Analysis of the

SPRINGFIELD, ILLINOIS HOUSING MARKET

as of November 1, 1965

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

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FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
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Foreword

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

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

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

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Summary and Conclusions

1. As of July 1965, nonagricultural wage and salary employment totaled 58,225, an annual increase of 1,100 in the past five years. Nonmanufacturing industries account for over 90 percent of the wage and salary employment growth in the HMA (averaging over 1,000 a year) and provide employment for more than 80 percent of all wage and salary workers. Three industries (government, trade, and services) dominate the nonmanufacturing sector and account for 75 percent of all nonmanufacturing workers. Annual employment gains since 1960 averaged 480 for the government segment and 580 for trade and service industries, offsetting losses in other nonmanufacturing industries. Following five-year trends, employment gains in the two-year forecast period are expected to average 1,100 annually, with virtually all growth expected in the three dominant nonmanufacturing industries.

   The current 2.8 percent unemployment rate (1,925 unemployed workers) reflects a steadily-declining unemployment rate since the 1960 average of 4.8 percent.

2. The median income of all nonfarm families in the Springfield HMA is $7,175 after the deduction of Federal income tax. The median income of renter families is $5,725 as of November 1965. By 1967 it is expected that after-tax family income will increase five percent to $7,500 at the median for all families and $6,000 for renter families. The 1965 and 1967 percentage distribution of nonfarm families in the HMA by income classes is presented in table II.

3. The nonfarm population of the HMA totals 147,000 as of November 1, 1965, an annual increase of nearly 1,600 over the 1960 nonfarm population of 138,100. By November 1, 1967 the population of the HMA will reach an expected 150,600, an average annual increase of 1,800 over the two-year period.

4. There are 48,000 nonfarm households in the HMA. The current household level represents an average annual increase of 520 over the April 1960 level of 45,100 households. By November 1967 households are expected to total 49,200 indicating an average increase of 600 annually.

5. As of November 1965, the nonfarm housing supply totals about 50,800 units, a net annual addition of 570 units since April 1960. About 3,150 units have been authorized by building permits in the January 1960-November 1965 period and another 580 units have been added in portions of the area outside permit-issuing places. At present, about 350 single-family units and 50 multifamily units are under construction in the HMA.

6. Available vacancies total 1,500 units currently, including 400 units for sale and 1,100 vacant rental units. Net vacancy ratios are 1.1 percent for homeowner units and 4.8 percent for rental units, a slight increase over the 1960 level and indicate a relative degree of equilibrium in the sales and rental markets.

7. The volume of privately-owned net additions to the housing supply which would meet the requirement of anticipated growth during the next two years and result in maintenance of an acceptable quantitative demand-supply balance in the housing market is about 675 units annually, including 600 sales units and 75 rental units, excluding public low-rent housing and rent-supplement accommodations. The annual demand for sales units is expected to approximate the distribution of sales price class as shown on page 19.

