

# Gallatin County Regional Housing Study

Summer 2021



# Introduction

With a robust economy and wide attraction to those who love the outdoors, Gallatin County, Montana has experienced rapid growth over the past decade, growing jobs at nearly 4% per year and population approaching 3% per year prior to the COVID pandemic in 2020. While jobs declined beginning March 2020, following the national trend due to COVID public health orders, recovery since then has been rapid. And the housing market experienced the opposite effect – a rapid influx of visitors and new residents seeking less populated areas and taking advantage of the increased ability to work from home. This situation has only exacerbated an already prevalent housing shortage problem for residents and employees making their living in Gallatin County. This document highlights many of those challenges and provides information and ideas by which the region can move forward together to address these challenges.

The following pages provide a point in time overview of the local economy, housing markets, and community housing needs, illustrating key housing and jobs information for each primary community area and the connections between them. This document should help:

- Create a common understanding of countywide housing needs and the interrelationship of each county region in providing homes for residents;
- Elevate the region’s understanding of employee and resident housing basics, including how to communicate effectively about housing issues;
- Educate and motivate regional coordination among local governments and key stakeholders around resident and employee housing issues in Gallatin County;
- Provide the necessary baseline of data and information to promote meaningful regional housing discussions; and
- Help the region understand how they can work to address challenges and craft solutions.

## METHODOLOGY

The report builds upon recent housing studies and housing action plans that have been conducted in Bozeman and Big Sky, supplemented with available information on all community regions in the county. It combines data from public sources with primary research from the aforementioned studies. The information is presented in two parts:

- The summary report presents the big picture of housing needs and connections in the county which is intended to facilitate discussion on how to address housing in the region; and
- The appendix contains more detailed data and figures that can be referenced if desired. This provides a deeper dive into the data brought forth in the summary report.

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# Gallatin County

**Gallatin County** is the third most populous county in Montana, with approximately 120,000 people. One of the fastest growing micropolitan communities in the country, it is uniquely nestled between the Bridger Mountains in the north and the Gallatin Range and Yellowstone National Park to the south.

**Census County Divisions (CCDs)** are referenced throughout this document and are defined as areas delineated by the Census Bureau in cooperation with state, tribal, and local officials for statistical purposes. CCDs have no legal function and are not governmental units. CCD boundaries usually follow visible features and usually coincide with census tract boundaries.

**Census Designated Places (CDPs)** are the statistical counterparts of incorporated places, and are delineated to provide data for settled concentrations of population that are identifiable by name but are not legally incorporated under the laws of the state.

## Three Forks CCD

**Population . . . . . 3,000**

Located 30 miles west of Bozeman the community attracts many middle income families, providing the most affordable home prices in the county. The area also has the fewest jobs in the county, which are predominately in mining, manufacturing, education and food services.

## Manhattan CCD

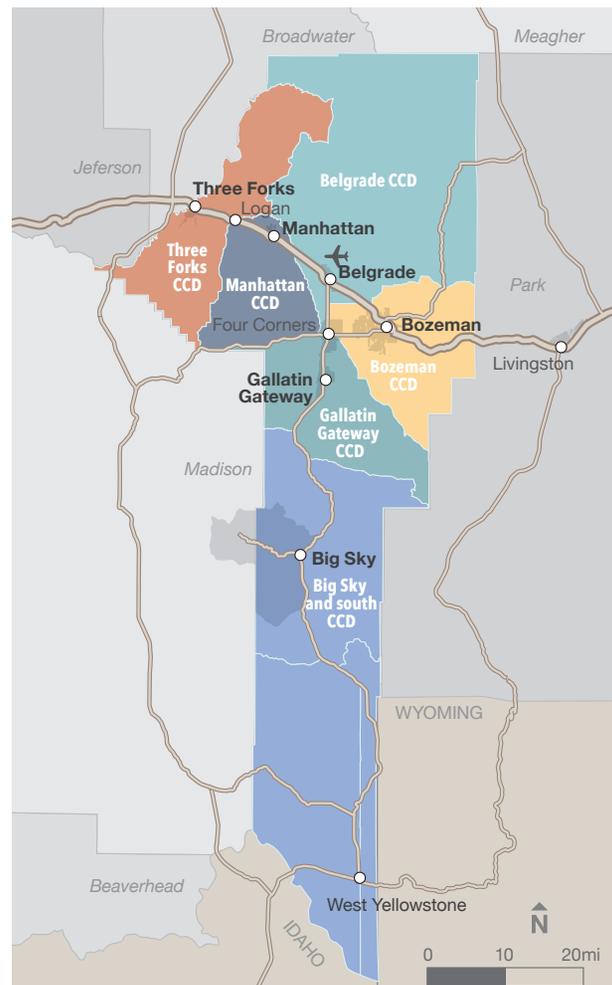
**Population . . . . . 5,000**

Manhattan is part of the Bozeman micropolitan area and includes Amsterdam -Churchhill, offering mid-rental and entry-owner households. Jobs are predominantly in agriculture, construction, education, retail and services.

## Big Sky CDP and South (incl. West Yellowstone)

**Population . . . . . 5,000**

The southern end of the county is primarily a tourism service economy and includes the town of West Yellowstone and unincorporated community of Big Sky. Part of the Big Sky community also falls within neighboring Madison County.



## Belgrade CCD

**Population . . . . . 25,000**

Belgrade is the most proximate community to Bozeman and has been growing at the second fastest pace in the county. The area attracts families and some households that find homes in Bozeman too expensive. Jobs are predominately in construction, manufacturing, retail and professional services.

## Bozeman CCD

**Population . . . . . 50,000+**

Bozeman is the county seat and the primary job center in the county. In addition to its beautiful location, the city boasts Montana State University, a robust and diverse economy, and is one of the fastest growing small cities in the United States.

## Gallatin Gateway CCD

**Population . . . . . 4,800**

Gallatin Gateway is twelve miles southwest of Bozeman. Housing in the community is comprised mostly of single household homes on larger lots, with a few rental opportunities in the Four Corners area. Jobs are predominately construction, retail and service, with some manufacturing.

# The Language of Housing

This report uses a variety of terms in relation to housing, but there is not a standard housing language. This alone is a challenge when addressing the housing needs within the Gallatin County community. The following list of terms will hopefully establish a baseline of definitions for Gallatin County.

