

Neighborhood Housing Market Analysis

CD Impact Area City of Erie, PA



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INCORPORATED

NEIGHBORHOOD HOUSING MARKET ANALYSIS

PHASE II: CD IMPACT AREA

City of Erie, PA

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1. Introduction

A. Purpose of the Housing Market Analysis

The City of Erie has prepared a Housing Market Analysis for the City’s HUD-approved Community Development (CD) Impact Area. This area consists of the older part of the City from 26th Street north to the Bay, and between Cranberry Street on the west side of the City and the City line (Bird Drive and Franklin Avenue) in the eastern section of the City. The CD Impact Area includes census tracts 1, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, and 20, and is 65.6% low to moderate income (LMI). The City invests a significant portion of its Community Development Block Grant (CBDG) funds and Home Investments Partnership (HOME) funds from HUD as well as Neighborhood Stabilization Program (NSP) funds from DCED and HUD in the CD Impact Area. The City’s NSP neighborhoods, which include BEST, Little Italy, Central City, and SNOOPS, are located within the CD Impact Area.

The purpose of this analysis is to determine if the current housing market in the CD Impact Area meets the Home Investment Partnerships Program (HOME) affordability regulations at 24 CFR 92.254(a)(5)(i)(B). Specifically, this market study is being undertaken to determine if housing units assisted with HOME funds can qualify under the presumed benefit section of the regulations to meet the resale restrictions of the HOME program during the period of affordability.

If housing conditions exist that provide evidence that the City meets the regulatory requirements, the City would not have to impose enforcement mechanisms, such as deed restrictions, on housing units assisted with HOME funds. This would make selling HOME-assisted properties easier since they would be “presumed” to be sold to an affordable buyer and meet the affordability requirements under the HOME program.

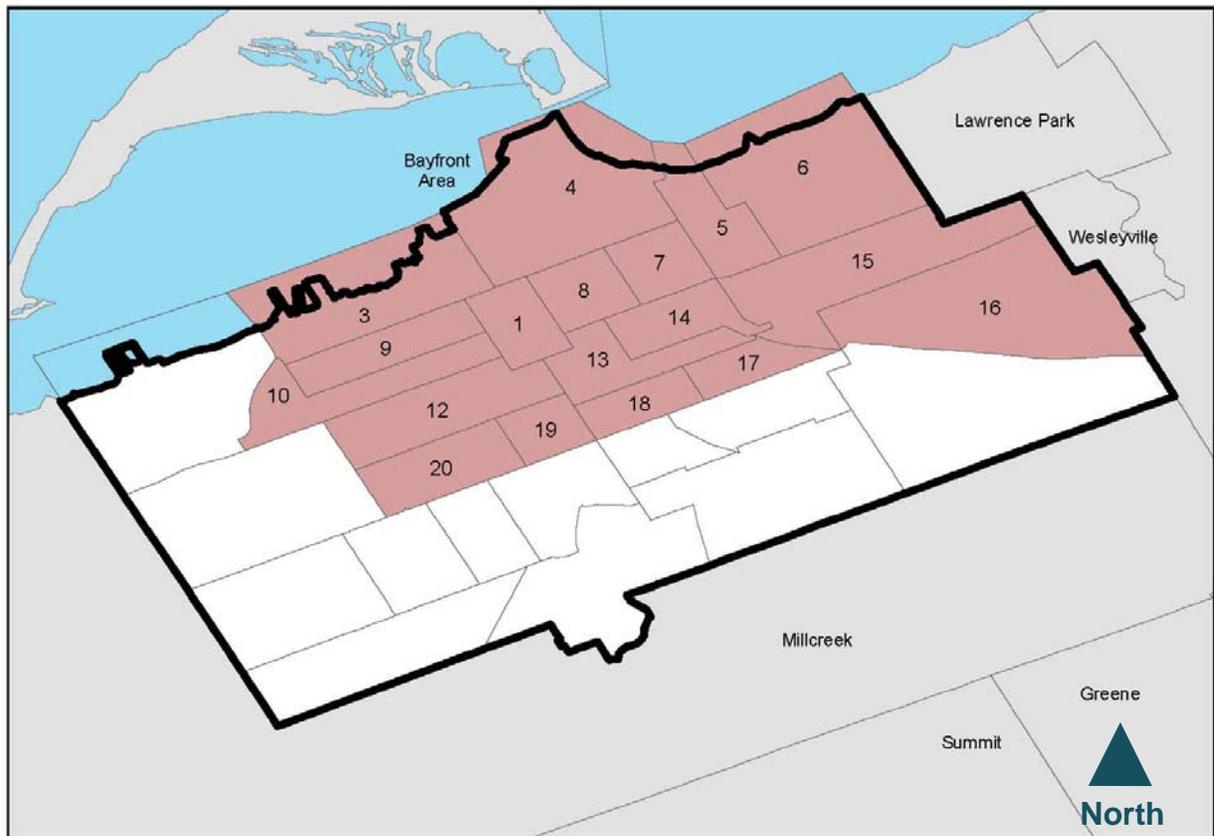
The following table provides a list of the census tracts and block groups that make up the City’s CD Impact Area.

**Figure 1-1
Erie CD Impact Area Census Tracts and Block Groups**

Census Tract	Block Groups	Census Tract	Block Groups
1	1,2	12	1,2
3	1,2	13	1,2
4	1,2	14	1,2
5	1,2,3	15	1,2
6	1,2	16	1,2,3,4
7	1,2,3	17	1,2,3
8	1,2,3	18	1,2
9	1,2,3,4	19	1,2
10	1,2,3,4	20	1,2,3

The following map illustrates the CD Impact Area within the City of Erie.

Figure 1-2
Map of Erie CD Impact Area



Legend

-  Erie City
-  CD Impact Area
-  Other Erie City Census Tracts
-  Area Hydrology
-  Surrounding Municipalities

B. Overview of HOME Program Regulations – Resale Restrictions and Retaining Affordability

To ensure the affordability of housing units assisted with federal funds such as CDBG or HOME, the City of Erie must impose either resale or recapture provisions on the property, at its discretion. This is to protect the federal investment in the property and to insure its affordability. The City of Erie elected to impose resale requirements on HOME-assisted properties involving a developer subsidy to comply with the standards outlined at 24 CFR 92.254(a)(5)(i)(B) and set forth in its most recent Consolidated Plan. Because HOME funds are provided as a development subsidy, recapture provisions do not apply.

Resale requirements must ensure the following:

- The housing will be available and affordable to a reasonable range of low-income homebuyers,
- A low-income homebuyer will occupy the housing as the family's principal residence, and
- The original HOME-assisted owner will be afforded a fair return on his/her investment.

Typically, deed restrictions, covenants running with the land, or other similar mechanisms can be used to impose the resale requirements. According to the regulations at 24 CFR 92.254(a)(5)(i)(B), certain housing may be presumed to meet resale restrictions during the period of affordability without the imposition of enforcement mechanisms by the participating jurisdiction, i.e. the City of Erie. The presumption must be based upon a market analysis of the neighborhood in which the housing is located. The market analysis must include the following:

- An evaluation of the location and characteristics of the housing and residents in the neighborhood in relation to housing and income, and
- An analysis of the current and projected incomes of neighborhood residents for an average period of affordability.

Currently, resale restrictions are hindering the willingness of local banks in the Erie area to underwrite mortgages for prospective home owners participating in the HOME program. This has the potential to hinder the ability to sell homes. This Housing Market Analysis has been undertaken to support the presumption that homes in the affected neighborhoods, specifically within the CD Impact Area, will remain affordable and available to low-income homebuyers.

C. Methodology

The firm of Mullin & Lonergan Associates, Inc. (M&L) was retained as consultants to conduct the Housing Market Analysis (HMA). M&L utilized a comprehensive approach to prepare the HMA involving the CD Impact Area within the City of Erie. Data included in this report has been gathered from a variety of statistical sources and interviews. Statistical information from the U.S. Census Bureau's Decennial Census (1990, 2000, and 2010) and 2006-2010 American Community Survey (ACS) Five-Year Estimates has been collected, organized, and analyzed. Workforce and employment data from the Economic Research Institute was also utilized and analyzed. In addition, data on household projections by income and age of householders, including 2010 current year estimates and 2015 projections, were acquired from the Environmental Systems Research Institute (ESRI) and was analyzed as part of this report.

Interviews were conducted with local Realtors, local affordable housing developers, and area property managers to ascertain the current sales prices, rent levels and overall real estate conditions within these identified neighborhoods. The Consultants also completed field work in various neighborhoods throughout the City to determine general and physical neighborhood characteristics, including the presence of amenities such as schools, shops, parks, etc.



2. General Description of the CD Impact Area

This section provides a general description of the CD Impact Area within the City of Erie, including a brief history of the area, a description of its location relative to City landmarks and surrounding areas, and the presence of areas of concentration of minorities and/or low-income persons. This section also includes photos of various neighborhoods within the CD Impact Area.

A. Neighborhood Description – Locations, Boundaries, and General Characteristics

The City of Erie CD Impact Area consists of the older part of the City from 26th Street north to the Bay, and between Cranberry Street on the West Side of the City and the City line (Bird Drive and Franklin Avenue) in the eastern section of the City. Specifically, the CD Impact Area includes the following census tracts: 1, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, and 20. The CD Impact Area's percentage of low- to moderate-income (LMI) residents is 65.6%.

Several of the City's diverse and eclectic neighborhoods are located within the broader CD Impact Area. For example, the CD Impact Area encompasses downtown Erie, Little Italy, Central City, SNOOPS, and BEST, to name a few.

A mix of residential, business, commercial, and institutional uses can be found throughout the CD Impact Area. The CD Impact Area is home to new residential developments, older residential subdivisions, neighborhood business districts, larger highway commercial districts, churches, educational institutions, community centers, parks and playgrounds, and several cultural amenities.



Examples of the Existing Housing Stock in the CD Impact Area





Examples of Community Amenities in the CD Impact Area

The following maps provide additional context and photos for various areas within the City of Erie's CD Impact Area.



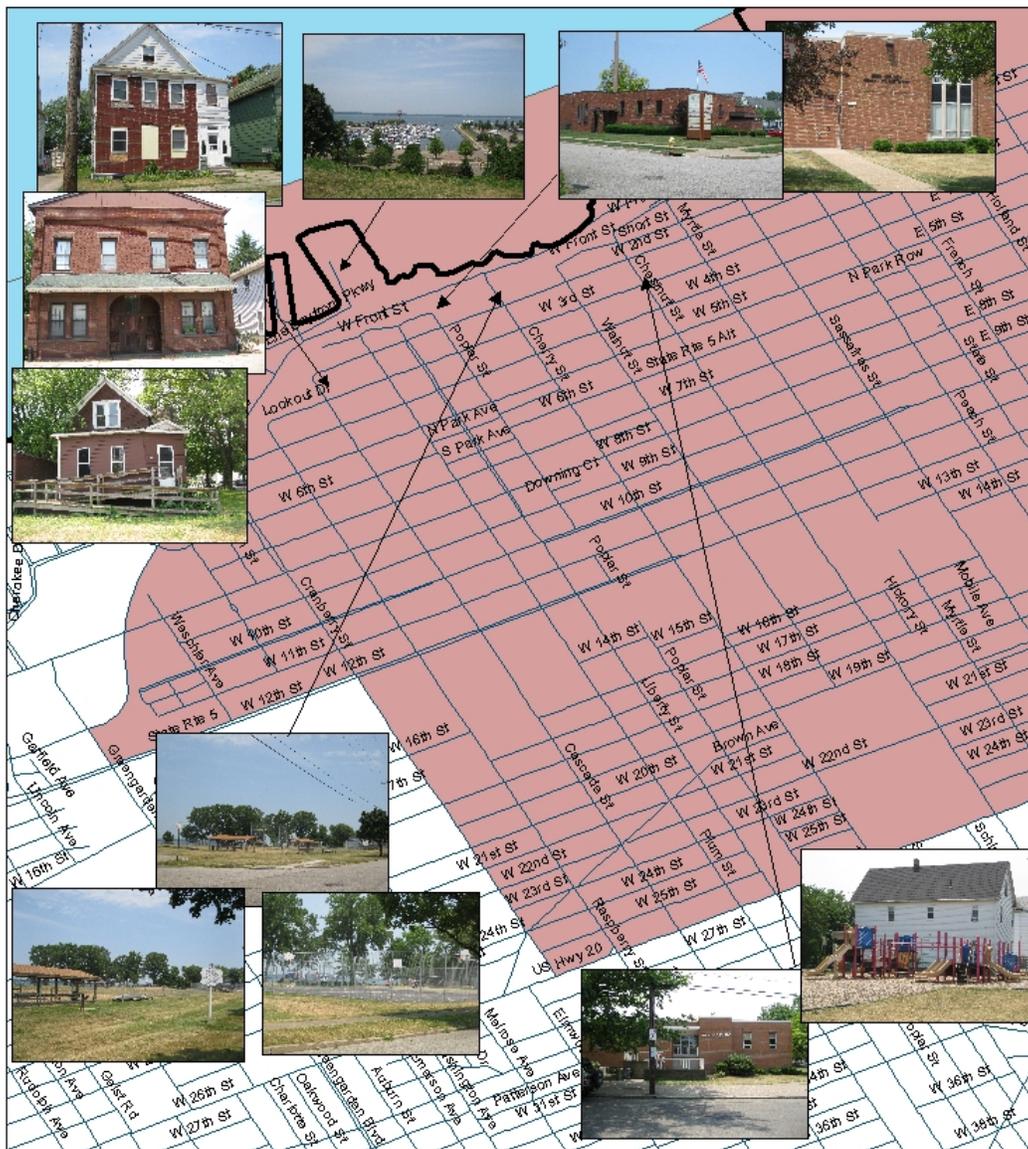
Figure 2-1
Map of Bayfront Area of Erie CD Impact Area



