



**JOHNSON
ECONOMICS**



HOUSING MARKET ANALYSIS

GREAT FALLS, MONTANA

**PREPARED BY:
JOHNSON ECONOMICS**

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I. POPULATION AND HOUSEHOLD DEMOGRAPHICS

The following discussion relies on Census data and sources as listed under the tables and figures. American Community Survey data from 2013 was used to provide the most recent figures. The ACS 2013 3-year estimates (from 2011-2013) were used. This is because the 1-year estimates often feature a large margin-of-error, and the 5-year estimates cover a longer time period which can provide a less accurate current snapshot. The 3-year estimates are a compromise between these positions.

See Table 2.1 (following page) for the data and sources used in the following discussion.

Population: The City of Great Falls has nearly 60,000 people, making up roughly 72% of Cascade County's population of 82,400 people.

Both study areas have grown relatively slowly since 2000, at an estimated annual rate of 0.4% for the City and 0.2% for the County. This is in comparison to an annual growth rate of 1% for the State, and 1.5% for other cities such as Billings and Missoula.

Overall, the population has grown by an estimated 2,661 (4.5%) in the City since 2000, and 2,047 (2.5%) in the County (indicating that the county lands outside of Great Falls actually lost some population over this period.) The state grew 12.5% over this period, while Billings and Missoula each grew by over 21%.

Number of Households: As is commonly the case, growth in the number of households shows a similar trend to population growth. The City grew by 795 households (3.3%) between 2000 and 2013, while the County grew by 779 households (2.4%). As with population, the growth rates of the State and the comparison cities significantly exceeded the growth seen in Great Falls.

Since 2000, the number of family households grew slightly in the City while falling by over 330 in the County. 61% of Great Falls households are family households, which is slightly less than the 63% of households found in the County and State. Billings is 60% family households, while Missoula has a much lower rate of 50% family households.

Household Size: The City has an average household size of 2.34 people, and average family household size of 2.97 people. Both of these have actually grown slightly since 2000, which is the opposite of the nationwide trend of diminishing household sizes which has held sway for many decades. One reason for this may be the recent recession which caused more people to remain with family or other roommates rather than form their own households. This resulted in larger households and fewer new single-person households. This trend has now begun to reverse as household formation is picking up speed nationwide.

The County saw average household size fall slightly since 2000, though it was also larger in 2013 (2.38 people) than in 2010 (2.33 people). Family household size remained unchanged at 2.97 people.

The State has also experienced diminishing average household size since 2000, while Billings' climbed 2.6% and Missoula's remained unchanged.

Table 2.1: Population and Household Characteristics (2000 to 2013)

SUBJECT	<u>Great Falls</u> City	<u>Cascade</u> County	<u>Montana</u> State	<u>Billings City</u>	<u>Missoula</u> City
<u>Population</u>					
Population 1990 ¹	55,376	77,691	799,065	81,469	48,430
Population 2000 ¹	56,690	80,357	902,195	89,847	57,053
Population 2010 ¹	58,505	81,327	989,415	104,170	66,788
Population 2013 ²	59,351	82,404	1,014,864	109,059	69,122
Pop. Growth 2000 - 2013	2,661	2,047	112,669	19,212	12,069
% Growth 2000 - 2013	4.7%	2.5%	12.5%	21.4%	21.2%
Avg. Annual Growth	205	157	8,667	1,478	928
Annual Growth Rate	0.4%	0.2%	0.9%	1.5%	1.5%
<u>All Households</u>					
Households 2000 ¹	23,834	32,547	358,667	37525	24141
Households 2010 ¹	25,301	33,809	409,607	43945	29081
Households 2013 ³	24,629	33,326	405,504	43610	29299
HH. Growth 2000 - 2013	795	779	46,837	6,085	5,158
% Growth 2000 - 2013	3.3%	2.4%	13.1%	16.2%	21.4%
Avg. Annual Growth	61	60	3,603	468	397
Annual Growth Rate	0.3%	0.2%	0.9%	1.2%	1.5%
<u>Family Households</u>					
Family HHs 2000 ¹	14,838	21,450	237,407	23,142	12,327
Family HHs 2010 ¹	15,135	21,403	257,087	26,194	13,990
Family HHs 2013 ³	14,892	21,114	255,929	26,108	14,587
Fam. HH. Growth 2000 - 2013	54	-336	18,522	2,966	2,260
% Growth 2000 - 2013	0.4%	-1.6%	7.8%	12.8%	18.3%
Avg. Annual Growth	4	-26	1,425	228	174
Annual Growth Rate	0.0%	-0.1%	0.6%	0.9%	1.3%
Family HH/All HH (2000)	62.3%	65.9%	66.2%	61.7%	51.1%
Family HH/All HH (2013)	60.5%	63.4%	63.1%	59.9%	49.8%
<u>Household Size</u>					
Household Size 2000 ¹	2.31	2.41	2.45	2.32	2.23
Household Size 2010 ¹	2.26	2.33	2.35	2.29	2.18
Household Size 2013 ³	2.34	2.38	2.41	2.38	2.23
% Growth 2000 - 2013	1.3%	-1.2%	-1.6%	2.6%	0.0%
Family HH Size 2000 ¹	2.92	2.97	2.99	2.93	2.88
Family HH Size 2010 ¹	2.88	2.90	2.91	2.90	2.82
Family HH Size 2013 ³	2.97	2.97	2.99	3.00	2.86
% Growth 2000 - 2013	1.7%	0.0%	0.0%	2.4%	-0.7%

¹ US Census; Decennial census; Table DP-1² US Census; Annual Population Estimates Program³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table S1101

Sources: US Census, Johnson Economics LLC

Table 2.2: Population Demographic Characteristics (2013)

SUBJECT	Great Falls City		Cascade County		Montana State	Billings City	Missoula City
	Number	%	Number	%	%	%	%
POPULATION DEMOGRAPHICS							
Gender¹							
Male	28,981	49%	41,057	50%	50%	48%	50%
Female	30,110	51%	40,918	50%	50%	52%	50%
Age Groups¹							
Under 5 years	4,294	7.3%	5,614	6.8%	6.0%	6.6%	5.4%
5 to 9 years	4,072	6.9%	5,580	6.8%	6.5%	6.7%	5.0%
10 to 14 years	3,000	5.1%	4,434	5.4%	5.9%	6.0%	4.3%
15 to 19 years	3,448	5.8%	4,903	6.0%	6.5%	6.0%	7.2%
20 to 24 years	4,247	7.2%	6,248	7.6%	7.1%	7.1%	15.0%
25 to 34 years	8,535	14.4%	11,294	13.8%	12.5%	14.5%	17.3%
35 to 44 years	6,302	10.7%	9,096	11.1%	11.3%	12.0%	11.8%
45 to 54 years	8,028	13.6%	10,813	13.2%	13.8%	13.3%	11.6%
55 to 59 years	4,129	7.0%	6,068	7.4%	7.9%	6.6%	6.4%
60 to 64 years	3,318	5.6%	4,745	5.8%	6.8%	6.3%	4.1%
65 to 74 years	4,812	8.1%	7,038	8.6%	8.8%	7.8%	6.1%
75 to 84 years	3,321	5.6%	4,358	5.3%	4.8%	4.7%	3.6%
85 years and over	1,585	2.7%	1,784	2.2%	2.1%	2.5%	2.1%
Median Age¹	37.9		37.9		39.8	37.4	32.1
School Enrollment²							
Nursery school, preschool	862	6.5%	1,091	6.0%	6.2%	6.6%	4.5%
Kindergarten to 12th grade	9,010	68.4%	12,672	69.8%	66.9%	68.6%	39.4%
College, undergraduate	2,819	21.4%	3,719	20.5%	22.4%	21.3%	46.4%
Graduate, professional school	489	3.7%	683	3.8%	4.6%	3.5%	9.7%
Race¹							
White	51,731	87.5%	72,594	88.6%	89.2%	89.0%	91.8%
Black or African American	507	0.9%	985	1.2%	0.4%	1.1%	0.5%
American Indian, Alaska Native	3,176	5.4%	3,710	4.5%	6.5%	4.4%	2.2%
Asian	601	1.0%	703	0.9%	0.7%	1.1%	1.5%
Native Hawaiian, Pacific Islander	0	0.0%	5	0.0%	0.1%	0.1%	0.1%
Some other race	582	1.0%	665	0.8%	0.5%	1.7%	0.2%
Two or more races	2,494	4.2%	3,313	4.0%	2.5%	2.7%	3.7%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table DP05

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table S1401

Sources: US Census, Johnson Economics LLC

Gender: The City, County and comparison areas all have a gender balance very close to 50%/50%. The City is 51% female, while Billings is 52% female. (See Table 2.2 for the following discussion.)

Age Groups: The median age in the City and County is 37.9 years. This is younger than the State median, roughly the same as the Billings median, but much older than the Missoula median age of 32 years.

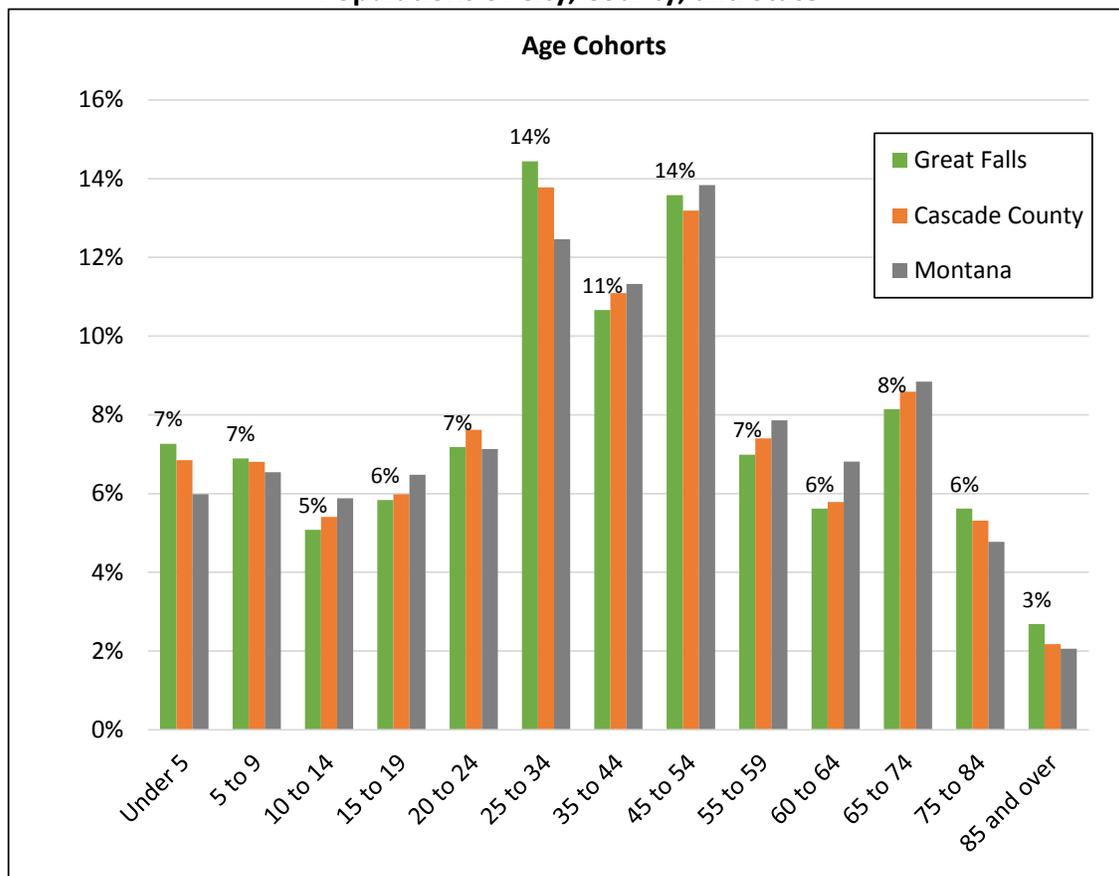
Figure 2.A (below) shows a comparison of the populations of the City, County and State broken down into age cohorts. The distribution is fairly similar particularly between the City and County. Compared to the

State, the City has a slightly higher share of children under 10, and larger share of people aged 25 to 34. The State tends to have a slightly higher share of those aged from 35 to 74, but fewer people over 74. The State also has a higher share of children and teenagers aged 10 to 19. In all of these cases, the difference in share is within 1% or 2%, so the difference is not dramatic.

In general, the areas have the highest share of population in the 25 to 34 year, and 45 to 54 year cohorts (each near 14% of the population). Note that the Census does not group all cohorts in 10-year ranges. When one combines smaller cohorts into 1-10 year, 15-24 year, and 55 to 64 year ranges each of these 10-year age ranges is a similar 13% to 14% of the population. This indicates a fairly evenly-spread age range among the younger population, until the older cohorts of 65 years and over.

The only stand out in comparison to the study areas is Missoula (not included in chart) which has a notably higher share of population between 20 and 34, due to the presence of the University.

**Figure 2.A: Comparison Age Cohorts (2013)
Populations of City, County, and State**



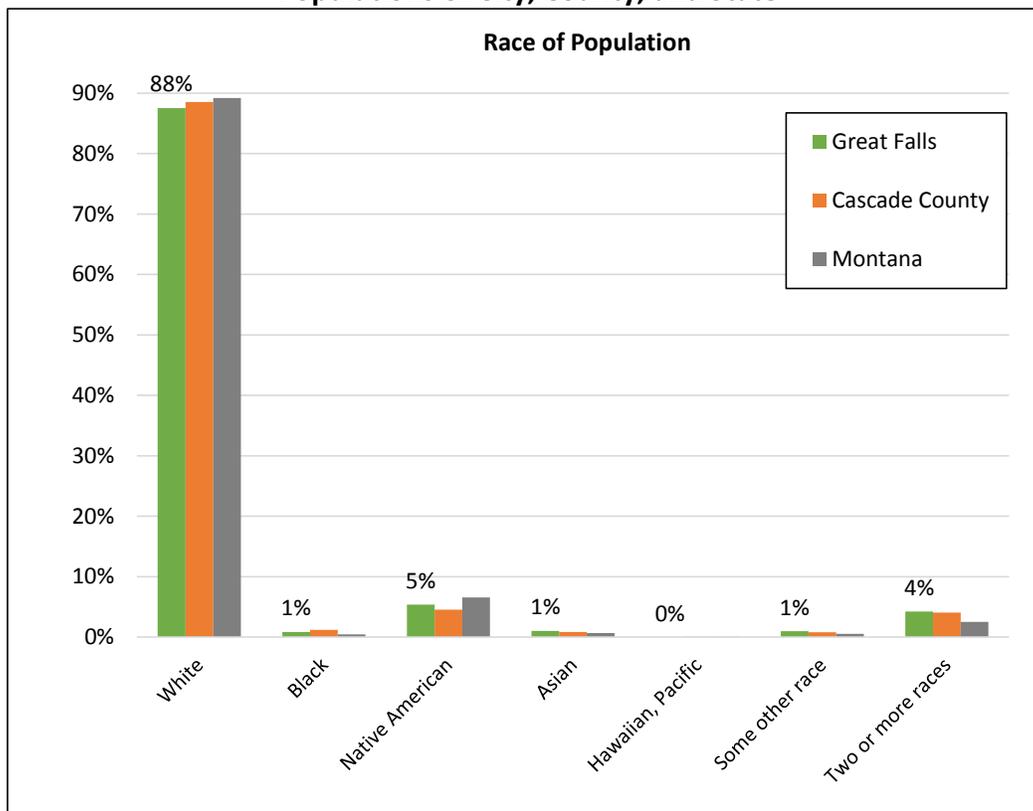
Sources: ACS 2013 3-year Table DP05, Johnson Economics LLC

School Enrollment: The share of population enrolled in school is fairly consistent across most comparison areas. The City and County have K-12 enrollment slightly higher than the State (68% and 70% compared to 67% respectively). Undergraduate college enrollment is fairly standard across most comparison areas at 21% to 22%. The exception again is Missoula which has a much lower K-12 population share (39%) and much higher undergraduate college share (46%).

Overall, the City had an estimated 9,010 K-12 students in 2013, an estimated 2,819 college undergraduates, and an estimated 489 graduate students. The County had 12,672 K-12 students, 3,719 college undergraduates, and an estimated 683 graduate students.

Race: The racial distribution is consistent over comparison areas. The City, County and State are all 88% to 89% White, 5%- 6% Native American, and 3%-4% those who identify as two more races. All other racial categories make up roughly 1% or less of the population.

**Figure 2.B: Racial Distribution (2013)
Populations of City, County, and State**



Sources: ACS 2013 3-year Table DP05, Johnson Economics LLC

Household Tenure (Owners and Renters): Great Falls is made up of 62% owner-occupied households and 38% renter-occupied households. The County has a slightly higher ownership rate at 64%, and 35% renters. (See Table 2.3 for the following discussion.)

These ownership rates are lower than the State ownership rate of 67%, comparable to Billings (62%), but much higher than the ownership rate in Missoula (46%), again due to the prevalence of the University in that community.

Nationwide the homeownership rate is 65%, so the City rate is somewhat lower but the County rate is very similar. Housing characteristics are discussed more in following sections of this report.

