

City Of Billings
Community Development Division

BILLINGS HOUSING NEEDS ASSESSMENT

Prepared by



Access & Excellence

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**EQUAL HOUSING
OPPORTUNITY**

INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) seeks to build communities "through the development of partnerships among all levels of government and the private sector, including for-profit and non-profit organizations". Consistent with these objectives, HUD's Office of Community Planning and Development has developed underlying principles that are used in carrying out its mission. These principles include:

1. Community building begins with job creation, employment, and ***the creation of safe, decent and affordable housing.***
2. Planning and execution of community development initiatives must be ***bottom up and community driven.***

For the City of Billings, HUD's Consolidated Planning Process includes the planning, application, reporting and community development participation processes of the Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) programs.

The purpose of the Billings Housing Needs Assessment is to quantify the estimated housing needs from 2006 – 2010 and to establish priorities for these needs. The report is organized as follows. First, an economic and demographic analysis of Billings is presented. Second, a profile of the housing stock is outlined. Third, the results of two housing needs surveys are presented. Last, the combination of the household forecast and housing needs surveys are the basis for the housing needs assessment and the determination of the priorities to meet those needs.

ECONOMIC AND DEMOGRAPHIC ANALYSIS

Labor Force and Employment

Labor force statistics are collected by the Montana Department of Labor and Industry, under rules established by the U.S. Bureau of Labor Statistics. The primary source for these statistics is a monthly survey of 950 households throughout Montana. These statistics are reported by County.

Labor Force: Number of persons 16 years and older, excluding armed forces members.

Employment: Number of persons 16 years and older who work for pay (employees) or profit (self employed).

Unemployment Rate: Expressed as a percentage, by dividing unemployed persons (labor force minus employment) by the labor force.

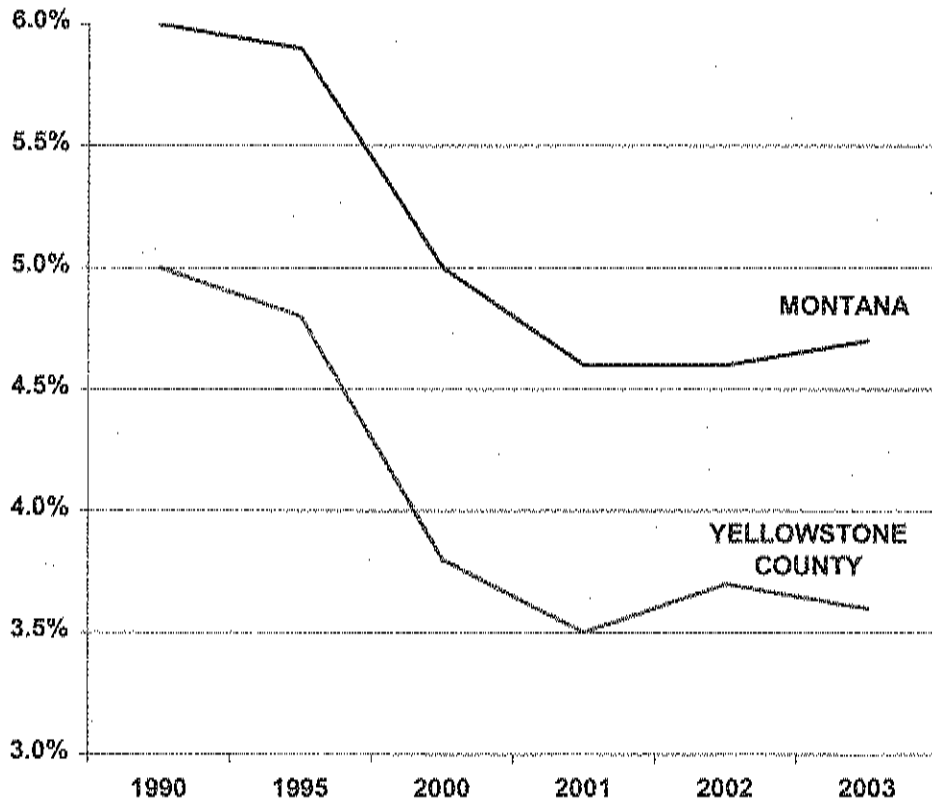
Below is a summary of the labor force, employment, and the unemployment rate for Yellowstone County. From 1990 to 2003, Yellowstone County's unemployment rate decreased by 1.4 percentage points, or by 28%.

YELLOWSTONE COUNTY LABOR STATISTICS

	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Labor Force	61,613	66,500	72,307	67,806	70,226	72,032
Employment	58,563	63,611	69,648	65,457	65,647	69,436
Unemployment Rate	5.0%	4.8%	3.8%	3.5%	3.7%	3.6%

Yellowstone County's unemployment rate mirrors the State unemployment rate, although Montana's rate is on average 1.0% higher than the unemployment rate in Yellowstone County. Over that last two years, Yellowstone County's unemployment rate has decreased, while Montana's unemployment rate has increased.

UNEMPLOYMENT RATE



The U.S. Census Bureau collects data on the class of workers. Classes include private, government, self-employed, and unpaid family workers. In 2000, Montana's workers were classified as follows.

**CLASS OF WORKER
Census 2000**

	<u>Yellowstone Co.</u>	<u>Montana</u>
Private	79.4%	69.2%
Government	11.9%	18.3%
Self-Employed	8.4%	11.8%
Unpaid Family	0.3%	0.7%

In Yellowstone County, a greater percentage of private workers are offset by a greater percentage of government workers statewide. Employment data by industry sector is available from the U.S. Bureau of Economic Statistics (BEA), including employment by industry sector. Below is a comparison of employment by industry in Yellowstone County in 1990 and 2002.

YELLOWSTONE COUNTY EMPLOYMENT BY INDUSTRY¹

	<u>1990</u>	<u>2002</u>	<u>Montana</u> <u>2002</u>
Services & Retail Trade	52%	56%	50%
Government	12%	10%	16%
Finance, Insurance, Real Estate	8%	8%	7%
Construction	4%	7%	7%
Transportation, Information, Utilities	7%	6%	5%
Wholesale Trade	8%	6%	3%
Manufacturing	5%	4%	4%
Agriculture, Forestry & Mining	4%	3%	8%

Between 1990 and 2002, the largest increase in employment occurred in the construction sector, followed by the retail trade/services sector. Montana as a whole has a higher percentage of government and agricultural, forestry & mining employment than Yellowstone County. Yellowstone County has a higher percentage of services (which includes medical services), retail trade and wholesale trade, reflecting its status as a medical, retail, trade and distribution center.

¹ In 2002, the BEA changed from the SIC system (Standard Industrial Classification) to the NAICS (North American Industry Classification System) for data collection. While the industry sectors are not the same between the two classification systems, care has been taken to make the data as comparable as possible. For example, the retail trade & services sectors have been combined for comparison purposes. Prior to 2002, eating and drinking places were classified in the retail trade category, while they are now classified in the services category.

Billings' largest employers encompass a broad range of educational requirements and wage levels. The services sector includes physicians, public school teachers, and fast-food workers. According to the Montana Department of Labor and Industry, the majority of Montana's jobs require a 2-year degree or less. Yellowstone County has a highly educated population: 32% have an associate degree or higher and 26% have a bachelor degree or higher. Using Montana's Job Service clients in Yellowstone County in 2000, it was estimated that 25% of those individuals seeking better employment were overqualified ("underemployed") for their job, based on a comparison of job requirements to educational attainment. Below are the major Billings area employers with 400 or more employees.

<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>SECTOR</u>
Deaconess Billings Clinic	2,158	Services
School District #2	1,939	Services
St. Vincent Healthcare	1,739	Services
City of Billings	1,080	Government
Stillwater Mining Company	964	Mining
Montana State University- Billings	915	Services
Wells Fargo Bank	615	Finance
U.S. Postal Service	528	Government
First Interstate BancSystems	478	Finance
Albertson's	472	Retail Trade
Interstate Brands/Sweetheart Bread Bakers	453	Manufacturing
Wal-Mart	440	Retail Trade
Sysco Food Services	435	Wholesale Trade

Income

The Census Bureau provides data on family income and household income. A family is defined as a household with two or more related persons. Household income is for all persons living together in a household, not necessarily related.

**INCOME DATA- YELLOWSTONE COUNTY
Census 2000**

<u>Income Range</u>	<u>Percent of Families</u>	<u>Percent of Homeowners</u>	<u>Percent of Renters</u>
< \$20,000	16%	16%	47%
\$20,000 - 39,999	27%	19%	28%
\$40,000 - 49,000	13%	20%	14%
\$50,000 - 74,999	24%	24%	8%
\$75,000 - 99,999	10%	11%	2%
\$100,000 - 149,999	6%	6%	1%
\$150,000 +	4%	4%	0%
Median Family Income		\$45,277	
Median Household Income		\$36,727	

While 43% of families earn less than \$40,000, 35% of homeowners and 75% of renters earn less than \$40,000 per year.

In 2003, Montana's poverty rate was 15.1%, up from 14.1% in 2000. According to Census 2000, Yellowstone County's poverty rate was 11.1%, the 4th lowest in the State (behind Jefferson, Broadwater, and Lewis & Clark counties). Almost 3,000 families in Yellowstone County, or 8.5% of total families, are under the poverty level. Of these 3,000 families, almost half are a female head-of household with children under 18 (single mother household).

Population

The population of Billings and Yellowstone County has grown tremendously over the past 33 years. Census population counts and the most current population estimate are below.

POPULATION STATISTICS U.S. Census Bureau

	1970	1980	1990	2000	Estimate 7/1/2003	30-year Growth Rate	10-year Growth Rate
Billings	61,581	66,842	81,151	89,847	92,542	46%	11%
Unincorporated County	21,209	35,575	26,475	33,100	34,093	56%	25%
Total Yellowstone County	87,367	108,035	113,419	129,352	133,191	48%	14%

With much of the growth occurring in the unincorporated area of Yellowstone County, many of these areas may likely require major infrastructure improvements, which increases the cost of housing in the area.

PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS – BILLINGS U.S. Census Bureau

CATEGORY	1990	2000	% TOTAL	% CHANGE
TOTAL POPULATION	81,151	89,847	100%	11%
GENDER				
Male	38,718	43,214	48%	12%
Female	42,433	46,633	52%	10%
AGE				
Under 20 years	24,406	24,220	27%	-1%
21 to 24 years	4,328	6,483	7%	50%
25 to 44 years	26,350	25,751	29%	-2%
45 to 54 years	8,015	12,284	14%	53%
55 to 64 years	7,049	7,770	9%	10%
65 & over	11,003	13,339	15%	21%
RACE				
White	76,738	82,539	92%	8%
Black or African American	439	495	1%	13%
American Indian or Alaska Native	2,569	3,088	3%	20%
Asian, Native Hawaiian or Pacific Islander	479	571	1%	19%
Some Other Race	926	1,300	1%	40%
Two or More Races		1,854	2%	
TOTAL HOUSEHOLDS				
TOTAL HOUSEHOLDS	33,181	37,525	100%	13%
Married Couple Families w/o Children		10,238	27%	
Married Couple Families w/Children		7,491	20%	
Total Married Couple Families	17,162	17,729	47%	3%
Female Householder w/o Children		1,411	4%	
Female Householder w/ Children		2,634	7%	
Total Female Householder	3,493	4,045	11%	16%
Householder Living Alone under 65	6,284	7,470	20%	19%
Householder Living Alone 65 and Older	3,458	4,269	11%	23%
Other Households	2,784	4,012	11%	44%
Average Household Size	2.39	2.32		-3%

Elderly Population

In 2000, 15% of Billings' population was 65 years and older. The population 65 years and older statewide was 13%, and nationwide was 12%. While total population increased 11% from 1990 to 2000, the population in the age categories 21 to 24 and 45 to 54 increased 50% or more, while the increase in the elderly population was 21%.

