AMERICAN CITY CORPORATION
A Subsidiary of The Rouse Company

Atlantic City, New Jersey

MARKET SUPPORT FOR THE RESIDENTIAL DEVELOPMENT PROGRAM

June 1983

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MARKET SUPPORT FOR THE RESIDENTIAL DEVELOPMENT PROGRAM

ATLANTIC CITY, NEW JERSEY

SUBMITTED TO:

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Prepared By:

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Columbia, Maryland

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This market analysis identifies market support for residential development in the Inlet Community of Atlantic City. The Inlet Community has been identified by the American City Corporation, and adopted by the Atlantic City Task Force on Housing and Community Development as "the best opportunity to launch housing redevelopment and neighborhood revitalization in Atlantic City." The Task Force has called for the comprehensive redevelopment of the Inlet as a balanced residential community consisting of a variety of housing choices with a full range of community services and facilities. The fundamental assumption undergirding this analysis is that the concept of a balanced residential community will generate a greater market response than would the piecemeal, scattered development that might occur in response to conventional market forces in Atlantic City.

This report is an updated and expanded version of the housing market analysis completed by the American City Corporation in August 1982. The updating of this report was necessitated and influenced by the changing national economic and local public policy conditions, as well as the availability of significant new data from the 1982 survey of casino and public employees.[1] This analysis reflects the reality of those conditions and data as known in June 1983.

The primary market area related to housing development opportunities in the Inlet Community of Atlantic City is the County of Atlantic, which is coterminous with the Census Bureau's Standard Metropolitan Statistical Area. The County was selected as the area of study for a number of reasons. Over 77 percent of all casin employees lived in Atlantic County as of 1981, and 77 percent of those employees who migrated to the Atlantic City area within the last three years had moved into the

[1] New Jersey Casino Control Commission and Atlantic County Division of Planning, Casino-Hotel and Public Employees Housing Needs Survey-1982, May 1983.

County[2]. Extensive driving times to areas outside the County and good road access to Atlantic City within the County will continue to attract casino employees. Economic conditions related to the supply, demand, and cost of housing have been affected by the gaming industry more in Atlantic County than surrounding jurisdictions. Also, a large number of competitive housing projects have been built or proposed in Atlantic County since the introduction of the casino industry. Finally, the concern of the Casino Control Commission is focused on the housing needs of the market closest to Atlantic City.

PART I - BACKGROUND

A. RECENT DEMOGRAPHIC AND ECONOMIC TRENDS

Population figures for Atlantic County and Atlantic City and the percentage of total County residents residing in the City in 1960, 1970, and 1980 are displayed in Table 1.

TABLE 1
POPULATION TRENDS

	1960	1970	1980	Percent Change 1970-1980
Atlantic City	59,544	47,859	40,199	-16.0%
Balance of County	101,336	127,184	153,920	21.0%
Atlantic County Total	160,880	175,043	194,119	10.9%
Percentage of County in City	37%	27%	21%	-

SOURCE: U.S. Bureau of the Census.

While the overall population of Atlantic County grew by 8.8 percent between 1960 and 1970, and by 10.9 percent between 1970 and 1980, the population in Atlantic City declined by 19.6 percent in the 1960's, and by another 16 percent in the 1970's. As a result, the

2 Atlantic County Division of Planning, Casino Hotel Employee Housing Needs Survey-1981, Summary Report, February 22, 1982.

share of the County's population living in the City decreased from 37 percent in 1960 to 21 percent in 1980. In contrast, the balance of the County outside Atlantic City grew by 21 percent, fed by both an in-migration of ex-City residents and a positive balance of births over deaths (natural increase).

As a benchmark for analysis, the population of the entire State of New Jersey increased by 2.7 percent between 1970 and 1980 (1970 population: 7,171,112; 1980 population: 7,364,158), compared with Atlantic County's 10.9 percent increase.

Changes in age distribution of the population living in the County and the City are presented in Table 2.

TABLE 2
PERCENTAGE AGE DISTRIBUTION
1970-1980

	1970		1980	
Age Group	County	City	County	City
Under 25	40%	34%	38%	36%
25-34	10%	8%	15%	12%
35-44	11%	9%	10%	8%
45-64	23%	24%	21%	21%
65 and Over	16%	25%	16%	23%

SOURCE: U.S. Bureau of the Census.

Populations in both the City and the County became younger during the 1970's. The median age in the County dropped from 34.8 years in 1970 to 33.1 years in 1980, while the median age in the City dropped from 43.3 to 38.9 years. The drop in the City's median age is due primarily to a real decrease in the number of elderly. The decline in the County is partially a function of the relatively young age of casino-hotel employees who have recently migrated there. For example, the Casino Hotel Employee Housing Needs Survey - 1981 reported that "Recent migrants...are more likely to be age 25 to 34 than long-term residents (45 percent vs. 36 percent), and less likely to be over 55 (6 percent vs. 11 percent)." Table 2 shows that the population between 25-34 years in age increased from 10 percent to 15 percent of the County, and 8 percent to 12 percent of the City. The 25-34 age group is typically the most active in household formation and first home purchases.

Further evidence that casino-hotel employees tend to be more concentrated in the 25-34 age bracket than the overall County labor force, can be seen in both the 1981 and 1982 surveys, which are summarized in Table 3.

TABLE 3
AGE DISTRIBUTION OF CASINO - HOTEL EMPLOYEES VS. COUNTY LABOR FORCE

Age Group	1980 County Labor Force	Casino-Hotel Employees 1981 Survey	Casino-Hotel Employees 1982 Survey
Under 25	21.6%	20.3%	18.9%
25-34	18.5%	38.1%	40.7%
35-44	18.6%	18.7%	20.9%
45-64	32.0%	21.3%	18.6%
65 and Above	9.4%	1.6%	0.9%
	100.0%	100.0%	100.0%

SOURCE: Casino Hotel Employee Housing Needs Surveys, 1981, 1982

Changes in the employment structure of the County are presented in Table 4 for the periods immediately preceding (1975) and following (1978 and 1981) the introduction of the casino hotel industry to Atlantic City. Statistics for 1982 have also been included for comparison.

TABLE 4
ATLANTIC COUNTY
NON-FARM WAGE AND SALARY EMPLOYMENT
1975-1982

	1975	1978	1981	1982	Average Annual Change 1975-78	Average Annual Change 1978-81	Average Annual Change 1981-82
Manufacturing	8,500	8,500	8,200	7,300	0.0%	-1.2%	-11.0%
Construction	2,800	3,400	5,500	4,000	6.7%	17.4%	-27.3%
Transportation/Utilities	3,300	3,500	4,000	4,500	2.0%	4.6%	12.5%
Trades	17,400	19,300	19,500	19,200	3.5%	.3%	-1.5%
Fin/Ins/Real Estate	4,100	4,400	5,000	4,800	2.4%	4.4%	-4.0%
Services	14,900	17,100	41,100	44,800	4.7%	34.0%	9.0%
Government	13,300	15,500	16,200	16,600	5.2%	1.5%	2.5%
Total	64,300	71,700	99,500	101,200	3.7%	11.5%	1.7%

SOURCE: New Jersey Department of Labor.

Overall, employment in Atlantic City has increased since the legalization of casino gambling in Atlantic City in 1978. Total employment increased annually by 3.7 percent between 1975 and 1978. The annual growth rate increased to 11.5 percent between 1978 and 1981. Employment growth in Atlantic County subsided by 1982. This, however, may only be a temporary reflection of the national economic downturn. Economic recovery at the national level will likely have positive effects on the rate of employment growth in Atlantic County.

The service sector, which includes casino hotel employees, has seen the most dramatic increases in both the number and percentage of new jobs since 1978. Service employment grew annually by about 5 percent prior to the legalization of casino gambling. The rate increased to 34 percent between 1978 and 1981. In spite of the recession of 1982, service sector employment grew by 9 percent last year. Employment in the construction category also increased rapidly after 1978. The dramatic decrease in construction employment in 1982 is most likely due to the recent temporary slowdown/ cessation of casino construction.

Moderate increases occurred in the average annual growth of the Transportation/Utilities and Finance/Insurance/Real Estate categories prior to 1981. Employment in the trades categories has remained esssentially constant since 1978. Manufacturing, which was stable between 1975 and 1978, began declining between 1978 and 1981, with a significant loss between 1981 and 1982. The annual rate of growth of the government sector fell during the 1978-1981 period, a national trend. Thus, while the casino industry has generated substantial new employment opportunities, losses in other industrial sectors have detracted from this gain to a certain degree. However, the overall growth rate in private sector employment opportunities in Atlantic County has far exceeded the rate for the State of New Jersey as a whole. Between 1978 and 1981 the number of private sector jobs in Atlantic County increased by 48.2 percent, while the entire State increased by only 28.1 percent. Between 1981 and 1982, private sector jobs in Atlantic County increased by 1.6 percent while the State decreased by 0.7 percent. (SOURCE: N.J. Department of Labor.)

Trends in the number and size of households in Atlantic County and City, and the percentage of the total in the City are shown in Table 5.

TABLE 5
HOUSEHOLD TRENDS
ATLANTIC COUNTY AND ATLANTIC CITY
1960-1980

	1960	1970	1980
County			
Population in Households	157,757	172,458	191,312
Number of Households	52,193	60,715	71,806
Population per Household	3.02	2.84	2.66
City			
Population in Households	57,723	46,442	38,828
Number of Households	21,021	19,561	16,736
Population per Household	2.75	2.37	2.32
Percentage of County Total Households	40%	32%	23%
Percentage of County Total Population	37%	27%	21%

SOURCE: U.S. Bureau of the Census.

The overall population growth in the County, combined with a decrease in the average household size, caused the number of households to increase in the 1960-1980 period. In the City, the number of households decreased during the same period. The City's share of total households dropped from 40 percent to 23 percent. The smaller household size in the City has allowed Atlantic City to maintain a higher percentage of the County's total households than its share of total population.

Table 6 below shows the changes in household formation among different size households in the County.

TABLE 6
TRENDS IN HOUSEHOLD SIZE, ATLANTIC COUNTY
1970-1980

	1970		1980		1970 - 1980	
	Number	Percent Distribution	Number	Percent Distribution	Numerical Change	Percent Change
1 person	14,148	23.3	18,523	25.8	4,375	30.9
2 persons	19,243	31.7	22,383	31.2	3,140	16.3
3-4 persons	17,152	28.2	21,558	30.0	4,406	25.7
5+ persons	10,173	16.8	9,342	13.0	-830	-8.1
Households	60,716	100.0	71,806	100.0	11,090	18.3

SOURCE: U.S. Bureau of the Census.