ANALYSIS OF THE SPRINGFIELD, ILLINOIS, HOUSING MARKET AS OF NOVEMBER 1, 1965

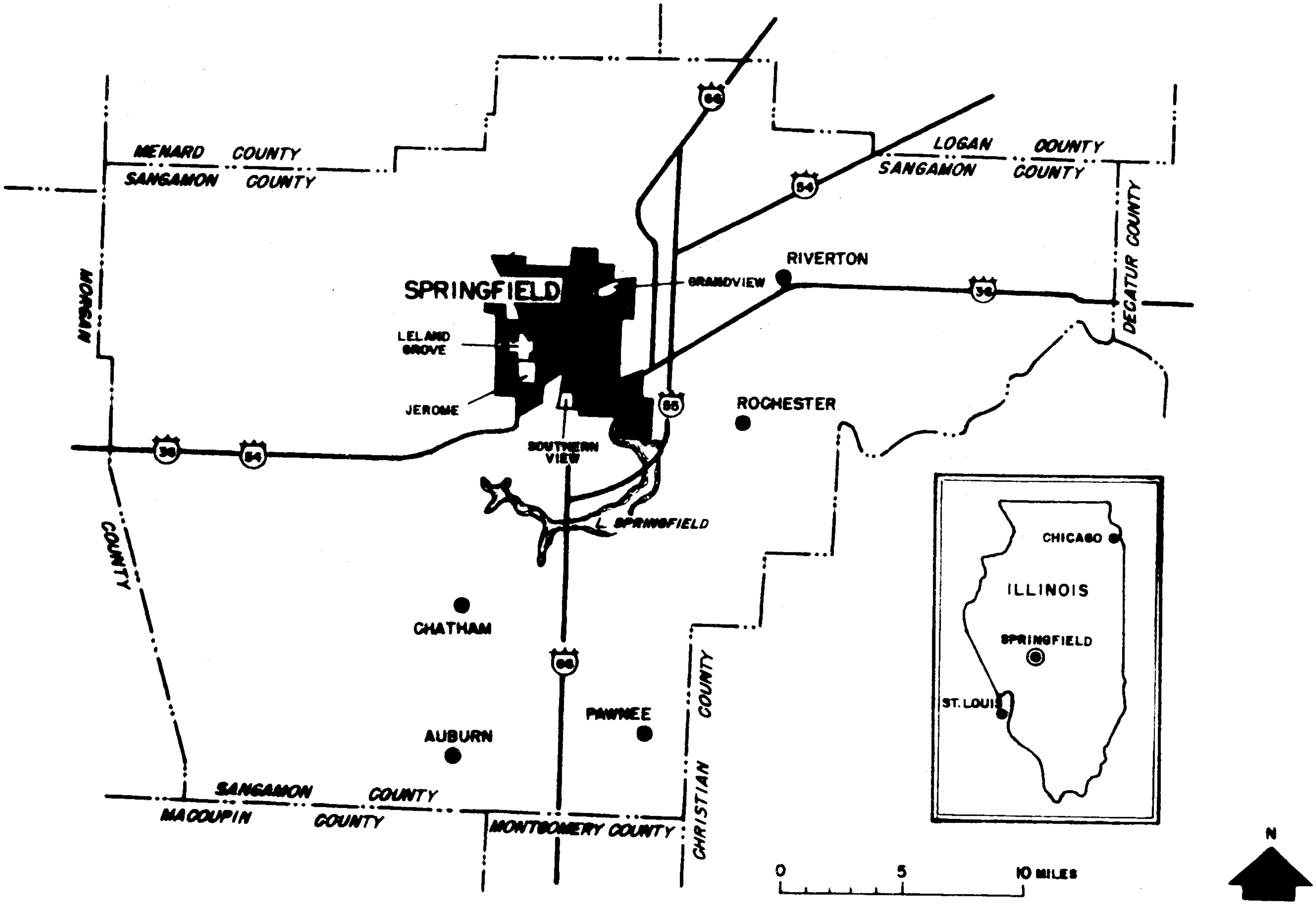
Housing Market Area

The Springfield, Illinois, Housing Market Area (HMA) is coterminous with Sangamon County, Illinois. This definition conforms to the Springfield, Illinois, Standard Metropolitan Statistical Area (SMSA) as delineated by the U.S. Bureau of the Budget. Since the rural farm segment of the HMA (5.8 percent of the 1960 population) does not contribute to the urban housing demand, it has been excluded in all demographic and housing data in this analysis, except where specifically noted. In 1960, the nonfarm population of the county totalled 138,100 persons, with over 60 percent of the population (83,300 persons) residing in the city of Springfield. In addition to the principal city, the HMA also contains 24 small incorporated communities with 1960 populations of 200 to 2,200 persons each. Four of these communities are surrounded in whole or in part by the city of Springfield; these villages had a combined population total of 6,100 persons in 1960. Reference in this report to "Springfield", therefore will include the four villages in addition to the city itself (see map, page 2).

The city of Springfield is located on the Sangamon River near the geographic center of the county. Appropriately, as the state capital, Springfield also is situated in the center of the state, approximately 190 miles southwest of Chicago and 90 miles northeast of St. Louis. U.S. Route 66 and Interstate 55 (which are parallel) provide the primary access to these metropolitan areas. East-west highway facilities include U.S. Route 36 and U.S. Route 54. State Route 29 provides access to Peoria (70 miles north of Springfield) and to points southeast of the county. Other transportation facilities include six railroad lines with freight and passenger service, and one commercial airline (Ozark Airlines) with regularly-scheduled commercial flights to other midwest cities.

The importance of Springfield as an employment center is revealed by data concerning worker commutation patterns compiled by the U.S. Bureau of the Census in April 1960. About 3,700 workers residing outside the county were employed in the HMA in 1960; another 1,800 residents of the HMA commuted to places of work outside the county, indicating a daily net in-commutation of 1,900. Most of the in-commuters came from Christian County to the southeast, Macoupin County to the southwest, and Menard County, northwest of the HMA. Out-commutation by Sangamon County residents was nearly evenly divided between all surrounding counties.

SPRINGFIELD, ILLINOIS, HOUSING MARKET AREA



Economy of the Area

Character and History

The rich historical background of Springfield as the home of Abraham Lincoln and the fact that it is the Illinois state capital are the primary factors which have contributed to the economic development of the area. The city of Springfield began as Calhoun Village in 1823, and was selected as the state capital; in the same year Mr. Lincoln moved to Springfield where he resided until his election as President of the United States in 1861. Today, the Lincoln tomb and other Lincoln memorials have contributed to the development of tourism as a significant factor in the economy. As the state capital, Springfield provides large-scale government employment opportunities. In addition, the presence of the offices of over 80 state-wide associations and organizations which need representation in the state capital contribute to employment in the area.

Employment

Current Estimate and Past Trend. As of July 1965, nonagricultural employment totalled 66,450 in the Springfield HMA with wage and salary employment accounting for 88 percent (58,225 jobs). Over the past five years, nonagricultural employment gains averaged nearly 1,025 annually, with wage and salary employment accounting for most of the increase. An 1,100-annual increase in the number of nonagricultural wage and salary workers obscures large employment fluctuations in the Housing Market Area from year to year. Part of the large year-to-year employment fluctuation may be attributable to the use of data for July of each year rather than yearly averages. Following a decline from 1960 to 1961, reflecting the 1961 recession, nonagricultural employment has increased each year with the largest gains occurring from 1961 to 1962 (3,625) and from 1963 to 1964 (2,500). In the past 12 months, the number of jobs increased by only 300 to the July 1965 total of 58,225 (see table I).

Employment by Industry. Manufacturing employment was equal to less than 20 percent of nonagricultural wage and salary employment in July 1965. The net employment gain in manufacturing industries over the five years amounts to 475, from 10,750 in July 1960 to 11,225 in July 1965. The five-year high in manufacturing employment of 12,150 was registered in 1964. Employment by two leading manufacturers varies with production schedules and accounts for the employment fluctuations in manufacturing in this period.

Nonmanufacturing industries accounted for over 80 percent of all wage and salary employment in July 1965 with government, trade, and service industries predominant These three industries provided employment for nearly 75 percent of all nonmanufacturing workers in the HMA. Employment by Federal, State, and local government has increased by 480 annually over the past five years to the current total of 13,755. State and local government employment, currently at 12,075, has accounted for most of employment gains in the government segment since 1960. The number of employees of the State of Illinois, Sangamon County, and the city of Springfield has increased by an average of 450 each year since 1960. Employment in trade and services, 21,325 in July 1965, accounted for over 45 percent of all nonmanufacturing employment in the HMA. Continual employment increases have been evident in this sector since 1961, although the annual gains varied from a low of 75 (1963-1964) to a high of 1,625 (1961-1962). The July 1965 total of 21,325 in this sector is 3,350 (19 percent) above the 1961 total of 17,975.

