



## **Missoula Housing Policy Innovation & Capacity Building Technical Working Group**

### **Meeting 1 Minutes [9/25/18]**

#### **Work Group Members**

Eran Pehan  
Montana James  
Ellen Buchanan  
Andrea Davis  
Chase Jones  
Laval Means  
John Guiliani  
Aaron Wilson  
Barb Callaghan  
Nate Richmond  
Sean Kopetz

#### **Introductions**

- Names, places and fields of work.

#### **Update on the Housing Policy Process**

- Timeline
- Introductions
- Overview of the Housing Policy process
  - Timeline and progress to date of the Housing Steering Committee
  - Formation and roles of the Technical Working Groups
  - Phase One Housing Steering Committee and Werwath Report
  - Phase Two Technical Working Groups
    - Identify gaps and barriers for attainable and affordable housing at all income levels
    - Develop policy adjustments to address these gaps with timelines and benchmarks to present to City Council
    - Timeline- September-November/December
  - Phase Three Outcomes for Policy Recommendations
    - In conjunction with the Housing Policy Leadership Team and the Housing Steering Committee, present new housing policy to City Council.



- Ensure Community Outreach and Engagement is occurring to encourage support for the success of these policy changes.
- Overview of all Technical Working Groups.

## The Group Purpose and Charter

- Review of Group Purpose
- Outline of group charter and deliverables with key resources brainstorming
  - 2.3- Identify and plan high opportunity sites using available resources such as city owned plots and neighborhood corridors.
  - 3.1- Reference successful engagement efforts that ensure short term buy-in and long term feasibility and success, referencing successful plans already used e.g. Downtown Master Plan
  - 3.2- Identify employer based workforce housing initiatives and other CDFI capacity.
  - 3.3- Compare Qualified Census Tract vs Discretionary Boost funding opportunities and flexibility to avoid concentrated areas of poverty and create mixed income as the norm of development.
  - 3.4- Address the labor deficit through engaging with high school and technical school opportunities, reintegration and parole programs, veterans groups.
  - 4.1- Identify gaps in data collection process to ensure more thorough and accurate reporting.
  - 4.2- Identify provisions and other resources that may maximize the available funding and current efforts to leverage existing housing and housing resources e.g. Habitat for Humanity, HRDC, Climate Smart etc.
- Key resources Brainstorming:
  - Land Use Attorney- Alan McCormick
  - Tax Attorney- Jason Harvey, Don St Peters
  - Engineering Firm for public infrastructure cost assessment- Jeremy Keen, Chris Anderson
  - Montana Cooperative Exchange- Jan Brown
- **Next Meeting**
  - October 16, 3:30 – 5:00pm
  - Daniel Werwath will join.



## Meeting 2 Notes [10/16/18]

### Work Group Members Present

- Daniel Werwath
- Eran Pehan
- Montana James
- Andrea Davis
- John Giuliani
- Aaron Wilson
- Barb Callaghan
- Nate Richmond

### Work Group Members Absent

- Ellen Buchanan
- Chase Jones
- Laval Means

### Introductions

- Names, places and fields of work.

### Daniel's Overview of the Work Group's Products

- Assessment Framework
  - The hardest, most long-term product for this group
  - Asks questions like:
    - How do we measure our work?
    - How do we get a picture of the housing pipeline?
    - How do we set goals?
- Expanding Consumer Programs
  - This will include programs like:
    - Downpayment assistance
    - Expanding available programs
    - Resources for existing programs
    - How to make sure homeowner opportunities are being absorbed
    - Etc.
- New Nonprofit Development Models
  - Review of the Draft Brief
  - Some important considerations:
    - Importance of partnerships
    - Expanding nonprofit organizational capacity



- The need to scale these models for local building capacity
- It is possible to layer in other tools like New Market Tax Credits
- The key is figuring out what assets the City can bring to the table
  - Land
  - Capacity
  - Infrastructure support
  - Capital Improvement Funding
- Feedback from the Group
  - We need to think carefully about the scale that is needed for these models and whether it is replicable in Missoula. Missoula does not have access to very large sites. Max capacity is a 30 lot subdivision.
  - Can we look at a scattered site approach? It could get tricky and has many more risks.
  - If the City could remove barriers and, for example, donate land that is already subdivided or has utilities that would be compelling.
    - Are there ways to streamline, package, or prepare high opportunity sites?
  - The Design Review process is a big barrier and is onerous. If there were a flow-chart of the process that would be helpful. Right now it feels more like a spider web and the unpredictable nature of that costs time and money.
- Requests for review at future meetings:
  - When looking at city-owned parcels, keep in mind that sites can be used for more than just straight development – land swaps, etc.
  - Can we do a mockup of a high opportunity site and bring it through DRT?
  - Can we think creatively of how to approach monetization and risk to make deals appealing to landowners in the city with large swaths of property?

