

STATE OF AFFORDABLE HOUSING IN NORTH DAKOTA



2008 REPORT

SPONSORED BY:



North Dakota
Housing Finance Agency





North Dakota has clearly achieved an unprecedented level of economic growth and diversity over the past decade. In 2008, the growth surged as several industries – most notably energy and construction – experienced favorable conditions and brought new workers into the state to fill employer demands. The population expansion and dramatic employment increases created stresses in the state’s housing market, especially in western North Dakota.

The stresses are demonstrated by the rise in median home values from 2005 to 2007 compared to the rise in median household income. While median home values increased at a rate of 20.5 percent during that period, median household income grew only 6.6 percent. That disparity is contrasted with the relatively uniform increase of both numbers from 2000 to 2005, when both grew approximately 19 percent (page 3).

This report also demonstrates how homeownership and even rent payments are out of reach for low- and fixed-income North Dakotans (pages 5-6, 8, 10-13). While North Dakota’s housing market is not in the dire straits of some other states, this report does show that low- and fixed-income North Dakotans are finding it increasingly difficult to afford available housing.

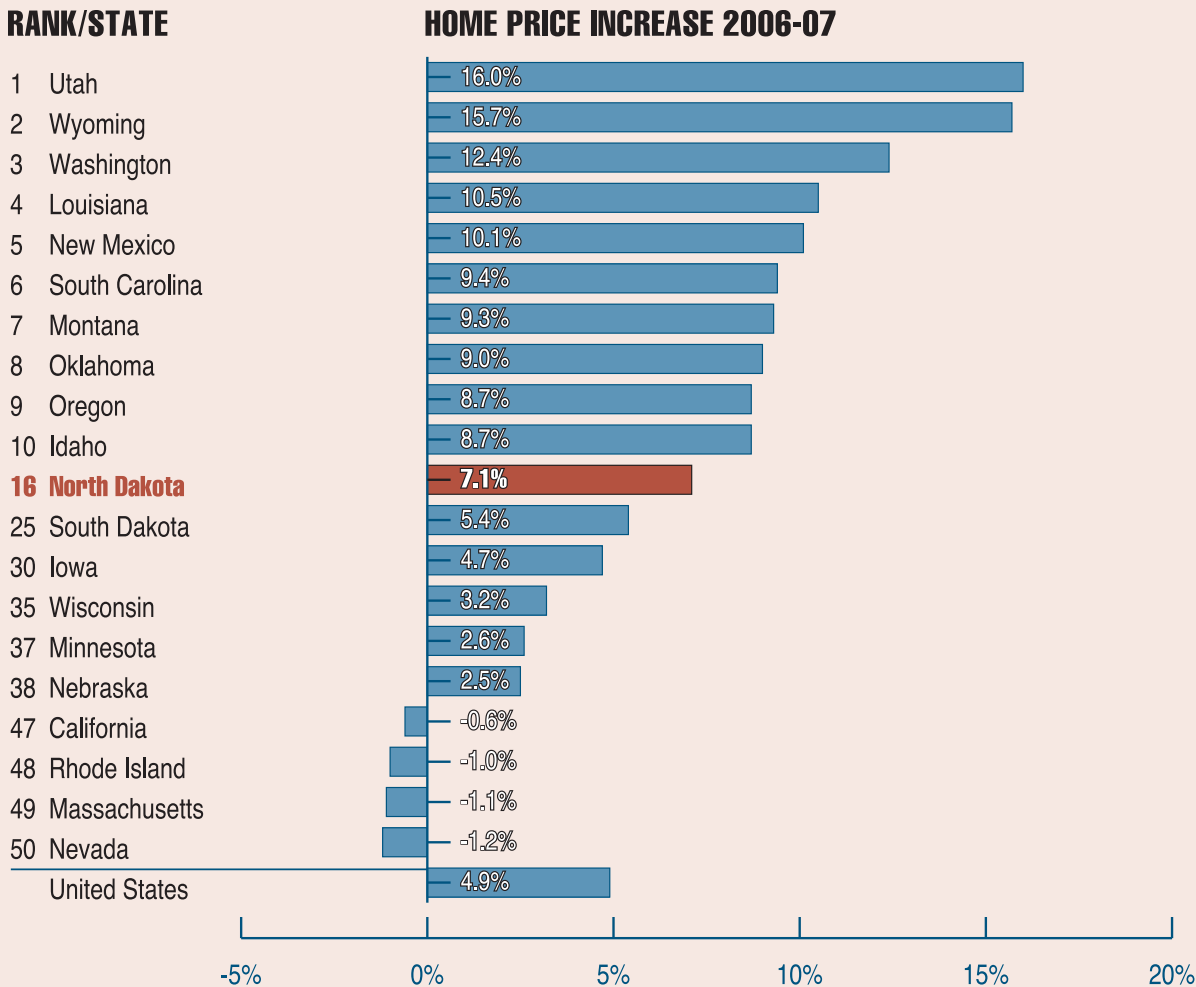
Complicating the picture is the lack of precise information regarding rent prices. The report uses the Fair Market Rent (FMR) for each North Dakota county published by the U.S. Department of Housing and Urban Development (HUD) to represent current rent levels. FMR is the best available comprehensive and standardized data, but those familiar with the state’s rental prices will readily identify that the numbers used in this report are substantially lower than the actual market conditions. Users of this report should apply their knowledge of the local rental market to the occupational wage data presented here to fully understand the difficulties faced by low- and fixed-income North Dakotans.

