



MISSOULA COUNTY HOUSING ACTION PLAN: **BREAKING GROUND**

PUBLIC REVIEW DRAFT

Missoula County

March 2022



ACKNOWLEDGEMENTS



The Housing Action Plan was developed through the collaborative efforts of community members and organizations, stakeholders, regional partners, and the county of Missoula. Special thanks go out to the numerous community members, county staff, and elected officials who participated in this process and provided feedback to shape the plan.

BOARD OF COUNTY COMMISSIONERS

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Josh Slotnick

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ACKNOWLEDGEMENTS

Project Steering Committee & Regional Stakeholders

The county convened a steering committee to provide guidance on the existing housing challenges, provide input and feedback on direction, and review potential strategies and actions. The steering committee included housing developers, the City of Missoula, financial institutions, and the public. Additionally, one-on-one conversations were held with regional stakeholders that helped shaped the strategies and actions in this plan.

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BCC 2022-100

March 7, 2022

A Message from the Board of County Commissioners:

Missoula County's housing market entered the pandemic with rising housing costs and a 2,400-unit housing shortage. Since then, housing demand has continued to grow at an unprecedented pace. The consequences are hitting Missoula County residents hard. Rapidly rising home prices put home ownership out of reach for many residents, and increasing rents put pressure on already-strained household finances, as low vacancy rates increase competition for scarce units.

Any viable long-term solution must increase the availability of units that are affordable at the full range of price points, including publicly-supported affordable units in places where growth can be sustained such as the City of Missoula and areas served with infrastructure. In the near-term, however, it will be practically impossible for the market to produce units quickly enough to meet growing demand and overcome an existing housing shortage.

While county government cannot control the price of housing, Missoula County's "Housing Action Plan: Breaking Ground" outlines strategies and actions that will move the needle and improve housing affordability. Missoula County recognizes that it must prioritize its resources and expand its partnerships to better meet the needs of those who are left out of market growth. We can accomplish this by increasing the production of publicly supported affordable units, providing more direct financial support to households in need, strategically investing in infrastructure in outlying communities, creating incentives for development of income-restricted housing options, as well as pursuing additional options not yet available in the County's existing toolkit.

We express our sincere gratitude to the many members of our community who made this plan possible. That includes the steering committee, stakeholders who shared their time and expertise, and the many members of the public who contributed their comments. This plan – and the creative, bold action that will result from it – is better because of your input.

Sincerely,
BOARD OF COUNTY COMMISSIONERS

Juanita Vero

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ready

Juanita Vero, Chair

Josh Slotnick

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ready

Josh Slotnick, Commissioner

David Strohmaier

137D51FD807A22445FA0095455E8D066F

ready

David Strohmaier, Commissioner

BCC/VP

RESOLUTION NO. 2022-003

**A RESOLUTION OF INTENT TO ADOPT THE MISSOULA COUNTY HOUSING ACTION PLAN:
BREAKING GROUND AS AN ISSUE PLAN OF THE MISSOULA COUNTY GROWTH POLICY**

WHEREAS, the Missoula County governing body should be guided by and give consideration to this issue plan and its recommendations regarding housing affordability as it pertains to the Missoula County Growth Policy and additional adopted plans, policies, standards, and regulations; and

WHEREAS, MCA 76-1-604 authorizes Missoula County to adopt or revise a growth policy, or any of its parts; and

WHEREAS, Missoula County adopted the 2016 Missoula County Growth Policy on July 13, 2016, and has adopted updates thereafter; and

WHEREAS, issue plans provide detailed analyses and policy guidance on specific issues identified in the growth policy; and

WHEREAS, issue plans should conform to the growth policy; and

WHEREAS, the Missoula County Housing Action Plan: Breaking Ground was drafted through a public planning process led by Missoula County and guided by a steering committee composed of individuals representing private and nonprofit developers, city of Missoula staff, and other community stakeholders; and

WHEREAS, the Missoula County Housing Action Plan: Breaking Ground was evaluated through an outreach process that engaged stakeholders and the public in considering goals and recommended actions to improve the supply of housing units, home prices, rental vacancy rates, coordination among housing providers, and access to services; and

WHEREAS, the plan establishes three goals and a series of actions to address each of these goals:

1. Use the County's toolkit to increase housing production
2. Support programs and funding to help county residents afford housing; and
3. Build implementation capacity through strong partnerships among the County, City and housing providers; and

WHEREAS, after public notice in the Missoulian, a newspaper of general circulation on November 26, November 28, and December 5, 2021, the Missoula County Housing Action Plan: Breaking Ground was considered by the Missoula Consolidated Planning Board at a public hearing on December 7, 2021, during which the Planning Board reviewed the plan for conformity with the Missoula County Growth Policy and considered recommending that the Missoula Board of County Commissioners adopt the Missoula County Housing Action Plan: Breaking Ground as an Issue Plan of the 2016 Missoula County Growth Policy; and

WHEREAS, the Missoula Consolidated Planning Board made a finding that the plan conforms to the Missoula County Growth Policy and unanimously resolved to recommend that the Missoula Board of County Commissioners adopt the Missoula County Housing Action Plan: Breaking Ground as an issue plan of the Missoula County Growth Policy, based on the findings of fact and conclusions of law outlined in the staff report; and

WHEREAS, after public notice in the Missoulian, a newspaper of general circulation on January 2 and January 9, 2022, the Missoula Board of County Commissioners held a public hearing on January 13, 2022, to collect public testimony and consider the recommendation of the Missoula Consolidated Planning Board.

NOW, THEREFORE, BE IT RESOLVED that the Missoula Board of County Commissioners hereby adopts this Resolution of Intent to Adopt the Missoula County Housing Action Plan: Breaking Ground as an issue plan of the Missoula County Growth Policy, as recommended by the Missoula Consolidated Planning Board.

PASSED AND ADOPTED THIS 13TH DAY OF JANUARY, 2022.

ATTEST:

Tyler Gernant

Tyler Gernant, Clerk and Recorder

BOARD OF COUNTY COMMISSIONERS
MISSOULA COUNTY

Juanita Vero

Juanita Vero, Chair

Josh Slotnick

Josh Slotnick, Commissioner

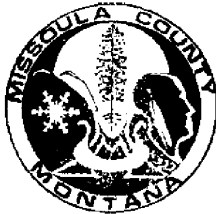
APPROVED AS TO FORM:

John Hart

John Hart, Deputy County Attorney

David Strohmaier

Dave Strohmaier, Commissioner



RESOLUTION NO. 2022-009

A RESOLUTION TO ADOPT THE MISSOULA COUNTY HOUSING ACTION PLAN: BREAKING GROUND AS AN ISSUE PLAN OF THE MISSOULA COUNTY GROWTH POLICY

WHEREAS, the Missoula County governing body should be guided by and give consideration to this issue plan and its recommendations regarding housing affordability as it pertains to the Missoula County Growth Policy and additional adopted plans, policies, standards, and regulations; and,

WHEREAS, MCA 76-1-604 authorizes Missoula County to adopt or revise a growth policy, or any of its parts; and,

WHEREAS, Missoula County adopted the 2016 Missoula County Growth Policy on July 13, 2016, and has adopted updates thereafter; and,

WHEREAS, issue plans provide detailed analyses and policy guidance on specific issues identified in the growth policy; and,

WHEREAS, issue plans should conform to the growth policy; and,

WHEREAS, the Missoula County Housing Action Plan: Breaking Ground was drafted through a public planning process led by Missoula County and guided by a steering committee composed of individuals representing private and nonprofit developers, city of Missoula staff, and other community stakeholders; and,

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WHEREAS, the Missoula Consolidated Planning Board made a finding that the plan conforms to the Missoula County Growth Policy and unanimously resolved to recommend that the Missoula Board of County Commissioners adopt the Missoula County Housing Action Plan: Breaking Ground as an issue plan of the Missoula County Growth Policy, based on the findings of fact and conclusions of law outlined in the staff report; and,

WHEREAS, after public notice in the Missoulian, a newspaper of general circulation on January 2 and January 9, 2022, the Missoula Board of County Commissioners held a public hearing on January 13, 2022, to collect public testimony and consider the recommendation of the Missoula Consolidated Planning Board; and,

WHEREAS, after considering the record, the Missoula Board of County Commissioners adopted Resolution 2022-03, a Resolution of Intent to Adopt the Missoula County Housing Action Plan: Breaking Ground as an issue plan of the Missoula County Growth Policy, as recommended by the Missoula Consolidated Planning Board; and,

NOW, THEREFORE, BE IT RESOLVED after consideration at a public meeting on February 10, 2022, that the Missoula Board of County Commissioners hereby adopts this Resolution to Adopt the Missoula County Housing Action Plan: Breaking Ground, as an issue plan of the Missoula County Growth Policy.

PASSED AND ADOPTED THIS 10TH DAY OF FEBRUARY, 2022.

ATTEST:

Tyler Gernant

Tyler Gernant, Clerk and Recorder

BOARD OF COUNTY COMMISSIONERS
MISSOULA COUNTY

Juanita Vero

Juanita Vero, Chair

Josh Slotnick

Josh Slotnick, Commissioner

APPROVED AS TO FORM:

John Hart

John Hart, Deputy County Attorney

David Strohmaier

David Strohmaier, Commissioner



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Like much of the intermountain west, Missoula County is facing a housing shortage.

In-migration has resulted in rapidly growing demand for housing, while new construction has not kept pace. Housing costs have more than doubled since 2010, while incomes have stagnated. The resulting affordability challenge affects renters who are spending larger shares of their incomes on rent and may face difficult financial trade-offs to make ends meet. It affects aspiring homeowners who are competing for an increasingly small stock of available units and are locked out of the wealth-building opportunities of homeownership. And it affects businesses, who struggle to attract and retain staff because they cannot find available, affordable units.

The county needs more housing of all types, but it especially needs more units that are affordable to mid- and lower-income individuals and families. Existing programs and funding sources need to scale up to meet the need, and new programs must target the evolving challenges. Improved coordination with local partners and community-based organizations is necessary to ensure efficient use of resources and coordinate planning efforts.

Missoula County has three distinct roles in meeting housing need:



Land use planning and development regulation that enables housing production of all types in appropriate areas outside of the City of Missoula.



Social service and housing funding, supporting local non-profit housing providers as they work to meet the needs of County residents.



Serving and convening multiple communities, leaders, private-sector leaders, non-profits, and other stakeholders to advance collaborative solutions.

What do we mean by “AFFORDABLE HOUSING?”

The term “affordable housing,” in this strategy means housing that does not require more than 30% of a household’s gross annual income for housing costs. This is an inclusive definition that encompasses market-rate as well as government supported housing. When we refer to housing that is dedicated to meeting the needs of lower-income residents, we refer to it as “publicly supported” or “rent restricted” housing.

Building from these unique roles, this plan commits the county to specific steps that organize and expand the role of the county to meet the urgent housing needs of the community—now and in the future. It creates near-term momentum by advancing actions that can be initiated and / or completed in the next three years, while at the same time committing county resources to continual improvement and ongoing development of the more ambitious, longer-term solutions that are necessary to tackle this complex challenge.

Missoula County will continue to welcome new residents who are drawn to the region’s attractive quality of life and natural amenities. **This plan lays the foundation for sustained investment in housing affordability and thoughtful land use to accommodate new residents, mitigate the current trend of rising prices, and move the county toward its housing vision: a community where every family has a home they can afford.**



BY THE NUMBERS

SHORTAGE OF 2,400 HOUSING UNITS

Compared to national trends, Missoula County has under built about 2,400 housing units as of 2019. The growing demand for housing coupled with limited new construction, and rising development costs have caused rising housing prices.

HOUSING COSTS MORE THAN DOUBLED

Median home prices in Missoula County have more than doubled since 2010. Housing is increasingly becoming unaffordable for the typical Missoula County resident.

INCOME GROWTH DOES NOT KEEP PACE

Median family incomes in Missoula County have grown steadily in the past decade but have not kept pace with rising housing costs. Median family incomes, unadjusted for inflation, have grown 15% between 2010 and 2021, while for-sale housing prices have grown 109% in the same time period (unadjusted for inflation).

INCREASING AFFORDABILITY CHALLENGES

Slow growth in family incomes coupled with rising housing costs have led to growing affordability challenges. About half of all County renters are cost burdened in 2019.

Missoula County

National Trends

55.5 K

Number of housing units

139 M

50.8 K

Number of households

122 M

1.09

Ratio of housing units to households

1.14

Source: American Community Survey 5-year Estimates

2010

\$200,500

2021

\$420,000

+109%

Source: Missoula Organization of Realtors (MOR)

+15%

Median Family Income

+109%

Housing Costs

Source: HUD MFI, Missoula Organization of Realtors (MOR)

RENTERS

49%

OWNERS

24%

PERCENT OF HOUSEHOLDS

Source: American Community Survey 5-year Estimates

Findings from the 2021 Community Needs Assessment

TOP PRIORITY FOR MISSOULA COUNTY	MOST SIGNIFICANT CHALLENGE FACING MISSOULA COUNTY	TOP THREE PRIORITIES FOR HOUSING INITIATIVES	OTHER THINGS WE'VE HEARD
<ul style="list-style-type: none">• Increase the supply of housing affordable to all income levels 68%• Improve existing infrastructure 41%	<ul style="list-style-type: none">• A lack of affordable housing to buy 90%• A lack of affordable housing to rent 89%	<ul style="list-style-type: none">• Maintain and increase supply of affordable housing 55%• Subsidy to construct affordable housing 45%• Downpayment assistance 38%	<ul style="list-style-type: none">• Allow and preserve mobile homes• Restricting AirBNB's and VRBO's• Concerns about people experiencing homelessness• Concerns about property tax increase



ACTIONS

Goal 1

USE THE COUNTY'S TOOLKIT TO INCREASE HOUSING PRODUCTION

Because Missoula County is experiencing a housing shortage, programs or policies that aim to get people into existing affordable units are necessary but insufficient. Strategies must also aim to add units to the market, with particular attention to units that will serve the lower-income residents that are left out as prices rise. To accommodate a growing population, development must occur more densely than it has in the past in areas with access to infrastructure, transit, and retail centers, to reduce the environmental and other impacts of growth.