Most of the household growth occurred among singles and three to four person households. Fifty-seven percent of all households in 1980 were composed of one or two persons. According to the Casino Hotel Employee Housing Needs Survey-1981, fifty-seven percent of all casino employee households were single or childless couples, indicating a strong demand for small dwelling units. This trend should continue since casino employees recently migrating into the area are less likely to be married and more likely to have no children than long-term County residents.

The average household income in Atlantic County in 1970 was $8,834[1] which equals $21,820 in 1982 dollars. Average household income in the County in 1982 was estimated to be $21,327[2]. This represents a 2.26 percent decrease in constant dollar incomes in the County over the 1970-1982 period. During the same period, average household incomes in the State of New Jersey dropped in constant 1982 dollars from $28,966 in 1970[1] to $24,879 in 1982[2] which represents a 14.11 percent decrease. Although average household income in Atlantic County declined in constant dollar terms between 1970 and 1982, they did so at a much slower pace than the rest of the State. Average household incomes in the County rose from 75.3 percent of the State average in 1970 to 85.7 percent of the State average in 1982. An analysis of the growth of households between 1970 and 1980 in key income categories is presented in Table 7. The data in this table are the result of an interpolation analysis which expresses the income brackets in 1982 constant dollar values.

TABLE 7
TRENDS IN HOUSEHOLD INCOMES, ATLANTIC COUNTY
1970-1980

Income Categories (1982 Dollars)	1970 No. of Households	1970 % of Households	1980 No. of Households	1980 % of Households	Percent Change 1970-1980
Less than $10,000	15,937	26.2%	16,103	22.4%	1.0%
$10,000 to $14,999	7,668	12.6	9,456	13.2	23.3
$15,000 to $19,999	7,866	13.0	8,591	12.0	9.2
$20,000 to $24,999	6,900	11.4	7,556	10.5	9.5
$25,000 to $34,999	10,741	17.7	12,587	17.5	17.2
$35,000 to $49,999	6,682	11.0	10,178	14.2	52.3
$50,000 or More	4,921	8.1	7,335	10.2	49.1
	60,715	100.0%	71,806	100.0%	18.3

SOURCES: Urban Decision Systems, Inc.; American City Corporation.

1 U.S. Bureau of the Census
2 Urban Decision Systems, Inc.

The income categories that increased more rapidly than the overall rate of household growth during the period (18.3 percent), and increased as a percent of the total households, were from $10,000 to $15,000 and those earning more than $35,000. The increase in the number of households earning under $15,000 is affected by the proportion of single, divorced, separated, or widowed persons and recently employed casino workers forming new households. The increase in households earning $35,000 or more is affected by the trend of second members of households joining the work force and the formation of new households by more than one working person.

These trends are supported by findings reported in the Casino Hotel Employee Housing Needs Survey - 1981. For example, recent migrants are more likely than longer term residents to share living space with non-relatives, are more likely to have a smaller household size, and are more likely to have household incomes above $30,000.

B. EXISTING HOUSING STOCK

This analysis of the existing housing stock in Atlantic County begins with a review of general trends reflected by changes seen between the 1970 and 1980 U.S. Census reports. (Table 8).

TABLE 8
CHANGES IN DISTRIBUTION OF TENURE AND VACANCY
ATLANTIC COUNTY
1970-1980

	1970			1980			Change 1970-1980	
	Number	Percent (Sub)	Total	Number	Percent (Sub)	Total	Number	Percent
YEAR-ROUND OCCUPIED HOUSING								
Owner Occupied	37,723	(62%)		45,882	(64%)		8,159	21.6%
Renter Occupied	22,993	(38%)		25,924	(36%)		2,931	12.7%
Total Occupied	60,716	100%	82%	71,806	100%	80%	11,090	18.3%
YEAR-ROUND VACANT HOUSING								
For Sale	589	(8%)		2,024	(13%)		1,435	243.6%
For Rent	2,735	(41%)		2,932	(19%)		197	7.2%
Held for Occasional Use	1,961	(29%)		7,427	(47%)		5,466	278.9%
Other Vacant	1,412	(21%)		3,340	(21%)		1,928	136.5%
Total Vacant	6,697	100%	9%	15,723	100%	18%	9,026	134.8%
SEASONAL HOUSING	6,435		9%	1,813		2%	-4,622	-71.8%
TOTAL HOUSING UNITS	73,848		100%	89,342		100%	15,494	21.0%

SOURCE: U.S. Bureau of the Census, American City Corporation

During the 1970's there was an overall net addition of 15,494 units to the total housing stock of the County, representing a 21 percent increase over the 1970 total. Owner occupancy became more prevalent, increasing from 62 percent of the occupied units to 64 percent. This is consistent with national trends. The number of year-round units increased by 20,116 while occupied dwelling units increased by only 11,090. A large increase in the number of units held for occasional use accounted for over 60 percent of the additional vacant units.

The effective vacancy rate for year-round housing units (eliminating units held for occasional use and other vacant units not on the market) increased from 5.2 percent in 1970 to 6.5 percent in 1980. This is attributable to an increase in the percentage of units vacant for sale from 1.5 percent in 1970 to 4.2 percent in 1980. At the same time, the vacancy rate in rental units decreased from 10.6 percent to 10.2 percent. There was also a loss of 4,622 seasonal housing units, dropping from 9 percent of the total housing stock to 2 percent. This is primarily due to the conversion of seasonal units to year-round dwellings in the late 1970's. This large number of conversions helped maintain the slightly higher than average 6.5 percent vacancy rate in 1980.

Table 9 shows the number of residential demolitions which occurred in both Atlantic County and City in each year since 1970.

TABLE 9
RESIDENTIAL DEMOLITIONS

YEAR	ATLANTIC COUNTY	ATLANTIC CITY
1970	417	398
1971	241	216
1972	279	225
1973	157	79
1974	459	402
1975	464	394
1976	537	474
1977	386	316
1978	424	374
1979	1,119	1,022
Subtotal	4,483	3,900
1980	918	836
1981	823	749
1982	611	562
Subtotal	2,352	2,147
TOTAL	6,835	6,047

SOURCE: N.J. Dept. of Labor, Division of Planning and Research.

A total of 4,483 residential units were demolished in Atlantic County between 1970 and 1980; 87 percent of the lost units occurred within the City. When combined with the total increase of 15,494 housing units reported by the U.S. Census for the same period, this indicates that just under 20,000 new housing units were added to the County's housing stock during the 1970's. Since 1979, 2,352 demolitions have occurred in the County, 91 percent of them within the City. The rate of demolitions has increased from 448 per year during the 1970's to 784 per year during the early 1980's. The City estimates that over 75 percent of the units demolished were in multi-family structures, indicating that demolitions were heavily weighted to rental units.

After the opening of the first casino-hotels in Atlantic City, residential demolitions peaked in 1979 at just over 1,000 units. The number of demolitions has decreased annually since 1979, as fewer substandard residential structures remain in the inventory, and residential land values in the City deflate and maintenance of residential income producing property recaptures its economic justification.

The Atlantic County New Housing Stock Survey completed in July 1982 by the Atlantic County Division of Planning, reviewed all residential developments in the County with over 25 units approved for development. This survey revealed that a total of 2,219 units (1,773 for sale, 446 for rent) have been constructed since 1980. Allowing an additional 10 percent for infill development and projects smaller than 25 units suggests that an estimated total of 2,441 units had been constructed in the County between 1980 and mid-1982.

According to another survey conducted by the Atlantic County Division of Planning, Status of Condominium Growth in Atlantic County, 1,361 motel units in the County have been converted to condominiums since 1970. Of that total, 1,056 units were converted after 1980. Since 2,441 new units have been built in the County

since 1980, motel conversions represented a significant resource for meeting County-wide housing demand in that two-year period.

Given this information, an estimated total number of housing units in Atlantic County in 1982 was calculated as follows:

Atlantic County, N.J.
1982 Housing Stock

1. 1980 Census Total Housing Units	89,342
2. Subtract Demolitions (1980 - 1981)[1]	1,741
3. Remainder	87,601
4. Add New Units Constructed (1980 - 1981)[2]	2,441
5. Add Motel Conversions to Condominiums (1980 - 1981)[3]	1,056
6. Total 1982 Housing Stock	91,098

SOURCES:

1. N.J. Dept. of Labor, Division of Planning and Research.
2. Atlantic County Division of Planning.
3. Atlantic County Division of Planning.

The total number of housing units in the County had grown to an estimated 91,098 units by the beginning of 1982, a net addition of 1,756 new units since 1980. Over the same period, however, 2,333 new households are estimated to have been formed in the County. Therefore, the effective vacancy rate for year-round housing units has apparently decreased from the 6.5 percent reported by the 1980 Census. A decrease has occurred in the rental vacancy rate due to the large number of multi-family units demolished and a low number of new units built. A study of market rate rental projects prepared for the Atlantic County Improvement Authority in January 1983 indicated an overall rental vacancy rate of less than one percent in Atlantic County.

C. CHARACTERISTICS OF EXISTING HOUSING STOCK -- RENTALS

Based on the 1980 Census figure of 25,924 occupied rental units and 2,932 vacant rental units, plus the 446 new rental units constructed since 1980, it was estimated that there were a maximum of 29,302 rental units in Atlantic County in 1982. Of the total, 5,344 units were subsidized (4,954 or 93 percent are located in Atlantic City), leaving 23,958 as market rate rental units.

The Atlantic County Area Rental Schedule for Apartments which surveyed all projects consisting of over 15 units in the County, was conducted by the Atlantic County Division of Planning in March, 1982. This survey reached almost 100 percent of rental projects with more than 15 units outside the City, and over 50 percent within the Atlantic City limits. Analysis of the raw data was undertaken to establish average County-wide rental rates for one and two bedroom units.

1. Of the total of 4,950 one-bedroom units surveyed, the average monthly rental cost was $378. The average monthly utility cost for a one-bedroom unit was $31. Therefore, the average occupancy cost for a one bedroom apartment County-wide is estimated to be $409 per month.