Occupations chosen for this report were intended to represent a cross-section of low- to middle-income North Dakotans. They are occupations present in every community, regardless of size. Where possible, data for recipients of Social Security retirement benefits are also presented to demonstrate the challenges faced by fixed-income citizens.

By presenting this information, the sponsors of this report seek to increase awareness of the housing situation in North Dakota and allow all interested parties to better address the critical issue of affordable housing in the state. Continued economic expansion and social well-being depend on affordable housing and the responsive public policy needed to support it.

NORTH DAKOTA HOME PRICES VS. OTHER STATES

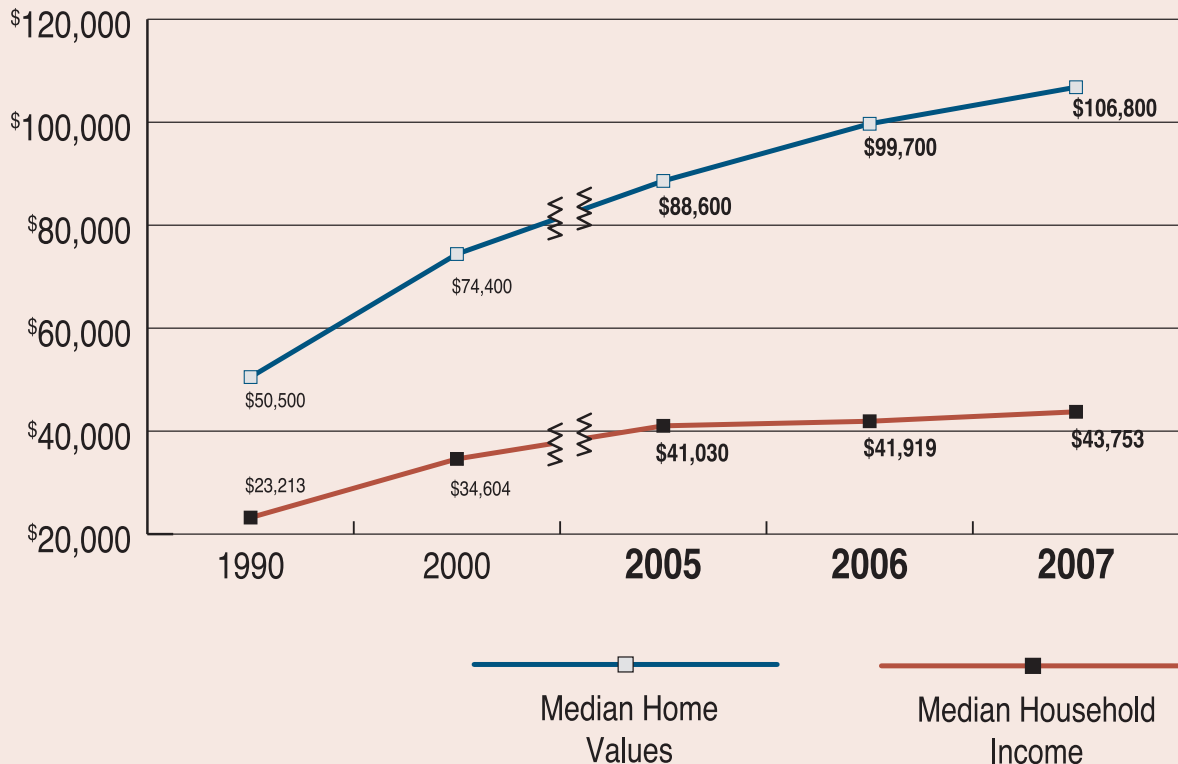
At 7.1 percent, North Dakota experienced the nation's 16th highest home price increase between 2006 and 2007. The western third of the U.S. led the way for the nation, with Utah, Wyoming, Washington, New Mexico, Montana, Oregon and Idaho all in the top ten for percentage growth.