Neighborhood Housing Market Analysis



Figure 2-2
Map of West Side of Erie CD Impact Area



Legend

-  Erie City
-  Streets
-  CD Impact Area
-  Other Erie City Census Tracts
-  Area Hydrology
-  Surrounding Municipalities



Neighborhood Housing Market Analysis

City of Erie



Figure 2-3
Map of East Side of Erie CD Impact Area



Legend

-  Erie City
-  Streets
-  CD Impact Area
-  Other Erie City Census Tracts
-  Area Hydrology
-  Surrounding Municipalities



Neighborhood Housing Market Analysis

B. Areas of Concentration of Minorities and Low Income Residents

In its most recent Five Year Consolidated Plan, the City of Erie defines areas of racial or ethnic minority concentration as geographical areas where the percentage of a specific minority or ethnic group is 10 percentage points higher than in the City overall. In Erie, Blacks accounted for 16.8% of the overall population in 2010. Therefore, an area of concentration of Black residents would include census tracts where Blacks comprised 26.8% or more of the population. This is the case in eight census tracts: 4, 7, 8, 13, 14, 15, 17, and 18. These eight census tracts are all located in the CD Impact Area. There were no other areas of racial concentration. However, Asian residents comprised 11% of the population in tract 18, which was significantly higher than the City's overall percentage of 1.5%.

In 2010, Hispanics accounted for 6.9% of the City's population. Therefore, an area of ethnic concentration would include tracts where 16.9% or more of the population was Hispanic. This occurred in two census tracts citywide, including tracts 12 and 15, both of which are located in the CD Impact Area.

**Figure 2-4
Areas of Minority and Ethnic Concentration, 2010**

Census Tract	Total Population	White %	Minority Residents		
			Black %	Asian/Pacific Islander %	Hispanic %
City of Erie	101,786	75.0%	16.8%	1.5%	6.9%
1	1,690	78.9%	16.3%	0.5%	4.7%
3	4,214	70.0%	22.3%	1.0%	7.4%
4	2,696	59.8%	27.0%	2.6%	10.1%
5	3,276	64.2%	21.6%	0.8%	12.7%
6	3,269	68.4%	22.9%	0.2%	10.8%
7	2,737	54.5%	33.3%	1.1%	13.6%
8	3,116	53.9%	33.7%	1.3%	10.5%
9	5,454	77.1%	14.8%	1.9%	4.7%
10	3,442	80.0%	11.9%	0.8%	6.2%
12	2,509	61.5%	21.5%	1.7%	17.9%
13	1,549	28.8%	57.5%	3.4%	12.4%
14	1,824	53.8%	33.2%	3.6%	13.0%
15	2,679	34.3%	50.4%	1.3%	18.0%
16	4,158	65.7%	26.5%	1.8%	6.9%
17	2,880	48.5%	36.4%	3.9%	13.6%
18	2,395	29.7%	49.6%	11.0%	9.2%
19	1,887	77.7%	13.7%	1.1%	5.7%
20	3,454	80.9%	9.7%	0.6%	6.3%

Source: U.S. Census Bureau, Census 2010 Redistricting Data SF (P1, P2)

HUD provides the percentage of LMI persons in each census block group. In 45 of the City's 96 block groups, the percentage of LMI persons exceeds 51%. Of these 45 block groups, 20 were located in areas that were also identified as areas of minority concentration. In addition, 39 of the 45 LMI block groups were located in the CD Impact Area. The following figure provides a summary of LMI persons per block group in the City's CD Impact Area.



**Figure 2-5
Areas of Concentration of LMI Persons, 2010**

Census Tract	Block Group	Universe	Low and Moderate Income Persons		Census Tract	Block Group	Universe	Low and Moderate Income Persons	
			#	%				#	%
1	1	508	435	85.63%	10	1	541	291	53.79%
1	2	799	774	96.87%	12	1	1,486	1,057	71.13%
3	2	1,602	1,111	69.35%	12	2	1,191	979	82.20%
3	3	1,783	1,192	66.85%	13	1	920	681	74.02%
4	1	222	164	73.87%	13	2	976	890	91.19%
4	2	1,289	917	71.14%	14	1	592	420	70.95%
4	3	871	507	58.21%	14	2	627	481	76.71%
5	1	1,132	616	54.42%	15	1	1,520	1,349	88.75%
5	2	1,306	812	62.17%	15	2	1,266	842	66.51%
5	3	762	465	61.02%	16	2	1,068	662	61.99%
6	2	1,900	1,465	77.11%	17	1	663	443	66.82%
7	1	703	549	78.09%	17	2	1,333	750	56.26%
7	2	1,045	683	65.36%	17	3	1,025	777	75.80%
7	3	1,222	930	76.10%	18	1	1,526	1,153	75.56%
8	1	1,060	874	82.45%	18	2	1,149	791	68.84%
8	2	976	659	67.52%	19	1	551	473	85.84%
8	3	1,207	958	79.37%	19	2	1,136	759	66.81%
9	1	980	765	78.06%	20	1	2,059	1,182	57.41%
9	2	1,071	625	58.36%	20	2	868	615	70.85%
9	3	1,564	988	63.17%					

Source: U. S. Dept. of Housing & Urban Development, 2010

MARKET OBSERVATION: *The majority of areas that meet the criteria for areas of concentration of low to moderate income residents are located within the City’s CD Impact Area. Of the 45 LMI block groups, 39 are located in the CD Impact Area.*

3. Physical Characteristics of the CD Impact Area

This section provides an overview of the physical characteristics of the City of Erie’s CD Impact Area, including the age and condition of the housing stock and market trends associated with the for-sale housing market, including housing costs, days on market, etc.

A. Housing Inventory

In contrast to the State’s steady increase in housing units, **the number of housing units in the City of Erie and within the City’s CD Impact Area has declined.** Between 1990 and 2010, the City of Erie lost 634 housing units, or 1.4% of its housing stock. The decrease in housing units was even higher in the CD Impact Area. In the same time period, the CD Impact Area lost 4.2% of its total housing units. The average annual loss in units between 2000 and 2010 was 55, which was higher than the average annual loss between 1990 and 2000. By comparison, the County and the State of Pennsylvania gained housing units over the last two decades.

**Figure 3-1
Trends in Housing Inventory, 1990-2010**

	1990	2000	Average Annual Change	Percent Change from 1990-2000	2010	Average Annual Change	Percent Change from 1990
Pennsylvania	4,938,140	5,249,750	31,161	6.3%	5,567,315	31,757	12.7%
Erie County	108,585	114,322	574	5.3%	119,138	482	9.7%
Erie City	45,424	44,971	-45	-1.0%	44,790	-18	-1.4%
CD Impact Area	24,916	24,416	-50	-2.0%	23,862	-55	-4.2%

Source: U.S. Census Bureau

Single-family housing units remain the predominant housing type available in the City of Erie. Specifically, single-family dwellings represented 60% of Erie’s housing inventory. Multi-family housing units represented almost 40% of the City’s housing stock while mobile homes accounted for 0.6%.

In contrast, multi-family housing units represented 55.3% of the total housing inventory in the CD Impact Area while single-family dwelling units represented 44.1% of the housing inventory.

**Figure 3-2
Types of Housing Units, 2010**

	Total Units	Single-family units	Multi-family units				Total	Mobile home	Boat, RV, van, etc
			2 to 4	5 to 9	10 to 19	20 or more			
Pennsylvania	5,537,308	4,159,320	506,255	187,564	141,614	301,906	1,137,339	239,848	801
Erie County	118,665	81,896	16,978	4,434	2,688	5,617	29,717	7,052	0
Erie City	45,172	27,008	11,872	2,219	910	2,889	17,890	274	0
CD Impact Area	24,475	10,795	9,216	1,829	576	1,909	13,530	150	0

Source: US Census Bureau, 2006-2010 ACS 5-year Estimates

The following photos show the variety of housing types throughout the City’s CD Impact Area.



Gannon University Dormitories



Presque View Apartments



Single-family Homes



The homeowner vacancy rate in the City of Erie was 2.2% in 2010, remaining relatively stable since 2000. Homeowner vacancy rates in the CD Impact Area also remained relatively stable between 2000 and 2010, declining from 3.2% in 2000 to 3.1% in 2010.

Generally, a homeowner vacancy rate between 3% and 5% of the sales housing inventory is preferable because it allows some mobility and flexibility for households that are moving. A low rate of vacant-for-sale-only units impacts the affordability of housing because of a lower number of available units on the market at any given time, which causes a rise in home prices due to demand exceeding a limited supply. The State of Pennsylvania, Erie County, and the City of Erie all had homeowner vacancy rates lower than 3%. Among the localities studied, the CD Impact Area had the highest homeowner vacancy rate. Specifically, vacancy rates in the CD Impact Area were 3.2% in 2000 and 3.1% in 2010. These rates are fairly stable and healthy, falling in the preferred 3% to 5% range. However, the City, County, and State have less than the preferable rate of vacancies in owner-occupied units. Thus, the affordability could be affected in these areas.

**Figure 3-3
Trends in Homeowner Vacancies, 2000-2010**

	Housing Units		Owner-Occupied Units			
	Total	Occupied	Total	Percent	Owner Vacancies	Owner Vacancy Rate
2000						
Pennsylvania	5,249,750	4,777,003	3,406,337	71.3%	55,891	1.6%
Erie County	114,322	106,507	73,729	69.2%	1,221	1.6%
Erie City	44,971	40,938	22,997	56.2%	501	2.1%
CD Impact Area	24,416	21,305	8,440	34.6%	283	3.2%
2010						
Pennsylvania	5,567,315	5,018,904	3,491,722	69.6%	64,818	1.8%
Erie County	119,138	110,413	73,847	66.9%	1,159	1.5%
Erie City	44,790	40,913	21,408	52.3%	473	2.2%
CD Impact Area	23,862	20,992	7,382	35.2%	237	3.1%

Source: US Census Bureau, SF1 Data

Rental vacancy rates are significantly higher than homeowner vacancy rates across the City of Erie and within the CD Impact Area. In 2010, almost 1,500 renter units were vacant across the City, representing 7.1% of the rental housing stock. This vacancy rate was an improvement, however, from 2000, when the rental vacancy rate citywide was 9.6%. By comparison, rental vacancy rates were higher in the CD Impact Area. Specifically, the rental vacancy rate in the CD Impact Area was 11.3% in 2000, slightly higher than the statewide rental vacancy rate of 8.1%. While the rental vacancy rate was higher in the CD Impact Area, this rate has improved since 2000. Overall, vacancy rates in the CD Impact Area fell 2.9% between 2000 and 2010.

Generally, a rental vacancy rate of 5% to 9% is preferred because it allows mobility and greater choice for households that are moving. A lower rental vacancy rate exerts upward pressure on rents, negatively impacting the ability of lower-income households to find affordable housing because of a small number of available units in the marketplace at any given time. By 2010, the CD Impact Area had a rate of 8.4%, which falls into the preferred vacancy rate category. Vacancy rates in the State, County, and City also fell within this category in 2010.



