Housing in the Nation's Micropolitan Areas: A First Look

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Abstract

Micropolitan area is a newly defined unit of analysis for examining housing affordability. Before the creation of micropolitan areas in 2003, U.S. counties were categorized as either metropolitan or nonmetropolitan. The category of micropolitan area allows for a more detailed analysis of housing affordability conditions in areas with populations less than metropolitan areas but more than nonmetropolitan areas. Variables examined in this analysis of micropolitan areas include demographic and housing characteristics. A policy section highlights how the findings from this analysis may be applied to micropolitan geography.

Introduction

This article is a first-ever look at housing conditions and affordability in the nation's micropolitan areas. *Micropolitan area* is a newly defined Census Bureau (Census) geography term introduced in June 2003 (OMB, 2003) and updated in December 2003, November 2004, and December 2005.[1] Before the creation of micropolitan areas, all counties in the United States were designated as either metropolitan or nonmetropolitan; use of the term *micropolitan area* offers a gradation between these two endpoint areas in terms of urban qualities.[2]

[1] This new designation uses 2000 Census data as a reference point. In 2000, the new core-based statistical areas (CBSAs) replaced metropolitan statistical areas (MSAs), consolidated metropolitan statistical areas (CMSAs), and primary metropolitan statistical areas (PMSAs). CBSAs define both micropolitan and metropolitan areas. Because of the unusual timing in the release of this definition, many researchers remain unaware that the metropolitan definitions have shifted away from the traditional CMSAs and PMSAs.

[2] Depending on the location of principal cities and commuting relationships between counties, all counties are now designated as metropolitan (in a metropolitan statistical area), micropolitan (in a micropolitan statistical area), or noncore (not in either type of statistical area). As such, noncore counties can be assumed to be sparsely populated and not connected with any surrounding urbanization.

The Census Bureau currently identifies 573 micropolitan areas, accounting for 690 out of 3,141 U.S. counties. These places represent a significant new area of study because more than 28.3 million people live in micropolitan areas, which amounts to more than one-fifth of U.S. counties and one-tenth of the nation's total population. Because micropolitan areas are a transition category between city and country, micropolitan areas have only two-thirds as many housing units in Census-defined urban areas compared with the nation as a whole (51.6 and 77.6 percent, respectively).[3] Micropolitan areas also have roughly double the percentage of Census-defined rural housing units as the entire United States.

The introduction of micropolitan areas significantly redefines census geography. With this new definition, more than half the land in the continental United States is now officially designated as "core based"; that is, it is designated either micropolitan or metropolitan by the Census Bureau. With the addition of micropolitan areas, much more U.S. land area falls into urban areas, or core-based areas, rather than into noncore-based areas. In 1890, America's Census-designated frontier closed as settlement swept into remote corners of the nation. As defined by the Census Bureau, the United States became majority urban by 1920 for the first time in its history. At mid-20th century, more than half of the U.S. population lived in metropolitan areas. By the 1970 Census, the United States had become a suburban-dominated nation, with more than half of all metropolitan residents living outside central cities.[4] Now a new milestone has been reached: as of 2000, noncore-based areas cover less than half the continental United States.

As might be expected, the academic literature on the subject is very limited because of the newness of the micropolitan area definition (Frey et al., 2004; Lang and Dhavale, 2004, 2006). Nevertheless, this new geography already has been embraced elsewhere. The media, local governments, and policymakers have started adopting and using the micropolitan area designation, and businesses, government agencies, and planners are working with a new geography. Publications took notice; *Site Selection Magazine*, for example, started a list of "Top Micropolitans" in which to locate businesses (Starner, 2005).

Because micropolitan areas are so new, this article begins by examining micropolitan definitions and geography. Micropolitan geography is also a key determinate of housing conditions, including affordability. The article then turns to the methods used to examine micropolitan housing conditions and affordability, followed by an overview of general housing conditions in micropolitan areas. The next section then addresses the least and most affordable micropolitan areas. The article concludes by analyzing some policy implications raised by the data analysis.

Micropolitan Geography

Similar to metropolitan areas, micropolitan areas are constructed from counties containing the population center and any surrounding counties with commuting relationships with the central

[3] The Census Bureau (Census) defines rural places using population density; therefore, a nonmetropolitan or noncore designation is not synonymous with rural. In this article, we use the terms "urban" and "metropolitan" interchangeably, as well as "rural" and "nonmetropolitan." Every use of the Census-designated definition of urban or rural is explicitly noted in the text.