### **Next Meeting**

- October 30, 10:00 – 11:00 am



## Meeting 3 Notes [10/30/18]

### Work Group Members Present

- Eran Pehan
- Montana James
- Andrea Davis
- John Giuliani
- Aaron Wilson
- Barb Callaghan
- Nate Richmond
- Chase Jones
- Ellen Buchanan
- Laval Means

### New Non-Profit Development Models

#### What We Dislike About These Models

- Due to the scale of these models, they would really only work in the urban fringe of Missoula or on 3-5 acres parcels in the urban core-which are hard to find. We couldn't achieve infill broadly with these types of models.
- They do not necessarily address the major barriers to entry in Missoula:
  - Land costs
  - Scalability
  - Development Review process
- Some sort of subsidy is key to making any model work.
- They do not incentivize public private partnerships to the extent we would need, to really build capacity in the nonprofit sector. How do we bring private developers to the table?
- It makes sense for Missoula to look at smaller footprint construction because those will be naturally more affordable (lower energy costs, etc.), if looking at single family development, we should focus on TED's as opposed to subdivisions.
- We need to consider commuter costs, the growth policy preference for infill, and energy costs in any model.

#### What We Like About These Models

- The Master Planned Community is an interesting idea and one in which, if headed up by a private developer, could work well to partner with a nonprofit developer to work on certain portions. Could incentivize private developer to partner with nonprofit.
- The real goal is to create a true mixed income project and to build nonprofit capacity. These are important goals that the group likes.



- Using public land disposition as an upfront incentives make sense. It brings encourages public private partnership and ensures through a possible RFP process that the project meets city goals.
- The long-term affordability and the flexible nature of that structure in these models is great. We like that.
  - Many models with deed restrictions limit the ability for homeowners to build
  - The group likes the concept of equity split, to help people “house up”
- This model will catalyze infrastructure investment.

#### The Group Would Like to See

- A true path for land donation incorporated into models.
- We need to consider commuter costs, the growth policy preference for infill, and energy costs in any model.
- We would like to investigate the [Chamonix](#) model in Vail and consider it.
  - Deed restriction model with cap on appreciation per year
  - We might want to consider capping appreciation at cost of living increases
  - We also want to consider how capped appreciation impacts people’s ability to “house up” with a market inflating faster than cost of living.
- We want to see an emphasis and mechanism to encourage for-profit developers to partner with nonprofit developers. These partnerships bring a lot of benefits to both entities. We can tailor incentives specifically for this model. This may be the only way to truly get a mixed-income project.
- Some way to address the challenges with the Design Review Team process. There are two challenges here: 1) the fees and 2) the unpredictability and time of the process.
  - One idea is creating a “triage team” to work with housing projects with some level of affordability to help shepherd through DRT and get things done more quickly.
  - In order to consider deferring impact fees, a project should be slotted for a well-connected, well-served site that doesn’t require lots of infrastructure.
- We want to see energy efficiency more clearly considered in potential models. This might come in the form of incentives or funding to build above code or even Zero Carbon or Net Zero Energy. This makes homes more affordable for people and increases home values far in the future.
  - May need to consider funding streams to offset the costs of these improvements.
  - Consider [Enterprise Green Communities](#)
  - City Council recently approved a “Stretch Energy Code” that we could fold in.

#### Ideas, Thoughts about Final Models

- It was noted that the two models displayed in the draft brief are not necessarily mutually exclusive. The subdivision model might fit within the master planned community.
- Some sort of subsidy is key to making any model work. That might come in the form of city land donation, city purchase of land, etc.
  - The real carrot for Missoula is available land. If the city can bring that, then there is a lot of potential.
- It may be useful to offer an up zone to max capacity to an affordable housing project throughout the city or in high opportunity areas.