Source: American Community Survey, U.S. Census Bureau

MEDIAN HOME VALUES VS. MEDIAN INCOME

Median home values rose 20.5 percent between 2005 and 2007, while median household income grew 6.6 percent. From 2000 to 2005, the two numbers rose fairly evenly, 19.1 percent for median home value and 18.6 percent for median household income.



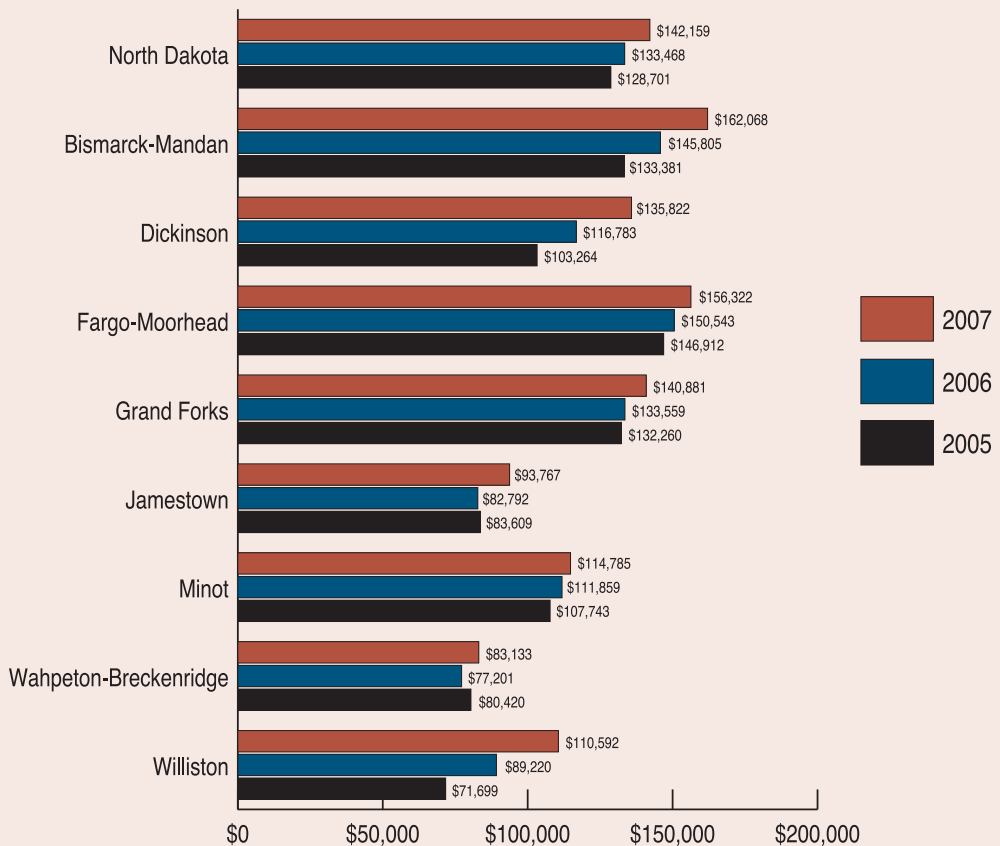
Sources: American Community Survey, U.S. Census Bureau
Decennial Census, U.S. Census Bureau

AVERAGE HOME SALE PRICES BY CITY

The percentage increases in the western cities – Williston, Dickinson and Bismarck-Mandan – is substantially higher in 2006 and 2007 than in the state’s other cities, where growth is steadier and less extreme.

