

APPENDIX B

HOUSING MARKET CONDITIONS

APPENDIX B

Missoula Housing Market Conditions Summary

Key Findings

- Missoula County has experienced continued population growth since 2000; the county's population is projected to increase from approximately 122,000 in 2023 to approximately 145,700 people by 2050. In 2019 and 2023, the greatest proportion of people moving to Missoula previously lived in the county.
- Between 2019 and 2023, individual poverty rates decreased in the city of Missoula from 17% to 12%.
- At the median, renter income did not keep pace with rising rental costs between 2019 and 2023; as such, rental affordability challenges persist in Missoula:
 - In 2019, units for rent between \$500 and \$749 represented approximately 25% of all rental units; in 2023, these units represented 10% of all units for rent. Conversely, units for rent over \$1,500 accounted for 7% of all rental units in Missoula in 2019; in 2023, these units now represent 25% of the city's rental units.
 - As of 2024, median market-rate rent in Missoula is currently about \$1,370—well above the monthly rent affordable to the median renter (\$1,124 in 2023—the most recent year for which data are available).
 - As of the first quarter of 2025, the vacancy rate for multifamily rental developments in Missoula is 6.8%, while the stabilized vacancy rate is 4.7%. Vacancy rates for multifamily rental development in the city are projected to continue to decrease over the next five years, signaling a continued tightening of the rental market.
 - The number of renters experiencing severe cost burden increased by 20% between 2019 and 2023, from 25% to 30% of renter households in the city.
 - By income, nearly half (44%) of renter households in Missoula with income of \$50,000 or less experience severe cost burden; six in ten renter households (60%) with income of \$35,000 or less are severely cost burdened.

- According to the Missoula Housing Authority (MHA), as of October 2024, there are approximately 2,400 households currently on waitlists for subsidized housing.

A rental gaps analysis shows a rental affordability gap of 2,902 units priced below \$625 (affordable to households earning less than \$25,000). This is down from the 2019 gap of 4,930 units but needs persist, especially among lower income renters.

- Home prices are stabilizing after sharp increases beginning in 2020; however, affordability (or purchasing power) is dropping due to relatively high interest rates. In 2019, nearly 40% of single-family homes sold for between \$151,000-\$300,000; in 2023, home sales in this price range represented just 1% of all homes sold. Similar trends were found for both townhome and condominium sales over the same time period.

A for-sale gaps analysis shows a growing purchase affordability gap and an acute affordability mismatch impacting renter households earning between \$35,000 and \$75,000 per year. In 2019, there was a +19% surplus of units sold at affordable prices for Missoula renters with income between \$35,000 and \$75,000.

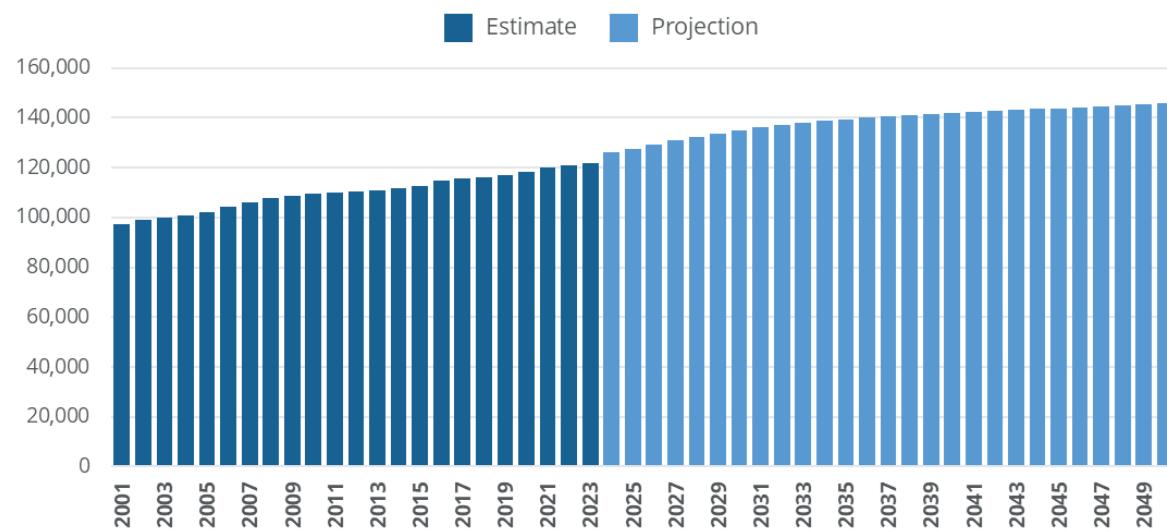
- In 2023, 36% of renter households had incomes between \$35,000 and \$75,000 while only 8% of all units sold in the city were affordable to these households, resulting in an affordability gap of -29%.

Population, Income, and Poverty

Population. Figure 1 presents estimates of Missoula County's population from 2001–2023 and population projections for 2024–2050. Missoula County was home to 121,849 residents in 2023. The county's population is expected to rise to 145,663 residents by 2050, an average annual growth rate of 1.63%. Over this time period, only Gallatin County and Flathead County are projected to have higher rates of growth than Missoula County.¹

Figure 1.

Missoula County Total Population and Projections, 2001–2050



Note: Projected population change is indexed to the data release year of 2020.

Source: Population Projection – Trends, Regional Economic Models Incorporated (REMI), Montana Department of Commerce.

Geographic mobility. Figure 2 presents the percentage of residents in the city of Missoula who moved from other locations in 2019 and 2023. In both years, the greatest proportion of residents moving into the city were previously living in other parts of Missoula County. Residents moving to Missoula from out of state represented less than 5% of residents living in the city in both 2019 and 2023.

¹ <https://commerce.mt.gov/Data-Research/People-Housing/Population>

Figure 2.
Geographic Mobility, City of Missoula, 2019 and 2023

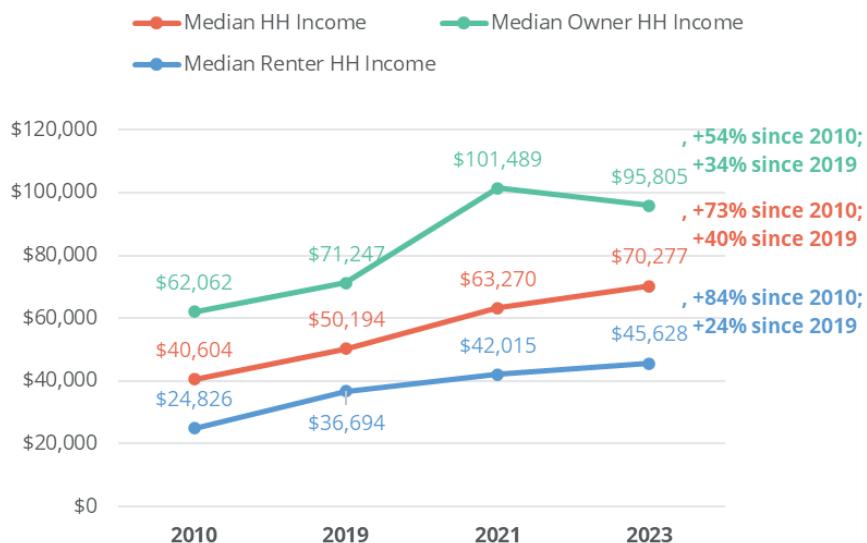
Source:
 2019 and 2023 1-year ACS.