[4] For a fuller discussion of these key transitions, see Lang, Popper, and Popper (1997, 1995) and Katz and Lang (2003).

county or counties. The only difference is in the size of the city; the micropolitan principal cities[5] include populations of 10,000 to 49,999, while the populations of metropolitan principal cities are greater than 50,000. A statistical area may be anchored by more than one principal city.

Micropolitan areas can be populous regions but without large cores, while metropolitan areas may have large cores that are surrounded by little additional population. An area is defined as metropolitan or micropolitan based on the size of its center rather than its total population (Frey et al., 2004). This definition raises important research questions about how to determine what is urban based on previous notions of urbanization. The traditional view holds that an original large-core city anchors subsequent suburbanization and creates a metropolitan area. The big micropolitan areas reverse this standard pattern because they grew to a metropolitan scale without a large central city.

Some of the largest micropolitan areas are more than just overgrown small towns—they appear to be exemplars of a new decentralized or even countrified city. Most research on decentralized cities (for example, edge cities and edgeless cities) examines the places that have grown next to traditional cores, such as the Tysons Corner area outside Washington, D.C. (Garreau, 1991; Lang, 2003). Yet the suburban growth in large micropolitan areas is not outside anything because there is no real center to be outside of—and no *urban* to be a *sub* of. In this way, the micropolitan growth represents a new metropolitan form with an expansive periphery and a relatively small core.

Micropolitan areas fall between metropolitan and rural areas in their urban qualities (Lang and Dhavale, 2004, 2006). They lack the large central city (more than 50,000 residents) that the Office of Management and Budget requires as a criterion for being a metropolitan area. By contrast, micropolitan areas have central cities that compare with modest-sized towns.[6] As with metropolitan areas, micropolitan areas are quite diverse. As the term *micropolitan* implies, these places are generally, but not always, less populous than metropolitan areas; however, large micropolitan areas can exceed small metropolitan areas in total population. In fact, the largest micropolitan area (Torrington, CT) outranks 103 of the smallest metropolitan areas (out of 276); therefore, micropolitan areas and metropolitan areas substantially overlap.

We can measure the suburb-to-center city relationship in both metropolitan and micropolitan areas. The ratio of center city populations to their suburbs has been tracked back to 1910 (U.S. Census Bureau, 2002). In the first decade of the 20th century, central cities dominated the metropolis, accounting for three-fourths of all people in the region. By 2000, the roles had been reversed, with just 37.7 percent of metropolitan residents living in central cities. In comparison, an analysis of

[5] Changes to how the Census Bureau classifies places in 2003, however, have eliminated the category "central cities" (Frey et al., 2004; OMB, 2003). The new definitions relabel all of what were previously classified as central cities, plus some other places, as "principal cities," demonstrating the Census Bureau's awareness that important cities need not be central to their metropolitan regions. In fact, a principal city need not even be an incorporated place. For example, Paradise, Nevada, (a principal city in the Las Vegas/Paradise, NV Metropolitan Statistical Area) is only a "Census-designated place" carved out of unincorporated Clark County, Nevada (Lang and Dhavale, 2003).

[6] The Office of Management and Budget definition for a micropolitan area is "at least one urban cluster of at least 10,000 but less than 50,000 in population," although more than 50,000 residents can live in the entire micropolitan statistical area. As with metropolitan areas, micropolitan areas are constructed from counties containing the population center and from those that have commuting relationships with the central county. (Available at http://www.census.gov/population/www/estimates/aboutmetro.html.)

micropolitan areas reveals that their central cities are even more modest relative to their suburbs: only 31.6 percent of micropolitan area residents live in the area's core (Lang and Dhavale, 2004).