The average home sale price in Williston rose by 24 percent in both 2006 and 2007. In those same years, the average price in the Dickinson area rose 13 percent and 16 percent, respectively. Fargo, meanwhile, experienced more moderate growth, with 2.5 percent in 2006 and 3.8 percent in 2007.

In the state overall, the average home sale price rose 3.7 percent in 2006 and 6.5 percent in 2007.

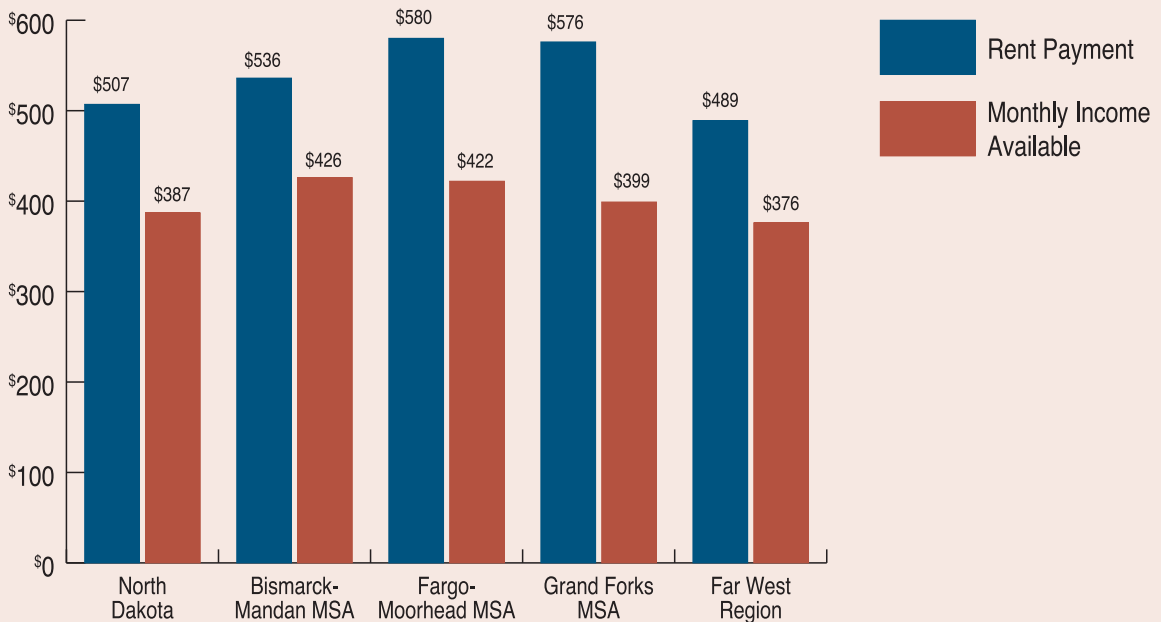


Source: Multiple Listing Service, North Dakota Association of Realtors

Rental and wage data indicate that entry-level workers in North Dakota have a difficult time renting a two-bedroom apartment on their own.

Disparities exist throughout the state between a cashier's median wage and the income needed to afford the rent on a two-bedroom apartment. However, the greatest disparity exists in the Grand Forks MSA, where a cashier's median wage is only 69 percent of the amount needed to afford rent on a two-bedroom apartment.

The graphs below assume a household can afford to spend 30 percent of its income on housing.



Notes:

- Assumes individual allocates 30% of gross income to housing costs.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- The Far West Region includes the western North Dakota counties of Adams, Billings, Bowman, Divide, Dunn, Golden Valley, Hettinger, McKenzie, Slope, Stark and Williams. It contains the cities of Dickinson, Williston, Watford City, Crosby, Tioga, Bowman and Hettinger.