2. Of the total of 5,525 two bedroom units surveyed, the average monthly rental cost was $448. A $38 average utility cost was added to the monthly rent to bring the average two-bedroom occupancy cost County-wide to $486 per month.

Table 10 shows the average rental rate for each of the jurisdictions surveyed:

TABLE 10
RENTAL RATES FOR 1 AND 2 BEDROOM UNITS
BY SURVEY AREA
MARCH 1982

	One-Bedroom Units	Two-Bedroom Units
Island Communities		
Atlantic City	$347	$446
Brigantine	N/A	$750
Longport	$600	$700
Margate	$500	$600
Ventnor	$568	$724
Mainland Communities		
Absecon	N/A	$431
Egg Harbor City	N/A	$271
Egg Harbor Township	N/A	$295
Galloway Township	$430	$707
Hamilton Township	$416	$482
Hammonton	$284	$346
Pleasantville	$309	$361
Somers Point	$367	$423

SOURCES: Atlantic County Division of Planning; American City Corporation

The island communities of Ventnor, Margate, Longport and Brigantine were the highest rent areas surveyed. The exception is Galloway Township where new units are being constructed in the Smithville development. These prices indicate the relative desirability of an island location and the willingness of households to pay higher rents for one. At the same time, members of the Atlantic County Board of Realtors reported an inability on the mainland to rent large, single family detached dwellings for more than $600. It appears that there is an over-supply of large, detached rental units in those communities. Units on the islands appear to have less trouble renting at higher rents.

A number of major rental complexes in Atlantic County were surveyed by American City Corporation both in August 1982 and May 1983, including Brighton Towers in Atlantic City, Absecon Townhouses in Absecon, Woodcrest Park Apartments in Egg Harbor Township, Deer Hollow Woods in Pleasantville and Colonial Court Apartments in

Hammonton. Both 1982 and 1983 surveys reported virtually no vacancies in the combined 602 units, and all but one reported a substantial waiting list at least six months long.

D. CHARACTERISTICS OF EXISTING HOUSING STOCK -- RESALES

Table 11 reports on residential resales in Atlantic County from the period 1978 through May, 1983. The table shows the effect that increasing mortgage interest rates and high sales prices had on the residential resale market and the cost of a home purchase.

The average purchase price for a resale home in the County rose by 87 percent between 1978 and 1981. During 1982, however, the average price decreased, falling to $74,728 by June and to $71,549 by December. The average resale price escalated to 75,892 in 1983, apparently in response to an increase in market demand brought on by lower interest rates.

The approximate income required to afford the principal and interest payments on a resale house at the average price increased by almost 250 percent between 1978 and 1981. However, the recent drop in interest rates has made home ownership much more of a reality to a larger segment of the market. In 1981, an income of over $50,000 was required to carry the principal and interest payments on a home at the average resale price. Currently, the average income necessary to carry such a home is approximately $34,000.

E. CHARACTERISTICS OF HOUSING STOCK -- NEW UNITS FOR SALE

According to the Atlantic County New Housing Stock Survey (July, 1982), a total of 1,773 new residential units had been constructed for sale in the County since the start of 1981. Only 994 of those units (56 percent) had been sold at the time of the survey, leaving 779 new units on the market. A total of 8,142 units had been built, were under construction or were likely to be completed by 1984.

TABLE 11
RESIDENTIAL RESALES
ATLANTIC COUNTY
1978 - 1982

	1978	1979	1980	1981	1st Half of 1982	2nd Half of 1982	As of June 1983
tal Residential Sales Volume	N/A	$76,850,000	$82,223,000	$48,791,000	$10,312,000	$27,193,000	$21,477,600
mber of Sales	N/A	1,117	1,107	586	138	384	283
erage Sales Price	$44,576	$62,700	$74,276	$83,260	$74,728	$71,549	$75,892
% Downpayment	4,458	6,270	7,428	8,326	7,473	7,154	7,589
rtgaged Principal	$40,118	$56,430	$66,848	$74,934	$67,255	$64,395	$68,303
erage Interest Rate	9%	11 1/2%	12%	16%	16 1/2%	14%	12%
erage Mortgage Payment (Principal & Interest) per Month	$ 323	$ 559	$ 688	$ 1,120	$ 932	$ 762	$ 703
prox. Yearly Income Necessary to Support Payments[1]	$15,504	$26,832	$33,024	$53,760	$44,736	$36,576	$33,744

te: 1. Assumes 25% annual income for mortgage payments (principal and interest only).

URCES: Atlantic County Board of Realtors, Multiple Listing Service; American City Corporation.

Table 12 categorizes those 8,142 units by their completion status, location and type.

The findings of the survey include the following points:

1. The Inland communities (Buena Vista, Egg Harbor Township, Galloway Township, Hamilton Township, Hammonton, and Weymouth) had the highest percentages and numbers of units proposed, built, and sold. These communities have the most available vacant land, lower development costs, and larger projects. Atlantic City had the next highest percentages. Almost all the multi-family condominiums built (Tannen Towers) and sold (Tannen Towers, Ocean Club, the Corinthian, and the Ritz) in Atlantic City are luxury or higher priced, high-rise units.

2. In terms of unit type, multi-family condominiums are the most common and single family detached homes are the least common. This reflects a national trend away from single family detached housing.

TABLE 12
JULY, 1982
NEW RESIDENTIAL SALES HOUSING BY STATUS, LOCATION AND TYPE

	Total Proposed		Number Built		Number Sold	
	Number	Percent	Number	Percent	Number	Percent
Atlantic City						
Townhouse	14		0		4	
Single Family	-		-		-	
Condominium	2,492		293		325	
Total for Sale	2,506	31%	293	17%	329	33%
Other Island Communities						
Townhouse	221		170		39	
Single Family	64		8		7	
Condominium	20		2		0	
Total for Sale	305	4%	180	10%	46	5%
Shore Road Communities						
Townhouse	300		31		10	
Single Family	44		7		3	
Condominium	-		-		-	
Total for Sale	344	4%	38	2%	13	1%
Inland Communities						
Townhouse	1,983		383		229	
Single Family	861		97		100	
Condominium	2,143		782		277	
Total for Sale	4,987	61%	1,262	71%	606	61%
TOTAL COUNTY: Numerical Distribution						
Townhouse	2,518		584		282	
Single Family	969		112		110	
Condominium	4,655		1,077		602	
Total Number	8,142	100%	1,773	100%	994	100%
TOTAL COUNTY: Percent Distribution						
Townhouse	31%		33%		28%	
Single Family	12%		6%		11%	
Condominium	57%		61%		61%	
Total Percent	100%		100%		100%	

SOURCE: The Atlantic County Division of Planning: American City

Table 13, based on the same survey, contains information on new home sales distributed by price and location.

Table 13 shows the predominance of sales in Atlantic City and the mainland communities of Galloway Township (Smithville) and Egg Harbor Township. Sales in the $50,000 to $80,000 range and the $100,000 and above category dominated the 1982 market.

The $100,000 and above sales are largely upper middle income and luxury high-rise condominium units in Atlantic City. Projects where sales have occurred include Tannen Towers, The Corinthian, Ocean Club, and The Ritz. Galloway Township had a large number of sales in a broad range of price categories.

The prices of the various types of new housing in Atlantic County (excluding Atlantic City) by size and price ranges are as follows:

	Price Range	Size Range	Sales Price Per Sq. Ft.
Townhouses:	$49,900-$189,000	750-2150 sq.ft.	$58-$67
Single Family:	$58,000-$300,000	1020-3330 sq.ft.	$57-$90
Condominium Apartments:	$38,900-$73,000	575-1750 sq.ft.	$42-$68

One Atlantic City project useful for comparison purposes is Tannen Towers. Units are selling for between $110,000-$400,000. Units range in size from 610-2,850 sq.ft. ($140 to $185 per sq.ft.).

1. Existing Projects Outside Atlantic City

The Town of Historic Smithville (Galloway Township) is a 2,500-acre planned unit development. A total of 6,800 residential units are proposed. They will consist of a mixture of detached homes, townhouses, and condominium apartments. Smithville's amenities will include 950 acres of open space,

TABLE 13

NEW HOME SALES BY PRICE BY COMMUNITY, 1980-1982

Community	Less Than $50,000	$50,000-60,000	$60,000-70,000	$70,000-80,000	$80,000-90,000	$90,000-100,000	$100,000-and Above	Total Sold
Absecon				5			3	8
Atlantic City	4						335	339
Brigantine							39	39
Buena Vista								0
Egg Harbor Twp.		75	90	14		1	12	192
Galloway Twp.	40	153	2	105	33	17	12	362
Hamilton Twp.			12	23			7	42
Hammonton								0
Linwood							7	7
Pleasantville	5							5
Weymouth								0
	49	228	104	147	33	18	415	994
	5%	23%	10%	15%	3%	2%	42%	100%
			48%					

SOURCES: Atlantic County Division of Planning; American City Corporation.

three neighborhood recreation centers, an enclosed shopping mall and a renovated historic shopping district, a new hotel, and a golf and country club. It is scheduled for development over a 15-year period. The first residential sales began in the Spring of 1981. As of May, 1983, 710 units have been marketed, and 593 had been sold.

Eight subdivisions are under development by five developers in Smithville. A profile of the various subdivisions is presented in Table 14. The larger, more expensive, single-family homes have been on the market the longest, selling at a slow pace. Smaller, less expensive condominiums and zero lot line patio homes, of which three projects have just entered the market, have received a strong response.

All of the on-site sales managers were interviewed by the American City Corporation, both in July, 1982 and May, 1983. In each project, it was reported that between 50-70 percent of the buyers were casino employees. At the Timbers, Fox Chase, and Hunting Run most of the casino employees were first time home buyers earning between $22,000-$40,000. The remaining developments also reported a high percentage of first time home buyers among casino employees, although at higher salary levels.

Every sales manager with the exception of Fox Chase reported about 10 percent of the units being bought by retirees for either permanent or occasional use. Ten to fifteen percent of the units are being bought by young professionals from the area. Approximately 10 percent of the units were being sold to investors. Hunting Run reports 30 percent of its units are owned by investors. Rents charged by investors at Hunting Run are approximately $450 per month for a one-bedroom unit and $550 per month for a two-bedroom unit.

