Housing Analysis Update

Modernization & Risk Analysis (MARA) Committee September 2023



Presentation Outline Housing Analysis Initiatives Housing Dashboards – Existing and New at Commerce

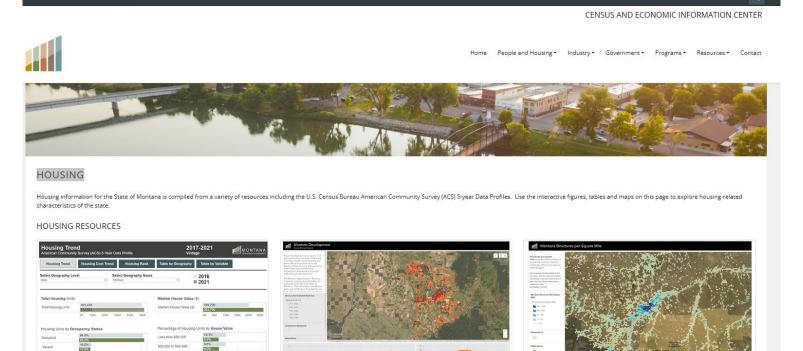
Community Planning Platform Project

Carroll College Population & Forecasting Project



Current Commerce Housing Dashboards

https://ceic.mt.gov/People -and-Housing/Housing



Montana Development Pattern

Map of Earliest Build Year by Parcel

Slide 3

Montana Structure Density

Map of built structures per square mile

Montana Housing Characteristics

American Community Survey 5-Year Data Profiles

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MORE Current Housing Dashboards

https://ceic.mt.gov/People -and-Housing/Housing

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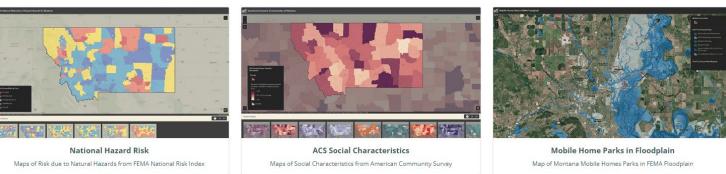
Government · Programs · Resources · Contact People and Housing * Industry -

HOUSING

Housing information for the State of Montana is compiled from a variety of resources including the U.S. Census Bureau American Community Survey (ACS) 5-year Data Profiles. Use the interactive figures, tables and maps on this page to explore housing-related characteristics of the state.

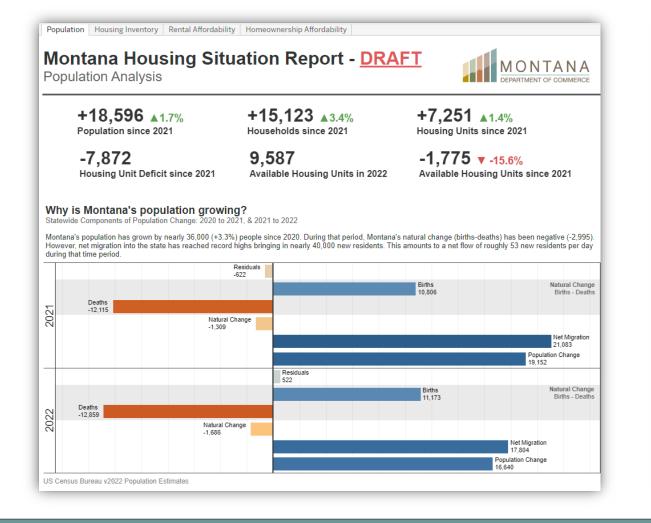
HOUSING RESOURCES

DISASTER PREPARATION AND PLANNING RESOURCES





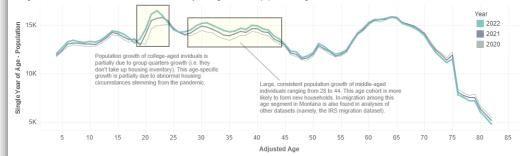
New Commerce Housing Dashboards Population Trends



How is Montana's age distribution changing?