	2019	2023
Total Population 1 year and over	74,399	77,169
Moved within the same county	14%	9.2%
Moved from different county, same state	5.4%	3.7%
Moved from different state	4.6%	4.7%
Moved from abroad	1.4%	0.3%

Income. Figure 3 presents changes in median household income overall and for owner and renter households between 2010 and 2023 in the city of Missoula. In 2023, renter households had a median income of \$45,628—less than half of the median owner household income of \$95,805. While renter incomes have grown at a faster rate than owner incomes since 2010, owner incomes have grown at a faster rate since 2019.

Figure 3.
Median Household Income by Tenure, City of Missoula, 2010–2022

Source:
 2010, 2019, 2021, 2023 1-year ACS.



According to data from the Bureau of Labor Statistics, average annual wages in Missoula County have increased by approximately a third since 2019 (Figure 4), slightly lagging behind household income growth (40%) over the same time period. Across industries, wage increases were not experienced equally.

Figure 4.
**Average Annual
 Wages by Industry,
 Missoula County,
 2019 and 2023**

Note:

Values that show "n/a" represent data that is not disclosable. These data do not meet BLS or State agency disclosure standards.

Source:

Bureau of Labor Statistics and Root Policy Research.

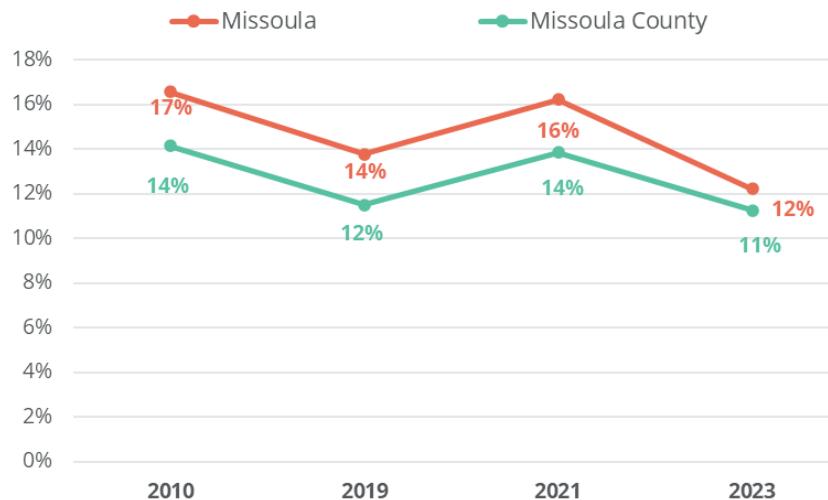
	2019	2023	% Change
All Industries	\$41,984	\$55,839	33%
Agriculture, Forestry, Fishing, Hunting	\$55,969	\$77,021	38%
Mining, Oil, and Gas	\$63,076	\$80,612	28%
Construction	\$52,877	\$67,876	28%
Manufacturing	\$40,487	\$51,178	26%
Wholesale Trade	\$59,133	\$75,460	28%
Retail Trade	\$31,307	\$41,579	33%
Transportation and Warehousing	n/a	\$53,224	-
Utilities	n/a	\$107,064	-
Information	\$59,098	\$87,155	47%
Finance and Insurance	\$70,652	\$91,019	29%
Real Estate	\$38,923	\$51,462	32%
Professional, Technology, and Science	\$64,400	\$88,117	37%
Management	\$108,996	\$113,956	5%
Admin Support and Waste Management	\$34,647	\$47,294	37%
Educational Services	\$22,769	\$37,591	65%
Health Care and Social Assistance	\$50,474	\$63,817	26%
Accommodation and Food Services	\$18,906	\$26,102	38%
Arts, Entertainment, and Recreation	\$17,830	\$24,069	35%
Other Services	\$31,503	\$41,248	31%
Public Administration	\$60,414	\$72,221	20%

Poverty. Poverty rates for 2010, 2019, 2021, and 2023 are presented in Figure 5. In the city of Missoula, poverty rates have declined by nearly a third since 2010. In Missoula County, poverty has decreased by just over 20% since 2010.

Figure 5.
**Individual Poverty
 Rate, City of
 Missoula and
 Missoula County,
 2010–2023**

Source:

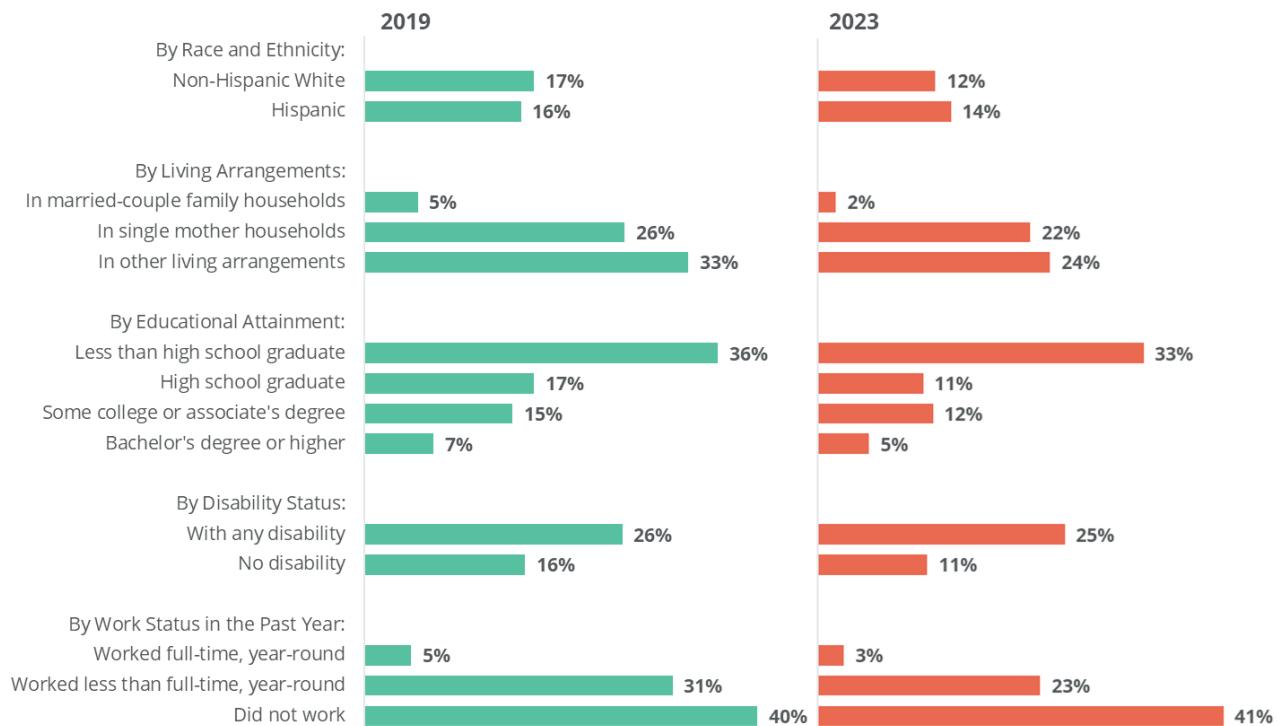
2010, 2019, 2021, 2023 1-year ACS.



Individual poverty rates by race and ethnicity, living arrangements, educational attainment, disability status, and work status are presented in Figure 6. Poverty rates are especially high for residents who did not work in the past year, residents who have not completed

high school, residents living with disabilities, and residents living in single mother households or nonfamily arrangements.

