



Homeword

# COST OF LIVING ACTIVITY

People can afford their homes when their home costs make up 30% or less of their gross income. Wages in the state are low while the cost of living remains high. The minimum wage in Montana is \$9.95 an hour, and in 2023 Montana ranks 40th in Average Salary by State according to Forbes. As a result, nearly half of Missoulians cannot afford their homes.



**48%\***

of Missoulians spend over 30% on home costs



**\$18.75\***

mean renter wage

\$39,008 a year or \$3,250 a month



**\$1,094\*\***

rent + utilities people earning mean wage can afford



**\$1,201\***

average rent for a two-bedroom apartment



**\$21.54\*\***

wage needed to afford \$1,201 rent

2.2 min. wage jobs

*\*MOR Housing Report \*\*NLIHC Out of Reach Report*

## AN AVERAGE RENTER'S BUDGET

In this scenario, you make \$18.75 an hour, the average wage of a Missoula renter. You could be a retail worker, retiree, single parent, veteran, person with a disability or recent grad. Your gross income is \$39,000 a year, or \$3,250 a month. After deducting \$780 in payroll taxes, your net income is \$2,470 each month. That is your take-home pay.

After the basic necessities of rent, utilities and groceries, you have \$639 left over to spend. What can you afford? Balance your budget below.

Possible Monthly Expenses	Cost	Your Monthly Expenses
Cell phone and internet	\$115	
Childcare	\$800	
Diapers and formula	\$150	
School, activity fees, lessons	\$50	
Basic clothing, coats, shoes, socks, etc.	\$50	
Credit card and loan payments	\$100	
Student loans	\$300	
Streaming service, hobbies, books, movies	\$50	
Groceries and household supplies	<b>\$500</b>	<b>\$500</b>
Medical	\$100	
Gym membership or fitness classes	\$50	
Rent for two-bedroom	<b>\$1,201</b>	<b>\$1,201</b>
Utilities	<b>\$130</b>	<b>\$130</b>
Gifts	\$20	
Basic pet care	\$30	
Travel	\$100	
Savings/emergency fund	\$100	
Payments, gas, maintenance, registration insurance	\$443	
<b>TOTAL</b>	<b>\$3,846</b>	

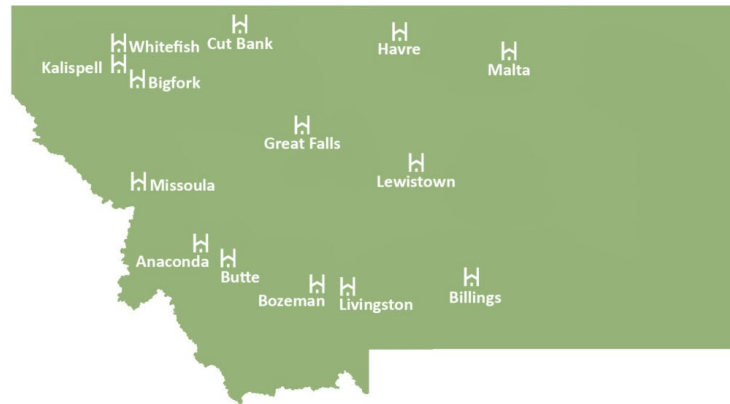
## DISCUSSION

- Did your monthly expenses exceed \$2,470? If so, you need to make changes to your budget.
- Did you notice that the rent plus utilities on the worksheet when making \$18.75 an hour was 41% of your monthly gross income (not 30% or less, which is the definition of home costs being affordable)?
- What choices did that force you to make? What items did you want to select but couldn't afford?
- If you were paying about \$300 less per month for your home, what sort of choices *could* you make?

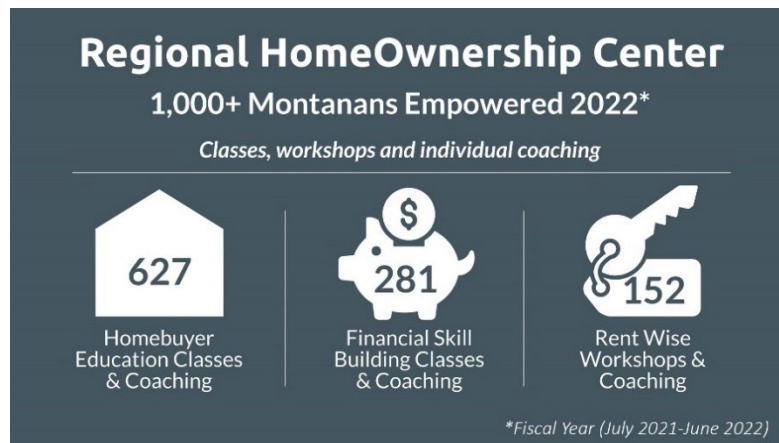
## HOMEWORD'S IMPACT

Homeword uses sustainable methods to strengthen Montana communities by teaching homebuyer education and financial skill building and creating safe, healthy homes people can afford.

We've created 1,319 homes for more than 2,000 Montanans, including 600 children, since Homeword began in 1994. These homes are located on 32 properties in 13 communities throughout the state.



Since 1997, we've also empowered more than 19,500 people through our Regional HomeOwnership Center's programming. Our educators have provided classes and one-on-one counseling to members of the workforce, seniors on fixed incomes, people with disabilities, domestic violence survivors, veterans and parents.



We bring this holistic approach to our work throughout the state and advocate for policies that create sustainable communities for all.