Montana Total Population by Adjusted Age: 2020 through 2022

Montana has grown significantly since 2020 - this chart attempts to identify which age segments have grown since 2020 and how Montana's new residents have changed its age distribution. Much of Montana's population growth is concentrated in two age segments: 1) college-aged (19-23) and 2) middle-aged (28-44). Natural change declines can also be seen towards the end of the adjusted-age axis where populations begin to decline.



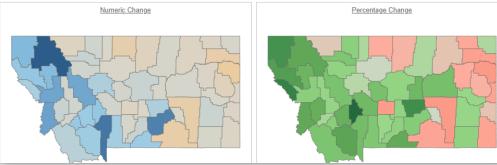
US Census Bureau v2022 Population Estimates - Single Year of Age

Ages for prior year are adjusted to match 2022 age so that changes year-to-year are comparable. Adjusted ages filtered to only include 4-82

Where is population growth occurring in Montana?

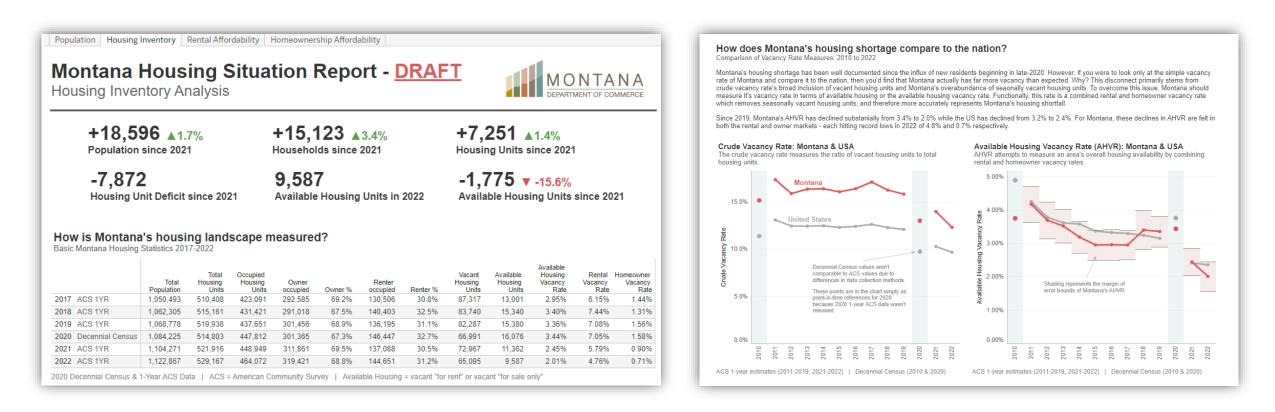
County Population & Component Changes: 2020 to 2022

Montana's population has grown significantly since 2020 but that growth hasn't been evenly distributed. The western half of the state has experienced far more growth than the eastern half of the state. This growth is led by larger counties like Flathead (+6,952; 6.6%) and Gallatin (+5,272; 4.4%). However, smaller, western counties such as Broadwater (+936; 13.7%) and Mineral (+493; 10.8%) have also experienced extreme growth during this period. Hover over any county to see its population change data from 2020 to 2022.





New Commerce Housing Dashboards Housing Inventory





New Commerce Housing Dashboards Housing Inventory

What types of vacant housing units are becoming occupied? Vacant Housing Units - Vacancy Status

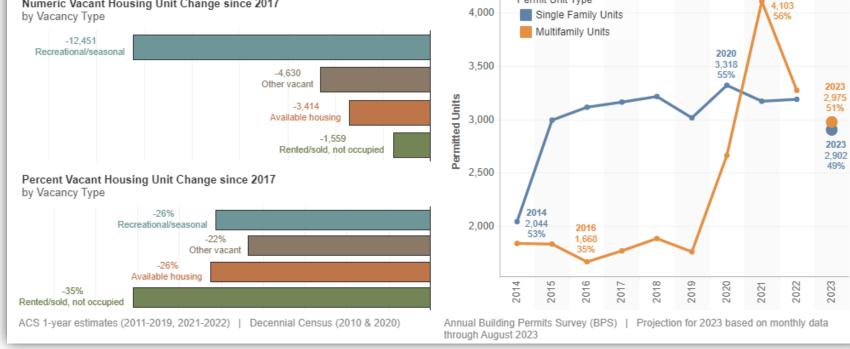
Montana's housing inventory has been running a deficit since 2017 - that is, household growth has outpaced housing unit growth. Therefore, those new households must occupy existing, vacant inventory.

