From: Jennifer Savage
To: Heidi West; Anna Bruning; Grp. City Council and City Web Site
Subject: Re: Housing
Date: Friday, January 7, 2022 1:20:46 PM

Hi Anna,

I just wanted to chime in to say that I fully understand your concerns and appreciate you reaching out. Housing is top of mind for me especially as the new Ward 1 representative. Our Ward is seeing lots of changes and I'm very aware of the impact to our neighborhoods and residents.

I appreciate Heidi's response as she has been working on this issue for many years on council.

Moving forward, I am very interested in the data we'll glean from the short-term rental study the city has commissioned. And I'm very interested in ways other communities are finding solutions. Thanks for bringing my attention to the Oregon regulations in particular.

As Heidi mentioned, the issue is nuanced and I, too, know many families particularly on the Northside who are able to own their homes because they supplement their incomes by managing a short-term rental on their property. I also understand the need for balance and I hope the data we gather will help us as we continue to navigate housing issues.

Thanks again for reaching out.

Jennifer Savage

From: Heidi West <WestH@ci.missoula.mt.us>
Sent: Thursday, January 6, 2022 9:33 PM
To: Anna Bruning <annabruning2@gmail.com>; Grp. City Council and City Web Site <Council@ci.missoula.mt.us>
Subject: Re: Housing

Anna,

thank you for your email. Housing is a huge issue in Missoula, and it causes great stress for many. Council has spent a lot of time and energy on this issue for years now, to then see the pandemic multiplied the issue exponentially. We appreciate hearing from constituents on this issue, and I want to take the time in this response to talk about what our local government is doing, and where our hands are tied. And the next level is talking to your legislators, who can take great lengths to untie our local government hands!

First of all, the City of Missoula DOES regulate tourist homes (aka vacation rentals). The tourist home ordinance has been in effect since November 2nd of 2016. It has been revised once to remove the public listing on the city website of where those homes are, due to crimes associated

with such public listings, that were happening in other cities. We didn't want that to happen here.

The City of Missoula is investing millions of dollars annually in affordable housing projects to meet the needs of a spectrum of Missoula citizens. Significant investments have been made in projects and organizations that house and provide services for the chronically unhoused, rapidly rehouse individuals and families, land banking efforts, affordable rental stock, and permanently affordable homeownership projects. Staff and the administration are continuously figuring out how to creatively support affordable housing – sometimes the investments are indirect, but help the overall financing of a project. For example the city's streets department covered the cost of roadway improvements in the public right of way for one of the Trinity sites in addition to more direct funding from the city and county. It takes many different resources to put one of these projects together.

However, in spite of dedicated work by administration, staff, council, and members of the public, it still remains true that many avenues that could impact the cost of housing are not available to local governments in Montana. There still is little, if anything, that we can do to directly impact the cost of market rate housing (rental or homeownership).

I think the articles you send do a great job of highlighting this struggle. The article about Maine is about state level tax reform, which I would agree we need as well – but it seems that the taxing structures between the two states are very different. The article about Maine is interesting in that it proposes a state level change to add an income tax to properties that are occupied six months or less. Currently local government in MT does not have this option. And like the scenario proposed in the article it would be a decision the MT state legislature must make. However, it also seems like the impact on the cost of housing would be minimally impacted. From the article:

"If the state would increase the homestead exemption significantly, municipal governments increase the real estate tax rate to keep aggregate tax collection unchanged."

The second article is also interesting and reflects the struggles of state vs. local government well. The section that immediately jumped out at me was this:
"Senate Bill 621 was released in spring 2019, which calls to prohibit local governments from restricting the use of lawful dwellings for vacation occupancy. While the bill is active with the Senate committee, no meetings to call for a vote have been scheduled. The bill is met with much criticism from local city governments citing careful regulations have been enacted (as applicable) to balance the needs of a growing tourism economy and long term housing/community needs." Which is pretty much what is happening in Montana too. The Senate Bill 621 did not pass in Oregon and thus far we have also not been preempted by the state in the regulation of tourist homes.

Regarding Short Term Rentals, Portland, Bend and Eugene allow them, but regulate them via inspections and registration – similar to what we do.

I also want to point out that I know quite a few people on the Northside and Rattlesnake that are able to house their families because they have a vacation rental in an ADU on their property. It is how they make living in Missoula a reality. It is how they can work as artists, para-educators, teachers etc… and supplement those wages. I don't know what percentage of vacation rentals in Missoula support a resident family, but those are the only VRBO owners I personally know. This issue is definitely way more nuanced than just assuming all vacation home impacts are bad.

Finally, the City of Missoula is doing a study for 12 months to get a good snapshot of how many STR's we have. The total number is not reflective of the impact on housing stock, because we need to understand:

1. How many are already in commercially zoned areas, which is a condoned use...similar to a hotel or motel;
2. How many are rented out 12 months of the year? less? If part time, then when is it a long term rental, that is contributing to the housing stock?
3. How many are not the entire house, but just a room? How many are ADU's?

And there are other factors...but when all of these metrics are taken into account it will give us an idea of the real impact of vacation rentals on our housing stock. We have a lot to learn, but the best I can guess is that we currently have 750 tourist homes in Missoula (configuration unknown) which is about 2% of the overall housing available. Since it is low percentage I don't know that disallowing them would have a noticeable overall impact on the cost of housing overall – especially when faced with the reality that we have created a tourist economy in MT, so just as OR does, we need to balance that, letting people earn a living, while also providing housing stock.

I hope this provides some useful context on what our sphere of influence is, what our constraints are, and where we are in assessing the impact of vacation homes.

Heidi West
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From: Anna Bruning <annabruning2@gmail.com>
Sent: Wednesday, January 5, 2022 12:59 PM
To: Grp. City Council and City Web Site <Council@ci.missoula.mt.us>
Subject: Housing

Hi Council,

Still referring to the "we can't do anything about housing costs" comments from last year!

https://www.pressherald.com/2022/01/03/maine-voices-maine-should-collect-more-from-out-of-

state-home-owners/?
fbclid=IwAR3k6y5WgXHn9WxHEdRBHJTMxpaQJqWF9Mk2W04PLAtd1DZmZmHWYSc9BjA

Have out-of-state owners who don't live here pay more

https://www.hostfully.com/regulations/oregon/

REGULATE short term rentals. It's ridiculous that Missoula has no regulations for short term rentals, and rich people buying houses (who don't even live here) (literally everyone who is going to buy a condo from Wagner) to use as airbnbs screws over the people who live here just so rich people can make even more money off of our community without even contributing to it. Actively harming our community.

There are steps to reduce the housing cost burden on Missoulians, so implement them.

Anna, Ward 1