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*Analysis of the*  
**BILLINGS, MONTANA  
HOUSING MARKET**

**as of April 1, 1965**



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**A Report by the  
FEDERAL HOUSING ADMINISTRATION  
WASHINGTON, D. C. 20411**  
**A constituent of the Housing and Home Finance Agency**

**September 1965**

ANALYSIS OF THE  
BILLINGS, MONTANA, HOUSING MARKET  
AS OF APRIL 1, 1965

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### Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

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ANALYSIS OF THE  
BILLINGS, MONTANA, HOUSING MARKET  
AS OF APRIL 1, 1965

Summary and Conclusions

1. Billings, the county seat of Yellowstone County, is the second largest city in Montana. It is a trade and transportation center for an extensive natural resource-based economy covering much of south central Montana and part of north central Wyoming.
2. After a period of rapid growth in the 1950-1960 decade, helped partly by petroleum industry expansion in connection with discovery and development of oil in the Williston Basin, there has been only a small net gain in nonagricultural employment in Yellowstone County since 1960. A long-term decline in the number of farms in this and nearby counties, consolidation of office staffs by many of the oil companies, and some decrease in railroad employment have been the important factors slowing the growth in employment. Offsetting these retarding influences have been recent increases in government and in the service industry. Nonagricultural wage and salary employment in 1964 was only 600 (2.5 percent) above the 1960 level. After declining by 1,300 workers between 1960 and 1962, employment increased by 1,900 workers in the following two years. An average annual employment growth of 400 workers is projected over the next two years.
3. The current median annual income of all families in the Billings Housing Market Area (HMA) is estimated at \$7,000, after deduction of Federal income tax, an increase of nearly 14 percent since 1959. The median annual after-tax income of renter families is now about \$5,950 and is expected to rise to approximately \$6,175 in 1967.
4. The nonfarm population of the Billings HMA is now approximately 68,000 persons, an average annual increase of about 1,450 since 1960. This represents a 1960-1965 growth rate of only a little over half the 1950-1960 rate. Net in-migration has decreased substantially, and net natural increase has declined a little as well. The annual nonfarm population increase over the next two years is expected to average around 1,200 persons. There currently are about 21,000 households in the Billings HMA, representing an average increase of about 430 a year since 1960. The increase during the next two years is expected to average approximately 360 a year.
5. The current housing inventory in the Billings HMA is about 22,000 units, up about 2,050 since April 1960. The housing supply has grown at a much lower annual rate since 1960 than during the preceding decade; housing units completed since 1960 have averaged

about 410 a year. The great majority of these have been single-family type and many of the remainder have been duplexes. Some demolitions in Billings have helped to reduce the number of poorer quality units. Owner-occupied units currently represent about 63 percent of all occupied units.

7. A postal vacancy survey early in April 1965 shows a small decrease in the over-all vacancy ratio from the previous survey in June 1962. The homeowner vacancy ratio is now approximately 1.8 percent and the rental vacancy ratio 4.9 percent, the former up from 1.5 and the latter down from 6.5 percent at the time of the April 1960 Housing Census. The current rental vacancy ratio indicates no surplus of rental units, but the homeowner vacancy ratio is considered to be a bit high for an area with the growth rate of Billings.
8. New sales housing in a wide variety of price ranges has not been absorbed as well in the past year as the year before. The FHA unsold inventory survey in January 1965 showed 53 percent of the 1964 speculatively built homes unsold compared with 19 percent in January 1964. Nearly two-thirds of the unsold houses had been completed less than one month. Foreclosures are negligible; FHA held only two houses at the end of March 1965.
9. The relatively small volume of multifamily construction, except for specialized types of units for elderly and nursing home tenants, has kept vacancies low in all but the older and less desirable rental units. FHA has only one insured project in Billings, an apartment of 82 units, which has had a good occupancy record in the past two years.
10. The volume of housing required to meet the anticipated net household increase in the Billings Urbanized Area over the next two years and to achieve a more acceptable demand-supply relationship in the market is estimated at 370 units annually, 320 sales units and 50 rental units. Demand for sales houses by price classes is expected to approximate the pattern indicated on page 15. Demand for rental units is expected to approximate the distribution by monthly gross rent levels and unit sizes indicated on page 16.

ANALYSIS OF THE  
BILLINGS, MONTANA, HOUSING MARKET  
AS OF APRIL 1, 1965

Housing Market Area

The Billings Housing Market Area (HMA) is coextensive with the Billings Urbanized Area as defined by the Bureau of the Census in 1960. In 1960, the city of Billings had two-thirds of the population of Yellowstone County, and the Billings Urbanized Area comprised nearly 77 percent. On the basis of the 74,300 nonfarm population in the county in 1960, the Urbanized Area, with a population of 60,700, had nearly 82 percent of the county total.