**Figure 3-4
Trends in Rental Housing Vacancies, 2000-2010**

	Housing Units		Renter-occupied Units			
	Total	Occupied	Total	Percent	Rental Vacancies	Rental Vacancy Rate
2000						
Pennsylvania	5,249,750	4,777,003	1,370,666	28.7%	105,585	7.2%
Erie County	114,322	106,507	32,778	30.8%	2,796	7.9%
Erie City	44,971	40,938	17,941	43.8%	1,916	9.6%
CD Impact Area	24,416	21,305	12,865	60.4%	1,646	11.3%
2010						
Pennsylvania	5,567,315	5,018,904	1,527,182	30.4%	135,262	8.1%
Erie County	119,138	110,413	36,566	33.1%	2,771	7.0%
Erie City	44,790	40,913	19,505	47.7%	1,491	7.1%
CD Impact Area	23,862	20,992	13,610	64.8%	1,244	8.4%

Source: US Census Bureau, SF1 Data

MARKET OBSERVATION: When owner and renter units are combined, an overall vacancy rate of 8.7% was reported in 2010 in the City of Erie. Vacancy rates were higher within the CD Impact Area at a rate of 12.0%.

MARKET OBSERVATION: The high overall vacancy rates in the CD Impact Area indicate a relatively stagnant and softening housing market.



Boarded-up Stretch of Vacant Homes along E. 6th Street near Erie Insurance

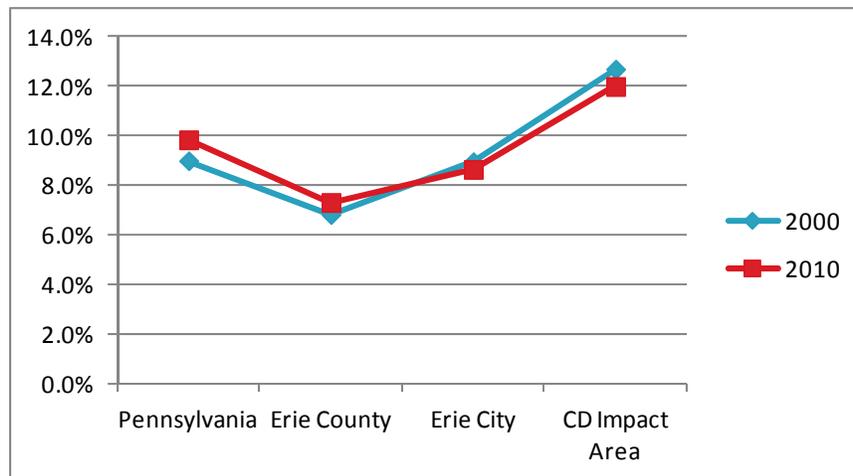


**Figure 3-5
Overall Housing Vacancies, 2000-2010**

	Total Housing Units	Total Vacant Units	
		#	%
2000			
Pennsylvania	5,249,750	472,747	9.0%
Erie County	114,322	7,815	6.8%
Erie City	44,971	4,033	9.0%
CD Impact Area	24,416	3,111	12.7%
2010			
Pennsylvania	5,567,315	548,411	9.9%
Erie County	119,138	8,725	7.3%
Erie City	44,790	3,877	8.7%
CD Impact Area	23,862	2,870	12.0%

Source: U.S. Census Bureau, SF1 Data

**Figure 3-6
Housing Vacancy Trends, 2000-2010**



MARKET OBSERVATION: *High vacancy rates exert more downward pressure on home prices in both the short and long term. Rising vacancy rates also provide a disincentive to developers in wanting to create new market rate units within the neighborhood.*

Furthermore, developers would not be able to secure private financing to allow for the construction of new housing units. The likelihood of new, market rate units being developed in these neighborhoods would be difficult until the vacancy rates improve significantly. Until these conditions change, it is likely these areas will continue to qualify as LMI areas.

A softening housing market is further indicated by the relatively low number of new single-family building permits issued within the City's CD Impact Area between 2009 and 2011. Over 600 building permits were issued over the last three years in the CD Impact Area. The majority of these permits, or 95.3%, were for additions or alterations to existing residential units. Only 29 of the 620 permits issued between 2009 and 2011 were for new single-family residential units. The majority of these 29 single-family units were affordable to lower income households. Of the 620 permits issued, 32.1%, or 199 permits, were in the NSP neighborhoods within the CD Impact Area.

The high number of residential building permits issued for additions or alterations to existing housing units indicates that property owners within the CD Impact Area are making investments in their homes, ultimately helping to improve neighborhood conditions. The following figure provides additional information on the building permits issued in the City's CD Impact Area.

Figure 3-7
Single-Family Residential Building Permits Issued, 2009-2011

	2009		2010		2011		Total
	1-Family	Additions/ Alterations - Residential	1-Family	Additions/ Alterations - Residential	1-Family	Additions/ Alterations - Residential	
NSP Neighborhoods	8	49	9	62	9	62	199
Other Census Tracts in CD Impact Area	0	138	1	169	2	111	421
Total CD Impact Area	8	187	10	231	11	173	620

Source: City of Erie Bureau of Code Enforcement

The following pictures provide examples of current or recent housing developments that have occurred in the CD Impact Area.



New Condominium Development near Griswold Plaza





Mercantile Building, Featuring One- and Two-Bedroom Condos For-sale in the Heart of Downtown

B. Affordable Public and Other Assisted Housing Units

In addition to the private housing market, there is a substantial amount of affordable public housing throughout the City of Erie. The Housing Authority of the City of Erie (HACE) manages a total of 2,139 units of public and affordable housing in the City. Most of HACE's units are located in one of the City's 15 public and affordable housing developments, while an additional 343 of these homes are located at scattered sites across the City. As of December 2010, 2,079 units were occupied and 60 were vacant, representing a vacancy rate of 2.8%.

HACE's public housing stock offers a wide variety of unit types for different households. However, households waiting for one- and two-bedroom units account for over 80% of all public housing applicants compared to less than 15% of applicants who are waiting for a unit with three or more bedrooms.

HACE is also the administrator of the Section 8 Housing Choice Voucher program for the City of Erie. As of January 2011, there were 994 Section 8 voucher holders. These vouchers enable lower income households to find rental apartments throughout the area and pay no more than 30% of their monthly income for rent. The demand for this housing assistance program is demonstrated by its lengthy waiting list of approximately 1,260 applicants.

In addition to the public and private housing markets, there is a substantial assisted housing inventory in the City of Erie. Privately-assisted housing is privately-owned but affordable due to the funding source used to develop the housing units. This type of subsidized housing differs from public housing that is owned by a government entity. Eligible resident households typically include those who are elderly (either 55 or 62 years of age or older), low income (80% of median income or less), or disabled. Financing for these affordable housing units typically comes from state and federal sources such as the Low Income Housing Tax Credit Program (LIHTC), the U.S. Department of Agriculture's Section 515 Program, and HUD's Section 202 (elderly), Section 811 (disabled), and Section 236 and Section 221 (d) (family) Programs.

HUD's Picture of Subsidized Households dataset contains records on the number of subsidized units by type for 2000 and 2008 throughout the City of Erie. Comparisons between the two years are based on an assumption of consistent data collection and reporting methods. HUD's records show an overall 20.4% increase in subsidized rental units in Erie. The largest increase was among Section 236 units, which grew



46.1%. Public housing units and Section 8 voucher holders also increased 22.8% and 10.8%, respectively. By comparison, other assisted multi-family units decreased by more than one-third during this period.

**Figure 3-8
Subsidized Units by Type Citywide, 2000 and 2008**

Number of Units	2000	2008	% Change
Public Housing*			
Total	1,430	1,852	29.5%
Assisted Housing			
LIHTC	500	597	19.4%
Section 236	425	789	85.6%
Section 8 Voucher Holders	931	1,044	12.1%
Other Assisted Multi-Family	293	213	-27.3%
Total Subsidized Units	3,579	4,495	25.6%

*HUD records classify properties differently than the local Housing Authority, resulting in figures that differ here from the public housing inventory described earlier in the AI. Additionally, some sites are classified different in 2000 than 2008.

Source: HUD Picture of Subsidized Households, 2000 and 2008

MARKET OBSERVATION: Within the CD Impact Area, there are almost 800 units of subsidized and assisted housing.



Source: hace.org

Public Housing Communities throughout the City of Erie's CD Impact Area

The following figure provides an inventory of other assisted, subsidized housing units located in the CD Impact Area.



**Figure 3-9
Assisted Housing Inventory in the CD Impact Area, 2010**

Project Name/Address	Total Units	Subsidized Units	Elderly Units	Family Units	Accessible Units	General Units
Alex W. Thompson Apartments	40	40	37	0	3	0
Bayview Apartments	11	11	0	0	11	0
Better Homes for Erie East	20	0	0	20	0	0
Better Homes for Erie West	20	0	0	20	0	0
Better Homes Old	12	0	0	12	0	0
Center City Apartments	20	0	0	18	20	0
Erie Independence House	12	12	0	0	12	0
Highpoint Towers	132	132	132	0	0	0
Independence House	12	0	12	0	12	0
Methodist Towers	131	0	131	0	0	0
Mid-City Towers	132	132	132	0	0	0
Niagara Apartments	12	0	0	0	12	0
Poux Apartments	10	10	0	0	0	10
Richford Arms	100	100	91	0	9	0
Saint Hedwig Apartments	9	9	7	0	2	0
Sharp Apartments	10	0	0	8	2	0
St. James Manor	36	36	36	0	2	0
Stairways Gage Housing	7	7	6	0	1	0
Villa Maria I Apartments	40	40	36	0	4	0
Villa Maria II Apartments	30	30	0	0	3	30
Total	796	559	620	78	93	40

Source: Pennsylvania Housing Finance Agency, 2010

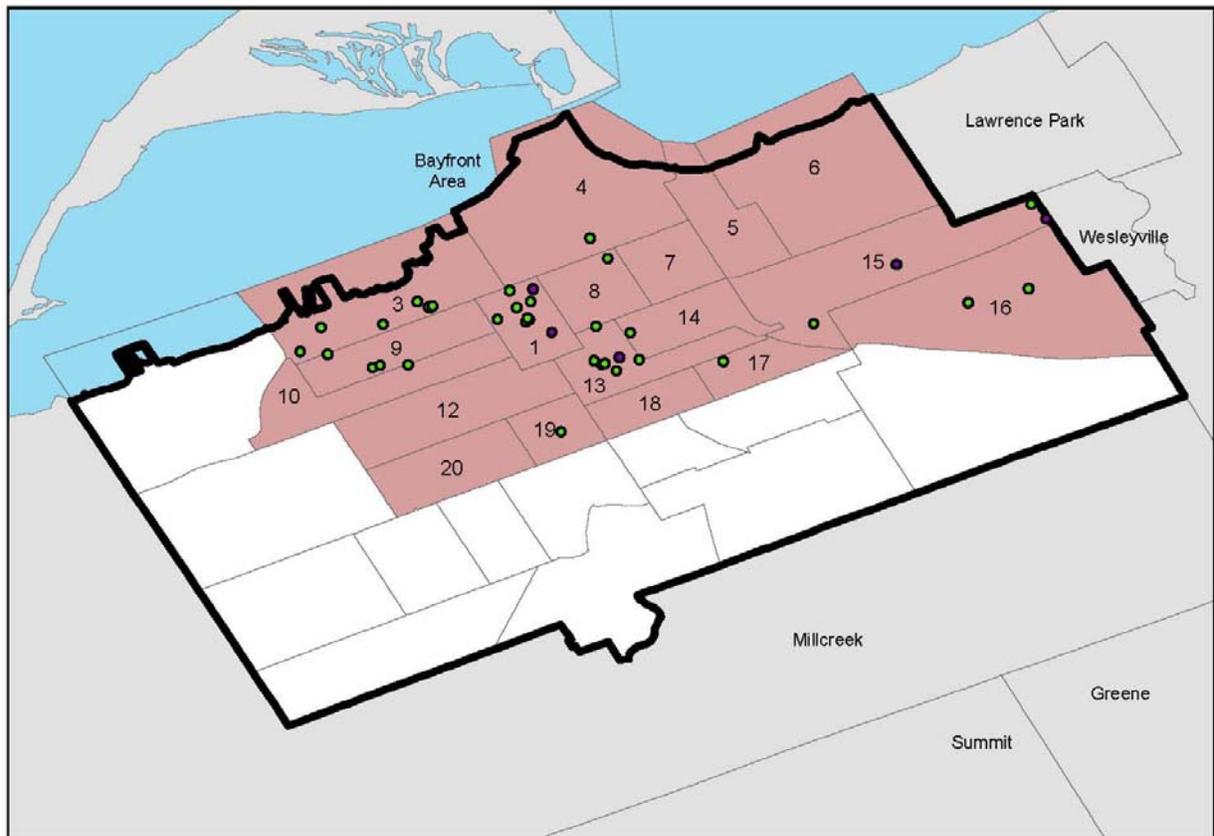


Examples of Other Assisted Housing Units in the CD Impact Area

The following map provides a geographic overview of the location of public and other assisted housing units within the City's CD Impact Area.



