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ST. JOSEPH, MISSOURI HOUSING MARKET

as of April 1, 1970

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

December 1970

FHA Housing Market Analysis

St. Joseph, Missouri, as of April 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 Economic and Market Analysis Division 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
Economic and Market Analysis Division
Washington, D. C.

FHA HOUSING MARKET ANALYSIS - ST. JOSEPH, MISSOURI
AS OF APRIL 1, 1970

The St. Joseph, Missouri, Housing Market Area (HMA) consists of Buchanan County; this is also the definition of the St. Joseph Standard Metropolitan Statistical Area. The HMA, located in northwestern Missouri, has a current population estimated at 95,800.

Stimulated by the construction and opening of a new college--Missouri Western--and the location of several small manufacturing firms in the area, employment in the HMA increased between 1968 and 1969, after a number of years of static conditions. In early 1970, the housing market in the area appeared to be in reasonable balance.

Anticipated Housing Demand

Based on the expected growth in the number of households, the need to replace units to be lost from the inventory, and the current level of residential construction, it is estimated that 300 new nonsubsidized housing units could be absorbed annually in the St. Joseph HMA during the two-year forecast period ending April 1, 1972. On the basis of these considerations and barring unanticipated changes in economic, demographic, and housing factors incorporated in this analysis, the most desirable demand-supply balance would be achieved with construction of 250 single-family houses and 50 multifamily units (for distributions by sales prices and monthly rents see table I). The nonsubsidized multifamily units under construction in April 1970 should satisfy most of the demand anticipated through April 1972; the marketing experience of those units may indicate the need for some revision of the demand estimate for multifamily units. The estimated demand for new nonsubsidized multifamily units could best be met with the minimum rents achievable; one- and two-bedroom units could be marketed with the least difficulty. The demand estimates are not intended

to be predictions of short-term construction, but rather suggestive of levels of construction designed to provide stability in the housing market based on long-term trends evident in the area.

Occupancy Potential for Subsidized Housing

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

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under these programs and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing annually during the two-year forecast period. Household eligibility for the Section 235, Section 221(d)(3) BMIR, and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. For public housing and rent supplement, all families and individuals with incomes below the income limits are assumed to be eligible. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the St. Joseph HMA, the total occupancy potential is estimated to be 430 units annually (see table II). Future approvals under each program should take into account any intervening approvals under other programs which serve the same families and individuals.

The annual occupancy potentials^{1/} for subsidized housing discussed below are based upon 1970 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits effective April 1, 1970, and on available market experience.^{2/}

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

^{2/} 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 housing programs and absorption rates remain to be tested.

Sales Housing Under Section 235. Sales housing can be provided for low- to moderate-income families under the provisions of Section 235. Based on exception income limits, about 105 houses a year could be absorbed in the HMA during the two-year forecast period of this report; using regular income limits, the potential would be reduced to about 30 units a year. All families eligible for Section 235 housing also are eligible under Section 236, and vice versa, but the two are not additive. In the HMA, a total of 71 homes have been sold under the Section 235 program. All have been new houses built on a contract basis. Allocations for an additional 17 units to be built in the HMA under the Section 235 program have been made.

Rental Housing Under the Public Housing and Rent-Supplement Programs. These two programs serve essentially the same low-income households. The principal differences arise from the manner in which net income is computed for each program and from other eligibility requirements. For the St. Joseph HMA, the annual occupancy potential for public housing is estimated at 110 units for families and 180 units for the elderly. About five percent of the families and 40 percent of the elderly also are eligible for housing under Section 236 (see table II).

There are currently no low-rent public housing units under management in the HMA; however, there are 380 units of leased housing (all occupied) under Section 23 of the Housing Act. The local housing authority, which is limited to 550 units, is currently processing 10 additional units. Construction of 92 units of rent-supplement housing was scheduled to begin during April 1970.

Rental Housing Under Section 236^{1/} and Section 221(d)(3) BMIR. Moderately-priced rental units can be provided under either Section 236 or Section 221(d)(3) BMIR. Although the established income limits for Section 221(d)(3) BMIR housing are generally higher than those for Section 236, the exemption allowance for minor children under the latter program effectively raises the limits into approximately the same range as the Section 221(d)(3) BMIR program, so that virtually the same households are eligible under each program.