In the next three years, the county will advance six actions aimed at adding units of all types, including smaller units that are more likely to be affordable and units that are dedicated to meeting the needs of lower-income residents. The county will:

1

Strategically invest in the infrastructure needed to enable residential development near the City of Missoula and in Lolo and Seeley Lake

2

Seek new locally-controlled funding sources to build dedicated affordable units

3

Plan to strategically use land it already owns, or acquire new land, to ensure that new housing is built that is dedicated as affordable

4

Establish zoning county-wide to create more certainty for developers about where development should be concentrated

5

Create incentives for the production of income-restricted affordable rental development in the county

6

Explore opportunities to improve the development permitting process and increase the speed of housing production

ACTION SPOTLIGHT: ADD HOUSING SUPPLY

ENABLE UNIT PRODUCTION BY PROVIDING INFRASTRUCTURE.

Action 1.1 Accelerate planning for and investment in infrastructure (sewer, water, roads, broadband, and transit) that can enable residential unit production in the Missoula urban area surrounding the city limits and in Lolo and Seeley Lake.

Infrastructure availability (especially sewer and water) is critical to enable the construction of a range of needed housing types, including affordable housing. This action focuses resources on areas where the county would like to see growth and aligns a range of county goals (including housing, land use planning, and the environment) with plans for infrastructure provision. For the area surrounding the City of Missoula (such as Bonner-Milltown-West Riverside, East Missoula, and the Wye), the county will establish a coordinated planning process for expansion of services to the Missoula Urban area for sewer, water, roads, and transit, as well as explore funding sources.

INCREASE COUNTY FUNDING CAPACITY FOR DEDICATED AFFORDABLE UNITS.

Action 1.2: Explore creation of a City-County Housing Trust Fund for affordable housing development.

It will not be possible to build the needed low-income units without additional funding sources. This action explores the possibility of expanding the City's existing Housing Trust Fund to reach countywide, to bring together public, private, and philanthropic funding sources to aggressively invest in the production of units dedicated to the needs of lower-income residents. The county will work closely with the city and the existing Affordable Housing Trust Fund Resident Oversight Committee to explore potential for partnership and to develop a structure for a joint city-county fund.

Goal 2

SUPPORT PROGRAMS AND FUNDING TO HELP COUNTY RESIDENTS AFFORD HOUSING

The county already supports a range of programs through funding community-based organizations that provide a wide array of housing programs. These include weatherization and housing rehabilitation, rental assistance, homelessness prevention, down payment assistance, and homeownership and financial education classes. To meet the needs of the community, these programs will need to be evaluated and expanded.

In the next three years, the county will advance eight actions aimed at better meeting housing need through county-funded programs. The county will develop programs that:

1

Move more people into homeownership

2

Identify existing units that rent or sell at price points that are affordable to lower-income households (including mobile homes), and seek to maintain them as affordable

3

Support lower-income households in making their homes safer and more livable

4

Find new funding sources for programs and unit construction

5

Expand services to low-income renters, who are most impacted by rising housing costs

6

Ensure that publicly-supported affordable units remain available to low-income residents over time

7

Understand the impacts of short-term rentals and second homes on the housing market

8

Clarify how the county helps people experiencing homelessness

ACTION SPOTLIGHT: EXPAND PROGRAMS

HELP PEOPLE BUY HOMES.

Action 2.1: Develop a program that provides down payment assistance and/or supports access to homeownership.

Existing programs to support home ownership are funded through federal programs that have inflexible eligibility requirements (including income and purchase price restrictions) that are inconsistent with Missoula County's rising housing prices. They are also insufficient to meet rapidly growing needs. To address these problems, the county will need to develop a new program and extend its funding sources beyond the federal funds that are currently used. Out-of-the-box thinking and creative partnerships will be needed. Home ownership programs can be structured in many different ways, from income-qualified down payment assistance to land trust type models that allow for sharing of home price appreciation. Creative programs often involve non-profit housing entities and / or lending institutions to extend the impact of these programs and support wealth generation for home owners. The county will evaluate its options, develop appropriate partnerships, and structure and implement a new program within the next three years.

BETTER SERVE LOW-INCOME RENTERS.

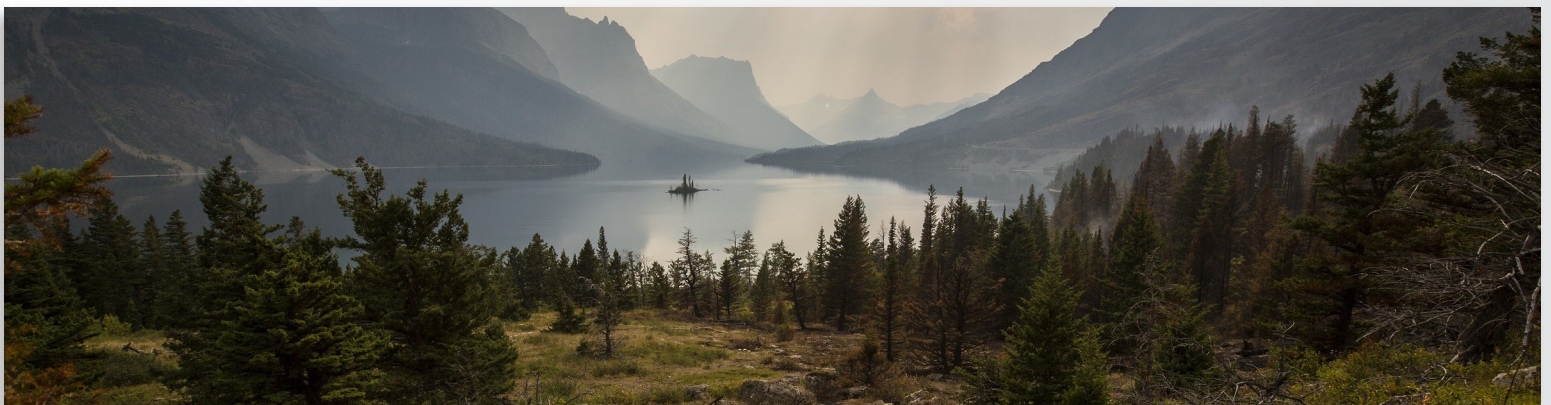
Action 2.5: Support and expand programs that serve low-income renters.

The volatile housing market disproportionately affects renter households. Tenant support services, such as renter education, civil legal aid, and financial assistance, can help people access available units and stay stably housed. The county already funds non-profits that provide programs and services to low-income renter households. Increasing funding to expand the availability of these services will enable non-profit affordable housing providers to expand their programs and services to greater number of households and have a bigger impact. In the next three years, the county will evaluate the existing programs to better understand where there is unmet need and then work with county leadership to increase funding to programs and non-profit partners that meet that need.

UNDERSTAND THE IMPACTS OF SHORT-TERM RENTALS AND SECOND HOMES.

Action 2.7: Study short-term rental and second home impacts on the county's housing market.

Short-term rentals and second homes can affect the county's housing supply by limiting the number of homes available to rent or buy within a market. This may contribute to an overall housing shortage, which increases home prices and decreases overall housing affordability. Regulating short-term rentals could help alleviate the shortage of housing supply and possibly help fund affordable housing initiatives through fees. Within the next three years, the county will evaluate the impact of short-term rentals and second homes on the county's housing market, determine whether county-specific regulation or fees are warranted, and, if appropriate, advance policies.



Goal 3**BUILD IMPLEMENTATION CAPACITY THROUGH STRONG PARTNERSHIPS AND ADMINISTRATIVE FUNCTIONS**

Housing affordability is a complicated and systemic problem that cannot be solved by any one entity or strategy. A wide range of municipalities, funders, non-profit and market developers, service providers, and others each have a role to play. Given the geography that it serves, the county is a natural convener of regional partners and a coordinator of collective implementation efforts.

In the next three years, the county will lead three actions aimed at building collective implementation capacity:

1

Coordinate with other Montana jurisdictions to help the state and federal government better serve housing need through improved policies and programs

2

Understand and coordinate the roles of local housing partners

3

Develop partnerships to build the housing production workforce

4

Understand where publicly-supported housing is currently located and how many units are available, as a foundation for housing planning

**ACTION
SPOTLIGHT:
BUILD
IMPLEMENTATION
CAPACITY**
HELP THE STATE AND FEDERAL GOVERNMENT BETTER SERVE HOUSING NEEDS.

Action 3.1: Coordinate with other Montana jurisdictions for effective state and federal advocacy for change to housing policy.

State statutes and programmatic and funding requirements create limitations for local government housing programs. Legislative advocacy at the state level can help amend state statutes to better advance local affordable housing goals, change funding formulas that affect local implementation of housing priorities, and improve coordination across jurisdictions to effectively use state and federal resources where they are most needed. Advocacy at the federal level can further help local jurisdictions get funding for affordable housing. In the next three years, the county will coordinate with other Montana cities, counties, and housing providers to advocate for legislative changes that will improve housing outcomes for Missoula County residents.

DEVELOP OPPORTUNITIES FOR FAMILY WAGE JOBS IN SKILLED CONSTRUCTION LABOR.

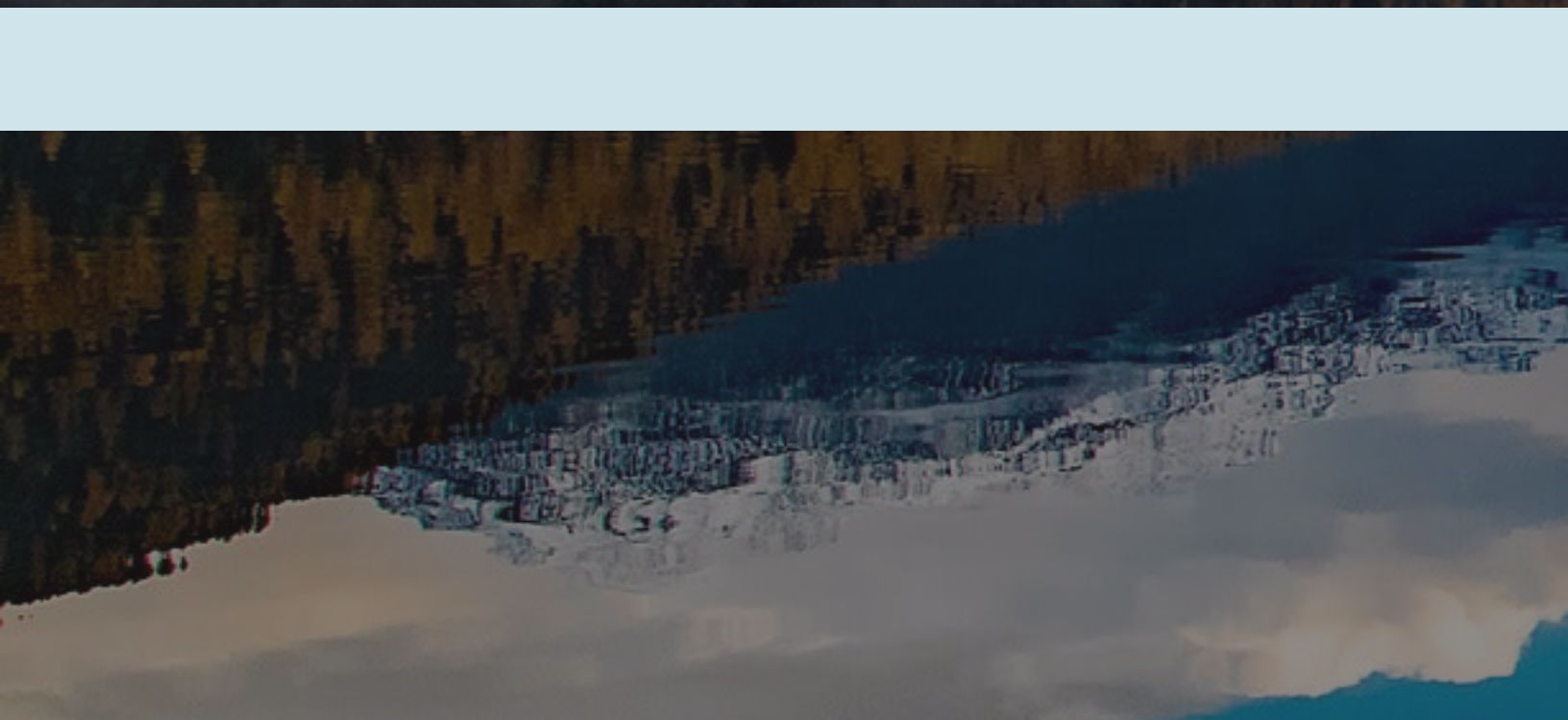
Action 3.3: Develop partnerships with economic development agencies and non-profits to build the workforce for housing production.