Numeric Vacant Housing Unit Change since 2017 by Vacancy Type

How much new housing is in the pipeline for Montana? Building Permits Survey (BPS) - 2014 to 2023

Permit Unit Type

Well, maybe. Building permit data for Montana has historically been inaccurate as much of the data collected is concentrated in a few counties. That being said, it's encouraging to see a surge in higher-density housing permits starting in 2020.





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New Commerce Housing Dashboards Housing Inventory

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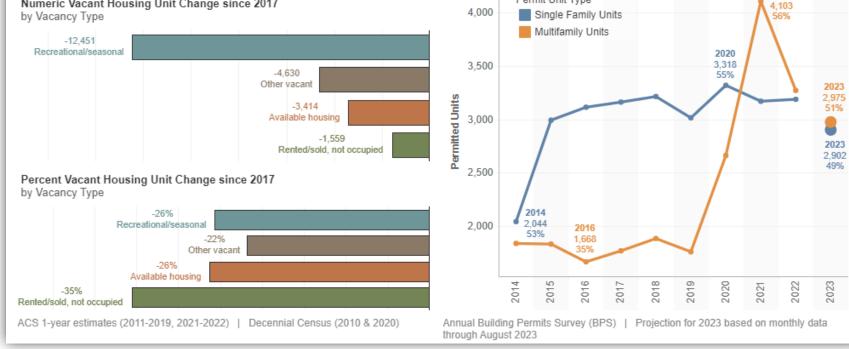
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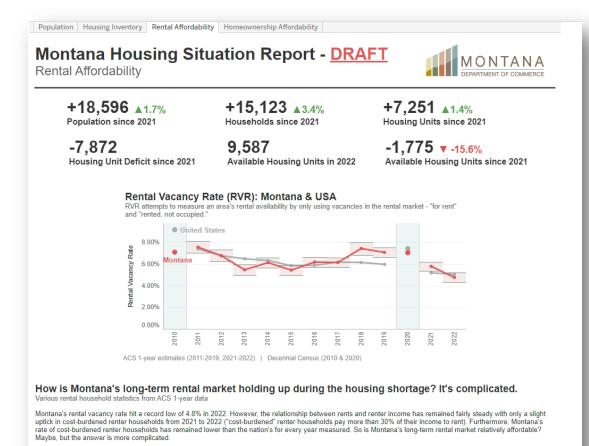
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Slide 8 FPARTMENT OF COMMERCE

New Commerce Housing Dashboards Rental Availability

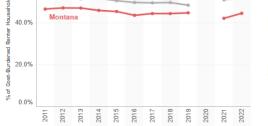


Real growth in renter household incomes have outpaced real rent growth in Montana since 2016. This may - in part - be due to real wage growth of earners in during this timeframe. One other consideration is what incomes are present in the renter household group. Since 2011, high-income renter households(\$75,000+) have increased substanially. It's possible that this group of renter households would've previously moved into homeownership but are forced to remain in the rental market due to the tight homeownership market. In essence, while real wages are climbing for some workers, the median renter household income may also be increasing due changes in who occupies the renter-class; specifically, an increase in higher earners that might otherwise look to own a home.

Are Montana renters more cost-burdened than renters nationwide?

Gross Rent as a Percentage of Income (GRAPI): 2011 to 2022 (no data for 2020)

Montana has fewer cost-burdened renters - as a percent of all renters - than the nation. Montana's cost-burdened rate has been below

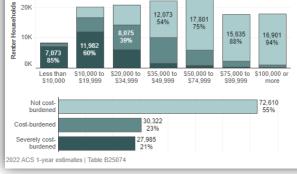


ACS 1-year estimates (2011-2019, 2021-2022) | Table S2503

Which income groups are most often cost-burdened by rent in Montana?