Table 2.3: Household Demographic Characteristics (2013)

SUBJECT	Great Falls City		Cascade County		Montana	Billings	Missoula
	Number	%	Number	%	State	City	City
HOUSEHOLD DEMOGRAPHICS							
Tenure³							
Owner Households	15,168	62%	21,244	64%	67%	62%	46%
Renter Households	9,461	38%	12,082	36%	33%	38%	54%
Age of Householder (by Tenure)⁴							
Owner occupied:	15,168	100%	21,244	100%	100%	100%	100%
15 to 24 years	142	1%	207	1%	1%	1%	1%
25 to 34 years	1,691	11%	2,003	9%	9%	13%	10%
35 to 44 years	2,107	14%	2,969	14%	14%	14%	19%
45 to 54 years	3,264	22%	4,508	21%	21%	21%	17%
55 to 59 years	1,620	11%	2,533	12%	14%	12%	14%
60 to 64 years	1,509	10%	2,219	10%	12%	12%	12%
65 to 74 years	2,464	16%	3,695	17%	17%	15%	15%
75 to 84 years	1,701	11%	2,299	11%	9%	10%	9%
85 years and over	670	4%	811	4%	3%	3%	4%
Renter occupied:	9,461	100%	12,082	100%	100%	100%	100%
15 to 24 years	1,062	11%	1,438	12%	14%	15%	24%
25 to 34 years	2,909	31%	3,737	31%	25%	26%	31%
35 to 44 years	1,576	17%	2,193	18%	17%	16%	16%
45 to 54 years	1,190	13%	1,530	13%	15%	14%	14%
55 to 59 years	766	8%	933	8%	7%	6%	5%
60 to 64 years	579	6%	667	6%	5%	6%	2%
65 to 74 years	616	7%	724	6%	7%	6%	4%
75 to 84 years	494	5%	588	5%	5%	5%	2%
85 years and over	269	3%	272	2%	4%	6%	2%
Children and Seniors⁵							
HHs with Children < 18 Years	7,266	29.5%	9,998	30.0%	27.8%	30.4%	22.8%
HHs with Person of 60+ Years	8,916	36.2%	12,264	36.8%	37.9%	35.6%	25.5%
Family Type⁵							
Married Couples	10,548	43%	16,005	48%	50%	43%	35%
Male Householder Family	1,364	6%	1,633	5%	4%	5%	4%
Female Householder Family	2,980	12%	3,476	10%	9%	13%	11%
Non-family Households	9,737	40%	12,212	37%	37%	40%	50%

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25003

⁴ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25007

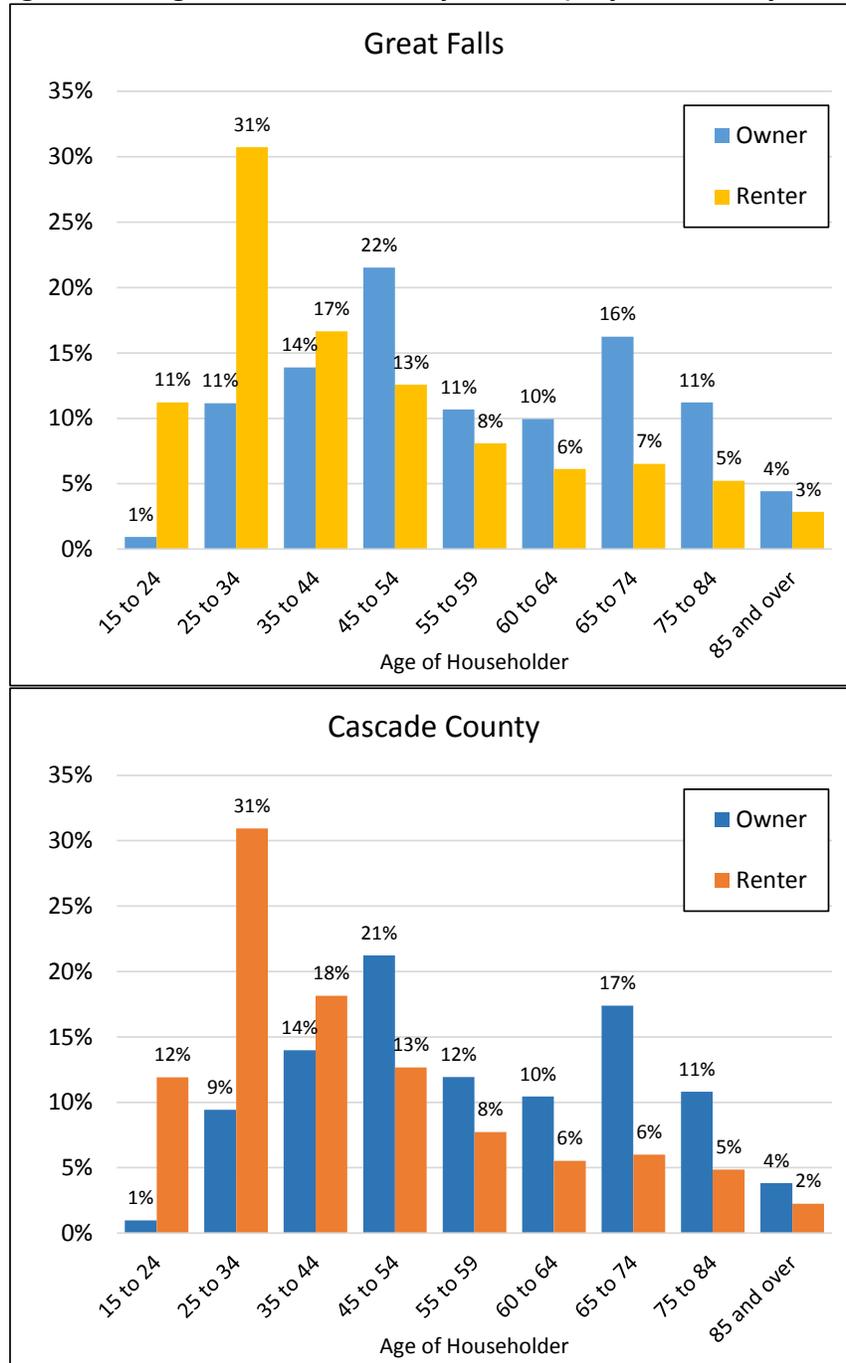
⁵ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table S1101

Sources: US Census, Johnson Economics LLC

Age of Householder (Owners vs. Renters): Figure 2.C (below) shows a comparison of the age of householders of owner and renter households. In general, a much greater share of renter households are young (44 years or younger) while a greater share of owner households are older (45 years and older).

This pattern is consistent across City and County. The starkest differences can be seen in households aged 15 to 34 (much higher share of renters) and those aged 45 to 55, and 65 to 84 (much higher share of owners).

Figure 2.C: Age of Householder by Tenure (City and County, 2013)



Sources: ACS 2013 3-year Table B25007, Johnson Economics LLC

This pattern is fairly standard across most communities. As households age they tend to become less mobile and amass more financial resources to help in home-buying. It is important to note however, that

there are still many renters in all age categories. 41% of the renter households in Great Falls have a householder aged 45 years or more.

Family Types: 30% of City and County households have children under 18 present, in comparison to 28% of State households.

36% of City households and 37% of County households have a member over 60 years of age, compared to 38% of the State. Billings household types are very similar to Great Falls, while Missoula has fewer children and elders.

43% of the households in the City are married households, while 18% are single-parent households. The County has a greater share of married couples (48%) and smaller share of single-parent households (15%).

The study areas have a smaller share of married couple households than the State (50%), and a higher share of single-parent households than the State (13%). Billings is similar to Great Falls, while Missoula a smaller share of married couples, but a similar share of single-parent households.

Table 2.4: Income Characteristics (2000 - 2013)

SUBJECT	<u>Great Falls City</u>	<u>Cascade County</u>	<u>Montana State</u>	<u>Billings City</u>	<u>Missoula City</u>
<u>Household Income</u>					
Median HH Income 2000 ¹	\$32,436	\$32,971	\$33,024	\$35,147	\$30,366
Median HH Income 2010 ²	\$40,768	\$41,828	\$43,335	\$46,065	\$36,872
Median HH Income 2013 ²	\$42,487	\$44,279	\$45,951	\$47,196	\$41,319
% Growth 2000 - 2013	31.0%	34.3%	39.1%	34.3%	36.1%
Annual Growth Rate	2.1%	2.3%	2.6%	2.3%	2.4%
<u>Family Income</u>					
Median Family Income 2000 ¹	\$40,107	\$39,949	\$40,487	\$45,032	\$42,163
Median Family Income 2010 ²	\$53,461	\$54,105	\$56,178	\$60,089	\$56,088
Median Family Income 2013 ²	\$56,049	\$56,846	\$59,345	\$63,950	\$62,686
% Growth 2000 - 2013	39.7%	42.3%	46.6%	42.0%	48.7%
Annual Growth Rate	2.6%	2.8%	3.0%	2.7%	3.1%
<u>Per Capita Income</u>					
Per Capita Income 2000 ¹	\$18,059	\$17,566	\$17,151	\$19,207	\$17,166
Per Capita Income 2010 ³	\$22,491	\$23,007	\$23,844	\$26,556	\$22,468
Per Capita Income 2013 ³	\$23,577	\$24,447	\$25,383	\$27,024	\$24,809
% Growth 2000 - 2013	30.6%	39.2%	48.0%	40.7%	44.5%
Annual Growth Rate	2.1%	2.6%	3.1%	2.7%	2.9%

¹ US Census; Decennial census; Table DP-3

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table S1901

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B19301

Sources: US Census, Johnson Economics LLC

Median Income: Table 2.4 (above) shows comparative income statistics from 2000 to 2013. The median household income in Great Falls of \$42,487 is lower than the comparative areas, except for Missoula. The City median income is 4% lower than the County, 7.5% lower than the State and 10% lower than Billings.

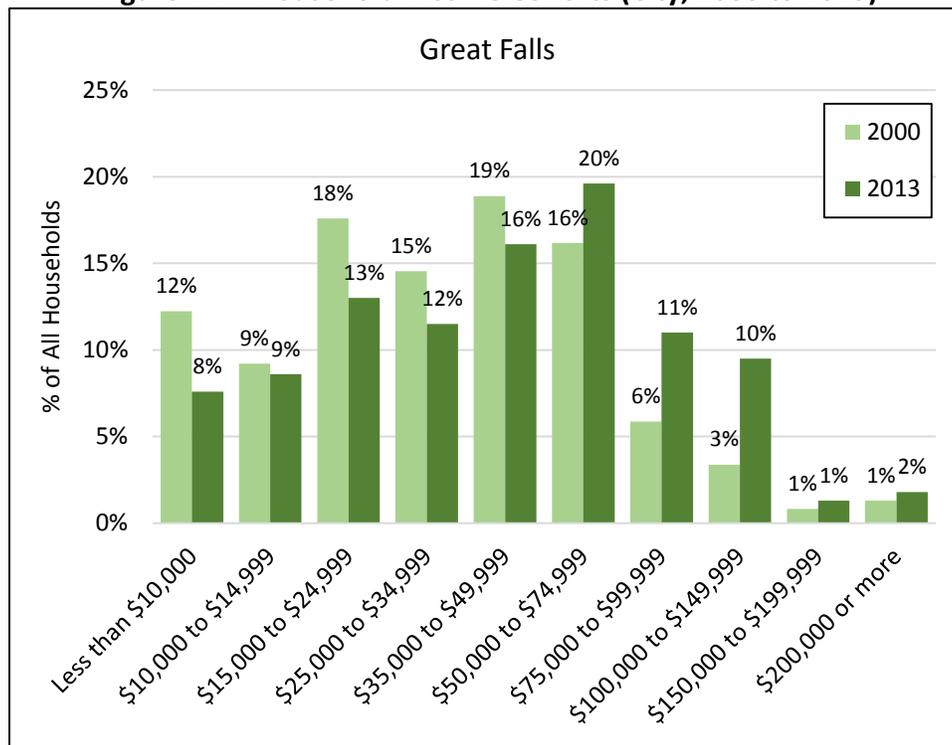
Between 2000 and 2013, the City median income grew by 31%, which is also slower growth than the comparisons, which saw their median incomes grow 34% to 39% during that time.

As is typical, the median income for family households is higher than the median for all households. In the City, the median family earns 32% more than the median of all households. In the County, the median family household earns 28% more.

Per capita income follows the same trends as the median household income, with the City per capita income being the lowest of the comparisons and experiencing less growth since 2000.

Figure 2.D shows the change in household income groups between 2000 and 2013. As one would expect due to general wage inflation, there has been a shift from lower income brackets to higher income brackets over time. (The County income distribution is essentially identical.) The largest income groups remain in the \$35,000 to \$75,000 range. The share of households in the \$75,000 to \$149,000 range has also grown significantly.

Figure 2.D: Household Income Cohorts (City, 2000 to 2013)

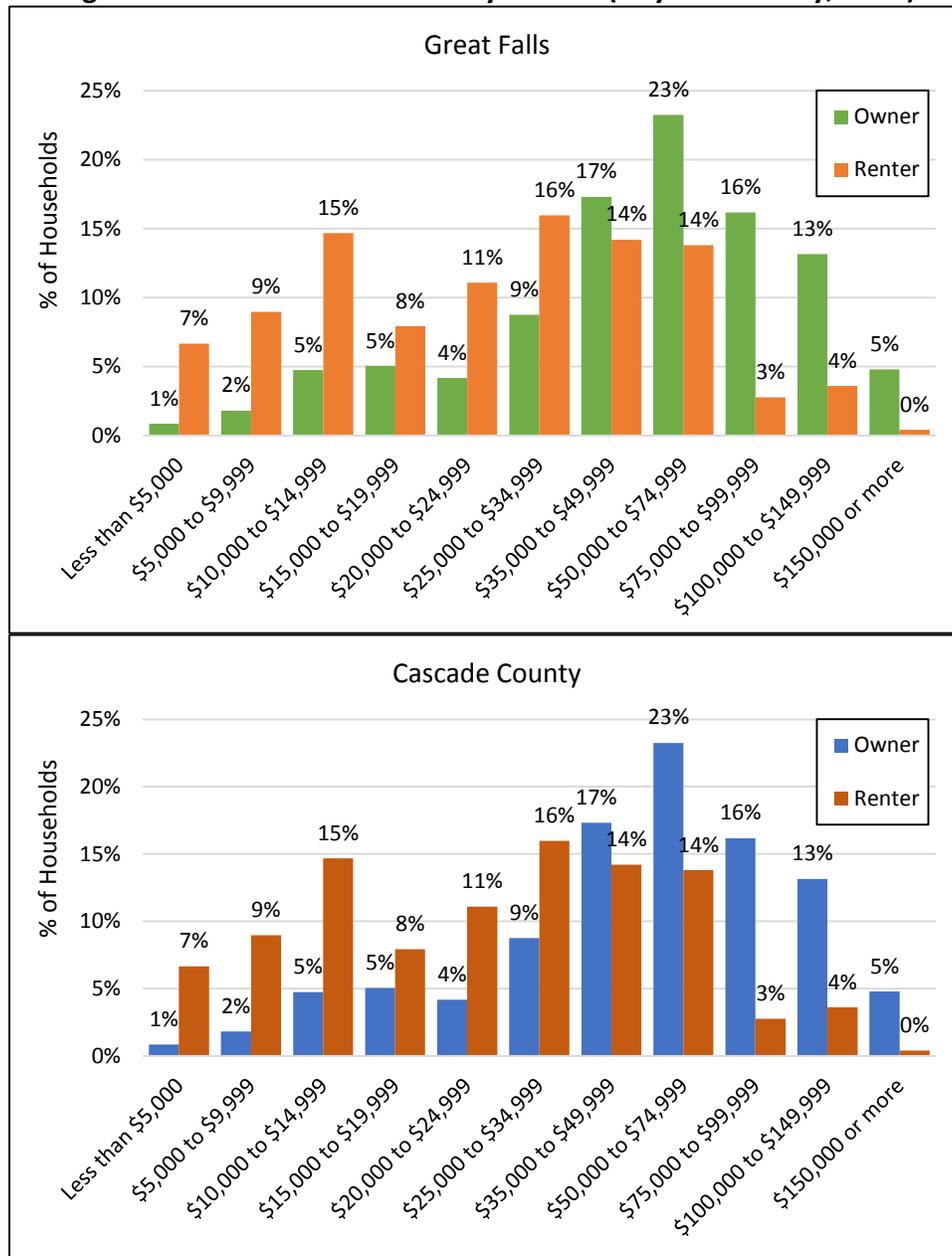


Sources: 2000 Census Table DP-3, ACS 2013 3-year Table S1901, Johnson Economics LLC

Income by Tenure: Figure 2.E (below) shows a breakdown of income groups for owners and renters. 65% of renter households earn less than \$35,000 per year, compared to only 25% of owner households. 57% of owner households earn more than \$50,000 per year, compared to only 20% of renter households.

Combined with the age distribution (Figure 2.C) we see that renter households tend to be younger and with lower incomes than ownership households.

Figure 2.E: Household Income by Tenure (City and County, 2013)



Sources: ACS 2013 3-year Table B25118, Johnson Economics LLC

Income Brackets (% of AMI): Table 2.5 (following two pages) presents the estimated number of households by tenure in each income band based on percentage of Area Median Income. The Census does not provide data divided precisely into the AMI income bands which apply to the Great Falls MSA (Cascade County). The distribution shown in Table 2.5 has been extrapolated from the “Tenure by Household Income” data (ACS Table B25118) which divides households into different income bands.

**Table 2.5: Household Income by Tenure (2013)
By % of Area Median Income**

DATA CATEGORY		<u>Great Falls City</u>		<u>Cascade County</u>		<u>Montana State</u>	
AMI Level	Income	Number	%	Number	%	Number	%
Cascade County AMI¹: \$61,600							
<u>Owner occupied²</u>							
Total Owner Households:		<u>15,168</u>		<u>21,244</u>		<u>272,702</u>	
10% AMI:	\$6,150	190	1%	269	1%	5,927	2%
20% AMI:	\$12,300	541	4%	755	4%	10,446	4%
30% AMI:	\$18,450	916	6%	1,299	6%	14,875	5%
40% AMI:	\$24,600	818	5%	1,274	6%	16,699	6%
50% AMI:	\$30,750	814	5%	1,210	6%	17,224	6%
60% AMI:	\$36,900	897	6%	1,271	6%	16,985	6%
70% AMI:	\$43,050	1,077	7%	1,419	7%	16,454	6%
80% AMI:	\$49,200	1,217	8%	1,603	8%	18,591	7%
90% AMI:	\$55,350	755	5%	1,048	5%	12,776	5%
100% AMI:	\$61,500	868	6%	1,205	6%	14,686	5%
110% AMI:	\$67,650	868	6%	1,205	6%	14,686	5%
120% AMI:	\$73,800	868	6%	1,205	6%	14,686	5%
<u>Owner Cumulative</u>							
Below 30%:		1,647	11%	2,322	11%	31,248	11%
Below 40%:		2,465	16%	3,596	17%	47,947	18%
Below 50%:		3,279	22%	4,806	23%	65,171	24%
Below 60%:		4,176	28%	6,077	29%	82,156	30%
Below 80%:		6,469	43%	9,099	43%	117,201	43%
Below 100%:		8,091	53%	11,352	53%	144,663	53%
Total Below 120%:		9,827	65%	13,761	65%	174,035	64%

¹ HUD

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25118

ACS data provides income data in different income bands than those found in this table. The income bands in this table are extrapolated from the ACS income bands by redistributing the data on Table B25118.