Billings has good highway facilities to points in all four directions. Interstate 90 goes through Billings, leading east and later south to Sheridan, Wyoming, and leading west to Butte, Spokane, and Seattle. The right-of-way for a by-pass around Billings has been determined but final interchange points may be revised before construction starts. About three miles northeast of the city, Interstate 94 starts at an interchange which leads to Miles City and Glendive, Montana, and then into North Dakota. The Yellowstone River flows northeast on the outskirts of Billings and empties into the Missouri River near Williston, North Dakota.

The only other community of significant size in Yellowstone County is Laurel, located 15 miles southwest of Billings. This is primarily a Northern Pacific Railway interchange point for freight traffic. There is also an oil refinery. The remainder of the county is largely farms and ranches.

Billings is the second largest city in Montana and was exceeded in 1960 slightly by Great Falls, 221 miles northwest. Because Billings is nearly 200 miles east of the Continental Divide, some of its economic orientation is east to the twin cities of Minneapolis and St. Paul, which are slightly closer (802 miles) than Seattle, Washington (835 miles). The location of Billings is in the borderline area between the Great Plains and the Rocky Mountains.

There are three railroads serving Billings, the main lines of the Northern Pacific and Burlington, and a branch line of the Great Northern. Logan Field, the city airport, is served by three commercial carriers, Northwest, Western, and Frontier Airlines.

## Economy of the Area

### Character and History

General Description. Billings is a trade and transportation center for an extensive natural resource-based economy encompassing much of south central Montana and a portion of north central Wyoming. Agriculture, livestock, and petroleum make up the important natural resources processed and marketed through Billings. The retail trade area is considered generally to include Yellowstone County and the six adjacent counties. The wholesale trade area includes these seven counties plus most of eight others in Montana and parts of four in northern Wyoming.

Principal Economic Activities. Recently published figures in the quinquennial Census of Business show that in 1963 Yellowstone County had \$134 million in sales by all its retail establishments, a modest increase of 13 percent over 1958. Wholesale trade, on the other hand, amounting to \$207 million in 1963, showed a small decline of nearly five percent from 1958, apparently the result of a lower than normal year for agriculture and petroleum. Receipts from selected service establishments in the county in 1963 were nearly \$18 million, an increase of almost 22 percent over 1958.

These figures generally confirm the modest growth rate that has characterized Billings in the 1960's compared to the 1950-1960 decade. The nearby counties which provide the agricultural base of support for the Billings HMA have experienced a slight decline in population as farms and ranches declined in number but increased in average size. In Yellowstone County alone, the number of farms counted in the Agricultural Census reached a peak of 1,925 in 1935 and declined to 1,228 in 1959, the latest year for which information is available. Part of this decrease, however, is attributable to changes in farm definition over the period.

The oil industry in Billings includes two refineries operated by Continental Oil Company and Humble Oil & Refining Company. At Laurel, 15 miles southwest of Billings, a smaller refinery is operated by the Farmers Union Central Exchange. Both the Billings refineries have improved and added to their facilities recently in order to remain competitive with other northern Rocky Mountain refineries located at Great Falls, Montana and Cody and Casper, Wyoming.

In addition to these refineries, numerous oil companies have had branch offices in Billings during the development since 1951 of the Williston Oil Basin, located in northeastern Montana and Western North



Dakota. Several of the larger companies, however, have consolidated their Billings office forces, which were primarily for exploration and production, by transferring employees to other locations such as Casper, Wyoming, Denver, Colorado, or back to Oklahoma or Texas. The latest of these moves is being made in June 1965 by the Shell Oil Company, which had 114 total employees early in February 1965 at the time it was announced they would move their office to Denver. Of the 114 employees, about 53 homeowners and 25 renters are expected to move to Denver.

One activity which has affected Billings a little during the past few years has been the construction of the 525-foot high Yellowtail Dam and powerhouse by the U. S. Bureau of Reclamation on the Bighorn River, approximately 93 miles southeast of Billings. Peak seasonal employment of about 1,200 was reached on this project in 1964 and this year employment will probably not exceed 1,000. The structures will be completed in 1966 at a total cost of about \$100 million. Hiring for the construction work has been done through Billings, and supervision has been by the Regional Office of the Bureau of Reclamation located here.

There also will be a slight reduction of about 25 employees in the staff of regional office of the Reclamation Bureau in 1965, largely because of the completion of a power transmission line construction program in North and South Dakota connecting with the new Yellowtail Dam.

A small detachment, consisting of 100 personnel on a short term rotational basis, from a Fighter Interceptor Squadron based at Glasgow AFB has been located at Billings Airport, Logan Field, as a part of the dispersal program of the Strategic Air Command. Replacements from Glasgow AFB will be made periodically until that base closes, after which replacements will be made from Minot AFB, North Dakota. Because of the temporary duty status of these men, it is unlikely that they will create a significant demand for family housing, except possibly for a few units for short-term occupancy. Nor is it expected that this activity will have a significant impact on the economy of Billings.

During 1964 about 30 railroad firement were laid off by the railroads as part of a nationwide trend. Most of them were employed at Laurel, although some lived in the Billings area. If the merger of the Northern Pacific and Great Northern Railroads is accomplished, it is possible that more railroad employment reductions may occur eventually, but where or when is unknown at this time.

