

Housing

Housing has always played an important role in defining the health of this nation and its cities, with construction figures and home prices measuring the strength of the economy and homeownership rates and rent burdens indicating the wealth of households. Residential homeownership is a good indicator as to whether families can acquire assets and leverage them for other expenditures that build family and community wealth, such as a college education, small business capitalization, or home repair/improvement. Family and community well-being can be threatened, however, if housing costs become too high for residents to bear. Housing cost burdens may point to a need for the preservation and construction of affordable housing ... and may also imply a need to raise residents' incomes so that they are able to afford quality housing. In either situation, cities can play an active role in linking housing supply and demand.

The city of Fargo gained 4,000 new homeowners in the 1990s but the overall homeownership rate still declined by more 2 percent

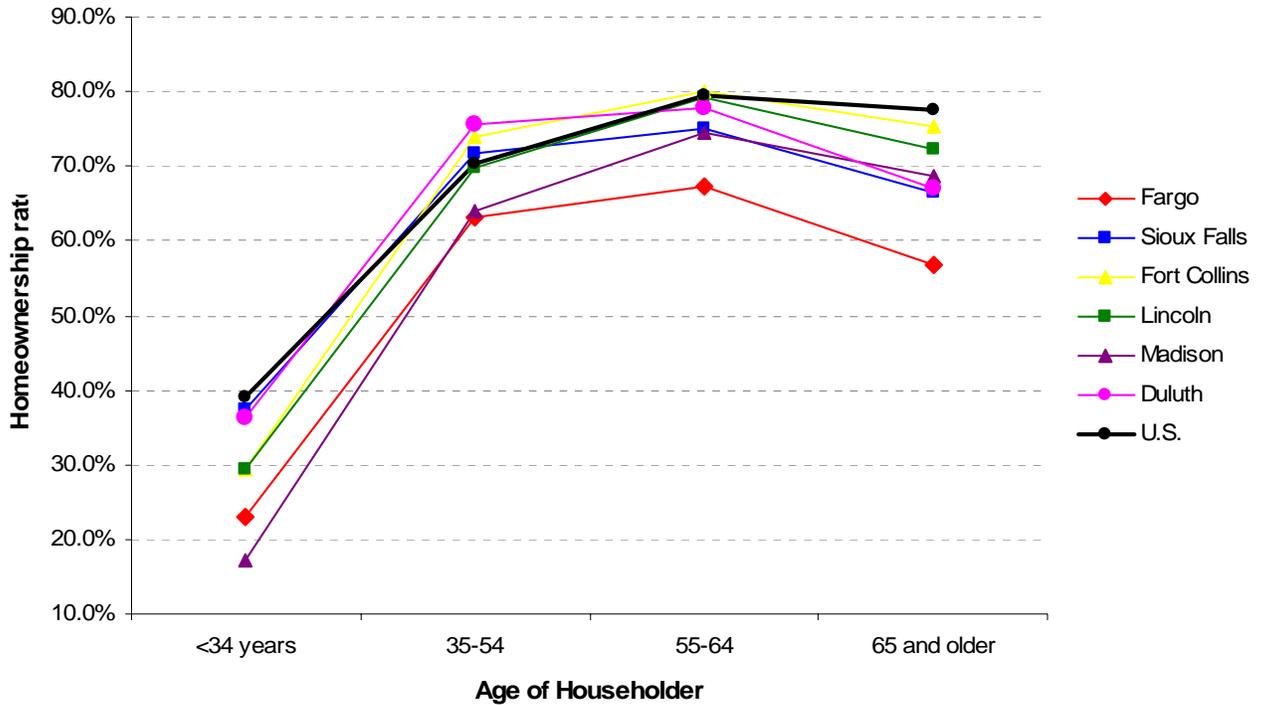
Homeownership Rate, 1990-2000

City	1990	2000	Change
Chicago, IL	41.5%	43.8%	5.5%
Fargo	48.1%	47.1%	-2.1%
Madison, WI	46.9%	47.8%	1.8%
Columbus, OH	46.6%	49.1%	5.4%
Minneapolis St. Paul, MN	51.4%	52.8%	2.7%
Fort Collins, CO	52.7%	57.1%	8.3%
Kansas City, MO	56.9%	57.7%	1.4%
Lincoln, NE	58.1%	57.9%	-0.3%
Indianapolis, IN	56.7%	58.7%	3.5%
Fargo Moorhead MSA	58.9%	59.0%	0.1%
Sioux Falls, SD	58.8%	61.0%	3.7%
Duluth, MN	68.4%	64.2%	-0.4%
Nation	64.2%	66.2%	3.1%
Sioux Falls MSA	62.3%	66.7%	7.0%

Source: U.S. Census Bureau – H7, Living Cities Dataset (Brookings Institution)

Fargo's Homeownership Rates are lower than peer communities across all age groups