With exception income limits, there is an annual occupancy potential for 220 units of Section 236 housing, including 115 units for elderly families and individuals; based on regular income limits, these potentials would be reduced to 30 units for families and 70 units for the elderly. About five percent of the families eligible under this section are alternatively eligible for public housing and 65 percent of the elderly households would qualify for public housing. It should also be noted that in terms of eligibility, the Section 236 potential for families and the Section 235 potential draw from essentially the same population and are,

^{1/} Interest reduction payments may also be made for cooperative housing projects. Occupancy requirements under Section 236 are identical for tenants and cooperative owner-occupants.

therefore, not additive. If federal funds are available,^{1/} it is estimated that 175 units of Section 221(d)(3) BMIR housing could be absorbed annually during the two-year forecast period. A substantial part of the families eligible under this section also are eligible under Section 236. A small number of the eligible families and a substantial number of the elderly households in the potential could be accommodated in low-rent public housing.

There were 124 completed units built under the Section 221(d)(3) BMIR program in the HMA on April 1, 1970; all were occupied. Gross rents (including utilities) for these units ranged from \$95 for a one-bedroom unit to \$150 for a four-bedroom unit. Construction was scheduled to begin on an additional 160 units by mid-1970. Under Section 236 of the National Housing Act, construction was scheduled to begin on 102 units during April, and a firm commitment had been issued on an additional 128 units.

None of these projects has been formally designated for occupancy by elderly households; only 80 of the 390 units listed above as under construction or committed are one-bedroom apartments and there are no efficiency apartments included. The estimated annual occupancy potential for units of these programs, as shown in table II, is about 220 units a year, among both families and the elderly. Even if it is assumed that the rapid absorption of the units in the completed Section 221(d)(3) BMIR project would justify some upward adjustment in this estimate, the occupancy potential for the next two years would appear to have been nearly satisfied by units now in process.

Sales Market

The market for new sales housing in the St. Joseph HMA is almost unchanged since 1960, as measured by the lack of significant change in the homeowner vacancy rate. In 1970, however, most newly constructed houses are priced above the range of moderate-income families. Few houses are being built for less than \$20,000; most homes are priced above \$25,000, with a large portion over \$35,000.

Since 1966, construction of single-family houses has numbered between 200 and 230 units per year compared to about 450 single-family dwellings built in 1964 (the most productive year in the 1960-1969 period). Major factors in this decrease in the number of single-family units constructed annually have been the increases in financing costs and a sharp rise in prices of new sales housing.

^{1/} At the present time, funds for allocations are available only from recaptures resulting from reductions, withdrawals, and cancellation of outstanding allocations.

An unsold inventory survey of the HMA conducted by the Kansas City, Missouri, FHA insuring office reported that of 211 homes completed in 12 subdivisions during 1969, 89 were priced at \$30,000 or more. Approximately 115 of the total were built on a speculative basis; 45 had not yet been sold on January 1, 1970 (31 had been completed for less than three months). About 65 of the homes built speculatively were priced over \$30,000. The survey also listed 15 homes under construction on January 1, all of which were priced at \$30,000 or more.

Most new sales housing was being built in subdivisions in eastern and northern fringes of the city. Since 1965, over half of the homes constructed in subdivisions have been built speculatively.

Rental Market

Although there was a slight excess of rental vacancies in April 1970, the majority of vacancies were in older apartments, converted units, and the less desirable single-family houses. There were very few vacancies in apartment buildings in which units rented for less than \$120 for a one-bedroom unit and \$140 for a two-bedroom unit (does not include utilities). A moderate number of vacancies existed in the apartments renting for over \$200 per month. There has not been any extensive nonsubsidized multifamily construction in the HMA. However, a new 100-unit apartment development was scheduled for completion in June 1970. Other multifamily construction in recent years has been scattered throughout the city of St. Joseph; on April 1, 1970 there were very few vacancies in these units.

Economic, Demographic, and Housing Factors

The anticipated annual demand for 300 new nonsubsidized housing units is based on the employment, income, population, and housing variables discussed in the following sections.