**Affordable Housing** - Housing is affordable if the monthly rent or mortgage payment is equal to or less than 30% of gross household income (before taxes). Many people think the term “affordable housing” refers only to rental housing that is subsidized by the government. In reality, it’s a very broad term that can include housing provided by the private, public and non-profit sectors and includes all forms of housing tenure.

**Area Median Income (AMI)** - A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD). AMI is used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g. low-income housing tax credit rentals).

AMI varies by household size and is published each year by HUD for households at various income levels. Common affordability categories used are as follows:

- Extremely Low Income – At or below 30% AMI
- Very Low Income – Between 31% and 50% AMI
- Low Income – From 51% to 80% AMI
- Moderate Income – From 81% to 100% AMI

**Attainable** - A term used to describe the ability of a household to enter, and graduate to successively higher levels of, the local housing market. Implicit in the usage of attainability is the idea that a range of housing options (type, size, tenure, cost) exists in the local market. Households at various income levels can find and secure (attain) suitable housing.

**Average household size** - This refers to the number of persons living in a housing unit – includes all adults (employed or not) and children. There are about 2.0-persons per household in the city of Bozeman and 2.5 in Big Sky.

**Average year-round jobs** - The average number of jobs available throughout the year, represented by the sum of jobs during each month (Jan. to Dec.) divided by the number of months in a year (twelve). Many employers hire for only the summer or winter seasons. Average year-round jobs condenses the fluctuation into one number for ease of reporting and to understand on average how many jobs a community supplies.

**Catch-up needs** - The number of housing units needed to catch up to meet the current shortfall in housing available for residents.

**Community housing** - Homes that those who live and/or work in Gallatin County can afford to purchase or rent. This includes apartments, townhomes, condominiums, emergency shelters, accessory dwelling units, mobile homes, and single-family homes—all dwelling types—serving the entire spectrum of housing needs.

**Community Land Trust** - A community nonprofit that owns land, develops housing and provides long-term stewardship for permanent affordability through long-term ground leases. Typically, single household or townhomes for moderate and middle-income households.

**Cost Burdened** - When housing costs exceed 30% of a household’s gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation or other necessary costs depending upon its application. Households are severely cost-burdened when housing costs comprises 50% or more of gross income.

**Deed Restriction** - A mechanism recorded on a property to keep a housing unit out of the speculative market. Often used to protect the investment in and preserve the long-term affordability of units priced below below-market levels through a public or philanthropic subsidy, or government regulation (I.e. density bonus, reduced parking standards, impact fee waiver).

**Employee (or workforce) housing** - Housing intended for employees earning local wages. Places to live may or may not be rented or sold at below market rates and can serve a range of household income levels.

**Housing unit** - A residential unit such as a house, apartment, mobile home, or group of rooms, where a person or family eat, live and sleep.

**Household** - One or several persons who live in the same dwelling and share meals. It may consist of a family or another group of people.

**In-commuter** - Refers to an employee that works in a community, but that lives outside the community and must travel into the community for work.

**Occupied housing unit** - Occupied housing unit means housing units that are occupied by persons that consider a community as their usual place of residence or that have no usual place of residence elsewhere. (US Census definition). Occupied units are also referred to as resident households in this report.

**Seasonal job** - A job that lasts only during one season.

**Seasonal resident employee** - An employee that lives in a community or elsewhere in the region for only part of the year and is employed in that community. These may be persons that are recruited from outside the area to fill seasonal jobs.

**Subsidy** - A financial or regulatory investment to help bridge the capital gap between the cost to produce housing and what a household can afford to pay.

**Transitional and emergency housing** - Safe and supportive places to live for those who are temporarily in need of shelter while they secure longer term housing.

**Workforce** - The people engaged in or available for work.

**Year-round job** - A job that lasts throughout the year, with no starting or ending date tied to the seasons.



# Identifying the Problem

The following section provides a point in time overview of the current status of jobs, housing, and impact to the community. Key points to note are listed below.



## Jobs & Housing

- Jobs and housing are not evenly distributed within the county, with some areas housing more workers than providing jobs, and other areas relying on commuters to fill jobs.
- The imbalance is increased when you see that the growth in housing units has not been keeping up with job growth – creating more of a housing shortage.
- The imbalance causes housing prices to rise, meaning the wages paid in the area have trouble keeping up.
- The lack of diversity of home types means that there are few lower priced options for local workers to afford and for residents to move into when their life circumstances change.
- With the low unemployment rate, if these trends continue, even more people will need to commute for work or crowd into homes to afford them locally.



## Housing Affordability

- The increase in home sale prices and rents in Gallatin County has been far outpacing the rise in wages, meaning that homes are becoming more unaffordable for people earning their living in the county.
- Most renters need homes priced under 100% AMI; there is a large shortage of ownership homes priced between 80% and 150% AMI for first time buyers in particular to purchase; and the vast majority of homes available for sale are priced for households earning 150% AMI or more.
- The affordability level varies by community, with the median sale price of single family homes in Greater Three Forks falling around 100% AMI, up to over 150% AMI in Bozeman and Big Sky.
- Attached homes offer more affordable options, but are of limited supply in most communities.