Group Quarters Population

The Housing Profile section of this report contains information on housing units. Every person not living in a housing unit is considered to live in group quarters. From 1990 to 2000, the Billings' population living in group quarters increased from 1,783 to 2,683 persons, or a 50% increase. Group quarters include institutional quarters such as correctional institutions, nursing homes, and hospitals or schools for persons with a mental or physical disability. Non-institutional group quarters include group homes (communes/foster homes), emergency and transitional shelters, college housing, military quarters and religious quarters. Of the 2,683 persons living in group housing in 2000, 1,572 were in institutional group quarters, and 1,111 were in non-institutional group quarters.

Disabled Population

The U.S. Census Bureau provides numerous statistics on the disabled population. Typically, individuals are classified as having a disability *if any* of the following three conditions are true:

1. They were five-years old and over with a sensory (vision, hearing), physical (condition that limits basic physical activity such as walking, reaching, lifting) mental (learning, remembering, concentrating) or self-care (bathing, dressing, getting around inside the home) disability;
2. They were 16 years old and over with a going outside the home disability (leaving the home alone to shop or visit the doctor); or
3. They were 16 to 64 years old with an employment disability.

Disability statistics for Billings from Census 2000 are below.

DISABILITY STATUS OF THE NON-INSTITUTIONALIZED POPULATION – BILLINGS Census 2000

Population 5 to 15 years with a disability	7%
Population 16 to 64 years with a disability	16%
Population 65 years and over with a disability	41%

Clearly, disability increases significantly with age, as illustrated by the above figures. The aging population and disability status present unique challenges for housing needs.

HOUSING PROFILE

Housing Inventory

The Census Bureau defines a housing unit as a house, an apartment, a mobile home, a group of rooms, or a single room, intended for occupancy as separate living quarters.

Housing units in Billings from Census 1990 and 2000 are summarized below. These units represent permanent housing, and the "other" category includes boats, RV's, and vans that are used by households as their permanent home.

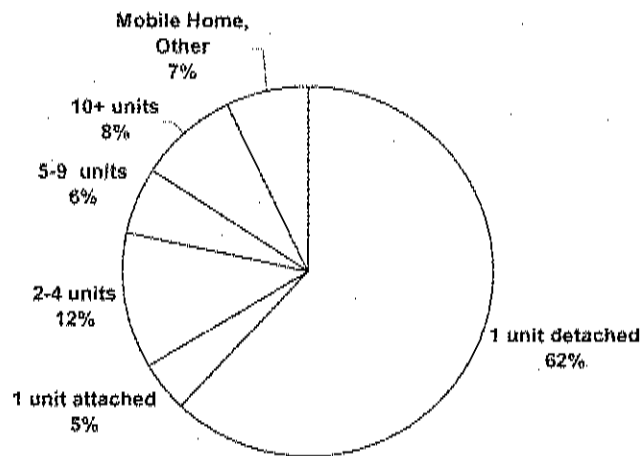
SUMMARY HOUSING CHARACTERISTICS FOR BILLINGS U.S. Census Bureau

	1990	2000	% TOTAL	% CHANGE
TOTAL HOUSING UNITS	35,964	39,151	100.0%	8.9%
Units in Structure				
1 unit detached	21,809	24,221	61.9%	11.1%
1 unit attached	1,279	1,811	4.6%	41.6%
2-4 units	4,963	4,652	11.9%	-6.3%
5-9 units	2,241	2,277	5.8%	1.6%
10+ units	2,670	3,325	8.5%	24.5%
Mobile Home, Other	3,002	2,865	7.3%	-4.6%
Occupants per Room				
Occupied Housing Units	33,181	37,401	100.0%	12.7%
1.00 or less	32,625	36,549	97.7%	12.0%
1.01 to 1.50	403	588	1.6%	45.9%
1.51 +	153	264	0.7%	72.5%
Lacking Facilities				
Lack Complete Plumbing	118	177	0.5%	50.0%
Lack Complete Kitchen	260	418	1.1%	60.8%

The largest increase in housing units from 1990 to 2000 was in the 1-unit attached category (townhouse or duplex with one common wall, such as a patio home). 1-unit detached homes (traditional single-family home) represent over 60% of the total housing units in Billings.

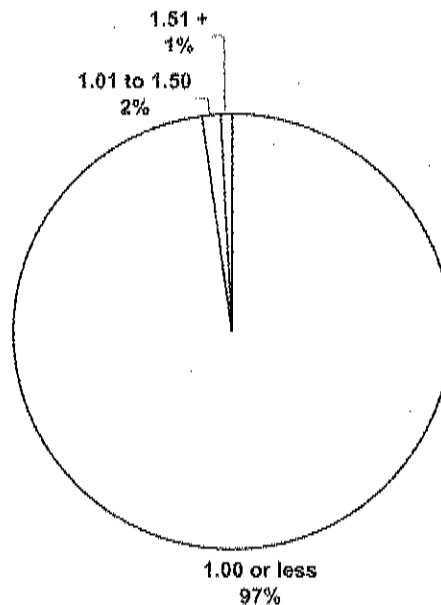
Housing units are described as lacking complete plumbing facilities if there is an absence of hot and cold piped water, or a flushing toilet, or a bathtub or shower. Units are described as lacking complete kitchen facilities in the absence of a sink with piped water, or a range/stove, or a refrigerator. Although total housing units lacking either complete plumbing or complete kitchen facilities are less than 2% of total units, the number of units lacking these facilities increased by more than 50% between 1990 and 2000.

TOTAL HOUSING UNITS – by Units per Structure



The Census Bureau defines more than 1.01 to 1.50 persons per room (total rooms in the home, not just bedrooms) as overcrowding, and 1.51+ persons per room as extreme overcrowding. Although the number of units that are considered overcrowded are less than 3% of total units, the number of overcrowded units increased more than 50% from 1990 to 2000.

OCCUPANTS PER ROOM

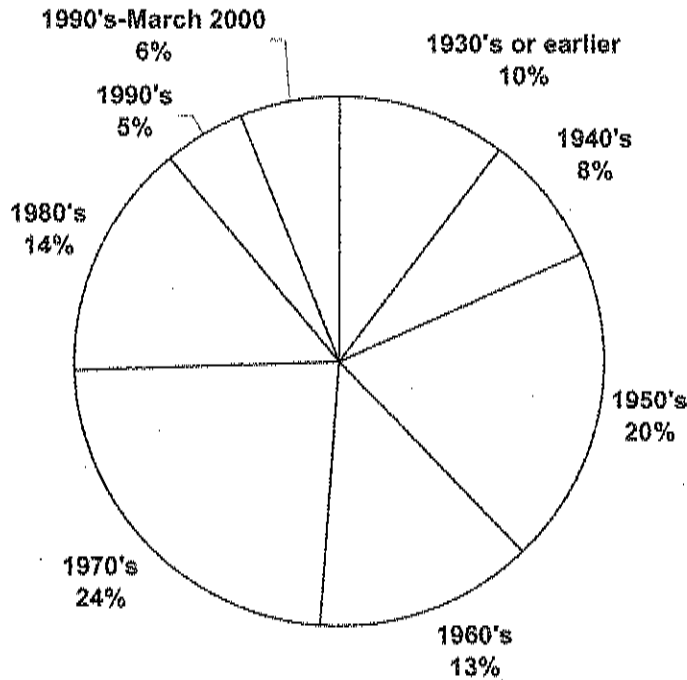


Year Structure was Built

Housing characteristics collected by the Census Bureau include the year structure was built and the number of rooms per structure. Based on Census 2000, the age of Billings's housing units are as follows:

<u>Year Built</u>	<u>Approximate Age</u>	<u>% of Total Units</u>
1939 or earlier	61+ years	10%
1940-1949	51-60 years	8%
1950-1959	41-50 years	19%
1960-1969	31-40 years	13%
1970-1979	21-30 years	23%
1980-1989	11-20 years	14%
1990-1994	6-10 years	5%
1995-1998	2-5 years	6%
1999-March 2000	1 year or less	2%

As of March 2000, one-half of Billings's housing units were 31 years old or older (built in the 1960's or earlier), while 13% were 10 years old or less.



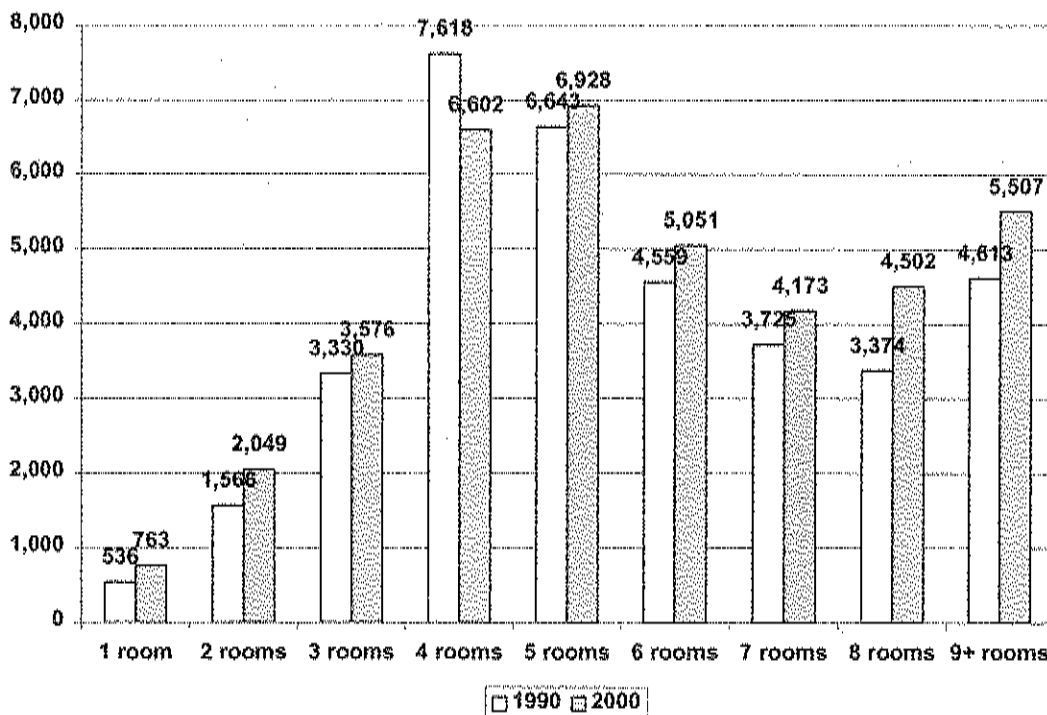
Number of Rooms per Structure

The number of total rooms per structure in Billings is reported by room for 1 to 8 rooms and for 9+ rooms.

Total Number Of Rooms	% of Total Housing Units	% Change 1990 to 2000
1	2%	42%
2	5%	31%
3	9%	7%
4	17%	-13%
5	18%	4%
6	13%	11%
7	11%	12%
8	11%	33%
9+	14%	19%

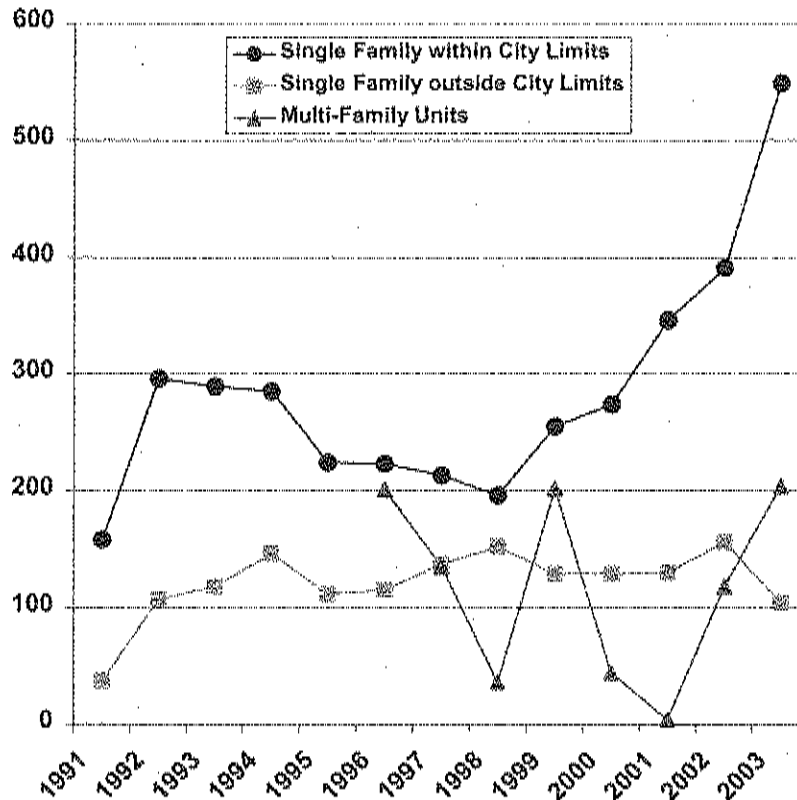
In 2000, the category with the greatest percentage increase was 1 room, however this category only makes up 2% of the housing units. The second greatest increase was 8 rooms. Almost one-half of Billings's housing units have 4 to 6 rooms, despite a decrease of 13% in 4 room housing units from 1990 to 2000.