There are two colleges in Billings, Eastern Montana College of Education and Rocky Mountain College. The former is one of six State-supported

institutions of higher learning in Montana. It had full-time enrollment in the 1964-1965 school year of 1,932 students, compared with 1,177 four years earlier. Faculty and staff number nearly 200. Rocky Mountain College is the oldest privately endowed institution in the State and has an enrollment of about 525 currently compared with 274 in the 1960-1961 school year. Its faculty and staff number 67. Thus, they have experienced a combined increase of about 1,000 students (full-time equivalent) since the April 1960 Census. Most of these are single; less than 20 percent are estimated to be married.

### Employment

Current Estimate. Nonagricultural employment in Yellowstone County was estimated by the Unemployment Compensation Commission of Montana at about 27,500 in March 1965, of which 24,400 were nonagricultural wage and salary workers and the remaining 3,100 were classified in other nonagricultural work.

Past Trend. A complete work force breakdown is not available for Montana counties but employment by nonagricultural wage and salary workers is well recorded for a good many years. This breakdown by industry for Yellowstone County is shown in table I for the past five years and for the latest available month of March 1965 compared with the same month a year earlier.

Total nonagricultural wage and salary workers declined from a monthly average of 24,100 in 1960 to an average of 22,800 in 1962 and then increased to an average of 24,700 in 1964, only 600 workers above the 1960 level. After declining by 1,300 workers between 1960 and 1962, employment increased by 1,900 wage and salary workers between 1962 and 1964. In the five-year period of 1960-1964 average annual employment in manufacturing showed no change; construction employment was up slightly; transportation and utilities showed a small decline; employment in trade, and in finance, insurance, and real estate was unchanged; services were up slightly; and government employment was up the most (600) because of the usual school expansions and the growth of the State College.

Agricultural employment in Yellowstone County fluctuates seasonally. In 1964, employment ranged from a low of about 1,400 in February to a high of nearly 2,700 in July, with the yearly average being nearly 1,850. As in most agricultural areas, the long-term trend of agricultural employment is downward. The sugar refinery at Billings provides seasonal work from about October to early February.

Major Industries. There was little change in the percentage distribution of employment by industry in the 1960-1964 period. Construction, services, and particularly government showed small increases in their share of total nonagricultural wage and salary employment, while manufacturing, transportation and utilities, trade, and finance, insurance, and real estate showed small declines.

#### Unemployment

Unemployment in the Billings area has generally averaged a little less than five percent of the civilian labor force the year-round.

#### Estimated Future Employment

Based on past trends, the anticipated out-migration of some oil industry workers this year, and the probable continued growth in services and government, it seems reasonable to project employment growth in 1965 and 1966 at about 400 workers annually.

#### Income

Family income data in 1959, as reported by the 1960 Census of Population, have been used as a base for estimating the distribution of families by annual income, after deduction of Federal income tax. Distributions have been computed for all families and for renter families in early 1965, and a projection for renter families has been made for 1967, as shown in table II.

The median after-tax income of all families in the Billings HMA has increased about 13.5 percent since 1959. The current median annual after-tax income of all families is about \$7,000. The current median after-tax income of renter families is approximately \$5,950, and by 1967 is expected to increase to about \$6,175.

## Demographic Factors

### Population

Current Estimate. The nonfarm population of the Billings HMA currently is approximately 68,000, an increase of about 7,300 (12 percent) since April 1960. Between 1950 and 1960 the increase amounted to 23,850 persons, or 65 percent (see following table). The average increase of about 1,450 persons a year since 1960 represents a very substantial decline from the gains in the 1950-1960 decade which averaged almost 2,400 a year. The slowdown in growth since 1960 has resulted from the decline in farm population in the surrounding counties which depend on Billings for trade and service facilities and from the out-migration of oil and gas industry employees.

### Nonfarm Population Growth Yellowstone County, Montana, 1950-1960

<u>Area</u>	<u>April</u>	<u>April</u>	<u>April</u>	<u>Average annual change</u>	
	<u>1950</u>	<u>1960</u>	<u>1965</u>	<u>1950-1960</u>	<u>1960-1965</u>
Billings HMA	<u>36,850<sup>a/</sup></u>	<u>60,712</u>	<u>68,000</u>	<u>2,386</u>	<u>1,458</u>
Billings City	<u>31,834</u>	<u>52,851</u>	<u>58,000</u>	<u>2,102</u>	<u>1,030</u>
Rest of HMA	<u>5,016</u>	<u>7,861</u>	<u>10,000</u>	<u>284</u>	<u>428</u>
Rest of county	<u>12,048</u>	<u>13,554</u>	<u>14,000</u>	<u>151</u>	<u>89</u>
County total	<u>48,898</u>	<u>74,266</u>	<u>82,000</u>	<u>2,537</u>	<u>1,547</u>

a/ Estimated.

Source: 1950 and 1960 Censuses of Population.  
1965 estimated by Housing Market Analyst.