A survey of selected condominium and townhome developments on the market in Atlantic County is presented in Table 15. Most of

TABLE 14
PROFILE OF UNIT MIX
THE TOWNE OF HISTORIC SMITHVILLE
May, 1983

Project	Type	Builder	Number of Units Marketed	Units Sold May, 1983	Market Period	Price	Mix	Size	Notes
Timbers	Zero lot line patio homes	Smithville Dev. Co.	82	82	11 mos.	$55,000 65,000	1 br 2 br	950 SF 1,250 SF	90 Units Phase II Planned
Fox Chase	Condominium Apartments	Smithville Dev. Co.	90	90	11 mos.	$40,490 43,490	1 br	600 SF	A total of 360 units are planned over next 2 yrs.
Whalers Cove	Single Family homes	Kaufman & Broad	123	98	22 mos.	$68,900 81,900	1 br 2 br 3 br	1,200 SF 1,480 SF	
Quail Hollow	Townhomes	Scarborough	101	99	22 mos.	$66,500 77,000	2 br 3 br	1,074 SF 1,550 SF	
Hunting Run	Condominium Cluster Homes	Barness	144	144	24 mos.	$54,990 69,490	1 br 2 br	853 SF 1,053 SF	
Great Bay	Single Family Homes	Ryland Homes	38	38	24 mos.	$92,000 98,900	4 br 5 br	2,170 SF 2,405 SF	31 of the homes were sold during the first 12 months.
Oyster Creek	Single Family Homes	Ryland Homes	28	27	13 mos.	$66,000 92,000	2 br 3 br 4 br	1,020 SF 1,794 SF	24 units in Phase II are under construction; 10 have been sold.
Pheasant Meadow	Condominium Apartment	Smithville Dev. Co.	104	15	2 mos.	$48,990 54,990	2 br	760 SF 820 SF	

SOURCE: American City Corporation.

TABLE 15
COMPETITIVE SELECTED PROJECTS
ATLANTIC COUNTY
May, 1983

Project & Location	Type	Number of Units Marketed	Sold	Period	Price	Mix	Size	Notes
5,000 Boardwalk Ventnor	High-rise Condo Conversion	324	255	3 years	$ 85,000 250,000	Studio 1 br 2 br	665 SF 1,988 SF	No units are vacant 60 units occupied by original tenants under N.J. renter protection legislation.
Spartan Harbour Brigantine	Condo Conversion	280	244	13 mos.	$ 39,000 72,000	1 br 2 br	540 SF 950 SF	
Coquille Beach Brigantine	Luxury Townhouse Condo	110	40	18 mos.	$140,000 255,000	2 br 3 br 4 br	1,200 SF 2,300 SF	55 units are built, 55 more to be completed over the next 12 mos.
Newtowne Square Pleasantville	Townhouse Condo	56	26	3 mos.	$ 44,900 47,900	1 br	670 SF 740 SF	Occupancy now occurring
Fox Run Pleasantville	Townhouse Condo	55	33	8 mos.	$ 49,900 62,990	1 br		Project is still under construction; completion expected December, 1983
Indian Hill Pleasantville	Condo	128		To begin June '83	$ 39,990 44,000	1 br 2 br	650 SF 1,000 SF	
Country Place Pleasantville	Garden Condo	200	120	19 mos.	$ 50,500 61,900	1 br 2 br	750 SF 950 SF	Developed by Resorts International
Oakcrest Estates Mays Landing	Condo	350	65	12 mos.	$ 69,300 79,500	2 br 3 br 4 br		56 Unit Phase I completed, remaining phases under construction; completion expected 1986.
The Woodlands Mays Landing	Condo and Townhouse	766	450	8 years	$ 56,950 76,950	1 br 2 br 3 br	988 SF 1,750 SF	Completion expected 1985
Brandywood Mays Landing	Townhouse Conversion	104	33	2 mos.	$ 55,000 65,000	3 br	1,288 SF	Conversion recently began, will take two years to complete. (20 existing renters)
Treetops Condominium Galloway Township	Condo	152	10	20 mos.	$ 54,990 69,990	1 br 2 br	729 SF 988 SF	Part of The Pinnacle (PUD) 44 units are built, 108 are under construction.
Sand Run Galloway Township	Townhouses	237	35	20 mos.	$ 73,900 89,900	2 br 3 br	1,144 SF 1,615 SF	Part of The Pinnacle (PUD) 67 Townhouses are built.

SOURCE: American City Corporation

these are planned unit developments with full recreation packages (pool, tennis, health club, meeting rooms, etc.) Of the twelve projects surveyed, 3 are condominium conversions and 7 are still under construction.

Country Place consists of 200 units, (120 two-bedrooms and 80 one-bedroom) on a 29-acre site. A pool, whirlpool, two tennis courts, and a community recreation room are provided. One-bedroom units start at $50,500 (750 sq. ft. at $67/sq. ft.), while the most expensive two-bedroom unit (950 sq. ft.) sells for $61,900 ($65/sq. ft.). Over 50 units had been sold between the late summer of 1981 and September 1982, and seventy more units were sold between September 1982 and May 1983. Approximately 60 percent of the sales have been to casino employees earning about $22,000 per household. Thirty year, fixed rate, assumable mortgages at 10 1/2 percent are available.

The Woodlands townhouse condominium community began in 1974. Its first phase consists of 766 units, of which 450 have been sold. The developer plans an even distribution among one, two, and three bedroom units. Buyers in the project include families with children, young singles, retirees, and investors. Prices range from $54,950 for a 988 sq. ft. one-bedroom unit ($55/sq. ft.) to $76,950 for the 1,750 sq. ft. three-bedroom unit ($44/sq. ft.). Future plans call for development of additional recreational facilities and a major regional shopping center along Route 40.

A number of condominium projects have been built or converted in Brigantine, an island community with water orientation and amenities. Spartan Harbour is a condominium conversion of a garden apartment complex across the street from the beach. 244 of 280 units have been sold to a combination of investors, second-home buyers, and casino workers. Units range from $39,000 for a 540 sq. ft. one-bedroom unit ($72/sq.ft.) to $72,000 for a two-bedroom 950 sq. ft. townhouse unit ($75/sq. ft.).

Coquille Beach, a luxurious, ocean-front townhouse development, is representative of other upper-end projects on that island. Unit prices range from $140,000 for a 1,200 sq.ft. two bedroom, one-level suite ($116/sq. ft.) to $250,000 for a beachfront, 2,500 sq.ft. two-bedroom, three-level townhouse ($100/sq. ft.). Currently, 55 of the 110 units have been built, and 55 are under construction. Forty units have been sold over the past 18 months. Many have been bought by investors who rent them primarily to casino employees for between $750-$1,000 per month. The least expensive and most expensive units have sold the quickest.

2. Existing Projects in Atlantic City

Several condominium projects, consisting of both newly constructed and converted units, have been placed on the Atlantic City market over the past two years, and are reviewed in Table 16.

Tannen Towers is a higher priced high-rise development of 293 units at Pacific and North Carolina Avenues. Units sell for between $115,000 to $400,000 for one-bedroom (610 sq. ft.) or two-bedroom (1,250 sq. ft.) units depending on floor and location. A few penthouse units (2,850 sq. ft.) sell for significantly more. One hundred and seventy six units have been sold, approximately 50 percent to investors and the remainder primarily as second homes. Buyers are reportedly coming from northern New Jersey, New York, Connecticut, Baltimore and Washington.

Ocean Club is another high-rise luxury condominium currently under construction. It will contain 725 units which range in size from 753 square feet to 4,000 square feet. Prices begin at $200,000 for a studio unit. Nearly 400 units have been sold during a 12 month market period. Ocean Club will be ready for occupancy in the Summer of 1984.

TABLE 16
CURRENT RESIDENTIAL
DEVELOPMENT PROJECTS
ATLANTIC CITY
May, 1983

Project & Location	Type	Number of Units Marketed	Sold	Period	Price	Mix	Size	Notes
Ritz Carlton Iowa Avenue & Boardwalk	Luxury condo (rehab.)	320	180	10 mos.	$ 73,000 $155,000	1 br 2 br	400 SF 1,030 SF	
Ocean Club Pacific Avenue	Luxury condo Highrise	750	393	12 mos.	$200,000 to $1,000,000	Studio 1 br 2 br 3 br Penthouse	753 SF to 4,000 SF	Currently under construction; occupancy expected Summer, 1984.
Brighton Towers 5034 Atlantic Avenue	Condo Conversion Highrise	168	63	27 mos.	$ 55,000 to 99,000	Studio 1 br 2 br	423 SF to 895 SF	105 unsold units are not vacant but occupied by renters as per New Jersey renter protection legislation.
Tannen Towers North Carolina & Pacific Aves.	Luxury Condo Highrise	293	176	20 mos.	$115,000 to 400,000	Efficiency 1 br 2 br	610 SF to 2,850 SF	Occupancy expected June, 83
Marina Club	Condo 4 highrise buildings	1,200	--	--	N/A	Studio 1 br 2 br 2-master br suites	N/A	Phase I (221 units) currently under construction. Marketing to begin June 83, Occupancy expected May, 84. Phase II Construction (250 units) planned mid 1984.
Martin Manor	Condo Townhouse	14	13	10 mos.	$ 39,000	3 br	1,120 SF	Originally offered to over income public housing recipients; half were sold on open market.

SOURCE: American City Corporation.

The Marina Club development will consist of 1,200 condominium apartments in four high-rise buildings. Construction of the first 221 unit tower has recently begun. Marketing of the units began in June, 1983. Prices for the Marina Club units are not yet available.

Two large-size conversion projects are also being marketed in Atlantic City. Approximately 180 of the 320 units at the Ritz Carlton have been sold over the past 10 months. Prices for units at the former hotel begin in the low $70,000's.

Brighton Towers, a 168-unit high-rise began the conversion process over two years ago. Although only 63 apartments have been sold, the building is 100 percent occupied by the original tenants (according to New Jersey renter protection laws, tenants may remain in their units for up to 36 months of the notice to convert).

3. Summary

Overall, the new units for sale placed on the market in Atlantic County since 1980 have been absorbed at a relatively slow pace. This has been due to at least the following two factors. High mortgage rates dampened housing demand over the last two years nationwide to its lowest level in 40 years. Rates have begun to moderate recently and demand is already picking up. Also, the early overestimates of the number of Casino employees and development pace of additional casinos stimulated a lot of speculative building based on poor information. Overall demand should now begin to catch up to the supply, although some early projects may simply be the wrong product for today's Atlantic County market.