Figure 6.
Individual Poverty Rates, Selected Characteristics, City of Missoula, 2019 and 2023



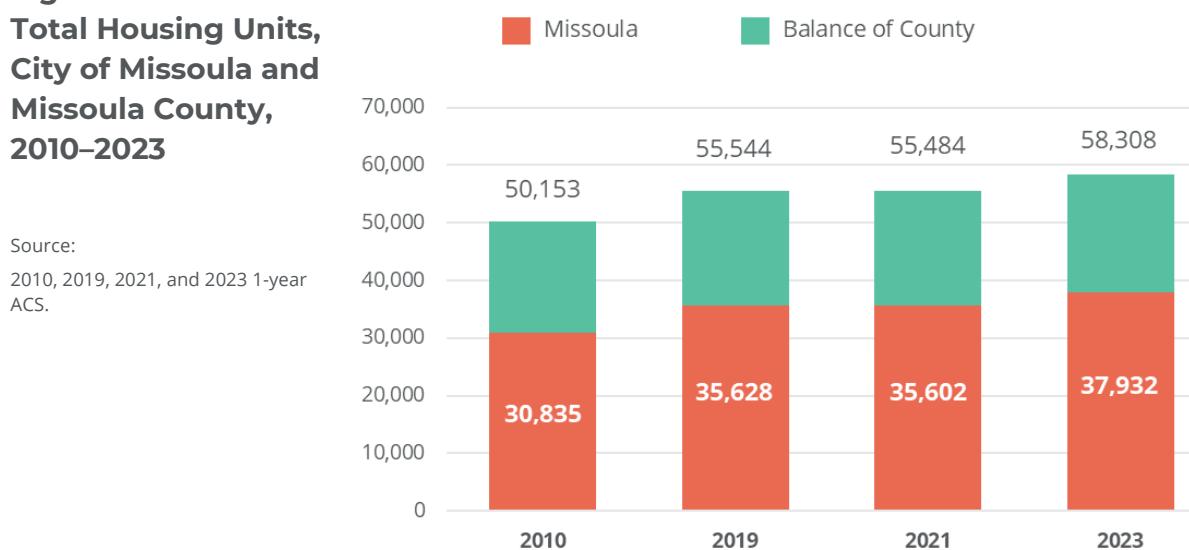
Note: Additional racial and ethnic groups are not presented due to large margins of error. Educational attainment is calculated for population 25 years or older. Work status is calculated for population 16 to 64 years old.

Source: 2019 and 2023 5-year ACS.

Housing Inventory

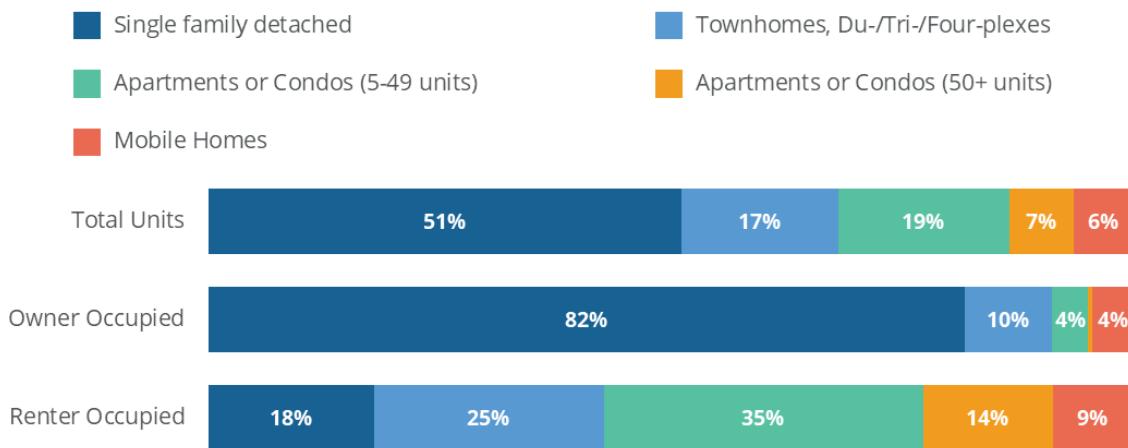
Housing units. Figure 7 shows total housing units in the city of Missoula and Missoula County. In 2010, there were 30,835 housing units in Missoula, which accounted for 61% of all housing units in the county. Over the last decade, the city has increased this proportion—in 2023, the city had nearly 38,000 units, accounting for 65% of all housing units in the county.

Figure 7.
**Total Housing Units,
 City of Missoula and
 Missoula County,
 2010–2023**



Distributions of housing units by unit type are presented in Figures 8a and 8b. In both 2019 and 2023, just over half (51%) of all housing units in the city of Missoula were single family detached. Owner households occupy single family detached units at a significantly greater rate than renter households—moreover, the proportion of owner households in single family detached units has increased between 2019 and 2023 (82% in 2019, 85% in 2023). In 2019, renter households were more likely than owner households to occupy mobile homes or attached units including townhomes, du-/tri-/four-plexes, and multifamily buildings (i.e., apartments or condominiums). However, in 2023, the share of renter households living in townhomes, duplexes, triplexes, or fourplexes increased by nearly 30%.

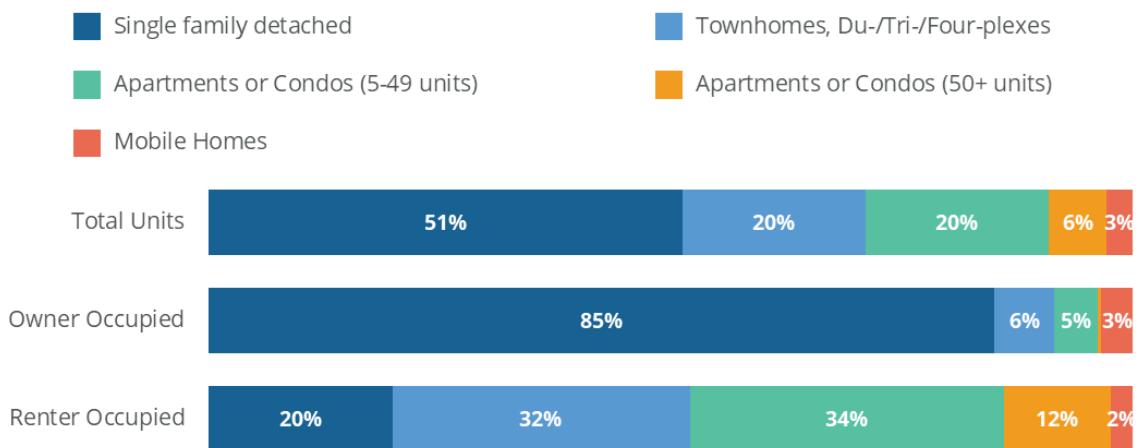
Figure 8a.
Units by Type Overall and by Tenure, City of Missoula, 2019



Source: 2019 1-year ACS.

Figure 8b.

Units by Type Overall and by Tenure, City of Missoula, 2023



Source: 2023 1-year ACS.

Figure 9 presents units in the city of Missoula by number of bedrooms and by tenure. Renter occupied units are more likely to have two or fewer bedrooms, while owner occupied units are more likely to have three or more bedrooms.

Figure 9.
Housing Inventory
by Bedrooms by
Tenure, City of
Missoula, 2023

Source:
2023 1-year ACS.

	Owner Occupied		Renter Occupied	
	#	%	#	%
Total Units	17,234	100%	18,541	100%
No bedroom	131	1%	1,714	9%
1 bedroom	603	3%	5,348	29%
2 bedrooms	4,057	24%	7,149	39%
3 bedrooms	7,261	42%	2,456	13%
4 bedrooms	3,953	23%	1,565	8%
5 or more bedrooms	1,229	7%	309	2%

Tenure. Figure 10 shows changes in homeownership rates in the city of Missoula and Missoula County since 2010. Since then, both the city and county have seen homeownership rates decrease by three percentage points. Figure 11 shows changes in homeownership rates by income for the city of Missoula. In 2010, households making between \$50,000 - \$100,000 represented 43% of all homeowners in Missoula; in 2023, 30% of homeowners fell into this income category. Conversely, homeowners with income greater than \$150,000 represented 7% of all Missoula homeowners in 2010; in 2023, this income group represents 25% of all homeowners in the city.