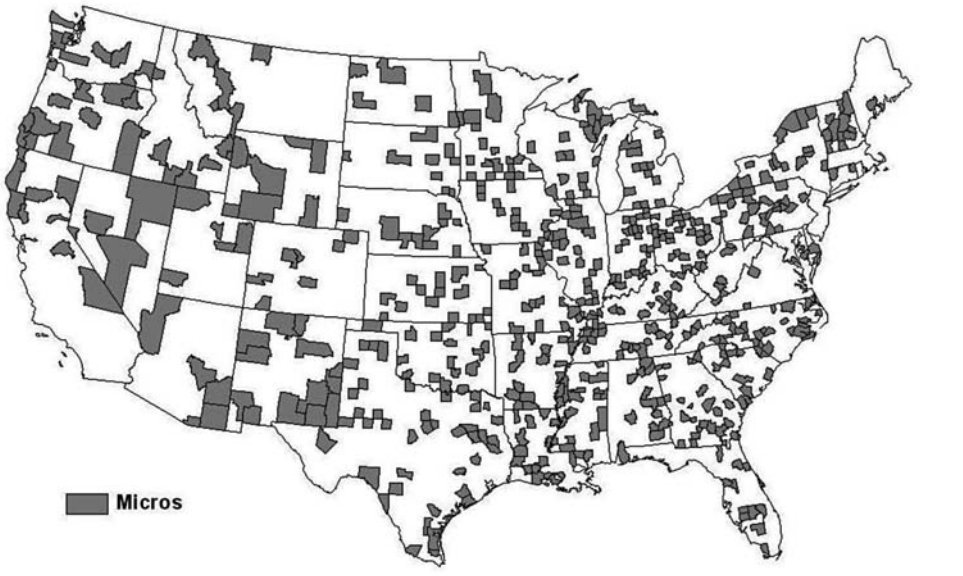
Micropolitan areas reflect U.S. regional differences. Metropolitan and micropolitan areas substantially fill in the eastern half of the nation. The only big spaces left in the East without micropolitan areas are the upper Great Lakes, northern Maine, and the central Appalachian Mountains. A state such as Vermont, which has few metropolitan counties, is full of micropolitan ones. In southeastern states from Mississippi to North Carolina, substantial micropolitan zones now complement metropolitan areas. So extensive is the urban coverage of the East that if a driver traveled the entire length of Interstate 95 from Maine to Florida, he or she would pass through only five noncore-based counties.

By contrast, significant stretches of the West are without urban places. The Great Plains and the northern Rockies have large rural gaps between their micropolitan areas and metropolitan areas; however, the Interstate highways that pass through the Rockies and Great Plains often support multiple micropolitan areas along their lengths.

The differences between East and West also hint at the role that micropolitan areas play in regional development. In the East, micropolitan areas seem to be small-scale urban fillers between bigger metropolitan areas, while in the West, micropolitan areas may be central places that anchor economic development across a broad area. This difference could affect conditions such as housing affordability in micropolitan areas. For example, micropolitan areas in the East that are essentially exurbs to large metropolitan areas may face future housing cost pressures as their metropolitan neighbors continue to sprawl. Micropolitan areas currently number 49 in the Northeast, 235 in the South, 206 in the Midwest, and 64 in the West. Exhibit 1 shows the distribution of micropolitan areas.

Exhibit 1

Micropolitan Regional Distribution



Methods

The Census Bureau identifies 573 micropolitan areas. This analysis of housing conditions and affordability focuses on the 567 micropolitan areas in the coterminous United States. The micropolitan areas in Alaska, Hawaii, and Puerto Rico are excluded because preliminary analyses show these places to be outliers. For example, some very remote micropolitan areas in Alaska are actually closer to Seattle, Washington, than to Anchorage, Alaska. In Hawaii, three entire islands are micropolitan areas. To compare micropolitan areas and their housing conditions, this analysis concentrates on the continental United States.

In the first part of the analysis, we focus on three demographic dimensions of micropolitan areas—size, growth, and location—thus establishing a baseline of micropolitan geography. In the second part of the analysis, we examine the relationship between affordability and housing conditions in the micropolitan areas.

Data Sources

The definitions of the micropolitan areas come directly from the Census Bureau (OMB, 2003), as do the population data (U.S. Census Bureau, 2004). The housing information and variables come from the 2000 Census long-form compilation. The data are obtained at the county level for two reasons: (1) counties are the building blocks for micropolitan areas and (2) the Census Bureau currently is not reporting data at the micropolitan level. Because some micropolitan areas are composites of multiple counties, we used a weighted average to obtain micropolitan-level data.