F. TRENDS IN BUILDING PERMITS

New Jersey Department of Labor data concerning past residential building permit activity in Atlantic County were analyzed. (Table 17)

TABLE 17
ATLANTIC COUNTY
TOTAL DWELLING UNITS AUTHORIZED
1970-1981

Year	Permits
1970	2,443
1971	2,368
1972	2,193
1973	2,641
1974	1,123
1975	1,034
1976	1,210
1977	1,133
1978	1,710
1979	1,402
1980	1,290
1981	2,071
1982	1,076
TOTAL	21,694

SOURCE: New Jersey Department of Labor, Division of Planning and Research.

Review of these data revealed the significant impact of the recession of 1974 on dwelling unit authorizations in Atlantic County. The County had averaged more than 2,400 permit authorizations per year from 1970-73, then dropped to an average of 1,125 permits per year from 1974-77. Further analysis reveals an annual fluctuation in the number of permits authorized since 1974, although the overall trend showed an increase in the number of annual permits over time as shown in Table 18.

TABLE 18
NUMBER OF PERMIT AUTHORIZATIONS IN TWO YEAR PERIODS
ATLANTIC COUNTY, 1974-1981

TWO YEAR PERIOD	PERMITS
1974 - 1975	2,157
1976 - 1977	2,343
1978 - 1979	3,112
1980 - 1981	3,361
1982	1,076

SOURCE: New Jersey Department of Labor.

Table 19 shows the number of County permits which were authorized in Atlantic City during two year groupings over the 1974-1981 period.

TABLE 19
TRENDS IN PERMIT AUTHORIZATIONS IN ATLANTIC CITY
1974 - 1981

Two Year Period	Atlantic County Permits	Atlantic City Permits	Percent of County in City
1974-1975	2,157	285	13.2%
1976-1977	2,343	215	9.2%
1978-1979	3,112	262	8.4%
1980-1981	3,361	788	23.4%
1982	1,076	310	28.8%

SOURCE: New Jersey Department of Labor.

The percentage of total county permits issued for residential construction in Atlantic City has increased significantly in the last three years. However, based on the number of approved projects awaiting financing, and the demographic and housing stock characteristics and trends, it is estimated that at least 14 percent (the 1974-1981 average) of the permits authorized over the 1982-1990 period in Atlantic County will be in Atlantic City.

Also significant in permit authorizations, is the trend away from the historic predominance of the single family home. This trend is illustrated in Table 20. The proportion of detached houses dropped from a high of 83 percent of all permits in 1976-1977, to 44 percent in 1980-81.

TABLE 20
ATLANTIC COUNTY PERMIT AUTHORIZATIONS BY TYPE
1974-1981

Two Year Period	Total Atlantic County Permits	Single Family Permits	Single Family as Percent of County
1974-1975	2,157	1,641	76%
1976-1977	2,343	1,941	83%
1978-1979	3,112	2,285	73%
1980-1981	3,361	1,491	44%
1982	1,076	669	62%

SOURCE: N.J. Department of Labor.

G. PROPOSED PROJECTS IN ATLANTIC CITY

In Atlantic City since 1978, between 9,000 and 10,000 new housing units have been proposed but are not yet developed. Interviews conducted by the American City Corporation with local government officials, developers, and other real estate professionals reveal that approximately 3,000 of those units have the necessary City and State coastal approvals, and/or are currently being pursued by their sponsors. Most of the projects are reportedly stopped by an inability to secure financing. Table 21 identifies those projects which were the most "active" in the City as of May, 1983.

Lighthouse Plaza is one example of a proposed rental project in Atlantic City. Lighthouse Plaza is a 314-unit building to be constructed at Atlantic Avenue and Vermont Avenue adjacent to the Absecon Lighthouse. There will be 52 subsidized one-bedroom units renting for $334 per month, 197 one-bedroom units renting for $505-$600 per month, and 58 two-bedroom units renting for $583-$763 per month. The project is designed specifically for singles and couples working in the Casinos and related service industries. The

TABLE 21
PROPOSED RESIDENTIAL
DEVELOPMENT PROJECTS
ATLANTIC CITY
May, 1983

Project & Location	Type	Number of Units	Mix	Size	Price	Aproval Status: Planning Board	Aproval Status: CAFRA	Notes
Arizona Avenue Townhouses Arizona Avenue & the Bay	Townhouse Condo	10				6/03/81		
Island City Estates Harrisburg & the Bay	Condo	78				5/02/79	9/21/81	Construction due pending financing.
Kentucky Place Kentucky and Illinois Avenues	Condo	190				9/08/82	9/29/81	Land assembled, now being marketed to developers.
Corinthian Condominiums 3950 Boardwalk	Condo Highrise	232	Efficiency 1 br 2 br	400 SF 1,030 SF	$125,000 250,000	10/07/81 1/05/82	12/02/81	Construction to begin pending pre-selling. Pre-selling to begin in 6 months; occupancy for fall, 1985.
Tennessee Square Tennessee & Ocean	Condo	240	1 br 2 br		$ 85,000 120,000		1/29/81	Pending financing
Greenhouse Michigan, Fleming Atlantic & Arctic	Rental	900	1 br 2 br			Zoning Board 1/08/82		Pending UDAG application, CAFRA application not yet submitted.
1045 Atlantic	Rental Highrise	197	Efficiency 1 br 2 br			2/08/80	10/27/80	Project on hold, awaiting financing.
Marina Cove Huron, North Carolina & Maryland Avenues	Condo Highrise	603					Appl. not yet submitted.	Also referred to as "Landfill project", Marina Cove is being considered for UDAG financing, local & CAFRA approvals have not yet been submitted.
Marina Towers Brigantine Blvd. & North Carolina Avenues	Luxury Condo Highrise	402				5/02/79	Conditional Approval 4/02/81	Project temporarily on hold, developer waiting to see how the condo market unfolds before proceeding.
Jacobs Family Terrace New York & Baltic Avenues	Rental	60	1 br			1/16/80		Construction possible Fall 1983, Bally's Park Place (sponsor)

TABLE 21 (continued)

Project & Location	Type	Number of Units	Mix	Size	Price	Aproval Status: Planning Board	Aproval Status: CAFRA	Notes
Harbour House Maine Avenue & Grammercy Place	Condo	253	Efficiency 2 br		\$ 90,000 \$130,000		Conditional Approval 12/2/81	Presently trying to arrange financing and find new partner.
Lighthouse Plaza Atlantic & Vermont Avenues	Rental	314	1 br	550 SF 900 SF	\$ 334 \$ 760 depending on subsidy	Planning Board 7/21/82	10/05/82	Construction to begin July, 1983 or sooner depending on sale of bonds. Occupancy expected within 1 year.
McKinley Avenue Apartments McKinley and New York Avenues	Rental	17	1 br 2 br	550 SF 900 SF	\$ 340 \$ 635 (estimate)	Zoning Board 7/09/82	Conditional Approval 9/17/82	Temporarily on hold, developer involved with Lighthouse Plaza; awaiting ACIA funding.
Greenwood Gardens Abscon Blvd. and Tennessee Avenue	Rental	214	2 br			Zoning Board	Conditional Approval 10/18/82	Waiting HUD insurance approval. Construction expected to begin October, 1983.
8-10 S. Chelsea	Rental	24	1 br		\$ 500			Construction to begin October, 1983.

SOURCE: Atlantic City Department of Planning; Atlantic City Housing Authority; Atlantic County Improvement Authority; American City Corporation.

two bedroom units are designed to be shared. It is estimated that rents would be \$300-\$400 higner per month per unit without Atlantic County Improvement Authority financial aid and other indirect public subsidies.

Construction is also expected to begin in October on Greenwood Gardens. Greenwood Gardens is a 214-unit project, consisting of two-bedroom units which will rent from \$340 to \$650. Greenwood Gardens and Lighthouse will together add over 500 affordable rental units to Atlantic City's housing stock.

As can be seen in Table 21, the Atlantic County Improvement Authority is expected to play a role in financing virtually every rental housing project proposed for development in Atlantic City.

PART II - HOUSING DEMAND PROJECTIONS

A. DEMOGRAPHIC PROJECTIONS

Population and employment data and population-employment ratios for Atlantic County between 1970-1982 are displayed in Table 22.

TABLE 22
ATLANTIC COUNTY POPULATION AND EMPLOYMENT DATA
1970 - 1982
(In Thousands)

Year	Population[1]	Non-Farm Employment[2]	Farm Employment[3]	Total Employment	Population Employment Ratio
1970	175.9	63.4	1.3	64.7	2.72
1971	179.8	62.5	1.3	63.8	2.82
1972	185.0	64.0	1.3	65.7	2.82
1973	187.2	65.7	1.3	66.8	2.80
1974	189.1	66.0	1.3	67.3	2.81
1975	189.5	64.2	1.4	65.6	2.89
1976	189.6	65.9	1.4	67.3	2.82
1977	189.3	68.2	1.5	69.7	2.72
1978	191.1	71.9	1.5	73.4	2.60
1979	193.1	81.9	1.4	83.3	2.32
1980	194.6	90.6	1.4	92.0	2.12
1981	196.6	99.5	1.4	100.9	1.95
1982	198.6	101.2	1.4	102.6	1.94

SOURCES:

1 N. J. Department of Labor (1970-1980), American City Corporation (1981-1982).
2 N. J. Department of Labor.
3 N. J. Department of Labor (1971 and 1977-1980); American City Corporation (1972-76).

The County's population and total employment increased slowly over the 1970-1977 period. Large increases in the number of jobs in the County created by casino gambling in Atlantic City began to appear in 1978 with the opening of the Resorts International Casino-Hotel. Population increases, however, have not kept pace with the increase in the number of jobs. Reasons for the lack of population growth include the absorption of slack which existed in the pre-casino labor force (those who were unemployed or not previously seeking employment), and the increasing percentage of casino employees commuting from outside Atlantic County.