Housing affordability is a systemic challenge that intersects with many other social and economic issues. Housing cost is driven in part by the cost and availability of labor, and affordability is driven in part by the incomes of tenants and home buyers. Training programs that build workforce capacity can help to increase the availability of skilled construction labor, while also providing pathways to family wage jobs for Missoula County residents. In the next three years, the county will explore opportunities for workforce development programs with the community college, University of Montana, and local economic development non-profits and agencies.

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I. INTRODUCTION



I. INTRODUCTION

Missoula County's housing market has evolved rapidly over the past decade. Its fast-growing population has resulted in an undersupply of housing at all price points, with housing prices rising much faster than incomes. Those at the lowest end of the income spectrum are disproportionately impacted by this shortage. Renters are experiencing cost burdening, housing instability, and competition for scarce available units, while homeownership is increasingly out of reach.

Status quo solutions are insufficient to address this situation. Existing programs and funding sources need to scale up to meet the need, and new programs are needed to target the evolving challenges. Improved coordination with local partners and community-based organizations is necessary to ensure efficient use of resources, but also to coordinate planning efforts to ensure that all Missoula County residents can benefit from the high quality of life that the region is known for.

With this document, Missoula County commits to understand and address the region's most pressing housing needs. With the roadmap that it provides, the county will use the tools that it controls to add market-rate and publicly supported housing supply, strengthen programs that help people access stable housing, and build County capacity to collectively address housing need. This document sets a foundation for the county to begin addressing the region's housing needs, while also creating a pathway for transformational change to happen over time.



I.1 ABOUT THIS PLAN

This strategy is both pragmatic and aggressive. It identifies goals, objectives, and near-term actions to increase the supply and affordability of housing within Missoula County. It will serve as a work plan for County staff as they expand existing and develop new housing programs and policies. But more importantly, it creates a framework to bring together the most creative and innovative solutions to housing challenges -- now and over time.

Missoula County has long provided services, programs, and funding for affordable housing. Existing efforts include a wide range of programs and services that affect housing production and meet the needs of low-income residents. These include grant acquisition and administration for subsidized housing projects; funding for shelter, housing, and housing-related services. The county also conducts long-range planning and in more recent years has committed to frequent updates to its land use policies and regulations to promote desired vision and goals. This has resulted in new policies that encourage density and development of a range of housing types through incentive zoning. Other duties and services that the county supports are infrastructure provision, criminal justice reform, health care, and mental health services.

In 2010, a family of four that earned \$61,000 (the median income at the time) could afford to buy a median priced home.

By 2021, because housing prices have risen so rapidly, to afford to purchase the median priced home, a family of four would need to have an income over 150 percent of the median family income (about \$160,000).

With this strategy, the county seeks to emphasize the importance of these functions and existing tools by making rapid progress on near-term, implementable actions that advance longer-term solutions. In 2021, the county funded a Housing Specialist position that will both oversee and carry out the priorities and action steps identified in this strategy, a critical step to add capacity, coordinate across existing County departments, and advance key priorities. Over the next **three years**, with the leadership of the Housing Specialist role, the county will remove barriers to and find funding for housing production, clarify need for programs that help people access stable housing and

begin to expand funding for those programs, and work with partners to organize Countywide housing implementation capacity to meet the needs of the community more effectively.

Looking beyond the first three years, the county will measure its progress, refine its toolkit, and expand funding for the most effective programs. It will work with partners to bring the most creative and effective solutions to the table for sustained investment in countywide housing affordability.



I.2 MISSOULA COUNTY'S ROLE

Missoula County has three distinct roles it can play in meeting the housing needs of the community. They are the county's land use planning and regulatory function, social service and housing programming, and status as a County government it serves and can convene multiple communities, leaders, private-sector leaders, non-profits, and other stakeholders. Given these roles, the county is uniquely positioned to:

- Enable construction of new affordable and market-rate units by providing planning and infrastructure to support new development outside the City of Missoula, and by providing funding to affordable housing developers.
- Support community-based organizations' programs and services that help low-income residents access and stay in affordable housing.
- Build implementation capacity through internal County investments and strong partnerships.

Within each of these roles, the county can do more to increase its effectiveness. The actions in this plan provide a roadmap.



I.3 THE STATE OF MISSOULA COUNTY'S HOUSING MARKET

Missoula County's housing market has experienced rapid change over the past decade and, in an even more pronounced way, over the past three or four years. Immigration has increased, with population rising faster than housing unit production. This has resulted in a shortage of housing units available in the region. A shortage of units leads to rising prices. When prices rise, the households and individuals that are most affected are at the lower end of the income spectrum. The county has seen increasing cost burdening, low vacancy rates, and rising for-sale prices that put home ownership out of reach for even middle-income households earning 120% of median family income. The section that follows provides details that help clarify the housing need in the county. **Overall, the findings suggest that the county needs more units of all types of housing, but in particular, it needs more units that are affordable to lower income residents.**

What is "Median Family Income"?

Median family income (MFI) is a regional measure used to determine eligibility for Federal (HUD) and State housing programs. It is a representation of the midpoint for family incomes in the region. MFI is determined annually by HUD for all jurisdictions in the U.S.

According to HUD, the median family income—for a family or four—in 2021 in Missoula County is \$70,900.

I. INTRODUCTION

Shortage of 2,400 housing units

As of 2019, Missoula County's housing market was already operating at a deficit, with a shortage of 2,400 housing units.¹ If too few housing units are constructed relative to the number of new households formed, demand for housing (along with housing price) increases. When more households compete for fewer available units, those with fewer resources – lower income and / or less cash available – will lose out.

Since 2019, COVID-19 appears to have put a greater strain onto Missoula County's housing market. More specifically, Montana, including Missoula County, has seen an influx of home buyers. While more time will be needed to fully understand the nature of this trend, anecdotally, several local real estate experts interviewed for this project suggest that the influx includes remote workers from out of state as well as second home buyers, who may have higher incomes than current residents. These new households have increased demand for housing in an area of the state where housing costs are lower when compared to other major metros that typically have high housing costs. It is likely that the estimated shortage of housing units could be even greater due to the recent population growth during the COVID-19 pandemic.

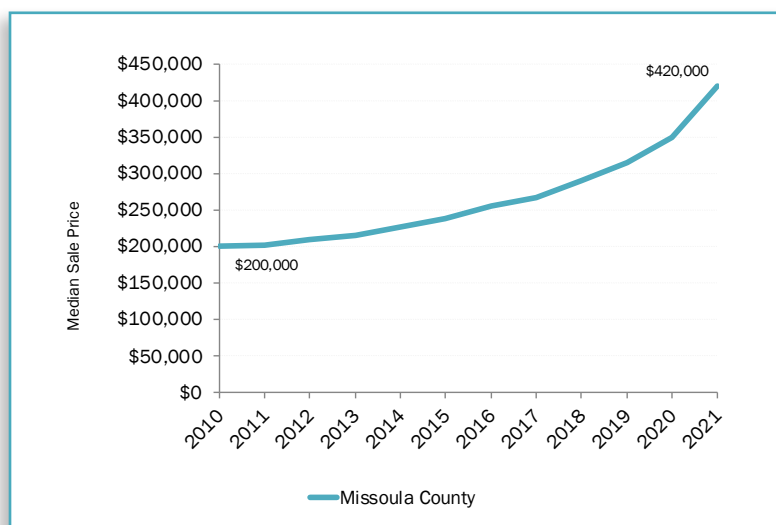
Ultimately, a shortage of housing leads to increasing numbers of households experiencing homelessness. According to the 2020 Point-in-Time Count data, Montana had an estimated 1,545 people experiencing homelessness on any given day, this is an increase of 14 percent, or 188 people, from the previous year.² Data shows the number of students experiencing homelessness is even greater. During the 2018-2019 school year an estimated 4,216 public school students experienced homelessness over the course of the year staying in shelters, hotels/motels, doubled up, or simply unsheltered.

For-sale housing costs have more than doubled

Between 2010 and 2021, the median home prices in Missoula County increased 109 percent. Put differently, they have more than doubled to an all-time high of \$420,000 in spring of 2021 (Exhibit I). Meanwhile, the portion of those units selling in a lower, more affordable price range is falling (Exhibit 2). Housing is increasingly becoming unaffordable for the typical Missoula County resident: to afford the median home, a family now needs to earn \$106,000, which is 50% above the current median family income in the county.

EXHIBIT I. MEDIAN SALES PRICE, MISSOULA COUNTY

Source: Missoula Organization
of Realtors (MOR)

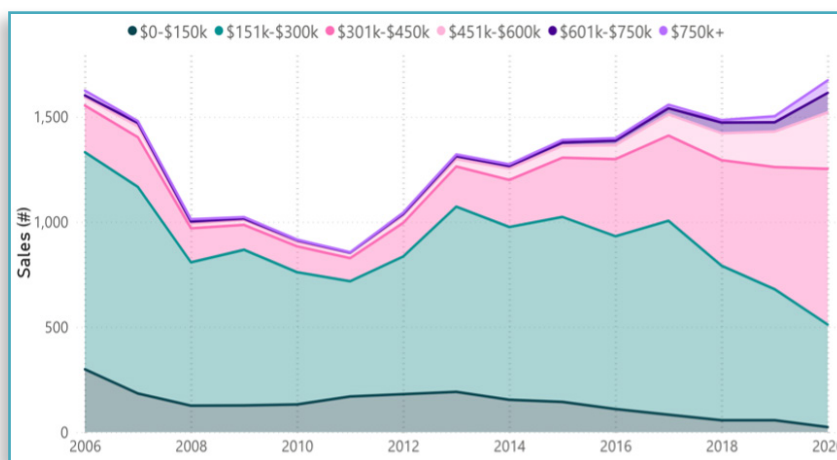


¹ A housing market needs more than one unit per household, to allow for vacancy, demolition, and movement among units. Nationally, the ratio of units to households is 1.14 – for every household, there are 1.14 units available. In Missoula, as of 2019 (the most recent year for which data were available), there were just 1.09 units per household. For Missoula County to reach the national ratio, it would have needed to add 2400 units. Since 2019, this underproduction has likely worsened.

² <https://www.usich.gov/homelessness-statistics/mt/>

EXHIBIT 2. HOME SALES PRICE BY PRICE RANGE, MISSOULA COUNTY

Source: Missoula Organization of Realtors (MOR)



According to data from the Missoula Organization of Realtors, the number of homes priced less than \$300,000 have declined substantially in recent years. Anecdotally, first-time homebuyers find it very difficult to purchase a home in a high-demand housing market and often look elsewhere in surrounding communities to find homes that are more affordable, at great financial and environmental costs because of long commutes to work.

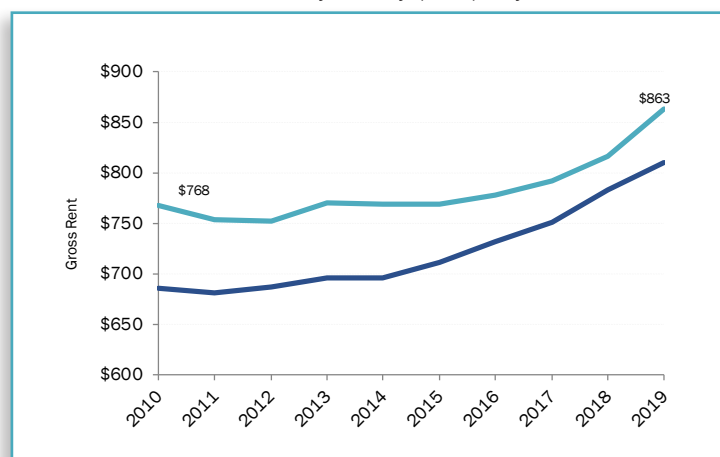
It is unclear how long this pace of home price increases will continue, given the degree to which the housing market has responded to demand as the worst of the pandemic's impacts begin to wane. Some of the price increase may be driven by speculation.

Rents have increased more slowly than home prices, but more rapidly than incomes

Between 2010 and 2019, rents in Missoula County have increased 12 percent, to \$863 per month. Missoula County has generally had higher rents than Montana as a whole.

EXHIBIT 3. GROSS RENT, MISSOULA COUNTY

Source: American Community Survey (ACS), 5-year estimates

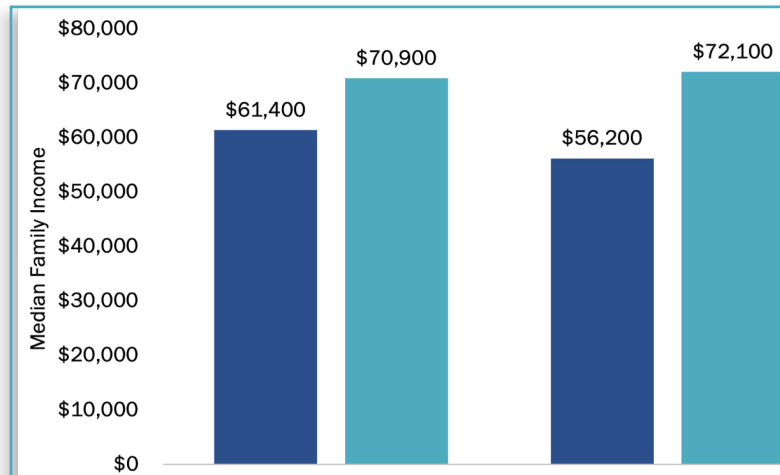


Income growth does not keep pace

Median family incomes in Missoula County grew steadily in the past decade but have not kept pace with rising housing costs. Median family incomes, unadjusted for inflation, have grown 15% between 2010 and 2021, while for-sale housing prices have grown 109% in the same time period (unadjusted for inflation).