Population size and growth are the first micropolitan characteristics we discuss to establish a basic micropolitan area typology. We use location as a remoteness indicator that measures the distance between the center of a micropolitan area and the center of a big metropolitan area.[7] *Big* refers to metropolitan areas with more than 1 million residents, which describes the top 50 U.S. regions ranging in size from Richmond, Virginia, with a population of slightly more than 1 million, to New York City, with a population of more than 21 million.[8]

The big 50 metropolitan areas, which alone account for more than half of the U.S. population, are home to key transportation infrastructure, such as hub airports. Distance from these metropolitan areas, which are also the nation's economic engines, puts remote micropolitan areas at a locational disadvantage. The 25 most remote micropolitan areas are at least 275 miles from a large metropolitan area, which means their residents must drive 4 or more hours to reach big-city services and amenities. As discussed in the next section, micropolitan areas near large metropolitan areas tend to be larger and faster growing, while the more remote places are often smaller and slower growing. This finding is consistent with demographer Calvin Beale's work that established remoteness as a key indicator of metropolitan development (Beale, 1990). Remoteness (and what it implies about access) is a key concept in rural geography, and remoteness should apply to this new small-scale urban form.

[7] The remoteness measure was done by calculating the distance from the centroids of micropolitan areas to the centroids of metropolitan areas in ArcView 3.3. For a longer discussion of the remoteness measurement see Lang (2002) and Lang, Popper, and Popper (1997).

[8] Because this study focuses on the United States, San Juan, Puerto Rico, was replaced with the next largest city, Richmond, Virginia.

Micropolitan Affordability Index

The Micropolitan Affordability Index (MAI) calculated and used in this article applies assumptions similar to those used in the National Association of Home Builders-Wells Fargo Housing Opportunity Index (HOI). The HOI computes the portion of homes in each metropolitan area and region that are affordable to a family with a median household income.[9] The MAI computes a similar index, with the focus being solely on micropolitan areas and homeownership. The MAI is the percentage of households that can purchase a median-priced home; the HOI and MAI provide different but complementary statistics about the affordability of housing. The HOI shows the share of homes sold that could be purchased with a median income. The MAI indicates the percentage of households that can afford a median-priced home for each micropolitan area.

Because the micropolitan areas are a brand new geography, data for these places are not nearly as developed as for metropolitan areas, which have existed as a census category for more than half a century. No trade group data sources are available on micropolitan housing similar to those produced for metropolitan areas by national organizations such as the NATIONAL ASSOCIATION OF REALTORS® or the National Association of Home Builders. The data for the micropolitan housing came from the Census Bureau's long-form compilations. These data were collected on April 1, 2000. Although the housing data obviously are not current, they nonetheless show the historic *relative* condition of micropolitan housing. These data are important for framing the basic housing costs and characteristics in these areas.

When possible, the data types and underlying assumptions for the MAI closely match the HOI. The formula assumes a 30-year, fixed-rate loan for 90 percent of the sale price with a 10-percent downpayment. The interest rate used to calculate payments was 7.25 percent—an average interest rate in 1999.[10] The rate was obtained from the Federal Housing Finance Board Monthly Interest Rate Survey, which is an average of the effective interest rates offered for conventional single-family mortgages during that period. We obtained median real estate taxes from the Census Bureau, as well as the categorized gross incomes of micropolitan households and median house values, which we used to approximate the cost of purchasing a new home. The monthly payment amount incorporates principal, interest, and real estate taxes. Property and mortgage insurance are not included in the total.

The MAI formula takes both total loan amount and household income into account. We computed a 30-year loan schedule for a median monthly payment based on the costs of homeownership—loan interest, principal, and taxes—for each micropolitan area. We used the payment amount to determine a required yearly salary necessary to pay less than 28 percent of gross income for housing. As with the HOI, the MAI considers housing affordable when no more than 28 percent of gross income is spent on housing. We then tallied the total number of households earning more than the amount of that required yearly threshold. We compared this result to the total number of

[9] For a more complete background on the Housing Opportunity Index and a description of its methodology, see http://www.nahb.org/generic.aspx?sectionID=135&genericContentID=533. This index is a rough measure of affordability, and it does not include other costs associated with mortgages, such as mortgage insurance. In addition, the census data used to derive this data do not have detailed housing costs available for analysis.

[10] Although the decennial census was taken in April 2000, the collected median income and housing data are from 1999.

households, arriving at the percentage of households in each micropolitan area capable of buying a median-priced home. Thus, the MAI is the percentage of households in each micropolitan area that can afford the median cost of housing considering the incomes actually available. The HOI is slightly different because it determines the percentage of housing available to a family with the median income.

Micropolitan Housing Conditions—The Top Ten Micropolitan Areas by Type

As discussed in Lang and Dhavale (2004, 2006), micropolitan areas vary greatly on three key demographic variables—size, growth rate, and remoteness. These variables enable researchers to capture the essence of micropolitan areas and understand some of the forces that might be at work. This analysis takes those basic variables further and examines other variables that influence housing affordability. We examine the relationship between housing affordability, as calculated by the MAI, and demographic and housing variables associated with affordability—housing type, age, and size. Because of the difficulty of conceptualizing trends in hundreds of places, we use top 10 lists to illustrate some of the most and least affordable micropolitan areas.