Future Population Trend. During the next two years the nonfarm population of the HMA is expected to increase by approximately 1,200 persons a year to a total of about 70,600 persons.

Natural Increase and Migration. As indicated in the following table, the total population of Yellowstone County (nonfarm and farm) increased by 23,141 between 1950 and 1960. Nearly 59 percent of this increase (13,611) was through net natural increase (resident births minus deaths) and the significant remainder of 9,530 was by net in-migration.<sup>1/</sup>

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<sup>1/</sup> Vital statistics are available only for the total population of the county, but the changes are representative of changes in the HMA portion of the county.

Net Natural Increase and Net Migration  
Yellowstone County, Montana, 1950-1965

<u>Subject</u>	<u>1950-1960</u>	<u>1960-1965</u>	<u>Average annual change</u>	
			<u>1950-1960</u>	<u>1960-1965</u>
Total population increase	<u>23,141</u>	<u>6,740</u>	<u>2,314</u>	<u>1,348</u>
Natural increase	<u>13,611</u>	<u>6,340</u>	<u>1,361</u>	<u>1,268</u>
Net total in-migration	<u>9,530</u>	<u>400</u>	<u>953</u>	<u>80</u>

Source: 1950 and 1960 Censuses of Population.  
1965 estimated by Housing Market Analyst.

On the basis of vital statistics data available through 1963, it is estimated that net natural increase in the total county population in the five years since 1960 has been about 6,340, not quite half that in the preceding decade. It is significant that the annual net natural increase has been slowly declining from 1,447 in 1959 to 1,164 in 1963.

Net in-migration in the past five years has also declined considerably to only 400. There has been an increase of a few hundred out-of-county single students in the past five years at the two local colleges, but there apparently has been very little net in-migration of families.

Households

Current Estimate. There are currently an estimated 21,000 nonfarm households in the Billings HMA, a gain of about 2,150 since April 1960. Between 1950 and 1960 the increase amounted to 7,222 households, or 62 percent (see table III).<sup>1/</sup> The average increase of about 430 households a year since 1960 also represents a severe decline from the average gain of about 720 households annually during the 1950-1960 decade. The decline in the rate of growth in households results, of course, from the same basic factors that contributed to the decline in the rate of population gain.

Future Household Trend. During the next two years an increase of about 720 nonfarm households, 360 a year, is expected.

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<sup>1/</sup> A conceptual change from "dwelling unit" in the 1950 census to "housing unit" in the 1960 census may account for a small part of the increase in households between 1950 and 1960.

Average Household Size. After a small upward trend in average household size between 1950 and 1960, there has been an apparent slight downward trend during the past five years. In 1960 the average non-farm household in the HMA had 3.19 persons, up from an estimated 3.07 persons in 1950. With some increase in the number of married students at the two local colleges and the usual trend of retired farm families coming to settle in Billings, nonfarm household size currently is estimated at about 3.17 for the housing market area.

## Housing Market Factors

### Housing Supply

Current Estimate. There are currently about 22,000 housing units of all types in the Billings HMA, a gain of about 2,050 (10 percent) since April 1960. The gain has averaged about 410 units a year, as compared with an average increase of about 430 households annually since 1960.

Characteristics of the Supply. The 1960 census count of housing by type of structure in the Billings HMA, the rest of the county, and all of Yellowstone County, is shown in table IV. At that time, 74 percent of all units in the housing market area were single-family type, including trailers. A slightly higher ratio of single-family housing is estimated in the current inventory, because of the predominance of this type of construction in the past five years.

The rapid post-war growth of the Billings area is evident from the 1960 census count of housing by age. About 52 percent of the housing units were built after 1945, and by now this ratio exceeds 56 percent.

By condition, five-sixths of the housing inventory in 1960 was classed by the census as sound, nearly 14 percent deteriorating, and a little over three percent as dilapidated. Ten percent (2,012 units) of the housing lacked some or all plumbing facilities or was dilapidated.

The median value of all owner-occupied housing units in the area in 1960, as estimated by the owners, was \$15,300. Fifteen percent was valued at less than \$10,000, nearly a third each between \$10,000 and \$15,000, and \$15,000 to \$20,000. Over 11 percent was valued between \$20,000 and \$25,000, and 20 percent above \$25,000. A little over half those reported as vacant and available for sale in 1960 fell in the upper median price range of \$15,000 to \$20,000.

Among renter-occupied housing units in the Billings HMA in 1960, the median gross rent was reported by the Census of Housing as \$73. Nearly 20 percent rented for less than \$50, almost 38 percent had gross rents of \$50 to \$80, 18 percent from \$80 to \$100, 11 percent from \$100 to \$120, and 10 percent had gross rents of \$120 and over.

### Residential Building Activity

Annually. The housing market area has experienced, over the past 15 years, considerable fluctuation in annual home-building volume because of varying rates of in-migration and occasional periods of restricted

mortgage financing. The annual figures on dwelling unit authorizations in the city of Billings are shown in table V.