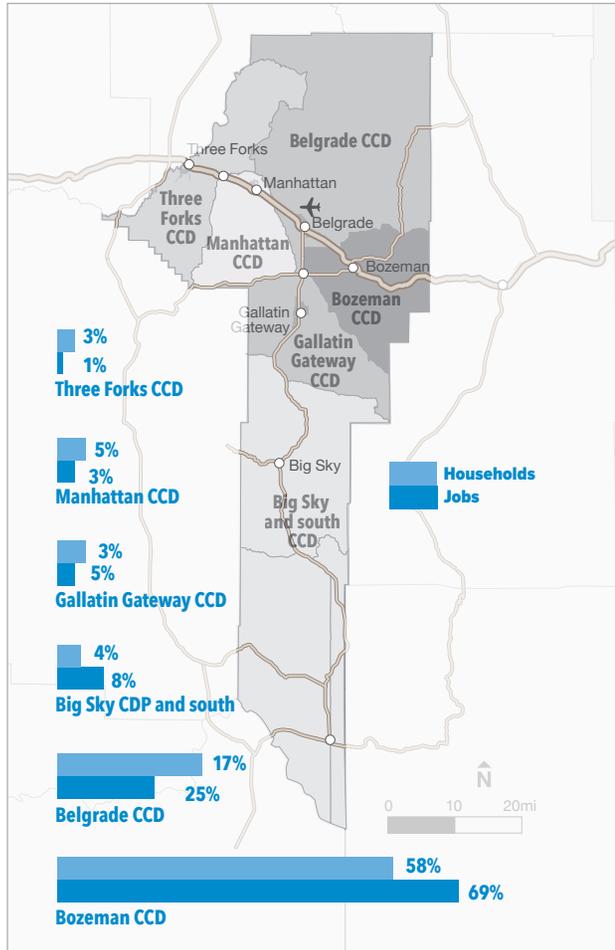
## Community Impact

- With the rising home prices and comparatively low wages, about 50% of renters and 24% of owners are cost-burdened by their housing payment.
- In the effort to find homes they can afford, households search for opportunities away from their place of work, adding significant commuting costs to many households.
- The imbalance between where jobs are located and where homes exist means that workers in Bozeman need to seek homes in other places, such as Belgrade, who then push Belgrade workers to live in Three Forks, for example.
- As jobs continue to grow, there will be more demand for housing. This demand will vary depending on whether the region desires to retain the current commuting patterns, or communities desire to house more of their workers locally by ensuring housing is available at a pace and price needed by new workers.

# Jobs & Housing

The labor force is in short supply in Gallatin County. As businesses recover from COVID, job opportunities will increase, but these same businesses will face increasing difficulty in filling positions due to low unemployment rates and wage needs to meet the cost of living here. The information on this page is point in time data, May 2021.

## Where are the jobs and households located in Gallatin County?

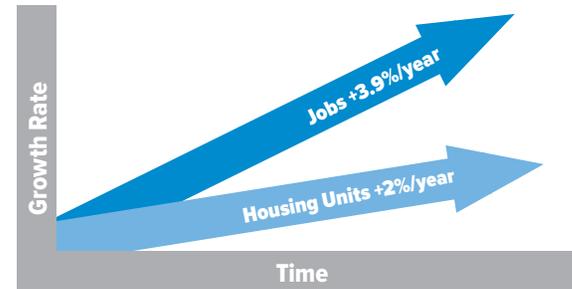


47,500 households in Gallatin County

92,000 jobs in Gallatin County

## Growth Rate

Jobs and housing unit growth rates are not on the same path.



## Wages

\$56,200/year professional position

\$24,300/year service industry

\$51,390/year average wage in Gallatin County

4.1% increase in average wages/year

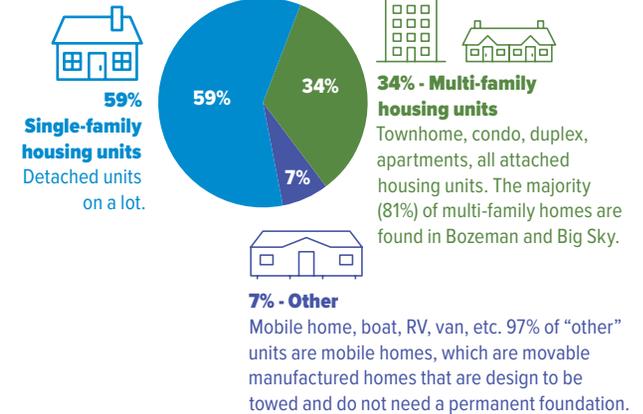
40% of jobs in Gallatin County pay above the average wage.

60% of jobs in Gallatin County pay below the average wage.

“I have had to raise wages to get employees so that they can afford to live here. The down side to that is that I have had to raise my rates and have lost customers that can no longer afford my services.”

—2018 Employer Survey comments

## Housing Unit Breakdown



## Unemployment

3.0% Unemployment rate in Gallatin County.

4.4% Natural unemployment rate nationwide\*

The natural rate of unemployment is the unemployment rate that would exist in a healthy economy operating at its full potential.

## What does unemployment less than 4.4% mean for a community?

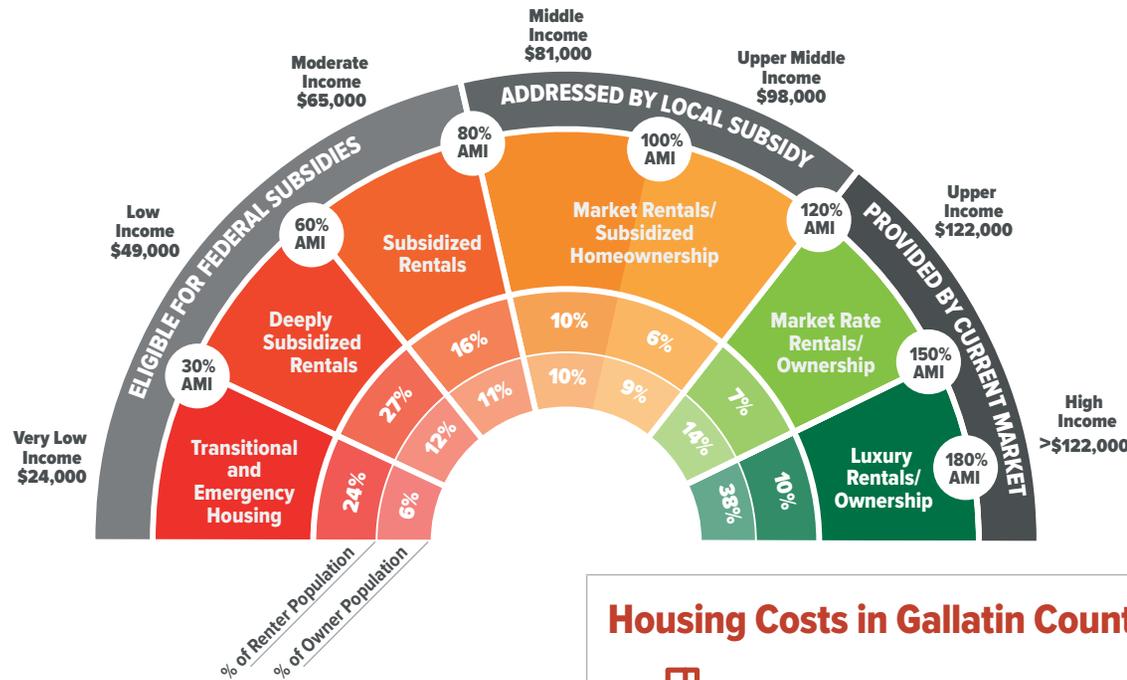
- Labor pool may not have requisite skills.
- Wage wars and moving vacant positions result when businesses compete for the same skilled labor force.
- Business expense of turnover.
- The expense of moving and tight housing affects businesses ability to attract employees from outside the area to fill jobs.