2022 Gross Rent as a Percentage of Income (GRAPI) by Renter Household Income

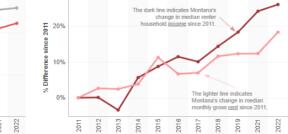
Unsurprisingly, most of Montana's cost-burdened renter households earn less than \$50,000 dollars a year. The majority of those renter households earning very-low incomes are severely cost-burdened by rent ("severely cost-burdened" renter households pay more than 50% of their income to rent).



Why has the rate of cost-burdened renters (generally) declined?

Change in Median Renter Household Income & Median Monthly Gross Rent

Nationwide and in Montana, the median renter household income has outpaced median monthly gross rent in inflation-adjusted growth.

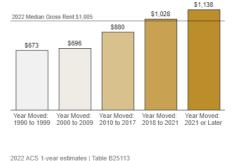


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How vulernable are Montana's renter households?

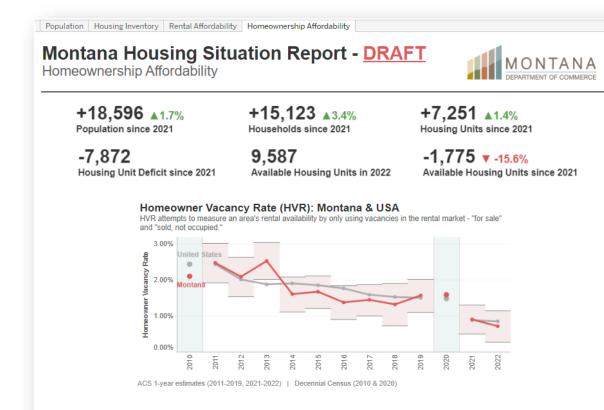
2022 Median Monthly Gross Rent by Year Householder Moved In

Rents vary considerably based on how long a renter household has occupied their rental unit. More recent movers often pay the higher rents asked by landlords. If a long-term tenant was forced from their rental, they'll likely end up paying higher rent at their next rental – provided they're able to find one.





New Commerce Housing Dashboards Homeownership Affordability



Can Montana's workforce afford a home?

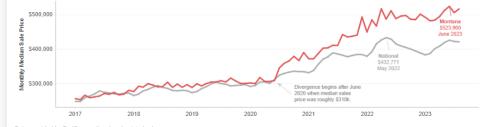
Housing-related statistics from various sources

According to Redfin - from January 2017 to its peak in June 2023, Montana residential median sale prices have grown 105%. Median household income isn't available for 2023 yet, but it's safe to assume that median household income will not match that level of growth. Homeownership affordability has also declined due to substanially increased interest rates during that timeframe as the Federal Reserve fights nationwide inflation. These factors - along with many others - have made homeownership in Montana a near impossibility for many low and middle income households.

How has Montana's housing market changed since 2017?

Redfin Monthly Housing Market Data: Median Sales Price of All Residential sales

Montana residential median sales prices have significantly outgrown the national median sale price since June 2020. The Montana residential median sale price reached its peak in June 2023 at \$523,900 - 70% higher than when the meteoric growth began in June 2020.

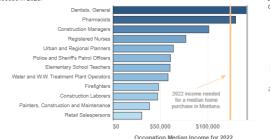


Data provided by Redfin, a national real estate brokerage. Redfin Monthly Housing Market Data (2017-2023) - September 2023 Release

Which occupations could afford a median house in Montana in 2022?

2022 Annual Median Wage by Selected Occupations

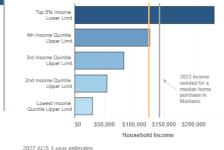
This chart looks at a few select jobs in Montana and their associated median wage for 2022. Could a single-earner household with one of these jobs afford a median house in 2022? Yes but only if that single-earner is in a highly-educated and specialized trade such as pharmacy or dentistry. Most others fall short of the nearly \$124k needed in 2022 and the \$141k needed in 2023.