Figure 3-10
Map of Public and Assisted Multi-Family Housing Units in the CD Impact Area, 2010



Legend

- Public Housing Units
- Assisted Housing Units
- ▭ Erie City
- ▭ CD Impact Area
- ▭ Other Erie City Census Tracts
- ▭ Area Hydrology
- ▭ Surrounding Municipalities



C. Physical Condition of Housing

The age of a residential structure demonstrates the time the unit has been in the inventory and the duration of time over which substantial maintenance is necessary. The age threshold commonly used to signal a potential deficiency is represented by the year built with units that are 50 years old or over (i.e. built prior to 1960) used as the threshold. However, the age of a structure alone cannot be used to determine the condition of housing. Many older units are well-maintained. Older units, however, have a greater need for maintenance, including the replacement of expensive building systems. Newer housing units that have bigger rooms and modern amenities generally have higher sales values, reflecting a



preference for newer units. Geographic locations with a variety of new housing types are often more attractive to new households, but generally less affordable to lower income households.

MARKET OBSERVATION: The housing stock in the CD Impact Area is older than the housing stock in the City of Erie overall.

Almost three-quarters of the City's housing stock was built prior to 1960. By comparison, only about 7% of the City's housing stock was built during the last decade. The presence of older housing units and a lack of new housing units being built are trends that are also evident within the CD Impact Area. Over three-quarters (77.8%) of the housing stock in the CD Impact Area was built prior to 1960. In addition, only 2.7% of the total housing stock was built after 2000. By comparison, the CD Impact Area has an older housing stock than the City, County, and State.

**Figure 3-11
Year Structure Built, 2010**

	Pennsylvania	Erie County	Erie City	CD Impact Area*
Built 2000 or later	384,203	6,692	1,163	669
Built 1990-1999	516,857	11,060	1,068	543
Built 1980-1989	547,902	9,968	1,741	819
Built 1970-1979	709,691	17,403	4,057	1,979
Built 1960-1969	557,650	11,912	3,766	1,433
Built prior to 1960	2,821,005	61,630	33,377	19,032
TOTAL UNITS	5,537,308	118,665	45,172	24,475

Source: US Census Bureau, 2006-2010 ACS 5-year Estimates

The following series of pictures highlights the varying housing conditions present throughout various neighborhoods within the City of Erie's CD Impact Area.



Homes in the West Bayfront Area/ Bluff





Homes located in the West Side of the CD Impact Area



Examples of Housing Conditions in the East Side of the CD Impact Area

Another variable used to identify housing condition is overcrowding, which is directly related to the wear and tear sustained by a residential structure. Occupancy at levels greater than one person per room (1.01) is used by the Census Bureau as the threshold for defining living conditions as substandard. Finally, a lack of complete plumbing facilities is identified as a variable with the sharing of facilities between households used as an index of deficient housing conditions.

MARKET OBSERVATION: Across the City of Erie and within the CD Impact Area, more rental units than owner units were overcrowded in 2010.

In 2010, 2.4% of total occupied units in the CD Impact Area were overcrowded, almost 1% higher than the City's rate and more than double the County's rate.



**Figure 3-12
Overcrowded Housing Units, 2010**

	Pennsylvania	Erie County	Erie City	CD Impact Area
Total Occupied Housing Units	4,940,581	108,252	40,124	20,631
Owner-Occupied Units	3,508,612	74,895	22,185	8,019
Overcrowded Units	23,706	607	294	186
Renter-Occupied Units	1,431,969	33,357	17,939	12,612
Overcrowded Units	31,940	462	370	299
Total Overcrowded Units	55,646	1,069	664	485
% of Total Occupied Units	1.1%	1.0%	1.7%	2.4%

Source: US Census Bureau, 2006-2010 ACS 5-year Estimates

MARKET OBSERVATION: *Occupied housing units, particularly renter units, in the CD Impact Area were more likely to be without complete plumbing than units in the City and County overall.*

In the CD Impact Area, 15 owner-occupied units lacked complete plumbing facilities, compared to 191 renter-occupied units. Overall, 1% of the total occupied units in the CD Impact Area lacked complete plumbing. This rate is double the percentage of units lacking complete plumbing in the City and over three times higher than the County rate.

**Figure 3-13
Occupied Units Lacking Complete Plumbing Facilities, 2010**

	Pennsylvania	Erie County	Erie City	CD Impact Area
Total Occupied Housing Units	4,940,581	108,252	40,124	20631
Owner-Occupied Units	3,508,612	74,895	22,185	8019
Lacking Complete Plumbing Facilities	13,316	106	22	15
Renter-Occupied Units	1,431,969	33,357	17,939	12612
Lacking Complete Plumbing Facilities	9,862	268	191	191
Total Units Without Complete Plumbing	23,178	374	213	206
% of Total Occupied Units	0.5%	0.3%	0.5%	1.0%

Source: US Census Bureau, 2006-2010 ACS 5-year Estimates

Locally, the City of Erie has adopted ordinances regulating property maintenance in both residential and commercial areas. The City is currently enforcing the 2009 International Property Maintenance Code, which was adopted in September 2009. The Property Maintenance Team responds to complaints regarding the upkeep of properties and regularly patrols the City to identify violations. When property maintenance violations are identified, enforcement action is taken, including warnings and Notices to Appear in Magisterial Court. When the City receives a complaint regarding a potential code enforcement violation, one of the City's Code Enforcement Officers will perform an inspection of the property. If violations are observed, the owner/resident will be notified of the violations and instructed to correct them.

D. Housing Costs

Between 2006 and 2009 (the last full year for which data is available), the number of units sold in the City of Erie fell 7.8%, from 915 to 844. As of November 15, 2010, only 651 units had been sold.

Since 2006, the median days a house is on the market increased from 41 to 50 days, while the median sales price remained relatively stagnant. After peaking at \$77,125 in 2009, the median sales price decreased back to \$75,000 in 2010. Additionally, as shown on the following chart, since 2008, the median sales price has declined each year compared to median list price.

Figure 3-14
Citywide Housing Market Trends, 2006-2010

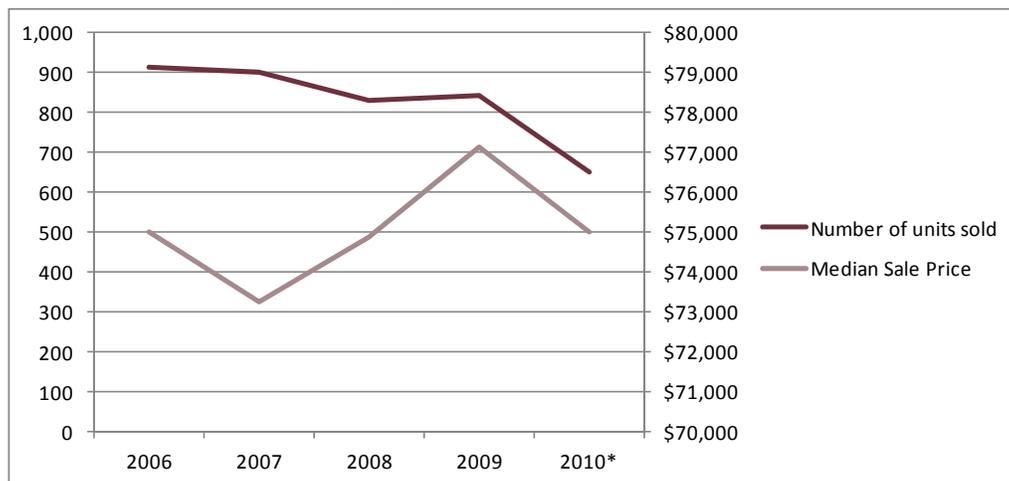
	2006	2007	2008	2009	2010**
Single-Family Properties					
Number of Units Sold	915	900	829	844	651
Median Days on Market	41	50	53	49	50
Median List Price	\$78,000	\$73,000	\$75,000	\$79,900	\$79,900
Median Sale Price	\$75,000	\$73,250	\$74,900	\$77,125	\$75,000
MSP as % MLP*	96%	100%	100%	97%	94%

*Median Sales Price as a percent of Median List Price

**2010 data reflects sales through November 15, 2010

Source: Greater Erie Board of Realtors, Inc

Figure 3-15
Housing Market Trends, 2006-2010



Source: Greater Erie Board of Realtors

Note: 2010 data reflects sales through November 15, 2010

MARKET OBSERVATION: *The softening of the city's housing market has decreased the number of homes sold and has led to homes taking longer to sell.*

In the CD Impact Area, data available between February 2011 and August 2012 shows the total number of homes sold decreased 25.6%, from 184 in 2011 to 137 in 2012. However, between March and July



2011 and March and July 2012 (the timeframe for which comparable data is available), the number of homes sold in the CD impact area remained steady at 100.

Between February 2011 and August 2012, the median number of days a house is on the market stayed relatively stagnant, decreasing only slightly from 58 to 56 days. The median list price of a home decreased from \$57,450 in 2011 to \$49,900 in 2012, while the median sale price decreased from \$54,950 to \$45,000, prices significantly lower than in the city as a whole. Additionally, as shown on the following chart, the median sales price also declined compared to the median list price.

**Figure 3-16
CD Impact Area Housing Market Trends, 2011-2012**

	2011*	2012**
Single-Family Properties		
Number of Units Sold	184	137
Median Days on Market	58	56
Median List Price	\$57,450	\$49,900
Median Sale Price	\$54,950	\$45,000
MSP as % MLP***	96%	90%

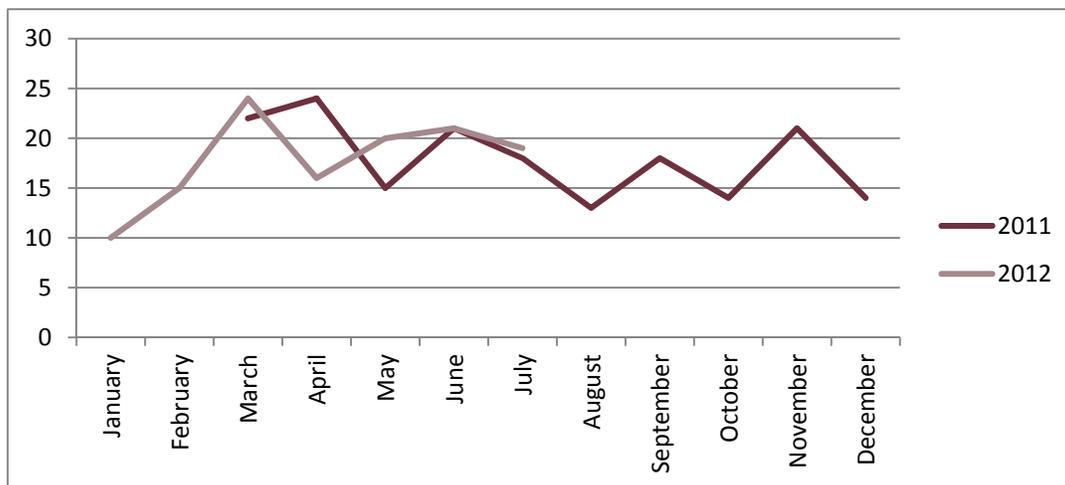
*2011 data reflects sales after February 25, 2011

**2012 data reflects sales through August 16, 2012

***Median Sales Price as a percent of Median List Price

Source: Greater Erie Board of Realtors, Inc

**Figure 3-17
Number of Units Sold, 2011-2012**



Source: Greater Erie Board of Realtors

Note: Only includes months for which full data was available.

MARKET OBSERVATION: Median home prices in the CD Impact Area were already lower than the city as a whole and have decreased between 2011 and 2012.

4. Demographic Profile of Residents

Population and household growth trends are a driving force of regional housing markets. Variables such as diversifying and expanding population, decreasing household size, new household formation, and migration determine housing demand. While demographics are not the only primary determining factor in future trends of a housing market, they are a key indicator of the size and nature of demand for housing. The following section includes a detailed demographic profile of the characteristics of residents living in Erie's CD Impact Area. Specific data on population, households, age, race and ethnicity, income, employment, poverty, education, public assistance, and housing tenure is featured throughout the demographic profile.