EXHIBIT 4. MEDIAN FAMILY INCOMES, MISSOULA COUNTY AND MONTANA, 2010 & 2021

Source: HUD Median Family
Income (MFI) Limits

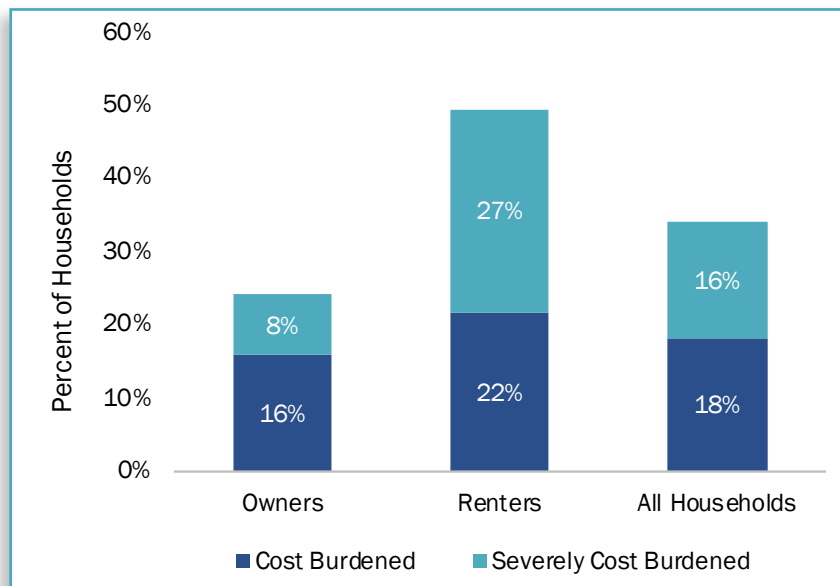


Increasing affordability challenges

Stagnant incomes coupled with rising housing costs have led to growing affordability challenges. In 2019, about half of all Missoula County renter households were cost burdened and about a quarter were severely cost burdened. State and federal standards specify that households who spend more than 30 percent of their income on housing are experiencing housing cost burden. Households who spend more than 50 percent of their income on housing are experiencing severe cost burden. Housing cost burden occurs when housing costs increase faster than household income. When a household spends more than 30 percent of its income on housing it has less disposable income for other necessities, such as health care,

EXHIBIT 5. COST BURDENED HOUSEHOLDS, MISSOULA COUNTY

Source: American Community Survey (ACS), 5-year estimates



food, and clothing. In the event of unexpected circumstances such as the loss of employment or serious health problems, lower income households with burdensome housing costs are more likely to become homeless or be forced to double-up with other households—increasing overcrowding. Homeowners with a housing cost burden have the option of selling their homes and becoming renters to lessen their burden. Renters, on the other hand, are more vulnerable and subject to constant changes in the housing market such as rent increases.

COVID-19 has exacerbated Missoula County's affordability challenges and led to very low vacancy for both rental and home ownership product.

In Q1 2021, Missoula County experienced extremely low vacancies for rental housing and record high housing prices for single-family homes, driven by in-migration and home purchasing that appears to be fueled by the economic effects and changing work habits that resulted from the COVID-19 pandemic.

According to Missoula Organization of Realtors, as of Q1 2021, the county had less than a month's supply of available homes for sale on the market. A healthy single-family market is generally considered to have a six-month supply of existing homes for sale. When inventory levels are less than six months, sellers have more control over prices and terms, often leading to rising home prices.

A healthy rental (multifamily) housing market is considered to be one where the vacancy rate is between approximately 5 and 7 percent. Since 2012, Missoula County rental housing vacancy has averaged less than 4.0 percent. Looking at more recent trends, vacancies are extremely low at about 1.2 percent in Q1 of 2021. This means that Missoula County has a very tight multifamily market with very few rentals available. This can not only result in higher rents, but it can also force people to look elsewhere for housing if the desired type and unit price points are not available.

EXHIBIT 6. RENTAL VACANCY RATE, MISSOULA COUNTY

Source: Missoula
Organization of Realtors
(MOR)

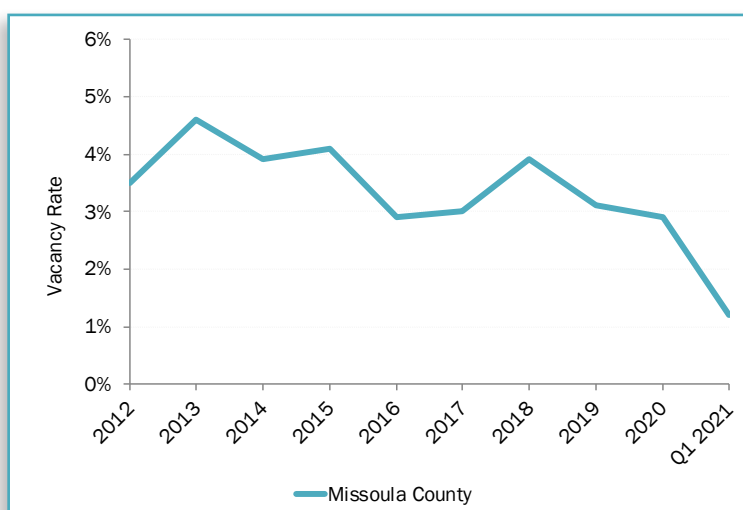
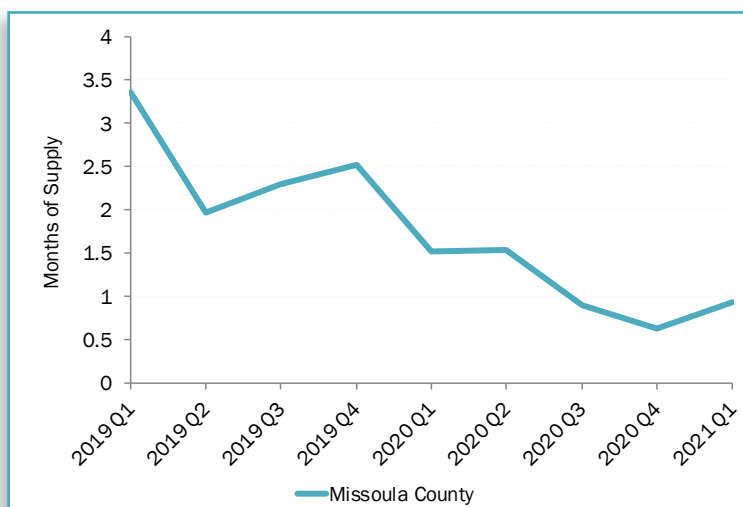


EXHIBIT 7. MONTHS OF SINGLE-FAMILY HOUSING SUPPLY, MISSOULA COUNTY

Source: Missoula
Organization of Realtors
(MOR)










I. INTRODUCTION

Summary: Housing Affordability in Missoula County

Exhibit 8 puts all of the pieces together to paint a picture of affordability in Missoula County today for renters and prospective home purchasers. To afford the current median priced home, a person would need a high-wage job such as a physician assistant, nurse practitioner, or chief executive.

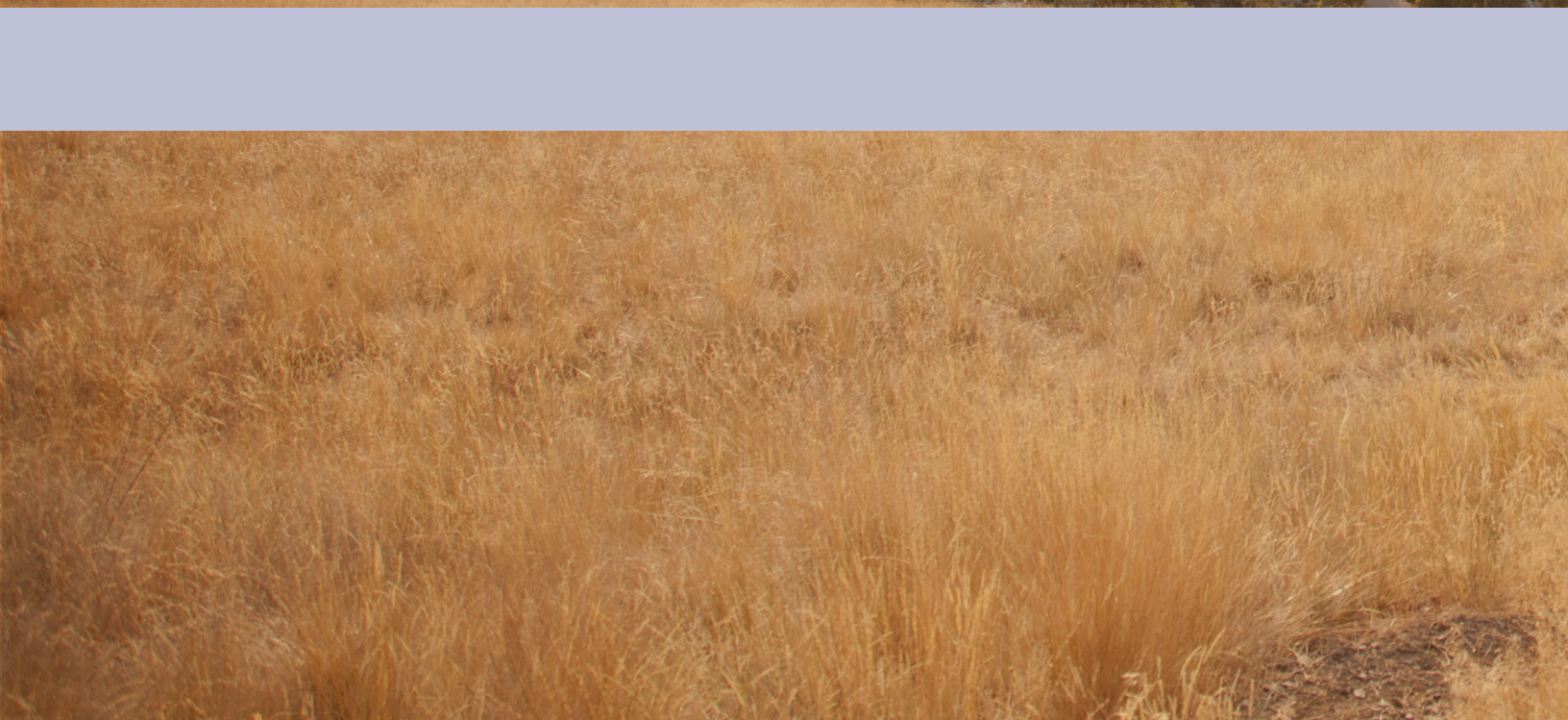
EXHIBIT 8. HOUSING AFFORDABILITY, MISSOULA COUNTY

Source: ECONorthwest Analysis, HUD 2021 Income Limits

If your household earns . . .						
\$35,500 <50% OF MFI	\$56,700 80% OF MFI	\$70,900 100% OF MFI	\$85,100 120% OF MFI	\$106,400 150% OF MFI	\$127,600 180% OF MFI	\$141,800 >200% OF MFI
Then you can afford . . .						
<\$890 PER MONTH	\$1,420 PER MONTH	\$1,770 PER MONTH	\$2,130 PER MONTH	\$2,660 PER MONTH	\$3,190 PER MONTH	\$3,550< PER MONTH
OR	OR	OR	OR	OR	OR	OR
\$107,000- \$124,000 HOME SALES PRICE	\$198,000- \$227,000 HOME SALES PRICE	\$248,000- \$284,000 HOME SALES PRICE	\$298,000- \$340,000 HOME SALES PRICE	\$372,000- \$426,000 HOME SALES PRICE	\$447,000- \$510,000 HOME SALES PRICE	\$496,000- \$567,000 HOME SALES PRICE
						
Secretary \$35,520	Plumber \$59,280	Database Admin \$71,890	Civil Engineer \$86,700	Physician Assistant \$110,630	Financial Service Sales Agent \$110,630	Physician \$224,410
Low Income		Workforce Reserved and Market		Luxury		
	Moderate Income					



2. FRAMEWORK FOR ACTION



When a housing market is experiencing a shortage (as Missoula County's is), programs or policies that simply aim to get people into existing affordable units are necessary but insufficient. Strategies must also aim to add units to the market, with particular attention to units that will serve the lower-income residents that are left out as prices rise.

The “housing market continuum” (shown in [Exhibit 9](#)) refers to the range of housing types available in a community—from permanent supportive housing to serve households with the highest need, to subsidized housing for lower income households, to luxury housing. In between lies a variety of housing options and types, each critically important to meet the needs of people with different income levels.