Employment Participation Rate. The employment participation rate, which is the ratio of employment to population of the HMA, indicates that there are about 45 jobs for every 100 persons living in the area. The Springfield area participation rate of 45 percent is relatively high, compared with 37 percent for the St. Louis area and 33 percent for Peoria, and reflects the predominance of nonmanufacturing industries with substantial employment of females and other secondary wage earners. (Female employment is nearly half of all nonmanufacturing employment for July 1965.) In-commutation of workers into the HMA also helps to account for the relatively high employment participation rate.

Principal Employers

Two leading manufacturing concerns currently employ a substantial portion of all manufacturing workers in the HMA; the Allis Chalmers Manufacturing Company, which produces construction equipment, and the Sangamo Electric Company, a leading producer of electric meters. Other important sources of employment are listed on the following page.

Principal Employers
Springfield, Illinois, HMA

Name of firm	Product or service
Allis Chalmers Manufacturing Co.	construction machinery
Sangamo Electric Company	electronic equipment
St. Johns Hosptial	medical
Illinois Bell Telephone Co.	communications
Franklin Life Insurance Co.	insurance

Source: Illinois State Employment Service.

Unemployment

The July 1965 unemployment rate of 2.8 percent (1,925 unemployed workers) indicates a steadily declining unemployment rate since 1960. As shown in table I, the number of unemployed persons and the unemployment rate in July has consistently declined over the five-year period, from 4.8 percent of the work force (3,250 unemployed) in July 1960 to under three percent this year.

Future Employment Prospects

Over the two-year forecast period it is expected that employment gains in the HMA will continue to average about 1,100 annually so that nonagricultural wage and salary employment will reach 60,625 by November 1967. Virtually all employment growth in the HMA is expected to occur in the nonagricultural wage and salary sector, with the number of nonsalaried workers remaining relatively stable over the forecast period. Following the five-year employment trends, employment gains during the forecast period are expected to occur in nonmanufacturing industries, primarily in the trade, service, and government sectors.

Income

Currently, the median income of nonfarm families in the Springfield, Illinois, HMA is $7,175 and the median income of renter families in the HMA is $5,725, after the deduction of Federal income tax. The November 1965 income levels represent a 14.5 percent increase over the 1959 family income as reported in the 1960 census. By 1967, it is expected that after-tax family incomes willincrease five percent to $7,500 at the median for all families and $6,000 for renter families.

Table II shows the percentage distribution of nonfarm families in Sangamon County by income classes. As the table indicates, 17 percent of all families and 30 percent of all renter families earn after-tax incomes of less than $4,000 annually. Another 25 percent of all families and 15 percent of the renter families receive after-tax incomes of $10,000 and over.

Demographic Factors

Population

Current Estimate. The nonfarm population of the Springfield HMA totals 147,000 as of November 1, 1965, an annual increase of nearly 1,600 over the 1960 population total of 138,100. Population gains in Springfield averaged 1,500 annually over the past 5.6 years, from 90,400 persons in April 1, 1960 to 98,700 at present. Springfield accounted for over 90 percent of population growth of the HMA, largely as a result of numerous land annexations of new subdivisions ready for development. Also reflecting the annexation activity, net nonfarm population gains throughout the remainder of the HMA have been nominal (see table III).

Past Trend. Over the April 1950 to April 1960 decade, the nonfarm population increased by over 1,800 a year, from 120,000 in 1950 to 138,100 in 1960. Population increase in Springfield was just 600 a year, with average annual decennial gains amounting to 1,200 in the remainder of the HMA. The comparatively rapid growth in the 1950-1960 decade outside Springfield reflects, in part, the change in definition of "farm" between the 1950 and 1960 censuses. Because of this definitional change, many persons living in rural areas who were classified as living on farms in 1950 were enumerated as rural nonfarm residents in 1960. The resulting decline in the farm population and, consequently, the increase in nonfarm population between the two census dates is, to some extent, the result of the change in definition.

Estimated Future Population Growth. Based on future increases in employment in the HMA during the next two years, it is expected that the nonfarm population of the HMA will reach 150,600 by November 1967, representing an annual gain of 1,800 (1.2 percent) over the two years. It is expected that population growth in Springfield will be at about the level of the past five years, about 1,550 a year. The total population of Springfield will reach 101,800 by November 1967. In the rest of the HMA, nonfarm population gains of 250 a year will result in a 1967 population of 48,800.

Net Natural Increase and Migration. Population change is a combination of net natural increase (births less deaths) and migration. Because data concerning these components of population increase are not available for the nonfarm population separately, the table below refers to total population change, including the rural farm population. As indicated in the table, the net natural increase has remained fairly stable, at 1,700 a year since 1950, while net out-migration has increased from an annual average of 200 in the 1950-1960 decade to about 350 annually in the past five years.

Components of Population Change
Springfield, Illinois, HMA
April 1950-November 1965

Components	Average annual change April 1950-April 1960	Average annual change April 1960-November 1965
Net natural increase	1,700	1,700
Net out-migration	-200	-350
Total population change	1,500	1,350

Source: U.S. Bureau of the Census, Illinois State Department of Health, and estimates by Housing Market Analyst.

Age Distribution. Distributions of the 1950 and 1960 nonfarm population of the HMA by age group, shown in table IV, indicate that youngest and oldest age groups are the most rapidly growing segments of the population. From 1950 to 1960, the number of persons under ten years of age increased by nearly 39 percent, while the number over 70 expanded by more than 40 percent, as compared with a 15 percent growth in the overall population. As the table indicates, all age groups exhibited some percentage increase with the exception of the 20-39 category. Declines in this group reflect the low birth rates of the depression years as well as out-migration from the HMA during the decade.