NUMBER OF ROOMS PER STRUCTURE



New Construction

While Billings' population increased by 8,696 persons from 1990 to 2000, over 3,100 housing units were added. Single family building permit statistics were obtained from the City Building Inspection Division, and multi-family statistics were obtained from the Census Bureau.



Single family permits within the city limits have increased rapidly over the past 4 years, in part due to annexation of new developments into the city. Multi-family permitted units have fluctuated widely over the past 7 years.

According to Census 2000, over 2,400 single-family homes were added between 1990 and 2000, while approximately 900 multi-family units were added during the same time period. Mobile homes decreased by 137 units between 1990 and 2000.

Housing Costs

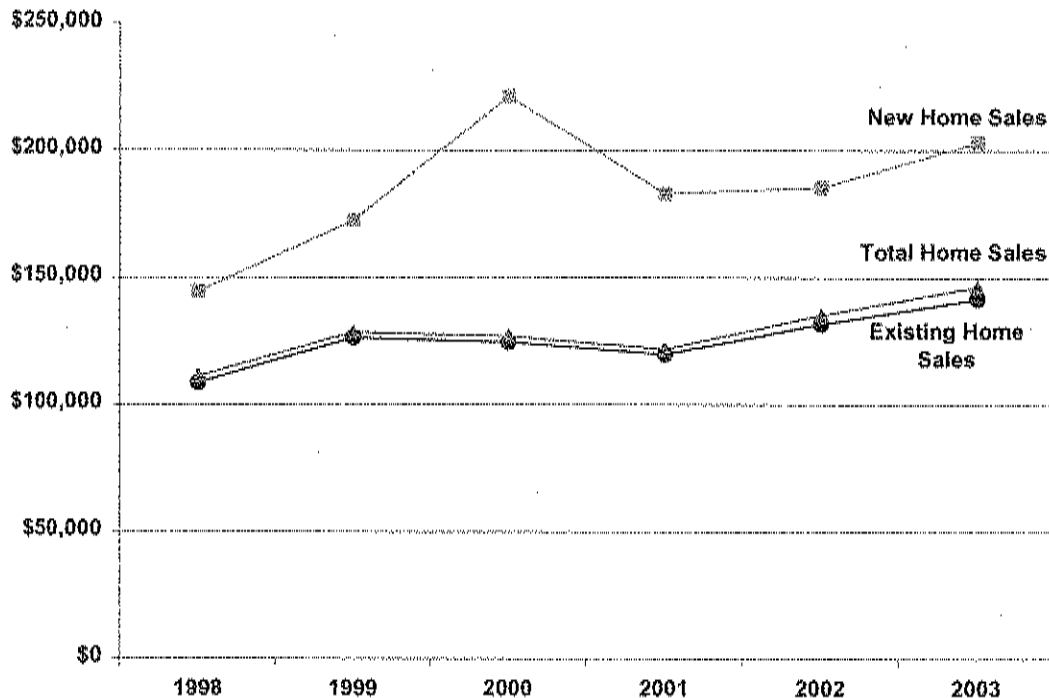
One way to analyze housing costs is by the sale of homes. Since 1998, the Center for Applied Economic Research has collected and analyzed homes sales statistics on behalf of the Montana Board of Housing. These statistics represent a sample from all home sales are collected from banks, title companies, and local real estate associations. Since 1998, the sample size has more than doubled, from 5,066 sales in 1998 to 10,600 sales in 2003.

From this sample, historical housing prices in Billings have been as follows:

Average	1998	1999	2000	2001	2002	2003	Average Annual Increase
Existing Homes	\$108,575	\$126,345	\$124,512	\$119,752	\$131,734	\$141,744	6.1%
New Homes	\$144,408	\$172,354	\$221,568	\$183,084	\$185,472	\$203,152	8.1%
Total Homes	\$111,163	\$128,500	\$126,938	\$121,760	\$135,139	\$146,418	6.3%
Median							
Existing Homes	\$92,950	\$106,000	\$106,000	\$107,000	\$115,000	\$126,650	7.3%
New Homes	\$123,700	\$135,000	\$170,488	\$148,000	\$167,500	\$182,020	9.4%
Total Homes	\$97,000	\$107,000	\$107,750	\$108,000	\$118,500	\$129,900	6.8%

The median has increased slightly more than the average (mean), indicating that prices are skewed toward the higher end.

AVERAGE PRICE OF HOUSING IN MONTANA



New home sales peaked in 2000 at an average price of \$222,000. On average, new homes sold for \$59,000 more than existing homes. Part of this difference is due to higher construction costs, and part of this difference is due to the larger size (and thus higher cost) of many newly constructed homes.

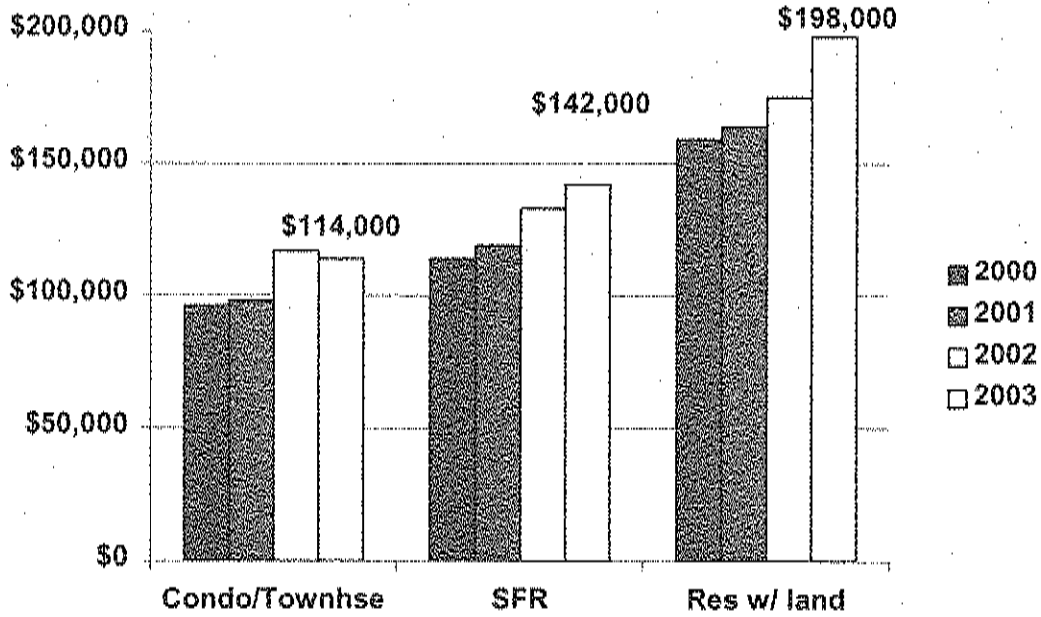
The Center has also analyzed sales recorded in the Billings Association of Realtors Multiple Listing Service (MLS) since 1998. One caveat of using this data is that some newly constructed homes are not recorded in the MLS system. However, since the Billings MLS home sales data can be categorized by type of home and area, it is extremely useful.

From this system, historical housing prices in Billings have been as follows:

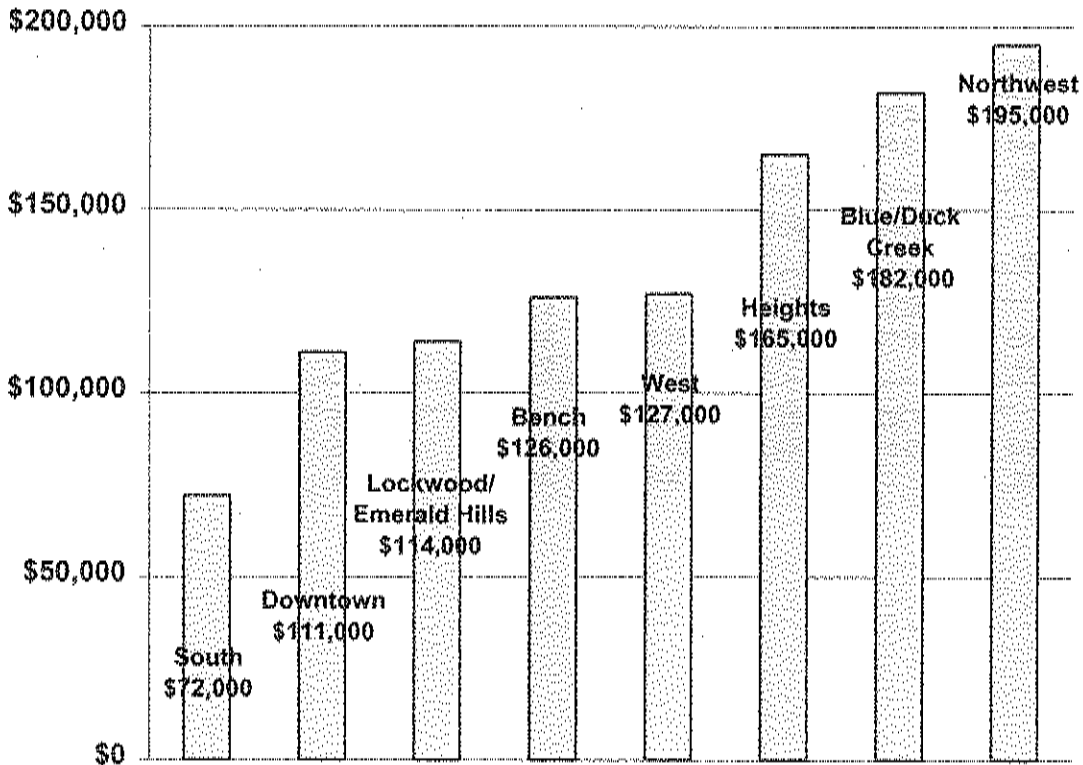
AVERAGE SALES PRICE- NEW & EXISTING HOMES