Employment. Nonagricultural wage and salary employment in the St. Joseph HMA averaged 32,380 during 1969, an increase of 1,090 jobs over the 1968 annual average of 31,290 jobs. This was a substantial improvement over the slight decreases (mostly in manufacturing) experienced in the 1966-1968 period, when nonagricultural wage and salary employment decreased from 31,510 workers in 1966 to 31,290 in 1968 (see table III). During 1969, increases in employment in construction and in government accounted for 900 additional jobs, while manufacturing employment increased only slightly. The construction of a new shopping center, new industrial plants and other commercial buildings accounted for a major part of the increase in the construction sector. Increases in government resulted from the opening of the Missouri Western College in September 1969 (current enrollment 2,600).

Based on recent employment trends, local economic conditions, known plans of existing firms, and the opening of new plants by three companies, nonagricultural wage and salary employment in the St. Joseph HMA is

expected to increase by 410 jobs annually during the forecast period. According to past trends and future expectations, most of the growth should take place in the nonmanufacturing sector (300 jobs annually). Manufacturing employment should increase by about 110 jobs annually.

Income. As of April 1970, the median annual income of all families in the HMA, after deduction of federal income tax, was approximately \$7,850 and the median after-tax income of two-or more-person renter households was \$6,675 (see table IV).

Population and Households. The population of the St. Joseph HMA is estimated at 95,800 persons as of April 1, 1970, an increase of about 5,200 (520 a year) since 1960. A large portion of the increase resulted with the opening of Missouri Western College in September 1969 enabling many students to remain in the area. Previously, they were forced to move elsewhere to obtain a baccalaureate degree. During the two-year forecast period, population is expected to increase by an average of approximately 650 persons a year (see table V).

There were approximately 32,600 households in the HMA in April 1970, reflecting an average annual increase of 260. Presently, Missouri Western College has no dormitories; however, facilities to accommodate 200 students are expected to be ready for occupancy by September 1971. Based on future gains in population, an estimated annual net gain of 250 households is expected during the next two years.

Housing Inventory. On April 1, 1970, there were an estimated 34,275 housing units in the HMA, reflecting a net increase of 2,500 units since 1960. The net increase resulted from 3,195 units of new construction, an addition of 400 mobile homes, and the loss of about 1,100 units by demolition and other causes. About 280 units were under construction on April 1, 1970--70 single family homes and 210 multifamily units.

Residential building activity decreased from a high of 510 units authorized in 1964 to 247 units in 1967; in 1968, the earlier trend was reversed and an estimated 373 units (including 124 units of subsidized housing) were started. There was a slight decrease in 1969, as no subsidized units were authorized (see table VI).

Housing unit authorizations for the first three months of 1970 showed a considerable increase over the corresponding period in 1969, due mainly to subsidized housing units being built under Section 221(d)(3) of the National Housing Act.

Vacancy. There were an estimated 1,675 vacant housing units in the St. Joseph HMA as of April 1970 (see table VII). Included in the vacant unit category are 250 available sales units, 550 available rental units, and

875 vacant units that are not available because they are either seasonal, dilapidated, or being held off the market. The available vacant sales and rental units represent vacancy rates of 1.2 percent and 4.6 percent, respectively. The majority of the rental vacancies are in older, less desirable apartments and houses.

Table I

Estimated Annual Demand For Nonsubsidized Housing
St. Joseph, Missouri, Housing Market Area
April 1970-April 1972

(A) Single-Family Houses

<u>Sales price</u>	<u>Number of units</u>	<u>Percent of total</u>
Under \$20,000	35	14
\$20,000 - 22,499	40	16
22,500 - 24,999	40	16
25,000 - 29,999	60	24
30,000 - 34,999	35	14
35,000 and over	40	16
Total	<u>250</u>	<u>100</u>

(B) Multifamily Units

<u>Gross monthly rent^{a/}</u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$130 - \$149	5	5	-	-
150 - 169	-	10	-	-
170 - 189	-	5	10	-
190 - 209	-	-	5	5
210 and over	-	-	5	-
Total	<u>5</u>	<u>20</u>	<u>20</u>	<u>5</u>