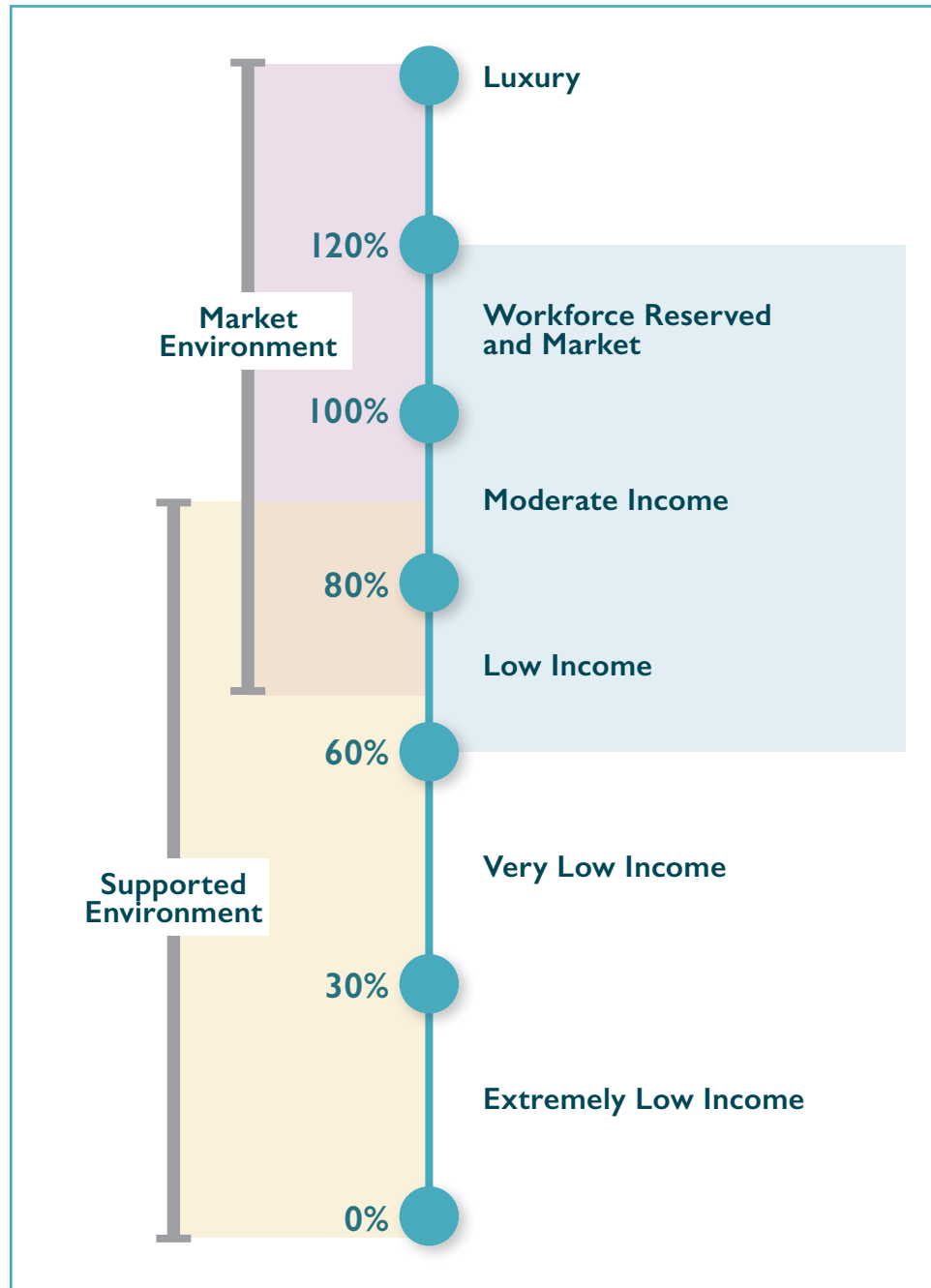
Units at all price points are needed. For example, if there are not enough homes available for families earning median incomes, those families will outcompete lower income residents for units and thereby displace those lower income families from units that might otherwise have been affordable to them. In this way, a lack of housing in any part of the housing continuum will result in cost burdening and can increase rates of homelessness for those at the lower end of the spectrum.

But allowing the private market to build market-rate units will never be sufficient to meet the needs of all residents, even if that development eliminates an existing housing shortage. Generally, the private market will only build housing for mid- to higher-earning households, because housing that can be afforded by these households are often the most economically feasible option by developers—when taking into account the sale value relative to the cost of construction of a home. To provide housing to people with lower incomes, government support or subsidy is necessary to construct housing for low-income households.

This understanding of how housing markets function is the foundation of the county's strategy. At the highest level, the county will use its planning and regulatory powers to ensure that the private market can provide housing units in the parts of the county where it is possible and appropriate to do so, consistent

EXHIBIT 9. THE HOUSING MARKET CONTINUUM

Source: ECONorthwest



with the county's other transportation, environmental, and community goals. This includes a focus on the provision of infrastructure to enable development to occur. At the same time, the county will focus its resources (including existing and new funding sources) on meeting the needs of lower income residents, through development of publicly supported housing units and expanded programs to help those residents access stable housing.

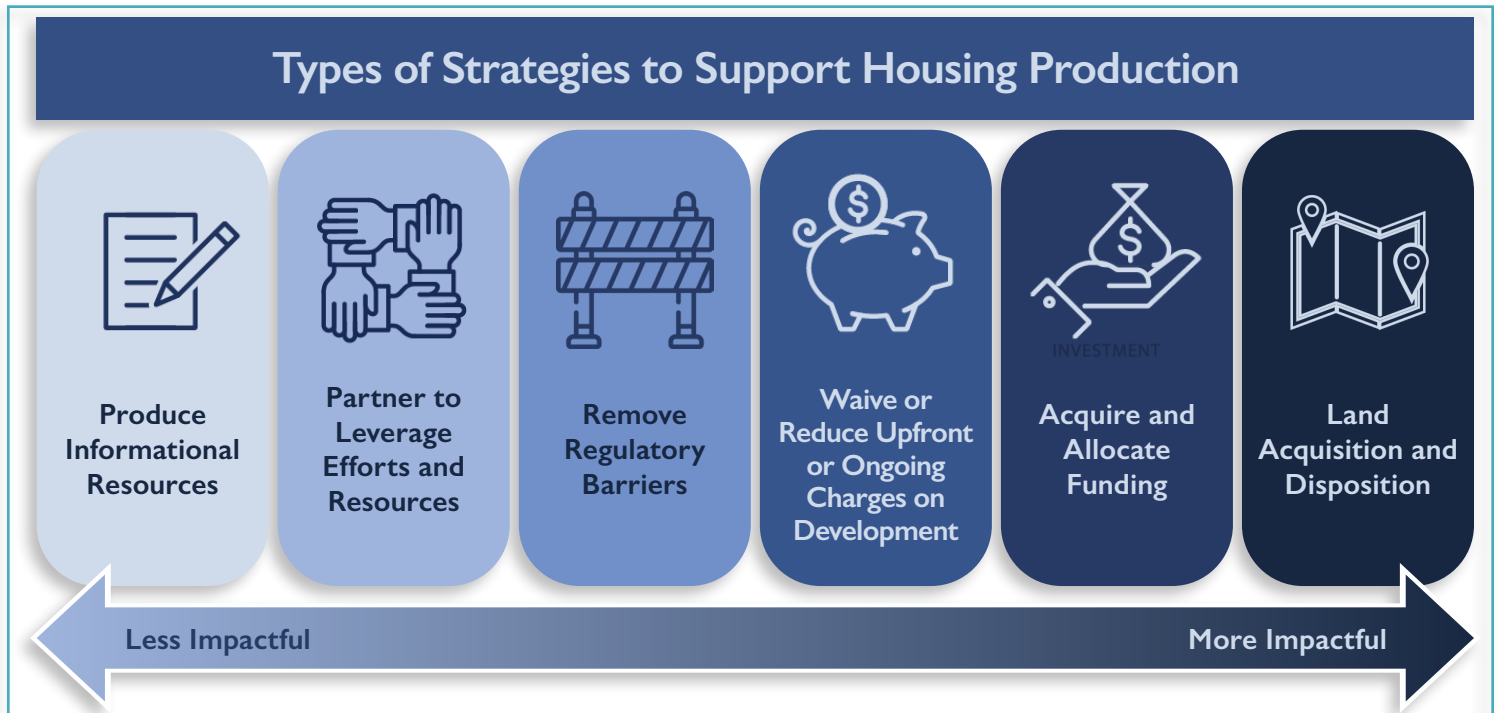
Exhibit 10 provides an overview of the types of interventions that local governments can use to support housing affordability for residents across the housing spectrum. The county uses all of these types of strategies, with a recognition that the most impactful actions are also the most difficult and expensive to advance and will take time to implement wisely.

We have organized the plan's vision, goals, and objectives to focus the county's actions on providing affordable housing at each level of the housing continuum.

The recommended actions listed in this document provide the county with a work plan for the next three years. Progress toward the actions will be evaluated every three years to measure progress, determine what additional resources are needed, and identify needed new actions.

EXHIBIT 10. TYPES OF STRATEGIES TO SUPPORT HOUSING PRODUCTION

Source: ECONorthwest



With all of this in mind, the county's strategy focuses on the actions that it can meaningfully advance in the near-term (the next three years) to help the private housing market meet housing need while also building the foundation for the more complicated and impactful actions that will take more than three years to advance. It includes actions that add housing supply, increase supports for low-income residents, and build partnerships and implementation capacity.



2.1 PROCESS

The county established a steering committee to guide development using a set of actions that the county can take in the next three years. The steering committee was comprised of local representatives including housing developers, the City of Missoula, financial institutions, and the public. Additional one-on-one conversations were held with stakeholders that included: affordable housing providers, real estate agents, economic development representatives, public partners, City of Missoula Councilors and staff, and local institution representatives. Conversations with rural stakeholders were also conducted with Community Councils and community leaders in Seeley Lake and Lolo. These stakeholders along with the steering committee provided a variety of input that formed the basis for many of the actions in the plan. A total of four meetings were held with the steering committee where the main focus was to identify near-term actions that support the vision and goals of the plan. Several discussions with the Missoula County Commissioners also informed the framework for action as well as the specifics of the plan.



2.2 GOALS & OBJECTIVES

We envision a Missoula County where every individual and family has a home they can afford.

To advance that vision, specific actions over the next three years will address the following plan goals:

- (1) Add housing supply
- (2) Help people access and stay in housing
- (3) Build implementation capacity

The county has three goals, which build directly from the roles that the county is uniquely positioned to play in improving housing affordability. The county currently leads on land use planning and development regulation in the areas outside of the City limits; supporting social service and housing programs county-wide; and convening County partners (multiple communities, private-sector leaders, non-profits, and other stakeholders) to build momentum for collaborative implementation. The goals of the plan aim to strengthen the county's ability to lead in each of these areas.



GOAL 1: Use the county's toolkit to increase housing production

The county controls land use planning, development permitting, and infrastructure planning outside the City of Missoula. These functions are critical to enable housing production. Through implementing the actions in this goal, the county will achieve the following objectives:

- Support construction of a range of new housing (market rate and publicly supported affordable housing) by reducing regulatory barriers and expanding infrastructure in areas anticipating growth.
- Support development of housing for those most in need.

Goal 2

Goal 2: support programs and funding to help county residents afford housing

The county already supports a range of programs through community-based organizations. At a high-level, these programs help address basic needs in the community such as food, shelter services, medical services, and emergency transportation. A wide array of housing programs are supported by the county and implemented by community partners.

These include weatherization and housing rehab, rental assistance, homeless prevention, down payment assistance, and homeownership and financial fitness classes. To meet the needs of the community, these programs will need to be evaluated and expanded. The objectives of actions in this goal will be to:

- Align programs and resources to support housing stability and access for low- to moderate-income County residents such as first-time homebuyers and people experiencing homelessness.
- Preserve affordable (subsidized and / or low-cost market rate) housing stock.
- Increase access to workforce housing (rental and / or homeownership) for County residents (outside of the City).

Goal 3

Goal 3: Build implementation capacity through strong partnerships and administrative functions

Housing affordability is a complicated and systemic problem that cannot be solved by any one entity or strategy. A wide range of jurisdictions, funders, non-profit and market developers, service providers, and others each have a role to play. Given the geography that it serves, the county is a natural convener of regional partners, to achieve the following objectives:

- Improve coordination of funding, programs and staff resources among the county, city, tribes, and housing providers.
- Invest in administrative capacity necessary for successful plan implementation, monitoring, and update.