General economic conditions are assumed to improve over the course of the next seven years. Reduced interest rates will induce

employee movement into Atlantic County among those currently commuting long distances. With an improvement in the economy, an increased number of existing county households will qualify for mortgages at lower interest rates. More jobs will be created by the opening of the Trump Casino Hotel by 1985. A further rise in employment will be generated by the projected opening of four additional casino-hotels by 1990 (total of 14 operating casino-hotels by 1990). This estimate may be conservative, since four casino operators have already announced plans for new or expansion projects in Atlantic City. Other factors which will affect the trend in the population-employment ratio seen in Table 22 will be gradual maturing of the casino-hotel work force resulting in a somewhat higher percentage of employee households with children, and a slight decline in the average number of workers per household as compared to the profile of casino-hotel employees seen today. Furthermore, as supporting retail, service and other industries gradually evolve, their work force will likely have a more traditional profile. Taken together, these factors will decrease the area-wide averages of wage-earners per household and reverse the trend of a shrinking population-employment ratio. However, this ratio will probably never become as high as seen before the development of casino-hotels.

The population-employment ratio continued to decline to 1.94 in 1982. However, based on the factors cited above, a rise to 2.00 is forecast for 1985 and to 2.20 in 1990. When applied to the projected employment figures of 103,400 jobs in 1982, 107,400 jobs in 1985, and 121,800 jobs in 1990 (18,400 additional jobs over 1982) populations of 203,700 in 1982, 215,000 in 1985 and 267,500 in 1990 are projected. (Table 23.)

TABLE 23
ATLANTIC COUNTY POPULATION PROJECTIONS
1985 - 1990
(In Thousands)

Year	Non-Farm Employment	Farm Employment	Total Employment	Population Employment Ratio	Population
1982	101.2	1.4	102.6	1.94	198.6
1985	106.1	1.3	107.4	2.00	214.8
1990	120.5	1.1	121.6	2.20	267.5

SOURCE: American City Corporation

Average household size in Atlantic County decreased from 2.84 in 1970 to 2.66 persons in 1980. American City Corporation projects that this trend towards smaller households will continue through the 1980's, although at a slower rate. Factors suggesting a continuation of this trend include the relatively small size of "recent migrant" casino employee households (2.41 reported in Casino-Hotel Employee Housing Needs Survey-1981), improvement of earnings and savings (which stimulates the creation of new households); and continuation of the rates of household formation caused by persons separated, divorced, widowed, and unmarried singles. However, uncertainty of households over the future of national economic conditions, and the continuing increase in housing costs had a sobering affect on the projections of household size. Household sizes of 2.64 in 1982, 2.62 in 1985, and 2.57 in 1990, are assumed.

Based on these assumptions the total number of housenolds in Atlantic County for each of the projection years (1982, 1985, and 1990) is shown in Table 24.

TABLE 24
ATLANTIC COUNTY HOUSEHOLD PROJECTIONS
1982, 1985, 1990

	1982	1985	1990	Change 1982-1990
Population	198,587	214,800	267,520	68,933
Population in Group Quarters	2,861	2,861	3,014	153
Population in Households	195,726	211,939	264,506	68,780
Household Size	2.64	2.62	2.57	-.07
Number of Households	74,139	80,893	102,921	28,782

SOURCE: American City Corporation.

Table 24 indicates that there will be a net increase of 28,782 households in Atlantic County between 1982 and 1990.

B. EFFECTIVE DEMAND FOR NEW HOUSING IN THE INLET COMMUNITY

Effective demand for housing may be assessed by projecting the net changes in the number of households, stratified by personal income and basis of tenure. In making such assessments in the fast-changing economic context of Atlantic County, guidance came from both historical trends and from detailed survey data which has profiled the characteristics of the high-growth casino industry labor force. The analytical method used follows three steps. First, the number of households was projected for 1985 and 1990, distributed by income levels. Second, the basis of tenure (owner vs. renter) was determined within each income bracket, for both existing households moving within Atlantic County and for newly formed and arriving households. The final step was to sum the demand projections from both the existing/moving and the forming/arriving sectors, and then to determine the average value ranges (monthly rental or sales price) which the respective income brackets can support. These analyses are described in further detail as follows:

1. Distribution of Households by Income

Housing product is highly sensitive to value and the relative income levels of an area's population. Residential projects, developed at the wrong "price point" can experience poor occupancies while demand throughout the area is very strong. It is for this reason that the projected number of households must be distributed by income category.

Table 25 shows the percentage distribution of households according to income categories in 1982 constant dollar values. The left portion of the table shows the distribution for 1970 and 1980 (summarized from Table 7, seen earlier) while the right portion of the table shows the distribution from the 1982 housing needs survey of casino-hotel and public employees.

In projecting future distributions of household income in Atlantic County, it was important to consider both the historical trend as well as the employee profiles of the area. Particular weight was given to the income distribution of the

TABLE 25
PERCENTAGE DISTRIBUTRION OF HOUSEHOLDS BY INCOME

	Atlantic County		1982 Employee Surveys	
Income Bracket (1)	1970 Census	1980 Census	Casino -Hotel	Public Sector
Less than $12,500	32.8	28.9	11.1	13.0
$12,500 - $17,499	12.7	13.1	11.3	11.2
$17,500 - $24,999	17.7	16.1	16.7	18.6
$25,000 - $34,999	17.7	17.5	21.5	25.3
$35,000 - $49,999	11.0	14.2	24.6	20.1
$50,000 and more	8.1	10.2	14.8	11.8
All Income Brackets:	100.0	100.0	100.0	100.0

Note: (1) Income brackets expressed in 1982 constant dollars.

SOURCES: Casino-Hotel and Public Employees - Housing Needs Survey-1982; U.S. Census Bureau

casino-hotel employees as they represent the region's new growth industry and will significantly affect area-wide averages. In projecting future income distributions, the 1970-1980 trend was calculated forward, but was then adjusted as deemed appropriate to reflect the income profile seen in the survey results. The income distributions for Atlantic County have thus been estimated for 1982, and projected forward to 1985 and 1990. These are shown in Table 26.

TABLE 26
PROJECTED HOUSEHOLD INCOME DISTRIBUTION FOR ATLANTIC COUNTY 1982, 1985, 1990

Income Category (1982 Constant Dollars)	Percent Distribution 1982	1985	1990
Less than $12,500	28.0	27.0	25.0
$12,500 - $17,499	13.1	13.0	12.9
$17,500 - $24,999	16.0	16.0	16.0
$25,000 - $34,999	17.6	17.7	17.8
$35,000 - $49,999	14.8	15.3	16.1
$50,000 or more	10.5	11.0	12.2
	100.0	100.0	100.0

SOURCE: American City Corporation.

Based on these distributions, the projected number of households in the housing market within each of these income categories can be seen in Table 27. The components of demand for new housing are expected to come from two principal sectors: 1) Existing households likely to move but remaining within the market area, and 2) new additional households in the market area (new formations and immigrations). Table 24, seen on page 38, indicated the total number of households projected for Atlantic County as of 1982, 1985 and 1990. The incremental changes between these dates (6,754 households between 1982 and 1985, and 22,028 households between 1985 and 1990) represent the additional households. These figures are net after household dissolutions and relocations out of the county.

TABLE 27
ATLANTIC COUNTY HOUSING MARKET
DISTRIBUTION OF DEMAND
BY TENURE AND INCOME

Household Income Brackets:		Percentage Distribution						Distribution of Households					
Household Type and Tenure:	Number of HH's	$12,499 or Less	$12,500 $17,499	$17,500 $24,999	$25,000 $34,999	$35,000 $49,999	$50,000 or More	$12,499 or Less	$12,500 $17,499	$17,500 $24,999	$25,000 $34,999	$35,000 $49,999	$50,000 or More
1982-1985 Market													
Existing HH's Likely to Move	14,828	27.00	13.00	16.00	17.70	15.30	11.00	4,003	1,928	2,372	2,625	2,269	1,651
Prefer Rent		72.00	55.00	28.00	20.00	15.00	10.00	2,883	1,060	664	525	340	163
Prefer Own		28.00	45.00	72.00	80.00	85.00	90.00	1,121	867	1,706	2,100	1,928	1,468
New Additional HH's 1982-1985	6,754	27.00	13.00	16.00	17.70	15.30	11.00	1,824	878	1,081	1,195	1,033	743
Prefer Rent		72.00	64.00	37.00	40.00	35.00	30.00	1,313	562	400	478	362	223
Prefer Own		28.00	36.00	63.00	60.00	65.00	70.00	511	316	681	717	672	520
1985-1990 Market													
Existing HH's Likely to Move	20,224	25.00	12.90	16.10	17.80	16.00	12.20	5,056	2,609	3,256	3,600	3,256	2,467
Prefer Rent		72.00	55.00	28.00	20.00	15.00	10.00	3,640	1,435	906	720	488	247
Prefer Own		28.00	45.00	72.00	80.00	85.00	90.00	1,416	1,174	2,330	2,880	2,768	2,221
New Additional HH's 1985-1990	22,027	25.00	12.90	16.10	17.80	16.00	12.20	5,507	2,842	3,524	3,921	3,546	2,687
Prefer Rent		72.00	64.00	37.00	40.00	35.00	30.00	3,965	1,819	1,304	1,568	1,241	806
Prefer Own		28.00	36.00	63.00	60.00	65.00	70.00	1,542	1,023	2,220	2,353	2,305	1,881

Note: Some figures may not add due to rounding.

SOURCES: Casino-Hotel and Public Employees Housing Needs Survey-1982, American City Corporation

The other sector are those existing households likely to move within the market area. Two different data sources helped determine the size of this sector. 1982 survey profile data indicated that over 18 percent of existing public sector employees, and 22 percent of casino employees were "interested in moving and have already begun to look," while an additional 25 percent of public employees and 31 percent of casino employees were "interested in moving but have not begun to look." Anotner indication is that according to the U.S. Census, 22 percent of all households living in Atlantic County as of 1980 had moved sometime within the previous five years. Within the snorter time frame between 1982 and 1985, one might expect a proportionately smaller percentage of existing households to move. However, recent construction of new housing developments in the County plus pent-up demand created by tight market conditions and high interest rates indicate that a rate higher than a proportionate adjustment should be used.

Based on these data, the proportion of existing area households likely to move within Atlantic County has been estimated at 20 percent for the period between 1982 and 1985, and at 25 percent between 1985 and 1990. Each of these figures were applied against the total projected number of households for the respective date. Thus, at the left in Table 27, 14,828 households were estimated as moving within Atlantic County between 1982 and 1985, and 20,223 were estimated as moving sometime between 1985 and 1990.