Sources:

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007
 Monthly Wage: Occupational Employment Survey, Job Service North Dakota, 2007

HOUSING AFFORDABILITY BY OCCUPATIONS

Many households with a single wage earner have difficulty affording the payment on an average priced home in their community. Many of the occupations included here can afford the rent on a two-bedroom apartment, but only when a second wage earner is included in the household.

Disparities exist throughout the state and vary between occupations. Similar details for selected areas of the state are presented in the Appendices.

NORTH DAKOTA				
	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Carpenter	\$2,607	\$782	\$4,432	\$1,330
Cashier	\$1,331	\$399	\$2,263	\$679
Child Care Worker	\$1,433	\$430	\$2,437	\$731
Dental Assistant	\$2,489	\$747	\$4,231	\$1,269
Heavy Truck Driver	\$2,872	\$862	\$4,883	\$1,465
Police Officer	\$3,448	\$1,034	\$5,861	\$1,758
Retail Salesperson	\$1,574	\$472	\$2,676	\$803
Soc Sec Beneficiary	\$1,087	\$326	\$1,848	\$554

Fair Market Rent on 2-Bedroom Apartment: \$507

Monthly Payment on an Average Sale Price Home: \$1,067

Notes:

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

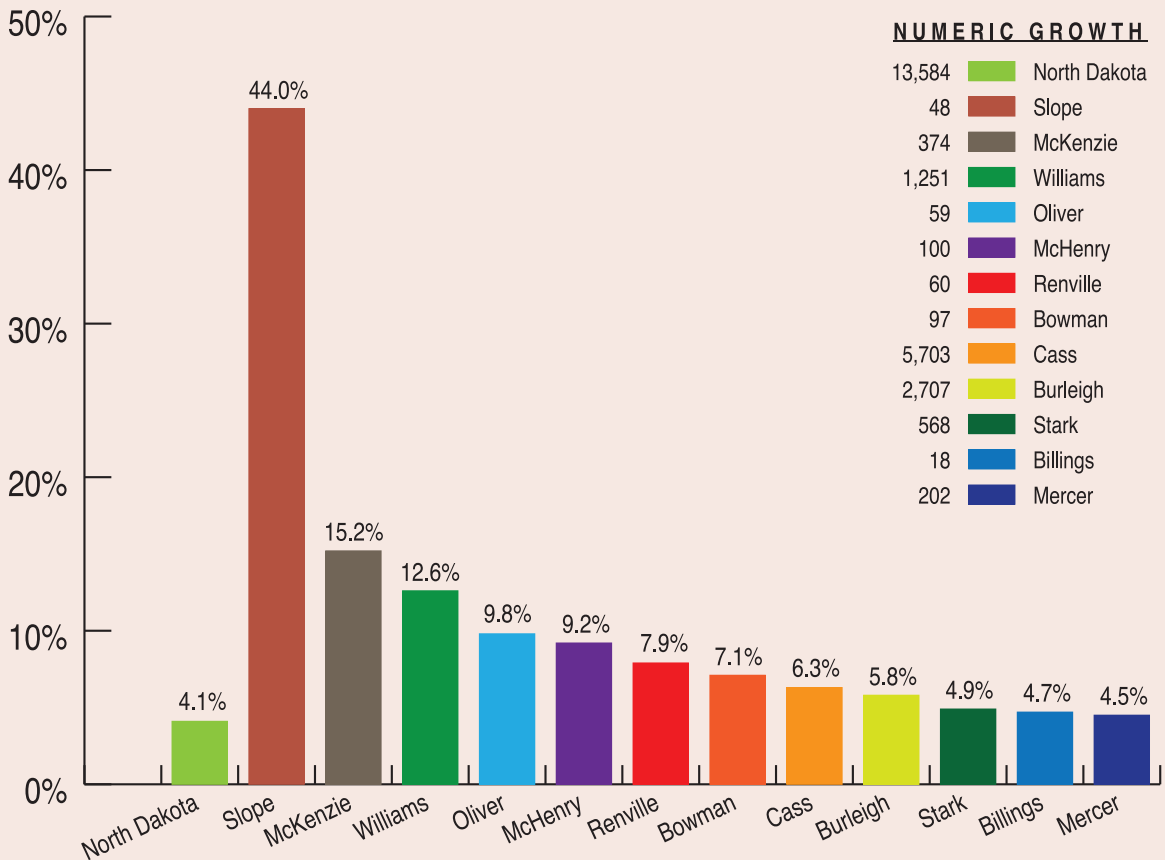
Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Wages: Occupational Employment Survey, Job Service North Dakota, 2007