In total, the micropolitan areas contain 12,944,559 housing units, or 11.2 percent of the nation's housing stock. Exhibit 2, which summarizes micropolitan housing statistics, shows that micropolitan areas have a higher percentage of single-family detached units than the United States as a whole. Micropolitan areas also have more than double the percentage of manufactured homes than the nation as a whole (15 and 7.6 percent, respectively). The micropolitan housing stock is roughly comparable in age to the national housing stock; the median age for both hovers around 15 years, with a median building date of 1971. Micropolitan area housing size as distributed is comparable with U.S. averages in number of bedrooms and total number of rooms per dwelling (14.5 percent of micropolitan homes and 16.9 percent of national homes have four or more bedrooms; 6.8 percent of micropolitan homes and 7.7 percent of national homes have nine or more total rooms). The micropolitan areas slightly lag the nation in the percentage of owner-occupied units.

Exhibit 2

U.S. and Micropolitan Area Housing Summary

	Affordable Housing (MAI) (percent)	Owner-Occupied Housing Units (percent)	Detached Single-Family Homes (percent)	Manu-factured Housing Units (percent)	Median Manu-factured Home Value (US$)	Median Home Value (US$)	Median Year Built	Nine or More Rooms (percent)
Micropolitan area	63.0	63.0	68.8	15.0	30,900	78,461	1969	6.8
United States	58.5	66.2	60.3	7.6	31,200	111,800	1971	7.7

MAI = Micropolitan Affordability Index.

The Least and Most Affordable Micropolitan Areas

The following top 10 lists, which show micropolitan areas that are most and least affordable, based on MAI, are useful analyses of hundreds of micropolitan areas, and they illustrate some key findings.

Affordability is a component of house price, household income, and a monthly payment consisting of principal, interest, taxes, and insurance. The micropolitan median house value (as of 2000) is about 70 percent that of the United States house value ($78,461 and $111,800, respectively). In 2000, the $34,234 median income in the micropolitan areas was about 80 percent of the U.S. median income of $41,994, which translated into more affordable housing in the micropolitan areas. Affordability in micropolitan areas ranges from a low of 16 percent in the Jackson, WY-ID area to a high of 81.6 percent in the Borger, TX area. In other words, fewer than one in six households in the Jackson, WY-ID area could afford a median-priced home compared with more than four in five households in the Borger, TX area.

Least Affordable Micropolitan Areas. In line with national trends, 9 of the 10 least affordable micropolitan areas are in the West (see exhibit 3). Many of these micropolitan areas are mostly vacation spots—the Jackson, WY-ID area, near the Grand Teton National Park; the Key West, FL area, on the Florida Keys; and the Edwards and Silverthorne, CO area, in Colorado ski country. High-cost micropolitan areas vary in remoteness from major metropolitan areas (varying from the Truckee-Grass Valley, CA area 40 miles outside Sacramento to the Jackson, WY-ID area 242.2 miles from Salt Lake City). The remote micropolitan areas also tend to be smaller; only three micropolitan areas exceed the average population size of all the 567 micropolitan areas. Although less populous, remote micropolitan areas are the least affordable of all the micropolitan areas and are booming. None of the least affordable micropolitan areas lost population; six of the least affordable micropolitan areas experienced double-digit growth from 1990 to 2000, and four grew more than 50 percent. In this top 10 list of least affordable micropolitan areas, the population growth could have a disproportionate influence on housing affordability by bidding up housing costs and making homes less affordable.

Exhibit 3

The Top 10 Least Affordable Micropolitan Areas*

Micropolitan Area	Population 2000	Change 1990–2000 (percent)	Region	Owner-Occupied Housing Units (percent)	Manufactured Housing Units (percent)	Households That Can Afford Housing (percent)	Median Home Value (US$)
Jackson, WY-ID	24,250	66.0	West	44.5	6.6	16.0	301,099
Silverthorne, CO	23,548	82.8	West	22.2	2.3	19.9	268,800
Edwards, CO	49,471	77.1	West	44.9	10.1	20.9	271,083
Key West, FL	79,589	2.0	South	42.4	19.0	32.8	195,700
Brookings, OR	21,137	9.4	West	61.0	26.1	35.9	125,000
Truckee-Grass Valley, CA	92,033	17.2	West	63.1	7.3	36.1	199,300
Heber, UT	15,215	50.8	West	58.3	4.2	37.3	186,800
Eureka-Arcata-Fortuna, CA	126,518	6.2	West	52.8	9.8	38.7	128,500
Taos, NM	29,979	29.7	West	55.0	21.3	39.0	124,900
Astoria, OR	35,630	7.0	West	47.9	8.3	39.3	138,800
U.S. average				60.2	7.6	58.5	111,800