2.3 APPROACH TO PRIORITIZING ACTIONS

Within these goals, to identify and prioritize near-term actions, we considered the following evaluation questions:

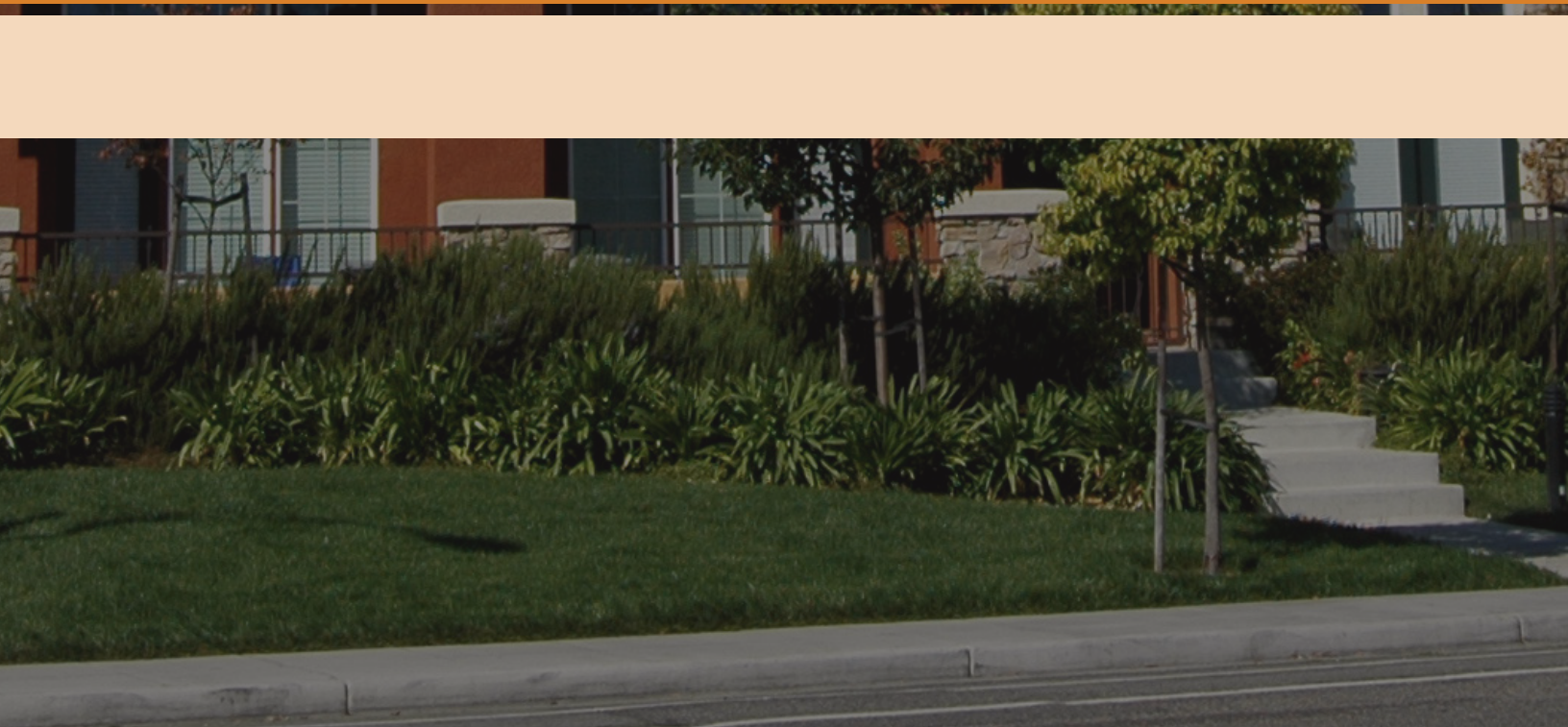
- Does it achieve one or more of the goals and/or objectives?
- Does it address the county's unique housing needs?
- Does it leverage the county's strengths?
- Does the county have the funding / administrative capacity for successful implementation?
- Is it supported by stakeholders and partners?



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3. ACTIONS



Goal I

GOAL I: Use the county's toolkit to increase housing production

Action I.1 Accelerate planning for and investment in infrastructure (sewer, water, roads, broadband, and transit) that can enable residential unit production in the Missoula urban area surrounding the city limits (Bonner-Milltown-West Riverside, East Missoula, and the Wye), and in Lolo and Seeley Lake.

DESCRIPTION

As one of its core planning functions, Missoula County has been planning for and making investments in infrastructure, especially in more recent years through adoption and implementation of the Missoula Area Land Use Element in 2019. This action makes explicit the connection between infrastructure provision and housing supply and builds and maintains momentum to accelerate progress in the areas where development is most appropriate.

For the Missoula urban area, to some extent, this is occurring through the creation of an Urban Growth Committee and the identification of growth areas and infrastructure needs in the county's Land Use Element. Increasing the focus on coordinated planning will accelerate progress and improve coordination across entities.

For other areas of the county, the county should invest more staff time and resources in updating land use plans and then developing plans for appropriate infrastructure provision.

RATIONALE

Infrastructure availability (especially sewer and water) is critical to enable the construction of a range of needed housing types, including affordable housing. Lolo already has a sewer and water system and is planning for future growth. Seeley Lake has partial infrastructure support and substantial development pressure, especially for second homes. And the area surrounding the Missoula urban area needs consistently-available urban services to support planned growth. This action focuses resources on areas where the county would like to see growth and aligns a range of County goals (including housing provision, land use planning, and environmental goals) with plans for infrastructure provision.

In the area adjacent to the City of Missoula, this action enables improved staff and leadership-level coordination of infrastructure provision to meet the demand for housing.

LEAD
(INTERNAL TO
COUNTY)

Community & Planning Services and Public Works.

EXTERNAL
PARTNERS

City of Missoula, East Missoula Community Council, Bonner-Milltown Community Council, Lolo Community Council, Seeley Lake Community Council, Missoula Development Authority, Mountain Line, sewer and water providers, developers and property owners.

FUNDING NEEDS	<p>Planning aspects of this action will require staff time and a commitment of funding or reconsideration of current fee structures. Building the infrastructure will require additional funding, which may include new revenue sources that are specifically targeted to infrastructure and housing production. See Action 2.4 for details on the approach to determining new funding needs.</p>
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ For the area surrounding the City of Missoula (such as Bonner-Milltown-West Riverside, East Missoula, and the Wye), establish a coordinated planning process for expansion of services to the Missoula Urban area for sewer, water, roads, and transit. <ul style="list-style-type: none"> ▪ Charter the Urban Growth Committee and charge them with on-going coordination between the City and County. ▪ Work with the City to develop a coordinated plan for investments in infrastructure and develop engineering and phasing plans. ▪ Identify staff resources to coordinate with City and sewer and water providers to form agreements for provision of infrastructure. ▪ In Lolo and Seeley Lake: <ul style="list-style-type: none"> ▪ Update or develop plans to guide investments in infrastructure, construction of housing, and management of utilities to desired areas of growth. ▪ Develop preliminary engineering plans. ▪ Continue to seek opportunities for staffing and grant resources for infrastructure and development planning. ▪ As a later phase (3 – 5 years), extend this planning to other parts of the county.

Action 1.2: Explore creation of a City-County Housing Trust Fund to fund affordable housing development.

DESCRIPTION	<p>The City of Missoula has recently created an Affordable Housing Trust Fund that pools resources for investing in affordable housing development. Missoula County should explore partnering with the City to develop a City-County Affordable Housing Trust Fund and use these resources to invest in housing development within and outside the city limits.</p>
RATIONALE	<p>Creating a City-County trust fund improves coordination of funding, avoids replication of administrative overhead, and allows for effective leveraging of county and other (including private) funding resources.</p>

LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	City of Missoula and non-profit housing and service providers.
FUNDING NEEDS	To be determined based on County support for this action. Would likely require an annual commitment of resources/funding from the county, including staff resources for coordination.
INITIAL IMPLEMENTATION STEPS	<p>The county will need to resolve a set of interrelated questions in partnership with the City and the Oversight Committee for the Housing Trust Fund:</p> <ul style="list-style-type: none"> ▪ How much money to contribute and over what period of time. ▪ Where should the development that the county supports be located. ▪ How does governance of the Housing Trust fund need to evolve to make room for the county? <p>Answers to these questions would be documented in an intergovernmental agreement that puts in place reasonable sideboards for governance and investments.</p> <p>If partnership/investment in the City's Trust Fund is not viable, consider other options to directly fund housing production. Even with investment in the Trust Fund, some additional locally-controlled funding sources may be necessary. Additional sources to consider are identified in Action 2.4.</p>

Action 1.3: Develop a strategic framework for acquiring and/or using County land for affordable housing development.

DESCRIPTION	Develop a strategic framework that defines the county's role in acquiring and/or disposing of County-owned land to support affordable housing development. Explore funding options and decision criteria for acquiring and/or disposing of land for affordable housing development located near where infrastructure is planned and services are available. Develop a strategy for the use of land the county already owns as well as vacated right-of-way.
RATIONALE	Land control is key to ensuring housing is developed in the places where it is most needed. An organized framework can help the county make efficient decisions about when and where to acquire land, what to do with land that it controls that may be suitable for affordable housing, and how to dispose of land to incentivize the development of affordable housing. This strategic framework would also clarify and communicate the county's role and intent in a land strategy.

LEAD (INTERNAL TO COUNTY)	Finance Department (Director of Land and Economic Development) in coordination with Community & Planning Services.
EXTERNAL PARTNERS	Property owners, developers, and City of Missoula.
FUNDING NEEDS	County would need to identify a funding source to use for acquisition of property. Near-term research steps require only staff time. The Housing Trust Fund could be a funding source for land acquisition (see Action 1.2).
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ Develop a starting-place understanding of land availability and capacity. Map County-owned land, overlay with data and information about available infrastructure, and identify parcels (County-owned or other) that would be appropriate for affordable housing. ▪ Develop and vet framework for prioritizing parcels for acquisition / disposition, including decision criteria. ▪ Determine potential funding sources and needs for acquisition of priority near-term acquisitions and / or dispositions.

Action 1.4: Update the land use map and establish zoning county-wide.

DESCRIPTION	This action is already underway for the Missoula urban area (the area in the county surrounding the City of Missoula), with the adoption of the Missoula Area Land Use Element and implementing it with the Missoula County Zoning Update project which includes a new zoning code and map. Expanding land use planning and zoning county-wide is necessary to identify growth areas and enable development of a range of housing types. This also creates an opportunity to explore adding density bonuses to zoning countywide to incentivize affordable housing development.
RATIONALE	Zoning entitlements provide more certainty as to where development is encouraged. It is also a necessary element (along with adequate infrastructure) that the county must have in place before it can adopt SB 161 streamlined development review process for subdivisions. In areas where the county wants more urban growth it can also use zoning to encourage a mix of housing types and incentivize affordable housing.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.

EXTERNAL PARTNERS	City of Missoula, community councils, County municipalities and tribes .
FUNDING NEEDS	May require additional funding for staff support/resources.
INITIAL IMPLEMENTATION STEPS	<p>Clarify priority action items and work plan for County staff.</p> <ul style="list-style-type: none"> ▪ Identify possible funding for additional capacity to accelerate this action item. ▪ Missoula Urban Area - will be done in 1 year. ▪ County-wide (outside Missoula urban area) - 3 to 5 years.

Action 1.5: Explore and refine new incentives for income-restricted affordable rental housing project development.

DESCRIPTION	<p>The county can implement a range of incentives to encourage the development of income-restricted housing. These may include fee waivers, reduced parking and setback requirements.</p> <p>The county is in the process through the Missoula County Zoning Code Update of establishing incentives for permanently affordable housing—specifically for affordable housing developers (such incentives include density bonus, reduced parking, etc). The county will continue to evaluate the effectiveness of these incentives and refine them as needed.</p>
RATIONALE	The county should use its available toolkit to encourage the development of housing that is income-restricted to meet the needs of low-income renters. Any incentives that reduce the cost of or accelerate the development process can help advance new housing development.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	Non-profit housing and service providers.
FUNDING NEEDS	For the most part, the incentives themselves will not require new funding. May require additional funding for staff support/resources to design, implement, and monitor the success of the incentives.

INITIAL IMPLEMENTATION STEPS

Evaluate recently adopted zoning-based incentives to measure take-up for production of affordable units and seek opportunities to improve/refine.

County staff will work with the affordable housing development community to explore answers to the following questions prior to developing and adopting specific ordinances:

- What are the major regulatory barriers to affordable housing development in the county?
- What works with the current incentive system and what could be improved?

Action 1.6: Explore opportunities to improve the development permitting process.

DESCRIPTION

Convene those involved in the development review process (local government, contractors, developers, planning/engineering firms, architects, finance professionals, realtors) to improve communication and understanding of what it takes to get new homes on the ground. Identify where all parties can improve efficiencies, including to the county's permitting and development review processes.

RATIONALE

Make development review more efficient for all parties involved. Under state statute, there are limits to what the county can do for fast tracking permitting review. Making improvements to internal workflows and communicating permitting processes and procedures to developers can help minimize review timelines for developments and reduce development costs associated with long reviews. These discussions may also reveal opportunities for the county to improve its efficiency, within the statutory limits.

LEAD (INTERNAL TO COUNTY)

Community & Planning Services in coordination with other development review departments/divisions: Environmental Health, Building, Engineering, Surveying, and Clerk and Recorder.

EXTERNAL PARTNERS

Contractors, developers, planning/engineering firms, architects, finance professionals, realtors, and Missoula Economic Partnership.

FUNDING NEEDS

If additional staff are needed to increase processing speed, explore raising fees to cover the cost of development review and cover new hires.

INITIAL IMPLEMENTATION STEPS

- Organize and host a series of focus groups.
- Improve communication of development processes and timelines, including making clear statutory limitations that affect County processes.

Goal 2

GOAL 2: Support Programs and Funding to Help County Residents Afford Housing

Action 2.1: Develop a program that provides down-payment assistance and/or supports access to homeownership.

DESCRIPTION

Create a program that can help Missoula County residents gain access to homeownership.

RATIONALE

Existing funds to support low-to-moderate, first-time, and first-generation home ownership have inflexible eligibility requirements (including income and purchase price restrictions) that are inconsistent with Missoula's rapidly rising housing prices. They are also insufficient to meet rapidly growing needs. To address these problems, the county will need to develop a new program and extend its funding sources beyond the federal HOME funds that are currently used.

Out-of-the-box thinking and creative partnerships will be needed. Home ownership programs can be structured in many different ways, from a revolving fund for down-payment assistance to land trust type models that allow for sharing of home price appreciation. Creative programs often involve non-profit housing entities and / or lending institutions to extend the impact of these programs and support wealth generation for home owners.