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

Table II

Estimated Annual Occupancy Potential for Subsidized Rental Housing
St. Joseph, Missouri, Housing Market Area
April 1, 1970 to April 1, 1972

A. Families

	<u>Section 236^{a/}</u> <u>exclusively</u>	<u>Eligible for</u> <u>both programs</u>	<u>Public housing</u> <u>exclusively</u>	<u>Total for</u> <u>both programs</u>
1 bedroom	15	-	20	35
2 bedrooms	40	5	40	85
3 bedrooms	30	-	30	60
4+ bedrooms	15	-	15	30
Total	<u>100</u>	<u>5^{b/}</u>	<u>105^{b/}</u>	<u>210</u>

B. Elderly

Efficiency	25	65	85	175
1 bedroom	15	10	20	45
Total	<u>40^{c/}</u>	<u>75^{d/}</u>	<u>105^{d/}</u>	<u>220</u>

a/ Estimates are based upon exception income limits.

b/ Approximately 90 percent of these families also are eligible under the rent supplement program.

c/ Applications and commitments under Section 202 are being converted to Section 236.

d/ All of the elderly couples and individuals also are eligible for rent supplement payments.

Table III

Labor Force Trends
St. Joseph, Missouri, Housing Market Area
1965-1969
 (annual averages)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Total labor force	<u>37,980</u>	<u>38,200</u>	<u>38,120</u>	<u>38,120</u>	<u>38,830</u>
Unemployment	1,420	1,340	1,520	1,640	1,380
Percent of labor force	3.7	3.5	4.0	4.3	3.6
Involved in labor disputes	0	70	70	140	20
Total employment	<u>36,660</u>	<u>36,790</u>	<u>36,530</u>	<u>36,340</u>	<u>37,430</u>
Agricultural	1,490	1,400	1,550	1,520	1,540
Nonagricultural	<u>35,170</u>	<u>35,390</u>	<u>34,980</u>	<u>34,820</u>	<u>35,890</u>
Wage and salary	<u>30,950</u>	<u>31,510</u>	<u>31,310</u>	<u>31,290</u>	<u>32,380</u>
Manufacturing	<u>10,180</u>	<u>10,590</u>	<u>10,450</u>	<u>9,970</u>	<u>10,040</u>
Durable goods	2,290	2,870	2,820	2,290	2,180
Nondurable goods	<u>7,890</u>	<u>7,720</u>	<u>7,630</u>	<u>7,680</u>	<u>7,860</u>
Food and kindred products	5,350	5,030	4,840	5,010	5,210
Apparel and others	770	750	750	700	650
Chemical and allied products	570	590	640	630	620
Other nondurables	1,200	1,350	1,400	1,340	1,380
Nonmanufacturing	<u>20,770</u>	<u>20,920</u>	<u>20,860</u>	<u>21,320</u>	<u>22,340</u>
Mining and construction	1,600	1,550	1,460	1,490	2,090
Transportation and utilities	2,500	2,190	2,110	2,110	2,080
Trade	7,840	8,120	7,880	7,770	7,750
Finance, ins., and real estate	1,250	1,270	1,280	1,260	1,290
Services and miscellaneous	3,890	3,910	4,160	4,510	4,650
Government	3,690	3,880	3,970	4,180	4,480
All other nonagricultural ^{a/}	4,120	3,880	3,670	3,530	3,510

Note: Subtotals may not add to totals due to rounding.

^{a/} Includes nonagricultural self-employed, unpaid family workers, and domestic workers in private households.

Source: Missouri Division of Employment Security.

Table IV

Estimated Percentage Distribution of All Families and Renter Households^{a/}
By Annual Income After Deduction of Federal Income Tax
St. Joseph, Missouri, Housing Market Area
1959-1970

<u>Annual income</u>	<u>All families</u>		<u>Renter households</u>	
	<u>1959</u>	<u>1970</u>	<u>1959</u>	<u>1970</u>
Under \$3,000	21	8	28	12
\$3,000 - 3,999	12	7	17	9
4,000 - 4,999	16	8	19	10
5,000 - 5,999	16	8	14	10
6,000 - 6,999	12	10	9	12
7,000 - 7,999	6	10	5	10
8,000 - 8,999	5	8	3	9
9,000 - 9,999	4	9	2	7
10,000 - 12,499	4	14	1	11
12,500 - 14,999	2	8	1	5
15,000 and over	<u>2</u>	<u>10</u>	<u>1</u>	<u>5</u>
Total	100	100	100	100
Median	\$5,050	\$7,850	\$4,300	\$6,675