** Micropolitan area names as designated in 2006.*

In other least-affordable micropolitan areas, two scenarios emerge. One scenario produces relatively modest home values, but taxes are high. Micropolitan areas in this category are the Brookings, OR area, the Eureka-Arcata-Fortuna, CA area, the Taos, NM area, and the Astoria, OR area. The other least affordable micropolitan area scenario produces hefty home prices, all close to double or triple the U.S. median, higher median taxes, and somewhat higher incomes than the United States as a whole. These micropolitan areas include the Jackson, WY-ID area, the Silverthorne, CO area, and the Edwards, CO area.

Only three of the least affordable micropolitan areas have manufactured housing percentages exceeding the micropolitan average, but this pattern does not seem to be connected to income. These 10 least affordable micropolitan areas have lower rates of homeownership or owner-occupied housing units—most likely related to the resort-driven nature of their economies. Vacation housing and desirability of location, which often come paired with environmental constraints, also drive up the price of housing costs.

Most Affordable Micropolitan Areas. Also similar to national housing cost trends, the most affordable micropolitan areas cluster in the South and Midwest, with eight in Texas alone (see exhibit 4). Except for the Mineral Wells, TX area and the Lamesa, TX area, the most affordable micropolitan areas are losing population, some with double-digit declines. All these places are smaller than the micropolitan area average and, except for one, are more remote than the typical micropolitan area. Many of these areas also are among the micropolitan areas that are the smallest and most quickly losing population (McGranahan and Beale, 2002); however, only 2 of the 10 most affordable micropolitan areas have a percentage of manufactured housing exceeding the micropolitan average; 4 are less than the U.S. average.

Exhibit 4

The Top 10 Most Affordable Micropolitan Areas*

Micropolitan Area	Population 2000	Change 1990–2000 (percent)	Region	Owner-Occupied Housing Units (percent)	Manufactured Housing Units (percent)	Households That Can Afford Housing (percent)	Median Home Value (US$)
Borger, TX	23,857	– 7.1	South	67.4	11.9	81.6	43,100
Andrews, TX	13,004	– 9.3	South	67.9	17.9	80.4	38,900
Pecos, TX	13,137	– 17.1	South	63.0	12.5	79.5	23,400
Parsons, KS	22,835	– 3.6	Midwest	65.3	6.3	79.2	44,300
Snyder, TX	16,361	– 12.2	South	59.8	8.9	77.9	45,000
Mineral Wells, TX	27,026	7.9	South	54.1	19.9	77.8	46,900
Pampa, TX	23,631	– 5.5	South	64.4	5.7	77.8	37,560
Vernon, TX	14,676	– 2.9	South	57.7	6.5	77.1	46,300
Coffeyville, KS	36,252	– 6.6	Midwest	62.0	7.8	77.1	47,500
Lamesa, TX	14,985	4.4	South	63.1	7.0	76.7	41,000
U.S. average				60.2	7.6	58.5	111,800

** Micropolitan area names as designated in 2006.*

The median house values in the most affordable micropolitan areas are well below the national average. For instance, several micropolitan areas are about one-half as much as the national average at the high end of the group in exhibit 4 and some micropolitan areas reach to one-third or less of the national average. Likewise, the taxes are one-fourth or one-third of the median value for micropolitan areas. The median household income in the most affordable micropolitan areas is moderate, although none of the areas equal the U.S. national average The data show that a combination of low housing costs and average income makes money go further in these micropolitan areas.

Micropolitan Areas With the Highest House Values. In 2000, median housing values in micropolitan areas ranged from a low of $23,400 in the Pecos, TX area to a high of $301,099 in the Jackson, WY-ID area. The West has 9 of the 10 micropolitan areas with the highest median housing values (see exhibit 5). Of the 9 micropolitan areas in the West, 5 appear on the top 10 list of the least affordable micropolitan areas (see exhibit 3).