Social Security Benefit: Social Security Administration, Average Retired Worker Benefit, September 2008

Employment in North Dakota grew 4.1 percent from 2005 to 2007, which translated to 13,584 new jobs being added to the state's economy. The largest employment increases came in the central and western parts of the state, as Slope, McKenzie, Williams, Oliver and McHenry were all among the fastest-growing. The employment surge in those parts of the state followed the growth in the energy industry.

Numerically, Cass County grew the most during that time period with 5,703 new jobs, followed by Burleigh County with 2,707 new jobs and Williams County with 1,251 new jobs.



Source:
Quarterly Census of Employment & Wages, Job Service North Dakota, 2007

EMPLOYMENT GROWTH AND HOUSING AFFORDABILITY BY INDUSTRY

The average employee in every industry is able to afford the rent on a 2-bedroom apartment, with the exception of employees in Accommodation and Food Service. Home affordability is another matter, with employees in only four industries – Mining, Management, Finance and Insurance, and Wholesale Trade – able to afford an average sale price home.

NORTH DAKOTA								
	Q1 2006 Employment	Q1 2008 Employment	Numeric Change	Percent Change	Average Monthly Wage	Monthly Amount Available to Spend on Housing	Can Afford to Rent a 2-BR Apt	Can Afford to Buy an Avg Sale Price Home
All Industries	326,103	340,910	14,807	4.5%	\$2,825	\$848	YES	NO
Accommodation and Food Services	27,103	29,222	2,119	7.8%	\$945	\$283	NO	NO
Health Care and Social Assistance	49,957	51,854	1,897	3.8%	\$2,973	\$892	YES	NO
Administrative and Waste Services	12,149	12,880	731	6.0%	\$1,850	\$555	YES	NO
Management of Companies and Enterprises	3,683	4,318	635	17.2%	\$5,811	\$1,743	YES	YES
Professional and Technical Services	12,339	13,305	966	7.8%	\$3,311	\$993	YES	NO
Finance and Insurance	15,394	16,447	1,053	6.8%	\$3,939	\$1,181	YES	YES
Transportation and Warehousing	10,965	11,808	843	7.7%	\$3,263	\$979	YES	NO
Retail Trade	42,318	42,920	602	1.4%	\$1,846	\$554	YES	NO
Wholesale Trade	18,641	19,241	600	3.2%	\$3,917	\$1,175	YES	YES
Manufacturing	25,981	26,602	621	2.4%	\$3,532	\$1,060	YES	NO
Construction	15,825	17,858	2,033	12.8%	\$3,137	\$941	YES	NO
Mining	4,209	5,641	1,432	34.0%	\$6,309	\$1,893	YES	YES

Fair Market Rent on 2-Bedroom Apartment: \$507

Monthly Payment on an Average Sale Price Home: \$1,067

Notes:

- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Employment: Quarterly Census of Employment & Wages, Job Service North Dakota, Qtr 1 2006 & Qtr 1 2008

Wages: Quarterly Census of Employment & Wages, Job Service North Dakota, Qtr 1 2008

STATE OF AFFORDABLE HOUSING IN NORTH DAKOTA



APPENDICES

HOUSING AFFORDABILITY BY OCCUPATIONS

BURLEIGH COUNTY				
	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Carpenter	\$2,427	\$728	\$4,125	\$1,238
Cashier	\$1,406	\$422	\$2,390	\$717
Child Care Worker	\$1,463	\$439	\$2,487	\$746
Dental Assistant	\$2,603	\$781	\$4,426	\$1,328
Heavy Truck Driver	\$2,525	\$758	\$4,293	\$1,288
Police Officer	\$3,467	\$1,040	\$5,893	\$1,768
Retail Salesperson	\$1,624	\$487	\$2,761	\$828