Figure 10.
Homeownership
Rates, City of
Missoula and
Missoula County,
2010–2023

Source:
 2010, 2019, 2021, and 2023 1-year
 ACS.

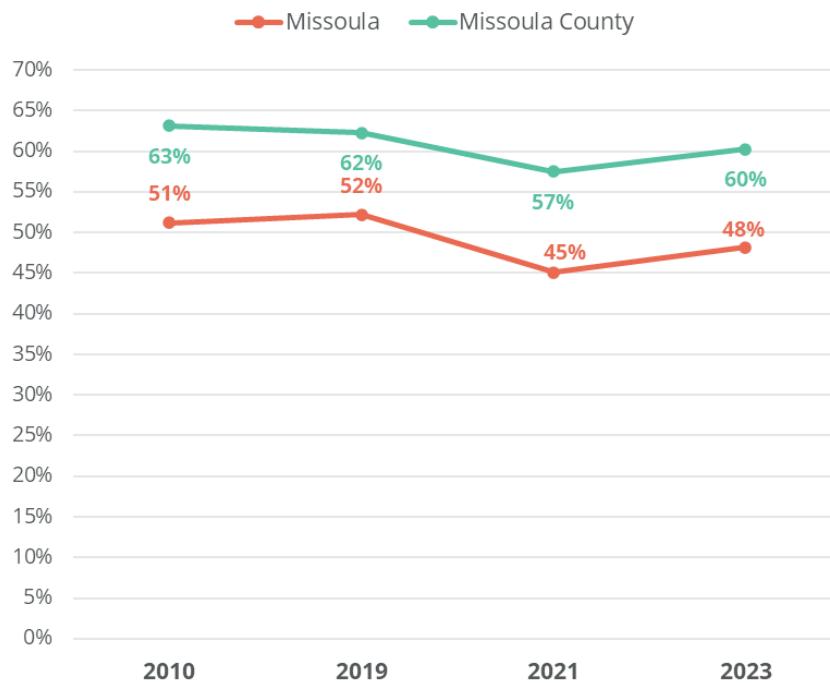
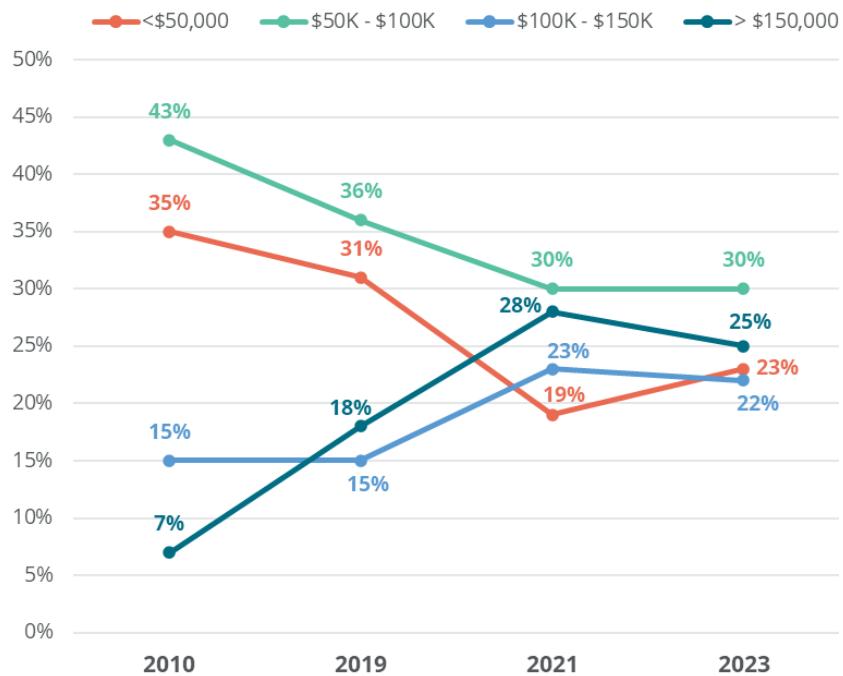


Figure 11.
Homeownership
Rates by Income,
City of Missoula,
2010–2023

Source:
 2010, 2019, 2021, and 2023 1-year
 ACS.

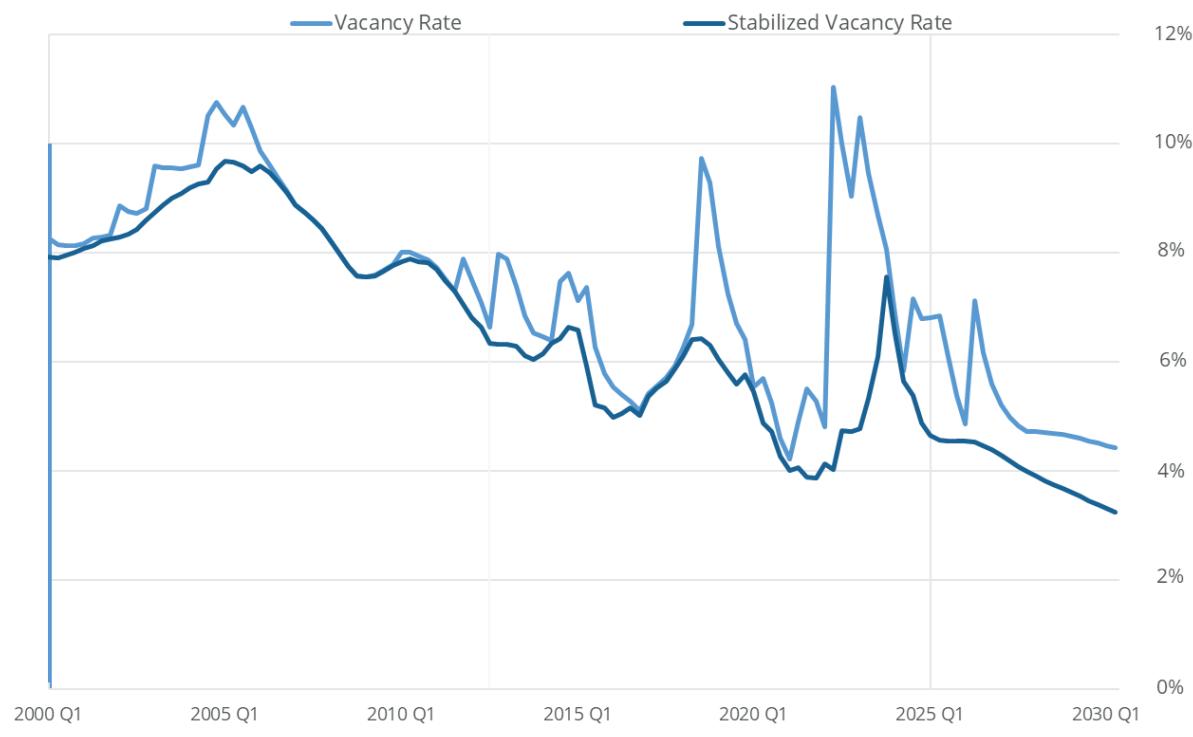


Rental Market Trends

Vacancy. Figure 12 presents vacancy and stabilized vacancy² rates for multifamily rental properties in the city of Missoula between 2000-2025, as well as projected rates from 2025 to 2030. Since 2000, vacancy rates for multifamily rental properties in Missoula have consistently decreased, hitting a low of 4.2% in the first quarter of 2021. The lowest stabilized vacancy rate was 3.9% in the fourth quarter of 2021. While vacancies in the multifamily rental market increased in 2022 and 2023, hitting a high of 11% in the second quarter of 2022, the rental market has started “tightening” again. As of the first quarter of 2025, the rental vacancy rate is 6.8%, while the stabilized vacancy rate is 4.7%. Vacancy rates for multifamily rental development in the city are projected to continue to decrease over the next five years, signaling a continued tightening of the rental market. Generally, a vacancy rate around 5%-8% is considered a healthy market.