\*Estimate from the Congressional Budget Office

# Housing Affordability

The balance between what a household earns and what housing costs is a struggle in Gallatin County. The common questions asked are: "Can I afford to live here? And if so, where and for how long?"

## Housing Affordability by Area Median Income (AMI)



\*Based on 3-person household

“There is a severe lack of homes being built that are starter homes. Two bedrooms, with living and storage space (ideally a garage). Something where a young couple can afford to start their lives together.”

—Survey comment

## Growth Rate

Wages, housing prices, and rental rates are not on the same path.



“There are no homes in my price range. Have tried to buy twice but offer not high enough.”

—Survey comment

## Housing Costs in Gallatin County (January - May 2021)

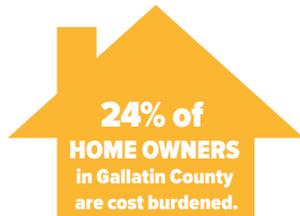


# Community Impact

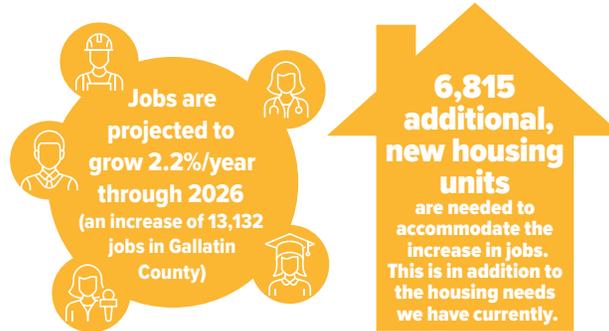
The high cost of housing compared to wages and incomes means households struggle to afford a roof over their head as well as other life necessities. Those who must commute to find and afford homes face significant additional expense, not to mention stress and delays in bad weather.

## Cost Burden

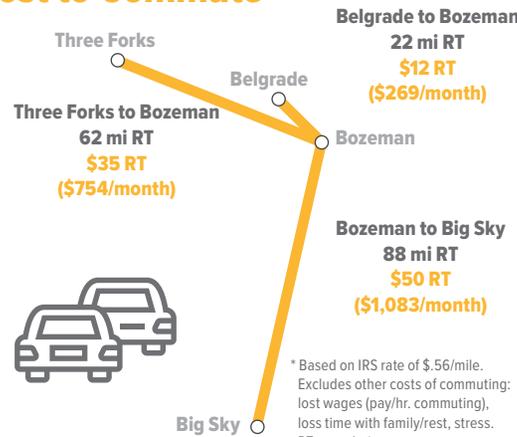
Cost burden is defined as paying more than 30% of household income for housing (rent or mortgage, plus utilities). Exceeding 30% means households have insufficient income for life necessities including food, clothing, transportation and health care.



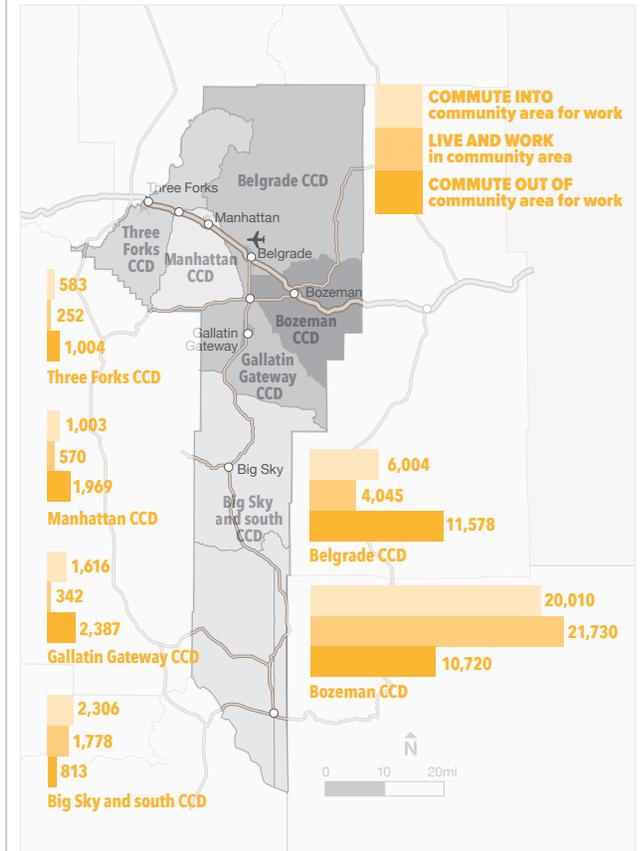
## Future Needs



## Cost to Commute\*



## Commuting



“Everyone wants to live in Bozeman but find the cost of living to be too high. The answer is to live nearby but when all the money is going to housing and the cost of commuting there is not money to make needed repairs to their vehicles.”

– 2018 Employer Survey comments (Bozeman)

Commuting is a result of heavy job centers (Bozeman and Big Sky) and heavy housing centers (rest of the communities).



### COMMUTING IMPACTS ON EMPLOYEES

- Time and cost of commuting.
- Weather, accidents, and other delays result in tardiness, absences, stress.
- Unpredictable bus schedules and capacity.

### COMMUTING IMPACTS ON EMPLOYERS

- Loss of employees to jobs found closer to their home.
- Increased employee tardiness, absences, turnover and resulting lower level of service.
- Cost of turnover, training and/or vacant jobs.