Significant additional construction has been going on most of this time beyond the city limits where no building permits have ever been required. Only a rough measure of units added in these areas can be obtained from the net increase in active residential gas meters reported by the Montana-Dakota Utilities Company which serves the entire urban area. Its figures indicate that for the past five years, from March 1960 through March 1965, housing units added in the HMA have averaged a little over 410 a year, after allowance is made for occasional master meters on new apartments and trailer courts.

In the 1950-1960 decade Billings City grew fairly rapidly by a series of annexations, particularly to the west. In earlier years, housing starts outside the city limits were especially numerous. On the basis of water connections, locally informed opinions, and reconciliation of 1950 and 1960 census housing counts, it is evident that housing starts outside the city limits were over three times more numerous than those inside the city as recorded in table V. The peak probably was reached in 1950 with a total of almost 1,000 units authorized in the HMA.

In the first quarter of 1965, housing authorizations inside the city totaled 71, slightly higher than the 66 authorized in the first quarter of 1964. Outside the city, starts appear to have been more numerous because the special postal vacancy survey taken early in April found 136 residences and 18 apartment units under construction inside and outside the city, or a total of 154 units. One special project of 119 units, the CFA-aided Lutheran Retirement Home, was completed early in 1964 a little west of the city.

Demolitions. Billings has been actively pursuing a program of eliminating dilapidated housing units which are in violation of the uniform building code of the city. This resulted in approximately 20 demolitions in 1962, a few in 1963, and 30 units in 1964. Probably about the same volume will be eliminated in 1965 as in 1964. In 1960 the city removed 64 units of temporary housing which it had operated since about 1946 for veterans' families. The by-pass construction program of the State Highway Department for Interstate 90 involves very little demolition of residences and most of these are being relocated. Only four units were demolished in 1964 and this number probably will not be exceeded in 1965. It is estimated that conversions of existing dwellings, to more or fewer units, have been negligible in the past few years.



### Tenure of Occupancy

As indicated in table VI, owner occupied as a percent of total occupied units in Yellowstone County increased from 55 percent in 1950 to 62 percent in 1960, and is now approximately 66 percent. In the Billings HMA these ratios are slightly lower, 60 percent in 1960 and a little over 63 percent estimated currently, because of the exclusion of rural farm units which are predominantly owner occupied. The 1960 ratio of 60 percent owner occupied was very close to the 59 percent for all urban areas in Montana at that time.

### Vacancy

Current Estimate. As of April 1965 there are about 640 vacant housing units available for sale or rent in the Billings HMA, down slightly from 687 such vacant units in April 1960. These vacancies are equivalent to net available vacancy ratios of 3.0 percent currently and 3.5 percent in 1960. The homeowner vacancy ratio is now 1.8 percent, up somewhat from 1.5 percent in 1960. The current rental vacancy ratio is 4.9 percent, down from the 6.4 percent ratio in 1960. Considering the current and anticipated near-term moderate rate of growth in the area, the current homeowner vacancy is somewhat higher than that which would represent a balanced demand-supply market condition. The rental vacancy ratio appears to indicate a good quantitative balance in the rental market (see table VI).

Postal Vacancy Survey. On April 7, 1965, the Billings Post Office, at the request of the FHA, conducted a special housing vacancy survey in its postal delivery area which includes the city of Billings and all the surrounding urbanized area. A few farms are served on the three rural routes which extend outside the city to the northeast and southwest.

The survey, summarized in table VII, counted a total of 950 vacancies out of 22,170 possible deliveries to residences and apartments, or an over-all vacancy rate of 4.3 percent, exclusive of trailers. Most of these vacancies were inside the city of Billings and fewer than 100 were outside. This is a slight improvement over the 4.6 percent vacancy ratio found in a similar postal vacancy survey early in June 1962, but is higher than those reported by surveys in July 1955 and July 1956 when the vacancy ratios were only 2.3 percent and 3.0 percent respectively.

It is noteworthy that the number of vacant residences counted in the April 1965 postal survey were more numerous (580) than in the June 1962 survey (510), whereas vacant apartments numbered 360 in the latest survey versus 410 in the previous one. Some of the residences, of course, are occupied by tenants.

Other indications also point to higher vacancies in sales housing and somewhat lower vacancies in rental housing. Mainly this is because of a sizable volume of new single-family home construction since 1960, amounting to over 90 percent of all new units started in the urbanized area. Conversely there have been relatively few rental units built. Although 146 units in duplexes were authorized in the city of Billings in the five-year period of 1960-1964, these are partially occupied by owners, and there were only 49 units authorized in structures containing three or more units.

### Sales Market

General Condition. In general, the sales housing market in the Billings area has been rather slow the past winter compared with a year earlier, but there are signs of improvement this spring provided the volume of new home starts is not too great. With the out-migration of some oil industry and government families expected this coming summer, a somewhat lower rate of homebuilding seems desirable.