³ Percentage represents the percentage of all households earning below 120% AMI.

Sources: US Census, Johnson Economics LLC

**Table 2.5 (Continued): Household Income by Tenure (2013)
By % of Area Median Income**

DATA CATEGORY		<u>Great Falls City</u>		<u>Cascade County</u>		<u>Montana State</u>	
AMI Level	Income	Number	%	Number	%	Number	%
Cascade County AMI¹: \$61,600							
<u>Renter occupied²</u>							
Total Renter Households:		<u>9,461</u>		<u>12,082</u>		<u>132,802</u>	
10% AMI:	\$6,150	825	9%	878	7%	9,978	8%
20% AMI:	\$12,300	1,291	14%	1,489	12%	15,842	12%
30% AMI:	\$18,450	1,266	13%	1,477	12%	16,951	13%
40% AMI:	\$24,600	1,196	13%	1,476	12%	16,064	12%
50% AMI:	\$30,750	953	10%	1,163	10%	12,415	9%
60% AMI:	\$36,900	812	9%	1,025	8%	10,986	8%
70% AMI:	\$43,050	551	6%	786	7%	8,393	6%
80% AMI:	\$49,200	623	7%	888	7%	9,484	7%
90% AMI:	\$55,350	279	3%	422	3%	4,084	3%
100% AMI:	\$61,500	321	3%	485	4%	4,695	4%
110% AMI:	\$67,650	321	3%	485	4%	4,695	4%
120% AMI:	\$73,800	321	3%	485	4%	4,695	4%
<u>Renter Cumulative</u>							
Below 30%:		3,382	36%	3,844	32%	42,770	32%
Below 40%:		4,578	48%	5,320	44%	58,834	44%
Below 50%:		5,531	58%	6,483	54%	71,249	54%
Below 60%:		6,343	67%	7,508	62%	82,235	62%
Below 80%:		7,517	79%	9,182	76%	100,112	75%
Below 100%:		8,117	86%	10,089	84%	108,891	82%
Total Below 120%:		8,759	93%	11,059	92%	118,282	89%

¹ HUD

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25118

ACS data provides income data in different income bands than those found in this table. The income bands in this table are extrapolated from the ACS income bands by redistributing the data on Table B25118.

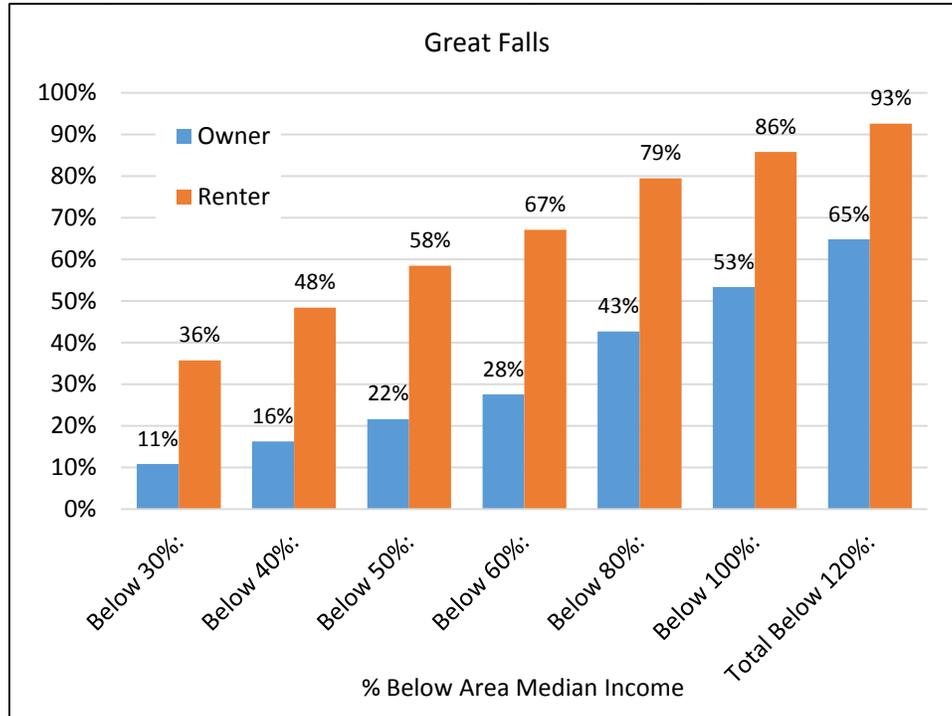
³ Percentage represents the percentage of all households earning below 120% AMI.

Sources: US Census, Johnson Economics LLC

The percentages of households in these income bands are very similar between the City and County and the State. The distribution for owner-occupied households is nearly identical. The share of renters in these income bands shows a little more variation. Cumulatively, the City has a higher percentage of renter households earning 30% AMI or less, and this persists through the other income bands.

The data show the income differences between owner and renter households. While 11% of owner-occupied households in Great Falls earn less than 30% of AMI, 36% of renter households do. Overall, 93% or virtually all renters earn 120% or less of the AMI while 65% of owner-occupied households do.

Figure 2.F: Share of Households by % of AMI by Tenure (2013)



Sources: ACS 2013 3-year Table B25118, Johnson Economics LLC

II. ECONOMIC OVERVIEW

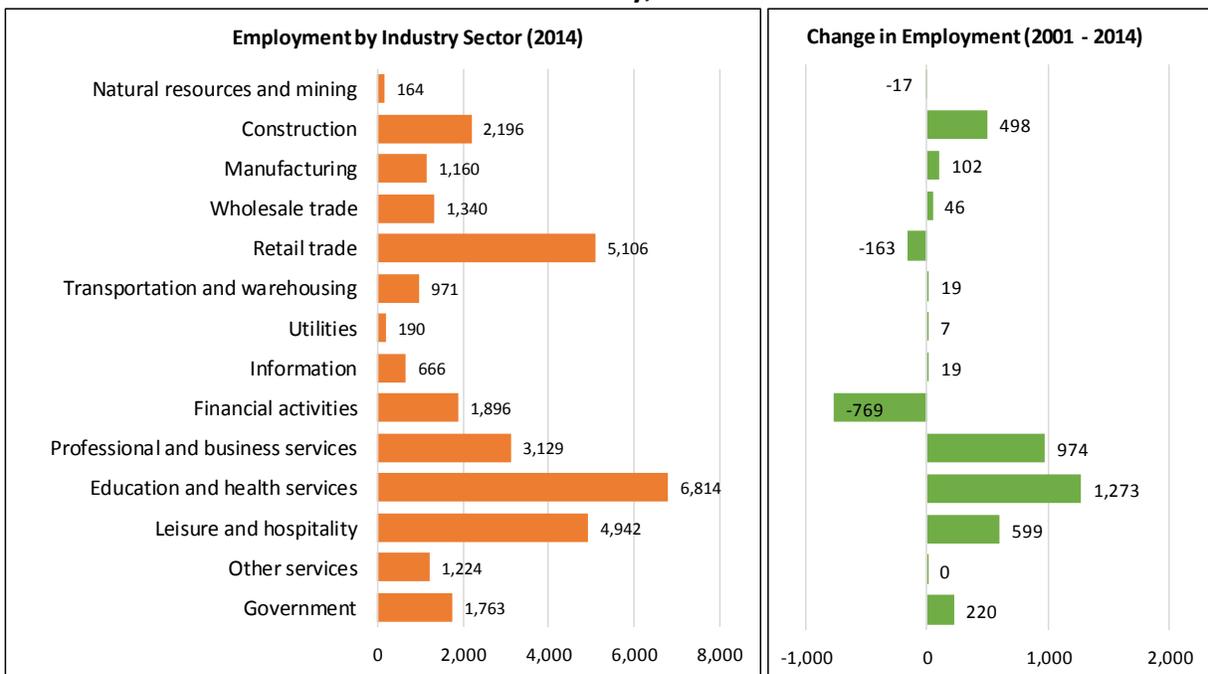
The Cascade County economy has been stable over the last few years, but growth has not been robust, according to the University of Montana Bureau of Business and Economic Research. Local earnings fell or experienced very low growth in 2010 and 2011, but returned to 2% growth in 2013. A similar growth rate is projected through 2017. While positive, this growth rate is slower than other Montana urban areas.

The county enjoys a good base of employment in stable sectors, including the health care industry and the federal government. These industries can provide stability during downtimes such as the recent recession. The Air Force Base employs 3,150 military personnel and 1,130 support personnel, while the Montana Air National Guard employs an additional 1,000 people locally. It is estimated that 10% of the county’s population have some connection to the base through employment for family, and the base contributes nearly \$300 million a year to the local economy.¹

The largest private employer in the region, Benefis Health continues to expand quickly adding nearly 500 jobs over the last two years. The health care industry is a good source of secure, well-paying jobs. The education and health care sectors have seen the highest growth since 2001, adding nearly 1,300 jobs.

Other growth industries have been professional and business services, leisure and hospitality (tourism-related), and construction. The financial services industry has seen a loss of employment since 2001, as has retail trade, while employment in many other industries remained nearly unchanged.

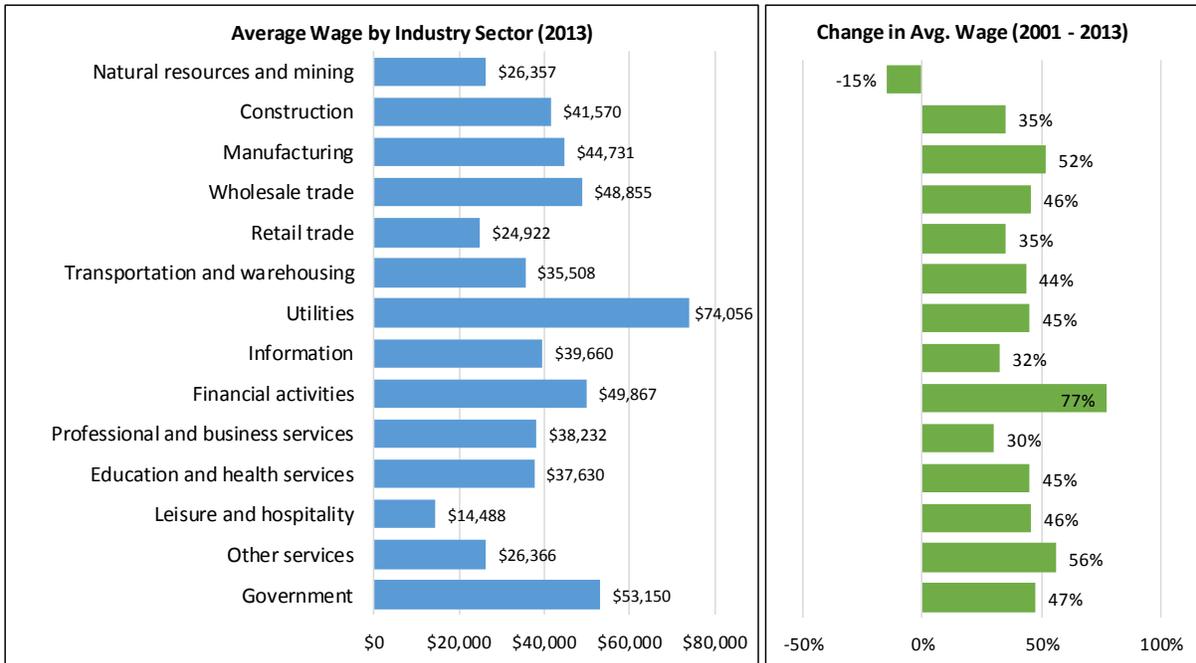
**Table 3.1: Civilian Employment by Industry Sector and Change (2001 – 2014)
Cascade County, Montana**



Source: U.S. Bureau of Labor Statistics

¹ “Great Falls Community Guide 2015,” The Great Falls Chamber of Commerce.

**Table 3.2: Average Wage by Industry Sector and Change (2001 – 2013)
Cascade County, Montana**



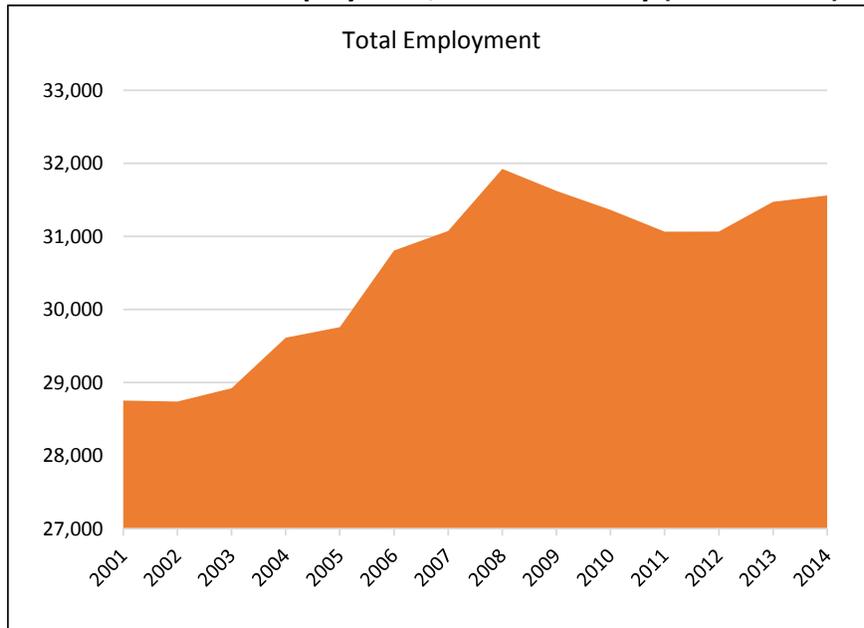
Source: U.S. Bureau of Labor Statistics

As Table 3.2 shows, some of Great Falls’ largest industries by employment such as retail and hospitality have relatively low average wages. Health care has a moderate average wage but also includes many highly-paid physicians, registered nurses, and technicians. Government tends to offer relatively high average wages.

Table 3.3 shows total employment in Cascade County over time. Employment climbed steadily from 2001 to 2008, before falling during the recession. After climbing to over 31,900 jobs in 2008, employment fell by 3% by 2011, and has since rebounded, but as of 2014 remained just below the previous peak at 31,500 jobs.

Since 2001, employment has averaged 0.7% per year, faster than annual County population growth (0.2%). 2,800 total jobs have been added in that time. From 2001 to 2008, growth averaged a much faster 1.5% annually.

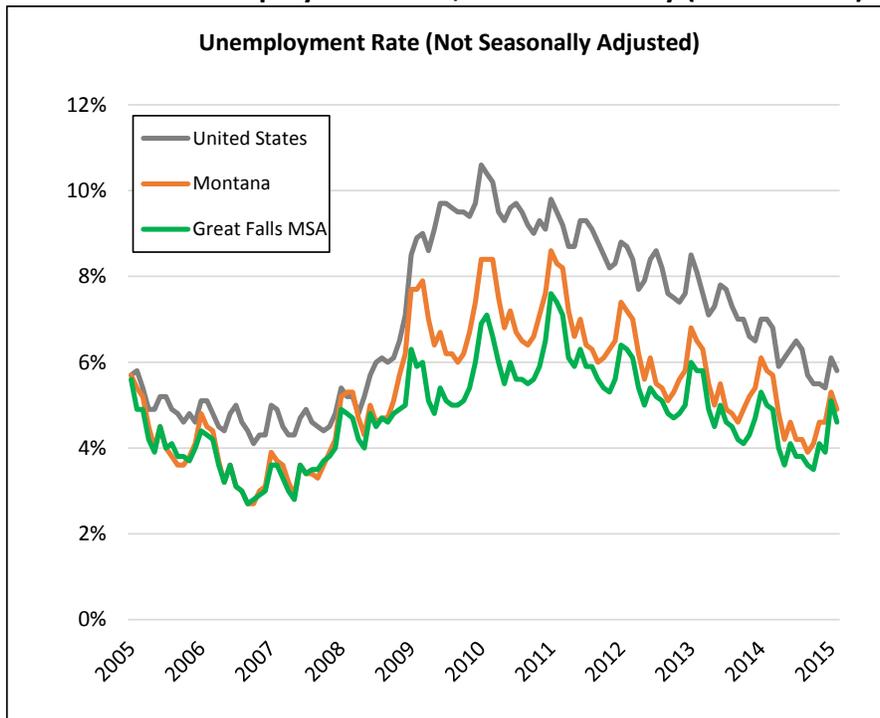
Table 3.3: Total Employment, Cascade County (2001 – 2014)



Source: U.S. Bureau of Labor Statistics

At 4.6% unemployment, Cascade County ranks 28th out of 56 Montana counties. The unemployment rate in other counties range from 2.1% in Fallon to 13.6% in Lincoln. The Cascade County rate is lower than the state rate of 4.9%, and the national rate of 5.4%.

Table 3.4: Unemployment Rate, Cascade County (2005 – 2015)



Source: U.S. Bureau of Labor Statistics

Economists differ on what unemployment rate constitutes an optimal level, but 4.6% is a healthy unemployment rate by most measures, particularly following the recent recession. Unemployment in Cascade County and Montana spiked during the recession jumping from under 2% to over 7% by 2010. However, when the national unemployment rate peaked at 10.5%, the County rate remained four points lower.