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Demographic Trends
St. Joseph, Missouri, Housing Market Area
April 1960-April 1972

<u>Component</u>	<u>April</u> <u>1960</u>	<u>April</u> <u>1970</u>	<u>April</u> <u>1972</u>	<u>Average annual</u> <u>change from preceding date</u>			
				<u>1960-1970</u>		<u>1970-1972</u>	
				<u>Number^{a/}</u>	<u>Percent</u>	<u>Number^{a/}</u>	<u>Percent</u>
<u>Population</u>							
HMA total	<u>90,581</u>	<u>95,800</u>	<u>97,100</u>	<u>520</u>	<u>0.6</u>	<u>650</u>	<u>0.7</u>
St. Joseph	<u>79,673</u>	<u>83,500</u>	<u>84,450</u>	<u>380</u>	<u>.5</u>	<u>475</u>	<u>.6</u>
Remainder of HMA	<u>10,908</u>	<u>12,300</u>	<u>12,650</u>	<u>140</u>	<u>1.2</u>	<u>175</u>	<u>1.4</u>
<u>Households</u>							
HMA total	<u>30,003</u>	<u>32,600</u>	<u>33,100</u>	<u>260</u>	<u>.8</u>	<u>250</u>	<u>.7</u>
St. Joseph	<u>26,692</u>	<u>28,750</u>	<u>29,150</u>	<u>205</u>	<u>.7</u>	<u>200</u>	<u>.7</u>
Remainder of HMA	<u>3,311</u>	<u>3,850</u>	<u>3,950</u>	<u>55</u>	<u>1.5</u>	<u>50</u>	<u>1.3</u>

a/ Rounded.

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

Table VI

Housing Units Authorized by Type of Structure
St. Joseph, Missouri, Housing Market Area^{a/}
1960 - 1970

<u>Year</u>	<u>Units by structure type</u>			<u>Total units started</u>
	<u>One-family</u>	<u>Two to four family</u>	<u>Five or more family</u>	
1960	230 ^{b/}	2	0	232
1961	245 ^{b/}	7	0	252
1962	270	10	10	290
1963	324	4	56	384
1964	456	0	54	510
1965	308	26	17	351
1966	231	10	10	251
1967	207	40	0	247
1968	219	10	144 ^{c/}	373
1969	210	39	114	363
Total	2,700	148	405	3,253

First 3 months

1969	59	6	0	65
1970	18	4	252 ^{d/}	274

a/ Permit issuing places cover area where 97.0 to 99.0 percent of the 1960 population resided.

b/ Contains estimates for Buchanan County unincorporated area; 8 single-family units in 1960 and 6 single-family units in 1961.

c/ Includes 124 units financed under Section 221(d)(3) of the National Housing Act.

d/ All 252 units financed under Section 221(d)(3) of the National Housing Act.

Sources: U.S. Bureau of the Census, C-40 Construction Reports; local building records; and estimates by Housing Market Analyst.

Table VII

Housing Inventory, Tenure, and Vacancy
St. Joseph, Missouri, Housing Market Area
April 1960-April 1970

	<u>April- 1960</u>	<u>April- 1970</u>
Total housing inventory	<u>31,764</u>	<u>34,275</u>
Total occupied	<u>30,003</u>	<u>32,600</u>
Owner-occupied	19,061	21,300
Percent of total occupied	63.5	65.3
Renter-occupied	10,942	11,300
Percent of total occupied	36.5	34.7
Total vacant units	<u>1,761</u>	<u>1,675</u>
Available vacant units	<u>977</u>	<u>800</u>
For sale	245	250
Homeowner vacancy rate	1.3%	1.2%
For rent	732	550
Renter vacancy rate	6.3%	4.6%
Other vacant ^{a/}	784	875

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

Sources: 1960 Census of Housing.
 Estimates by Housing Market Analyst.

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