Households

Current Estimate. The total number of nonfarm households in the HMA is about 48,000 at present. About 70 percent of all nonfarm households in the HMA (33,400) are in Springfield. Another 14,600 nonfarm households are in the remainder of the HMA. The current household level represents an annual increase of 520 over the April 1960 level of 45,100. Over 90 percent of the household growth has taken place in Springfield, much of it the result of annexations by the city.

Past Trend. From April 1950 to April 1960, the number of nonfarm households increased by about 760 annually with part of the increase a reflection of census definitional changes. The effect of the change in definition of "farm" which inflated the 1960 nonfarm figure is suggested by the increased total number of households over the decade (including rural farm) of 690 each year, as compared with the 760 annual increase in the nonfarm sector. In addition, the decennial household increase throughout the HMA was the result, in part, of the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census (see table III).

Future Household Growth. By November 1967, the number of nonfarm households is expected to total 49,200, indicating an annual increase of 600 during the forecast period. In Springfield, household growth is expected to average 500 each year bringing the 1967 total to 34,400. In the remainder of the HMA, the number of nonfarm households is expected to reach 14,800 by November 1967, representing an annual gain of about 100 over the present level.

Household Size Trends. The number of persons per household currently averages 2.99 persons. This average household size, which represents a slight decline from the April 1960 average of 3.00 persons, is expected to remain fairly stable during the forecast period. Over the 1950-1960 period, the number of persons per household declined considerably from 3.09 in April 1950 to the 1960 level of 3.00, with part of this decline associated with census definitional changes alluded to earlier. Declining household size also may reflect the large out-migration of young persons from rural areas of the HMA.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of November 1965, the housing supply of the Springfield HMA numbers about 50,800 units, indicating an average increase of 570 housing units annually in the past five years. Springfield, with a November 1965 housing supply of 34,900 units, accounts for nearly 70 percent of all nonfarm units in the HMA. Growth in the Springfield housing supply has averaged over 490 units annually since April 1960 to the current total of 34,900, including units annexed. Reflecting the annexations, the nonfarm housing supply outside Springfield has increased only slightly since 1960. In the preceding decade, the nonfarm housing supply of the HMA increased by 910 units annually from the April 1950 level of 38,500 units to the April 1960 total of 47,600, with part of the increase a result of census definitional change of "farm". In Springfield, not affected by this change in definition, the average annual gain in the housing supply amounted to over 470 units from the 1950 level of 27,400 to the 1960 total of 32,150.

Characteristics of the Housing Supply.

Type of Structure. In November 1965, as in April 1960, one-unit structures account for nearly 78 percent of the housing supply. At present, about 39,550 dwelling units are in one-unit structures, as compared with 37,050 in April 1960. As indicated in the table below, there has been no significant change in distribution of units by structural type over the past several years. The slight decline in the percentage of 2-to 4-unit structures was offset by a small increase in the proportion of 5-or more-unit structures.

Nonfarm Dwelling Units by Type of Structure
Springfield, Illinois, HMA
April 1960 and November 1965

	April 1960		November 1965	
Units in structure	Number	Percent	Number	Percent
1 unit	37,047	77.9	39,550	77.9
2 to 4 units	6,049	12.7	6,325	12.5
5 or more units	3,808	8.0	4,225	8.3
Trailers	669	1.4	700	1.3
Total	47,573	100.0	50,800	100.0

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

Age of Structure. As indicated in the table below, the nonfarm housing inventory is relatively old, with more than half of the current stock over 35 years of age. Currently, slightly more than six percent of the housing supply has been built since April 1960, as compared with over ten percent from 1955 to 1960 and nearly ten percent of the current stock built in the 1950-1954 period.

Distribution of the Nonfarm Inventory by Age of Structure
Springfield, Illinois, HMA[a]
November 1965

Year built	Number of units	Percent
April 1960 - November 1965	3,200	6.3
1955 - March 1960	5,350	10.5
1950 - 1954	4,850	9.6
1940 - 1949	6,150	12.1
1930 - 1939	4,200	8.3
1929 or earlier	27,050	53.2
Total	50,800	100.0

a/ The basic data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

Source: Estimated by Housing Market Analyst based on 1960 Census of Housing adjusted for demolitions and conversions.

Condition of the Inventory. Commensurate with the relative age of the housing supply, about 13.5 percent of the nonfarm inventory is substandard at the present time. That is, about 6,850 units currently are dilapidated or are lacking some plumbing facility. This indicates relatively little improvement in the over-all quality of the housing stock since April 1960 when 6,650 units (13.8 percent of the nonfarm inventory) were reported as substandard.

Residential Building Activity

Since January 1960, an average of about 650 units a year have been built in the HMA. In 1964, the total volume was about 700 units and in 1963, about 650; 1965 volume may exceed 1964. Slightly over 3,150 units have been authorized by building permits during the January 1960 to November 1965 period, averaging about 550 units each year during nearly six years. Building permit authorizations for new residential units represent virtually all residential building activity in Springfield, but relatively little in the remainder of the HMA. Another 580 units, about 100 each year, have been constructed in portions of the county outside permit-issuing places. Residential construction not reflected in permit data is primarily scattered single-family development throughout the 24 small communities in the county. As indicated by building permit data, residential building activity has increased steadily in Springfield over the past several years. From the 1960 level of 400 units, the number of building permit authorizations has climbed steadily to the record high of over 600 units for 1964. Based on monthly building permit data for 1965, it is expected that the number of units authorized this year will exceed the 1964 level (see table V).

Data concerning residential construction by type of structure are available only for the city of Springfield and one or two other communities in the HMA. The volume of single-family construction in this area ranged between 370 and 430 units from 1960 to 1963 and increased to 470 units in 1964. As can be seen by comparing this volume with the table below, which refers only to the city of Springfield, most single-family construction authorized by permits has taken place in the city.

