

A Place to Call Home: Meeting Missoula's Housing Needs



Track and analyze progress for continuous improvement

- Regularly assess progress and adjust goals

Align and leverage existing funding resources to support housing

- Establish an affordable housing trust fund
- Support new financing tools

Reduce barriers and promote access to affordable homes

- Incentivize affordable housing development
- Support housing consumers
- Promote infill through backyard homes

Partner to create and preserve affordable homes

- Preserve existing affordable housing
- Support affordable rental development
- Expand affordable homeownership options



Align and Leverage Funding Resources

Affordable Housing Trust Fund

- Adopt Trust Fund Ordinance or Resolution
- Create an Allocation and Administration Process
- Align Existing Funding Sources with Trust Fund
- Explore New Funding Sources
 - General Fund
 - Mill Levy
 - Special Districts/Special Improvement Districts
 - Bond
 - Private Equity

Support New CDFI Financing Tools

- Convene Lending Stakeholders to Expand Products
 - Acquisition Financing
 - Bridge Financing
 - Mobile Home Park Land Loans
 - Condominium Mortgages
 - Employer-Funded Down Payment Assistance
- Consider City Loan Guarantees
- Promote Existing CDFI Products

Reduce Barriers to New Supply and Promote Access to Affordable Homes



Incentivize Affordable Housing Development

- Create an Affordable Housing Incentives Program
- Amend City Code to Include Formal Land Use Incentives
- Pursue Changes to General Land Use code

Create New Code that Adopts Land Use Incentives

- Subsidize Development Costs
- Offer Infrastructure Financing for Affordable Homes
- Subsidize Open Space In-Lieu-of Fee for TEDs
- Adjust Current Density Bonuses
- Expedite Development Review
- Reduce Parking Requirements
- Reduce Minimum Parcel Size

General Land Use Recommendations

- Minimum Parcel Size
 - Allow lots smaller than 3,000 square feet
- Parking Requirements
 - Proceed with the planned comprehensive parking chapter review
 - Adopt a transit parking reduction similar to the commercial transit reduction already offered
- Infrastructure Requirements
 - Create predictability
 - Consider reductions for very small infill projects

General Land Use Recommendations

- Property Setbacks
 - Reduce side and rear set back requirements
- TED Standards
 - Increase minor TEDs to 10 units
- Promote Equity in Land Use
 - Hire a consultant to conduct a zoning audit
 - Utilize Neighborhood Councils to engage in conversations about inclusive, diverse, and equitable housing

General Land Use Recommendations

- Urban Subdivision Process
 - Advocate to update Montana's Subdivision Act
- Park Master Planning
 - Actively pursue parkland acquisition in park deficit areas that present high opportunities for residential development

Support Housing Consumers

- Expand City Support of Housing Services
- Increase Community Awareness and Access to Services

Promote Infill through ADU Construction

- Update ADU Regulations and Land Use Code
- Implement a Community Awareness Campaign
- Expand Access to ADU Financing
- Incentivize Construction of Below-Market and Voucher-Preference ADU Units
- Set Goals for ADU production

Mandatory Inclusionary Zoning

- The practice of requiring the inclusion of price-restricted housing in new residential developments as a condition of subdivision or TED approval.
 - Example: In any development of ten or more new for-sale units, 10% (or one unit) must be sold at a set affordable price.

Mandatory Inclusionary Zoning

- Local Analysis

- Unintended Consequences: IZ acts as a tax on housing production, it is shown to suppress housing production and increase the price of market-rate housing.
- Expense: To mitigate the market impacts of IZ, communities often subsidize the affordable units. In Missoula that subsidy would need to \$100,000 - \$150,000 per unit.
- High Investment/Low Outcomes: for \$1 to \$1.5 million annually, we can produce hundreds of affordable units via LIHTC and other tools. This same investment would support about ten units of affordable homeownership.
- Impact on Development Trends: IZ has the potential to work against infill development, increasing infrastructure costs now and in the future.

Mandatory Inclusionary Zoning

- Keeping Options Open
 - The strategies presented today develop the infrastructure that an IZ policy requires.
 - The incentive program acts as a *voluntary* inclusionary zoning program:
 - Provides developers parking reductions and other incentives to voluntarily income restrict units in new developments.
 - Tests the efficacy of incentives – allows us to explore whether we can mitigate market impacts short of cash subsidies.



Partner to Create and Preserve Affordable Homes

Preserve Existing Affordable Housing

- Track Affordable Rental Properties Facing Expiration of Affordability Mechanisms
- Develop New Preservation Financing Tools
- Adopt a Policy to Address Displacement of Mobile Home Communities
- Establish a Mobile Home Infrastructure Assistance Program
- Create a Community Land Trust Acquisition Program

Support Affordable Rental Development

- Create a Formal Support Program for Projects Seeking 9% Tax Credits
- Align Significant City Resources behind 4% Tax Credit Projects
- Support State Level Advocacy

Expand Affordable Homeownership Options

- Explore Entrepreneurial Nonprofit Development Models
- Donate City-Owned Land for Affordable Housing Development



Track and Analyze Progress for Continuous Improvement

Track and Analyze Progress

- Create a System for Annual Assessment
- Undertake a Comprehensive Assessment Every Five Years

FIVE YEAR STRATEGIC OUTCOMES	UNITS	INDIVIDUALS
TARGETED HOMEOWNERSHIP (Assumed Family of 4)		
Homeownership Development <80% AMI Incomes up to \$56,300, Homes up to \$205,329	120	480
Incentivized Homeownership <120% AMI Incomes up to \$84,480, Homes up to \$307,292	100	400
Accessory Dwelling Units	120	120
TARGETED RENTAL (Assumed 2 Bedroom Unit)		
LIHTC Rental <60% AMI Incomes up to \$36,660, Rents up to \$1,000	590	1860
Incentivized Rental <80% AMI Incomes up to \$45,050, Rents up to \$1,126	150	240
PRESERVATION		
Multifamily Acquisition <60% AMI Incomes up to \$36,660, Rents up to \$1,000	140	280
Community Land Trust Acquisition, Typically <80% AMI	12	48
ROC Land Loan Guarantee, Typically <80% AMI	60	240
Small Repair Loans Typically, <80% AMI	60	240
HOUSING PROGRAM SUPPORT		
Community based Services to Support Renters and First Time Homebuyers <80% AMI	N/A	2380
TOTAL	1,352	6,288