	1998	1999	2000	2001	2002	2003	Average Annual Change
Billings Heights (West of Bench)							
Single	\$116,939	\$129,278	\$132,755	\$140,964	\$153,799	\$164,697	8%
Residential w/ Land	\$45,000	\$157,000	\$108,000	\$189,500	\$74,900	\$115,333	31%
Condo/Townhouse			\$70,189	\$70,910	\$91,931	\$94,895	3%
Billings Bench (East of Bench)							
Single	\$95,688	\$100,277	\$101,731	\$111,136	\$117,695	\$125,670	6%
Residential w/ Land	\$130,591	\$115,473	\$135,143	\$165,481	\$169,017	\$175,376	7%
Condo/Townhouse			\$98,500	\$114,306	\$103,622	\$111,333	7%
Lockwood/Emerald Hills							
Single	\$89,239	\$95,006	\$92,693	\$96,071	\$109,376	\$113,617	5%
Residential w/ Land	\$144,605	\$139,411	\$215,781	\$159,653	\$170,080	\$191,322	6%
South Billings							
Single	\$58,003	\$61,644	\$58,810	\$64,605	\$66,568	\$72,176	5%
Residential w/ Land			\$109,000			\$108,000	
Condo/Townhouse			\$35,000	\$38,770	\$48,325	\$44,780	-7%
Blue Creek/Duck Creek							
Single	\$146,230	\$139,462	\$155,187	\$171,360	\$167,978	\$182,443	5%
Residential w/ Land	\$173,567	\$194,700	\$236,625	\$254,173	\$226,967	\$292,577	14%
Condo/Townhouse			\$160,200	\$177,500	\$243,800	\$194,300	-20%
Downtown							
Single	\$86,983	\$80,529	\$86,986	\$95,652	\$103,226	\$110,569	5%
Condo/Townhouse			\$45,000	\$70,250	\$101,250	\$140,000	38%
Northwest Billings							
Single	\$140,377	\$146,724	\$156,604	\$161,606	\$180,240	\$195,109	8%
Residential w/ Land	\$220,667	\$122,000	\$225,614	\$166,636	\$237,833	\$334,200	10%
Condo/Townhouse			\$139,064	\$133,824	\$147,544	\$152,191	3%
West Billings							
Single	\$97,309	\$99,113	\$106,386	\$108,449	\$124,855	\$126,801	6%
Residential w/ Land	\$110,610	\$158,975	\$167,422	\$259,773	\$227,876	\$212,569	18%
Condo/Townhouse			\$89,573	\$95,246	\$100,589	\$106,988	6%

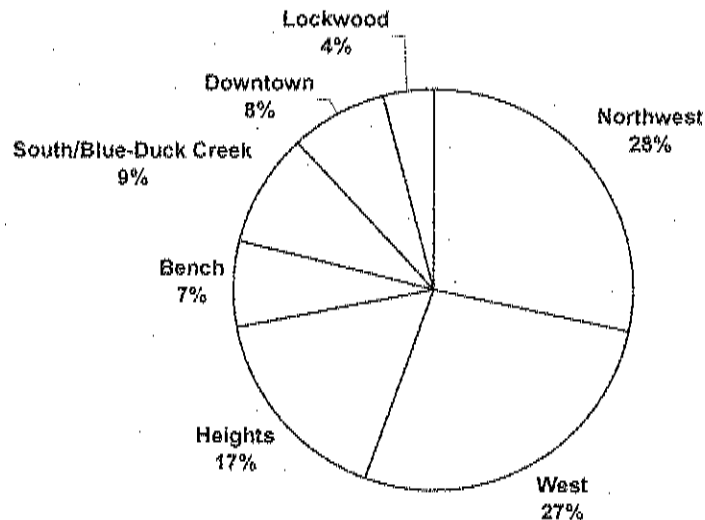
AVERAGE SALES PRICE by TYPE
Billings Association of Realtors



2003 AVERAGE SINGLE FAMILY HOME SALES PRICE by AREA
Billings Association of Realtors



2003 SINGLE FAMILY SALES VOLUME by AREA
Billings Association of Realtors



Over one-half of the single-family homes sold in 2003 were in the West and Northwest areas of Billings, while almost one-fourth were in the Heights (including Bench).

The final method used to analyze housing costs is based on data collected from newspaper classified advertisements. Since 2003, the Center has collected data on advertised housing prices statewide on behalf of the Montana Department of Commerce. The data collected includes advertised for-sale prices for single-family homes, condos, and townhouses, and for-rent prices for apartments, condos, townhouses, single-family homes, and mobile homes, as well as lots suitable for a double-wide manufactured home. The data is further segregated by number of bedrooms.

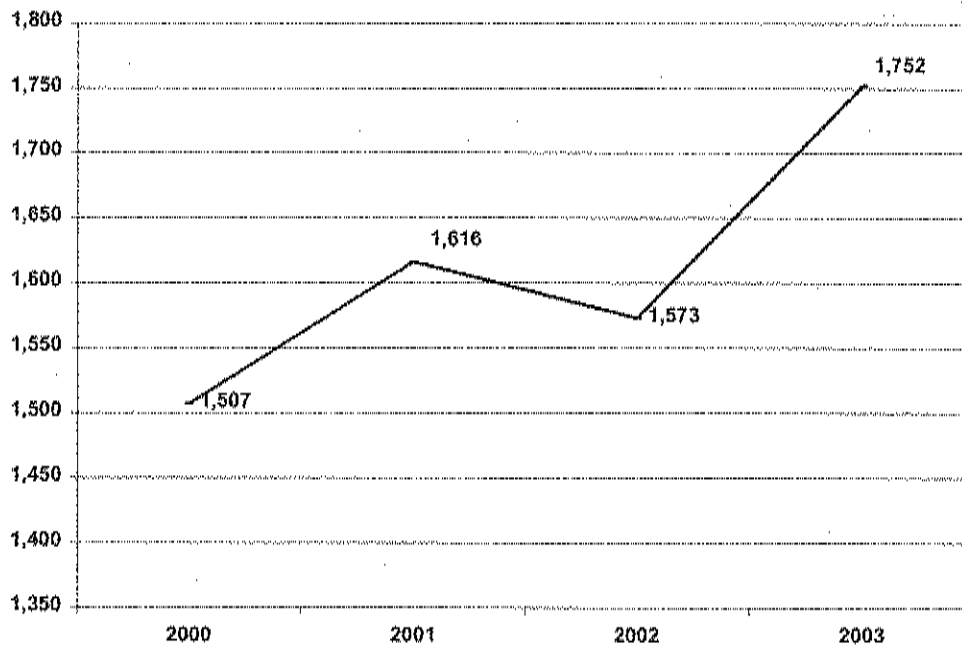
ADVERTISED AVERAGE PRICE in BILLINGS
Newspaper Survey

	2003	2004	% Change
Monthly Rent			
1 bedroom	\$395	\$390	-1.3%
2 bedrooms	\$569	\$558	-1.9%
3 bedrooms	\$785	\$738	-6.0%
For-Sale Price			
Lot	\$29,461	\$44,988	52.7%
2 bedrooms	\$95,721	\$128,913	34.7%
3 bedrooms	\$97,742	\$169,736	73.7%
4 bedrooms	\$157,473	\$208,688	32.5%
5+ bedrooms	\$259,666	\$286,351	10.3%

The advertised price of rentals has decreased, most likely due to competition and the increasing homeownership rate, while the advertised price of homes for sale has increased significantly. This increase reflects market conditions, including lower interest.

The increase in sales volume from 2002 to 2003 is also indicative of the market conditions.

SINGLE FAMILY HOME SALES Billings Association of Realtors



HOUSING NEEDS SURVEY

Survey Methodology

From a database of households in Montana, 2,250 households in zip codes 59101, 59102, 59105, 59106, and 59108 were randomly selected. These 2,250 surveys were addressed to each householder by name (as opposed to "occupant" or "resident"). Out of the 2,250 surveys mailed, only four were returned by the Post Office as undeliverable. A total of 617 households (27.5%) responded to the survey.

Respondent's Housing Situation

The first 10 survey questions related to each respondent's housing situation. Eighty-eight percent, or 544 respondents, indicated that they own their dwelling, and 12%, or 73 respondents, indicated that they rent their dwelling. The homeownership rate for Billings according to Census 2000 was 64%. In 2003, the homeownership rate for Montana is 71.5%

Over 75% of the respondents indicated that they live in a single-family detached house. According to Census 2000, 62% of the housing units in Billings were 1-unit, detached dwellings.

Just over 1/3 of the respondents indicated that they live in a three-bedroom dwelling. This is consistent with home sales in Billings; approximately 1/3 of the homes sold through the Billings Association of Realtors are 3-bedroom dwellings. According to Census 2000, just over 30% of the dwellings in Billings have three bedrooms.

Respondents were asked where their home is located, and whether or not they live within the Billings city limits. 85% of the respondents indicated that they live within the city limits. They were also asked how long they have lived in their home and how long they have lived in Yellowstone County. Over 50% have lived in their home more than 10 years, and over 60% have lived in Yellowstone County more than 20 years. According to Census 2000, the median year a resident of Billings moved into their home was 1991 for owners (over 44% moved into their home in 1989 or earlier), and the median year for renters was 1999 (9% moved into their home in 1989 or earlier). When Census 2000 was taken in March of 2000, a resident who moved into their home in 1989 or earlier had lived in their home 11 years or more.

Questions were asked related to monthly housing costs. Only 13 respondents, or 2%, indicated that they received rental or mortgage assistance from the government. One-fourth of the respondents indicated that they did not have any mortgage or rental payment, while one-fourth indicated that they spent 31-50% of their gross income on housing costs (considered a cost-burden). Only 4.5% of the respondents indicated that they spent more than 50% of their gross income on housing costs (a severe cost burden).

Summarized responses to the questions on "Your Housing" are on the following page.

YOUR HOUSING

1. Check the description that best describes your dwelling:

<u>77.3%</u> Single family, detached house	<u>1.8%</u> Manufactured house on permanent foundation
<u>1.6%</u> Town house	<u>5.3%</u> Apartment
<u>1.9%</u> Condominium	<u>0.2%</u> Rooming house/boarding house
<u>7.0%</u> Mobile home/trailer	<u>3.6%</u> Duplex
<u>1.3%</u> Other	

2. How many bedrooms are there in your home?

<u>0.0%</u> 0 bedrooms	<u>34.8%</u> 3 bedrooms
<u>3.2%</u> 1 bedroom	<u>29.7%</u> 4 bedrooms
<u>21.4%</u> 2 bedrooms	<u>10.9%</u> 5 or more bedrooms

3. Where is your home located?

<u>20.1%</u> Central Billings (east of 17 th Street West)
<u>6.2%</u> South Billings
<u>3.2%</u> Southwest Billings
<u>25.4%</u> West Billings (west of 17 th Street West, south of Grand Avenue)
<u>20.1%</u> Northwest Billings (west of 17 th Street West, north of Grand Avenue)
<u>20.3%</u> Billings Heights
<u>4.7%</u> Lockwood

4. Do you live inside or outside the Billings city limits?

<u>84.6%</u> inside Billings city limits	<u>15.4%</u> outside Billings city limits
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5. How long have you lived in your current home?

<u>1.0%</u> Less than 6 months	<u>20.4%</u> 5 to 10 years
<u>14.9%</u> 6 months to 2 years	<u>50.6%</u> More than 10 years
<u>12.2%</u> 3 to 4 years	<u>0.9%</u> Did not answer question

6. How long have you lived in Yellowstone County?

<u>0.3%</u> Less than 6 months	<u>9.1%</u> 11 to 15 years
<u>4.7%</u> 6 months to 2 years	<u>5.3%</u> 16 to 20 years
<u>5.3%</u> 3 to 4 years	<u>62.6%</u> More than 20 years
<u>12.5%</u> 5 to 10 years	<u>0.2%</u> Did not answer question

7. What is your total monthly **contract** rent or mortgage payment?

<u>4.7%</u> Less than \$300	<u>9.1%</u> \$600 to \$699	<u>14.4%</u> \$1,000 to \$1,499
<u>3.8%</u> \$300 to \$399	<u>9.2%</u> \$700 to \$799	<u>2.9%</u> \$1,500 or more
<u>4.5%</u> \$400 to \$499	<u>6.5%</u> \$800 to \$899	<u>0.6%</u> No rent payment
<u>8.8%</u> \$500 to \$599	<u>4.4%</u> \$900 to \$999	<u>29.8%</u> Home paid for
<u>1.3%</u> Did not answer question		

8. Do you receive rental or mortgage assistance from the government?

<u>2.1%</u> Yes	<u>96.6%</u> No	<u>1.3%</u> Did not answer question
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9. How much of your gross (before taxes) monthly household income do you pay in total for your rent or mortgage payment, and utilities?

<u>38.6%</u> Less than 30 percent	<u>4.6%</u> More than 50 percent
<u>25.4%</u> More than 30 percent but less than 50 percent	<u>25.4%</u> No mortgage / rent pmt.
	<u>6.0%</u> Did not answer question

10. Do you own or rent your home?

<u>88.2%</u> Own	<u>11.8%</u> Rent
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Homeowners

The next eight questions were answered only by homeowner households (544 respondents). The purpose of these questions was to assess the condition of their housing.