Table 3.5: Largest Private and Public Employers in Cascade County, 2014

<u>Rank</u>	<u>Employer</u>	<u>Address</u>	<u>Business Type</u>	<u>Employees</u>
Top Private employers in Great Falls 2014				
1	Benefis Health System	1101 26th St. S.	Health care	2,955
2	Great Falls Clinic	1400 29th St. S.	Health care	472
3	Wal-Mart	702 Smelter Ave. N.E.	Retailer	413
4	Asurion (formerly N.E.W.)	321 Central Ave.	Service plan center	370
5	Centene Corp.	2000 26th St. S.	Insurance services	319
6	Easter Seals - Goodwill	4400 Central Ave.	Disability services	303
7	Albertson's	2250 10th Ave. S.	Grocer stores	285
8	University of Great Falls	1300 20th St. S.	University	235
9	Missouri River Care and Rehabilitation	1130 17th Ave. S.	Nursing and rehabilitation	225
10	McDonald's	Various locations	Restaurants	220
11	D.A. Davidson Cos.	8 3rd St. N.	Financial services	217
12	Quality Life Concepts	215 Smelter Ave. N.E.	Disability services	205
13	Heritage Inn	1700 Fox Farm Road	Hotel	178
14	Town Pump	Various locations	Convenience stores	171
15	Loenbro	409 14th St. S.W.	Energy services, construction	165
16	Sam's Club	401 Northwest Bypass	Retailer	165
17	Center for Mental Health	513 1st Ave. S.	Mental health services	161
18	ADF International Inc.	1900 Great Bear Ave.	Airplane parts, painting	150
19	BNSF Railway	121 4th St. N.	Railroad	145
20	Shoot the Moon	1420 Market Place Drive	Restaurants	137
21	United Materials	2100 9th Ave. N.	Construction	115
22	Great Falls Tribune/Rivers Edge Printing	205 River Drive S.	Media and Printing	112
Top Public Sector Employers in Great Falls, 2014				
1	Malstrom Air Force Base	21 77th St. N.	Air Force	3,146 military; 4,276 total
2	Great Falls Public Schools	1100 4th St. S.	Public school system	2,078
3	Montana Air National Guard	2800 Airport Ave. B	National Guard	990 military; 1,004 total
4	City of Great Falls	2 Park Drive S.	Government	574
5	Cascade County	415 2nd Ave. N.	Government	500

Source: "Great Falls Community Guide 2015", Great Falls Area Chamber of Commerce

Outlook

The University of Montana Bureau of Business and Economic Research forecasts employment growth to quicken to over 2% per year due to energy-related industries enjoying the impacts of the nearby Canadian oil industry. The Bureau believes that this activity is already gaining speed due to companies like ADF Group Steel and is just now being reflected in employment data. An acceleration to 2.2% growth over the next few years would be a significant improvement over the recent employment growth rate. New employment could put pressure on rents and home prices and spur new housing development.

In the meantime, the military presence and growing health care industry will continue to provide a strong and stable economic base.

III. HOUSING NEED VS. INVENTORY

This section provides estimates of need for different unit sizes and different price points based on the demographic and income data presented in Section II.

Unit Need by Unit Size: Table 4.1 shows a comparison of the “needed” size of units compared to the current housing inventory. It applies a standard of 1.5 people per bedroom to avoid over-crowding. While there is a mismatch between the hypothetical need and the housing inventory, the “deficit” is in the smaller units (one and two bedroom) and the surplus is in larger units. This implies that even though there is a mismatch, the market is tending to provide larger units than necessary, rather than smaller.

Table 4.1: Needed Bedrooms vs. Current Inventory (2013)

DATA CATEGORY	<u>Great Falls City</u>			<u>Cascade County</u>		
	Owner	Renter	Total	Owner	Renter	Total
Household Size						
<u>Household Size</u>¹						
1-person	3,962	4,411	8,373	5,357	5,144	10,501
2-person	6,397	2,233	8,630	9,303	2,804	12,107
3-person	1,937	1,375	3,312	2,719	1,935	4,654
4-person	1,687	776	2,463	2,277	1,145	3,422
5-person	924	428	1,352	1,152	655	1,807
6-person	188	142	330	336	250	586
7-or-more person	73	96	169	100	149	249
<u>Needed Units by Bedroom</u>²						
1 Beds (or Studio)	3,962	4,411	8,373	5,357	5,144	10,501
2 Beds	8,334	3,608	11,942	12,022	4,739	16,761
3 Beds	1,687	776	2,463	2,277	1,145	3,422
4 Beds	1,112	570	1,682	1,488	905	2,393
5 Beds	73	96	169	100	149	249
<u>Current Housing Inventory</u>³	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
Studio	13	983	996	13	1,044	1,057
1 Beds	350	2,715	3,065	539	3,054	3,593
2 Beds	3,830	3,360	7,190	5,168	4,106	9,274
3 Beds	5,592	1,506	7,098	8,180	2,368	10,548
4 Beds	3,792	591	4,383	5,181	1,081	6,262
5 Beds	1,591	306	1,897	2,163	429	2,592
<u>Surplus or Deficit of Units (Inventory minus Need)</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
1 Beds (or Studio)	(3,599)	(713)	(4,312)	(4,805)	(1,046)	(5,851)
2 Beds	(4,504)	(248)	(4,752)	(6,854)	(633)	(7,487)
3 Beds	3,905	730	4,635	5,903	1,223	7,126
4 Beds	2,680	21	2,701	3,693	176	3,869
5 Beds	1,518	210	1,728	2,063	280	2,343

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25009

² Applies a standard of 1.5 people per bedroom.

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25042

Sources: US Census, Johnson Economics LLC

Unit Need by Income: Table 4.2 shows an estimate of the monthly housing costs affordable to local households based on their income, vs. the monthly housing costs of the current housing inventory. This is defined as the estimated owner costs based on the “value” of owner-occupied units and “gross rent” as sourced from the Census.

Table 4.2: Household Income vs. Current Inventory (2013)

DATA CATEGORY	Great Falls City			Cascade County			
	Owner	Renter	Total	Owner	Renter	Total	
Estimated Affordable Gross Household Income¹	15,168	9,461	24,629	21,244	12,082	33,326	
Monthly Housing Cost²							
Less than \$5,000	\$0 to \$125	127	630	757	195	653	848
\$5,000 to \$9,999	\$125 to \$250	273	847	1120	321	979	1300
\$10,000 to \$14,999	\$250 to \$375	719	1,388	2107	1,103	1,597	2700
\$15,000 to \$19,999	\$375 to \$500	765	749	1514	1,019	891	1910
\$20,000 to \$24,999	\$500 to \$625	631	1,048	1679	1,041	1,304	2345
\$25,000 to \$34,999	\$625 to \$875	1,328	1,511	2839	1,960	1,841	3801
\$35,000 to \$49,999	\$875 to \$1,250	2,626	1,344	3970	3,460	1,917	5377
\$50,000 to \$74,999	\$1,250 to \$1,875	3,527	1,305	4832	4,897	1,972	6869
\$75,000 to \$99,999	\$1,875 to \$2,500	2,453	261	2714	3,238	345	3583
\$100,000 to \$149,999	\$2,500 to \$3,750	1,994	340	2334	2,783	502	3285
\$150,000 or more	\$3,750 plus	725	38	763	1,227	81	1308
Current Inventory by Monthly Housing Cost³ (Selected Owner Costs or Gross Rent)							
\$0 to \$125	567	326	893	929	326	1,254	
\$125 to \$250	371	414	785	585	429	1,014	
\$250 to \$375	265	755	1,020	494	863	1,358	
\$375 to \$500	355	1,717	2,072	600	1,957	2,557	
\$500 to \$625	490	1,640	2,130	875	1,948	2,823	
\$625 to \$875	2,138	2,636	4,774	2,928	3,312	6,240	
\$875 to \$1,250	5,397	966	6,363	6,476	1,481	7,956	
\$1,250 to \$1,875	3,456	514	3,970	4,325	827	5,152	
\$1,875 to \$2,500	1,423	107	1,530	2,204	124	2,327	
\$2,500 to \$3,750	585	95	679	1,355	95	1,450	
\$3,750 plus	122	71	193	474	71	545	
No Cash Rent		219	219		650	650	
Surplus or Deficit of Units Affordable to Households (Inventory minus Need)							
\$0 to \$125	440	(304)	136	734	(327)	406	
\$125 to \$250	98	(433)	(335)	264	(550)	(287)	
\$250 to \$375	(454)	(633)	(1,087)	(609)	(734)	(1,342)	
\$375 to \$500	(410)	968	558	(419)	1,066	647	
\$500 to \$625	(141)	592	451	(166)	644	478	
\$625 to \$875	810	1,125	1,935	968	1,471	2,439	
\$875 to \$1,250	2,771	(378)	2,393	3,016	(436)	2,579	
\$1,250 to \$1,875	(71)	(791)	(862)	(572)	(1,145)	(1,717)	
\$1,875 to \$2,500	(1,030)	(154)	(1,184)	(1,034)	(221)	(1,256)	
\$2,500 to \$3,750	(1,409)	(245)	(1,655)	(1,428)	(407)	(1,835)	
\$3,750 plus	(603)	33	(570)	(753)	(10)	(763)	

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25118

² Affordable monthly housing costs for owners and renters are defined as 30% of monthly gross income.

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25075, Table B25063

Sources: US Census, Johnson Economics LLC

The comparison finds that there is a surplus of units around the middle of the cost spectrum. This reflects where most housing in the market is congregated (i.e. around the fair market value of housing units and rental units.) This fair market value tends to cluster in the middle of the spectrum, with an identified “deficit” of low-cost rental units and also high cost housing.

A “deficit” of high cost housing simply means that based on income levels some households in theory could afford to pay more for housing while still paying no more than 30% of their income. In practice, these households find housing that is less expensive and costs less than 30% of their income. This is a benefit to these households as long as they are satisfied with the less expensive housing choices. This comparison does indicate that perhaps there is room in the local housing market for new higher-end options, and an ability to pay for them.

The need for more rental housing on the lower end of the income spectrum is discussed more below. The Census identifies a surplus of very low value ownership housing with negligible costs. These may be mobile home units and very aged units in disrepair.

Low- and Moderate-Income Housing Unit Need: Table 4.3 (below) compares the number of households in the lower income ranges (segmented by percentage of AMI) with the availability of units affordable at that level. This table draws on the breakdown of households in these income bands (Table 2.5) and estimated housing inventory affordable at those levels (Table 4.2). (An inventory of specific affordable and LMI properties is included in Section VI of this report.)

The comparison finds that there is need for hundreds of units for the lowest income households in the City and County. For owner households there is a deficit of housing units for those earning less than 50% of AMI. For rental households, there is a deficit for those earning less than 30% AMI.

There is a net need for 702 units affordable for those earning below 30% AMI in the City, and need for an additional 173 such units in the County (875 total).

As mentioned above, there is a “surplus” of housing in the middle cost levels as this is where much of the market rate housing can be found.

* * *

Characteristics of the market rate and affordable inventory are discussed more in following sections of this report.

Table 4.3: Affordable Housing Need vs. Current Inventory (2013)

GREAT FALLS

DATA CATEGORY		Households		# of Affordable Units		Gap (Units - HHs)	
AMI Level	Income	Owner	Renter	Owner	Renter	Owner	Renter
Cascade County AMI¹: \$61,600							
Income Range							
10% AMI:	\$6,150	190	825	652	421	463	(404)
20% AMI:	\$12,300	541	1,291	408	666	(133)	(625)
30% AMI:	\$18,450	916	1,266	388	1,593	(528)	326
40% AMI:	\$24,600	818	1,196	561	2,041	(257)	845
50% AMI:	\$30,750	814	953	1,269	1,647	455	694
60% AMI:	\$36,900	897	812	1,592	1,242	695	430
70% AMI:	\$43,050	1,077	551	2,213	396	1,136	(155)
80% AMI:	\$49,200	1,217	623	2,500	448	1,284	(175)
90% AMI:	\$55,350	755	279	740	110	(15)	(169)
100% AMI:	\$61,500	868	321	850	127	(18)	(195)
110% AMI:	\$67,650	868	321	850	127	(18)	(195)
120% AMI:	\$73,800	868	321	850	127	(18)	(195)
Cumulative							
Below 30%:		1,647	3,382	1,448	2,680	(199)	(702)
Below 40%:		2,465	4,578	2,009	4,721	(456)	143
Below 50%:		3,279	5,531	3,277	6,368	(1)	837
Below 60%:		4,176	6,343	4,870	7,610	694	1,267
Below 80%:		6,469	7,517	9,583	8,454	3,114	937
Below 100%:		8,091	8,117	11,173	8,691	3,081	573
Total Below 120%:		9,827	8,759	12,873	8,944	3,046	184

CASCADE COUNTY

DATA CATEGORY		Households ²		# of Affordable Units ³		Gap	
AMI Level	Income	Owner	Renter	Owner	Renter	Owner	Renter
Cascade County AMI¹: \$61,600							
Income Range							
10% AMI:	\$6,150	269	878	1,063	424	794	(454)
20% AMI:	\$12,300	755	1,489	677	728	(77)	(761)
30% AMI:	\$18,450	1,299	1,477	681	1,817	(618)	340
40% AMI:	\$24,600	1,274	1,476	991	2,399	(283)	923
50% AMI:	\$30,750	1,210	1,163	1,754	2,060	544	897
60% AMI:	\$36,900	1,271	1,025	2,065	1,595	794	570
70% AMI:	\$43,050	1,419	786	2,655	607	1,236	(179)
80% AMI:	\$49,200	1,603	888	3,000	686	1,397	(202)
90% AMI:	\$55,350	1,048	422	926	177	(122)	(245)
100% AMI:	\$61,500	1,205	485	1,064	203	(141)	(282)
110% AMI:	\$67,650	1,205	485	1,064	203	(141)	(282)
120% AMI:	\$73,800	1,205	485	1,064	203	(141)	(282)
Cumulative							
Below 30%:		2,322	3,844	2,421	2,969	99	(875)
Below 40%:		3,596	5,320	3,412	5,368	(184)	48
Below 50%:		4,806	6,483	5,166	7,428	360	945
Below 60%:		6,077	7,508	7,231	9,023	1,153	1,515
Below 80%:		9,099	9,182	12,886	10,316	3,787	1,134
Below 100%:		11,352	10,089	14,876	10,696	3,524	607
Total Below 120%:		13,761	11,059	17,004	11,103	3,243	44

¹ HUD

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25118

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25075, Table B25063

IV. HOUSING TRENDS

This section discusses general trends in the housing market including housing development, pricing trends and housing condition.

Number of Dwelling Units: Table 5.1 shows the number of housing units in the City, County and comparison areas. In keeping with the relatively slow population growth discussed in Section II, housing development has been slower in the City and County than the growth in the State or Billings and Missoula.

Since 2000, the housing stock has grown by an estimated 9% in the county and 8.5% in the County, while growing from 22% to 30% in the comparison jurisdictions. The City has an estimated 27,500 units while the County has roughly 11,000 more.

Table 5.1: Affordable Housing Need vs. Current Inventory (2013)

DATA CATEGORY	Great Falls City	Cascade County	Montana State	Billings City	Missoula City
<u>Dwelling Units</u>					
Units 2000 ¹	25,250	35,225	412,633	39,293	25,225
Units 2010 ¹	26,854	37,276	482,825	46,317	30,682
Units 2015 (est.) ²	27,501	38,229	501,651	49,347	32,828
Unit Growth 2000 - 2015	2,251	3,004	89,018	10,054	7,603
% Growth 2000 - 2015	8.9%	8.5%	21.6%	25.6%	30.1%
Avg. Annual Growth	150	200	5,935	670	507
Annual Growth Rate	0.6%	0.5%	1.3%	1.5%	1.8%
<u>Estimated Vacancy</u>					
Vacancy Rate 2000 ¹	6%	8%	13%	4%	4%
Vacancy Rate 2010 ¹	6%	9%	15%	5%	5%
Vacancy Rate 2015 (est.) ³	8%	11%	16%	6%	6%

¹ US Census; Decennial census; Table QT-H1

² Estimated 2015 unit count is the 2010 Census total plus permits since 2010. Permits were sourced from the City of Great Falls, and the Census SOCDS Building Permits Database for other jurisdictions.

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25002

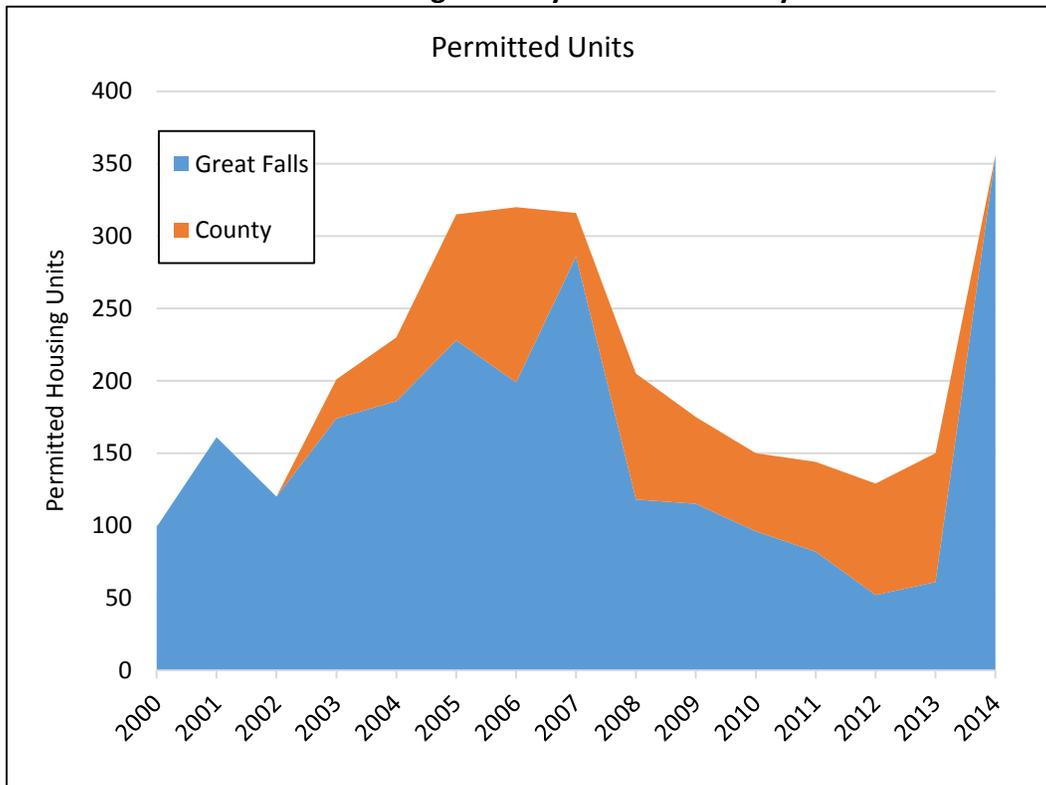
Sources: US Census, City of Great Falls, Johnson Economics LLC

General Vacancy: Table 5.1 shows the vacancy among all housing units. This includes all types of vacancy: owner units, renter units, second and vacation homes, abandoned homes, etc. The City has a relatively low overall vacancy rate, though slightly higher than the comparison cities. The Counties is higher at 11%

and the State’s overall vacancy rate is 16%. Again, this is not the rental vacancy rate which is discussed more below, but the total vacancy rate.