A. Population Trends

Unlike the State of Pennsylvania and Erie County, the City of Erie has experienced gradual population decline over the past two decades. Between 1990 and 2010, the City's population decreased by almost 7,000 residents, or 6.4%. The CD Impact Area experienced an even greater decrease in population. Between 1990 and 2010, the population in the CD Impact Area decreased 8.6%, or 4,934 persons. While the City and CD Impact Area decreased in population, both the State and the County experienced population growth during the same period.

Figure 4-1
Population Trends, 1990-2010

	1990	2000	2010	% Change 1990-2010
Pennsylvania	11,881,643	12,281,054	12,702,379	6.9%
Erie County	275,572	280,843	280,566	1.8%
Erie City	108,718	103,717	101,786	-6.4%
CD Impact Area	57,487	55,162	52,553	-8.6%

Source: US Census Bureau

Most of the population lost during the last two decades has been among the White population in Erie. As a result, the City is becoming more racially and ethnically diverse. While the City's overall population has declined, the non-White minority population in Erie and within the CD Impact Area has grown as a share of the total population. Between 1990 and 2010, Erie's minority population increased by almost 68%. In the same time period, the CD Impact Area lost 9,036 White persons (a 20.2% decrease) and gained 4,101 non-White persons (a 32.0% increase).



**Figure 4-2
Population by Race and Ethnicity, 1990-2010**

	Total Population	Race						Hispanic	
		White		Black		Other Race		Number	Percent
		Number	Percent	Number	Percent	Number	Percent		
1990									
Pennsylvania	11,881,643	10,520,201	88.5%	1,089,795	9.2%	271,647	2.3%	232,262	2.0%
Erie County	275,572	257,879	93.6%	14,304	5.2%	3,389	1.2%	3,364	1.2%
Erie City	108,718	93,556	86.1%	13,086	12.0%	2,076	1.9%	2,606	2.4%
CD Impact Area	57,488	44,662	77.7%	11,321	19.7%	1,505	2.6%	1,999	3.5%
2000									
Pennsylvania	12,281,054	10,484,203	85.4%	1,224,612	10.0%	572,239	4.7%	394,088	3.2%
Erie County	280,843	255,282	90.9%	17,202	6.1%	8,359	3.0%	6,126	2.2%
Erie City	103,717	83,550	80.6%	14,724	14.2%	5,443	5.2%	4,572	4.4%
CD Impact Area	55,162	38,617	70.0%	12,419	22.5%	4,126	7.5%	3,601	6.5%
2010									
Pennsylvania	12,702,379	10,406,288	81.9%	1,377,689	10.8%	918,402	7.2%	719,660	5.7%
Erie County	280,566	247,569	88.2%	20,155	7.2%	12,842	4.6%	9,518	3.4%
Erie City	101,786	76,327	75.0%	17,141	16.8%	8,318	8.2%	7,005	6.9%
CD Impact Area	52,553	35,626	67.8%	12,556	23.9%	4,371	8.3%	3,883	7.4%

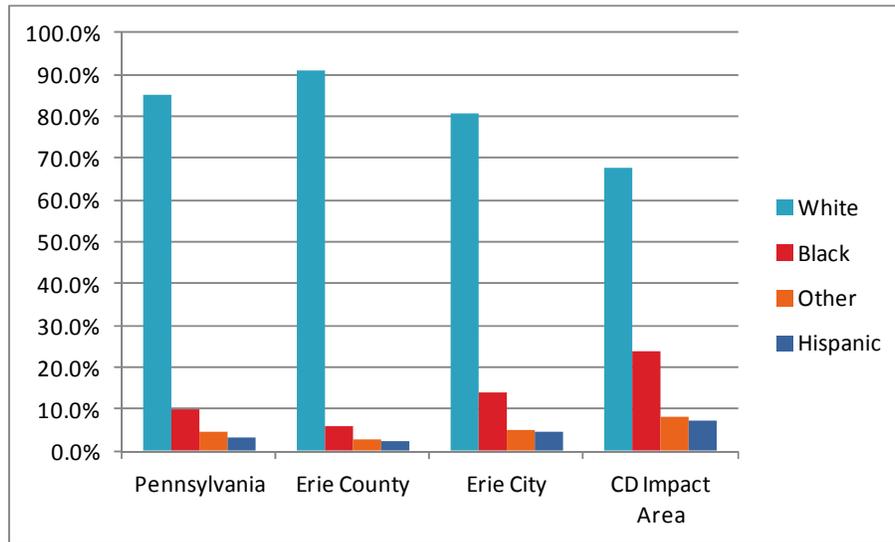
Source: US Census Bureau

In the City of Erie, Blacks remain the largest minority group and comprised over two-thirds of the non-White population in 2010. Blacks are also the largest minority group in the CD Impact Area, and comprise almost 24% of the population.

The City's Hispanic population more than doubled between 1990 and 2010. Hispanic residents comprised 6.9% of Erie's population in 2010, compared to 2.4% in 1990. The CD Impact Area also experienced a large increase in Hispanic residents. During the same period, the number of Hispanic residents in the CD Impact Area increase by 1,884 residents, or 94.2%.



**Figure 4-3
Population by Race and Ethnicity, 2010**



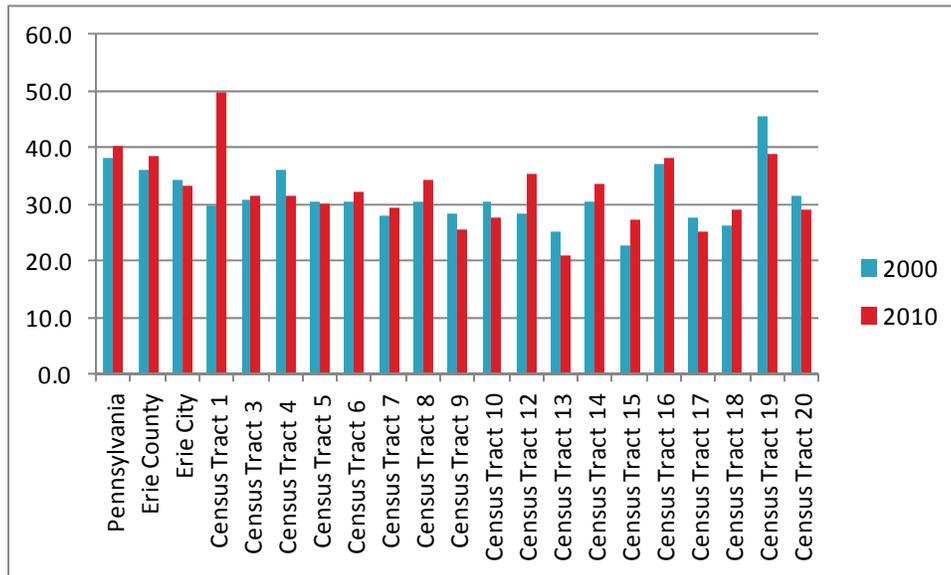
Source: U.S. Census Bureau

B. Trends in Age

Contrary to State and Countywide trends, the median age of Erie residents has become younger over the last decade. The median age of a City resident in 2010 was 33.2. By comparison, it was 38.6 for all County residents and 40.1 across Pennsylvania. However, within the CD Impact Area (census tracts 1, 3-10, 12-20), the median age ranged from 20.9 in census tract 13 to 49.8 in census tract 1. Census tract 1 had the highest median age in 2010, which was a significant increase from its median age in 2000 (29.6). Over the last decade, median ages have generally remained fairly stable in the CD Impact Area. However, trends varied depending on the individual census tracts. While certain census tracts saw slight increases in median age, others saw slight decreases in median age.



**Figure 4-4
Trends in Median Age, 1990-2010**

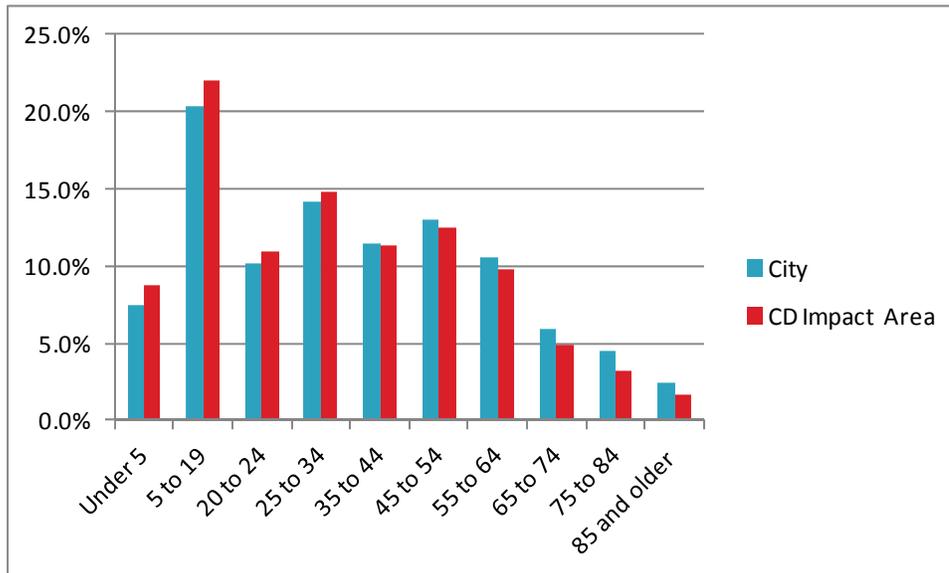


Source: U.S. Census Bureau

In 2010, the 44 and under age cohort represented almost 64% of the City of Erie's total population. This same age cohort represented over two-thirds of the population in the CD Impact Area. The most populous single age cohort in the CD Impact Area was the 5-19 age group, which represented 22.1% of the Area's overall population. This age cohort is slightly higher in the CD Impact Area than it is Citywide. Overall, the age cohorts under 45 are more populous in the CD Impact Area than in the City. In contrast, the older age cohorts 45 and over are less populous in the CD Impact Area than in the City. This could represent a number of trends in the population, e.g. more child births in the CD Impact Area.



**Figure 4-5
Percentage of Persons by Age Cohort, 2010**



Source: U.S. Census Bureau

C. Household Trends

Every household needs a dwelling. The Census Bureau defines “population” as “all people, male and female, child and adult, living in a given geographic area.” The term “household” is defined to include “all the people who occupy a housing unit.” The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living arrangements.

When describing housing markets and housing need, focusing the discussion on *households* is much more relevant and accurate because each household requires a dwelling unit while several people may comprise the same household and live in the same housing unit. In other words, calculating housing need on the basis of the number of households in a geographic area is much more accurate than calculating housing need based on the number of *persons*.

Between 1990 and 2010, the number of households declined both in the City and in the CD Impact Area. The decline in the number of households was larger between 1990 and 2000 than between 2000 and 2010 in the CD Impact Area and the City overall. While the State of Pennsylvania and the County showed an increase in the number of households, the City and CD Impact Area both experienced over a 3% loss in households between 1990 and 2000. The number of households in the City remained fairly stable between 2000 and 2010, while the CD Impact Area lost another 3% of households during this period. This could be a result of relocation trends, or households moving away from the CD Impact Area to other parts of the County or region.



**Figure 4-6
Household Trends, 1990-2010**

	1990	2000	Average Annual Change	Percent Change from 1990-2000	2010	Average Annual Change	Percent Change from 2000-2010
Pennsylvania	4,495,966	4,777,003	28,104	6%	5,018,904	24,190	5%
Erie County	101,564	106,507	494	5%	110,413	391	4%
Erie City	42,131	40,938	-119	-3%	40,913	-3	0%
CD Impact Area	22,354	21,305	-105	-5%	20,631	-67	-3%

Source: U.S. Census Bureau

Similar to trends relative to number of households, the average household size has decreased in the City of Erie. However, within the CD Impact Area, the average household size has experienced varied rates of growth and decline during this period, varying by census tract. Eight of the 18 census tracts in the CD Impact Area experienced decline in average household size between 2000 and 2010. The 10 census tracts with increasing average household size were the only jurisdictions to experience this increase when compared to City, County, and Statewide trends, as these other areas experienced a decline in average household size.

**Figure 4-7
Average Household Size, 2000-2010**

	2000	2010
Pennsylvania	2.48	2.45
Erie County	2.51	2.42
Erie City	2.39	2.36
CD Impact Area		
Census Tract 1	1.21	1.25
Census Tract 3	2.38	2.17
Census Tract 4	2.3	2.51
Census Tract 5	2.48	2.41
Census Tract 6	2.46	2.35
Census Tract 7	2.74	2.68
Census Tract 8	2.48	2.26
Census Tract 9	2.04	2.13
Census Tract 10	2.29	2.3
Census Tract 12	2.57	2.19
Census Tract 13	2.89	3.24
Census Tract 14	2.37	2.31
Census Tract 15	3.07	3.12
Census Tract 16	2.67	2.66
Census Tract 17	2.93	3.2
Census Tract 18	2.99	2.75
Census Tract 19	1.9	1.98
Census Tract 20	2.53	2.46

Source: U.S. Census Bureau

In addition to decreasing household size, the composition of households is changing from traditional married-couple families to single-parent households and non-family households. Overall, households containing both a husband and a wife with children are declining while non-family households (in which



the members of a household are not related to each other), single person households, and single-parent households are increasing as a percentage of the total population.