Almost 60% of the respondents indicated that their dwelling was built in the 1970's or earlier. According to Census 2000, 73.5% of the dwellings in Billings were built in 1970 or earlier. 11% of the respondents indicated that they did not know when their dwelling was constructed.

Homeowners were then asked about the types and dollar amounts of repairs that were made to their home over the past five years. The most common types of repairs made were painting (70%), appliances (55%), plumbing (47%), windows/doors (37%), heating (36%) and electric (31%). Almost 63% of homeowners were able to make some or all of these repairs themselves; 90% paid for the repairs without assistance from a government or non-profit agency, and 70% paid for the repairs with cash (without credit or a home-equity loan).

The next questions addressed whether their home needed repairs that they are unable to afford. 37% of the homeowners indicated that they had deferred repairs because they could not afford to pay for them. The most common types of repairs needed were windows/doors (59%), roofing and painting (35% each) and siding (29%).

Last, homeowners were asked if they planned to move to a rental within the next five years. Over 84% of homeowners responded that they do not plan to move to a rental within this time period.

Summarized responses to the "Homeowners" questions are on the following page.

HOMEOWNERS

11. When was your home built?

5.7%	2000 or later	20.1%	1970's	4.5%	1940's
13.0%	1990's	13.6%	1960's	3.7%	1939 or earlier
12.0%	1980's	16.7%	1950's	10.7%	Unknown

12. Please check all the types of repairs you have made to your home over the past five years by indicating the approximate cost of those repairs.

Repair Type	Under \$1,000	\$1,000 - \$2,500	Over \$2,500	TOTAL
Painting	45.0%	18.2%	6.4%	69.6%
Appliances	28.3%	20.6%	6.3%	55.2%
Electric	24.8%	4.4%	1.5%	30.7%
Plumbing	36.6%	6.4%	3.7%	46.7%
Heating	14.2%	13.6%	8.6%	36.4%
Roofing	9.2%	9.0%	9.6%	27.8%
Siding	6.4%	3.3%	9.9%	19.6%
Windows/Doors	17.1%	10.3%	9.9%	37.3%
Insulation	12.1%	2.0%	0.9%	15.0%
Foundation	5.1%	0.7%	0.9%	6.7%
Accessibility (ramps, grab bars, etc.)	8.8%	0.9%	0.6%	10.3%
Other	5.7%	6.6%	9.2%	21.5%

13. Were you able to make some or all of those repairs yourself?

62.9% Yes 37.1% No

14. Were you able to pay for those repairs without assistance from a government or non-profit agency?

90.1% Yes 9.9% No

15. Were you able to pay for those repairs in cash (not on credit or with a home equity loan)?

70.0% Yes 30.0% No

16. Are there needed repairs that you have not made to your home because you cannot afford to pay for them?

37.3% Yes 62.7% No

17. If you answered "Yes" to Question 16, please indicate what repairs are needed by indicating approximately how much those repairs are anticipated to cost.

Repair Type	Under \$1,000	\$1,000 - \$2,500	Over \$2,500	TOTAL
Painting	17.7%	13.3%	4.4%	35.4%
Appliances	8.4%	7.9%	2.5%	18.8%
Electric	6.9%	12.8%	3.0%	22.7%
Plumbing	7.9%	3.9%	3.0%	14.8%
Heating	2.5%	4.4%	5.4%	12.3%
Roofing	5.9%	10.8%	18.7%	35.4%
Siding	3.4%	6.9%	18.7%	29.0%
Windows/Doors	14.8%	18.7%	25.1%	58.6%
Insulation	6.4%	9.4%	3.0%	18.8%
Foundation	1.0%	2.5%	2.0%	5.5%
Accessibility (ramps, grab bars, etc.)	4.9%	2.0%	0.0%	6.9%
Other	3.9%	5.9%	8.4%	18.2%

18. If you own your home, do you plan to move to a rental within the next five years?

83.8% plan to stay in current home
 2.6% plan to move to a rental: please indicate type of rental
 43% retirement or assisted living facility
 29% condo or patio home
 28% other / no answer
 13.6% Did not answer the question

Renters

The next seven questions were answered only by renter households (73 households). These questions were twofold: first, to assess the condition of their rental housing, and second, to determine their desire to purchase their own home.

About one-fourth of the respondents indicated that the property owner made repairs promptly when asked, and one-fourth also indicated that these repairs were adequately completed.

Renters were then asked about the types and dollar amounts of repairs that their dwelling currently needs. Of the 12 renter households indicating repairs were needed, the most common types of repairs needed were painting (75%), windows/doors (75%), plumbing (58%), appliances (50%) and other (50%).

Renter households were then asked about their desire to own a home. Almost 60% of renter respondents indicated that they desire to own their own home. For these households, over 65% indicated that they desire to own a single family, detached house. Renters were also asked why they are currently unable to own a home. Of the 43 renter households that indicated they would like to own a home, over 75% indicated that they lacked the funds for a down payment, and over 40% indicated that they could not qualify for a mortgage because of past credit problems. Being unable to afford the monthly mortgage payments and being unable to qualify for a mortgage because of other debts were other barriers to homeownership selected by 35% of the respondents.

Summarized responses to the "Renters" questions are on the following page.

People In The Respondent's Household

The next nine questions were asked of both owner and renter households, and related to the characteristics of the respondent's household. Just over 45% of the households in the survey have a two-person household. According to Census 2000, almost 35% of the households in Billings were two-person households. One-person households accounted for 22% of the survey respondents and 31% of Census 2000 households.

Thirty-seven percent of the respondents indicated that the head-of-household was 35 to 54 years old. According to Census 2000, 45% of households had a head-of-household 35 to 54 years old. While 23% of Census 2000 head-of-households were 65 years or older, 32% of the survey households were in the same age category.

When asked for annual household income, the income category from \$50,000 to \$74,999 was the most reported category, with 19% of respondents. Household income was reported as follows:

	Survey <u>Households</u>	Census 2000 <u>Households</u>
Less than \$25,000	20%	35%
\$25,000 to \$50,000	34%	32%
\$50,000 to \$74,999	19%	19%
\$75,000 or more	22%	14%

Five percent of the respondents declined to report their household income.

By far, the most common race reported by the household respondents was white, at 97%.

Thirty-three percent of the households reported having a household member over 65, and 16% reported having a disabled household member. Of those households that indicated a disabled member, 41% had a disability that limited their mobility within the home (such as climbing stairs, reaching, bathing, or getting around inside their home).

The last two questions related to the respondent's satisfaction with their current living situation (both owner and renter households). Over 61% of respondents indicated that they were very satisfied with their current living situation, while 2% indicated they were very dissatisfied. Just over 27% responded that they were somewhat satisfied with their current living situation. Of the 9% that indicated they were somewhat or very dissatisfied, over 80% indicated that financial or credit problems prevent them from moving.

Summarized responses to "The People in Your Household" questions are on the following page.

THE PEOPLE IN YOUR HOUSEHOLD

26. How many people (including yourself) live in your home?

<u>22.1%</u>	1	<u>11.0%</u>	4	<u>0.3%</u>	7	<u>0.0%</u>	10 or more
<u>45.7%</u>	2	<u>4.7%</u>	5	<u>0.3%</u>	8	<u>0.5%</u>	Did not answer question
<u>14.4%</u>	3	<u>1.0%</u>	6	<u>0.0%</u>	9		

27. Which age category describes the head of your household?

<u>0.0%</u>	Under 21	<u>36.8%</u>	35 to 54	<u>32.3%</u>	65 or over
<u>9.6%</u>	21 to 34	<u>20.9%</u>	55 to 64	<u>0.4%</u>	Did not answer question

28. Which category describes your annual household income (total for all people 18 and older that live in your home)?

<u>1.1%</u>	Under \$5,000	<u>8.3%</u>	\$20,000 to 24,999	<u>18.5%</u>	\$50,000 to 74,999
<u>0.8%</u>	\$5,000 to 6,999	<u>8.6%</u>	\$25,000 to 29,999	<u>11.8%</u>	\$75,000 to 99,999
<u>1.1%</u>	\$7,000 to 9,999	<u>6.5%</u>	\$30,000 to 34,999	<u>6.3%</u>	\$100,000 to 149,999
<u>3.7%</u>	\$10,000 to 14,999	<u>8.3%</u>	\$35,000 to 39,999	<u>3.6%</u>	\$150,000 and over
<u>5.5%</u>	\$15,000 to 19,999	<u>10.5%</u>	\$40,000 to 49,999	<u>5.4%</u>	Did not answer

29. Which category (or categories) below best describes the race(s) of the people in your household? (Please check all that apply.)

<u>97.0%</u>	White	<u>2.2%</u>	Hispanic
<u>0.6%</u>	Black or African American	<u>1.6%</u>	American Indian or Alaska Native
<u>1.0%</u>	Asian	<u>0.7%</u>	Native Hawaiian or Other Pacific Islander
<u>0.5%</u>	Multiracial	<u>1.3%</u>	Did not answer question

30. Are any members of your household over 65?

<u>33.2%</u>	Yes	<u>66.5%</u>	No	<u>0.3%</u>	Did not answer question
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31. Do you or do any members of your household have a mental or physical disability?

<u>15.9%</u>	Yes	<u>84.0%</u>	No	<u>0.1%</u>	Did not answer question
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32. If you answered yes to Question 31, does this disability limit mobility inside your home (climbing stairs, reaching, bathing, or getting around inside the home)?

<u>40.8%</u>	Yes	<u>59.2%</u>	No
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33. What is your overall satisfaction level with your current living situation?

<u>61.3%</u>	Very satisfied	<u>6.6%</u>	Somewhat dissatisfied
<u>27.6%</u>	Somewhat satisfied	<u>2.1%</u>	Very dissatisfied
<u>1.9%</u>	Neither satisfied or dissatisfied	<u>0.5%</u>	Did not answer question

34. If you are somewhat or very dissatisfied, what prevents you from moving?

<u>94.4%</u>	Lack of affordable housing
<u>33.3%</u>	Lack of suitable housing
<u>83.3%</u>	Financial or credit problems
<u>77.8%</u>	Other Home needs repairs in order to sell, age-related concerns, too much trouble to move, waiting for retirement, family commitments.

Housing In The Billing's Community

The last five questions were asked of both owner and renter households, and asked for the respondent's opinion regarding housing needs and housing conditions in Billings.

First, the survey asked respondents to rate how well 13 different housing needs are being met in Billings. A need that is perceived as well met is low-interest mortgage loans. Needs that are perceived as being poorly met are the availability of both affordable homes for purchase and affordable rental housing, as well as housing for the homeless. Well above the majority of respondents had no opinion or did not know how well the following needs are being met: deposit assistance for rental housing, deposit assistance for utilities, mortgage down payment assistance, housing rehabilitation/repair assistance, tenant-landlord mediation, housing referral information and compliance with fair housing requirements.

Next, respondents were asked to indicate their agreement with the statements "the housing stock in this area is in good condition" and "many houses and apartments in this area are overcrowded". As they were asked to answer these questions based on their own neighborhood, the results are summarized by area. Overall, 72.8% of the respondents either strongly agree or agree that the housing stock is in good condition. While 25.6% of respondents strongly disagree that housing is overcrowded in Billings, 48.9% do not know or do not have an opinion on overcrowding.

Last, respondents were asked what types of housing are most needed in Billings, and which group of people has the greatest unmet housing need. Affordable single family homes for purchase were perceived as the highest need, with 44.4% of respondents selecting this type of housing.

Summarized responses to "Housing in Your Community" questions are on the following page.