Some ideas to evaluate include:

1. A downpayment assistance revolving loan fund for first time homebuyers, targeting first-time homebuyers.
2. Creating a mortgage program in partnership with a private lender for 40 year mortgages to reduce monthly payments, with the county backstopping payments in the final 10 years of the mortgage.
3. Community land trust projects that maintain permanent affordability by keeping land in non-profit ownership, subsidizing homes, and providing for low-to-moderate income buyers and renters in perpetuity

LEAD
(INTERNAL TO
COUNTY)

Community & Planning Services.

EXTERNAL
PARTNERS

Non-profit housing and service providers and local employers, local financial institutions.

FUNDING
NEEDS

Unknown at this point but would require an investment of local money to have any meaningful impact.

INITIAL IMPLEMENTATION STEPS

- Establish program goals that balance wealth generation with housing stability. Consider what level of income restrictions are appropriate for the program, given its goals.
- Research funding and program needs, with particular attention to more creative approaches that involve partnerships with financial institutions and non-profits.
- Explore both grants and loan options.
- Explore potential roles for employers, who may be interested in providing access to ownership product as a recruitment tool or a benefit.
- Work with stakeholders and the County Commission to determine initial program structure and criteria.
- Develop a plan to fund staffing for and administration of the program.
- Develop program criteria and administrative rules.

Action 2.2: Preserve low-cost market-rate housing.

DESCRIPTION	Explore opportunities to work with partners to preserve market-rate housing units (multifamily and manufactured homes) that are currently affordable to low- or middle-income households but are at risk of redevelopment or price increases.
RATIONALE	Some properties rent or sell at levels affordable to low- to moderate-income households due to the age, location, and amenities. These types of properties are sometimes called “naturally occurring affordable housing.” To ensure that residents can still afford to live in Missoula County, these low-cost housing units would need to be preserved in the market to be affordable and not lost to redevelopment or increased rents. As an overall approach, it may also be more cost effective to preserve existing units than to build new ones.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	Property owners and non-profit housing providers.
FUNDING NEEDS	If the Housing Trust Fund was established for the county, money from the trust fund could help with acquisition and rehabilitation of housing units. In addition to needing funding for the acquisition of “naturally occurring affordable housing” properties, County might need to fund local affordable housing providers to administer and manage these properties.

INITIAL IMPLEMENTATION STEPS

- Inventory existing properties, including manufactured home parks.
- Develop programs which could acquire properties, rehabilitate units, and / or upgrade infrastructure.
- Identify non-profit housing partners that could manage properties, if acquisition is part of the program.
- Develop criteria to determine eligibility.

Action 2.3: Rehabilitate homes occupied by low-to-moderate income residents.

DESCRIPTION	Expand programs for the rehabilitation of existing housing units, particularly for those with disabilities and the elderly.
RATIONALE	As Missoula County residents age and acquire disabilities, their homes may no longer be safe or accessible, and some residents cannot afford to modify their homes without financial help. In addition, some homes in Missoula County are in such poor condition that they are at risk of falling apart. Providing support for such needed home repairs/retrofitting and increasing a home's energy efficiency can help mitigate climate change, reduce utility bills, make homes safer in extreme weather, and help keep a healthy stock of housing.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	Low-to-moderate income residents, non-profit housing and service providers, and utility providers.
FUNDING NEEDS	Missoula County currently receives Community Development Block Grant (CDBG) funding to rehabilitate older homes. USDA Rural Development and / or an Affordable Housing Trust Fund could possibly provide additional support.
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ Work with partners to explore ways to serve more residents. ▪ Increase support for HRC's weatherization and homeowner rehab assistance to include rental units. ▪ Explore funding opportunities.

Action 2.4: Explore funding sources and/or bonds for affordable housing development and investment in infrastructure.

DESCRIPTION	Explore viability of new or augmented locally-controlled funding sources such as bonds (in any number of forms) including special districts and/or taking advantage of county borrowings and conduit debt, TEDD (Targeted Economic Development District) for workforce or maker space housing, American Rescue Plan Act dollars, partnerships with pension funds, other state or federal grants, or other options to help fund affordable housing and infrastructure.
RATIONALE	Additional funding is needed to supplement federal grants (HOME and CDBG) to further support existing and new affordable housing development, programs, and infrastructure investments.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services, Finance Department.
EXTERNAL PARTNERS	State, local financial institutions, trade unions, non-profit housing and service providers, housing developers, City of Missoula.
FUNDING NEEDS	County staff time needed for research and planning efforts. Funding source amounts needed will be determined through this research.
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ Connect potential funding sources to appropriate housing actions. ▪ Research what types of bonds are appropriate and available for affordable housing development and programs. ▪ Explore political and public support for bonds.

Action 2.5: Support and expand programs that serve low-income renters.

DESCRIPTION	Increase the availability of tenant support services such as renter education, civil legal aid, and financial assistance. Increasing funding will enable non-profit affordable housing providers to expand their programs and services to a greater number of households and have a bigger impact.
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RATIONALE	The county already funds non-profits that provide programs and services to low-income renter households. The volatile housing market disproportionately affects renter households the most, and increasing the number of residents that can participate in existing programs will help keep them stay in stable housing.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	City of Missoula and non-profit housing and service providers.
FUNDING NEEDS	Increased funding is likely to be needed, but additional program development and research is needed to determine how much funding and for what types of programs.
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ Evaluate programs to understand unmet need. This will help to determine where additional funding or programmatic changes are needed. ▪ Work with County leadership to increase funding.

Action 2.6: Require right of first refusal or deed restrictions for County-supported housing projects to ensure long-term affordability.

DESCRIPTION	When Missoula County subsidizes or provides application assistance should be required for housing projects, permanent or long-term affordability through deed restrictions, developer agreements, right of first refusal, or other appropriate legal documentation. Additionally, require relocation assistance to tenants for subsidized housing that receives County funds.
RATIONALE	When income restrictions end, give priority consideration to mission-oriented buyers (affordable housing providers or housing authority) to purchase units, helping to prevent affordable rental units from being converted to market-rate units.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.

EXTERNAL PARTNERS	Providers of publicly supported housing.
FUNDING NEEDS	For deed restrictions, no additional funding is needed. If right-of-first refusal leads to acquisition, some funding source will be needed. The Housing Trust Fund and/or non-profit housing partners could fund and/or implement acquisitions.
INITIAL IMPLEMENTATION STEPS	Research and identify the right approach for adopting a “right of first refusal” policy (i.e., do the county or other affordable housing providers get the exclusive right to purchase the property/units).

Action 2.7: Study short-term rental and second home impacts on the county’s housing market.

DESCRIPTION	The county does not know how many second homes and short-term rentals (such as VRBO and Airbnb) there are in the county because there are currently no regulations for short-term rentals outside the City of Missoula. Identifying how many there are is the first step to understanding their potential impact on the county’s housing market.
RATIONALE	Short-term rentals, including second homes, can affect the county’s housing supply by limiting the number of houses / units available to rent or buy within a market. This may increase home prices while decreasing overall housing affordability. Regulating short-term rentals could help alleviate the shortage of housing supply and possibly help fund affordable housing initiatives through fees.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services, potentially the Missoula City / County Health Department.
EXTERNAL PARTNERS	City of Missoula, and property owners.
FUNDING NEEDS	Unknown. Could require additional staff capacity or funding for a study to identify how many short-term rental and second home properties there are in the county and to administer and regulate short-term rentals.

INITIAL IMPLEMENTATION STEPS

- Explore potential coordination/partnership with the City of Missoula on a study to better understand the number of short-term rentals and second homes; expand study County-wide.
- Understand staff capacity to develop and enforce short-term rental regulations or outsource it to a third party, and explore a fee structure that would provide funding for implementation.
- Coordinate with the City for consistency across jurisdictional boundaries.

Action 2.8: Identify the county's role in the long-term provision of homeless services, programs, and shelter.

DESCRIPTION	Clarify the county's role in providing countywide homeless services, programs, and shelters through the coming update to the 10-year Plan to End Homelessness. Identify County's priorities for long-term provision of homeless services.
RATIONALE	The 10-year Plan to End Homelessness needs updating in 2022. The county currently partially funds staff working on implementing the plan, in partnership with the City of Missoula. Through the coming update, the partners can define the county's role in funding and addressing homelessness countywide, which could include the continued funding of services and programs, partnerships for the creation of tiny homes/ villages, funding to open additional homeless shelters, expanding supportive services, and funding / supporting permanent supportive housing.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	City of Missoula, non-profit housing and service providers, private & public partnerships.
FUNDING NEEDS	Unknown. It will be determined whether the county's priority is to simply keep funding existing programs and services or do something new.
INITIAL IMPLEMENTATION STEPS	The county should actively participate in the update of the 10-year Plan to End Homelessness and be prepared to discuss its policy priorities and role in implementing and funding agreed-upon actions.

Goal 3

GOAL 3: Build Implementation Capacity through Strong Partnerships Among the County, City, and Housing Providers

Action 3.1: Coordinate with other Montana jurisdictions for effective state and federal advocacy for change to housing policy.

DESCRIPTION	Create strong partnerships across jurisdictions (statewide) and housing partners to advocate for legislative changes to advance local affordable housing goals.
RATIONALE	Regulatory incentives and funding sources for affordable housing development are just a few examples of how jurisdictions are limited by state statute on what they can do to help incentivize the development of additional housing supply. Legislative advocacy at the state level can help amend state statutes that help advance local affordable housing goals, change funding formulas that affect local implementation of housing priorities, and improve coordination across jurisdictions to effectively use state and federal resources where they are most needed. Advocacy at the federal level can further help local jurisdictions get funding for affordable housing.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	City of Missoula and other jurisdictions, legislators, non-profit housing and service providers, and developers.
FUNDING NEEDS	To be determined.
INITIAL IMPLEMENTATION STEPS	Create a coordinated forum/group amongst local jurisdictions to identify gaps and needs and coordinate legislative advocacy.



Action 3.2: Create a master flow chart of all organizations doing affordable housing work and improve coordination across partners.

DESCRIPTION	Create centralized documentation of all organizations and agencies doing affordable housing work. This will help the county understand the different program and services that County residents have access to and identify any gaps. Part of this work will also include potentially hosting an annual housing summit of all organizations and agencies doing affordable housing work to identify issues and solutions for affordable housing.
RATIONALE	Understanding all the organizations that are providing affordable housing programs and services will help diminish duplication of efforts and help identify gaps and needs in the community. This will better help the county identify priorities and where to focus resources.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	Developers, non-profit housing and service providers, and others.
FUNDING NEEDS	Staff time. This particular project would be particularly appropriate to partner with an intern or students in a university social work, planning, or other program to complete.
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> ▪ Research into the many non-profit and other entities that provide housing services, to document their roles, areas of focus, geographic areas of concern, budget allocation, populations served, and other variables of interest. ▪ Identify gaps in housing delivery system capacity, and explore opportunities to address these gaps. ▪ Map the services these entities provide against household need to better understand gaps in services. ▪ Convene an annual summit to share knowledge, discuss unmet need, coordinate on needed legislative advocacy, and identify barriers to meeting housing need.

Action 3.3: Develop partnerships with economic development agencies and non-profits to build the workforce for housing production.

DESCRIPTION	Missoula County will work more closely with economic development-focused agencies and non-profits on workforce training programs that can address issues with the supply of skilled construction labor while providing pathways to family wage jobs.
RATIONALE	Housing affordability is a systemic challenge that intersects with many other social and economic issues. Housing cost is driven in part by the cost and availability of labor, and affordability is driven in part by the incomes of tenants and home buyers. Training programs that build workforce capacity can help to increase the availability of skilled construction labor, while also providing pathways to family wage jobs for Missoula County residents.
LEAD (INTERNAL TO COUNTY)	Community & Planning Services.
EXTERNAL PARTNERS	Missoula Economic Partners; Missoula College; University of Montana.
FUNDING NEEDS	Staff time.
INITIAL IMPLEMENTATION STEPS	<ul style="list-style-type: none"> Explore opportunities for workforce development programs with the community college, University of Montana, and local economic development non-profits and agencies.

Action 3.4: Inventory affordable housing units funded with County grant/money including subsidized properties in unincorporated areas.