**Figure 4-8
Trends in Household Type, 1990-2010**

	1990		2000		2010	
	#	%	#	%	#	%
Erie City						
Total Households	42,131	100.0%	40,938	100.0%	40,913	100.0%
Married Couple w/ Children	8,476	20.1%	6,633	16.2%	5,360	13.1%
Single-Parent w/ Children	5,120	12.2%	5,331	13.0%	6,671	16.3%
Married Couple w/o Children	10,230	24.3%	9,088	22.2%	7,622	18.6%
Non-Family Households	15,307	36.3%	16,445	40.2%	17,998	44.0%
CD Impact Area						
Total Households	22,354	100.0%	21,305	100.0%	20,992	100.0%
Married Couple w/ Children	3,731	16.7%	3,053	14.3%	1,976	9.4%
Single-Parent w/ Children	3,772	16.9%	4,287	20.1%	6,234	29.7%
Married Couple w/o Children	3,809	17.0%	3,012	14.1%	2,806	13.4%
Non-Family Households	9,304	41.6%	9,439	44.3%	9,976	47.5%

Source: U.S. Census Bureau. SF1 2000 data, ACS 2006-2010 data

Between 1990 and 2010, the number of married couple families with children in the City of Erie decreased from 8,476 to 5,360, representing just 13.1% of all households by 2010. In contrast, the number of single-parent households with children and non-family households increased during the same period.

Within the CD Impact Area between 1990 and 2010, the number of non-family households in the City increased from 9,304 to 9,976, now representing 47.5% of all households. Similar to the City of Erie, the number of traditional families declined between 1990 and 2010. Married couples with children accounted for 9.4% of all households in the CD Impact Area in 2010, compared to 16.7% in 1990. Single-parent households represent an increasing portion of the population in the CD Impact Area. For example, single-parent households with children increased from 3,772 in 1990 to 6,234 in 2010, representing almost 30% of the population in the CD Impact Area. This increase in single-parent households was much stronger than in the City overall.

D. Housing Tenure

Between 2000 and 2010, the homeownership rate in the City decreased from 56.2% to 52.3%. During the same time period, homeownership rates also declined in the CD Impact Area. However, in both the City and the CD Impact Area, vacancy rates declined overall, while these rates increased in the County and State.



**Figure 4-9
Housing Tenure, 2000-2010**

	Housing Units		Owner-Occupied Units		Renter-Occupied Units		Vacant Units	
	Total	Occupied	Number	Percent*	Number	Percent*	Number	Percent**
2000								
Pennsylvania	5,249,750	4,777,003	3,406,337	71.3%	1,370,666	28.7%	472,747	9.0%
Erie County	114,322	106,507	73,729	69.2%	32,778	30.8%	7,815	6.8%
Erie City	44,971	40,938	22,997	56.2%	17,941	43.8%	4,033	9.0%
CD Impact Area	24,416	21,305	8,440	39.6%	12,865	60.4%	3,111	12.7%
2010								
Pennsylvania	5,567,315	5,018,904	3,491,722	69.6%	1,527,182	30.4%	548,411	9.9%
Erie County	119,138	110,413	73,847	66.9%	36,566	33.1%	8,725	7.3%
Erie City	44,790	40,913	21,408	52.3%	19,505	47.7%	3,877	8.7%
CD Impact Area	23,501	20,631	8,019	38.9%	12,612	61.1%	2,870	12.2%

Source: U.S. Census Bureau

*Calculated as a percent of total occupied units.

**Calculated as a percent of total units.

MARKET OBSERVATION: Homeownership rates have fallen across the City of Erie and within the CD Impact Area.

Since 2000, the number of vacant housing units in Erie decreased from 4,033 to 3,877. By 2010, vacant housing units represented less than 9% of the City’s total housing stock. However, vacancy rates were higher in the CD Impact Area, representing 12.2% of the housing stock in 2010.

Characteristics of homeowners and renters by age of the householders include the following:

- The youngest households are predominantly renters.
- There are more renters than owners found among the 25-34 age cohort.
- By age 55, renter rates begin to fall significantly and continue decreasing as households age.

In the CD Impact Area, homeownership rates were the highest in the 45 to 54 and 55 to 64 age cohorts. Homeownership rates were lowest in the 15-24 age group and in the 85 years and older age cohort.



Figure 4-10
Housing Tenure by Age of Householder, 2010

Age of Householder	City of Erie		CD Impact Area	
	% Own	% Rent	% Own	% Rent
15 to 24	0.7%	7.2%	1.0%	13.0%
25 to 34	6.3%	11.4%	13.9%	24.8%
35 to 44	8.5%	7.5%	17.0%	18.9%
45 to 54	11.2%	8.0%	22.4%	18.4%
55 to 64	11.4%	5.6%	22.5%	11.7%
65 to 74	6.7%	3.2%	11.4%	6.5%
75 to 84	5.2%	2.7%	8.8%	3.4%
85 and older	2.2%	2.0%	3.0%	3.2%
All Households	52.3%	47.7%	38.9%	61.1%

Source: U.S. Census Bureau

In the City of Erie, White households were more likely to be homeowners than minority households. In addition, Black households had the highest rates of homeownership among all minorities across the City. Trends are similar in the CD Impact Area, as Blacks were slightly more likely to be homeowners than any other minority. Whites were also less likely to own homes in the CD Impact Area than they were in the City as a whole.

Figure 4-11
Housing Tenure by Race and Ethnicity, 2010

Race of Householder	City of Erie		CD Impact Area	
	% Own	% Rent	% Own	% Rent
White	57.4%	42.6%	38.8%	61.2%
Black	31.7%	68.3%	27.7%	72.3%
AIAN	26.4%	73.6%	24.7%	75.3%
Asian/Pacific Islander	32.0%	68.0%	21.0%	79.0%
Some Other Race Alone	31.6%	68.4%	24.7%	75.3%
Two or More Races	25.1%	74.9%	20.2%	79.8%
Hispanic	31.1%	68.9%	22.1%	77.9%

Source: U.S. Census Bureau

E. Income

Income represents the total funds available to a household. The Census defines income as the sum of the amounts reported separately for wages plus interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security income; Supplemental Security Income; public assistance including general assistance and Temporary Assistance to Needy Families (TANF); retirement, survivor,



and disability pensions; and, all other income. The term “real income” refers to income that has been adjusted for inflation.

Income trends can reveal the financial capacity of a region to support new housing construction, modernization of older housing units, and regular maintenance of existing units. Lower income households will have greater difficulty meeting the most basic of needs such as food and clothing, and generally have less disposable income to save toward a down payment to rent or purchase a home, or to make necessary repairs to an older housing unit.

Median household income (MHI) is often the benchmark against which housing affordability is measured. The median household income is the middle of the income range: one-half of all households in an area have an income higher than the median and the other half have an income lower than the median.

Household income levels are significantly higher across the State and County. The MHI in the City of Erie in 2000 was \$37,155. Similar to State and County trends, by 2010, the City’s MHI declined over 13% to \$32,218. Real median household income levels were even lower in certain census tracts within the CD Impact Area. Between 2000 and 2010, several census tracts in the CD Impact Area had median household incomes which decreased between 15%-30% (when adjusted for inflation). The highest decrease in median household income was in census tract 14, which decreased from \$23,762 to \$16,188 between 2000 and 2010 (a decrease of 31.9%). In contrast, four of the 18 census tracts in the CD Impact Area experienced an increase in median household income between 2000 and 2010, including tracts 3, 9, 15, and 20. The highest increase occurred in tract 3, as the median household income grew 28.9% from \$27,505 to \$35,467. By comparison, median household income declined in the County and across the State during the same period.



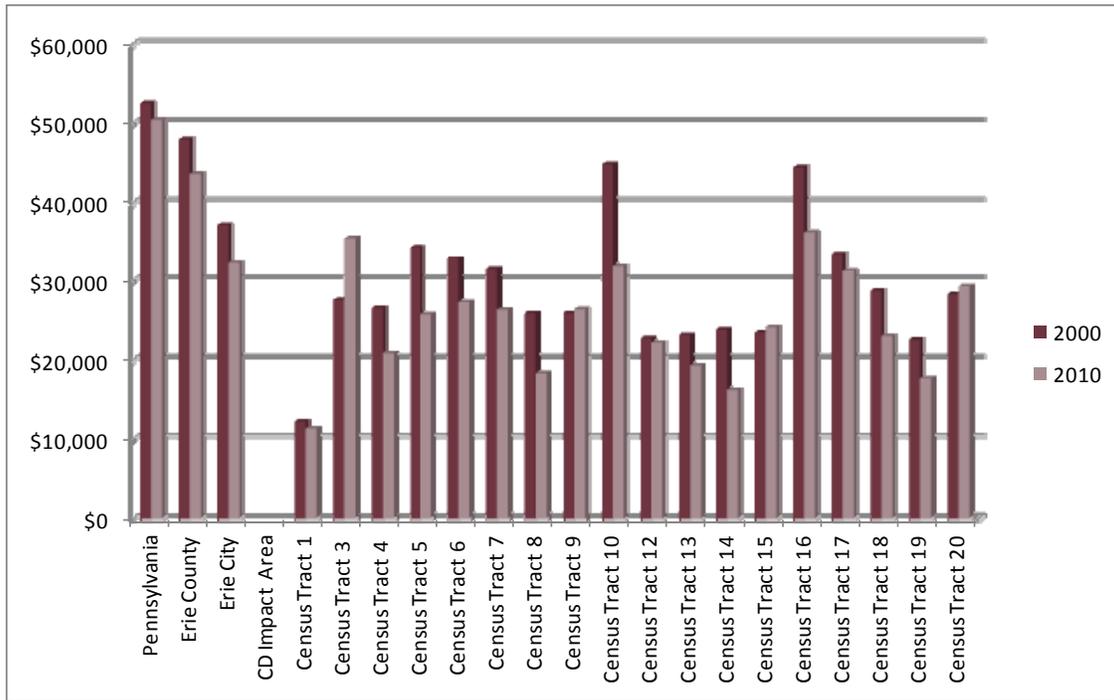
**Figure 4-12
Change in Real Median Household Income, 2000-2010**

	2000		2010	% Change 2000-2010
	Actual Dollars	2010 Dollars		
Pennsylvania	\$40,106	\$52,493	\$50,398	-4.0%
Erie County	\$36,627	\$47,940	\$43,595	-9.1%
Erie City	\$28,387	\$37,155	\$32,218	-13.3%
CD Impact Area				
Census Tract 1	\$9,340	\$12,225	\$11,319	-7.4%
Census Tract 3	\$21,015	\$27,505	\$35,467	28.9%
Census Tract 4	\$20,246	\$26,499	\$20,815	-21.4%
Census Tract 5	\$26,237	\$34,341	\$25,699	-25.2%
Census Tract 6	\$25,110	\$32,865	\$27,262	-17.0%
Census Tract 7	\$24,000	\$31,413	\$26,307	-16.3%
Census Tract 8	\$19,750	\$25,850	\$18,275	-29.3%
Census Tract 9	\$19,757	\$25,860	\$26,355	1.9%
Census Tract 10	\$34,223	\$44,793	\$31,789	-29.0%
Census Tract 12	\$17,332	\$22,685	\$22,160	-2.3%
Census Tract 13	\$17,639	\$23,087	\$19,267	-16.5%
Census Tract 14	\$18,155	\$23,762	\$16,188	-31.9%
Census Tract 15	\$17,891	\$23,417	\$24,111	3.0%
Census Tract 16	\$33,937	\$44,419	\$36,228	-18.4%
Census Tract 17	\$25,574	\$33,473	\$31,208	-6.8%
Census Tract 18	\$21,923	\$28,694	\$22,981	-19.9%
Census Tract 19	\$17,204	\$22,518	\$17,653	-21.6%
Census Tract 20	\$29,196	\$28,213	\$29,238	3.6%

Source: US Census Bureau, 2000 Census; 2006-2010 5-year ACS Estimates



Figure 4-13
Change in Real Median Household Income, 2000-2010



Source: U.S. Census Bureau, 2000 Census; 2006-2010 5-year ACS Estimates

In addition to wages and self-reported income, other sources of income include public assistance and Supplemental Security Income. Public assistance income includes general assistance and Temporary Assistance to Needy Families (TANF). In addition, Supplemental Security Income (SSI) is a nationwide U.S. assistance program administered by the Social Security Administration that guarantees a minimum level of income for needy aged, blind, or disabled individuals.