Homeownership rate by age of householder, 2000

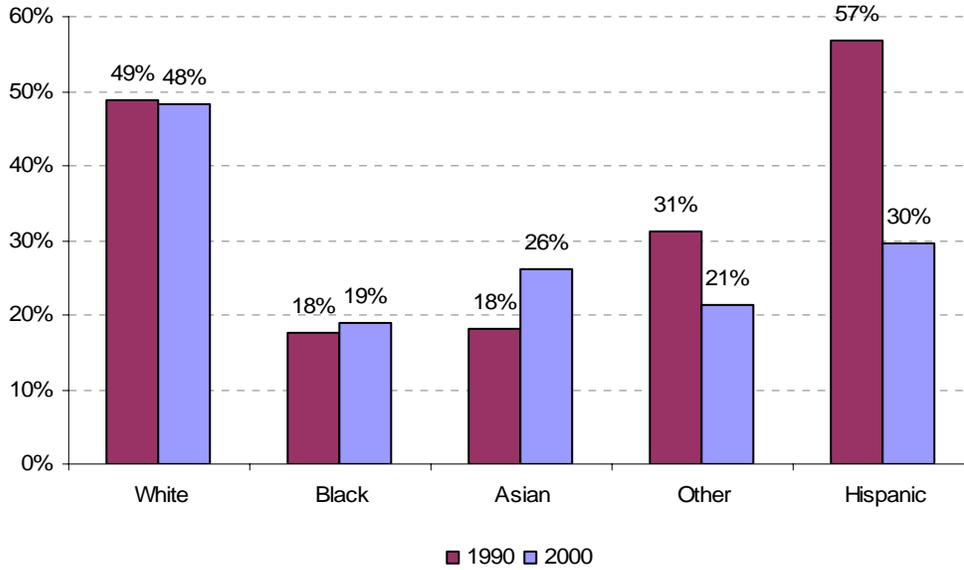


City	< 34 years old	35-54 years old	55-64 years old	65 and older	All Households
Fargo	23.0%	63.2%	67.3%	56.8%	47.1%
Sioux Falls, SD	37.4%	71.8%	75.1%	66.5%	61.0%
Fort Collins, CO	29.3%	74.1%	80.0%	75.5%	57.1%
Lincoln, NE	29.4%	69.9%	79.2%	72.3%	57.9%
Madison, WI	17.1%	64.1%	74.5%	68.6%	47.8%
Duluth, MN	36.4%	75.6%	77.7%	67.1%	64.2%
Minneapolis St. Paul, MN					52.8%
Kansas City, MO					57.7%
Columbus, OH					49.1%
Indianapolis, IN					58.7%
Chicago, IL					43.8%
Nation	39.0%	70.4%	79.6%	77.6%	66.2%

Source: U.S. Census Bureau – PCT50, Living Cities Dataset (Brookings Institution)

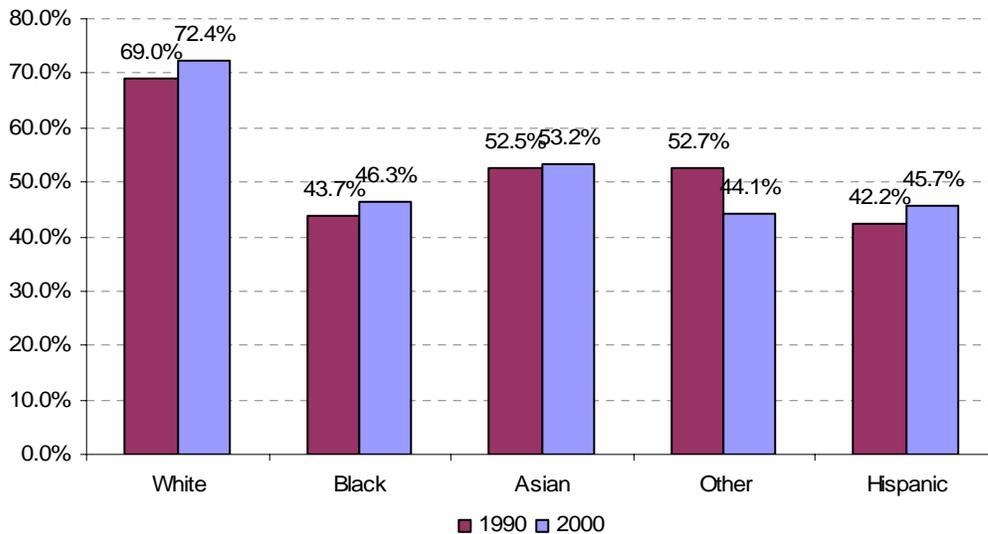
The share of Black and Asian householders in Fargo that own their own home increased slightly in the 1990s

Homeownership rate by race/ethnicity, 1990-2000, Fargo



U.S. homeownership rates increased for most racial/ethnic groups in the 1990s

Homeownership rate by race/ethnicity, 1990-2000, U.S.