The Los Alamos, NM area, home to a large U.S. Department of Defense weapons laboratory, ranked fourth in micropolitan area house values as of 2000, yet its housing was reasonably affordable. This relative affordability may be a result of the moderately high wages paid to government employees who dominate the area's workforce. Conversely, the resort-driven economies of the three micropolitan areas ahead of Los Alamos have more low-wage jobs and, thus, fewer people can afford its home prices. Much of the demand for housing in these micropolitan areas comes from outsiders seeking vacation property.

Exhibit 5

The Top 10 Micropolitan Areas With the Most Expensive Homes*

Micropolitan Area	Population 2000	Change 1990–2000 (percent)	Region	Owner-Occupied Housing Units (percent)	Manufactured Housing Units (percent)	Households That Can Afford Housing (percent)	Median Home Value (US$)
Jackson, WY-ID	24,250	66.0	West	44.5	6.6	16.0	301,099
Edwards, CO	49,471	77.1	West	44.9	10.1	20.9	271,083
Silverthorne, CO	23,548	82.8	West	22.2	2.3	19.9	268,800
Los Alamos, NM	18,343	1.3	West	74.3	5.5	64.0	213,000
Truckee-Grass Valley, CA	92,033	17.2	West	63.1	7.3	36.1	199,300
Key West, FL	79,589	2.0	South	42.4	19.0	32.8	195,700
Heber, UT	15,215	50.8	West	58.3	4.2	37.3	186,800
Durango, CO	43,941	36.1	West	57.1	16.6	44.9	174,500
Gardnerville Ranchos, NV	41,259	49.3	West	64.1	8.7	40.7	174,200
Oak Harbor, WA	71,558	18.9	West	60.1	10.9	50.7	168,400
U.S. average				60.2	7.6	58.5	111,800

** Micropolitan area names as designated in 2006.*

Micropolitan Areas With the Lowest House Values. All 10 micropolitan areas with the lowest median housing values are in the South (see exhibit 6); Texas alone has 9, and 4 of these low-house-value micropolitan areas also appear on the most affordable micropolitan areas list (see exhibit 4).

Exhibit 6

The Top 10 Micropolitan Areas With the Least Expensive Homes*

Micropolitan Area	Population 2000	Change 1990–2000 (percent)	Region	Owner-Occupied Housing Units (percent)	Manu-factured Housing Units (percent)	House-holds That Can Afford Housing (percent)	Median Home Value (US$)
Pecos, TX	13,137	– 17.1	South	63.0	12.5	79.5	23,400
Raymondville, TX	20,082	13.4	South	64.2	12.5	63.8	33,500
Sweetwater, TX	15,802	– 4.8	South	58.5	6.3	70.2	35,800
Rio Grande City-Roma, TX	53,597	32.3	South	65.1	10.2	54.3	35,900
Pampa, TX	23,631	– 5.5	South	64.4	5.7	77.8	37,560
Big Spring, TX	33,627	4.0	South	58.2	7.9	75.9	38,500
Andrews, TX	13,004	– 9.3	South	67.9	17.9	80.4	38,900
Alice, TX	39,326	4.4	South	66.9	16.5	72.7	40,400
Lamesa, TX	14,985	4.4	South	63.1	7.0	76.7	41,000
Middlesborough, KY	30,060	– 4.6	South	60.8	24.8	59.6	41,700
U.S. average				60.2	7.6	58.5	111,800

** Micropolitan area names as designated in 2006.*

The lowest value micropolitan areas are smaller places that lost population in the 1990s and lie very far from major metropolitan areas. These small, remote micropolitan areas have only average homeownership rates, a finding that suggests a mismatch between housing costs and income. The median income in all these micropolitan areas is below the micropolitan area median and only three-fourths of the U.S. average. Mortgage payments and taxes in these areas are approximately one-half of the micropolitan area median and one-third of the U.S. average. Median house values are one-third to one-half of the micropolitan area median and one-fifth to one-third of the U.S. average. Rio Grand City stands out from this group because of its growth rate—it lies along the Mexican border next to McAllen, Texas, and has seen a recent boom in immigration.

Policy Implications

This research has many possible implications, in part, because micropolitan areas are a new census category. Micropolitan areas differ in housing conditions somewhat from the nation as a whole. In some ways, micropolitan areas represent a housing success story because, in general, they have more affordable housing. Considering the relative affordability of these communities, policymakers should explore ways to strengthen the communities in areas such as economic development and housing preservation.