Figure 12.

Vacancy and Stabilized Vacancy Rates and Projections, Multifamily Rental Properties, City of Missoula, 2000-2030



Source: CoStar.

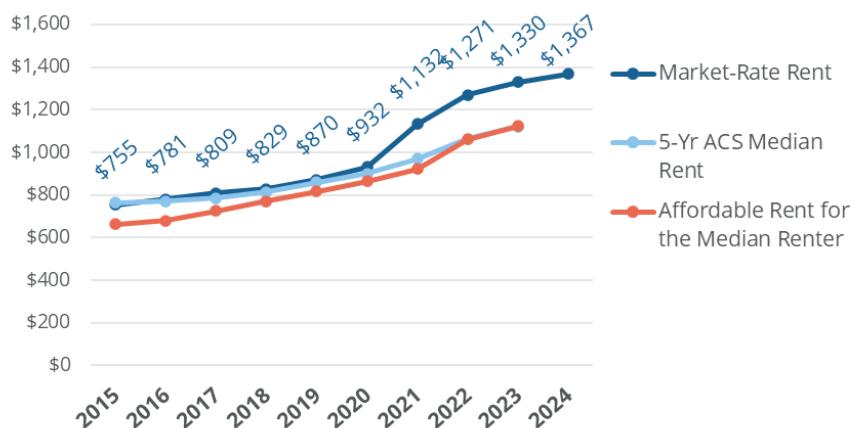
² The “stabilized vacancy” rate reflects “stabilized properties,” removing the impact of newly constructed multifamily developments still in the process of leasing up the units.

Market rents. As of 2024, median market-rate rent in Missoula is currently about \$1,370³—well above the monthly rent affordable to the median renter (\$1,124 in 2023—the most recent year for which data are available).

Figure 13 shows the typical market-rate rent compared to affordable rent for the median renter. ACS data are included for reference and discussed in more detail below.

Figure 13.
**Typical Market-
Rate Rent, City
of Missoula,
2015–2024**

Source:
Zillow Observed Rental
Index, 2015–2023 5-year
ACS, and Root Policy
Research.



ACS Rents. While the market-rate rental data above reflect the most representative measure of what a household would encounter in shopping for a market-rate unit today, American Community Survey (ACS) data offer more detail on the distribution of rental prices as well as an opportunity to compare rental trends across jurisdictions. Note that ACS data are based on residents' reporting what they pay for monthly rental costs in Census surveys—this results in data that lag market data but are inclusive of housing subsidies (through vouchers or income-restricted units), and that typically show lower median rents than market sources.⁴

Figure 14 shows ACS median rents in the city of Missoula, Missoula County, the state of Montana, and the United States. Between 2010 and 2023, median rents in both the city and county have been relatively similar, while each have seen median rent increase by 58% over the same time period, respectively. While rents are lower, the state of Montana has seen rents rise at a greater rate than the city over the same time period.

³ The Zillow Observed Rental Index (ZORI) offers a measure of rents that is most representative of what a household would encounter in shopping for a market-rate unit today. The index represents the average monthly price of the middle 30% of market-rate units by price and includes both multifamily and single family rental options.

⁴ ACS data reflect residents' reporting of what they pay for monthly rental costs in Census surveys. Residents who receive subsidies such as Housing Choice Vouchers report what they pay after the subsidy is applied, not the market rent of the unit. Further, renter households who have occupied their units for a long time often pay less than market rate for their units. Relative to the distribution of rental units currently available for rent at market rate, the distribution of rental units in ACS data may overstate the number of units affordable to low income households. Estimates of ACS median rent are likely lower than the median rent a household would encounter in shopping for a market-rate unit.

Figure 14.
Median Gross Rent,
City of Missoula and
Missoula County,
2010-2023, Select
Years.

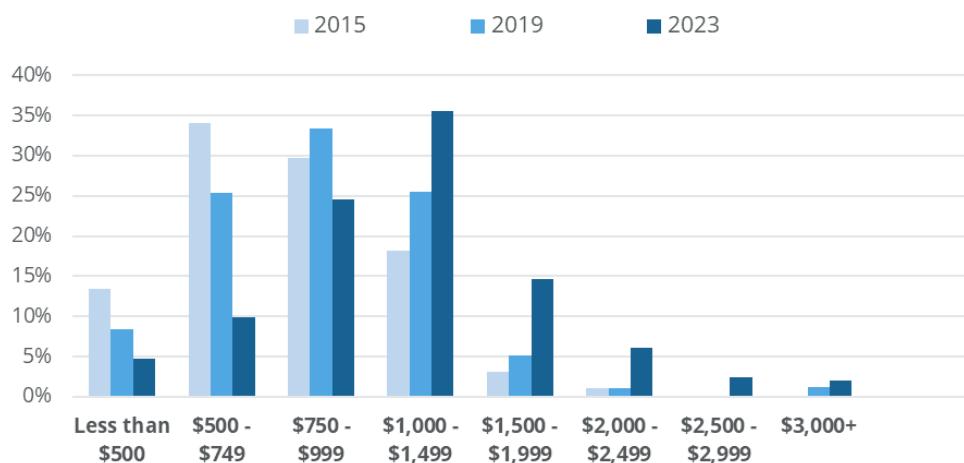
Source:

2010, 2019, 2021, 2023 1-year ACS.

	2010	2019	2021	2023	Percent Change 2010-2023	
Missoula	\$744	\$910	\$1,058	\$1,178	+	58%
Missoula County	\$744	\$909	\$1,034	\$1,172	+	58%
State of Montana	\$642	\$831	\$883	\$1,083	+	69%
United States	\$855	\$1,097	\$1,191	\$1,406	+	64%

Growth in the city of Missoula's median rent between 2015 and 2023 is driven by losses in units priced between \$500-\$749 per month and gains in units priced above both \$1,000 and \$1,500, as shown in Figure 15.

Figure 15.
Rent Distribution, City of Missoula, 2015, 2019, and 2023.



Source: 2015, 2019, 2023 5-year ACS.