HOUSING IN YOUR COMMUNITY

35. Please indicate how well you believe that the following needs are being met in your community.

Need	Need Well Met	Need Somewhat Met	Need Poorly Met	Need Not Met	No Opinion/ Don't Know	Did Not Answer
Availability of affordable homes to buy	8.6%	34.4%	23.2%	9.2%	14.4%	10.2%
Availability of affordable rental housing	6.6%	24.1%	24.1%	9.6%	24.3%	11.2%
Deposit assistance for rental housing	2.3%	9.6%	8.8%	5.7%	60.5%	13.3%
Deposit assistance for utilities	3.4%	11.7%	7.9%	5.0%	58.5%	13.5%
Mortgage down payment assistance	4.5%	15.6%	10.2%	4.1%	52.0%	13.6%
Low-interest mortgage loans	16.4%	28.4%	7.0%	3.1%	31.1%	14.1%
Housing rehabilitation/repair assistance	2.8%	13.6%	10.5%	4.7%	53.8%	14.6%
Shelter/permanent housing for the homeless	2.9%	17.8%	15.9%	10.2%	39.9%	13.3%
Accessible housing for persons with disabilities	3.9%	15.6%	11.8%	5.5%	48.8%	14.4%
Assisted housing for seniors	9.1%	23.8%	9.6%	5.8%	38.2%	13.5%
Tenant-landlord mediation	2.4%	8.8%	7.1%	3.6%	63.9%	14.4%
Housing referral information	3.2%	10.9%	7.6%	3.4%	60.6%	14.3%
Compliance with fair housing requirements	6.0%	12.0%	3.7%	2.3%	61.4%	14.6%

Please answer Questions 36 and 37 about housing conditions in your Billings neighborhood.

36. "The housing stock in this area is in good condition."

Strongly Agree Somewhat Disagree
 Somewhat Agree Strongly Disagree Don't Know/No opinion

	CENTRAL HEIGHTS	LOCK- WOOD	NORTH- WEST	SOUTH WEST	SOUTH- WEST	WEST	OVERALL
HOUSING IS IN GOOD CONDITION							
Strongly Agree	27.4%	39.2%	0.0%	45.2%	7.9%	25.0%	33.9%
Somewhat Agree	43.5%	41.6%	44.8%	37.1%	34.2%	45.0%	38.9%
Somewhat Disagree	12.9%	5.6%	27.6%	0.0%	13.2%	10.0%	7.9%
Strongly Disagree	1.6%	3.2%	6.9%	0.8%	10.5%	10.0%	2.6%
Don't Know / No Opinion	10.6%	6.4%	17.2%	12.9%	28.9%	5.0%	13.1%
Did Not Answer Question	4.0%	4.0%	3.4%	4.0%	5.3%	5.0%	3.6%

37. "Many houses and apartments in this area are overcrowded (more than two people per bedroom)."

Strongly Agree Somewhat Disagree
 Somewhat Agree Strongly Disagree Don't Know/No opinion

	<u>CENTRAL</u>	<u>HEIGHTS</u>	<u>LOCK-</u>	<u>NORTH-</u>	<u>SOUTH</u>	<u>SOUTH-</u>	<u>WEST</u>	<u>WEST</u>	<u>OVERALL</u>
<u>HOUSING IS OVERCROWDED</u>									
Strongly Agree	0.8%	4.8%	0.0%	1.6%	7.9%	0.0%	0.0%		1.9%
Somewhat Agree	9.7%	6.4%	24.1%	2.4%	15.8%	10.0%	5.1%		7.5%
Somewhat Disagree	18.5%	13.6%	17.2%	12.1%	5.3%	10.0%	9.6%		12.8%
Strongly Disagree	21.0%	26.4%	13.8%	35.5%	5.3%	30.0%	27.4%		25.6%
Don't Know / No Opinion	46.8%	46.4%	41.4%	43.5%	63.2%	45.0%	55.4%		48.9%
Did Not Answer Question	3.2%	2.4%	3.4%	4.8%	2.6%	5.0%	2.5%		3.2%

38. In your opinion, which of the following housing types are most needed in your community?

<u>25.9%</u> Single family houses	<u>6.2%</u> Condos/Town houses
<u>31.8%</u> Affordable rental units	<u>44.4%</u> Affordable single family homes for purchase
<u>3.6%</u> Apartments	<u>9.9%</u> Accessible housing for disabled persons
<u>15.9%</u> Assisted living for seniors	<u>15.2%</u> Homeless shelters
<u>10.0%</u> Assisted living for disabled	<u>8.8%</u> Subsidized housing
<u>24.0%</u> Affordable rentals for seniors	<u>26.9%</u> Affordable rentals for families
<u>14.6%</u> Affordable rentals for singles	<u>3.1%</u> Other

39. To your knowledge, which group of people in your community have the greatest unmet housing need, and why?

49%: No opinion / don't know

13%: Low income residents (26% of respondents who gave an answer)

11%: Young families & other first-time homebuyers (22% of respondents who gave an answer)

6%: Elderly residents (11% of respondents who gave an answer)

5%: Single mothers / single parents with children (10% of respondents who gave an answer)

Personal Interviews

Interviews were conducted with individuals in Billings who are knowledgeable about the housing market. These include builders, realtors, property managers, public housing authorities, human resource development councils, and social service agencies serving the elderly, disabled, special needs, low-income and other at-risk populations. A table of the interviewees is included in the appendix.

Homeownership: Interviewees were first asked about the greatest unmet housing need in Billings related to homeownership. 80% indicated that affordable single-family homes for purchase were the greatest need, especially for low and middle income households. Many indicated that there were not any quality homes available for purchase under \$100,000, and few under \$120,000. Concern about income levels compared to housing costs was frequently mentioned.

The barriers to building new affordable housing were the increasing cost of construction and materials, and the increasing cost of infrastructure. Other barriers to homeownership were the lack of down payment assistance and a lack of knowledge regarding the home buying process and available assistance.

Several interviewees indicated that property taxes were too high, especially for senior citizens. Periodic assistance with mortgage payments and property tax payments was also cited as a need for working homeowners.

Rentals: Interviewees were asked about the greatest unmet housing need related to rentals. 70% indicated that affordable rentals were the greatest need. Many indicated that the quality of rentals was substandard -- that there is a lack of affordable rentals that are safe, clean, and well-maintained. Because of income levels, several mentioned that more subsidized rentals are needed in the Billings, particularly with the projected cuts in Section 8 vouchers. Many questioned why so much of the newly constructed multi-family housing is higher-priced units.

Deposit assistance and reasonable application fees were also cited as needs. Several interviewees mentioned that renters and landlords need to be educated regarding their rights and responsibilities.

HOUSING NEEDS ASSESSMENT

In order to assess current and future housing needs in Billings, the Center analyzed the community input (mail survey and personal interviews), and compared this to the economic, demographic and housing profile data. The needs outlined below are organized by type (homeownership, rental, and special needs) and represent the local perceptions of needs as reflected in the survey responses and personal interviews.

HOMEOWNERSHIP NEEDS

The prevailing concerns related to homeownership and the current housing stock are:

- Affordability and other financial barriers to homeownership
- Difficulty of paying for needed repairs
- Increasing cost of construction and infrastructure

Affordability and other Financial Barriers

80% of community members interviewed indicated that affordable single-family homes for purchase is the greatest housing need. The availability of affordable single family homes for purchase was described as a need somewhat or poorly met by 67% of mail survey respondents. Respondents also listed young families and other first-time homebuyers and low income residents as two of the top groups of people in the community with the greatest unmet housing need.

The U.S Department of Housing and Urban Development (HUD) defines affordability by the term "cost burdens". A cost burden as when at least 30% of a household's monthly income is spent on housing costs, including utilities such as energy. A severe cost burden is when 50% or more of monthly income is spent on housing costs.

Current Homeowners

A special tabulation of Census 2000 data, commonly referred to as the "CHAS DATA"² provides two tables of data: Housing Problems and Affordability Mismatch. The **Housing Problems Table** tabulates **households** by income category that have a cost burden or that have a housing problem such as overcrowding, or lacking complete plumbing or kitchen facilities. Households are divided into owner and renters and the following household types:

Elderly	A one or two person household in which the head of household or spouse is at least 62 years of age.
Small Related	A one or two person household that includes at least one person related to the householder by blood, marriage, or adoption.
Large Related	A household of 5 or more persons that includes at least one person related to the householder by blood, marriage, or adoption.
Other	Unrelated households without an elderly member.

² "CHAS" refers to the Comprehensive Housing Affordability Strategy, which is part of the National Affordability Housing Act of 1991.

	Owner Households				Total Owners
	Elderly	Small Related	Large Related	Other	
Households with income <=30% MFI	582	221	55	243	1,101
% with cost burden/overcrowding/lacking facilities	71.5	71.9	92.7	84.4	75.5
% with cost burden	71.5	71.9	85.5	84.4	75.1
% with severe cost burden	50.3	65.6	85.5	63.8	58.1
Households with income 31% to 50% MFI	1,033	371	78	400	1,882
% with cost burden/overcrowding/lacking facilities	41.9	75.5	75.6	64.8	54.8
% with cost burden	41.5	74.4	65.4	64.8	53.9
% with severe cost burden	13.9	50.4	28.2	39.8	27.2
Households with income 51 to 80% MFI	1,507	1,145	299	587	3,538
% with cost burden/overcrowding/lacking facilities	23.8	53.7	56.5	54.3	41.3
% with cost burden	23.8	51.8	43.1	54.3	39.5
% with severe cost burden	7.9	12.7	8.0	4.4	8.9
Households with income >80% MFI	3,958	9,499	1,447	2,187	17,091
% with cost burden/overcrowding/lacking facilities	5.2	7.9	7.4	13.5	7.9
% with cost burden	5.0	7.5	5.6	13.5	7.5
% with severe cost burden	0.3	0.5	0.3	0.8	0.5
Total Households	7,080	11,236	1,879	3,417	23,612
% with cost burden/overcrowding/lacking facilities	20.0	16.0	20.5	31.6	19.8
% with cost burden	19.8	15.5	16.4	31.6	19.2
% with severe cost burden	8.0	4.7	5.2	10.5	6.6

The data shows that affordability, overcrowding, and a lack of complete plumbing and kitchen facilities is a greater problem for low income households, large family households, and "other" households, which includes disabled households without an elderly or family member.

The **Affordability Mismatch Table** tabulates *housing units* that are affordable to households by income level for renters and owners. It also tabulates housing units that have a problem (overcrowding or lacking plumbing or kitchen facilities), and units that were built before 1970.

	Owned/for sale units by # of bedrooms			Total
	0-1	2	3+	
Units Affordable to <=50% of MFI				
# occupied units	228	1,780	2,605	4,613
% occupants <=50%	43.4	36.8	25.5	30.8
% built before 1970	50	48.9	51.6	50.5
% some problem	19.7	11	4.8	7.9
# vacant for sale	15	4	80	99
Units Affordable to 51-80% of MFI				
# occupied units	279	2,035	7,570	9,884
% occupants <=80%	57.3	45.7	21.5	27.5
% built before 1970	65.9	70.5	62.7	64.4
% some problem	12.5	5.2	1	2.2
# vacant for sale	15	25	85	125

For owned units, 31% of very-low income occupants (< 50% MFI) can afford their home while 69% incur a cost burden. For low income owner households (51-80% MFI), 27% of occupants can afford their home while 73% incur a cost burden. Affordability is based on estimating owner costs using a 7.9% interest rate and national averages for utilities, taxes and insurance. These figures highlight the fact that while many people are able to purchase a home in Billings, they are not able to pay for that home unless they spend more than 30% of their income on housing costs.