Certainly, micropolitan areas have major differences, many derived from regional location and degree of remoteness. Remote micropolitan areas may be affordable, but often they lack economic development. Micropolitan areas in the path of large urban sprawl may be developing rapidly; however, they also may need housing preservation programs.

The designation "micropolitan area" addresses a longstanding concern among rural advocates that many smaller—although important—cities fall below the Census Bureau's metropolitan area

category. These advocates lobbied the Census Bureau to find a means to capture such places, which resulted in the micropolitan label (Mahtesian, 2005). The micropolitan label also allows for a more sophisticated differentiation between what was rural (nonmetropolitan) and is now deep rural (noncore). The Census Bureau's previous nonmetropolitan designation was too broad to be synonymous with rural areas. The remaining noncore counties that fall below the micropolitan level can now be seen as truly rural.

The Census Bureau now officially recognizes a new category of statistical area, which could entitle what were formally nonmetropolitan places to apply for metropolitan-based federal and state housing aid. It may also mean that micropolitan areas need to forgo rural housing assistance. At this point, the jury is still out on the way micropolitan areas may go. The Census Bureau creates new categories based only on its read of human geography. The Census Bureau, however, makes no recommendations for how a new category such as micropolitan areas should relate to public policy issues such as federal aid. The leadership in micropolitan areas must determine the nature of the areas' needs and lobby state and federal agencies accordingly. For now, most micropolitan areas remain nonmetropolitan in self-identity, but that condition should change in the next several years as more of these areas come to understand the implications of their new designation.[11]

The Booming Western and Stagnating Southern Micropolitan Areas. The housing policy implications of the findings in this study range widely, depending on location. Apparently, large regional differences exist in housing opportunity, with the two extremes being resort communities of the West and remote rural parts of the South. Western micropolitan areas have affordability problems, while Southern micropolitan areas face potential abandonment issues. In both cases, housing opportunity is bound up with regional development trends. In some instances, housing could play a role in addressing larger issues such as maintaining sustainable environments and reinvigorating economic development.

The resort towns in the West have an acute housing affordability problem borne of a mostly low-wage economy and high home costs. Many of the houses in these micropolitan areas are for affluent second-home buyers, whose salaries are derived from professional and managerial jobs in big metropolitan areas. Most locals, who rely on a tourist economy, simply cannot compete in this housing market and sometimes need to commute from great distances to their jobs.

Although affordability may be primarily a housing problem, other competing interests weigh heavily on these areas. Much of the micropolitan West is picturesque and ecologically fragile. Most urban residents, including many from outside the region, want to see this land preserved and developed only as tourist destinations. Yet most locals prefer that these places be used for more than tourism, which would include extractive industries such as mining (Rengert and Lang, 2001). A booming mining or energy economy would have two effects. This type of economy generally pays higher wages than tourism and may also drive off vacation home development and big city homebuyers. Both of these effects could produce more affordable housing, but they also may result

[11] Very few micropolitan county officials even realized that the U.S. Census Bureau had recategorized the region they administered based on anecdotal reactions to Robert Lang's plenary address at the National Association of Counties legislative affairs meeting in March 2004.

in a less sustainable use of the land. Failing to address the housing affordability problem in western micropolitan areas could produce a conflict between locals and outsiders over the fate of these areas and change the direction of their economic development.

The problem in parts of the rural South, especially the Great Plains sections of Texas, is too little demand for housing. The housing there is affordable, resulting partly from the stagnating regional economy. Significant population loss occurred during the 1990s in areas such as Pecos, Borger, and Andrews, TX. These micropolitan areas have had an especially difficult time retaining recent high school and college graduates who seek opportunity elsewhere. Part of the efforts aimed at economic revitalization could be to profile housing opportunities.

Future research on micropolitan areas presents a challenge because of the Census Bureau's shift from the census long form to the American Community Survey (ACS). The absence of the long-form data will make it problematic to study the smallest micropolitan areas; however, the ACS should have enough cases to continue to track trends in larger micropolitan areas. The large micropolitan areas offer researchers an opportunity to study housing trends at the smallest urban level. Without the long form, it will be harder to cobble together data on less populous micropolitan areas; perhaps the ACS could conduct a special micropolitan analysis at least once each decade to fill this gap.

Acknowledgments

The authors thank Dawn Dhavale for compiling and analyzing the statistics in this article and acknowledge the Fannie Mae Foundation for providing a generous grant to fund this research.

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