Virtually all multifamily construction in the HMA takes place in the city of Springfield and is well represented by building permit data. As shown in the following table, the number of authorized multifamily units (in structures containing three or more units) has ranged from 65 to 125 each year since 1960. The volume of multifamily construction characteristically tends to fluctuate over a wider range than single-family activity because of the speculative nature of the multifamily rental market. The number of multifamily permit authorizations in the HMA varied from the 1961-1962 annual level of 65 units to over 100 units authorized annually in 1963 and 1964 (125 units authorized in 1963 and 110 authorized in 1964) and has since declined to 65 units in the first 10 months of the current year.

Number of Units Authorized by Type of Structure a/
Springfield City, Illinois
1960 - 1965

Type of structure	1960	1961	1962	1963	1964	1964 b/	1965 b/
Single-family	361	337	407	388	455	396	477
Duplex	2	12	8	18	20	20	6
3- or more-unit	4	65	66	125	110	110	65
Total units	367	414	481	531	585	526	548

a/ Excludes 100 units of public housing authorized in 1963.
b/ First 10 monthls.

Source: U.S. Bureau of the Census, C-40 Construction Reports, and Springfield Building Inspector's Office.

Units Under Construction. Based on building permit data, local observation of the market, and on the postal vacancy survey conducted in the area, it is judged that there are 400 units under construction in the HMA including 350 units (88 percent) under construction in Springfield. The total includes 350 single-family homes and 50 multifamily units.

Demolitions and Conversions. Demolitions and conversions have not been at high levels in the HMA since 1960. Demolition activity, which has totalled about 250 units during these years has been primarily the result of fire, catastrophe, and other unexpected causes. Net conversion activity has added about 150 units to the housing supply since 1960. Residential conversion from single-family to multifamily structures is stimulated in the HMA by the favorable location of older, large single-family homes near downtown areas. Over the two-year forecast period, changes in the housing supply through demolition and conversion activity are expected to result in the removal of 120 units, or about 60 units demolished annually. Net conversion activity is expected to be negligible.

Tenure of Occupancy

Of the 48,000 occupied units in the HMA as of November 1965, 32,500 (67.7 percent) are owner-occupied and 15,500 (32.3 percent) are renter-occupied. The current tenure distribution represents a continuation of the trend toward owner-occupancy in the HMA. The increasing proportion of owner-occupied units in the past 15 years is evident primarily in Springfield where owner occupancy increased from 60.7 percent in 1960 to 61.5 percent currently (see table VI).

Vacancy

1960 Census. In April 1960, there were 2,500 vacant units in the HMA of which 1,300 were available for occupancy and 1,200 were vacant for other reasons. Of the 1,300 vacant available units, 360 were available for sale only, and 940 units were available for rent. These vacancy levels represent a 2.8 percent over-all vacancy rate, a 1.2 percent homeowner vacancy rate and a 5.8 percent renter vacancy rate. Of the vacant available units, 50 units for sale and 250 vacant rental units were classified as substandard because they lacked plumbing facilities. Over 60 percent of the housing units available for sale (220 units) and nearly 80 percent of the vacant rental units (740 units) were in Springfield which amounted to a 1.2 percent vacancy rate for homeowner units and a 5.8 percent renter vacancy rate. Vacancy characteristics for the HMA are presented in table VI.

Postal Vacancy Survey. A housing vacancy survey was conducted in the HMA in October 1965 by the Springfield and Auburn post offices. The survey reported 43,250 possible residential deliveries (about 85 percent coverage of the HMA) of which over 1,875 were vacant, a 4.4 percent vacancy rate in the surveyed area (see table VII). The survey reported 1,825 vacancies in the Springfield postal area, a 4.3 percent over-all vacancy rate for residences and apartments. Qualitative differences in the vacancies, as well as the availability of the vacant units, are undeterminable in this type of survey.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox).

These are principally single-family homes, but include 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. 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.

Although the postal survey represents full coverage of the urban area, vacancy comparisons by tenure with census data are particularly difficult because a large segment of the rental market occupied units in small structures. (In 1960 nearly 74 percent of all renter-occupied units in Springfield were in structures containing four units or less).

Current Estimate. Indications from the postal vacancy survey, other vacancy data, and local informed persons indicate a slight rise in the vacancy level in the Springfield HMA over the past several years. As of November 1965, there are about 1,500 vacant available units in the HMA of which 400 units are available for sale and 1,100 are available for rent. The current vacancy level indicates a 1.2 percent homeowner vacancy rate and a 6.6 percent renter vacancy rate. Included in this total are 400 vacant units, primarily rentals, that are not competitive in the market due to substandard facilities, age and condition of the unit, or poor location. For example, the postal vacancy survey reported 170 vacant apartments along downtown business routes (generally walk-up apartments above commercial establishments) that are consistently unoccupied and are not competitive with higher quality rental structures in all rent ranges. Vacancy characteristics for the HMA are shown in table VI.

Sales Market

General Market Condition and Major Subdivision Activity. The market for sales housing in the Springfield area originates, in part, with in-migration of government-associated personnel and new household formation, but is primarily attributable to the desire of area residents to upgrade their living conditions. (This is reflected in the increased vacancy levels over the past several years). The existing sales market has remained fairly steady despite an expanding market for new homes. The Springfield Multiple Listing Service reports a wide range of older homes for sale ($4,000 to $60,000 in 1964) with the typical sale price of the existing units at $16,000 - $17,000. The market for new units in the low and moderate sale price range (below $18,000) has remained steady since the early 1950's, while that for new homes priced in the $18,000-$25,000 and over-$25,000 categories has gradually expanded in the past several years. Subdivision activity in the lower price categories is concentrated primarily in small developments in the nearby villages of Auburn, Chatham, and Pawnee to the south, and Riverton and Rochester east of Springfield, reflecting the lack of cheap, suitable land in and around the city. The market for new homes priced above $18,000 is particularly strong and has expanded over the past several years with the availability of suitable land. Subdivision lots on the periphery of the city are available for a number of builders who usually construct homes on contract. The small amount of speculative subdivision activity (about 25 percent of all residential construction) generally has met with success, with homes usually on the market for less than four months. Current and future construction plans call for further development of active subdivisions on the western and northeastern edges of the city as well as continued development of subdivisions in the nearby villages and towns. There are about 350 single-family units currently under construction throughout the HMA, including about 300 units in Springfield.