The distribution of income was then calculated according to the percentage distributions seen above in Table 26, applied against the estimated number of housenolds likely to move and new additional households as of 1985 and 1990. The percentage distributions for income categories may be read left to right in the left hand portion of Table 27, with the resulting number of households calculated in the right half of the table.

households likely to move, and have been determined separately for each category of household income. These preferences may be seen in the left half of Table 27 under the respective household income distributions. Thus, for example, in the 1982-1985 market, within the $17,500 to $24,999 household income bracket, we see that 16.0 percent of existing households (HH's) likely to move will fall into this income category, and that of these, 28 percent will prefer to rent and 72 percent will be seeking units for purchase. The tenure preference is also indicated as 37 percent for rental and 63 percent for ownership for new additional households (HH's) in the same income bracket in the 1982-1985 market.

The calculations for the right half of Table 27 are simply the application of the percentages against the corresponding number of households seen in the left half. For example, of the 14,828 existing households likely to move in the 1982-1985 market, 17.7 percent are estimated to have household incomes between $25,000 and $34,999. This calculates to 2,625 households. Of these, 20 percent, or 525 households are estimated to prefer rental units and the balance, 2,100 or 80 percent are estimated to prefer units for purchase. The right half of Table 27 therefore indicates the number of households which are: a) seeking housing, b) existing households moving or new additional households, c) within a given income category, and d) prefer to rent or own within these categories.

3. Summation of Demand by Affordability

The next analytical step was to determine the affordable housing value and rent ranges for the household income categories. This process is shown in Table 28.

TABLE 28
CALCULATION OF AFFORDABLE HOUSING SALES PRICES AND RENTS BASED ON HOUSEHOLD INCOME CATEGORY LIMITS

Income Category Limit:	$12,500	$17,500	$25,000	$35,000	$50,000
Available for Housing at 28%/Year:	3,500	4,900	7,000	9,800	14,000
Insurance and Other Fees per Year:	200	250	300	375	450
Net for Mortgage and Taxes:	3,300	4,650	6,700	9,425	13,550
Real Estate Taxes at 14.6% of Net Payments/Year:[1]	482	679	978	1,376	1,978
Net for Mortgage Principal & Interest:	2,818	3,971	5,722	8,049	11,572
Mortgage Principal Based on .1235 Annual Constant	22,819	32,155	46,330	65,174	93,698
Sales Price Assuming 15% Down Payment:	26,846	37,829	54,506	76,675	110,233
NOMINAL SALES PRICE CATEGORY LIMIT:[2]	$27,000	$38,000	$55,000	$77,000	$110,000
NOMINAL MONTHLY RENT CATEGORY LIMIT:[3]	$300	$400	$600	$800	$1,200

Notes: 1) Ratio of taxes to payments derived as follows: Based on mortgage constant of .1235 and down payment of 15%, unit value can equal up to $9.53 for every $1.00 of annual payments (1 divided by .1235, divided by .85). With net effective tax rate at 1.8% of unit value (assuming adoption of 1982 Atlantic City property reassessment), annual real estate taxes would equal $0.17 for every $1.00 of mortgage payment, or a total payment for mortgage and taxes of $1.17. Of this amount, taxes ($0.17) = 14.6%.

2) Key assumptions in this calculation include the interest rates, down payment proportion, and net effective tax rate. Changes in these factors would result in a different ratio between household incomes and nominal housing sales prices.

3) Numbers are rounded. Rent equals 28 percent of annual income divided by 12 months.

SOURCE: American City Corporation.

The calculation of these sales price category limits is presented in Table 28. The process started with the household income category limits adopted in Table 27 and allocated 28 percent of these values as the portion of household income which can be spent on total housing payments, including principal, interest, taxes and insurance. An initial deduction was made for insurance and related fees, based on costs which currently prevail in the Atlantic City market. The second step was a deduction for real estate taxes. The derivation of this proportion is explained in the footnote at the bottom of the table. The assumed tax rate is based on the projection of the Atlantic City Tax Assessment office. The net amount is the portion of annual income which can be applied to payment of principal and interest. Based on conditons prevailing at the time of the analysis (June 1982), the analysis adopts an annual interest rate of 12 percent for 30 years (constant = .1235) and an average down payment of 15 percent of the sales price. Applying these factor yields the sales or rent price category limits seen near the bottom of the table. The last line of figures shows the nominal category limitations after rounding. Monthly rent categories were determined simply by taking 28 percent as the average proportion of household income typically allocated to housing costs and then dividing by 12 to arrive at a corresponding monthly rent level.

The households within each household income bracket were related to their respective housing value bracket and totaled for existing/moving and new households, first for rental units and then for ownership units. These totals are indicated in Table 29 as "Total Demand" for each respective category of housing value. For example, the right half of Table 27 indicates in the 1982-1985 market that 2,100 existing households and 717 new households will prefer to own units, and will be within the $25,000 to $34,999 income

category. These households are therefore shown in Table 29 as a "Total Demand" of 2,817 units for purchase in the $55,000-$76,999 price category in the 1982-1985 market.

The final step in this part of the analysis was to estimate the proportion of the total county-wide demand which may be attracted to the Inlet Community. This proportion is expressed as an allocation or capture percent, and different percentages are indicated for each housing value bracket.

TABLE 29
ASSESSMENT OF HOUSING MARKET SUPPORT FROM ATLANTIC COUNTY
ATLANTIC CITY INLET COMMUNITIES

Description	Below Market Rate		Moderately Priced			High Priced	Totals
1982 - 1985 MARKET							
Monthly Rent Category	299 or Less	300 -399	400 -599	600 -799	800 -1,199	1,200 or More	
Total Demand	4,195	1,622	1,064	1,003	702	386	8,973
Allocation/Capture %	3	3	10	8	8	5	4.87
No. of Units Supported:	126	49	106	80	56	19	437
Sales Price Category	26,999 or Less	27,000 37,999	38,000 54,999	55,000 76,999	77,000 109,999	110,000 or More	
Total Demand	1,632	1,184	2,389	2,817	2,600	1,988	12,609
Allocation/Capture %	3	3	10	8	8	5	6.79
No. of Units Supported:	49	36	239	225	208	99	856
1985 - 1990 MARKET							
Monthly Rent Category	299 or Less	300 -399	400 -599	600 -799	800 -1,199	1,200 or More	
Total Demand	7,605	3,253	2,210	2,288	1,729	1,053	18,139
Allocation/Capture %	3	3	12	10	10	8	5.94
No. of Units Supported:	228	98	265	229	173	84	1,077
Sales Price Category	26,499 or Less	27,000 37,999	38,000 54,999	55,000 76,999	77,000 109,999	110,000 or More	
Total Demand	2,958	2,197	4,550	5,232	5,073	4,102	24,113
Allocation/Capture %	3	3	12	10	10	8	8.54
No. of Units Supported:	89	66	546	523	507	328	2,059

Note: Some figures may not add due to rounding.
SOURCE: American City Corporation

a) Below Market Rate Housing Categories:

An important aspect for the development of a balanced community in the Inlet is the policy commitment to provide decent, safe and affordable housing for existing residents through the redevelopment process. Household incomes of under $17,500 will account for nearly 45 percent of all households seeking housing county-wide, and a greater proportion of the existing residents of the Inlet Community. However, this level of income can only afford monthly rentals of less than $400 or mortgages leading to purchase prices of less than $38,000. Costs of construction and land preclude the development of housing for these income brackets without continuing, or new, programs of financial assistance. The potential to include units in these categories within the Inlet Community development program will depend largely on the availability of such assistance programs.

Providing below-market-rate housing is not a factor of market supply and demand per se, but rather is a policy commitment to be adopted as part of the development program. Thus, the "market" for lower income housing in the Inlet is being regarded as the portion of Inlet community residents who would prefer to have moved in any event. A special purpose survey of Inlet residents conducted in 1982 by the Atlantic City Planning Department was used to estimate this number at approximately 260 from 1983 to 1985, and 481 from 1985 to 1990. These numbers are equivalent to three percent of the total county-wide market demand in this income bracket. Thus,

Table 29 adopts an allocation rate of three percent for housing categories below $400 monthly rent and $38,000 nominal purchase price. The "market" demand for lower value units should be considered in addition to the replacement need as may be warranted by the final development program.

While a three percent allocation rate for the Inlet should provide an appropriate number of housing units to accommodate all current Inlet households wanting to remain, it should be noted that a much greater need for below market rate units remains to be satisfied throughout the rest of the County.

b) Moderately Priced Housing Categories:

The strongest market potential for the Inlet Community will be in the moderate income (between $17,500 and $49,999 annual household income) and housing (between $400 and $1,199 rent, and $38,000 and $109,999 sales price) value brackets, with significant demand also available in the high value categories. As seen in Table 29, capture rates have been estimated between 8 and 12 percent for the moderate income and housing value categories.

In assessing potential capture rates, the attitudes expressed in the 1982 surveys of casino and public sector employees provided guidance. One significant finding is that 40 percent of casino employee respondents cited proximity to work as the most important factor in selecting an area in which to live. This proportion was as high as 68 percent for those indicating a willingness to live in Atlantic City. Security, the next most cited selection criteria was indicated as the most important reason by only 25 percent of the respondents, with no other factor being noted by more than 12 percent of the survey sample as most important.

Another indication from the survey as to the desirability of Atlantic City was that of the respondents indicating an interest in moving, one third of all casino employees, and over half of the public sector employees would consider living in Atlantic City as one of any possible locations in the county.

A final factor is the development program itself. It is generally recognized that the housing market has not, until just recently, responded to the emerging demand. Expanded offerings will tend to draw on demand which has not been satisfied in the past. Also inherrent in the development program for the Inlet Community is the concept of a balanced residential community with a spectrum of development opportunities at a range of income and housing value levels. As a comprenensive project operating at a community-wide scale, the Inlet Community could reasonably capture a major portion of the Atlantic City market.

Based on an assumed capture rate of 8-10 percent from 1983 to 1985, the Inlet could support 242 rentals and 672 ownership units at moderate prices during that period. As the redevelopment of the Inlet begins and an improved image for the area is established, slightly higher capture rates of 10-12 percent are assumed. Therefore, the Inlet could support 667 moderately priced rentals and 1,576 moderately priced ownership units between 1985 and 1990.

c) High Priced Housing Categories:

There are two potential market sources for condominium units selling for over $110,000 in the Inlet Community of Atlantic City - local market residents, and another sector from outside area residents, and another sector from outside Atlantic County. Potential buyers from all market sources are assumed to have household incomes over over $50,000 and will prefer the qualities of the area, particularly the views and recreational uses of the water throughout the Inlet Community.