Building Permits: Figure 5.A shows the annual number of housing units permitted in the City and County since 2000. The City represents the bulk of the permits issued in Cascade County. The permits issued outside of the City are overwhelmingly single family homes.

Figure 5.A: Housing Units Permitted (2000 - 2014)
Includes Single Family and Multi-family



Sources: US Census, City of Great Falls, Johnson Economics LLC

Reflecting the trends of the national real estate market over the last decade, the study areas saw growing permitting and development activity until 2007, when the housing market slumped and recession set in. Permits fell dramatically at this point, from 316 units in 2007 to 129 units in 2012, a drop of 60%.

Since then, total housing permits have rebounded strongly, helped by the 216-unit Talus Apartments in Great Falls.

Absorption: Based on permitted data, the City has experienced an average annual absorption of 109 single family units, and 46 multi-family units since 2000, with the County absorbing an additional 49 single-family units annually.

Since 2010, the City has absorbed a lower average of 54 single family homes per year, but a higher average of 75 multi-family units. Since 2010, the remainder of the County has continued to average 56 single family units, with negligible multi-family development.

Planned and Under Construction: As of this report, the City tracks 302 units in the pipeline which includes:

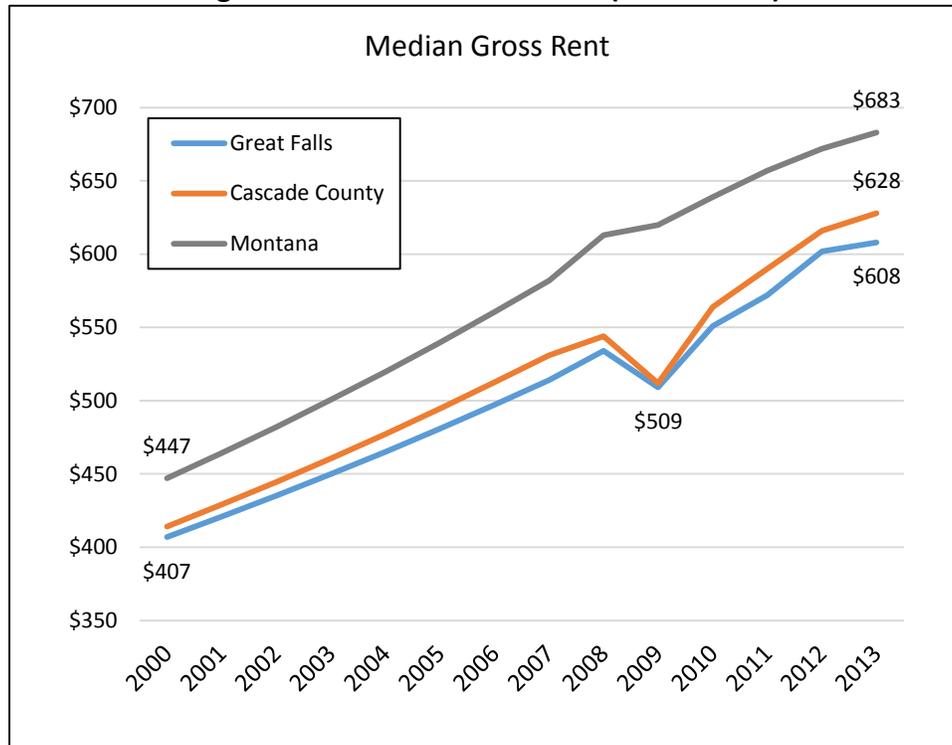
- Talus Apartments (216 units, market rate)
- Skyline Apartments (24 units, market rate)
- City View Apartments (24 units, market rate)
- Voyageur Apartments (38 unit, affordable senior apartments)

General Rent Trends: Figure 5.B shows general rent trends in the study areas since 2000. Census data covers the year 2000, and the years 2007 – 2013. Therefore, the median gross rent is extrapolated in a straight-line trend between 2000 and 2007.

There is a general upwards trend reflecting inflation, with a decline in rents in 2009, during the recession. During this time many households consolidated by moving in with family or seeking roommates, so despite a falling homeownership rate during this period, rents also saw a decline in many markets across the nation.

The median rent tends to be lower than the statewide median rent. As of 2013, the City median rent was 11% lower than the State median, and 3% lower than the County median. The County median is likely somewhat higher due to the prevalence of larger single family homes as rentals in the county, while the city features smaller multi-family unit types which have a relatively lower rent due to size.

Figure 5.B: Median Gross Rent (2000 - 2013)



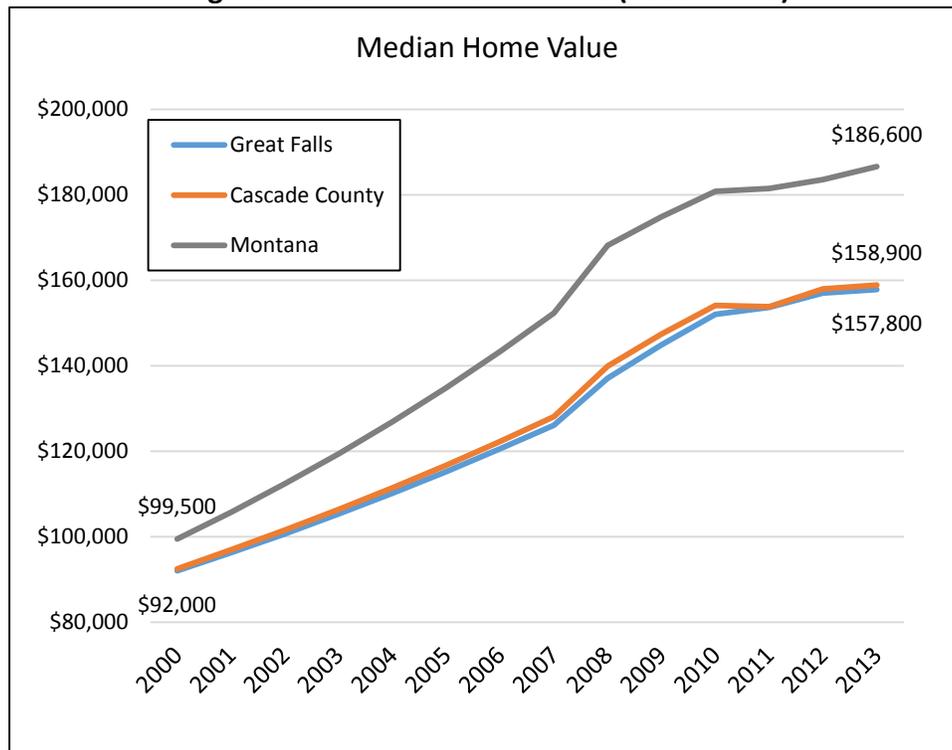
Sources: US Census; Decennial census; Table H063; American Community Survey 3-Year Estimates (Years 2007 - 2013); Table B25002, Johnson Economics LLC

General Home Price Trends: Figure 5.C shows median home value trends since 2000. Census data covers the year 2000, and the years 2007 – 2013. Therefore, the median gross rent is extrapolated in a straight-line trend between 2000 and 2007.

Growth in the median value slowed during the housing recession and remained relatively flat from 2010 to 2011. Values have since begun to climb again, however slowly. The median home value in the study areas lags behind the State. In 2013, the median value in Great Falls was 15% lower than the statewide median, but within one percent of the countywide median.

The Great Falls median is 9% lower than the national median home value of \$173,200.

Figure 5.C: Median Home Value (2000 - 2013)



Sources: US Census; Decennial census; Table QT-H14; American Community Survey 3-Year Estimates (Years 2007 - 2013); Table B25077, Johnson Economics LLC

Cascade county, MTForeclosure Activity: RealtyTrac, a foreclosure listing and research service, tracks foreclosure activity in Cascade County since 2006, at the zip code level (see Figures 5.D and 5.E). Data on the foreclosure rate by housing type is not available.

In general, the foreclosure rate has been falling fairly steadily since 2006 and is now at its lowest level in years. As in many markets nationwide, there was a spike in activity in 2010 as some recession-period homeowner assistance programs expired. The current rate in Great Falls of 0.17% (or 0.17 foreclosure actions for every 100 households) is roughly twice as high as the national average (0.09%), but in line with Missoula County. (RealtyTrac reports that the Montana overall has a very low foreclosure rate of 0.01%, but this may be due to incomplete data from some parts of the state.)

In 2014, there were 55 foreclosure actions in the City, out of 68 total in the County. While foreclosure activity remains somewhat elevated, the trends have been positive and indicate a return to normal levels.

Figure 5.D: Foreclosure Rate (2006 - 2014)

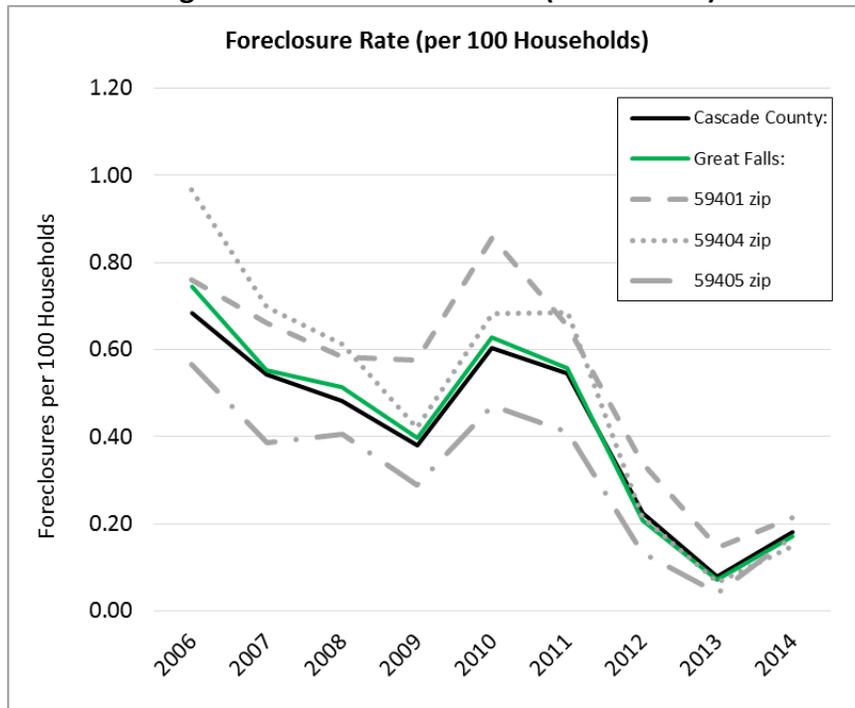
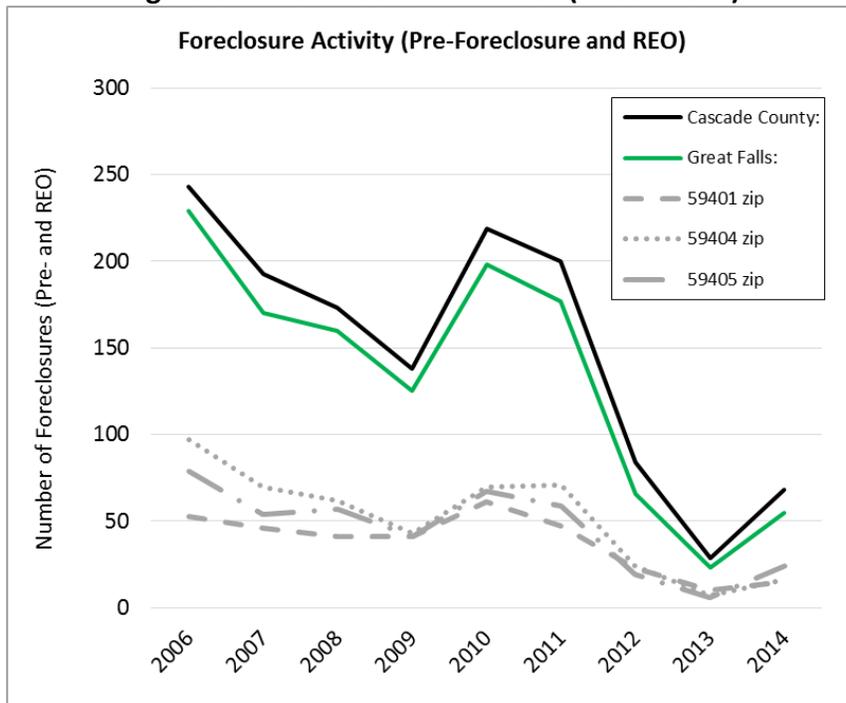


Figure 5.E: Foreclosure Activities (2006 - 2014)



Sources: RealtyTrac, Johnson Economics LLC

V. CURRENT HOUSING INVENTORY AND CHARACTERISTICS

This section discusses characteristics of the housing inventory for owner-occupied and renter-occupied units.

Inventory Growth: Table 6.1 shows the total housing inventory by unit type. Between 2000 and 2013, the Census estimates that the housing inventory grew by 1,527 in the City and 2,132 in the County. This is growth of 6% over this period.

The growth of 1,527 dwelling units compares with the addition of 795 households to the City during this period. The growth of 2,132 units in the County compares to the growth of 779 households during this period.

The Census estimates show a large decrease in the number of duplexes during this period which likely is attributable to the reclassification of some units from “duplex” to other types such as “attached single family.”

Table 6.1: Housing Inventory by Unit Type (Occupied and Vacant, 2000-2013)

GREAT FALLS

DATA CATEGORY	<u>Detached</u> Single Family	<u>Attached</u> Single Family	<u>Duplex</u>	<u>3- or 4-</u> Plex	<u>5 to 50</u> Units	<u>50+ Units</u>	<u>Mobile</u> Homes	<u>Boat, RV,</u> Van, etc.	<u>Total</u> Units
Total Units (2000) ¹	15,744	706	1,241	1,756	3,594	850	1,342	20	25,253
Total Units (2010) ²	16,414	773	1,375	1,574	4,570	450	1,472	0	26,628
Total Units (2013) ²	16,871	1,027	938	1,766	4,095	673	1,410	0	26,780
Unit Growth 2000 - 2013	1,127	321	-303	10	501	-177	68	-20	1,527
% Growth 2000 - 2013	7%	45%	-24%	1%	14%	-21%	5%	0%	6%
Avg. Annual Growth	87	25	-23	1	39	-14	5	-2	117
Annual Growth Rate	0.5%	2.9%	-2.1%	0.0%	1.0%	-1.8%	0.4%	0.0%	0.5%

CASCADE COUNTY

DATA CATEGORY	<u>Detached</u> Single Family	<u>Attached</u> Single Family	<u>Duplex</u>	<u>3- or 4-</u> Plex	<u>5 to 50</u> Units	<u>50+ Units</u>	<u>Mobile</u> Homes	<u>Boat, RV,</u> Van, etc.	<u>Total</u> Units
Total Units (2000) ¹	21,850	1,553	1,488	1,872	3,977	894	3,521	70	35,225
Total Units (2010) ²	23,272	1,528	2,113	1,705	4,647	663	3,223	15	37,166
Total Units (2013) ²	24,437	1,707	1,094	1,827	4,254	673	3,345	20	37,357
Unit Growth 2000 - 2013	2,587	154	-394	-45	277	-221	-176	-50	2,132
% Growth 2000 - 2013	12%	10%	-26%	-2%	7%	-25%	-5%	0%	6%
Avg. Annual Growth	199	12	-30	-3	21	-17	-14	-4	164
Annual Growth Rate	0.9%	0.7%	-2.3%	-0.2%	0.5%	-2.2%	-0.4%	0.0%	0.5%

¹ US Census; Decennial census; Table H030

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25024

Tenure: Occupied units in Great Falls are 62% owner-occupied and 38% renter occupied. County-wide the ownership rate is 64%. The ownership rate is down three percentage points from the 2010 Census. This reflects a nationwide trend of rising homeownership rate during the housing “boom” of roughly 2004 to 2007. After the housing “bust” the homeownership rate fell, and rental rate climbed (Table 6.2). In fact, according to the Census there were a higher total number of owner occupied units in 2010 than in 2013.