Unsold Inventory of New Homes. In January 1964 and January 1965 the Springfield Insuring Office surveyed Sangamon County subdivisions in which five or more houses had been completed in the preceding twelve months. The January 1965 survey covered 31 subdivisions, as compared with 25 active subdivisions reported in January 1964. As of January 1965, there were about 440 houses completed during the preceding twelve months, of which 26 percent (about 120) were speculatively built; the earlier survey reported 400 completions, of which 25 percent (about 100 units) were speculatively built. In January 1965, 35 of the 120 speculatively-built units (about 28 percent) were unsold, all of which had been on the market for three months or less. As of January 1964, there were 15 unsold speculatively-built units (15 percent of all surveyed speculative construction) of which two units had been unsold for more than three months.

Foreclosures. The number of foreclosures and property acquisitions has remained at low levels (fewer than 20 each year) in the past five years and is indicative of the general stability of the Springfield sales market.

Rental Market

Current Conditions and New Rental Housing. Although the excessive number of available rentals in the HMA includes a large proportion of unsuitable, noncompetitive units (those lacking plumbing facilities or not competitive due to poor location or general condition of the unit), there are an adequate number of rentals available in all rent levels at this time. The largest multifamily projects report that they usually have a small number of available vacancies.

The remainder of the new multifamily rental market consists of smaller structures that have been built on scattered lots throughout the city. These structures, usually containing 9 to 12 units, have experienced good occupancy, especially those in favorable locations regarding shopping and transportation facilities. These smaller structures, which usually contain two-bedroom units renting at a minimum of $140 each month, also are in adequate supply at this time.

Single-family and duplex rentals cover a wide range of quality and occupancy characteristics. Single-family homes for rent, which usually represent transfers of older homes from the sales to rental market as families upgrade their housing accommodations, usually rent in the $90-$150 category. Higher quality single-family rentals, which are primarily newer (unsalable) units with gross monthly rentals at $175-$200, are typically in short supply. Newer duplex structures, usually two-bedroom accommodations, rent for $150 and over. Duplex conversions (from single-family structures) are often of a larger unit size and have a lower rent range.

Rental Housing Under Construction. As of November 1, 1965, there are 50 multifamily units in various stages of construction in the HMA, primarily in Springfield.

Mortgage Market

Commercial banks and savings and loan associations are the principal sources of home mortgage funds in the HMA with insurance companies, individuals, and other mortgagees accounting for the remainder.

The following table shows the number of home mortgages insured by FHA from 1960 to 1964. During the four-year period, the volume of FHA insurance increased 61 percent from 280 mortgages insured in 1960 to over 450 in 1964, with most of the increase attributable to the greater number of home mortgages insured after 1961 under Section 221 (d)(2).

FHA Home Mortgage Insurance Under Active Programs
Springfield, Illinois, HMA
January 1960 - December 1964

Year	Section 203	Section 221 (d)(2)	Section 222	Total insured all sections
1960	278	-	5	283
1961	276	3	2	281
1962	211	110	2	323
1963	245	128	1	374
1964	323	125	7	455

Source: FHA Division of Research and Statistics.

Urban Renewal

As of November 1965, there are three urban renewal projects in Springfield in various stages of planning, execution, or completion. In addition, a General Neighborhood Renewal Program (GNRP), encompassing five more project areas, also is in the planning stage.

Area One (R-18) is a 15-acre urban renewal project and is in the execution stage. The area, located between Madison and Jefferson Streets, to the north and south, respectively, and 11th and 15th Streets to the west and east, contained 80 dwelling units. Land re-use has been primarily for public rights of way.

Central Area Project One (R-64) is a downtown urban renewal project, primarily non-residential in nature. It is located on the northeast margin of the central business district between Madison and Washington Streets to the north and south, and Seventh and Ninth Streets on the west and east, respectively. Final project plans were approved in August 1964 and are expected to be put into effect during the forecast period. The 103 residential units in the area are upper floors of commercial establishments of which nearly 100 are substandard. The 18 families residing in the area will be relocated. Land re-use will be entirely for commercial and public purposes.

St. Johns Hospital (R-71) is an urban renewal project currently in the application and planning stages. The two-block area is located between Carpenter and Reynolds Streets on the north and south and Seventh and Ninth Streets on the west and east. Federal planning approval was granted in June 1964.

East Side (R-53) General Neighborhood Renewal Plan (GNRP) is a residential area of 162 acres, located three blocks east of the central business district between Madison and Capitol Streets, on the north and south and 11th to 19th Streets, west and east. According to the General Neighborhood Renewal Plan, redevelopment of the area is expected to occur through five urban renewal projects to be conducted over a ten-year period. Specific urban renewal projects are currently in the planning stage.

Public Housing

Currently, there are 699 units of public housing in the city of Springfield, including 100 units specifically designated as housing for the elderly. Another 200 units of elderly housing are presently being planned for the city.

Demand for Housing

Quantitative Demand

Housing demand in the Springfield HMA is based primarily on the projected household growth of 600 households annually over the next two years. After adjustments for expected changes in tenure of occupancy, the anticipated number of residential demolitions, the large number of single-family units currently under construction, and the demand for single-family homes by renter families, the annual housing demand is projected at 675 units during the November 1965 to November 1967 period, including 600 sales units and 75 rental units, including 25 units at the lower rents achievable with public benefits or assistance. The demand estimate does not include low rent public housing units or rent supplement housing.