DESCRIPTION	This inventory will help the county understand how many units the county has helped fund/create. In addition, this inventory will help the county identify units that might have their affordability expiring soon and take action to preserve the units' affordability long-term.
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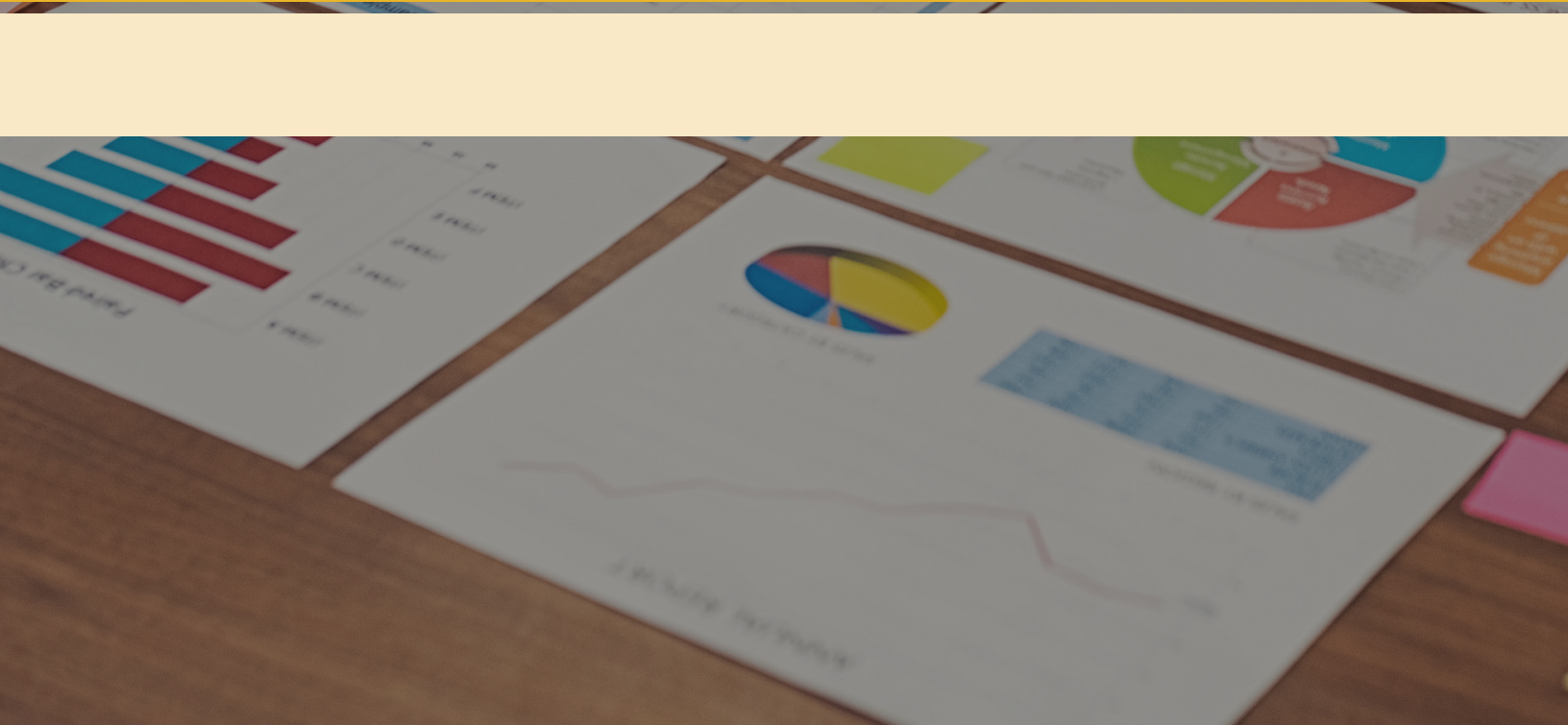
RATIONALE	<p>The county has previously helped fund the construction of affordable housing units, which only have a short-term affordability requirement. After the affordability requirement is over, some of these affordable housing projects have been sold at market-rate prices or increased rents above affordable levels—diminishing the number of affordable units in the county. The inventory of affordable units will help the county identify units at risk of conversion and intervene through other actions in this housing strategy to keep the units permanently affordable.</p>
LEAD (INTERNAL TO COUNTY)	<p>Community & Planning Services.</p>
EXTERNAL PARTNERS	<p>Non-profit housing and service providers and developers.</p>
FUNDING NEEDS	<p>The county will likely need funding to help with the inventory and upkeep, especially if this data element is combined with others recommended in this strategy.</p>
INITIAL IMPLEMENTATION STEPS	<p>Work with internal staff, local housing providers, affordable housing developers to identify the existing stock of affordable units. Keep a working inventory of all units, and frequently monitor new affordable units in partnership with current planning and other partners.</p>





4.

IMPLEMENTATION, PLAN UPDATE & MAINTENANCE



IMPLEMENTATION, PLAN UPDATE & MAINTENANCE

Implementing the selected strategies will require dedicated staff time and long-term commitment to funding. Identified strategies for implementation should have a lead party and a general timeline for implementation. This will give guidance to county decision-making about budgets and workplans for County departments. Over time, the county may change and adapt its housing plan to respond to changing market conditions, priorities, demographic changes, and available funding and resources. It is important to monitor progress on a regular basis, generally every three years, to understand the progress achieved toward implementing the strategies but also to understand how successful each strategy has been toward achieving the goals in the plan. This plan, as part of the county growth policy, should be used to both inform the growth policy and be guided by new growth policy goals, objectives and actions as updates occur.

The county should use existing resources—such as the Missoula Organization of Realtors annual reports and data from the Bureau of Business and Economic Research—as much as possible to track progress on achieving housing goals. Determining the exact indicators and monitoring frequency will require additional research on availability of data, availability of staff time and tracking systems, as well as discussion with county leaders and the community to ensure that the chosen indicators adequately gauge equitable housing progress.

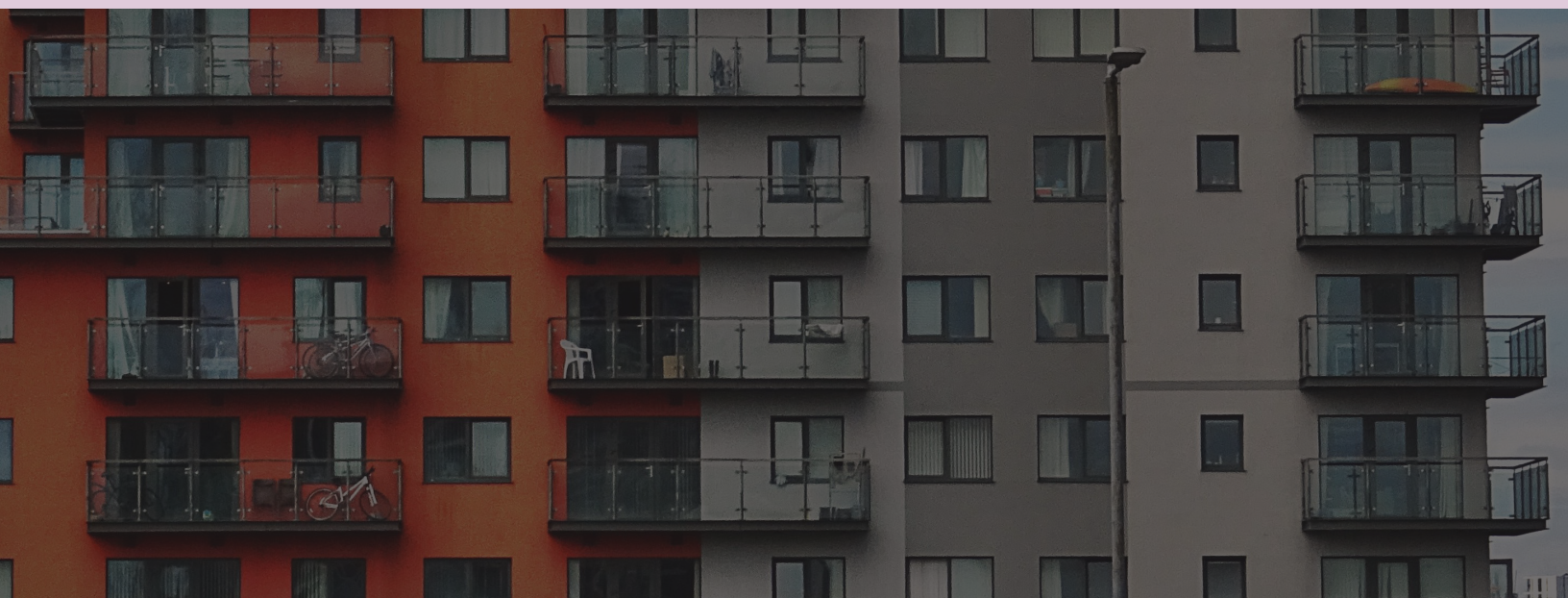
A few indicators that the county can use to measure plan success are listed below:





APPENDIX A

SUMMARY OF COMMUNITY ENGAGEMENT AND OUTREACH



Community input was used to guide and shape the direction of the Housing Action Plan strategies and recommendations. Three engagement activities were conducted with the community to seek input and feedback on the strategies and recommendations. A summary of engagement tactics used in the development of the Housing Action Plan is detailed below.

1. Internal Team

A multidisciplinary internal team was organically formed to help guide the planning process and collaborate to develop priorities and project outcomes. The team consisted of staff representing Community and Planning Services, and Grants and Community Programs.

The following members comprised of the internal team:

- Chet Crowser
- Karen Hughes
- Melissa Gordon
- Sindie Kennedy
- Erin Kautz
- Nancy Rittel
- Kayla Talbert
- Jordan Lyons
- Andrew Hagemeyer
- Tim Worley

2. Project Steering Committee

The Housing Action Plan Project Steering Committee provided input on the most pressing housing challenges for the county, as well as guidance and review of the strategies and actions. The Project Steering Committee was comprised of local representatives that included housing developers, the City of Missoula, financial institutions, and the public. These members represent a variety of perspectives and technical experience in the field of housing. The steering committee met four times through the course of the project and were asked to actively share ideas, observations, and perspectives, while also actively listening to others. Participation was voluntary and meetings were held online to observe safe practices and social distancing guidelines due to the COVID-19 pandemic.

Project steering committee members collaborated with the county to:

- Support and represent the interests of a variety of perspectives in the community.
- Identify County strengths and provide a deeper understanding of housing needs and challenges in Missoula County.
- Solicit names and organizations to contact for interviews/focus groups discussions.
- Review data to better understand housing challenges in the county, receive advice on changing conditions, and share on-the-ground knowledge which might not be captured in numbers or through another way.
- Support the project team to develop questions to ask Missoula County residents through an online survey.
- Collaborate to draft a set of actions and recommendations that would support the city's goals and vision for this plan.

3. Regional stakeholder Interviews and Meetings

At the beginning of the project and through the development of actions and recommendations, we conducted stakeholder interviews with key community members and partners in affordable housing to help understand housing challenges, development barriers to affordable housing, and potential strategies that would help overcome some of the challenges. These conversations provided important insights into defining the housing problem. Understanding what barriers exist to building and accessing housing, as well as important housing topics to consider. The conversations offered a starting place to build discussions around the following questions:

- Tell us about your experience with housing in Missoula County.
- What are some of Missoula County's strengths that can help address housing affordability?
- What would you change about Missoula County to make housing more affordable?
- What are the greatest barriers to housing production in Missoula County?
- Who else would be important to talk to?

The regional stakeholders represented a wide array of housing organizations, housing developers and builders, realtors, County partners, and community leaders:

- Julie Lacey, Economic Development Director, Montana Economic Partnership
- Katina Uecker, Single Family Housing Program Director, USDA Rural Development
- Seeley Lake Community Council
- Melissa Ciliento, Loan Specialist, USDA Rural Development
- Missoula Organization of Realtors/Montana Building Industry Association/Missoula Chamber of Commerce
- Planning Management Meeting
- Seeley Lake Community Council
- City Council Small-Group Meetings
- Gwen Jones and Amber Sherrill, City Council Members
- Heather Harp and Heidi West, City Council Members
- Bryan von Lossberg, Julie Merritt, Mirtha Becerra, and Stacie Anderson, City Council Members
- Dick Barrett, PhD, Former State Senator
- Amy Allison Thompson, Executive Director, Poverello Center
- Derek Hitt, Union Organizer at Pacific Northwest Regional Council of Carpenters
- Amy Hall, Senior Attorney, Housing Law; Montana Legal Services Association
- Jim Morton, Executive Director, District XI Human Resource Council
- Montana James, Deputy Director, Community Development, City of Missoula
- Claire Muller, Executive Director, Seeley Lake Community Foundation
- Kevin Noland, Realtor, Keller Williams; Chair, Lolo Community Council
- Kaia Peterson, Executive Director, NeighborWorks Montana

Missoula County Community Needs Assessment

On an annual basis, the county conducts a community needs assessment (CNA) to seek input and help identify needs and gaps in the community. In 2021, the CNA asked the community questions related to public infrastructure and facilities, economic development, housing, human services, and COVID-19 response and recovery efforts. The consulting team helped the county develop a set of questions specifically related to housing to better understand the community's top priorities, the most significant challenges are facing Missoula County, and programs and services that the county should be doing more of.

An online survey was developed and made available to the public for anyone to participate from May 5 through May 19, 2022. The survey was advertised through email, social media, and newspaper ads in the Missoulian and Seeley Lake Pathfinder. A total of 887 residents responded to the survey.

Below is a summary of the survey responses received from the community.

FINDINGS FROM THE MISSOULA COUNTY 2020 COMMUNITY NEEDS ASSESSMENT SURVEY

Source: Missoula County Community Needs Assessment, 2020

TOP PRIORITY FOR MISSOULA COUNTY	MOST SIGNIFICANT CHALLENGE FACING MISSOULA COUNTY	TOP THREE PRIORITIES FOR HOUSING INITIATIVES	OTHER THINGS WE'VE HEARD
<ul style="list-style-type: none"> • Increase the supply of housing affordable to all income levels 68% • Improve existing infrastructure 41% 	<ul style="list-style-type: none"> • A lack of affordable housing to buy 90% • A lack of affordable housing to rent 89% 	<ul style="list-style-type: none"> • Maintain and increase supply of affordable housing 55% • Subsidy to construct affordable housing 45% • Downpayment assistance 38% 	<ul style="list-style-type: none"> • Allow and preserve mobile homes • Restricting AirBNB's and VRBO's • Concerns about people experiencing homelessness • Concerns about property tax increase

MISSOULA COUNTY HOUSING ACTION PLAN: **BREAKING GROUND**

MARCH 2022

The Housing Action Plan was developed through the collaborative efforts of community members and organizations, stakeholders, regional partners, ECONorthwest, and the County of Missoula. Special thanks go out to the numerous community members, County staff, and elected officials who participated in this process and provided feedback to shape the plan.