

APPENDIX C

HOUSING CHALLENGES AND ESTIMATED COST

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One recurring question throughout the development of the updated housing strategy was: **How much would it cost to address all of the city's housing challenges?** This is a challenging question to answer and can be approached in a variety of ways. As such, the following Appendix aims to provide a framework the City can utilize to quantify the resources needed to address its housing challenges.

Of note, these types of exercises are never precise and are intended to give decision-makers a sense of the scale of the costs. They are also useful in showing that needs are varied and require different funding programs. Understanding the magnitude of the costs is meant to help prioritize programs and strategies.

This Appendix does not attempt to quantify how much it would cost to address all of Missoula's housing challenges.

Identify the challenge

First, identifying the specific challenge to address will inform the components and factors that need to be considered to quantify the amount of resources needed. For example:

“What resources currently exist to support multifamily rental development and renter assistance in Missoula, including programs to prevent homelessness, and how much more is needed to address the gap?”

Identify relevant funding

Next, the City would identify existing current resources that support multifamily rental development and renter assistance. Types of existing resources to look at might include:

- Rental assistance, including funds targeted at homeless prevention (e.g., the Housing Choice Voucher program);
- Funding to support the development of permanent supportive housing, which serves extremely low-income and very low-income renters who have experienced or are at risk of homelessness;
- Funding for transitional housing;

- Funding for rental housing production, the largest of which is comprised of LIHTC new construction awards and leveraged financing, which benefit renters with incomes of less than 60% AMI; and
- Funding to preserve affordable rental units, including LIHTC acquisition and rehabilitation projects and improvements to public housing authority units.

Identify needs and gaps

Next, the City would examine how well available funding can meet existing and future needs. Specifically, to address the current needs of renter households, the City would look at:

- The number of units required to house the number of people experiencing homelessness;
- The number of renters who face cost burden;
- The number of renters who cannot afford housing based on the rental gap; and
- Renters at risk of displacement if their affordable units lose their affordability contracts.

For future needs, the City would need to identify the subsidies needed to build affordable rentals for low-income renters based on population and income forecasts.

Identify costs

To estimate how much it would cost to address the needs of existing and future renter households, the City would want to know the:

- Average subsidy for rental assistance programs;
- Average per-unit subsidy of new rental units at different subsidy amounts typical for LIHTC investments;
- Average per-unit cost to provide permanent supportive housing (note: this could vary by type of household being served, i.e., families with children or couples with disabled head of household vs. unaccompanied disabled adults) and operating costs; and
- Average cost of rapid rehousing interventions (note: this could vary by type of household being served, i.e., youth ages 18 to 24 vs. unaccompanied adults without disabilities) and operating costs.

The City would want to engage with local developers and other stakeholders to get current and localized estimates on the costs and metrics highlighted above.

Where data are available, this same approach could be applied to understand needed resources to address:

- **Homeownership challenges** (e.g., resources needed for down payment and closing cost assistance, financing of mortgage loans, and funding to support the creation of affordable homeownership units);
- **Housing condition challenges** (e.g., rehabilitation and weatherization activities); and
- **Resources need for direct supportive services** (e.g., services that promote housing stability and non-profit organization operation, including emergency shelters).