Qualitative Demand

Sales Housing. The 600 units of sales demand projected during the forecast period are expected to be distributed by sales price class as shown in the following table. The distribution is based on the ability to pay for new sales housing as measured by current family incomes in the HMA, and the ratio of income to sales price found to be typical of the area. Currently, adequate sales housing cannot be produced to sell for below $12,000 in the Springfield HMA. As indicated in the table, less than 40 percent of the demand is for new sales units priced below $20,000. About 22 percent of the demand is for units in the $20,000 - $25,000 category and 27 percent of the demand for new homes priced between $25,000 and $30,000. The remaining 12 percent is for sales units priced above $30,000.

Distribution of Annual Demand for New Sales Units
Springfield, Illinois, HMA
November 1965 - November 1967

Sales price	Number of units
$12,000 - 13,999	70
14,000 - 15,999	70
16,000 - 17,999	50
18,000 - 19,999	40
20,000 - 24,999	135
25,000 - 29,999	165
30,000 and over	70
Total	600

Rental Housing. Net additions to the aggregate rental housing inventory, projected at 75 units annually over the forecast period, are somewhat below the record high of multifamily home building activity in the 1963-1964 period when 110-120 units were authorized each year, but are comparable to multifamily construction trends this year (65 units authorized in the first ten months). The annual rental demand for new apartments is based on projected tenant-family income, the size distribution of renter households, and the rent-paying propensities typical of the area. Consideration also is given to the preference for single-family rental units, current vacancy levels, and to current rates of construction and absorption of new rental housing.

The annual rental demand of 75 units includes 50 units at rents achievable with market interest rate financing and 25 units at lower rents achievable with public benefits or assistance in financing, excluding public low-rent housing and rent-supplement accommodations. The 50 units of rental demand at or above the minimum rent levels achievable with market-interest-rate-financing include 10 efficiency units, 20 one-bedroom units, 15 two-bedroom apartments, and 5 three-bedroom apartments. The minimum monthly rent levels, which include all utilities and services, are $100 for efficiencies, $115 for one-bedroom units, $125 for two-bedroom units and $140 for three-bedroom apartments. Net additions to the rental market 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.

The annual rental demand of 25 units at the lower gross monthly rents achievable through public benefits or assistance in financing is concentrated in units with one and two-bedrooms. In the provision of new units at the lower rent levels, the location factor is of especial importance. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group. Thus, the utilization of lower-priced land for new rental housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

Table I

Civilian Work Force Components
Sangamon County, Illinois
July 1960-July 1965

	July 1960 r/	July 1961 r/	July 1962 r/	July 1963 r/	July 1964 r/	July 1965
Civilian work force	67,150	66,575	69,275	69,575	71,425	70,850
Unemployment	3,250	3,050	2,525	2,250	2,225	1,925
Percent of civilian work force	4.8	4.6	3.6	3.2	3.1	2.8
Labor-management disputes	0	800	0	325	0	0
Total employment	63,900	62,725	66,750	67,000	69,200	68,925
Agriculture	3,000	2,900	2,875	2,950	2,800	2,475
Nonag. wage & salary employment	52,700	51,425	55,050	55,425	57,925	58,225
Manufacturing	10,750	10,325	11,500	10,950	12,150	11,225
Nonmanufacturing	41,950	41,100	43,550	44,475	45,775	47,000
Construction	3,400	3,100	3,500	3,600	3,300	3,450
Trans., comm., and utilities	4,150	4,000	3,750	3,700	3,575	3,675
Trade	11,100	10,750	11,400	12,100	11,825	11,950
Fins., ins., and real estate	4,300	4,275	4,300	4,225	4,425	4,550
Services	7,325	7,225	8,200	8,350	8,700	9,375
Government	11,400	11,500	11,725	12,275	13,700	13,775
Federal	1,600	1,700	1,625	1,475	1,625	1,700
State	9,800	9,800	10,100	10,800	8,300	8,300
Local					3,775	3,775
Other nonmanufacturing	275	250	675	225	250	225
All other nonagricultural employ. a/	8,200	8,400	8,825	8,625	8,475	8,225

a/ Includes self-employed, unpaid family workers, and domestic workers in private households.
Note: Data may not add to total due to rounding.
r/ Revised figures.
Source: Illinois State Employment Service.

Table II

Percentage Distribution of All and Renter Families by Annual Income a/
Springfield, Illinois, HMA
November 1965 and November 1967

Annual income	1965 incomes		1967 incomes	
	All	Renter	All	Renter
Under $3,000	10	18	10	16
$3,000 - 3,999	7	12	6	10
4,000 - 4,999	9	10	8	12
5,000 - 5,999	10	13	10	12
6,000 - 6,999	12	11	11	10
7,000 - 7,999	10	9	10	10
8,000 - 8,999	10	7	9	7
9,000 - 9,999	7	5	9	6
10,000 -14,999	17	14	20	13
15,000 and over	8	1	7	4
Total	100	100	100	100
Median income	$7,175	$5,725	$7,500	$6,000

a/ After deduction of Federal income tax.

Source: Estimated by Housing Market Analyst.

Table III

Nonfarm Population and Household Trends
Springfield, Illinois, HMA
April 1950 - November 1965

Nonfarm Population Growth

Components	April 1950	April 1960	November 1965	November 1967	Average annual change 1950-1960	1960-1965	1965-1967
Springfield	84,564	90,367	98,700	101,800	580	1,500	1,550
Remainder of HMA	35,426	47,721	48,300	48,800	1,230	100	250
Total	119,990	138,088	147,000	150,600	1,810	1,600	1,800

Nonfarm Household Growth

	April 1950	April 1960	November 1965	November 1967	Average annual change 1950-1960	1960-1967	1965-1967
Springfield	26,818	30,746	33,400	34,400	393	480	500
Remainder of HMA	10,690	14,330	14,600	14,800	364	40	100
Total	37,508	45,076	48,000	49,200	757	520	600

Source: 1950 and 1960 Censuses of Population and Housing and estimates by Housing Market Analyst.