The following figure provides information on the number of persons receiving public assistance and SSI. A larger percentage of residents in the City of Erie and within the CD Impact Area receive public assistance than in the County and State. For example, 10.2% of people received public assistance income in the CD Impact Area, and 13.5% received Supplemental Security Income. By comparison, 6.7% received public assistance income in the City, and 9.4% received Supplemental Security Income in same period.



**Figure 4-14
Other Sources of Income, 2010**

	Total Population	Persons w/ Public Assistance Income		Persons w/ Supplemental Security Income	
		#	% of Total Pop	#	% of Total Pop
Pennsylvania	4,940,581	158,481	3.2%	219,808	4.4%
Erie County	108,252	4,468	4.1%	6,488	6.0%
Erie City	40,124	2,702	6.7%	3,764	9.4%
CD Impact Area	20,631	2,095	10.2%	2,790	13.5%

Source: US Census Bureau, 2000 Census; 2006-2010 5-year ACS Estimates

In 2010, about one-third of all households in the City of Erie had incomes in the \$25,000-\$49,999 range and the \$50,000-\$99,999 range, respectively. In addition, 6.4% of all households in Erie earned incomes of \$100,000 or more while 18.1% of households earned less than \$15,000.

When compared to citywide trends relative to the distribution of households by income level, trends were somewhat different within the CD Impact Area. For example, almost 27% of households within the CD Impact Area earned less than \$15,000. While almost 32% of households Citywide earned between \$50,000 and \$99,999, only 22.1% of households within the CD Impact Area earned incomes within this range. Additionally, only 3.0% of households within the CD Impact Area earned \$100,000 or more, while 6.4% of households within the City of Erie earned this amount of income. In general, household incomes within the CD Impact Area were lower than that of the City overall.

Further discrepancies by income level were found by census tract within the CD Impact Area. For example, over two-thirds of households residing in Census Tract 1 earned less than \$15,000 in 2010. In contrast, one-third of households living in Census Tract 20 earned \$50,000-\$99,999 the same year. The following figure provides an overview of the percentage of households by income level in the City and the CD Impact Area, including census tracts within the CD Impact Area.

**Figure 4-15
Distribution of Households by Income, 2010**

	Less than \$15,000	\$15,000- \$24,999	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000 or more
Erie City	18.1%	13.8%	29.8%	31.9%	6.4%
CD Impact Area	26.9%	17.1%	30.9%	22.1%	3.0%
Census Tract 1	68.6%	18.8%	9.5%	2.5%	0.6%
Census Tract 3	26.0%	12.2%	36.4%	19.4%	6.0%
Census Tract 4	25.7%	21.0%	28.9%	20.8%	3.6%
Census Tract 5	17.1%	15.2%	37.6%	28.1%	2.0%
Census Tract 6	29.1%	13.1%	27.0%	26.6%	4.2%
Census Tract 7	22.0%	19.1%	36.7%	19.2%	3.1%
Census Tract 8	33.6%	21.0%	32.6%	11.3%	1.5%
Census Tract 9	28.7%	20.9%	26.5%	20.3%	3.7%
Census Tract 10	11.0%	10.1%	35.6%	38.4%	5.0%
Census Tract 12	32.4%	21.2%	31.6%	12.7%	2.1%
Census Tract 13	39.1%	18.1%	31.7%	7.7%	3.4%
Census Tract 14	36.3%	16.2%	24.6%	22.2%	0.6%
Census Tract 15	31.1%	20.4%	26.8%	19.9%	1.8%
Census Tract 16	12.8%	13.9%	33.4%	35.4%	4.6%
Census Tract 17	24.9%	17.4%	34.6%	21.9%	1.3%
Census Tract 18	29.5%	17.5%	34.6%	17.4%	1.0%
Census Tract 19	30.4%	27.3%	23.5%	16.2%	2.6%
Census Tract 20	14.0%	11.7%	39.3%	33.0%	2.1%

Source: ESRI; Calculations by Mullin & Lonergan Associates, Inc.

By 2015, the number of households is projected to remain relatively stable across the City of Erie and within the City’s CD Impact Area. Specifically, the number of households citywide is projected to decline 1.2% between 2010 and 2015. The number of households in the City’s CD Impact Area is projected to decline 1.7% during the same period.

The following figure provides a summary of the number of households by income level in the City and CD Impact Area between 2010 and 2015. Within the CD Impact Area, the number of households earning \$25,000-\$49,999 is projected to decline 18.3% by 2015. In contrast, households earning \$100,000-\$149,999 are projected to increase almost 62% during the same period. Overall, lower income households are projected to decline Citywide and within the CD Impact Area while upper income households are projected to increase. One explanation for the influx of higher income households into the City overall as well as the CD Impact Area is that the relative affordability of these areas, compared to outer-ring suburbs, and the amenities and conveniences of living in the City are attracting individuals and families to relocate in City neighborhoods.

**Figure 4-16
Distribution of Households by Income, 2010-2015**

	Erie City			CD Impact Area		
	2010	2015	% Change	2010	2015	% Change
Less than \$15,000	7,164	6,490	-9.4%	5,443	5,038	-7.4%
\$15,000-\$24,999	5,452	4,623	-15.2%	3,449	3,023	-12.4%
\$25,000-\$34,999	5,615	4,540	-19.1%	3,228	2,709	-16.1%
\$35,000-\$49,999	6,135	4,849	-21.0%	3,024	2,471	-18.3%
\$50,000-\$74,999	7,341	9,167	24.9%	2,997	4,017	34.0%
\$75,000-\$99,999	5,252	5,638	7.3%	1,462	1,663	13.7%
\$100,000-\$149,999	1,859	2,772	49.1%	412	666	61.7%
\$150,000 and higher	657	925	40.8%	197	280	42.1%
Total Households	39,475	39,004	-1.2%	20,212	19,867	-1.7%

Source: ESRI; Calculations by Mullin & Lonergan Associates, Inc.

F. Educational Attainment

An educated workforce supports economic development. Decisions by employers regarding where to locate are based in part on the availability of a qualified workforce. The availability of a qualified workforce will support the location of jobs that require higher skills that are likely to pay higher wages. A higher-skilled, higher-wage workforce will have more housing options.

Typically, lower unemployment and higher earning capacity are associated with higher-educated individuals. The following figure illustrates the educational attainment levels of the population residing in the State, County, City of Erie, and the CD Impact Area.

In 2010, almost 15% of City residents did not have a high school diploma. Compared to the Citywide rate, the percentage of residents without a high school diploma was higher in the CD Impact Area. In fact, the CD Impact Area had the highest rate of residents with less than a high school diploma among the areas studied, as 20.6% of residents in the CD Impact Area did not graduate from high school. The CD Impact Area also had the lowest rate of those with a graduate or professional degree, as only 3.9% had an advanced degree. This rate was almost 3% lower than the Citywide average and almost three times lower than the Statewide average. The lower educational attainment levels in the CD Impact Area correlate with the lower income levels discussed in the previous section.

**Figure 4-17
Educational Attainment Levels, 2010**

	Less than a High School Graduate	High School Graduate	Some College or Associate's Degree	Bachelor's Degree	Graduate or Professional Degree
Pennsylvania	12.6%	37.8%	23.2%	16.3%	10.1%
Erie County	11.0%	42.4%	23.2%	14.6%	8.7%
Erie City	14.6%	43.9%	22.0%	12.7%	6.8%
CD Impact Area	20.6%	46.0%	20.4%	9.1%	3.9%

Source: U.S. Census Bureau 2006-2010 5-year ACS Estimates

G. Poverty

In 2010, the rate of poverty in the City of Erie was double the poverty rate for Pennsylvania. Between 2000 and 2010, the Citywide poverty rate increased from 18.8% to 25%. Thus, by 2010, one-quarter of the City's population was living in poverty. By comparison, poverty rates were significantly higher in the CD Impact Area. In 2010, more than one-third of all residents in the CD Impact Area were living in poverty, which was 11.6% higher than the City's rate and more than double those of the County and State.

**Figure 4-18
Trends in Poverty Rates, 1990-2010**

	2000	2010
Pennsylvania	11.0%	12.4%
Erie County	12.0%	15.6%
Erie City	18.8%	25.0%
CD Impact Area	28.1%	36.6%

Source: U.S. Census Bureau 2006-2010 ACS Estimates for 2010 data

H. Employment

Employment and economic trends are important to the understanding of the housing market because of the relationship between jobs, income, and housing. An area that is adding jobs attracts new households. Conversely, an area that is declining as an employment center might lose population and households over time. Trends in employment and wages impact housing demand and supply.

According to PNC Bank's Northwest PA Market Outlet for the Fourth Quarter of 2011, the regional economy of Northwest Pennsylvania remains ahead of the national recovery pace relative to jobs. While conditions have slowed since late 2010, manufacturing industry gains have led to sustained growth in service industry jobs through the third quarter of 2011. PNC Bank projects that Northwest PA's labor market recovery should continue into 2012, albeit at a slower pace than the past two years. Furthermore, the economy in Northwestern PA is projected to perform at a pace similar to that of the nation as a whole over the next two years.

While the labor force expanded throughout the State between 2000 and 2010, the civilian labor force declined in Erie County, the City of Erie, and within the CD Impact Area. Unemployment rates increased



in all the areas analyzed between 2000 and 2010. The CD Impact Area experienced the highest increase in unemployment during this period, from 11.3% to 14.6%.

**Figure 4-19
Civilian Labor Force, 2000-2010**

	Civilian Labor Force	Total Employed	Total Unemployed	Unemployment Rate
2000				
Pennsylvania	5,992,886	5,653,500	339,386	5.7%
Erie County	137,337	129,325	8,012	5.8%
Erie City	48,710	44,772	3,938	8.1%
CD Impact Area	24,339	21,590	2,749	11.3%
2010				
Pennsylvania	6,124,729	5,670,584	454,145	7.4%
Erie County	133,004	122,415	10,589	8.0%
Erie City	48,897	44,082	4,797	9.8%
CD Impact Area	23,716	20,251	3,465	14.6%

Source: US Census Bureau, 2000 Census; 2006-2010 5-year ACS Estimates

Erie County's largest employers include the General Electric Company, UPMC Hamot Medical Center, Erie Indemnity Company, Saint Vincent Health Center, State government, the City of Erie School District, Wal-Mart, the federal government, Erie County government, and the Dr. Gertrude A. Barber Center, Inc.

The top employment sectors by industry in the City of Erie in 2010 were health care and social assistance, manufacturing, and retail trade. Health care and social assistance employs the highest number of persons in the City (7,872) and accounts for 17.9% of all jobs. Over 1,300 persons, almost 17% of those employed, worked in the manufacturing industry in 2010. Another 5,819 persons, or 13.2%, worked in retail trade.

Trends in employment by industry were similar in the CD Impact Area. The largest industry was educational services and health care/social assistance, with 7,490 employees. Manufacturing was the second largest industry in the CD Impact Area, with 5,292 employees. Retail trade was the third largest industry, with 4,095 employees.

**Figure 4-20
Employment by Industry, 2010**

	Erie City	CD Impact Area
Agriculture, forestry, fishing and hunting, and mining	187	136
Construction	1,446	984
Manufacturing	7,382	5,292
Wholesale trade	1,030	726
Retail trade	5,819	4,095
Transportation and warehousing, and utilities	1,463	986
Information	1,142	758
Finance and insurance, and real estate and rental and leasing	2,079	1,186
Professional, scientific, and management, and administrative and waste management services	3,380	2,146
Educational services, and health care and social assistance	11,707	7,490
Arts, entertainment, and recreation, and accommodation and food services	4,662	3,506
Other services, except public administration	2,368	1,705
Public administration	1,417	806
Total	44,082	29,816

Source: U.S. Census Bureau 2006-2010 5-year ACS Estimates

I. Demographic Overview related to Local Housing Market

Demographic data has a direct correlation to the condition and overall health of the local housing market especially as it relates to residents' income, educational attainment, and poverty status. In the CD Impact Area, demographic trends would seem to indicate that the overall housing values in these areas are affordable to those persons living there and do not seem likely to increase significantly in value in the near future. This would be evident by the following demographic observations for the CD Impact Area:

- Between 1990 and 2010, there was a 7.7% decline in the number of households in the CD Impact Area.
- Since 1990, the number of married coupled households with children has decreased in the CD Impact Area, while single parent and non-family households make up the majority of households in this area of the City.
- Median family income, a benchmark for measuring housing affordability, has declined 13% in the City since 2000. Furthermore, real median household income has declined over 40% in most of the census tracts making up the CD Impact Area.
- Nearly one-quarter (23.7%) of households residing in the CD Impact Area received some form of public assistance income in 2010.
- Household income levels were much lower in the CD Impact Area than in the City overall. In the CD Impact Area, 44% of households earned less than \$25,000 annually in 2010.
- The percentage of households in the CD Impact Area that did not graduate from high school is significantly higher than the City as a whole. In 2010, over 20% of CD Impact Area residents had less than a high school diploma.



