**From:** Heidi West
**To:** Eran Pehan; Grp. City Council and City Web Site
**Cc:** Ginny Merriam; Montana James; Emily Harris-Shears
**Subject:** Re: COW Follow-Up
**Date:** Saturday, January 2, 2021 11:20:58 AM

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Hi,

This is amazing and it looks nicer than I could have imagined.
Thank you so much for putting this together.

Heidi

Heidi West
City Council Ward 1 Representative
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**From:** Eran Pehan
**Sent:** Wednesday, December 30, 2020 1:19:28 PM
**To:** Grp. City Council and City Web Site
**Cc:** Ginny Merriam; Montana James; Emily Harris-Shears
**Subject:** RE: COW Follow-Up

Hello all,
I hope you are having a lovely holiday break. I wanted to follow-up on my email below by sharing a wonderfully clear and concise one-pager that Montana James and Emily Harris-Shears created regarding the use of Area Median Income. Hopefully this clears up any remaining questions you have about how this figure is generated and used in our implementation of policy and programs.

If we can be of further assistance, please let us know.

Take care,
Eran

**Eran Pehan** | She/Her/Hers |Director
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***Promoting equitable growth and a resilient, sustainable community.***

**From:** Eran Pehan
**Sent:** Thursday, December 3, 2020 4:35 PM
**To:** Grp. City Council and City Web Site <Council@ci.missoula.mt.us>
**Cc:** Ginny Merriam <MerriamG@ci.missoula.mt.us>; Montana James <jamesm@ci.missoula.mt.us>
**Subject:** COW Follow-Up

Good afternoon,
As promised, I wanted to follow up on a question asked by Councilperson Becerra during yesterday's COW meeting.

The Developer Agreement for 4th and Ronald sets affordability targets at 120% of area median income, as defined in the adopted housing policy. The condos being constructed will be a mix of studio and one bedroom units, with prices set according to the table below (maximum price of $215,121 for a studio and $243,138 for a one bedroom). These numbers, based on 2018 HUD data, were utilized because they were the most current numbers available when the condition was developed last November.

Home Prices Affordable at AMI Levels (2018)

| % of median | Number of persons in household: 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| 60% | $95,865 | $108,000 | $122,237 | $137,669 | $156,517 | $172,686 |
| 80% | $131,091 | $161,946 | $183,160 | $205,329 | $202,783 | $221,950 |
| 100% | $190,763 | $191,417 | $215,805 | $241,315 | $267,287 | $290,224 |
| 120% | $215,121 | $243,138 | $274,288 | $307,292 | $343,917 | $376,256 |

Pricing targets directly correlate to household incomes. For homeownership programs, the pricing model is based on FHA underwriting standards with assumptions for mortgage interest rate, property taxes, homeowner's insurance, and HOA fees. The two income tiers of assisted homeownership outlined in the housing policy are Tier 1, below 80% AMI, and Tier 2, from 80% to 120% AMI. While right-of-way vacation offered additional land on which to construct these homes, a deeper subsidy would have been required to mandate affordability below 120% AMI.

## Incomes by HUD 2018 AMI Levels for Missoula by Household Size

| % of median | Number of persons in household: 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| 50% | $24,650 | $28,200 | $31,700 | $35,200 | $38,050 | $40,850 |
| 60% | $32,045 | $36,660 | $41,210 | $45,760 | $49,465 | $53,105 |
| 80% | $36,900 | $45,050 | $50,700 | $56,300 | $60,850 | $65,350 |
| 100% | $49,300 | $56,400 | $63,400 | $70,400 | $76,100 | $81,700 |
| 120% | $59,160 | $67,680 | $76,080 | $84,480 | $91,320 | $98,040 |

The table above lists the 2018 area median income as provided by HUD. When breaking down these area median incomes into real numbers, you'll note that a one-bedroom condo is affordable for a two person household earning $67,680 per year. If that household has two full-time earners, that equates to roughly $33,000 per year or $16 dollars per hour each. These are our hospitality and retail workers, new college graduates, and many part-time retirees. These are everyday Missoulians who would not otherwise be able to afford a home. This is something we should have drawn out more during the presentation. My apologies for that. We'll do better in the future.

Please let me know if you need any additional information.

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