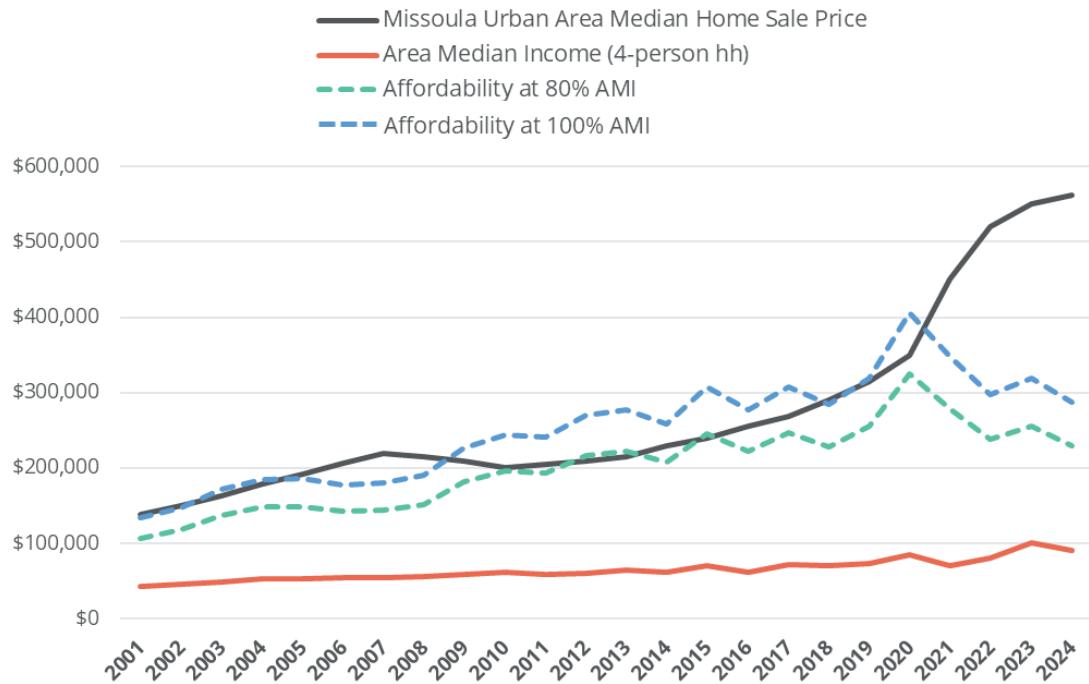
For-Sale Market Trends

Home values. Figure 16 presents the median sales price of homes in the Missoula Urban Area alongside the maximum affordable home price for households earning 80% and 100% AMI. Median sales prices began to quickly accelerate in 2020 and have begun to stabilize as interest rate growth has caused affordability to fall.

Based on median sales prices, homes started to become unaffordable to households with income up to 80% AMI in 2015 while homes started to become unaffordable for households earning 100% AMI in 2021.

Figure 16.

Median Sales Price and Affordability by AMI Level, Missoula Urban Area, 2001–2024



Note: 2024 YTD data include 1/2024-4/2024. Calculations use 4-person AMI limits.

Source: Zillow Home Value Index, HUD AMI Limits, and Root Policy Research.

Changes in purchase affordability—the dotted lines in Figure 15—account for both changes in income and interest rates. Recent affordability declines are primarily driven by rising interest rates. Figure 17 shows average interest rates for mortgages from January 2000 to February 2025. Following pandemic-related interest rate hikes, average mortgage rates are higher than they have been since the early 2000s—currently, around 6.8% in February 2025.

Figure 17.
30-Year Fixed Rate Mortgage Average, United States, January 2000–February 2025

Source:

Freddie Mac and FRED by the Federal Reserve of St. Louis.



The first row of the table in Figure 18 presents the maximum purchase price for households earning \$90,200, Missoula's 2024 AMI, at different interest rates. The second row compares the maximum affordable price at the given interest rate to the maximum price at 3.0%, the prevailing rate in late 2020 and 2021. Solely as a result of rising interest rates, purchase affordability has decreased by between 33.3% and 36.5% since 2020/2021.

Figure 18.
Effect of Interest Rates on Home Purchase Affordability

	Interest Rate												
	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%
Maximum Affordable Price	\$503K	\$471K	\$441K	\$414K	\$390K	\$367K	\$347K	\$328K	\$310K	\$294K	\$280K	\$266K	\$254K
Change in affordability vs. 3.0% rate	+14%	+6.8%	0.0%	-6.1%	-11.6%	-16.8%	-21.3%	-25.6%	-29.7%	-33.3%	-36.5%	-39.7%	-42.4%

Change 2020/2021 to present

Note: Purchase affordability estimates assume households spend no more than 30% of income—in this case, Missoula's 2024 AMI of \$90,200—on housing. Calculations assume a 30-year fixed rate mortgage with 10% down and 25% of monthly housing costs to non-mortgage expenses such as property taxes, utilities, and HOA fees.

Source: HUD AMI limits and Root Policy Research.

Home sales. Figure 19 shows the number of homes sales in the Missoula Urban Area and Missoula County between 2019 and 2024. Between 2020 and 2023, the number of home sales in the Missoula Urban Area decreased by 40%.

Figure 19.

Number of Homes Sold, Missoula Urban Area and Missoula County, 2019–2024

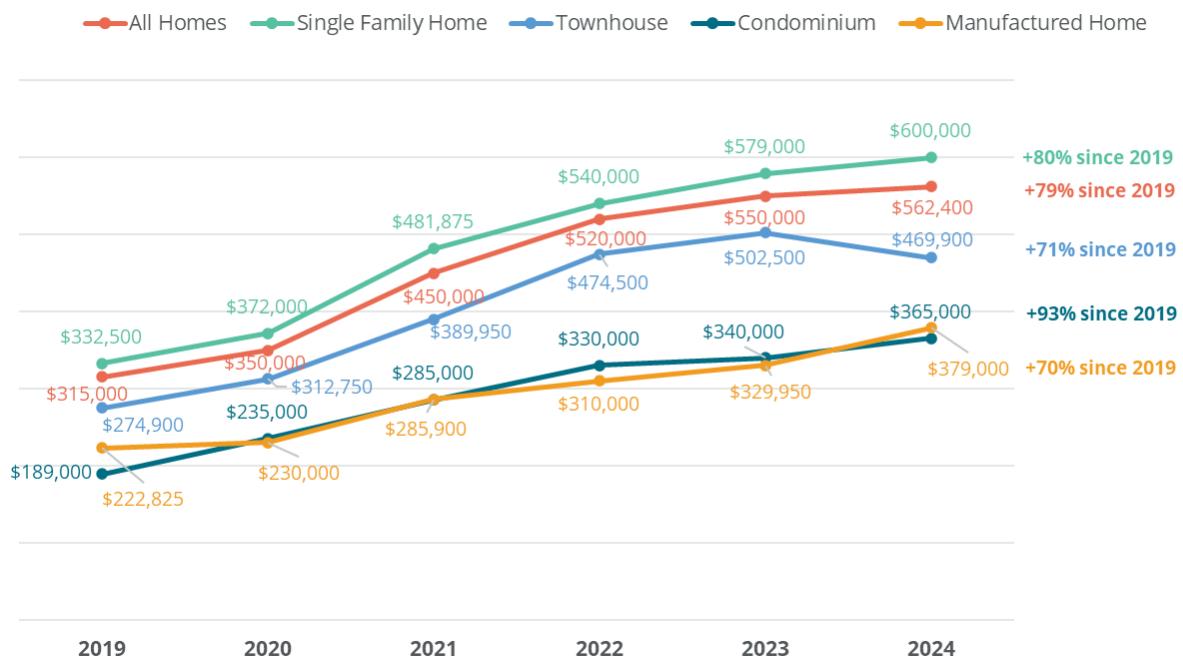
	2019	2020	2021	2022	2023	2024
Missoula Urban Area	1,505	1,684	1,396	1,097	952	984
Missoula County	1,651	1,820	1,527	1,214	1,076	1,095

Source: Missoula Organization of Realtors and Root Policy Research.

Characteristics of sold homes. Detached units accounted for 78-81% of homes sold each year, while 9-10% of homes sold each year were townhomes and 8-10% of homes sold were condominiums. Manufactured homes on owned land accounted for 3-9% of all homes sold between 2019 and 2024 and between 2-3% for manufactured homes on leased land.

Sale prices. Figure 20 shows median sale prices for all homes, as well as single family and other house types in the Missoula Urban Area each year between 2019–2024. The median home sales price in the Missoula Urban Area increased by 79% from \$315,000 in 2019 to \$562,400 in 2024. In 2024, the median sale price for single family homes in the Missoula Urban Area was \$600,000—significantly higher than both the median sale price for townhomes (\$469,000) and condominiums (\$365,000).

Figure 20.
Median Sale Price by Type, Missoula Urban Area, 2019–2024



Source: Missoula Organization of Realtors and Root Policy Research.

