683	628	959	1,775	1,563	1,176
Remainder of HMA	2,464	1,558	2,175	3,265	3,072	4,749

^{a/} Excludes 300 units of housing authorized by public contract.

Sources: U. S. Bureau of Census and Security Pacific National Bank.

Table VII

Trends in Housing Units and Occupancy
San Jose, California, Housing Market Area, 1960-1970

<u>Components</u>	<u>April 1960</u>	<u>April 1967</u>	<u>January 1970</u>
Total housing inventory	<u>199,922</u>	<u>302,600</u>	<u>342,500</u>
Total occupied units	<u>184,945</u>	<u>290,100</u>	<u>330,700</u>
Owner-occupied	127,130	186,600	208,000
Percent of all occupied	68.7%	64.3%	62.9%
Renter-occupied	57,815	103,500	122,700
Percent of all occupied	31.3%	35.7%	37.1%
Total vacant units	<u>14,977</u>	<u>12,500</u>	<u>11,800</u>
Available vacant	<u>10,335</u>	<u>7,000</u>	<u>5,900</u>
For sale only	4,945	2,900	2,400
Homeowner vacancy rate	3.7%	1.5%	1.1%
For rent	5,390	4,100	3,500
Renter vacancy rate	8.5%	3.8%	2.8%
Other vacant ^{a/}	4,642	5,500	5,900

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

Sources: 1960 Census of Housing and estimates by Housing Market Analyst.

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