Potential Homeowners

59% of renter households surveyed indicated that they would like to own their own home instead of renting. Based on the total of 13,500 renter households as of Census 2000, this indicates that there are between 7,500 and 8,300 renter households in Billings that want to purchase a home. 65% of these renters, or 4,900 to 5,400 households, would most like to purchase a single-family detached home. Based on median household income data, homes that are priced from \$80,000 to \$130,000 would (currently) be affordable to households earning from \$24,000 to \$40,000 annually:

<u>Annual Income</u>	<u>Price for an Affordable Home</u>
\$24,000	\$80,000
30,000	100,000
36,000	120,000
40,000	130,000

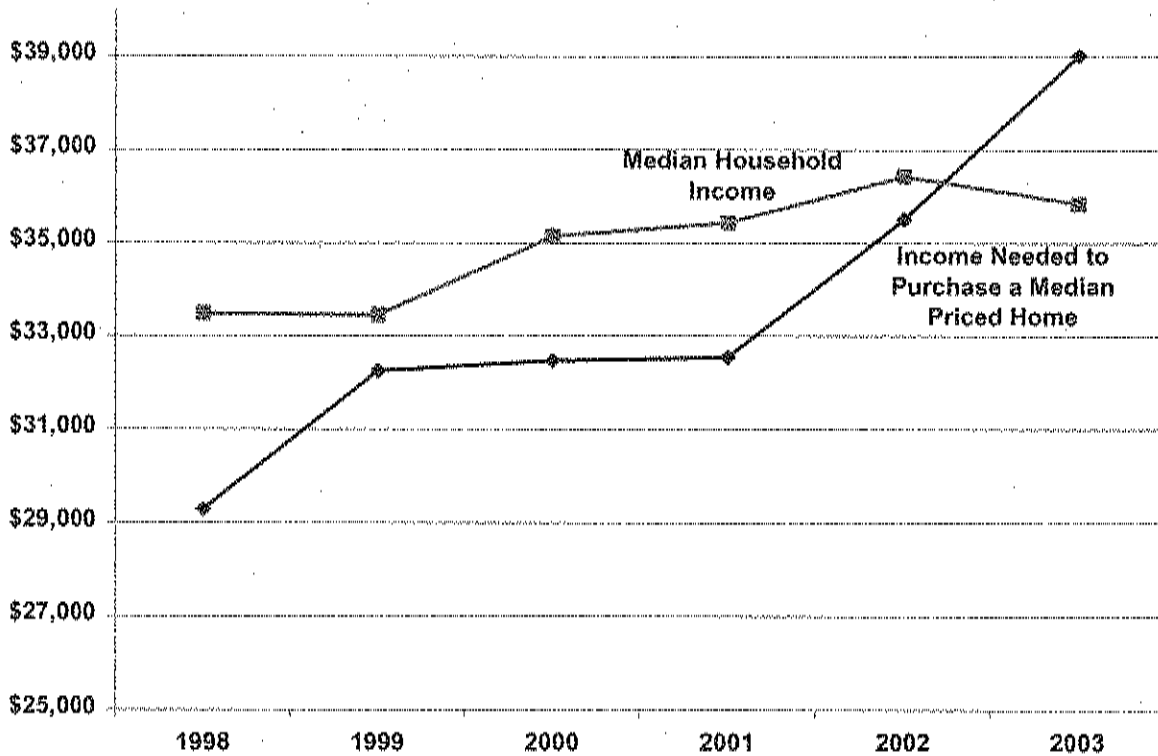
Community member that were interviewed repeatedly expressed concern about income levels compared to housing costs. From the mail survey, three-fourths of households who currently want to purchase their own home but are unable to do so indicated that they were unable to purchase a home because they:

1. Lacked down payment funds
2. Are unable to afford the mortgage payment
3. Cannot qualify for a mortgage because of past credit problems or other debts
4. Are unfamiliar or intimidated by the process of buying a home.

These were the same concerns raised by the community members that were personally interviewed.

Comparing median household income to housing costs provides a clear picture of housing affordability in Billings.

**ANNUAL COST OF A MEDIAN PRICED HOME versus MEDIAN HOUSEHOLD INCOME
1998 - 2003**



Median household income was estimated using Census Bureau figures. Income needed to purchase a median priced home is based on a 30% housing costs to income ratio. Housing costs include utilities, property taxes, homeowner and PMI insurance, with 10% down, a 7.0% interest rate, and 3% closing costs. Since 2001, housing costs have increased at a much faster rate than median household income, and housing costs surpassed income in 2003.

From our newspaper survey, in 2004 the average advertised price of a 3-bedroom home in Billings was \$169,736. In order to afford this home without spending more than 30% of their income, a household would need to earn almost \$51,000. Estimated median household income for Billings was \$36,000 in 2003. Median family income estimated by HUD for Billings is \$53,600 for 2004.

52% of homeowners surveyed had no opinion or did not know how well "mortgage down payment assistance" was being met in Billings. This may reflect a lack of knowledge regarding available assistance. Additionally, down payment assistance is only one of the issues related to affordable housing; the ongoing cost of paying for and maintaining a home is just as critical.

Difficulty Paying for Needed Repairs

From the mail survey, 37% of homeowners indicated there are repairs needed to their home that they are unable to pay for. Based on 24,025 homeowner households as of Census 2000, this indicates that there are 8,900 to 9,400 homeowner households in Billings that do not have adequate funds to pay for necessary repairs. Additionally, some households stated that the reason they were unable to move from their current home was because they did not have adequate funds to make repairs prior to selling their home. The most common repairs needed by current homeowners are windows & doors. The cost of this type of repair & maintenance can be significant (almost half estimated the cost over \$2,500), and unaffordable to many homeowners who are already paying well in excess of 30% of their income toward housing costs. Below is the table of repairs needed by homeowners who responded to the mail survey.

Repairs Needed by Homeowners	Under \$1,000	\$1,000 - \$2,500	Over \$2,500	TOTAL
Painting	17.7%	13.3%	4.4%	35.4%
Appliances	8.4%	7.9%	2.5%	18.8%
Electric	6.9%	12.8%	3.0%	22.7%
Plumbing	7.9%	3.9%	3.0%	14.8%
Heating	2.5%	4.4%	5.4%	12.3%
Roofing	5.9%	10.8%	18.7%	35.4%
Siding	3.4%	6.9%	18.7%	29.0%
Windows/Doors	14.8%	18.7%	25.1%	58.6%
Insulation	6.4%	9.4%	3.0%	18.8%
Foundation	1.0%	2.5%	2.0%	5.5%
Accessibility (ramps, grab bars, etc.)	4.9%	2.0%	0.0%	6.9%
Other	3.9%	5.9%	8.4%	18.2%

Overall, 72% of mail survey respondents indicated that they strongly agree or agree that "the housing stock in their area is in good condition". However, 20-35% of residents in Lockwood, South and Southwest Billings indicated that they somewhat or strongly disagree with this statement.

Additionally, over one-half of respondents indicated that they did not know or did not have an opinion as to how well housing rehabilitation/repair assistance needs were being met. This indicates that residents are unaware of available assistance.

Increasing Cost of Construction and Infrastructure

The cost of construction continues to increase; construction materials and labor are increasing relative to demand. Part of the increasing cost includes the infrastructure for a new housing development: streets, curbs, water & sewer lines, and other city services.

POPULATION STATISTICS U.S. Census Bureau

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>Estimate</u> <u>7/1/2003</u>	<u>30-year</u> <u>Growth</u> <u>Rate</u>	<u>10-year</u> <u>Growth</u> <u>Rate</u>
Billings	61,581	66,842	81,151	89,847	92,542	46%	11%
Unincorporated County	21,209	35,575	26,475	33,100	34,093	56%	25%
Total Yellowstone County	87,367	108,035	113,419	129,352	133,191	48%	14%

With much of the growth occurring in the unincorporated area of Yellowstone County, many of these areas may likely require major infrastructure improvements, which increases the cost of housing in the area. As the Billings' city limits continue to expand, this places additional stresses on current services. The issue becomes how to equitably distribute these costs between developers, new homeowners, and current homeowners.

RENTAL NEEDS

The critical concerns related to rental housing identified were:

- Affordability
- Condition
- Rental deposits and application fees

Mail survey respondents indicated that low income residents, elderly residents, and single mothers/parents with children were three of the four top groups of people in the community that have the greatest unmet housing need. Many households in these groups will be renter households.

Affordability

Survey respondents and community members interviewed indicated that affordable housing is the primary concern for renters. The Census 2000 *Housing Problems Table* for renters is presented below.

	Renter Households				Total Renters
	Small Elderly	Large Related	Large Related	Other	
Households with Income <=30% MFI	588	985	157	1,112	2,820
% with cost burden/overcrowding/lacking facilities	61.1	83.6	81.5	79.9	77.5
% with cost burden	58.5	83.6	69.4	77.7	75.4
% with severe cost burden	44.0	64.6	59.2	67.4	57.3
Households with Income 31% to 50% MFI	656	908	70	1,183	2,817
% with cost burden/overcrowding/lacking facilities	71.0	72.1	94.3	67.9	70.6
% with cost burden	69.2	67.7	88.6	65.1	67.5
% with severe cost burden	20.0	17.3	14.3	9.7	14.7
Households with Income 51 to 80% MFI	527	1,108	181	1,309	3,125
% with cost burden/overcrowding/lacking facilities	49.7	29.5	33.1	22.0	30.0
% with cost burden	46.9	19.1	13.3	18.3	23.1
% with severe cost burden	14.0	0.4	0.0	1.1	2.9
Households with Income >80% MFI	537	1,786	245	1,921	4,489
% with cost burden/overcrowding/lacking facilities	19.6	7.1	23.7	2.9	7.7
% with cost burden	17.7	1.5	4.1	0.7	3.3
% with severe cost burden	13.6	0.0	0.0	0.0	1.6
Total Households	2,286	4,787	653	5,525	13,251
% with cost burden/overcrowding/lacking facilities	51.6	40.4	47.8	36.8	41.2
% with cost burden	49.3	35.0	31.4	34.2	36.9
% with severe cost burden	23.1	16.6	15.8	13.9	18.6

Comparing total renter and owner households:

	Total Renters	Total Owners	Total Households
Total Households	13,251	23,612	36,863
% with cost burden/overcrowding/lacking facilities	41.2	19.8	27.5
% with cost burden	36.9	19.2	25.5
% with severe cost burden	16.6	6.6	10.2

On average, the percentage of renter households with a cost burden or housing problem is double that of owner households. This is due to income levels of renter vs. owner households:

	Total Renters		Total Owners		Total Households	
Households with Income <=30% MFI	2,820	21%	1,101	5%	3,921	11%
Households with Income 31% to 50% MFI	2,817	21%	1,882	8%	4,699	13%
Households with Income 51 to 80% MFI	3,125	24%	3,538	15%	6,663	18%
Households with Income >80% MFI	4,489	34%	17,091	72%	21,580	59%
Total Households	13,251		23,612		36,863	

In 2000, while there were 2,983 extremely and very low income owner households in Billings, there were 5,637 renter households in these lowest two income categories. Two-thirds of renter households are considered low income, while under one-third of owner households are low income.