Price distribution. Figure 21 show the proportion of home sales based on sale price for single family homes, townhomes, and condominiums.

In 2019, nearly four in ten home sales (37%) for single family residences were sold for between \$151,000 and \$300,000—in 2024, single family homes sold in the price range represented just over 1% of all homes sold. Conversely, single family homes sold for between \$601,000 and \$750,000 represented just 4% of all homes sold in 2019; however, in 2024, single family homes purchased in this price range represented nearly a quarter of all sales (23%).

In 2019, townhomes purchased between \$151,000 and \$300,000 made up two thirds of all home sales (66%); in 2024, only 4% of townhomes were sold in this price range. Similarly, in 2019, condominiums sold in this price range represented over half of all sales (51%); in 2024, only 14% of condominiums were sold between \$151,000 and \$300,000.

Using 2024 HUD AMI limits for a 4-person household, a household making up to 52% AMI would only be able to afford a home priced at \$150,000 or less. To afford the median sale price in 2024 in the Missoula Urban Area (\$562,400), a household would have to have an income of at least 196% AMI.

Additionally, in Missoula County, of the 1,701 homes sales in 2019, 53.7% were considered above the affordability threshold⁵ while 46.3% were considered below the affordability threshold. In 2024, of the 1,189 home sales, 90% were considered to be above the affordability threshold while 10% were considered below.

⁵ Per the Missoula Organization of Realtors, “affordability thresholds” are the amount a Missoula County median income earner in a given year could afford to pay for a home purchase (factoring in taxes, interest rates, and a 5% down payment) without spending more than 30% of their monthly income on housing.

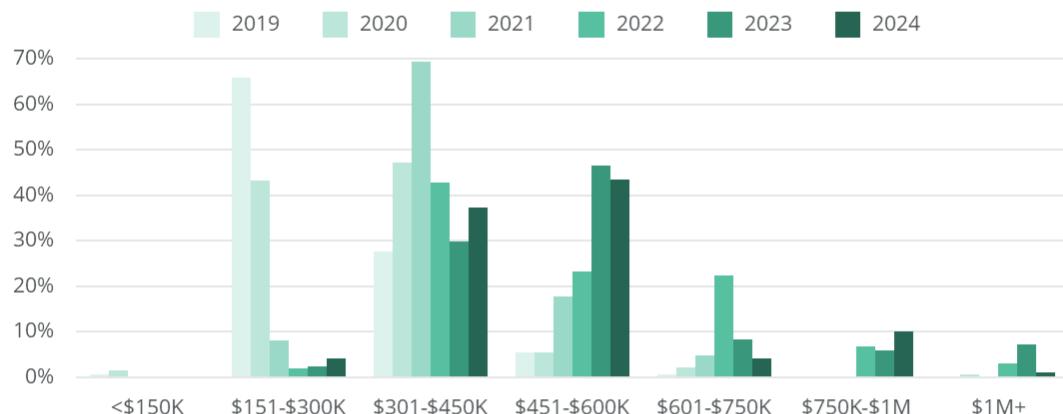
Figure 21.

Home Sales Distribution by Sale Price, Single Family Residence, Townhomes, and Condominiums, Missoula Urban Area, 2019–2024

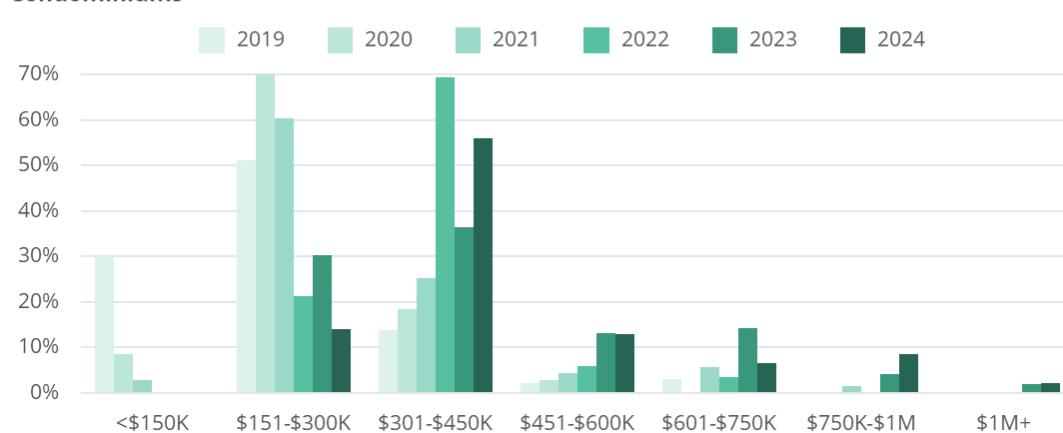
Single Family



Townhomes



Condominiums



Source: Missoula Organization of Realtors and Root Policy Research.

Figure 22 shows the distribution of cash financing employed in home sales overall and by housing type in the Missoula Urban Area between 2019 and 2024. In 2019, cash purchases of homes in Missoula County made up approximately one in five home purchases (19%); however, in 2024, cash purchases accounted for nearly a third of all home purchases (31%). The increasing share of cash being used for home sales is also playing out at the national level. According to Redfin, in February 2024, 34.5% of all home purchases were made with cash.⁶ Higher proportions of cash purchases indicate that these buyers are crowding out traditionally financed households at increasingly higher price points.

Figure 22.

Share of Cash Financing by Housing Type, Missoula County, 2019–2024

	2019	2020	2021	2022	2023	2024
Single Family	17%	16%	19%	25%	28%	26%
Townhome	20%	18%	20%	31%	36%	36%
Condominium	29%	32%	35%	47%	45%	51%
Manufactured Home - Owned	9%	40%	49%	43%	33%	30%
Manufactured Home - Leased	69%	61%	81%	72%	52%	46%
Total	19%	19%	24%	30%	32%	31%

Source: Missoula Organization of Realtors and Root Policy Research.

Affordability

Cost burden. Figures 23 and 24 present cost burden and severe cost burden for owners and renters. Households are considered to be cost burdened when they pay 30% or more of their gross income in housing costs. Households are severely cost burdened when they pay 50% or more of their gross income in housing costs. In 2023, over half of all renter households (51%) in the city experienced cost burden. Additionally, three in ten Missoula renter households experienced severe cost burden, a 20% increase since 2019. While the proportion of owners experiencing cost burden overall decreased between 2019 and 2023, owners experiencing severe cost burden increased by 20% (8% in 2019, 10% in 2023).

By income, approximately a third of Missoula homeowners (33%) with income up to \$50,000 experience severe cost burden; approximately half of homeowners (49%) with income of up to \$35,000 experience severe cost burden. Additionally, nearly half (44%) of renter households in Missoula with income of \$50,000 or less experience severe cost

⁶ <https://www.redfin.com/news/all-cash-homebuyers-february-2024/>

burden; six in ten renter households (60%) with income of \$35,000 or less are severely cost burdened.

Figure 23.
Renter Cost Burden, City of Missoula and Missoula County, 2019 and 2023

Source:
2019 and 2023 1-year ACS.