Table 6.2: Housing Inventory by Unit Type and Tenure (Occupied, 2000-2013)

GREAT FALLS

DATA CATEGORY	<u>Detached Single Family</u>	<u>Attached Single Family</u>	<u>Duplex</u>	<u>3- or 4- Plex</u>	<u>5 to 50 Units</u>	<u>50+ Units</u>	<u>Mobile Homes</u>	<u>Boat, RV, Van, etc.</u>	<u>Total Units</u>	<u>% of Occ. Units</u>
Owner-occupied Units (2000) ¹	13,069	317	229	78	308	0	1,000	10	15,011	63%
Owner-occupied Units (2010) ²	14,071	525	274	114	258	0	857	0	16,099	65%
Owner-occupied Units (2013) ²	13,323	508	125	68	220	0	924	0	15,168	62%
Renter-occupied Units (2000) ¹	2,088	348	905	1,378	2,970	797	282	6	8,774	37%
Renter-occupied Units (2010) ²	1,808	248	905	1,309	3,803	450	330	0	8,853	35%
Renter-occupied Units (2013) ²	2,403	457	664	1,618	3,265	649	405	0	9,461	38%
Owner-occupied Units (2013)	87.8%	3.3%	0.8%	0.4%	1.5%	0.0%	6.1%	0.0%	100.0%	
Renter-occupied Units (2013)	25.4%	4.8%	7.0%	17.1%	34.5%	6.9%	4.3%	0.0%	100.0%	

CASCADE COUNTY

DATA CATEGORY	<u>Detached Single Family</u>	<u>Attached Single Family</u>	<u>Duplex</u>	<u>3- or 4- Plex</u>	<u>5 to 50 Units</u>	<u>50+ Units</u>	<u>Mobile Homes</u>	<u>Boat, RV, Van, etc.</u>	<u>Total Units</u>	<u>% of Occ. Units</u>
Owner-occupied Units (2000) ¹	17,510	345	248	85	325	0	2,572	26	21,111	65%
Owner-occupied Units (2010) ²	19,133	594	279	114	258	0	2,068	15	22,461	67%
Owner-occupied Units (2013) ²	18,115	558	131	68	234	0	2,125	13	21,244	64%
Renter-occupied Units (2000) ¹	2,916	1,151	1,046	1,476	3,320	841	666	20	11,436	35%
Renter-occupied Units (2010) ²	2,405	879	1,271	1,419	3,836	629	632	0	11,071	33%
Renter-occupied Units (2013) ²	3,771	1,026	718	1,679	3,399	649	833	7	12,082	36%
Owner-occupied Units (2013)	85.3%	2.6%	0.6%	0.3%	1.1%	0.0%	10.0%	0.1%	100.0%	
Renter-occupied Units (2013)	31.2%	8.5%	5.9%	13.9%	28.1%	5.4%	6.9%	0.1%	100.0%	

¹ US Census; Decennial census; Table H032

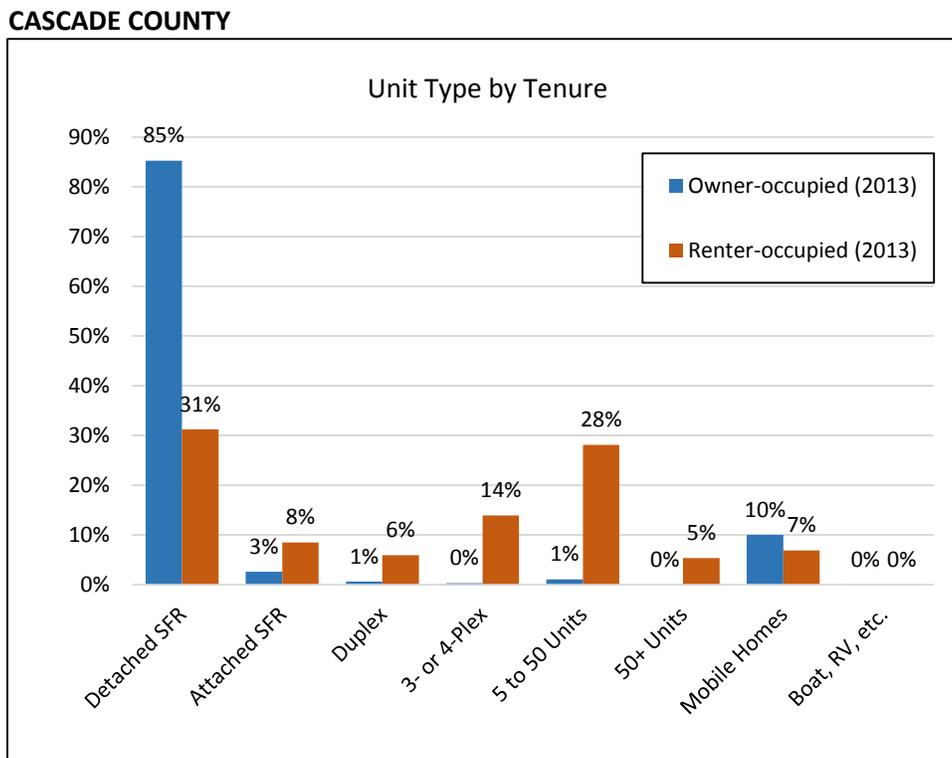
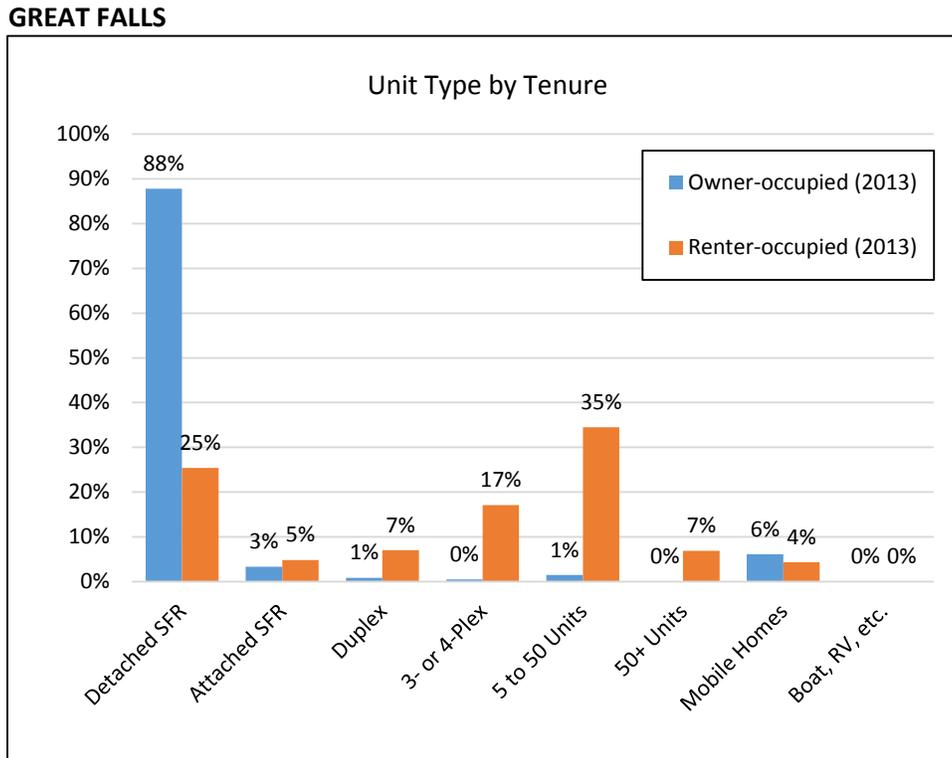
² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25032

Sources: US Census, Johnson Economics LLC

Unit Types by Tenure: In the City, ownership units are dominated by detached single family homes at 88%. This is followed by 6% mobile homes and a small number of other unit types. Rental units are 25% single family detached homes and 70% some sort of attached units. The County shows similar trends but with a higher percentage of mobile home ownership, and a higher share of detached single family rentals. This is due to the relative scarcity of attached unit types in the remainder of the county.

Figure 6.A shows a comparison of the share of unit types by tenure for the City.

Figure 6.A: Share of Unit Type by Tenure, Great Falls (2013)



Sources: US Census, Johnson Economics LLC

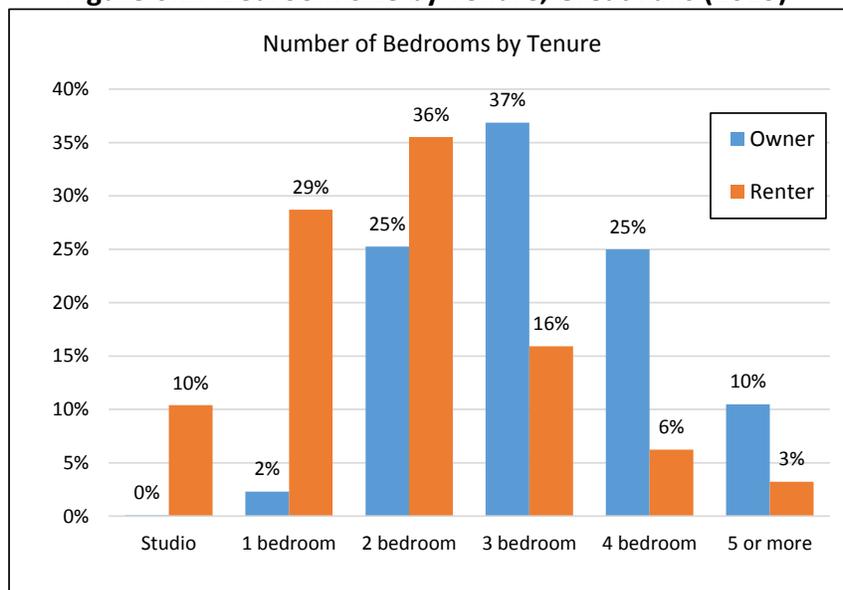
Bedrooms: Table 6.3 shows the breakdown of the housing inventory by number of bedrooms. 58% of units in the City and 62% in the County have either two or three bedrooms. 17% and 15% of units respectively are one bedroom or less. 24% and 35% of units respectively offer more than three bedrooms.

Table 6.3: Housing Inventory by Number of Bedrooms (2013)

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	All Units	Owner	Renter	All Units	Owner	Renter
<u>Number of Bedrooms</u>¹						
Studio	1,200	13	983	1,370	13	1,044
1 bedroom	3,416	350	2,715	4,273	539	3,054
2 bedroom	7,766	3,830	3,360	10,263	5,168	4,106
3 bedroom	7,779	5,592	1,506	11,848	8,180	2,368
4 bedroom	4,657	3,792	591	6,838	5,181	1,081
5 or more	1,962	1,591	306	2,765	2,163	429
TOTAL:	26,780	15,168	9,461	37,357	21,244	12,082
<u>Number of Bedrooms</u>¹						
Studio	4%	0%	10%	4%	0%	9%
1 bedroom	13%	2%	29%	11%	3%	25%
2 bedroom	29%	25%	36%	27%	24%	34%
3 bedroom	29%	37%	16%	32%	39%	20%
4 bedroom	17%	25%	6%	18%	24%	9%
5 or more	7%	10%	3%	7%	10%	4%
TOTAL:	100%	100%	100%	100%	100%	100%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25041 & B25042
Sources: US Census, Johnson Economics LLC

Figure 6.B: Bedroom Size by Tenure, Great Falls (2013)



Sources: US Census, Johnson Economics LLC

As Figure 6.B (above) shows, rental units tend to have a greater share of smaller units, while owner-occupied units have a greater share of larger units. This mainly reflects the difference between single family homes and rental units. 75% of rentals offer two bedrooms or less, while 72% of owner-occupied units feature three or more bedrooms.

Age of Housing Stock: Table 6.4 shows the age of housing units by year built for the total housing inventory, and for owner and renter occupied units. The housing stock in the City and County is generally fairly old, with 80% and 85% of units respectively built before 1990, or 25 years ago. Well over 50% of the housing stock was built before 1970.

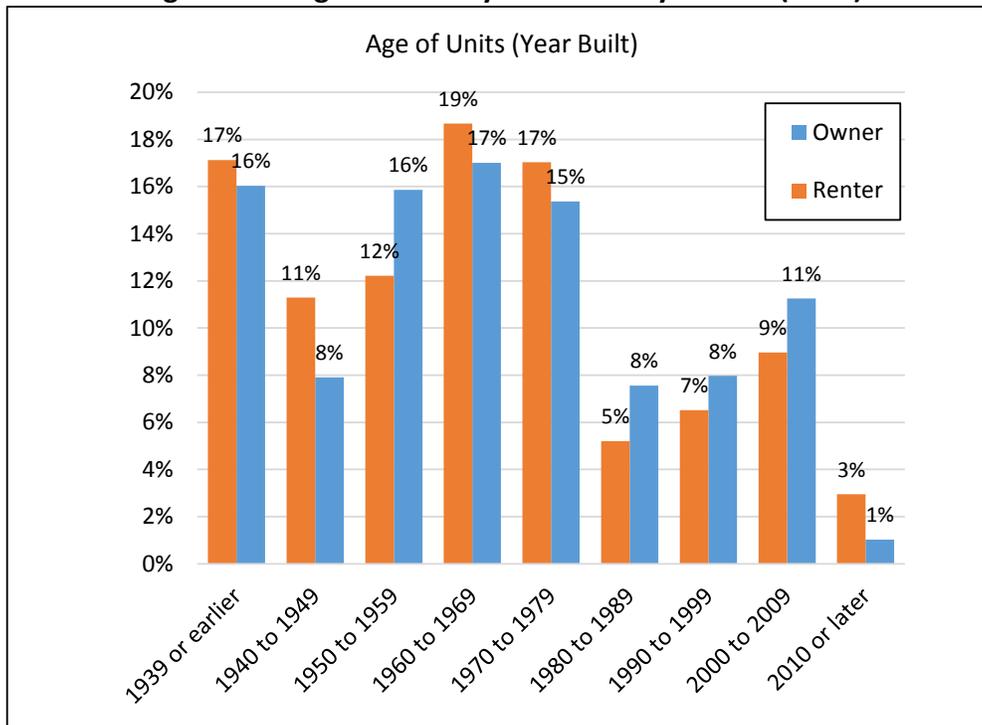
Table 6.4: Housing Inventory by Year Built (2013)

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	All Units	Owner	Renter	All Units	Owner	Renter
Year Built¹						
2010 or later	574	217	357	182	143	39
2000 to 2009	3,980	2,391	1,083	2,118	1,555	412
1990 to 1999	3,009	1,693	788	1,628	828	612
1980 to 1989	2,395	1,606	629	1,397	873	420
1970 to 1979	5,867	3,266	2,058	3,824	1,875	1,725
1960 to 1969	6,603	3,614	2,257	5,388	2,995	1,938
1950 to 1959	5,252	3,370	1,476	4,570	2,975	1,348
1940 to 1949	3,463	1,681	1,365	2,870	1,273	1,250
1939 or earlier	6,214	3,406	2,069	4,803	2,651	1,717
TOTAL:	37,357	21,244	12,082	26,780	15,168	9,461
Year Built¹						
2010 or later	2%	1%	3%	1%	1%	0%
2000 to 2009	11%	11%	9%	8%	10%	4%
1990 to 1999	8%	8%	7%	6%	5%	6%
1980 to 1989	6%	8%	5%	5%	6%	4%
1970 to 1979	16%	15%	17%	14%	12%	18%
1960 to 1969	18%	17%	19%	20%	20%	20%
1950 to 1959	14%	16%	12%	17%	20%	14%
1940 to 1949	9%	8%	11%	11%	8%	13%
1939 or earlier	17%	16%	17%	18%	17%	18%
TOTAL:	100%	100%	100%	100%	100%	100%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25034 & B25036
Sources: US Census, Johnson Economics LLC

As Figure 6.C (below) shows, rental units tend to be older than ownership units, with a greater share of rentals being built before 1980 than owned units. Owner-occupied units tend to have a greater share built since 1980 than rentals, but overall 72% of owned units are still older than this. The County shows a similar pattern.

Figure 6.C: Age of Units by Year Built by Tenure (2013)



Sources: US Census, Johnson Economics LLC

Vacancy: Table 6.5 (below) presents estimated vacant units by category. Overall, an estimated 8% of the City housing stock, and 11% of county housing stock is estimated to be vacant. The County has a higher share of seasonal and recreational units among its vacant stock.

Table 6.5: Vacant Units by Category (2013)

DATA CATEGORY	GREAT FALLS		CASCADE COUNTY	
	# of Units	%	# of Units	%
Category of Vacancy				
For rent	851	40%	958	24%
Rented, not occupied	46	2%	100	2%
For sale only	377	18%	705	17%
Sold, not occupied	108	5%	243	6%
For seasonal, recreational, or occasional use	240	11%	1,008	25%
For migrant workers	0	0%	0	0%
Other vacant	529	25%	1,017	25%
Total Vacant	2,151	100%	4,031	100%
Vacancy Rate (All Units)	8%		11%	
Imputed Rental Vacancy	9%		8%	

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25004
Sources: US Census, Johnson Economics LLC

Based on these Census estimates the rental vacancy rate was at 8% to 9% in 2013. Based on a survey of actual rental properties in the Great Falls area (discussed in a following section), it seems the Census estimate of rental vacancy is quite high for the current market. The rental supply in Great Falls is very tight with current vacancy estimated at 3% or lower.

Substandard Housing: Table 6.6 (below) presents a summary of identified housing issues in the City and County. These issues include inadequate kitchen facilities, plumbing facilities, or overcrowding defined as more than 1.5 people per room.

Overall the instances of these issues are very small, mostly within the margin of error of the Census data. Units lacking kitchen facilities tend to represent one percent or less of the housing stock. The estimated units lacking plumbing facilities are must a fraction of one percent.

The exception is in overcrowded units. While a fraction of one percent of owner-occupied units are estimated to be crowded, a more significant share (4%) of rental units are estimated to house more than 1.5 people per room. This amounts to over 380 rental units in the City and 438 total in the County.

Table 6.6: Substandard Housing Issues (2013)

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	Owner	Renter	All Occupied Units	Owner	Renter	All Occupied Units
<u>Kitchen Facilities</u>¹						
Complete kitchen facilities	15,072	9,347	24,419	21,106	11,924	33,030
<i>Lacking complete kitchen facilities</i>	96	114	210	138	158	296
Complete kitchen facilities	99.4%	98.8%	99.1%	99.4%	98.7%	99.1%
<i>Lacking complete kitchen facilities</i>	0.6%	1.2%	0.9%	0.6%	1.3%	0.9%
<u>Plumbing Facilities</u>²						
Complete plumbing facilities	15,152	9,450	24,602	21,185	12,071	33,256
<i>Lacking complete plumbing facilities</i>	16	11	27	59	11	70
Complete plumbing facilities	99.9%	99.9%	99.9%	99.7%	99.9%	99.8%
<i>Lacking complete plumbing facilities</i>	0.1%	0.1%	0.1%	0.3%	0.1%	0.2%
<u>Crowding</u>³						
Fewer than 1.5 occupants per room	15142	9078	24220	21218	11644	32862
<i>More than 1.5 occupants per room</i>	26	383	409	26	438	464
Fewer than 1.5 occupants per room	99.8%	96.0%	98.3%	99.9%	96.4%	98.6%
<i>More than 1.5 occupants per room</i>	0.2%	4.0%	1.7%	0.1%	3.6%	1.4%
<u>Combined</u>						
Total Occupied Households	15,168	9,461	24,629	21,244	12,082	33,326
Instances of one of these issues	138	508	646	223	607	830
<i>More than 1.5 occupants per room</i>	0.9%	5.4%	2.6%	1.0%	5.0%	2.5%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25053

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25049

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25014

Sources: US Census, Johnson Economics LLC

VI. HOUSING COSTS

This section discusses current rent, owner cost and home value trends and affordability levels.