- The poverty rate in the CD Impact Area was significantly higher than the City's poverty rate in 2010. Over one-third of residents in the CD Impact Area lived in poverty, compared to 25% of City residents overall.
- The unemployment rate in the CD Impact Area was higher than the Citywide unemployment rate. In 2010, the City's unemployment rate was 9.8%, while the CD Impact Area's unemployment rate was 14.6%.



5. Household Projections

This section of the report includes an analysis of 2010 estimates and 2015 projections of households by income level. Household projections by income group were obtained from the Environmental Systems Research Institute, Inc. (ESRI). The data is based on the 2000 Census but is updated annually by ESRI's demographers. The 2010 estimates and 2015 projections will be used to forecast potential demand for housing and overall projected growth in the City of Erie's CD Impact Area. This information will also add to the overall analysis in terms of the future affordability of the CD Impact Area. Figure 5-1 on the following page lists the projected change in the total number of households by income group between 2000 and 2015.

A. Household Projections by Income

Throughout the City of Erie, increases are projected to occur among higher income households while lower income households are projected to decline. By 2015, higher income households will outnumber lower income households by more than 2 to 1 in the City. Between 2010 and 2015, the number of households above 80% of median household income is projected to increase by more than 1,000 households Citywide while the number of lower income households is projected to decline by more than 1,500 households.

Similar trends are evident in the CD Impact Area. Within the area, the number of households above 80% of median is projected to increase by 486 households while the number of lower income households is projected to decline by 831 households between 2010 and 2015.

While household income levels are projected to change slightly in the City and the CD Impact Area, the household projections provided by ESRI are consistent with Erie's population decline over the last few decades. Based on these household projections, there is fairly little demand for new affordable housing in the City of Erie and within the City's CD Impact Area. In addition, these household projections indicate that housing values and the overall real estate market in the City, and within the CD Impact Area, will remain fairly stable or decline over the next five years.

MARKET OBSERVATION: Based on household projections for 2015, housing prices will remain stable or continue to decline over the next five years in the CD Impact Area.



**Figure 5-1
Projected Change in Households by Income Category, 2000-2015**

	2000 Census	2010 Estimate	2015 Projection	Change from 2010 to 2015		Overall Change from 2000-2015	
				Number	Percent	Number	Percent
Extremely Low & Very Low Income Households (0% to 65% of MHI)							
Erie City	10,486	7,164	6,490	-674	-9.4%	-3,996	-38.1%
CD Impact Area	7,063	5,443	5,038	-405	-7.4%	-2,025	-28.7%
Low Income Households (65% to 80% of MHI)							
Erie City	7,497	5,452	4,623	-829	-15.2%	-2,874	-38.3%
CD Impact Area	3,877	3,449	3,023	-426	-12.4%	-854	-22.0%
All Households up to 80% of MHI							
Erie City	17,983	12,616	11,113	-1,503	-11.9%	-6,870	-38.2%
CD Impact Area	10,940	8,892	8,061	-831	-9.3%	-2,879	-26.3%
All Households above 80% of MHI							
Erie City	22,925	26,859	27,891	1,032	3.8%	4,966	21.7%
CD Impact Area	9,466	11,320	11,806	486	4.3%	2,340	24.7%

Source: U.S. Census Bureau; ESRI; Calculations by Mullin & Lonergan Associates, Inc.

B. Household Projections by Age

Between 2010 and 2015, the number of households in the following age cohorts is projected to increase citywide: ages 25-34, 55-64, and 65-74. On the contrary, projections indicate a decline in the number of households in age cohorts 15-24, 35-44, 45-54, 75-84, and 85 years and older. These same trends are identical within the City's CD Impact Area. The age cohort expected to have the biggest increase in number of households in the CD Impact Area is the 65-74 age group, as the number of households aged 65-74 is projected to increase by 352 households, or 18.9%. Households aged 45-54 in the CD Impact Area are projected to decline 14.1%, or 531 households. Another age group within the CD Impact Area, and the City as a whole, that is projected to gain households by 2015 is the 25-34 age cohort. Specifically, an additional 108 households (2.8% increase) aged 25-34 are expected to reside in the CD Impact Area by 2015. The following figure provides 2010 estimates and 2015 projections for age of householders in the City of Erie and the CD Impact Area.

MARKET OBSERVATION: *While the City and CD Impact Area are projected to gain households in the 25-34 age group, overall trends in household projections indicate households are aging in these localities.*



Figure 5-2
Projected Change in Household by Age Group, 2010-2015

Age Group	Erie City		CD Impact Area	
	2010	2015	2010	2015
15 to 24	2,732	2,463	2,093	1,865
25 to 34	6,365	6,429	3,850	3,958
35 to 44	6,946	6,387	3,580	3,332
45 to 54	7,698	6,818	3,774	3,243
55 to 64	6,313	6,988	3,007	3,285
65 to 74	4,149	5,040	1,873	2,225
75 to 84	3,616	3,247	1,420	1,352
85 and older	1,656	1,632	615	607
All Households	39,475	39,004	20,212	19,867

Source: ESRI; Calculations by Mullin & Lonergan Associates, Inc.



6. Housing Affordability

This section of the housing market analysis includes an assessment of the affordability of the for-sale housing market in the City of Erie's CD Impact Area. This section also provides an overview of current average conventional and FHA mortgage terms and provides evidence that the market will remain affordable for the foreseeable future.

A. Affordability

One method used to determine the inherent affordability of a housing market is to calculate the percentage of homes that could be purchased by households at the median income level.¹ The median household income in the City of Erie was \$32,218 in 2010. With this income, a household could purchase a home selling for \$94,065, which is well above the median sales price of \$75,000 in 2010. This suggests that persons earning the median household income in Erie would be able to afford more than half of the homes on the market. The following assumptions were made to determine this affordability statistic:

- The mortgage was a 30-year fixed rate loan at a 5.0% interest rate,
- The buyer made a 10% down payment on the sales price,
- Principal, interest, taxes, and insurance (PITI) equaled no more than 30% of gross monthly income,
- Property taxes were assessed at the City's 2010 rate of 3.45687% of the property's assessed value, and
- There was no additional consumer debt (credit cards, loans, etc.).

Given these assumptions, a household would have to earn \$26,336 annually to afford a house selling at the median sales price of \$75,000. In 2010, households earning between 65% and 120% of median household income in Erie earned between \$20,942 and \$38,662. The following figure provides a summary of the incomes, monthly mortgage payments, and maximum affordable purchase prices for households earning between 65% and 120% of the median household income in Erie.

Additionally, households earning between 65% and 80% of MHI can afford a maximum purchase price of \$57,515 to \$73,180. The maximum affordable purchase price for households earning between 80% and 120% of median household income ranges from \$78,400 to \$114,960. This would indicate that the majority of for sale housing units within the CD impact area would be affordable to households under 80% median income given the median purchase price in the CD impact area in 2011 and 2012 was \$50,000.

¹ Joe Light, "Last of the Red-Hot Markets," Money Magazine December 2007: 53-56.



**Figure 6-1
Housing Affordability by Income Level, 2010**

% of Median Household Income	Income	Monthly Mortgage Payment				Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	
65%	\$20,942	\$278	\$166	\$80	\$524	\$57,515
70%	\$22,553	\$303	\$181	\$80	\$564	\$62,735
75%	\$24,164	\$328	\$196	\$80	\$604	\$67,960
80%	\$25,774	\$354	\$211	\$80	\$645	\$73,180
85%	\$27,385	\$379	\$226	\$80	\$685	\$78,400
90%	\$28,996	\$404	\$241	\$80	\$725	\$83,620
95%	\$30,607	\$429	\$256	\$80	\$765	\$88,845
100%	\$32,218	\$454	\$271	\$80	\$805	\$94,065
105%	\$33,829	\$480	\$286	\$80	\$846	\$99,290
110%	\$35,440	\$505	\$301	\$80	\$886	\$104,510
115%	\$37,051	\$530	\$316	\$80	\$926	\$109,615
120%	\$38,662	\$555	\$331	\$80	\$966	\$114,960
2010 Median Sales Price: \$75,000						

Sources: 2006-2010 American Community Survey; Greater Erie Board of Realtors, Inc; Erie County Assesment Office; Calculations by Mullin & Lonergan Associates, Inc.

7. Conclusions

A. Meeting the HOME Program Presumed Benefit Standard for Affordability

As was stated in the Introduction of this document, the purpose of this analysis was to determine if the current housing market in the City of Erie's CD Impact Area meets the Home Investments Partnership Program (HOME) affordability regulations at 24 CFR 92.254(a)(5)(i)(B) for the City's HOME program. Specifically, this market study was undertaken to determine if housing units assisted with HOME funds can qualify under the regulations' presumed benefit section to meet the resale restrictions of the HOME program during the period of affordability.

Various market observations that are contained in this analysis provide evidence that the Erie Housing Market is affordable and meets the requirements at 24 CFR 92.254(a)(5)(i)(B).

Current physical characteristics

The CD Impact Area contains older housing with 78% of units built prior to 1960. This is higher than the city and makes maintaining these older houses difficult. Area housing also has higher numbers of overcrowded homes and homes without plumbing, while having lower rates of home-ownership.

The housing in the CD Impact Area shows higher vacancy rates than the City of Erie as a whole, discouraging development of new market rate units. Vacancy also exerts downward pressure on home prices in both the short and long term, and indicates a stagnant and softening housing market. The falling median sales prices of homes in the CD Impact Area support this assertion.

Demographic profile of residents

The CD Impact Area has an LMI percentage of 65.6% and 39 of the city's 45 LMI block groups fall within the area. Median family income, a benchmark for measuring housing affordability, has declined 13% in the city since 2000, and real median household income levels were even lower in certain CD Impact Area census tracts. Poverty rates in the City's CD Impact Area were significantly higher than the city as a whole, and 44% of all households in the CD Impact Area earned less than \$25,000 in 2010. Unemployment rates in the CD Impact Area were higher than the city in 2010, with the area's rate at 14.6% and the city's unemployment rate at 9.8%.

The population within the City and the CD Impact Area is falling. There has been a 7.7% decline in the number of households in the CD Impact Area between 1990 and 2000. The make-up of households is also changing with the number of married coupled households with children decreasing. Single-parent and non-family households now make up the majority of households in the CD Impact Area.

Finally, the educational attainment of residents in the CD Impact Area is significantly lower than the city as a whole. In the area, 20.6% of residents have not earned a high school diploma.

Analysis of home sales

Home sales within the City of Erie as a whole have fluctuated in price and generally decreased in number. In comparison, data from the CD Impact Area has shown declining list prices, declining sales prices, and a significantly higher number of days on the market than the city. Sales prices are also significantly lower than the city overall, and an analysis of purchasing power shows that the homes are well within the affordable range for low-income residents.

Projections of income, age, and affordability

The population of the City of Erie and the CD Impact Area will continue to decline with the CD Impact Area expecting to lose 1.7% of its population, while the remaining population will grow older. This population shift will keep the demand for affordable housing low, supporting the conclusion that home



prices will stay stable or continue to fall. With homes in the CD Impact Area presently at affordable prices, any drop in price will only keep homes affordable.

Conclusion

Compared to the city as a whole, the population in the CD Impact Area has higher rates of poverty and unemployment, and is projected to decrease. The housing stock is older, more overcrowded, and more vacant than the city. Home sales are steady in number, but decreasing in list and sales prices. Projections show little demand for new housing, meaning housing prices will continue to be affordable for a reasonable range of low-income families.

Based on the above market observations, conditions exist in the CD Impact Area which meet the HOME regulatory requirements at 24 CFR 92.254(a)(5)(i)(B) for presumed benefit. Therefore, the City would not have to impose enforcement mechanisms, such as deed restrictions, on housing units assisted with HOME funds in the CD Impact Area over the next five years. The resale of HOME assisted units in the CD Impact Area would be presumed benefit under the HOME regulations.