- Missoula doesn't necessarily have an affordable housing problem, but rather an Area Median Income problem. People just don't earn enough money.
  - By allowing individuals to build wealth with a split equity model, we are able to tackle both of those problems.
- Lenders have CRA funds that they need to use. Consider these and ways to leverage them.
- Similar to the DRT Triage Team, the City might consider a funding and finance Triage Team, driven by the AFTF, to help bring the right mix of resources to a project
- Infrastructure is another challenge and cost in Missoula:
  - The City could work to plan infrastructure investment around areas that are "high opportunity" with many developable parcels to head off challenges down the road.
  - Understanding and communicating infrastructure capacity around these developable lands is important. Is there a way for the city to make that more apparent?
  - UFDA Mapping process may fit well with these ideas.
    - Layer in sewer, stormwater, water capacities.

#### **Next Meeting**

- November 13, 10:00 – 11:00 am



## Meeting 4 Notes [11/13/18]

### Work Group Members Present

- Eran Pehan
- Montana James
- Andrea Davis
- John Giuliani
- Aaron Wilson
- Chase Jones
- Laval Means
- Gwen Jones
- Heather Harp
- Sean Kopetz
- Nate Richmond (*Absent*)
- Barb Callaghan (*Absent*)

### Debrief from Meeting with John Freer

- Missoula College's Carpentry Program enrolls 25 student cohorts to provide on the job learning opportunities to grow local construction capacity. Eran and Montana met with him last week to talk construction capacity in Missoula.
  - John is working on the programs at Missoula College to make them less academic exercises and make them more real-world experience. That is how to you get people excited about this work and provide them a truly useful education.
    - Students need a clear path with options and milestones.
    - Currently, MC is not turning out enough trained students to fill all apprenticeships.
    - John is hoping to have the program redesigned by Fall 2019.
    - He would like to make the program free in order to remove the financial barrier to enrollment.
  - John thinks better coordination of all the conversations happening on local construction capacity would be helpful.
  - Work-Based Learning may be a better, more flexible option than official Apprenticeships.
    - The goal: allow students to figure out what trade interests them, without the commitment or competitiveness of an apprenticeship.
    - Provide experience rather than academic exercises, with the idea that milestones (e.g. building a house) creates stronger interest levels.
  - Create a cradle to retirement outline for a student.
    - Destigmatize working in the trades.
  - Working to collaboration within the community to grow capacity



- Given extra funding, enrollment could double if a professional would join faculty- financially unlikely.

## City Policy to Increase Construction Capacity (Councilmembers Heather Harp and Gwen Jones)

- Initially Looked at Registered Apprenticeships for Public Works Projects.
  - Requiring contractors to have 10% of work force as apprenticeship opportunities through a city ordinance.
    - They heard through listening sessions that this would be a barrier for construction companies and contractors because it increases burden and costs.
  - Round Table Discussion regarding Registered Apprenticeships
    - Resentment and lack of trust in the private sector
    - Leads to listening sessions
  - MCPS Apprenticeship Opportunities - Casey Durenberger
    - Casey leads a program in the MCPS to increase interest and awareness of the trades among students.
    - Focuses on a variety of jobs, with a focus on trades.
  - Work needed to destigmatize becoming a tradesperson
    - Cultural shifts/challenges away from expensive 4 year schools
    - Few students see the trades as a worthwhile career path
- Brainstorming - A 3-month summer Academy
  - 2 weeks per trade with proper supervision and safety training
    - Could dove-tail into the Missoula College program
    - Currently there is no entity to administer and fund this type of program
  - Financing through a Union style method
    - \$.35-\$.50 of each paycheck of someone in the trades goes to promoting and continuing apprenticeship type opportunities
    - Builds apprenticeship hours, without multi-year commitments
    - Provides education around retirement and health benefits to persuades parents into liking the trades
- Overall need for collaboration between city resources for promoting the trades
  - Missoula College
  - Unions and Labor
  - YWCA GRITS
  - Missoula County Public Schools
  - The Flagship Program
  - Home ReSource



## Identifying High Opportunity Sites

- High Opportunity Sites enable the city to explore innovative and new projects and development structures. These might happen on city-owned land parcels, on parcels donated by large landowners in the city, and/or in qualified census tracts.
- This Committee defines “High Opportunity Sites” as those sites that have:
  - Proximity to:
    - Grocery Stores
    - Parks/Open Space
    - Transit
    - Job Centers
    - Schools
  - Optimally sized lots
    - Identifying needs for a variety of scales
      - Can something developed on 2 acres be scaled for 6 acres?
  - Ownership of the parcel
    - City-ownership can allow more innovative options due to less restrictive zoning requirements
  - Maximum density potential
    - How can we incentivize building to max capacity?
    - Why isn't it happening? Community need vs what buyers want?
  - The potential for a mixed-use model
    - Mixed-use development is a goal and a model that this committee would like to explore.
  - Central Location
    - In order to align with the growth policy of the city, centrally located parcels with good utility connections are high opportunity.
  - Balance with other community needs
    - Solar access
    - Invest health Initiative alignment
    - Urban forest access/potential