Almost half of the housing units in Fargo are in structures with 5 or more units, a rate that exceeds all other comparison communities

Share of housing units in multi family structures, 2000*

City	Total Housing Units	Multifamily Housing Units	Percent
Fargo	41,277	18,924	45.8%
Chicago, IL	1,152,871	456,700	39.6%
Madison, WI	92,353	33,043	35.8%
Minneapolis St. Paul, MN	284,337	97,265	34.2%
Fargo Moorhead MSA	73,536	24,233	33.0%
Columbus, OH	327,429	95,179	29.1%
Lincoln, NE	95,188	24,548	25.8%
Sioux Falls, SD	51,724	13,229	25.6%
Kansas City, MO	202,273	48,570	24.0%
Fort Collins, CO	47,766	11,387	23.8%
Indianapolis, IN	352,748	83,205	23.6%
Sioux Falls MSA	69,368	14,184	20.4%
Duluth, MN	37,000	7,105	19.2%
Nation	115,904,641	20,059,763	17.3%

Source: U.S. Census Bureau – H30, Living Cities Dataset (Brookings Institution)

Note: Multifamily structures include those with 5 or more housing units

Fargo’s rental housing market is competitive and relatively affordable but prices are increasing at a rate comparable to urban communities

Percent change in median gross rent, 1990-2000

City	1990	2000	Change
Fort Collins, CO	\$526	\$689	30.9%
Duluth, MN	\$389	\$444	14.1%
Sioux Falls, SD	\$474	\$521	9.9%
Lincoln, NE	\$476	\$519	9.8%
Madison, WI	\$589	\$644	9.4%
Minneapolis St. Paul, MN	\$529	\$565	6.9%
Fargo	\$443	\$468	5.7%
Columbus, OH	\$556	\$586	5.4%
Chicago, IL	\$586	\$616	5.1%
Indianapolis, IN	\$540	\$567	5.0%
Kansas City, MO	\$532	\$548	3.0%
Nation	\$589	\$602	2.2%

Source: U.S. Census Bureau – H043A and H63, Living Cities Dataset (Brookings Institution)

Note: 1990 rents adjusted to 2000 dollars

While almost one in three Fargo renters is burdened by housing costs, rental housing in Fargo is relatively affordable – the percent of renters with a housing cost burden is lower than most peer communities

Share of renters paying at least 30 percent of their income on rent, 2000

<i>City</i>	Total Renter Households	Paying 30% or more of Income on Rent	Percent	Total renter HH w/ income of \$20,000-\$35,000	Paying 30% or more of Income on Rent	Percent
Sioux Falls, SD	19,384	6,130	31.6%	6,336	1,222	19.3%
Fargo	20,795	6,755	32.5%	6,186	765	12.4%
Kansas City, MO	77,527	26,364	34.0%	21,326	5,592	26.2%
Indianapolis, IN	132,052	46,821	35.5%	36,715	10,458	28.5%
Columbus, OH	153,328	55,588	36.3%	41,634	13,361	32.1%
Lincoln, NE	38,029	13,854	36.4%	11,302	2,717	24.0%
Nation	35,199,502	12,969,286	36.8%	8,621,577	3,101,800	36.0%
Chicago, IL	596,060	225,765	37.9%	132,066	51,130	38.7%
Minneapolis St. Paul, MN	129,503	49,382	38.1%	35,130	11,497	32.7%
Duluth, MN	12,694	5,265	41.5%	2,991	730	24.4%
Madison, WI	46,385	20,202	43.6%	12,182	5,271	43.3%
Fort Collins, CO	19,639	9,187	46.8%	5,054	2,513	49.7%

Source: U.S. Census Bureau – H69 and H73, Living Cities Dataset (Brookings Institution)

- “Renter households generally have lower incomes than owner households. At the time of the 2000 Census, nearly 71 percent of renter households had annual incomes below \$35,000, compared to only 21 percent of owner households.
- “Most of the households with a housing cost burden in 2000 were younger households, age 34 or under. Nearly 3,900 younger households reported paying more than 30 percent of their income for housing. The large number of households undoubtedly reflects the student population in the community. On a percentage basis, older renters, age 75 and above, were the most likely to have a cost burden. Nearly 47% of renter households in these age ranges were paying more than 30% of income for housing in 2000.”¹¹

¹¹ Fargo Housing Study Update, p. 5.

Newly lowered 2005 FMRs for Fargo Moorhead indicate improved affordability in the local rental market

Rental Housing Affordability, Fargo Moorhead MSA, 2004

<i>City</i>	Rent affordable for this income group	Income needed to afford unit at FMR	2005 Fair Market Rent (FMR)	Housing Wage to afford unit at FMR	% AMI to afford unit at FMR (based on 4 person household)	Work hours per week at Min Wage to afford unit at FMR
30% Area Median Income	\$455					
50% Area Median Income	\$759					
80% Area Median Income	\$1,214					
100% Area Median Income	\$1,517					
0 Bedroom		\$13,880	\$347	\$6.67	23%	52
1 Bedroom		\$16,480	\$412	\$7.92	27%	62
2 Bedroom		\$20,960	\$524	\$10.08	35%	78
3 Bedroom		\$30,240	\$756	\$14.54	50%	113
4 Bedroom		\$34,960	\$874	\$16.81	58%	131

Source: *Out of Reach 2004*