# Challenges Moving Forward

## Cost of Construction/ Construction Challenges

**\$225/sq. ft. to construct, excluding design, land, and process fees; too expensive for locals.**

## Employer Needs and Involvement

**Businesses cannot function if employees cannot find homes. Some employers are helping with housing; more opportunities can be explored.**

## Housing Inventory

**Over 6,800 homes are needed by 2026 for residents and employees, most (60%) priced below market prices.**

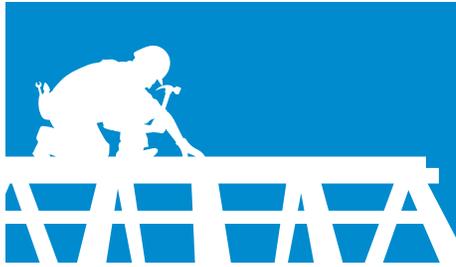
## State Restrictions

**State statutes limit local options to pay for and address housing needs.**

# Cost of Construction/Construction Challenges

## Development Costs Money

Developers rely on loans and other funding sources to pay for construction. They are available only if enough revenue can come back to the developer after construction is complete to pay them back. If costs of construction go up, the amount needed to show a profit goes up, which then drives up the sale/rental price.



## Construction Cost Factors

- Acquisition cost (land)
- Developer fee (cost of doing business)
- Design fees
- Construction loan interest
- Permanent financing fees
- Reserves
- Project management fees
- Cost and availability of materials
- Cost and availability of labor
- Potential revenue post construction
- Cost of operation (apartment rental building)

## Capital Gap Equation

A capital gap is when the cost to develop housing is greater than what a household can afford to pay to cover all the development costs. Public and/or philanthropic funds used to fill the capital gap are often referred to as subsidies.



## Capital Gap Examples (for new construction)

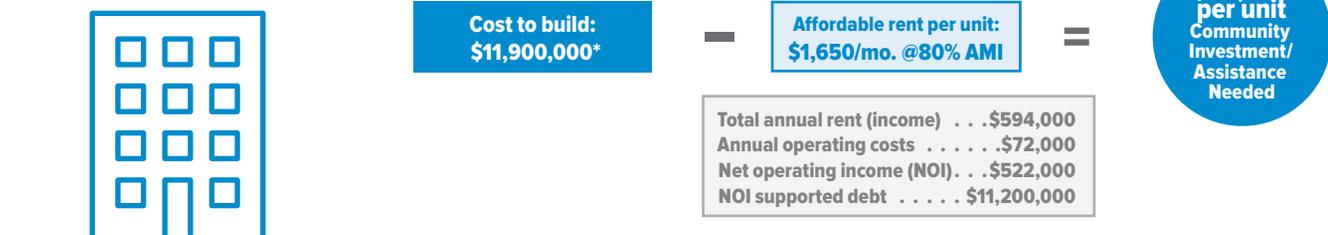
### Single Family Home (1,500 sq. ft.)



### Townhome



### Multi-Family (rental units)

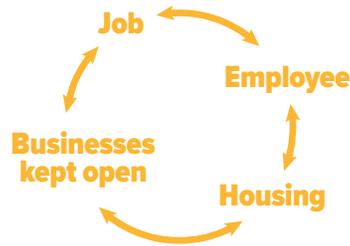


\*For this illustration, we assume this is a 30-unit building, units are 2 bedroom each at 850 ft² total.

# Employer Needs and Involvement

## Employers, Employees, and Housing

Jobs, employees, housing, and businesses are all tied together. In order for a business to have employees, those employees must have housing.



## Employers are responding

According to a 2018 City of Bozeman Employer Survey, about 29% of employers indicated they have been assisting their employees with housing.

### Of that 29%:

- 79% pay higher wages than competitors
- 9% provide employer owned rentals or employees to used
- 4% offer master-leased housing for employees
- 8% offer temporary/relocation housing assistance for new hires or other employees
- 9% provide financial assistance to help with rent/move-in
- 4% provide assistance with down payments/mortgages

## Options for Employer Involvement

PROGRAM	OPTIONS
<b>Housing Search Assistance</b>	<ul style="list-style-type: none"> <li>• Help applying for income-restricted rentals (for those that qualify)</li> <li>• “Employees leasing to employees” rental inventory</li> <li>• Realtor contacts to help employees learn neighborhoods and research homes</li> <li>• Property manager list and contacts</li> </ul>
<b>Housing Unit Inventory</b>	<ul style="list-style-type: none"> <li>• Purchase units (allows employer to control rents, lease terms (pets), etc.)</li> <li>• Lease/master-lease agreements (easier to dispose of if no longer needed)</li> <li>• Invest in new construction (rentals or ownership)</li> <li>• Hotel or dorm options for short-term/emergency needs</li> <li>• Temporary housing options - tiny home villages, RV lots</li> </ul>
<b>Renter Assistance Programs</b>	<ul style="list-style-type: none"> <li>• First/last/deposit assistance</li> <li>• Housing (rent) stipend</li> <li>• Utility assistance/emergency needs (medical bills, etc.)</li> <li>• Moving expenses/relocation assistance</li> </ul>
<b>Ownership Programs</b>	<ul style="list-style-type: none"> <li>• Down payment assistance for first time homebuyers or move-up buyers</li> <li>• Purchase a deed restriction from new or existing homebuyer</li> <li>• Homebuyer education/financial counseling</li> <li>• Home renovation/repair/rehabilitation support</li> <li>• Housing stipend</li> <li>• Low interest refinancing opportunities</li> <li>• Utility assistance/emergency needs (medical bills, etc.)</li> <li>• Moving expenses/relocation assistance</li> </ul>
<b>Commuting Costs</b>	<ul style="list-style-type: none"> <li>• Mileage reimbursement/travel stipend</li> <li>• Compensation for drive time</li> </ul>
<b>Other Assistance</b>	<ul style="list-style-type: none"> <li>• Student loan forgiveness</li> <li>• Childcare and tutoring/homeschooling assistance</li> <li>• Food or grocery discounts</li> <li>• Utility/emergency need assistance</li> <li>• Improved transit/transit options/passes</li> <li>• Insurance - medical, house/fire, pet</li> </ul>

“We could not function without the housing that we provide for our employees.”

-Local employer



# Housing Inventory

## Subsidized Community Housing

These units require philanthropic or public investment, a subsidy, to bridge the capital gap between the cost to produce the home and what a household can afford to pay. To protect this investment and keep the homes out of the speculative housing market, they come with eligibility criteria such as age, disability, or income. Organizations manage subsidized units to ensure the homes are used as intended, such as qualifying households to purchase or rent the home, annually confirming eligibility to occupy, etc. This management responsibility is often called stewardship.