Which household income groups could afford a median house in Montana in 2022?

2022 Montana Household Income Quintiles - Upper Income Limits

This chart shows upper limits of Montana's income quintiles - that is, how much income sets the bound of each 20% group in Montana. These incomes are representative of <u>household</u> incomes. For 2022, only the top 20% of Montana households in terms of income could afford the median house. For 2023, a smaller subset of the top 20% could afford a median house.



Bureau of Labor Statistics (BLS) - Occupational Employment and Wage Statistics (OEWS) - May 2022 Data

Reference lines indicate estimated incomes needed for non-cost-burdened home purchase (where housing costs don't exceed 30% of annual income) of a median home sold in Montana. The following assumptions and parameters were used in these calculations:

1) Annual median sale price: \$489k in 2022 | \$501k in 2023 Source: Redfin 2) Interest rate: 5.34% in 2022 | 6.66% in 2023 Source: St. Louis FRED



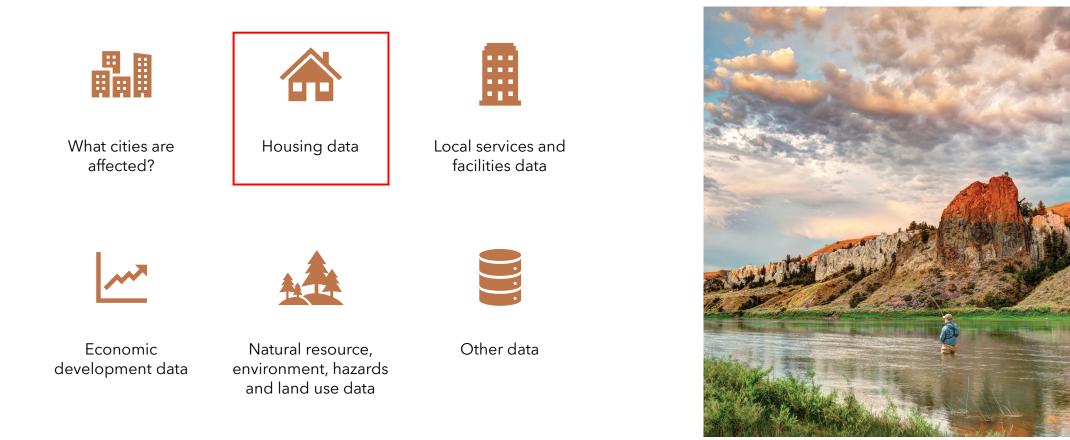


The Montana Community Planning Platform (MT CPP) will be a **centralized platform** that will **assist community and economic development professionals** and local government officials with analyses, models, and reports on the **information critical to planning projects**.

The **ultimate objective** is to make it easier and more efficient for planners and other stakeholders to access information and tools resulting in **better community and economic development planning.**



Senate Bill 382 - Land Use Planning Act





Phase1: Engagement and Key Take Aways Online Survey Summary

- 30 Questions
- 111 Respondents
- Capacity and Capability
- Wish List
- GIS, Planning, Tools





Greetings from the Montana Department of Commerce!

Using statistics, can you quickly describe how your community is changing? Do you have a sense for the quantity and types of housing available in your community? As population increases in MT, how should communities grow? This is your chance to provide valuable input to us on your needs.

The Montana Community Planning Platform (CPP) will be a single online location where you can find all the current population, economic, land use and other data you need for community and economic development planning. Working across state government, we're leveraging new technology to draw relevant data from thousands of locations into a single platform that will put all this information at your fingertips. No longer will you have to search countless pages on different agencies' websites or spend time on the phone trying to track down the information you need to produce community comprehensive plans, chart out different planning and development scenarios, or write business development proposals or grant applications. When the CPP is complete, the data available will allow all planning-related professionals in Montana to do their jobs more efficiently and effectively.

The survey below was created to gather information about a variety of factors related to the creation and development of the Community Planning Platform (CPP). There are a lot of questions regarding "planning-related data." We view this as any information that you may use in your work to help with creating planning documents such as growth policies, zoning regulations, master plans, and economic development forecasts.