As seen in Table 29, a total of 99 for sale units in 1983 to 1985, and 328 for sale units from 1985 to 1990 would be supported from the Atlantic County market area alone. Based on the comparable higher priced condominium projects surveyed, sales to the local market have accounted for no more than 25 percent of total units sold.

The other market components of sales in existing higher priced projects include investors and foreign buyers, and second home or retirement home buyers. Investors have been particularly attracted to projects where they see the potential to rent units due to locational and price advantages. Tannen Towers, for example, has had 50 percent of its sales to investor owners, while Coquille Beach has had close to 90 percent of its sales to investors. Foreign buyers are reportedly very active in the purchase of units in the Ocean Club project. The rental

of investor owned units will accomodate the demand for high priced rental units (19 from 1983 to 1985 and 84 from 1985 to 1990) shown in Table 29.

The demand for second homes and retirement homes in Atlantic City is potentially very large. Atlantic City is within 200 miles of the metropolitan areas of New York, Philadelphia, and Baltimore/Washington. The New Jersey Shore has long been an attractive resort or retirmenet location for people within that area. With gaming and entertainment added to the beach and boardwalk appeal, Atlantic City can be an extremely attractive location. The Inlet Community area, with its water views, recreational opportunities and well planned environment with a full set of amenities could be one of the most attractive communities for resort and retirement living in the Northeastern United States. The market demand from this segment will be a function of the design and marketing of the project itself, rather than a potential capture rate of the overall demand from the extensive market area.

Therefore, based on experience in comparable projects and the potential appeal of a new project as part of a comprehensively redeveloped Inlet Community, it is estimated that 75 percent of the demand for higher priced condominium units could come from investors, second home buyers, or retirees. This would indicate that an additional 297 units from 1983 to 1985, and 984 units from 1985 to 1990 could be absorbed from these market segments. When added to the base of 427 units demanded from the local population, it is estimated that a total of 1,708 higher price units could be developed in the Inlet Community of Atlantic City over the full seven year study period.

d. Summary

The Inlet Community could support 1,293 new housing units during the 1983 to 1985 period. However, given the lengthy predevelopment period required for large development projects, most of this demand will go unserved. Projects currently in advanced stages of planning, such as Lighthouse Plaza, will capture a share of this market demand. The renovation of vacant existing units and the utilization of manufactured housing could be accomplished quickly enough to service some of this market potential. In addition, competitive developments reviewed earlier in this report will be drawing on the market support identified for the 1982 to 1985 time frame.

However, primary market support for a new redevelopment initiative in the Inlet Community is expected to come from housing decisions made in the 1985-1990 time frame. Within this market period, a total of 2,655 new market rate housing units could be supported by the demand generated within the primary market area (Atlantic County) and an additional 984 units from outside the market area. Market rate in this context is being defined as units which rent for $400 per month or more, or with purchase prices of $38,000 or more. Of this total, 751 units (28 percent) would be units for rent and 1,904 (72 percent) would be units for sale.

In total, residential redevelopment in the 1985 to 1990 period of development in Atlantic City's Inlet Community can draw upon support for up to 4,120 units. These would be distributed as follows:

Description	Rental Units	Purchase Units	Total
Below Market Rate	326	155	481
Moderately Priced Market	667	1,576	2,243
High-Priced Market	84	1,312	1,396
TOTAL	1,077	3,043	4,120

4) Market Preferences

Table 30 further distributes the projected levels of demand in 1985 to 1990 according to the number of bedrooms and overall physical structure type. These distributions were derived from special tabulations of the 1982 survey of casino-hotel and public employees. The tabulation stratified demand first by tenure basis (owner vs. renter), then by housing value bracket, and finally by the respondents' preferences for type of dwelling, first by bedroom mix, and then by basic type of structure. Distribution of the upper income ownership market by structure type is based on survey results for the level of demand generated by the local market area, while investor/seasonal units are distributed according to demand patterns seen in other comparable developments in Atlantic County and other beach resort cities.

It should be emphasized that the distributions seen in Table 30 are only preferences and do not constitute the development program. Land costs, construction costs, and zoning may preclude development of some of the lower density units even though this is what a significant portion of the

TABLE 30
DISTRIBUTION OF DEMAND PREFERENCES FOR 1985 - 1990 MARKET BY MARKET SECTOR, BEDROOM MIX, AND STRUCTURE TYPE

	RENTAL UNITS					OWNERSHIP UNITS				
DISTRIBUTION BY BEDROOM MIX:	$399 or Less	$400 - 599	$600 - 799	$800 - 1,199	$1,200 or more	$37,999 or less	$38,000 -54,999	$55,000 -76,999	$77,000 109,999	$110,000 or more
Total No of Units	326	265	229	173	84	155	546	523	507	1,312
One Bedroom:	68	8	33	9	0	4	15	63	34	66
Two Bedrooms:	146	125	49	26	13	53	177	111	67	131
Two Master Bedrooms:	24	32	16	9	4	14	34	32	0	0
Three Bedrooms:	72	84	98	95	48	52	242	174	238	656
Four or More Bedrooms:	16	17	33	34	19	33	77	143	168	460
DISTRIBUTION BY STRUCTURE TYPE:	$399 or Less	$400 - 599	$600 - 799	$800 - 1,199	$1,200 or more	$37,999 or less	$38,000 -54,999	$55,000 -76,999	$77,000 109,999	$110,000 or more
Total No of Units	326	265	229	173	84	155	546	523	507	1,312
Single Family Detached:	92	74	66	52	25	76	259	230	294	197
Townhouse/Rowhouse:	71	64	66	57	29	30	127	110	96	303
Duplex/Triplex:	55	51	37	21	11	23	82	84	76	90
Garden Apartments:	69	43	37	26	8	17	41	42	20	10
Midrise/Highrise:	39	33	23	17	11	9	38	58	21	712

Note: Some figures may not add due to rounding.

SOURCES: Casino-Hotel and Public Employees Housing Needs Survey - 1982; American City Corporation.

market would prefer. Furthermore, the derivation of capture rates was accomplished independently of any consideration of preferred type of unit. This means that the total level of demand indicated for any given market sector will remain constant even if the development program provides a different mix of unit types than indicated in these preferences.

Overall design considerations and amenities will be indispensable in marketing the projects developed in the Inlet Community. Recreation provided by the beach and the Inlet, boating opportunities available in the Basin, and walking and jogging opportunities available along the Water's edge and interior of the neighborhoods must be exploited. Each project should have an appropriate complement of on-site amenities. A full array of community amenities, including pools, recreation facilities, and community service centers should also be developed to complement the amenities offered by individual projects. The area should be serviced by an attractive mix of nearby convenience retail shops. Rental projects should consider leasing with the option to buy in the future.

PART III - SUPPORT MARKET: CONVENIENCE RETAIL

Another indispensable element in the marketing of new housing units in the east end of Atlantic City will be the availability of nearby convenience shopping opportunities for residents of the area. Although there are a limited number of small individually owned and operated grocery stores scattered throughout the area, there is no modern, attractive, concentrated neighborhood retail center in the Inlet Community. Therefore, a summary level market analysis was undertaken to determine whether sufficient demand would exist to justify development of new convenience retailing as part of the development program to service the Inlet and other nearby neighborhoods.

Physically, a community scale retail center could be developed in the vicinity of Atlantic and Rhode Island Avenues. Plans for such a center should seek to integrate new development with the existing context of retail shops. A commercial area at this location would service the four redevelopment neighborhoods of Gardner's Basin, Bungalow Park, North Inlet and South Inlet, as well as other areas of the City within approximately a one mile radius of the Atlantic-Rhode Island Avenue site.

The market area includes an estimated population of 13,100 in 1982. This population consists of approximately 4,676 households, with an average household income of $14,940. Together these households have a total disposable income (equals 83.6 percent of total income) of $58.4 million. Approximately 19.6 percent of disposable income is expended on convenience goods and services. Therefore, a total of $11.4 million is available for convenience expenditures from the existing market area population.[1]

The residential market study indicates that a total of 3,639 new market rate housing units could be developed between 1985 and 1990 in the Inlet Community. (Below market-rate households moving within the area are already recognized in the estimate of existing resident incomes.) Based on the distribution of incomes determined as part of the earlier analyses, it is estimated that new households moving into the Inlet from the Atlantic County market area will have a combined disposable income of $93.8 million. Assuming that an average of 20 percent of total household disposable income will be available from the high priced units (allowing for predominately seasonal use), it is estimated that $13.8 million of total disposable income will be available to the Atlantic City economy from these units. There will therefore be a total aggregate disposable income from new households of $107.6 million, of which $21.1 million (19.6 percent of disposable income) would be available for convenience retail expenditures in the Inlet Community.

[1] SOURCES: Urban Decision Systems, Inc.; American City Corporation.

As discussed earlier, there is no significant competitive neighborhood shopping area offering a variety of convenience goods and services serving the Inlet Community. The only supermarket in the City, an old, small (10,000 square feet) facility - Shop N Save - is located on Absecon Boulevard at South Carolina Avenue. Given this lack of significant competitive retail development, it is not unreasonable to assume high capture rates of both the existing and projected future populations in the area.

As indicated above, there will be $11.4 million available for convenience expenditures from the households already living in the market areas in 1982, and an additional $21.1 million will be available from new households moving into the Inlet Community redevelopment neighborhoods. It is estimated that a convenience retail center at a location along Atlantic Avenue would capture 45 percent of the convenience expenditures of residents of the Inlet Community.

It is therefore estimated that the proposed neighborhood retail center would capture approximately $5.13 million in sales from existing residents, and $9.50 million from new residents of the trade area, for a total of $14.63 million in annual sales (in constant 1982 dollars). A desirable sales per square foot productivity for convenience retail stores in a community center is $180 per square foot. Therefore, a total of 81,300 square feet of convenience goods and services would be supportable by 1990. This community center should include a mix of goods and services including stores such as: A full-line supermarket, convenience food store, specialty food stores (fresh fish, butcher, bakery, etc.), prepared foods (a delicatessen, ice cream or pizza parlor, etc.), a pharmacy, hardware store, and services such as a dry cleaners, beauty parlor, and bank.