Where is community housing located?	Ownership	Rental
Three Forks CCD	0	0
Manhattan CCD	0	16
Gallatin Gateway CCD	0	0
Big Sky CDP and south	59	55
Belgrade CCD	23	97
Bozeman CCD	162	940
<b>Total</b>	<b>244</b>	<b>1,117</b>

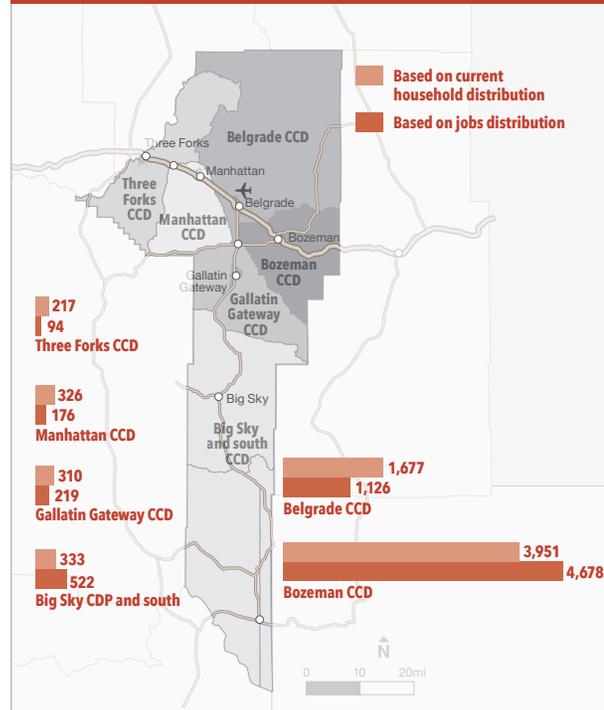
In addition to the above opportunities we also have the following:

Employer assisted housing in Big Sky. . . . . approx. 1,400 units

MSU student housing in Bozeman . . . . . approx. 5,200 units

Transitional and Emergency Housing . . . . .see appendix

## How many housing units are needed?



Current product being produced is targeted to higher income households.

We need to produce homes that community members can afford.



# State Restrictions



## State Restrictions on Local Communities

These restrictions inhibit the ability for communities to raise revenue to dedicate toward housing affordability. Anything that is deemed to interfere with the landlord/tenant relationship is explicitly not allowed.

- No rent control
- No luxury taxes
- No higher taxes on second home or out of state owners
- No real estate transfer tax
- No inclusionary zoning
- No property tax increase protections for current residents

## STATE RESTRICTIONS ON TAXES

Allowed	Not Allowed
<ul style="list-style-type: none"> <li>• Property tax</li> <li>• Lodging (restricted)</li> <li>• Short-term rental fee</li> <li>• Unit demolition or conversion fees</li> </ul>	<ul style="list-style-type: none"> <li>• Sales tax</li> <li>• Real estate transfer tax*</li> <li>• Excise tax</li> <li>• Vacancy tax</li> </ul>

\*A 2010 Montana constitutional amendment specifically prohibits taxing real estate transfers.

# What Can We Do?

Communities need to look at solutions outside of the silos of their boundaries. Working together with other cities, county, state, and partners to solve the bigger issue is where solutions lie.

- Education and understanding of the issue and the causes from a regional standpoint
- Influence from the top down within the state
- Partnerships and coordination of efforts

**Current Programs**

**Pending  
Developments**

**Strategies**

**Collaboration**

# Current Programs

There are many organizations that are providing resource and programs to address housing needs for special needs, low-income households, and other households throughout the county. These organizations have a collaborative relationship, joining resources where helpful to improve service.

Housing assistance is provided throughout Gallatin County via a few organizations and their programs. Some of these also serve neighboring counties.

## Current Programs

### County-wide:

- HRDC
- Habitat for Humanity of Gallatin Valley
- HAVEN
- Headwaters Community Housing Trust

### Bozeman based:

- Family Promise
- City of Bozeman

### Big Sky based:

- Big Sky Community Housing Trust

## How are they Helping?

Assisting with temporary and transitional shelter, regular housing (defined as rentals), and home ownership.

## Home Ownership Assistance

- Dwellings built:
  - 224 homes
  - 1,117 rental units

## Who Are They Helping?

The below 30% AMI to 100% AMI range, which is only reaching the very low end of the middle income group (100-120% AMI).

**Big Sky Community Housing Trust**  
60-120% ami (rental & ownership)

**Headwaters Community Housing Trust**  
60-120% AMI (ownership)

**Habitat for Humanity**  
60% AMI (ownership)

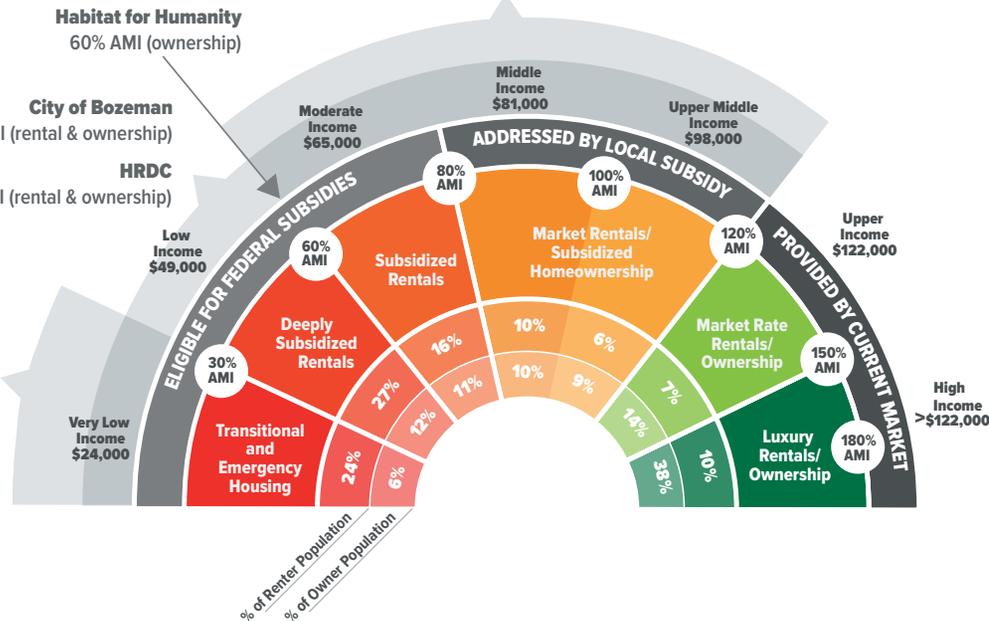
**City of Bozeman**  
0-120% AMI (rental & ownership)

**HRDC**  
0-120% AMI (rental & ownership)

**Family Promise**  
30% AMI (rental)

**HAVEN**  
30% AMI (rental)

**Reach**  
30% AMI (rental)



## Navigating the System

Agencies and systems are in place to help people with housing and home ownership.