While Billings continues to grow westward, there also has been in recent years a significant trend northeast of the city and some to the south. Because of the predominance of winds from the southwest (down-river), the location of two refineries east of the city center and space for more industry in that area, all but a small amount of residential building on the east side of the Yellowstone River has been discouraged.

Speculative homebuilding has comprised the great majority of single-family construction in the Billings area for most of the postwar period. Homes have been provided in a wide range of prices, with the median close to \$17,000 in the past few years. In the lowest price range of \$11,200 to \$13,500, several subdivisions have been developed in the past two years.

Unsold Inventory of New Homes. The annual unsold inventory survey made in the Billings area by FHA in January 1965 showed a significantly large overhang. Of 353 speculatively built homes in 1964 in subdivisions having five or more completions, 188 (53 percent) were unsold at the end of the year. This compares with 19 percent a year earlier. Fortunately the latest survey indicated that nearly two-thirds of the homes had been completed for one month or less, and a fourth for two to three months. A review of this same group of homes early in April 1965 showed that the unsold portion was down to 38 percent. This still is high, representing a selling time of about 4.5 months. A more desirable ratio would be about 16 percent, representing a selling period of almost two months.

Another indication of overbuilding in the Billings market was the report in the FHA year-end survey of 115 houses then under construction, of which 100 were unsold. Comparable figures a year earlier were 76 under construction, all unsold.

Foreclosures. Foreclosures in the Billings area do not appear significant at the present time. At the end of March 1965 FHA had only two homes for sale in Billings, both priced under \$12,000.

### Rental Market

General Market Conditions. Because of the relatively small volume of new multifamily construction in the Billings area in the past few years, it is not surprising to find a reasonable rental vacancy ratio. A detailed analysis of the postal vacancy results shows that many of these vacancies are in the older close-in locations where the quality of rental housing is probably lower than average.

A sample check of a few apartments also revealed modest vacancy conditions. Probably one reason for the absence of rental overbuilding has been the experience in several years during the past ten when out-migration occurred and vacancy problems arose. It is noteworthy also that a little over half the renter-occupied units in the Billings area in April 1960 were single-family houses. Nearly a fifth were duplex units, and 31 percent were in structures containing three or more units (see table IV). Typical rents for duplex units currently are reported to be \$110 for one-bedroom and \$140 to \$145 for two-bedroom size, including water only.

As previously mentioned, there is only one FHA-insured rental project in Billings, an 82-unit project, and although built in 1951 it still is considered generally the best apartment house in the city. Other apartments built since that time have been much smaller in numbers of units and practically all of one- or two-story construction. Only 18 apartment units were counted under construction by the postal vacancy survey.

### Mortgage Market

There is no shortage of private mortgage money in the Billings market and apparently none has been experienced since the mid-1950's.

### Urban Renewal

Billings has no workable program for community improvement and there is currently no active interest in urban renewal.

Public Housing

There is no significant amount of public housing in the community. Although Eastern Montana College of Education has had an active dormitory construction program for several years, the only family unit it owns is for the president. Rocky Mountain College has 30 family units for faculty and married students, 19 of which are temporary type acquired after World War II and probably will be phased out sometime in the future.

Demand for Housing

Quantitative Demand

The volume of new residential construction in the Billings area during the two-year period from April 1965 to April 1967 that will meet the requirements of the anticipated increase in households is about 450 housing units annually. That figure is adjusted to reflect anticipated housing losses through demolition, fire, etc., to reflect a continuing net shift in tenure from tenant to owner status, and to allow an adjustment in vacancies consonant with the long-term needs of the market. Those various adjustments result in a demand for about 370 housing units a year during the next two years divided between 320 units of sales housing and 50 rental units. That volume of construction would be less than the 410 units a year added since 1960. An additional 20 rental units could be absorbed annually if public benefits or assistance through tax abatement or aid in financing or land acquisition were available. However, Billings does not have an approved workable program for community improvement.

Qualitative Demand

Sales Housing. Based on ability to pay, as measured by family income and typical ratio of sales price to income in the area, and on recent market experience, the distribution of annual demand for sales houses during the next two years by price ranges is expected to approximate the pattern in the table below.

Estimated Annual New Sales Housing Demand  
Billings, Montana, HMA  
April 1965-1967

<u>Price range</u>	<u>Number of units</u>
Under \$14,000	40
\$14,000 - 15,999	90
16,000 - 17,999	85
18,000 - 19,999	35
20,000 - 24,999	35
25,000 and over	<u>35</u>
Total	320

At the present time the minimum price at which new houses can be built in the Billings area is about \$11,000. Over half of effective demand is expected to be in the lower bracket of \$11,000 to \$14,000 and about 30 percent in the higher price groups above \$18,000.

Rental Housing. Acceptable new privately-owned rental housing in Billings can be produced only at gross rents at and above the minimum rents achievable under current costs. It is judged that minimum gross rents achievable without public benefits or assistance in financing or in land purchase are approximately \$110 for efficiencies, \$120 for one-bedroom units, \$130 for two-bedroom units, and \$140 for three-bedroom units.