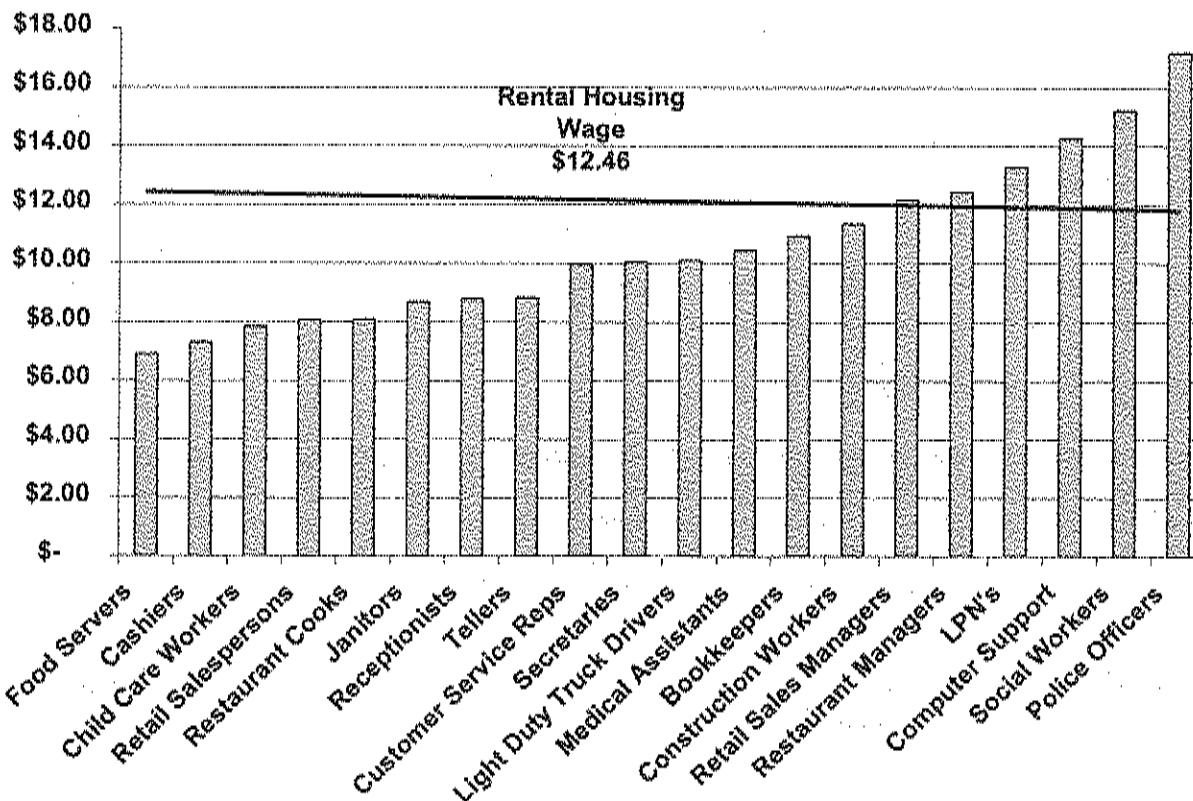
	Renters Units by # of bedrooms			
	0-1	2	3+	Total
Units that Rent for <= 30% MFI				
# occupied units	1,025	750	520	2,295
% occupants <=30% of MFI	51.7	37.3	40.4	44.4
% built before 1970	47.8	46	49	47.5
% some problem	32.2	22	21.2	26.4
# vacant for rent	60	30	20	110
Units that Rent for 31-50% of MFI				
# occupied units	2,185	2,350	920	5,455
% occupants <=50%	58.4	42.8	34.2	47.6
% built before 1970	62	46.4	59.8	54.9
% some problem	51.7	41.3	34.2	44.3
# vacant for rent	305	150	50	505
Units that Rent for 51-80% of MFI				
# occupied units	1,225	2,690	1,170	5,085
% occupants <=80%	67.8	49.1	39.7	51.4
% built before 1970	44.9	40.1	42.3	41.8
% some problem	55.1	35.5	34.6	40
# vacant for rent	15	95	0	110

In the extremely-low income category of 30% of MFI, 44% of the occupants can afford their unit without incurring a cost burden (30% or less of income being spent on housing costs/utilities), while two-thirds of occupants do incur a cost burden.

In the very-low income category of 31-50% MFI, 48% of occupants can afford their unit, while 52% incur a cost burden. In the low income category of 51-80% MFI, 51% of occupants can afford their unit, while 49% incur a cost burden. Looking at the table by number of bedrooms, 3-bedroom units have a very low vacancy rate, indicating that affordable rentals for low-income families are needed.

From the newspaper survey, the average advertised price for a 2-bedroom rental was \$558 in 2004. Adding a utility allowance of \$90 brings total housing costs to \$648 a month. Given a 52 week work year, a 40 hour work week, and a ratio of 30% housing costs to income ratio, the hourly wage needed to afford a two bedroom unit is \$12.46, or almost \$26,000 a year. This rental housing wage is compared to the mean hourly wage of various occupations in Montana from the U.S. Bureau of Labor Statistics.

**HOUSING WAGE versus MEDIAN WAGE OF SELECTED OCCUPATIONS
2003**



Sixteen out of the 20 occupations shown above earn an hourly wage less than the amount needed to afford rental housing. This is one reason why, that on average, 10% of Montana's workers are two-job holders, compared to 6% nationally.

Condition of Rental Housing

Many community members interviewed indicated that the condition of rentals that is available to low income households is substandard. One-fourth of the renter mail survey respondents indicated that their current rental home is in need of repairs. Based on the total of 13,500 renter households in Billings as of Census 2000, this means that 3,200 to 3,500 renter households currently need repairs to their home. The most common type of repairs needed were windows & doors, plumbing, painting, and roofing. Below is the table of repairs needed by homeowners who responded to the mail survey.

Repairs Needed by Renters	Under \$1,000	\$1,000 - \$2,500	Over \$2,500	TOTAL
Painting	50.0%	25.0%	0.0%	75.0%
Appliances	41.7%	8.3%	0.0%	50.0%
Electric	16.7%	0.0%	16.7%	33.4%
Plumbing	33.3%	8.3%	16.7%	58.3%
Heating	16.7%	0.0%	0.0%	16.7%
Roofing	16.7%	0.0%	25.0%	41.7%
Siding	8.3%	0.0%	8.3%	16.6%
Windows/Doors	50.0%	0.0%	25.0%	75.0%
Insulation	8.3%	8.3%	0.0%	16.6%
Foundation	0.0%	8.3%	0.0%	8.3%
Accessibility (ramps, grab bars, etc.)	16.7%	0.0%	0.0%	16.7%
Other	25.0%	8.3%	16.7%	50.0%

Overall, 72% of mail survey respondents indicated that they strongly agree or agree that "the housing stock in their area is in good condition". However, 20-35% of residents in Lockwood, South and Southwest Billings indicated that they somewhat or strongly disagree with this statement.

While one-fourth of the respondents strongly disagree that housing is overcrowded in Billings, almost half do not know or do not have an opinion of overcrowding.

Rental Deposits and Application Fees

For those households that are unable to purchase a home, due to financial or other reasons, renting also presents a challenge. Community members interviewed repeatedly indicated that many renters become "stuck". The cost of application fees, including credit reports, is out of reach to many rental households. They become stuck in their current rental housing, which may be substandard or overcrowded, because of a lack of funds for application fees as well as a lack of funds to make the required rental deposit.

From the mail survey, over 60% of respondents indicated that they did not know how well the need for deposit assistance related to rental housing is being met. This indicates that residents are unaware of available assistance.

Special Needs

Special needs populations include the elderly, disabled, and homeless populations.

Elderly

Mail survey respondents cited the elderly as one of the top four groups of people in the community with the greatest unmet housing need.

Total elderly households in Billings as of Census 2000, and forecasted³ elderly households through 2010 are presented below.

Renters	Census		Forecasted				Increase 2000-2010
	2000	2006	2007	2008	2009	2010	
0-30% MFI	566	589	598	603	612	630	64
31-50% MFI	656	682	693	698	709	730	74
51-80% MFI	527	548	557	561	570	587	60
Owners							
0-30% MFI	582	605	615	620	629	648	66
31-50% MFI	1,033	1,075	1,091	1,100	1,116	1,150	117
51-80% MFI	1,507	1,568	1,592	1,604	1,629	1,677	170
Total Low Income Elderly Households	4,871	5,067	5,146	5,186	5,265	5,422	551

Elderly households are projected to grow by 551 households, reaching over 5,400 households by 2010. Additionally, the fastest growing population cohort between Census 1990 and 2000 was ages 45-54, which increased in excess of 50%. In 2011, the oldest in this age cohort will begin turning 65.

While 41% of all Billings' households were in the low income categories as of Census 2000, 52% of elderly households were in the low income categories. This reflects the fact that many seniors are on a fixed income.

While the overall homeownership rate for Billings' is 64%, the elderly homeownership rate is 76%. Many elderly members may have been in their home for quite some time, and while their home was affordable when purchased, they may have trouble paying for property taxes and needed repairs.

³ Data was taken from a special tabulation of Census 2000, referred to as "CHAS" data. Projected growth rates were obtained from NPA Data Services, as published by the Center in the Economic & Demographic Databook, January 2004 (historical data and projections from 1970-2030).

Disabled

Total "mobility or self-care limitation" households in Billings as of Census 2000, and forecasted households through 2010 are presented below.

	Census		Forecasted				Increase 2000-2010
	2000	2006	2007	2008	2009	2010	
0-30% MFI	1,253	1,304	1,324	1,334	1,354	1,394	141
31-50% MFI	1,244	1,294	1,314	1,324	1,334	1,384	140
51-80% MFI	1,026	1,067	1,084	1,092	1,109	1,142	116
Total Low Income	3,523	3,665	3,722	3,750	3,797	3,920	397
>80% MFI	2,526	2,628	2,669	2,689	273	2,811	285
Total Mobility/Self-Care Limitations Households	6,049	6,293	6,391	6,439	4,070	6,731	682

As of Census 2000, 16% of Billings' households had a member with a mobility or self-care limitation. 58% of these households are low income, compared to 41% of all Billings' households.

Overall, mail survey respondents and community members interviewed indicated that accessible housing for persons with a disability were well met. However, the low income status of these households make affordability a critical issue.

HIV/AIDS

The agency serving persons with HIV/AIDS indicated that quality, affordable housing is not available for this group. Many are low income, have poor credit, and must deal with the stigma of the disease and the resulting discrimination. The agency wants to see more assistance specifically set aside to serve this population.

Homeless

According to HRDC case managers, from June 1, 2003 through May 31, 2004, 728 homeless persons were served. This included 157 individuals, and 190 families made up of 264 adults, and 307 children.

While 26% of mail survey respondents indicated that shelter/permanent housing for the homeless was poorly met or not met at all, 40% indicated that they did not know how well the needs of the homeless were being met.

Finding shelter for the homeless is a growing problem. There are many nights that all the emergency shelter beds are full. In order to find shelter, case managers must often physically visit the shelters and convince them to take another person.

SUMMARY

Overall, affordability of both for-sale and for-rent housing was the top issue raised by the mail survey respondents and the community members interviewed. This issue is two-fold: the availability of affordable housing, and the cost of housing relative to incomes in Billings. Low income residents were cited as the group of people in the community with the greatest unmet housing need.

The condition of Billings' housing stock was also a major concern. Both owner and renter households have significant deferred maintenance that they cannot afford to pay for. It also appears that there is a general lack of knowledge among residents of available assistance to make these needed repairs.

While total households in Billings are projected to rise modestly, at an average rate of 1% per year from 2006 to 2010, elderly and disabled households are forecasted to rise at a much higher rate, at an average of rate of 3% per year. These households will continue to present a unique challenge related to Billings' available housing resources.

APPENDIX

List of Interviewees

Best Realty	Miles Egan
Big Sky Economic Development Authority	Casey Joyce
Billings Association of Realtors	Glen Oppel
Billings Chamber of Commerce	Butch Ott
Central-Terry Park Neighborhood Task Force	Scott Atwood
City of Billings, Code Enforcement	Cal Meyer
Community Development Board	Mike Kenney
Community Development Board	Teri Pattyn
Community Development Board	Emily Shaffer
Community Development Board	Paul Di Lorenzo
Community Development Board	Jean Neyrinck
Community Housing Resource Board	Russ Brown
Community Leadership Development	Dave Hagstrom
Countrywide Mortgage/ Community Development Board	Aldo Rowe
Deering Clinic	Debbie Hedrick
Fannie Mae	Mary Lou Affleck
Habitat for Humanity	Joe Hoch
Heights Community Development/ Neighborhood Task Force	Angela Cimmino
HOMEWord/ Affordable Housing Task Force	Bonnie Duray
Housing Authority of Billings	Lucy Brown
HRDC District 7	Judy Schneider
Manager, Community Development Department, City of Billings	John Walsh
Mayor, City of Billings	Charles Tooley
Mental Health Center	Gwen Peterson
Montana Center on Disabilities	Linda Henry
MSU Extension/ Affordable Housing Task Force	Bernie Mason
North Elevation Neighborhood Task Force	Mike Tuss
Professional Management	Morris Braden
Real Estate by Hamwey	Charley Hamwey
Real Estate by Hamwey/ Affordable Housing Task Force	Trina White
Senior Helping Hands	Chris
South Side Neighborhood Task Force	Jim Ronquillo
Southwest Corridor Neighborhood Task Force	Duane Clark
Tamarack Property Managers	Steve Inman
Western Security Bank/ Affordable Housing Task Force	Kelly Duray
Yellowstone Aids Project	Shelley Hayes
Yellowstone County Council on Aging	Bea Ann Melichar
Yellowstone Group Realtors/Developers	Tom Llewelyn