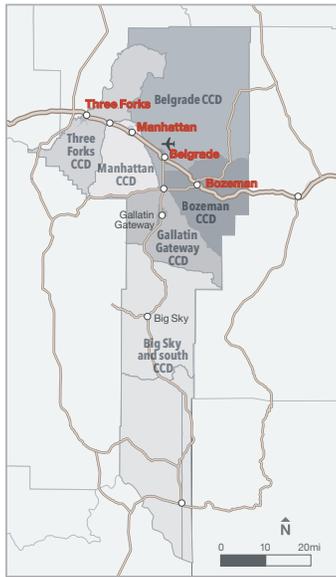


**Fewer than 200 homes purchased in Gallatin County are assisted through these organizations.**



# Pending Housing Development

Look around and you will see construction almost everywhere. But the construction market is volatile with costs rapidly escalating due to many factors including material and labor shortages. While this summary shows known pending developments, many could be put on hold or canceled.



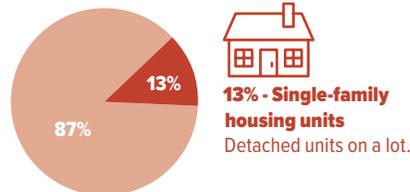
## Pending Housing Developments in Incorporated Gallatin County\*

- Three Forks**  
Single family - 6  
Multi-household - 40
- Manhattan**  
Single family - 7  
Multi-household - 3
- Belgrade**  
Single family - 200  
Multi-household - 220
- Bozeman**  
Single family - 520  
Multi-household - 4,839

\*This data was obtained from planning departments of incorporated areas of Gallatin County. Unincorporated areas of Gallatin County are regulated by the State of Montana and related data was not available. Even the shown data comes with a caution from the sources that provided information. Accurate projections of units that will be constructed will change over time as the development of housing from concept to completion of construction can take many years and plans often change through the course of seeking rights to build.

## Housing Unit Types

There are approximately 1,200 units under construction with over 950 of these units designated as rental units\*\*. Data shows a trend toward more rental product than ownership, with 4,367 rental apartments in the pipeline and 962 under construction. The majority of these units are market rate, which tend to serve households below median incomes in a stable rental market. There are also 232 Low Income Housing Tax Credit (LIHTC) units in planning review that would provide rentals for households earning less than 60% AMI.



**87% - Multi-family housing units**  
Townhome, condo, duplex, apartments, all attached housing units.

**13% - Single-family housing units**  
Detached units on a lot.

\*\*This data is only for incorporated areas of Gallatin County. Data for "Other" was not collected.

## Below Market Rate Housing in the Works

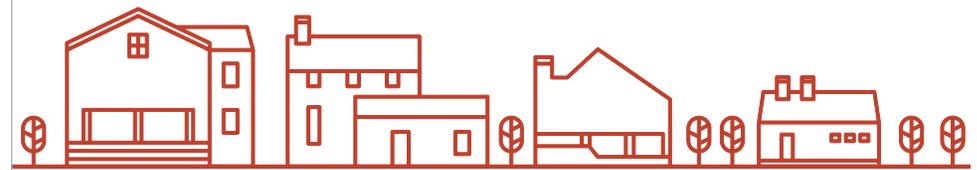
There are several homes under construction that will meet the housing needs of low and middle income households. These include:

<b>Bridger View Redevelopment</b> (currently under construction) 31 permanently restricted homes for purchase by middle-income residents.	<b>Timber Ridge Apartments:</b> 30 rental homes for seniors with a household income of less than 60% AMI.	<b>Bozeman Co-Housing</b> (in planning review): 46 condominiums, privately owned homes designed around shared common areas for a strong sense of community and social engagement.	<b>Arrowleaf</b> (under construction): 232 units in a low income housing tax (LIHTC) apartment complex for households earning less than 60% AMI.
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## Special Needs Housing and Shelter in the Works

There are several developments in the pipeline that address special needs and emergency shelters.

- These include:
- Housing First Transitional Housing:**  
19 single detached tiny homes
  - Community First:**  
170 shelter beds
  - Blueprint Homes:**  
2 group living for teens



# Strategies

Recognizing that there is no silver bullet—that no single housing strategy can do it all—communities utilize a variety of strategies to provide a diversity of product type and tenure and to address housing needs across multiple income levels.

## Infrastructure

Communities must obtain an understanding of their infrastructure needs and how housing affordability fits into that.

- Pooling Single Family Equivalents (SFEs) and water and sewer policies

## Funding

The capital gap to produce below market housing units highlights the need for a reliable and significant pool of funds to help subsidize the production of housing units priced below market.

- Resort Tax
- General funds
- Fee waivers/deferral
- Tax Increment Financing (TIF)
- Private donations
- Federal/State funding (Grants/Loans)
- Homebuyer assistance – down payment
- Low-Income Housing Tax Credits (LIHTC)
- Targeted Economic Development District (TEDD) for housing
- Voluntary Real Estate Transfer Assessment (RETA)
- Impact fees
- Taxes dedicated to housing
- Multifamily Coal Trust Homes Program

## Partnerships

Organizations working together to leverage resources and skill sets to develop or facilitate the development of housing affordable to local residents.

- Employer provided seasonal/student housing
- Employer assisted housing
- Land acquisition
- Public/private institutional partnerships

## Regulatory Tools

Levers that government entities have to manage development in their jurisdictions.

- Zoning that allows more homes on less land
- Accessory Dwelling Units (ADUs)
- Removal of regulatory barriers
- Flexible development standards
- Annexation policies
- Housing affordability overlay

## Preservation

Occupancy by locals (open and/or maintain existing housing stock to local occupancy) and protect investment in creating places to live for locals.