Gross Rents: Table 7.1 presents gross rents from 2000 and 2013. As would be expected, the number of renters paying rents in the lower brackets has fallen since 2000 due to rent inflation.

The number paying very little rent of less than \$100/month has actually risen, which is at least partially attributable to affordable housing supply in the study areas. For those in market rate rentals however, the number of renters paying less than \$500/mo. has fallen, while those paying more than this has risen.

Table 7.1: Gross Monthly Rents (2000-2013)

DATA CATEGORY	GREAT FALLS					CASCADE COUNTY				
	2000 ¹	%	2013 ²	%	Change	2000 ¹	%	2013 ²	%	Change
<u>Gross Monthly Rents</u>										
Less than \$100	202	2%	281	3%	79	204	2%	281	2%	77
\$100 to \$199	846	10%	179	2%	(667)	889	8%	179	1%	(710)
\$200 to \$299	1070	12%	572	6%	(498)	1245	11%	607	5%	(638)
\$300 to \$399	1945	22%	619	7%	(1,326)	2143	19%	739	6%	(1,404)
\$400 to \$499	1982	23%	1567	17%	(415)	2250	20%	1778	15%	(472)
\$500 to \$599	1160	13%	1237	13%	77	1405	12%	1483	12%	78
\$600 to \$699	460	5%	1613	17%	1,153	645	6%	1859	15%	1,214
\$700 to \$799	329	4%	991	10%	662	394	4%	1239	10%	845
\$800 to \$899	86	1%	574	6%	488	108	1%	896	7%	788
\$900 to \$999	110	1%	417	4%	307	127	1%	586	5%	459
\$1,000 to \$1,499	109	1%	809	9%	700	126	1%	1337	11%	1,211
\$1,500 to \$1,999	64	1%	146	2%	82	65	1%	211	2%	146
\$2,000 or more	44	1%	237	3%	193	46	0%	237	2%	191
No cash rent	344	4%	219	2%	(125)	1605	14%	650	5%	(955)
Total:	8751		9461		710	11252		12082		830

¹ US Census; Decennial census; Table H062

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25063

Sources: US Census, Johnson Economics LLC

Table 7.2 (below) presents gross rents in 2013 as a percentage of household income. 46% and 43% of renting households in the City and County respectively are spending more than 30% of their incomes on rent. Spending more than 30% of gross income on housing costs is a commonly used indicator of unaffordability.

22% and 20% of renting households in the City and County respectively are spending more than 50% of their incomes on rent.

Table 7.2: Gross Rent as a Percentage of HH Income (2013)

DATA CATEGORY	GREAT FALLS		CASCADE COUNTY	
	# of HH	%	# of HH	%
% of Household Income on Rent ¹				
Less than 10%	567	6%	649	6%
10% to 14%	811	9%	1,052	9%
15% to 19%	1,418	16%	1,885	17%
20% to 24%	1,109	12%	1,543	14%
25% to 29%	954	11%	1,224	11%
30% to 34%	694	8%	839	7%
35% to 39%	464	5%	601	5%
40% to 49%	1,014	11%	1,179	11%
50% or more	2,011	22%	2,254	20%
Totals:	9,042		11,226	
Spending 30%+ Income on Rent	4,183	46%	4,873	43%
Spending 50%+ Income on Rent	2,011	22%	2,254	20%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25070

Sources: US Census, Johnson Economics LLC

Table 7.3 (below) presents similar data by income band. Of those renter households earning \$20,000 or less, 81% pay 30% or more in rent. Of those earning from \$20,000 to \$34,000 nearly 50% pay 30% or more in rent. The Census income categories have been roughly mapped to the HUD AMI bands for reference.

Table 7.3: Gross Rent as a Percentage of HH Income (2013)

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	< 20%	20% - 29%	30% or More	< 20%	20% - 29%	30% or More
Income Bands¹ Rough AMI Bands²						
Less than \$20,000: 0% to 30% AMI	238	407	2,713	241	442	3,074
\$20,000 to \$34,999: 30% to 60% AMI	372	930	1,151	452	1,122	1,378
\$35,000 to \$49,999: 60% to 80% AMI	624	478	205	818	698	281
\$50,000 to \$74,999: 80% to 120% AMI	1,001	190	114	1,289	439	140
\$75,000 or more: 120% AMI +	561	58	0	786	66	0
Income Bands¹ Rough AMI Bands²						
Less than \$20,000: 0% to 30% AMI	7%	12%	81%	6%	12%	82%
\$20,000 to \$34,999: 30% to 60% AMI	15%	38%	47%	15%	38%	47%
\$35,000 to \$49,999: 60% to 80% AMI	48%	37%	16%	46%	39%	16%
\$50,000 to \$74,999: 80% to 120% AMI	77%	15%	9%	69%	24%	7%
\$75,000 or more: 120% AMI +	91%	9%	0%	92%	8%	0%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

Sources: US Census, Johnson Economics LLC

Homeowner Costs: Table 7.4 presents selected monthly lower costs for owner-occupied households in the City and County in 2013. (Data on owner costs is not available in this format from the 2000 Census for comparison.) Ownership costs tend to be clustered at under \$500 and over \$1,000, likely corresponding to homeowners who have paid off their mortgage and those who still have a current mortgage.

Table 7.4: Monthly Owner Costs (2013)

DATA CATEGORY	GREAT FALLS		CASCADE COUNTY	
	2013	%	2013	%
Monthly Owner Costs¹				
Less than \$100	74	0%	151	1%
\$100 to \$199	537	4%	812	4%
\$200 to \$299	1306	9%	1777	8%
\$300 to \$399	1773	12%	2384	11%
\$400 to \$499	1505	10%	1952	9%
\$500 to \$599	590	4%	1002	5%
\$600 to \$699	626	4%	962	5%
\$700 to \$799	817	5%	1124	5%
\$800 to \$899	1219	8%	1614	8%
\$900 to \$999	915	6%	1176	6%
\$1,000 to \$1,499	3916	26%	5083	24%
\$1,500 to \$1,999	1298	9%	2004	9%
\$2,000 or more	592	4%	1203	6%
Total:	15168		21244	

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25094
Sources: US Census, Johnson Economics LLC

Table 7.5 (below) presents monthly owner costs in 2013 as a percentage of household income for owner households with mortgage costs and without. Of those with mortgages, roughly 30% spend more than 30% of their incomes on housing costs, a commonly used indicator of unaffordability, while 10% spend more than 50% of the income.

For those owner households without mortgage costs, only 7% in the City and 9% in the County spend more than 30% of their incomes on housing costs.

Table 7.5: Monthly Owner Cost as Percentage of HH Income (2013)

DATA CATEGORY	GREAT FALLS		CASCADE COUNTY	
	# of HH	%	# of HH	%
WITH A MORTGAGE				
<u>% of Household Income on Costs</u>¹				
Less than 10%	490	5%	648	5%
10% to 14%	1,432	15%	1,912	15%
15% to 19%	1,986	21%	2,565	20%
20% to 24%	1,809	19%	2,600	20%
25% to 29%	922	10%	1,288	10%
30% to 34%	735	8%	906	7%
35% to 39%	471	5%	744	6%
40% to 49%	646	7%	905	7%
50% or more	868	9%	1,225	10%
Totals:	9,359		12,793	
Spending 30%+ Income on Rent	2,720	29%	3,780	30%
Spending 50%+ Income on Rent	868	9%	1,225	10%
WITH NO MORTGAGE				
<u>% of Household Income on Costs</u>¹				
Less than 10%	2,932	31%	3,980	31%
10% to 14%	1,171	13%	1,722	13%
15% to 19%	568	6%	934	7%
20% to 24%	366	4%	573	4%
25% to 29%	320	3%	435	3%
30% to 34%	90	1%	160	1%
35% to 39%	73	1%	130	1%
40% to 49%	96	1%	165	1%
50% or more	152	2%	294	2%
Totals:	5,768		8,393	
Spending 30%+ Income on Rent	411	7%	749	9%
Spending 50%+ Income on Rent	152	2%	294	2%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25070
Sources: US Census, Johnson Economics LLC

Table 7.6 (below) presents similar data by income band. Of those renter households earning \$20,000 or less, 55% pay 30% or more in owner costs. Of those earning from \$20,000 to \$34,000 nearly 50% also pay 30% or more in owner costs. Higher income households are progressively less likely to pay over 30% in housing costs.

The Census income categories have been roughly mapped to the HUD AMI bands for reference.

Table 7.3: Monthly Owner Cost as a Percentage of HH Income (2013)

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	< 20%	20% - 29%	30% or More	< 20%	20% - 29%	30% or More
<u>Income Bands¹</u> <u>Rough AMI Bands²</u>						
Less than \$20,000: 0% to 30% AMI	326	497	1,020	501	601	1,478
\$20,000 to \$34,999: 30% to 60% AMI	743	255	961	1,125	489	1,387
\$35,000 to \$49,999: 60% to 80% AMI	1,125	794	707	1,552	980	928
\$50,000 to \$74,999: 80% to 120% AMI	2,054	1,102	371	2,829	1,541	527
\$75,000 or more: 120% AMI +	4,331	769	72	5,754	1,285	209
<u>Income Bands¹</u> <u>Rough AMI Bands²</u>						
Less than \$20,000: 0% to 30% AMI	18%	27%	55%	19%	23%	57%
\$20,000 to \$34,999: 30% to 60% AMI	38%	13%	49%	37%	16%	46%
\$35,000 to \$49,999: 60% to 80% AMI	43%	30%	27%	45%	28%	27%
\$50,000 to \$74,999: 80% to 120% AMI	58%	31%	11%	58%	31%	11%
\$75,000 or more: 120% AMI +	84%	15%	1%	79%	18%	3%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

Sources: US Census, Johnson Economics LLC

VII. LOW-INCOME HOUSING INVENTORY & VOUCHERS

This section presents an inventory of specific affordable and subsidized housing, and Section Housing Choice Vouchers in the community.

Housing Choice Vouchers: Table 8.1 summarizes the number of Section 8 housing choice vouchers available in the community. The vouchers are generally available to those earning 50% or less of the Area Median Income (AMI). The Great Falls Housing Authority (GFHA) and Opportunities Inc. administer a total of 735 vouchers. 88% of vouchers are in use as some households are seeking an appropriate unit, or are otherwise in transition.

There is a list of 590 households waiting for vouchers, representing 80% of the vouchers available. The waiting period is estimated at 6 to 8 months. On the Opportunities Inc. waiting list, 22% of households have an elderly member, and 59% have a member with a disability.

Table 8.1: Housing Choice Voucher Availability

Section 8 Vouchers	GFHA	Opportunities Inc.	TOTAL
# of Vouchers:	265	470	735
Number in Use:	191 72%	456 97%	647 88%
<u>WAITLIST</u>			
Total Households:	137	453	590
Estimated Wait:	6 Months	8 Months	8 Months
Elderly:	not reported	98 22%	98 17%
W/ Disabilities	not reported	268 59%	268 45%

Sources: GFHA, Opportunities Inc.

Public Housing: Table 8.3 (following pages) summarizes the Public Housing inventory in Great Falls. These properties are generally offered to households earning less than 30% AMI. The Great Falls Housing Authority (GFHA) offers 490 units, with a range of bedroom sizes, but the majority in the one bedroom to four bedroom range.

The GFHA reports that 85% of the households on the public housing waitlist qualify for a one bedroom unit, while these units only make up 28% of the housing stock (Table 8.4). Households seeking larger unit sizes generally face less of a wait.

Other Affordable and Subsidized Housing: Table 8.5 (following pages) summarizes other properties with multiple owners which offer low-rent or subsidized units in the Great Falls market. The majority of these units are project-based Section 8 units, however, there are some affordable tax credit properties as well.

There were 22 properties identified with 1,058 units offered. (Two of these properties are HOME projects also operated by GFHA.) These properties are 38% one bedroom units and 39% two bedroom units. 24% of them are accessible units.

The affordable tax credit properties tend to be available to those earning between 40% and 60% of AMI. Section 8 projects tends to be affordable to those earning 50% or less of AMI.

The subsidized properties all maintain very low vacancy generally of a few units in turnover. The properties maintain wait lists of varied length from which new tenants are drawn. Some properties report wait times of a few months, while others may be up to a year.

Combined Affordable and Subsidized Inventory: Table 8.2 presents a summary of all of the affordable units and housing choice vouchers available for households at different income levels. There are 1,548 identified units and 735 vouchers, for an ability to serve 2,283 total households.

**Table 8.2: Affordable and Subsidized Housing, and Vouchers
By Income Level**

Affordability Level	Total Units	Studio	One Bed	Two Bed	Three Bed	Four Bed	Accessible Units	Housing Choice Vouchers
At or below 30% AMI	490	8	136	170	140	36	24	
At or below 50% AMI	776	56	355	274	78	13	132	735
From 40% to 60% AMI	282	1	55	129	97	0	124	
Total:	1,548	65	546	573	315	49	280	735
		4%	35%	37%	20%	3%	18%	47%

Sources: Great Falls Housing Authority, Opportunities Inc., subject properties, Johnson Economics LLC

Planned Affordable and Subsidized Properties: There are some planned and proposed low-income units which may add to the inventory in coming years.

- Voyageur Apartments – 38 unit affordable senior project
- First Avenue Estates – 12 units total, with 6 affordable HOME units, and 6 market rate

Table 8.3: Public Housing Properties and Units, Great Falls (GFHA)

Property	Address	Year Built	Last Rehab	Condition	Total Units	Studio	One Bed	Two Bed	Three Bed	Four Bed	Accessible Units	Program
Main Site 1	1500 Chowden Springs Loop	1938	On-going	Good	156	0	62	56	34	4	0	Public housing
Main Site 2	1501 Chowden Springs Loop	1960	1997	Good	200	0	40	70	70	20	14	Public housing
Sunrise Court	51st St. & 3rd Ave. S	1973	2002	Excellent	50	0	8	18	18	6	3	Public housing
Yoeman-Tynes	27th St. & 16th Ave. S	1980	2007	Excellent	30	0	0	26	2	2	2	Public housing
Russell	11th Ave. & 33rd St. S	1980	2009	Excellent	20	0	0	0	16	4	0	Public housing
Austin Hall	1622 3rd Ave. N	1981	2002	Good	34	8	26	0	0	0	5	Public housing
TOTALS:					490	8 2%	136 28%	170 35%	140 29%	36 7%	24 5%	

Source: Great Falls Housing Authority

Table 8.4: Public Housing Waiting List, Great Falls (GFHA)

Public Housing Wait List		
Number of Households:	94	
1 Bedroom:	80	85%
2 Bedroom:	8	9%
3 Bedroom:	4	4%
4 Bedroom:	2	2%
Families w/ Children:	14	15%
Elderly:	11	12%
w/ Disabilities:	21	22%

Source: Great Falls Housing Authority

Table 8.5: Affordable and Subsidized Properties and Units

Property	Address	Year Built	Total Units	Studio	One Bed	Two Bed	Three Bed	Four Bed	Accessible Units	Program	Income Level	Target Population
<u>Affordable Housing</u>												
Autumn Run	4101 Central Ave.	1999	120		30	80	10		52	LIHTC	50% - 60% AMI	
Cascade Ridge	3001 15th St. S	2012	40		20	20			40	LIHTC	40% - 60% AMI	Seniors (55+)
Mountain View	1601 23rd St. S	1974	48			12	36		16	LIHTC	40% - 60% AMI	
Town Site Apts.	820 7th Ave. S	1996	20			10	10		10	LIHTC	40% - 60% AMI	
Franklin School Apt.	820 1st Ave. SW	1913	40				40		6	LIHTC	40% - 60% AMI	
Kennedy Apartments	2 12th St. N	2005	14	1	5	7	1			LIHTC	40% - 60% AMI	
Holland Court	6th St. & 10th Ave. NW	1994	16			8	8		8	HOME (GFHA)	<50% AMI	
Sand Hills	1501 23rd St. S	2012	16			16			16	HOME (GFHA)	<50% AMI	
<u>Subsidized Housing</u>												
Vista Villa	3220 10th Ave. S		96		18	78			0	Section 8	<50% AMI	
Roberts Apartments	6 6th St. S	1917	60		20	40			3	Section 8	<50% AMI	Disabled/Seniors (62+)
Park Manor	100 Central Ave.	1914	103	52	51				0	Section 8	<50% AMI	Disabled/Seniors (62+)
Aspen Village	3010 11th Ave. S	1977	60			27	30	3	8	Section 8	<50% AMI	
The Elmwoods	609 4th Ave. S	1980	18			18			2	Section 8	<50% AMI	
Parkview	624 5th Ave. NW		83		36	29	18		0	Section 8	<50% AMI	
Southwinds Estates	1615 Oasis Ct	1996	23		20	3			23	Section 811	<50% AMI	Disabled
Portage	1521 23rd St. S	2003	47		47				47	Section 202	<50% AMI	Seniors (62+)
Meadow Lark	1701 1st St. NW	2007	17		14	3			17	Section 811	<50% AMI	Disabled
Broadview Manor	710 4th Ave. NW		20				10	10	1	Section 8	<50% AMI	
Centennial Village	700 4th Ave. NW		48			36	12		0	Section 8	<50% AMI	
Rainbow House	626 13th Ave. S		40	4	30	6			0	Section 8	<50% AMI	Seniors (55+)
Sunshine Village	600 13th Ave. S	1979	72		62	10			7	Section 8	<50% AMI	
Soroptimist Village	2400 13th Ave. S	1950	57		57					Section 8	<50% AMI	Seniors (55+)
TOTALS:			1,058	57	410	403	175	13	256			
				5%	39%	38%	17%	1%	24%	287 Senior Units 27%		
										143 Disabled Units 14%		

Source: Subject properties, online sources, City of Great Falls

VIII. MARKET RATE RENTAL HOUSING TRENDS

Many characteristics of the market rate rental housing stock and market were covered in Sections V and VI. This analysis also included compiling an inventory of most multi-family properties in the community and contacting many for insight into the general rental market.

A total of 228 properties were identified with an estimated 3,900 units, not including the affordable and subsidized properties identified in the previous section. There are an estimated 700 retirement and/or assisted living units as well. The average age of properties is quite old at 1966.

All figures are estimates based on best available data. (A complete list of these properties will be included with this project in electronic spreadsheet format.)