Fair Market Rent on 2-Bedroom Apartment: \$536

Monthly Payment on an Average Sale Price Home: \$1,216

Notes:

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Wages: Occupational Employment Survey, Job Service North Dakota, 2007

CASS COUNTY

	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Carpenter	\$2,616	\$785	\$4,447	\$1,334
Cashier	\$1,420	\$426	\$2,413	\$724
Child Care Worker	\$1,394	\$418	\$2,369	\$711
Dental Assistant	\$2,775	\$833	\$4,718	\$1,415
Heavy Truck Driver	\$2,926	\$878	\$4,974	\$1,492
Police Officer	\$4,053	\$1,216	\$6,889	\$2,067
Retail Salesperson	\$1,657	\$497	\$2,817	\$845

Fair Market Rent on 2-Bedroom Apartment: \$580

Monthly Payment on an Average Sale Price Home: \$1,173

Notes:

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Wages: Occupational Employment Survey, Job Service North Dakota, 2007

HOUSING AFFORDABILITY BY OCCUPATIONS

GRAND FORKS COUNTY				
	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Carpenter	\$2,695	\$809	\$4,582	\$1,375
Cashier	\$1,290	\$387	\$2,192	\$658
Child Care Worker	\$1,302	\$391	\$2,213	\$664
Dental Assistant	\$2,635	\$790	\$4,479	\$1,344
Heavy Truck Driver	\$2,645	\$794	\$4,497	\$1,349
Police Officer	\$3,799	\$1,140	\$6,459	\$1,938
Retail Salesperson	\$1,532	\$460	\$2,605	\$781

Fair Market Rent on 2-Bedroom Apartment: \$576

Monthly Payment on an Average Sale Price Home: \$1,057

Notes:

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Wages: Occupational Employment Survey, Job Service North Dakota, 2007

FAR WEST REGION				
	SINGLE INCOME		DUAL INCOME	
	MEDIAN MONTHLY WAGE	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING	MONTHLY WAGE WITH 2ND EARNER	MONTHLY AMOUNT AVAILABLE TO SPEND ON HOUSING
Carpenter	\$2,467	\$740	\$4,193	\$1,258
Cashier	\$1,253	\$376	\$2,130	\$639
Child Care Worker	\$1,557	\$467	\$2,646	\$794
Dental Assistant	\$1,917	\$575	\$3,259	\$978
Heavy Truck Driver	\$3,214	\$964	\$5,463	\$1,639
Police Officer	\$3,139	\$942	\$5,336	\$1,601
Retail Salesperson	\$1,740	\$522	\$2,958	\$888

Fair Market Rent on 2-Bedroom Apartment: \$489

Monthly Payment on an Average Sale Price Home: \$915

Notes:

- Assumes the wage of the second earner in the household is 70% of the primary earner's wage.
- Rent cost represents a two-bedroom rental unit, using HUD's Fair Market Rent.
- Assumes 5% down payment, 6.5% interest rate on a 30-year, fixed-rate mortgage, plus allocation of 25% of the monthly payment to property taxes, insurance and other costs such as PMI. Also assumes an individual allocates 30% of gross income to housing costs.
- Wage represents the entire metropolitan statistical area (MSA) of which the county is a part.
- The Far West Region includes the western North Dakota counties of Adams, Billings, Bowman, Divide, Dunn, Golden Valley, Hettinger, McKenzie, Slope, Stark and Williams. It contains the cities of Dickinson, Williston, Watford City, Crosby, Tioga, Bowman and Hettinger.

Sources:

Average Home Sales Price: North Dakota Realtors Association, MLS Listings, 2007

Fair Market Rent: U.S. Department of Housing & Urban Development (HUD), 2007

Wages: Occupational Employment Survey, Job Service North Dakota, 2007



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