The annual demand for about 50 net additional rental units during the next two years is expected to be distributed by monthly gross rents and unit sizes approximately as follows:

Efficiency units	5 @ \$110 to \$130
One-bedroom units	25 @ \$120 to \$160
Two-bedroom units	15 @ \$130 to \$170
Three-bedroom units	5 @ \$140 to \$180

## APPENDIX TABLES

Table I

Nonagriculture Wage and Salary Workers by Industry  
Yellowstone County, Montana, 1960-1965  
(in thousands)

<u>Industry</u>	<u>Annual average</u>					<u>March</u>		<u>Percentage distribution 1964</u>
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u> p	<u>1964</u> p	<u>1965</u> p	
Nonag. wage & salary workers	<u>24.1</u>	<u>23.5</u>	<u>22.8</u>	<u>23.7</u>	<u>24.7</u>	<u>23.5</u>	<u>24.4</u>	<u>100.0</u>
Manufacturing	3.2	2.9	2.5	2.8	3.2	2.7	3.0	13.0
Nonmanufacturing	<u>20.9</u>	<u>20.6</u>	<u>20.3</u>	<u>20.9</u>	<u>21.5</u>	<u>20.8</u>	<u>21.4</u>	<u>87.0</u>
Construction	1.7	1.5	1.3	1.6	1.9	1.5	1.5	7.7
Transp. & utilities	3.0	2.8	2.6	2.6	2.6	2.6	2.6	10.5
Wholesale & retail trade	7.5	7.4	7.3	7.4	7.4	7.2	7.5	29.9
Finance, Ins., & real estate	1.4	1.4	1.4	1.4	1.4	1.4	1.4	5.7
Services & miscellaneous	4.2	4.1	4.1	4.3	4.5	4.4	4.6	18.2
Government	3.1	3.4	3.6	3.6	3.7	3.7	3.8	15.0

p Preliminary.

Source: Unemployment Compensation Commission of Montana.



Table II

Estimated Percentage Distribution of All and Renter Families  
by Annual Net Money Income (After Tax) at 1965 and 1967 Levels  
Billings, Montana HMA

<u>Annual income</u>	<u>1965</u>		<u>1967</u>
	<u>All families</u>	<u>Renter families</u>	<u>Renter families</u>
Under \$2,000	4.4	6.5	5.9
\$ 2,000 - 2,999	5.2	6.9	6.7
3,000 - 3,999	6.6	9.2	8.7
4,000 - 4,999	8.3	13.0	11.8
5,000 - 5,999	12.1	15.2	14.6
6,000 - 6,999	13.3	13.7	13.3
7,000 - 7,999	11.8	12.3	12.7
8,000 - 8,999	9.9	6.6	7.6
9,000 - 9,999	7.9	4.4	4.9
10,000 - 12,499	9.7	6.9	7.7
12,500 - 14,999	5.6	2.2	2.7
15,000 and over	<u>5.2</u>	<u>3.1</u>	<u>3.4</u>
Total	100.0	100.0	100.0
Median income	\$7,000	\$5,950	\$6,175

Source: Estimated by Housing Market Analyst.

Table III

Nonfarm Household Growth and Average Household Size  
Yellowstone County, Montana, 1950-1965

<u>Area</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>April</u> <u>1965</u>	<u>Average annual change</u>	
				<u>1950-1960</u>	<u>1960-1965</u>
<u>Nonfarm households</u>					
Billings HMA	<u>11,620<sup>a/</sup></u>	<u>18,842</u>	<u>21,000</u>	<u>722</u>	<u>432</u>
Billings City	10,248	16,715	18,600	646	377
Rest of HMA	1,372	2,127	2,400	76	55
Rest of county	3,478	3,798	4,000	32	40
Yellowstone County	<u>15,098</u>	<u>22,640</u>	<u>25,000</u>	<u>754</u>	<u>472</u>
<u>Average household size</u>					
Billings HMA	3.07 <sup>a/</sup>	3.19	3.17		
Billings City	2.99	3.13	3.07		
Rest of HMA	3.67	3.68	3.59		
Rest of county	3.36	3.50	3.44		
Yellowstone County	3.14	3.24	3.23		

<sup>a/</sup> Estimated.

Source: 1950 and 1960 Censuses of Population and Housing;  
 1965 estimated by Housing Market Analyst.