Table IV

Distribution of the Nonfarm Population by Age Groups
Springfield, Illinois, HMA
April 1950 - April 1960

Age group	April 1950		April 1960		Decennial change	
	Number	Percent	Number	Percent	Number	Percent
Under 10	20,714	17.3	28,711	20.8	7,997	38.6
10 - 19	14,982	12.5	20,583	14.9	5,601	37.4
20 - 29	17,898	14.9	15,382	11.1	-2,516	-14.1
30 - 39	18,496	15.4	18,151	13.1	- 345	- 1.9
40 - 49	16,926	14.1	17,913	13.0	987	5.8
50 - 59	13,344	11.1	15,684	11.4	2,340	17.5
60 - 69	10,368	8.6	11,457	8.3	1,089	10.5
70 and over	7,262	6.1	10,207	7.4	2,945	40.6
Total	119,990	100.0	138,088	100.0	18,098	15.1

Source: 1950 and 1960 Censuses of Population.

Table V

Privately-Financed Units Authorized by Building Permits a/
Springfield, Illinois, HMA
January 1960-November 1965

	1960	1961	1962	1963	1964	First ten months 1964	First ten months 1965
Springfield City	367	414	481	531	585	526	548
Four adjoining villages b/	33	29	23	14	19	NA	NA
Other villages	NA	1	5	2	5	NA	NA
Total units authorized	400	444	509	547	609	526	548

a/ Excludes 100 units of public housing authorized in 1963.

b/ The four incorporated areas which are surrounded in whole or in part by the city of Springfield are Leland Grove, Southern View, Grandview, and Jerome.

Source: U.S. Bureau of the Census, C-40 Construction Reports, and Springfield Building Inspector.

Table VI

The Nonfarm Housing Inventory by Occupancy and Tenure
Springfield, Illinois, HMA
April 1960 and November 1965

Area and tenure	April 1960	November 1965	Annual average change Number	Rate [a]
Total HMA				
Housing supply	47,573	50,800	570	1.2
Occupied units	45,076	48,000	520	1.1
Owner-occupied	29,861	32,500	470	1.5
Renter-occupied	15,215	15,500	50	.4
Vacant units	2,497	2,800	50	2.2
Available	1,294	1,500	35	2.7
For sale	356	400	5	2.1
For rent	938	1,100	30	2.9
Other vacant	1,203	1,300	15	1.9
Springfield				
Housing supply	32,138	34,900	490	1.5
Occupied units	30,746	33,400	470	1.5
Owner-occupied	18,675	20,550	330	1.8
Renter-occupied	12,071	12,850	140	1.0
Vacant units	1,392	1,500	20	1.4
Available	960	1,050	15	1.6
For sale	219	200	-5	-1.7
For rent	741	850	20	2.5
Other vacant	432	450	5	.7
Remainder of HMA				
Housing Supply	15,435	15,900	85	.5
Occupied units	14,330	14,600	50	.4
Owner-occupied	11,186	11,950	140	1.2
Renter-occupied	3,144	2,650	-90	-3.1
Vacant units	1,105	1,300	35	2.1
Available	334	450	20	5.4
For sale	137	200	10	6.9
For rent	197	250	10	4.4
Other vacant	771	850	15	1.7

Note: Detail may not add to total because of rounding.

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

Table VII

Springfield, Illinois, Area Postal Vacancy Survey
October 18-26, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units: All	%	Used	New	Under const.	Total possible deliveries	Vacant units: All	%	Used	New	Under const.	Total possible deliveries	Vacant units: All	%	Used	New	Under const.	Total possible deliveries	Vacant: No.	%
The Survey Area Total	43,260	1,882	4.4	1,707	175	343	35,237	892	2.5	781	111	291	8,023	990	12.3	926	64	52	644	33	5.1
Springfield	42,167	1,827	4.3	1,653	174	321	34,176	844	2.5	734	110	269	7,991	983	12.3	919	64	52	626	32	5.1
City Routes	39,189	1,752	4.5	1,601	151	197	31,198	769	2.5	682	87	151	7,991	983	12.3	919	64	46	626	32	5.1
Rural Routes	2,978	75	2.5	52	23	124	2,978	75	2.5	52	23	118	-	-	-	-	-	6	-	-	-
Other Cities and Towns																					
Auburn	1,093	55	5.0	54	1	22	1,061	48	4.5	47	1	22	32	7	21.9	7	-	-	18	1	5.6

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
Washington, D. C. 20411
NEWS
FHA INFORMATION 382-4693

FOR RELEASE TUESDAY
APRIL 12, 1966

HUD-FHA-MA-66-32
Poston

The Federal Housing Administration today released its analysis of the Springfield, Illinois, housing market as of November 1, 1965. The market area has the same boundaries as Sangamon County.

Demand for new housing in the area is seen as about 675 units a year during the two years dating from November 1965. This figure includes 600 sales units and 75 rental units. It excludes public housing and rent supplement housing.

The nonfarm housing supply in the area stood at about 50,800 units as of November 1965 - a net yearly addition of 570 units since April 1960. "About 350 single-family units and 50 multifamily units" were under construction at the time the study was made.

Net vacancy ratios at November 1965 of 1.1 percent for homeowner units and 4.8 percent for rental units are slightly above the 1960 level. They point to a relatively even balance in the sales and rental markets. Units vacant and available at the 1965 date totaled 1,500. Of these, 400 were sale and 1,100 were rental units.

"As of July 1965, nonagricultural wage and salary employment totaled 58,225, an annual increase of 1,100 in the past five years." Over 90

- more -