Stakeholder Interviews

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Academic

Agency

Cities

Authority

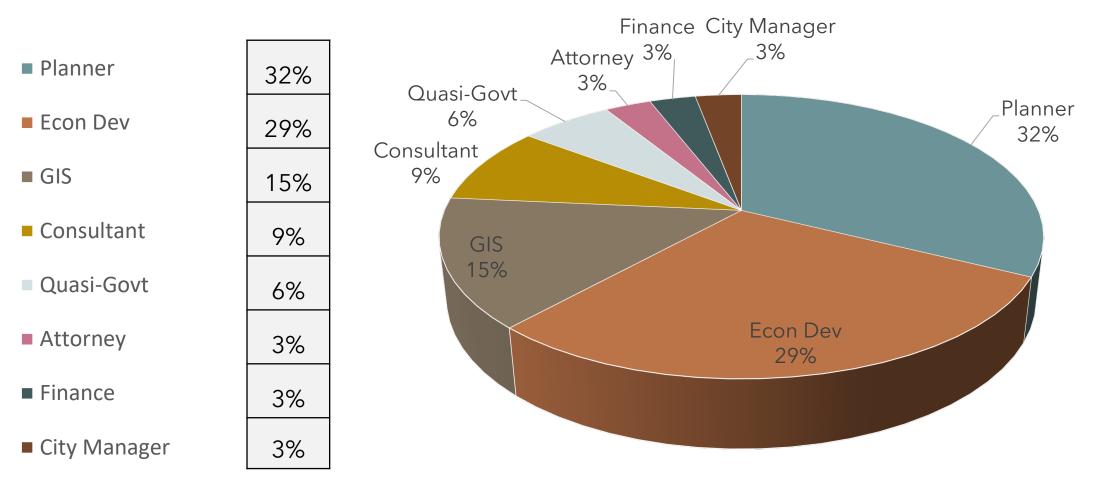
Counties

Tribal Regions

2 1. 10-Havre FORT PECK Wolf Point FORT BELKNAP TETON 38 Interviews Great Falls Many Professions Variety of Entities Lewistown LEWIS AND CLARK Missoula Geographic Spread Helen Phillipsburg lamilton Colstri SILVER BOW GALLATIN Bozeman Corporate Entities PARK BEAVERHEAD Red Lodae Economic Development Region



Key Stakeholder Interviews - Organization By Profession



* 41 Interviews conducted to date



Key Take Aways - Needs

Access to Accurate Data

IT, GIS, Legal, and Planning Support

Templates / Best Practices

Collaboration and Mentorship

Legislative Challenges Public Engagement and Education



Data Access Availability



Budgeting Issues

Existing Pain Points



Staffing Issues



Regulation Concerns



Public Input Assistance



Legislative Guidance





Ideal Platform





Current Step - Build the Platform (Joint effort of DOC, DOA and MSL)



Download and visualize planning data



Custom planning tools and forecasting models



Technical Support

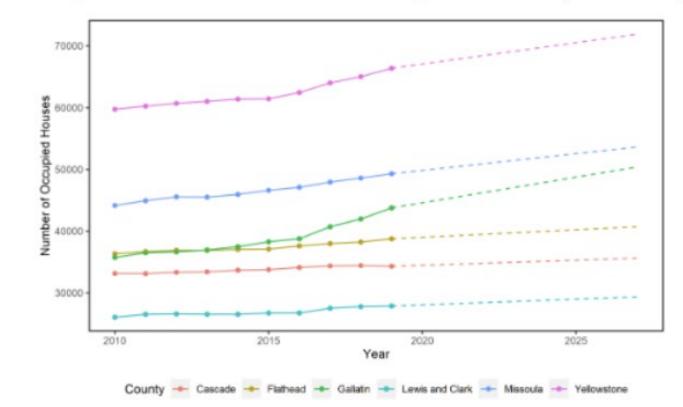


Training and Education



Layered Models: Housing

Occupied Houses over Time for Large Counties (2010-2027)





THANK YOU

QUESTIONS???

CONTACT INFORMATION

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