Table IV

Housing Units by Type of Structure  
Yellowstone County, Montana, April 1960

<u>Units in structure</u>	<u>Billings HMA</u>		<u>Rest of county</u>		<u>Yellowstone County</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1	14,435	72.4	5,327	90.5	19,762	76.5
2	2,220	11.1	80	1.4	2,300	8.9
3 and 4	1,150	5.8	85	1.4	1,235	4.8
5 or more	1,797	9.0	205	3.5	2,002	7.7
Trailer	346	1.7	188	3.2	534	2.1
All units	19,948	100.0	5,885	100.0	25,833	100.0
1	10,008	88.7	3,297	93.3	13,305	89.8
2	670	5.9	26	.7	696	4.7
3 and 4	151	1.3	5	.1	156	1.0
5 or more	118	1.1	25	.7	143	1.0
Trailer	338	3.0	180	5.2	518	3.5
Owner occupied	11,285	100.0	3,533	100.0	14,818	100.0
1	3,861	51.1	1,309	85.8	5,170	56.9
2	1,386	18.3	39	2.6	1,425	15.7
3 and 4	881	11.7	51	3.3	932	10.3
5 to 9	710	9.4	45	3.0	755	8.3
10 to 19	325	4.3	58	.8	383	4.2
20 to 49	297	3.9	5	.3	302	3.3
50 or more	89	1.2	10	.7	99	1.1
Trailer	8	.1	8	.5	16	.2
Renter occupied	7,557	100.0	1,525	100.0	9,082	100.0
1	165	30.9	61	54.5	226	35.0
2 to 4	200	37.4	17	15.2	217	33.6
5 to 9	113	21.2	12	10.7	125	19.3
10 or more	56	10.5	22	19.6	78	12.1
Vacant available for rent	534	100.0	112	100.0	646	100.0

Source: 1960 Census of Housing.

Table V

Dwelling Units Authorized  
City of Billings, Montana, 1950-1965

<u>Period</u>	<u>Single family</u>	<u>Duplex</u>	<u>3 family or more</u>	<u>Total units</u>
1950	183	- 153 -		336
1951	90	- 29 -		119
1952	94	- 26 -		120
1953	105	- 24 -		129
1954	149	- 44 -		193
1955	NA	NA	NA	179
1956	NA	NA	NA	128
1957	NA	NA	NA	64
1958	NA	NA	NA	79
1959	NA	NA	NA	202
1960	306	18	8	332
1961	413	30	12	455
1962	371	40	6	417
1963	291	22	7	320
1964	276	36	16	328
1964 - 1st quarter	60	-	6	66
1965 - 1st quarter	54	2	15	71

NA Not readily available.

Source: U. S. Census Bureau, U. S. Bureau of Labor  
 Statistics, and City of Billings Building Inspector's  
 Office.

Table VI

Housing Inventory Components  
Yellowstone County and Billings HMA  
1950, 1960, and 1965

<u>Subject</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>April</u> <u>1965</u>
<u>Yellowstone County</u>			
Total housing units	<u>17,611</u>	<u>25,833</u>	<u>28,000</u>
Total occupied units	<u>16,764</u>	<u>23,900</u>	<u>26,100</u>
Owner occupied	9,245	14,818	17,225
Renter occupied	7,519	9,082	8,875
Total vacant units	<u>847</u>	<u>1,933</u>	<u>1,900</u>
Vacant, nonseasonal, nondilapidated available for rent or sale	<u>250</u>	<u>842</u>	<u>800</u>
For rent	182	636	510
Rental vacancy rate	2.4%	6.5%	5.7%
For sale	68	206	290
Homeowner vacancy rate	.7%	1.4%	1.7%
Other vacant units <u>a/</u>	597	1,091	1,100
<u>Billings HMA</u>			
Total housing units	NA	<u>19,948</u>	<u>22,000</u>
Total occupied units	NA	<u>18,842</u>	<u>21,000</u>
Owner-occupied	NA	11,285	13,300
Renter-occupied	NA	7,557	7,700
Total vacant units	NA	<u>1,106</u>	<u>1,000</u>
Vacant, nonseasonal, nondilapidated available for rent or sale	NA	<u>687</u>	<u>640</u>
For rent	NA	518	400
Rental vacancy rate	NA	6.4%	4.9%
For sale	NA	169	240
Homeowner vacancy rate	NA	1.5%	1.8%
Other vacant units <u>a/</u>	NA	419	360

NA Not available.

a/ Includes vacant dilapidated units, seasonal units, units sold or rented and awaiting occupancy, and units held off the market for absentee owners and for other reasons. Omits in 1950 nonresident dwelling units.

Source: 1950 and 1960 Censuses of Housing; April 1965 estimated by Housing Market Analyst.

Table VII

Billings, Montana, Area Postal Vacancy Survey  
April 7, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
<b>Billings</b>	<u>22,171</u>	<u>945</u>	<u>4.3</u>	<u>850</u>	<u>95</u>	<u>154</u>	<u>18,532</u>	<u>581</u>	<u>3.1</u>	<u>486</u>	<u>95</u>	<u>136</u>	<u>3,639</u>	<u>364</u>	<u>10.0</u>	<u>364</u>	<u>-</u>	<u>18</u>	<u>586</u>	<u>10</u>	<u>1.7</u>
<b>Main Office</b>	9,222	548	5.9	505	43	68	6,530	277	4.2	234	43	56	2,692	271	10.1	271	-	12	574	9	1.6
<b>Station: Pioneer</b>	12,949	397	3.1	345	52	86	12,002	304	2.5	252	52	80	947	93	9.8	93	-	6	12	1	8.3

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e., a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).