- Deed restricted housing (permanent)
- Short-Term Rentals (STR) conversion to Long-Term Rentals (LTR)
- Short Term Rental (STR) regulations
- Employer assisted housing – rental matching and management program
- Local option to purchase
- Buying down deed restrictions on existing homes
- Replacement or no-net-loss of housing requirements

## Organizational Entity/Programs

Organizations with a mission or program that addresses or targets a specific housing need.

- Community land trust
- Permanent Supportive Housing (PSH) and transitional
- Co-op housing
- Housing rehabilitation and weatherization
- Self help build
- Senior housing



# Collaboration

## It takes a community to build a community.

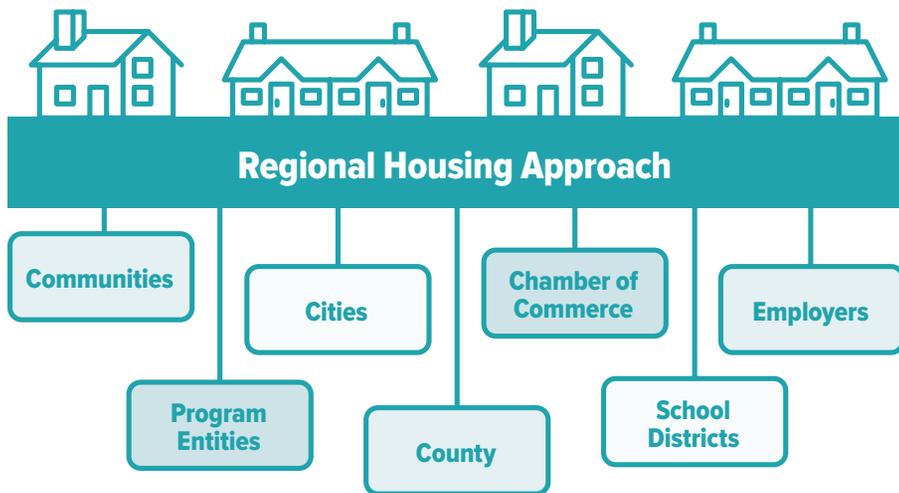
Regionally our Gallatin County communities are connected with the housing challenge impacting the vitality of each one of them, and the county as a whole. This makes it essential that the communities come together to address the community housing needs as these are regional issues that require regional solutions.



## Partnership Framework

A successful model to accelerate housing solutions is a partnership framework like the one shown here. This framework brings together informal and formal community leaders that understand the value in working together to maintain a vibrant and economically stable region. A collaborative environment fosters partnerships and builds influence to thoughtfully address regional housing challenges.

An example comes from Tahoe, California. The Mountain Housing Council of Tahoe Truckee (MHC) is a project of the Tahoe Truckee Community Foundation and brings together 28 diverse partners to accelerate solutions to achievable local housing including availability, variety, and affordability. [www.mountainhousingcouncil.org](http://www.mountainhousingcouncil.org)



## Funding

As shown previously there is a capital gap to produce homes for residents who are earning a local income that they can afford to purchase or rent. Additionally, there are limited methods to raise reliable and significant funds to bridge that gap and meaningfully facilitate development of below market housing.

The question becomes, “how can we collaborate on potential funding to move forward?” Listed to the right is an example from Steamboat Springs, CO. But locally, an example of potential funding comes from the City of Bozeman, but could this be a solution for Gallatin County as a whole?

Under consideration in the City of Bozeman is a ballot measure to increase property taxes for mill levies to fund affordable housing and provide repairs to a few city facilities. Proposed are up to 7 mill levies which could raise more than \$9.5 million in the next decade. For years the City Commission has been assigning between 3-5 mills from the general fund to the Bozeman Housing Fund. These funds have been used to help subsidize the construction and preservation of below market housing. While this funding model has worked in the past, it does not address the fact that there is a lack of other methods to raise funds, and it highlights the need for a reliable and significant source of funds for the future.

There are many other case studies and examples available to show successes with this funding model.

**STEAMBOAT SPRINGS/ROUTT COUNTY, COLORADO:** In 2017 voters approved a one-mill property tax levy collected over a 10-year period to fund the development of affordable housing. The key to the success was a strong campaign that built upon the success of the Yampa Valley Housing Authority (YVHA) when it acted on the findings of a community-wide housing steering committee and successfully developed an affordable apartment building, the Reserves at Steamboat. This apartment building contains 48 income-restricted affordable rental apartments and used federal income tax credits awarded by the Colorado Housing Financing Authority which were sold to a corporate investor, allowing YVHA to partner with a private sector apartment building developer for the new housing project.

The tax raises about \$900,000 annually until it sunsets after 10 years. The YVHA has been using these tax dollars to leverage private investment to develop affordable housing. They actively seek development partners to further their goals, clearly laying out what YVHA can provide which is gap financing, tax exemptions, local entitlements expertise and land due diligence.



# Next Steps

## Communities need to look at solutions outside of the silos of their boundaries.

Working together with other cities, county, state, and partners to solve the bigger issue is where solutions lie. The following core components should overlay any regional and local housing strategy to improve success:

- **Education** and understanding of the issue and the causes from a regional standpoint, and across all levels of state, regional, and local control.
- Influence from the **top down** within the state (state to local level). When the state removes local flexibility, the ability to structure effective, tailored programs is diminished.
- **Partnerships** and coordination of efforts, meaning jurisdictions at all levels, private and non-profit organizations, employers, service providers, etc. A community-wide problem needs community-wide involvement in solutions.
- Housing unit and **program management**. The job is not done when housing is produced. Investments in resident and employee housing production and programs must be monitored and maintained.

## How to use this document to move forward:

Meet, discuss, set targets/goals, define a strategic path forward together:

1. Understand the problem: what housing gaps need to be filled regionally and locally.
2. Establish goals and objectives: what are our priorities and measurable targets? Do the same for each local area, completing the puzzle to meet regional goals in the process.
3. Identify housing strategies: place into context of existing capacity and how coordinating with others in the region can expand that capacity.
4. Assign roles: who should be involved for each strategy.
5. Establish implementation steps and a timeline for each strategy
6. Continue to meet on a regular basis to track progress, address challenges, learn from successes, and modify as needed.

## Appendix

You can find the appendix with supporting data to this document at [www.onevalley.org/regionalhousingstudy](http://www.onevalley.org/regionalhousingstudy).