Table 9.1: Multi-Family Rental Properties, Great Falls

Property Class	Number of Properties	No. of Units	Average No. of Units	Avg. Age
Multifamily Apts 50+ Units	6	669	112	1981
Multifamily Apts 31-to-50 Units	11	365	33	1947
Multifamily Apts 21-to-30 Units	16	397	25	1955
Multifamily Apts 11-to-20 Units	73	976	13	1971
Multifamily Apts 5-to-10 Units	105	790*	8	na
Retirement/ Assisted Living	17	703	41	1969
Totals:	228	3,900	232	1966

* Individual unit counts were not done for properties of 5 to 10 units due to the large number of these properties and less reliable data. An average unit count of 7.5 was assumed in this table.

Source: City of Great Falls, subject properties, online sources, Johnson Economics LLC

Estimates of bedroom sizes in each property are not available. Given that this is a pretty fair representation of the multi-family rental stock in Great Falls the breakdown by bedroom should adhere fairly closely to the distribution of the overall rental market as presented in Section VI, and summarized in Figure 9.A (below).

Figure 9.A: Number of Bedroom in Rental Units, Great Falls

DATA CATEGORY	GREAT FALLS	
	Renter HH	Owner
<u>Number of Bedrooms</u>¹		
Studio	983	10%
1 bedroom	2,715	29%
2 bedroom	3,360	36%
3 bedroom	1,506	16%
4 bedroom	591	6%
5 or more	306	3%
TOTAL:	9,461	100%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25042

Source: City of Great Falls, subject properties, online sources, Johnson Economics LLC

Vacancy Rate: By all accounts the vacancy rate in Great Falls is very low. Property managers report that units remain vacant long enough to clean and prepare them for a new tenant. Available units are often filled in a day or a few days, with some managers reporting no need to advertise the vacancy in any formal way.

Multiple large complexes report being 100% leased, with units rented as they come available. While vacancies do occur from normal turnover, they are filled immediately, meaning no long-term structural vacancy. Older and less marketable properties may remain vacant for a longer period.

The U.S. Census estimated a local rental vacancy rate of over 8% as of 2013, but the rate seems to be much lower than this currently. Based on listings identified, JOHNSON ECONOMICS estimates current rental vacancy in the market at 2.5% to 3.0%. (A third-party source, Sperling's Best Places, estimates vacancy at 2.9%, but the source is unclear.)

Property managers typically use an occupancy rate of 95% (5% vacancy) to represent being "fully leased." In other words, 5% vacancy represents a sustainable level representing normal turnover and allowing apartment shoppers to have a selection across properties and unit types. Therefore vacancy of less than 3% represents a tight rental market, with limited availability and selection among properties. In this type of market, the most attractive properties will tend to maintain near 100% occupancy, while substandard properties will be over-represented in the available supply.

Rent Increases: Property managers report that they feel pricing power to increase rents as lease terms end, and that rents have been increasing over the last year. Properties report rent increases of roughly 5% in the last year. Rent levels were flat or experienced slow growth during the recent recession. With available rental supply so limited, and units being rented within a matter of a few days or less, managers of the most attractive properties would be expected to enjoy significant pricing power at this time.

Typical Property Amenities: Prior to the completion of the Talus Apartments, there are essentially no large modern apartment complexes in the Great Falls market. A modern complex of 50+ units

would be expected to include a fitness room, clubhouse or other common area, outdoor courts, playground and swimming pool depending on the market. Few Great Falls properties offer any of these common amenities.

The Autumn Run complex, an affordable property built in 1998 includes a fitness room, sauna, playground and basketball court. More typical among older properties would be a playground and/or ball court, and perhaps an outdoor BBQ area. Overall, existing properties are not a strong guide to modern common amenities expected in newer properties.

Unit Amenities: Due to the wide variety of age and condition in the local rental stock, units come in an equally wide variety of quality and condition. There are a few commonalities among most of the units on offer.

- Carpeting in all areas other than the kitchen and bathroom, which tend to feature linoleum floors.
- Refrigerator, oven/range, microwave, (disposal in some).
- Appliances feature standard/economy finishes.
- Washer/dryer hook-ups are fairly common, with common-area laundry facilities for tenants without their own appliance.
- Baseboard heating.
- Air-conditioning found in some properties, but not all (exterior-mounted units).
- Patios and balconies.
- Generally, finish quality reflects the age of properties, with basic or no wall molding, no wood flooring, and no tile work. Kitchen and bath tend to feature laminate countertops and cabinet doors.

IX. FINDINGS AND CONCLUSIONS

This section presents a general discussion of the local housing market and significance of the findings presented in this report.

Slow and Steady Growth

Great Falls and Cascade County are both characterized by stability and slow growth in population, employment, and housing development. Since 1990, the study areas have grown roughly 7% in population. During that same period the State grew 27%, Billings grew 34% and Missoula grew 43%.

The stability of the military presence and the role of the community as the regional center of north central Montana has allowed Great Falls to maintain this slow and steady growth and weather economic cycles.

The impact of this state of affairs is that the housing market has tended to match the pace of growth without experiencing high growth pressure on pricing. Without this pressure, home prices and rents grow gradually, which is good for local affordability, but does not incentivize the building of new housing. This is particularly true for rental housing because new, up-to-date rental properties must achieve high rents to justify the cost of construction.

In the Great Falls rental market, low pricing has led to a situation where available properties are aging, and even renters who are willing to pay more find little updated inventory to choose from. At the same time, from an affordability standpoint, the older rental stock has kept rents modest such that rents at many market-rate properties are affordable to household earning roughly 60% or more of AMI.

Start of a Growth Cycle

There are signs that this status quo may be rapidly changing. The development of the large, modern Talus Apartments is likely to demonstrate to other developers that there is a pent-up demand for higher-price, higher-quality rentals in the community.

At the same time, existing properties have been experiencing low vacancy, and increasing rents in recent years, as one would expect in an environment where development of new competing rental units has been very slow for over a decade. With the steady addition of households in the area, demand builds for what rentals are available.

Finally, new employment growth is likely to accelerate this situation by increasing the population growth rate. Cascade County weathered the recession better than much of the nation, and is adding employment in health care, energy and other fields.

Impact on Affordable Housing

A new growth cycle is likely to mean increased demand for housing of all types and therefore upward price pressure. Even as new development picks up, which will alleviate some demand, it will also test higher new pricing levels.

Going forward the lowest-income and other vulnerable households will continue to need new affordable housing.

AREAS OF HOUSING NEED

Area Median Income Bands: Table 10.1 (next page) is reproduced from Section IV of this report. It provides a comparison of income groups (by AMI band) compared to housing units which are conceivably affordable at those income levels. The affordability of the units is based on the gross rent and home value levels from the Census.

- This comparison finds that the greatest cumulative deficit is for homes which serve extra low income households, earning 30% AMI or less. There is a net deficit of over 700 units in the City affordable to this group, and a deficit of 875 total in the County.
- There is an identified need for home ownership opportunities for households earning 50% AMI or less in the City, but this deficit is alleviated somewhat when the County is taken into account, leaving a need for 184 such units.
- This comparison finds a stock of units which, according to Census data, should be affordable well down the income spectrum to owners earning 50% to 80% AMI and renters earning 30% to 60% AMI.
- There is an identified deficit of housing units at higher income bands. This means that some of these households could actually afford to pay more for rent or owner costs without paying more than 30% of their gross income towards housing costs. While spending less of housing is a positive, it may also indicate that some of these households would respond to new, somewhat higher priced housing without being cost burdened.

Table 10.1: Need vs. Supply by Income Group

GREAT FALLS

DATA CATEGORY		Households ²		# of Affordable Units ³		Gap (Units - HHs)	
AMI Level	Income	Owner	Renter	Owner	Renter	Owner	Renter
Cascade County AMI¹: \$61,600							
<u>Income Range</u>							
10% AMI:	\$6,150	190	825	652	421	463	(404)
20% AMI:	\$12,300	541	1,291	408	666	(133)	(625)
30% AMI:	\$18,450	916	1,266	388	1,593	(528)	326
40% AMI:	\$24,600	818	1,196	561	2,041	(257)	845
50% AMI:	\$30,750	814	953	1,269	1,647	455	694
60% AMI:	\$36,900	897	812	1,592	1,242	695	430
70% AMI:	\$43,050	1,077	551	2,213	396	1,136	(155)
80% AMI:	\$49,200	1,217	623	2,500	448	1,284	(175)
90% AMI:	\$55,350	755	279	740	110	(15)	(169)
100% AMI:	\$61,500	868	321	850	127	(18)	(195)
110% AMI:	\$67,650	868	321	850	127	(18)	(195)
120% AMI:	\$73,800	868	321	850	127	(18)	(195)
<u>Cumulative</u>							
Below 30%:		1,647	3,382	1,448	2,680	(199)	(702)
Below 40%:		2,465	4,578	2,009	4,721	(456)	143
Below 50%:		3,279	5,531	3,277	6,368	(1)	837
Below 60%:		4,176	6,343	4,870	7,610	694	1,267
Below 80%:		6,469	7,517	9,583	8,454	3,114	937
Below 100%:		8,091	8,117	11,173	8,691	3,081	573
Total Below 120%:		9,827	8,759	12,873	8,944	3,046	184

CASCADE COUNTY

DATA CATEGORY		Households ²		# of Affordable Units ³		Gap	
AMI Level	Income	Owner	Renter	Owner	Renter	Owner	Renter
Cascade County AMI¹: \$61,600							
<u>Income Range</u>							
10% AMI:	\$6,150	269	878	1,063	424	794	(454)
20% AMI:	\$12,300	755	1,489	677	728	(77)	(761)
30% AMI:	\$18,450	1,299	1,477	681	1,817	(618)	340
40% AMI:	\$24,600	1,274	1,476	991	2,399	(283)	923
50% AMI:	\$30,750	1,210	1,163	1,754	2,060	544	897
60% AMI:	\$36,900	1,271	1,025	2,065	1,595	794	570
70% AMI:	\$43,050	1,419	786	2,655	607	1,236	(179)
80% AMI:	\$49,200	1,603	888	3,000	686	1,397	(202)
90% AMI:	\$55,350	1,048	422	926	177	(122)	(245)
100% AMI:	\$61,500	1,205	485	1,064	203	(141)	(282)
110% AMI:	\$67,650	1,205	485	1,064	203	(141)	(282)
120% AMI:	\$73,800	1,205	485	1,064	203	(141)	(282)
<u>Cumulative</u>							
Below 30%:		2,322	3,844	2,421	2,969	99	(875)
Below 40%:		3,596	5,320	3,412	5,368	(184)	48
Below 50%:		4,806	6,483	5,166	7,428	360	945
Below 60%:		6,077	7,508	7,231	9,023	1,153	1,515
Below 80%:		9,099	9,182	12,886	10,316	3,787	1,134
Below 100%:		11,352	10,089	14,876	10,696	3,524	607
Total Below 120%:		13,761	11,059	17,004	11,103	3,243	44

¹ HUD

² US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25118

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25075, Table B25063

Cost Burden: Table 10.2 (below and next page) is reproduced from Section VII. It provides a different view of the cost burden for households at different income levels. These income levels are from the Census and don't correspond exactly to the AMI bands, but this table maps them roughly together.

- It indicates a total of 4,184 renter households paying more than 30% of their income towards gross rent. This is 46% of all renters.
- It indicates a total of 3,131 homeowners or 21% paying more than 30% of their income towards housing costs.
- These results present a starker picture than that in Table 10.1. If 46% of renters and 21% of owners are burdened by housing costs, there would seem to be a need for affordable housing at more income levels. As one would expect, the problems are most acute at the lower end of the income range.
- The data indicate the most rent burdened households in the 0% to 30% AMI range (2,713 renters; 1,020 owners) and in the 30% to 60% range (1,151 renters; 961 owners).
- 27% of owner households at 60% to 80% AMI are burdened, or 707 households.

Table 10.2: Rent Burden by Income Group

RENTERS

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY		
	< 20%	20% - 29%	30% or More	< 20%	20% - 29%	30% or More
<u>Income Bands¹</u> <u>Rough AMI Bands²</u>						
Less than \$20,000: 0% to 30% AMI	238	407	2,713	241	442	3,074
\$20,000 to \$34,999: 30% to 60% AMI	372	930	1,151	452	1,122	1,378
\$35,000 to \$49,999: 60% to 80% AMI	624	478	205	818	698	281
\$50,000 to \$74,999: 80% to 120% AMI	1,001	190	114	1,289	439	140
\$75,000 or more: 120% AMI +	561	58	0	786	66	0
<u>Income Bands¹</u> <u>Rough AMI Bands²</u>						
Less than \$20,000: 0% to 30% AMI	7%	12%	81%	6%	12%	82%
\$20,000 to \$34,999: 30% to 60% AMI	15%	38%	47%	15%	38%	47%
\$35,000 to \$49,999: 60% to 80% AMI	48%	37%	16%	46%	39%	16%
\$50,000 to \$74,999: 80% to 120% AMI	77%	15%	9%	69%	24%	7%
\$75,000 or more: 120% AMI +	91%	9%	0%	92%	8%	0%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

Table 10.2 (Continued): Rent Burden by Income Group

OWNERS

DATA CATEGORY	GREAT FALLS			CASCADE COUNTY			
	< 20%	20% - 29%	30% or More	< 20%	20% - 29%	30% or More	
<u>Income Bands¹</u>	<u>Rough AMI Bands²</u>						
Less than \$20,000:	0% to 30% AMI	326	497	1,020	501	601	1,478
\$20,000 to \$34,999:	30% to 60% AMI	743	255	961	1,125	489	1,387
\$35,000 to \$49,999:	60% to 80% AMI	1,125	794	707	1,552	980	928
\$50,000 to \$74,999:	80% to 120% AMI	2,054	1,102	371	2,829	1,541	527
\$75,000 or more:	120% AMI +	4,331	769	72	5,754	1,285	209
<u>Income Bands¹</u>	<u>Rough AMI Bands²</u>						
Less than \$20,000:	0% to 30% AMI	18%	27%	55%	19%	23%	57%
\$20,000 to \$34,999:	30% to 60% AMI	38%	13%	49%	37%	16%	46%
\$35,000 to \$49,999:	60% to 80% AMI	43%	30%	27%	45%	28%	27%
\$50,000 to \$74,999:	80% to 120% AMI	58%	31%	11%	58%	31%	11%
\$75,000 or more:	120% AMI +	84%	15%	1%	79%	18%	3%

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

If we take this assessment of housing cost burden as our guide to needed units, we can assume that those households who are rent burdened need housing at a more affordable level for their income.

Table 10.3 (following page) estimates the housing units needed by rent level and home price level to alleviate the housing cost burden for the households in Table 10.2 paying more than 30% of their gross income.

Table 10.3 estimates the need by income bracket and rent/price level and finds a total need for 4,873 more affordable rental opportunities, and 4,529 more affordable ownership opportunities.

**Table 10.3: Estimated Units Needed by Price Point
To Alleviate Housing Cost Burden**

RENTER

			GREAT FALLS	CASCADE CO.	COMBINED
DATA CATEGORY			Cost Burdened	Cost Burdened	Cost Burdened
<u>Income Bands¹</u>	<u>Rough AMI Bands²</u>	<u>Rent Level³</u>			
Less than \$20,000:	0% to 30% AMI	\$0 to \$400	2,713	361	3,074
\$20,000 to \$34,999:	30% to 60% AMI	\$400 to \$700	1,151	227	1,378
\$35,000 to \$49,999:	60% to 80% AMI	\$700 to \$1000	205	76	281
\$50,000 to \$74,999:	80% to 120% AMI	\$1,000 to \$1,600	114	26	140
\$75,000 or more:	120% AMI +	\$1,600 or more	0	0	0
Total:			4,183	690	4,873

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

³ Estimated rent level to reduce household payment to 25% of gross income, rounded.

OWNER

			GREAT FALLS	CASCADE CO.	COMBINED
DATA CATEGORY			Cost Burdened	Cost Burdened	Cost Burdened
<u>Income Bands¹</u>	<u>Rough AMI Bands²</u>	<u>Home Price³</u>			
Less than \$20,000:	0% to 30% AMI	\$0 to \$80,000	1,020	458	1,478
\$20,000 to \$34,999:	30% to 60% AMI	\$80,000 to \$140,000	961	426	1,387
\$35,000 to \$49,999:	60% to 80% AMI	\$140,000 to \$200,000	707	221	928
\$50,000 to \$74,999:	80% to 120% AMI	\$200,000 to \$320,000	371	156	527
\$75,000 or more:	120% AMI +	\$320,000 to \$0	72	137	209
Total:			3,131	1,398	4,529

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25106

² HUD income segments, approximately mapped to Census income segments.

³ Estimated home price based on affordable monthly payment. Assumes 20% downpayment, 6% interest, 30 year mortgage.

By Unit Size: Table 10.3 is reproduced from Section VI. It provides conclusions on the comparison of unit size to available supply. In general, it finds a deficit of one and two bedroom units and a surplus of larger units.

This may seem like a positive as it results in households being in larger units, but it may exacerbate the cost burden for low-income families who have to pay for more space than they need, and could reduce housing costs by finding a smaller unit.

This finding is interesting in light of the Public Housing waiting list, on which 85% of households are waiting for one bedroom units, while larger households get housed relatively quickly. This indicates that some smaller units for both owners and renters are needed.

Table 10.3: Comparison of Unit Size Need vs. Inventory

DATA CATEGORY	<u>Great Falls City</u>			<u>Cascade County</u>		
	Owner	Renter	Total	Owner	Renter	Total
Surplus or Deficit of Units (Inventory minus Need)	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
1 Beds (or Studio)	(3,599)	(713)	(4,312)	(4,805)	(1,046)	(5,851)
2 Beds	(4,504)	(248)	(4,752)	(6,854)	(633)	(7,487)
3 Beds	3,905	730	4,635	5,903	1,223	7,126
4 Beds	2,680	21	2,701	3,693	176	3,869
5 Beds	1,518	210	1,728	2,063	280	2,343

¹ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25009

² Applies a standard of 1.5 people per bedroom.

³ US Census; 2011-2013 American Community Survey 3-Year Estimates; Table B25042