## Meeting 5 Notes [11/27/18]

### Work Group Members Present

- Andrea Davis
- Aaron Wilson
- Chase Jones
- Nate Richmond
- Barb Callaghan
- Laval Means
- Eran Pehan
- Montana James
- Sean Kopetz
- Daniel Werwath (*On phone*)
- John Giuliani (*Absent*)

### Expanding Consumer Programs

- Topic: Discuss a holistic approach to creating resources to ensure home buyers are prepared coupled with opportunities to receive support post-purchase.
- Goals:
  - Identify possibilities regarding the gap between people interested in owning a home (80%) and those who have attempted purchasing (26%).
  - Identify opportunities for matching potential home buyers with housing affordable to them.
  - Promote underutilized resources for first time home buyers, especially youngest age bracket
  - Discuss how current rental market prevents mobility into homeownership
- Is demographic data available for those who have attempted to purchase and those who want to but have not attempted?
  - What resources are needed for which income groups?
    - Financial literacy especially for student debt and consumer oriented buyers lacking.
    - Can financial planning and literacy occur before home buying process starts? Indirect Impact as housing support
- How can Energy efficiency be maximized to decrease unnecessary costs?
  - Cheapest houses tend to be oldest-least energy efficient
    - Also housing larger families
  - Current programs/Models
    - Green Blocks
    - Summersmart- With Climatesmart Missoula
    - Solarrise & Solarease
    - Reliance on nonprofits for effective, efficient and affordable impacts



- Other costs that make housing unaffordable
  - Red Zone Insurance
    - Tornado, Hail, Wildfire, Active Terrorism
  - Transportation costs should be worked into the discussion
  - Avoiding later costs by advocating for front end universal design standards, visitability and ADA
- Challenges with education initiatives
  - Not enough time for all aspects of homeowner costs
  - Moving toward less engaging online education options
- Online Education- Shifting market access
  - Downfalls
    - Used for “checking the box”
    - Less engaging than in person classes
    - Lacks networking opportunities, especially with guest speakers/experts
    - No creation of cohort and support system between people taking class
  - Positives
    - Reaches rural communities
    - More accessible and flexible for users
  - Hybrid options could promote both greater participation with opportunities for in person engagement
  - HUD and Franny Mae courses
  - Once required approval to take online course
  - Required 1 on 1 in person meeting
  - Cultural shift to more online courses.
  - How can in person classes be promoted?
  - Promoting/requiring post purchase classes/check-ins
- How to leverage the most effective education for conscientious home purchasing
  - Educate builders on universal design
  - Promote in person classes for buyers
  - Remain in contact post-purchase to ensure homeowners are utilizing resource to maintain affordability
  - Rely on nonprofits to promote and advocate for homebuyer services



## Meeting 6 Notes [12/11/18]

### Work Group Members Present

- *Andrea Davis (Absent)*
- Aaron Wilson
- Chase Jones
- Nate Richmond
- *Barb Callaghan (Absent)*
- Laval Means
- Eran Pehan
- Montana James
- Sean Kopetz
- Daniel Werwath (*On phone*)
- John Giuliani (*Absent*)

### Technical Working Group Process Update

- Review of other Technical Working Group work plans and deliverables

### Assessment Framework for Housing Policy

- Goal: Create a concise and understandable report of progress made and impact seen
- Identify whether this is for public knowledge, or policy driven adjustments
- What data should be accessed and reported on?
  - ACS data
  - Geographic reporting to understand full scope of impact
  - Report focused on impact of policy strategy
  - Track Construction Costs
  - Track whether new policy increase rates of second homes and vacation rentals
  - Track housing cost vs income metrics- who is benefiting most?
- Data should be tracked, where possible, by census block groups, to best fit with other city data for comparable measurements.
- What is easily trackable and what is challenging to track, but valuable?
  - Energy Use
  - Transportation costs