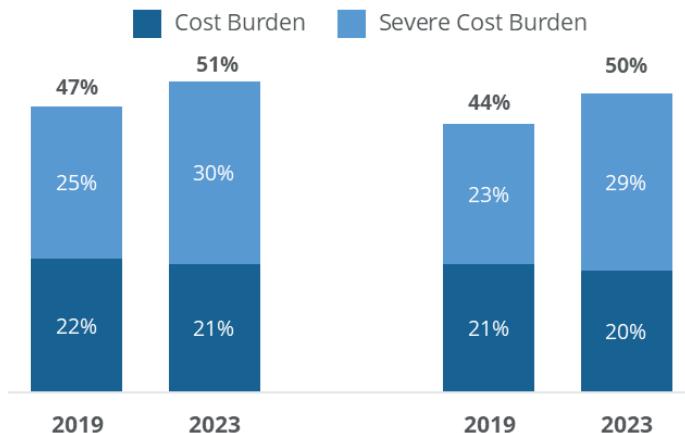
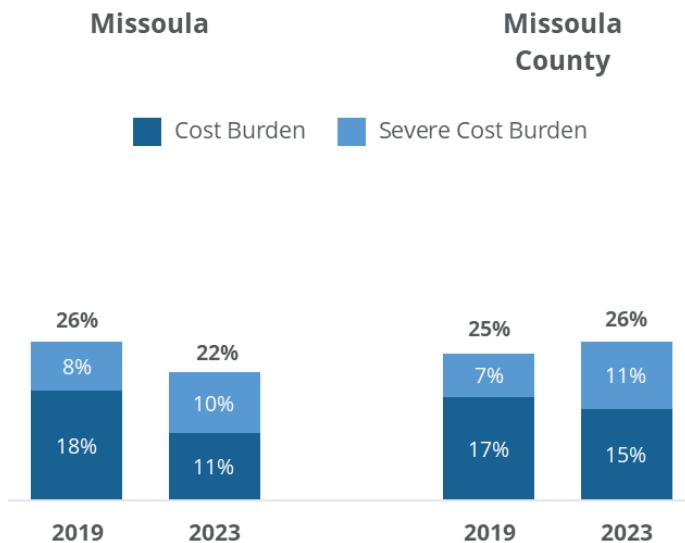


Figure 24.
Owner Cost Burden, City of Missoula and Missoula County, 2019 and 2023

Source:
2019 and 2023 1-year ACS.



Housing and transportation costs. Figure 25 broadens the affordability analysis by contextualizing housing costs with transportation and other costs in the city of Missoula in 2019 and 2022. On average, Missoula households currently spend 25% of their income on housing costs and 19% of their income on transportation costs, with the remaining 56% of income going to other necessities, debt, savings, and disposable income. At the 2022 median household income of \$59,783, this translates to spending \$1,245 on housing, \$947 on transportation, and \$2,790 on other expenses and savings each month.

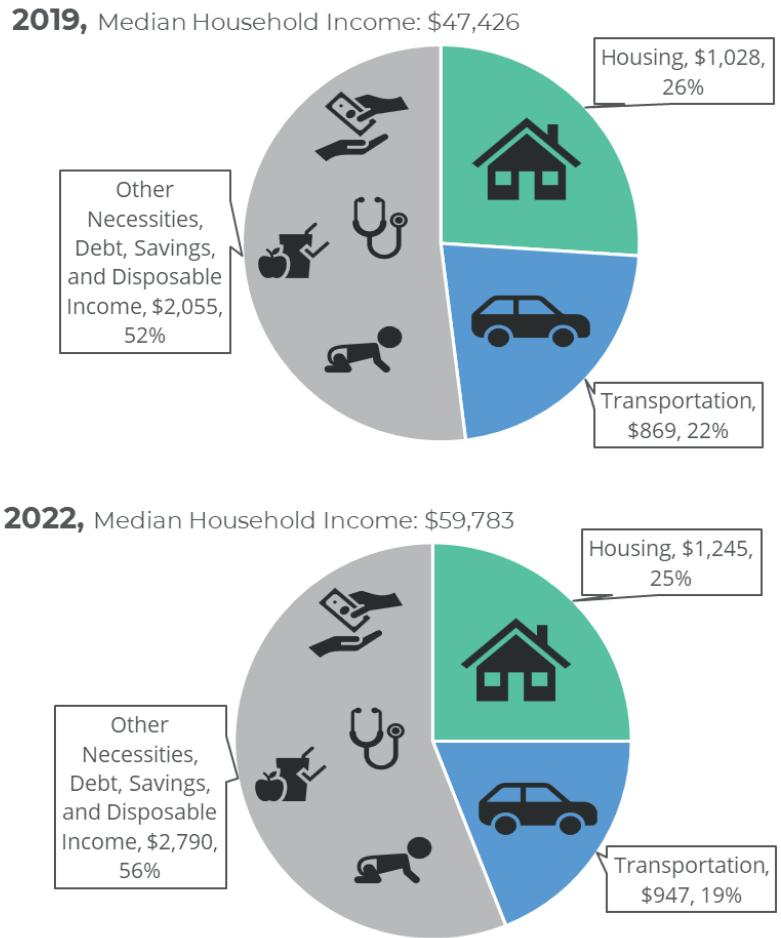
Figure 25.
Typical City of
Missoula Household
Monthly Budget, 2019
and 2022

Note:

Figures for 2021 and 2022 apply 2020 housing/transportation/other expenses shares to 2021 and 2022 median household incomes.

Source:

2019, 2021, and 2022 5-year ACS estimates (Median Household Income), Center for Neighborhood Technology Housing and Transportation Index 2019 and 2020 Releases, and Root Policy Research.



Affordable housing inventory. Missoula's designated affordable housing stock is summarized in Figure 26. In this analysis, "designated affordable" includes income-restricted units administered by the Missoula Housing Authority (MHA), nonprofit organizations, and private real estate development companies. Rents in these units may be subsidized by Low Income Housing Tax Credits (LIHTC), project-based vouchers, HUD funds, or other funding sources.

Altogether, there are 2,268 designated affordable units in the city, which account for 12% of all rental units and 6% of all units in Missoula. Approximately 30% of these units are deeply subsidized wherein tenants pay 30% of their income in rent. Over four in ten designated affordable units (42%) are located within tax credit properties, while over a quarter (28%) represent other affordable units in the city.

Figure 26.
Designated
Affordable Units by
Type, City of
Missoula, 2025

Source:

Affordable Housing Preservation Database, Montana Department of Commerce and Root Policy Research.

	Total Units	%
Deeply Subsidized Units Tenants pay 30% of their income for rent	670	30%
Tax Credit Units Tenants pay a fixed rent based on a percentage of AMI from 30% to 60%	963	42%
Other Affordable Units Generally below market rent	635	28%
Total Affordable Units	2,268	100%

In addition to the affordable units outlined above, housing vouchers or other direct landlord subsidies offer additional paths to affordability: the Missoula Housing Authority administers approximately 1,200 housing vouchers. It should be noted that vouchers and units are not necessarily additive as vouchers can be used in subsidized units to create deeper affordability for extremely low-income households. According to MHA, as of October 2024, there are approximately 2,400 households currently on waitlists for subsidized housing—clearly demonstrating that need for affordable housing far exceeds the available supports.

Affordability gaps analysis. To examine how the city's housing market is meeting the affordability needs of current residents, a gaps analysis was performed. The gaps analysis compares the supply of housing at various price points to the number of households who can afford such housing. If there are more housing units than households, the market is “oversupplying” housing at that price point. Conversely, if there are too few units, the market is “undersupplying” housing at that price point.

Rental affordability gaps. Figures 27 and 28 show rental gaps for the city of Missoula in 2019 and 2023.

As of 2023, there is an affordability gap of 2,902 units affordable to households earning less than \$25,000—units priced below \$625—in 2023.

- 3,645 renter households have incomes below \$20,000 and can afford to pay \$500 in rent each month; however, there are only 872 rental units priced below \$500, resulting in a gap of 2,773 units affordable to these households.
- Another 895 renter households have incomes between \$20,000 and \$25,000 and require units priced at or below \$625, but only 766 units were priced within their affordability range, leaving a shortage—or gap—of 129 units.

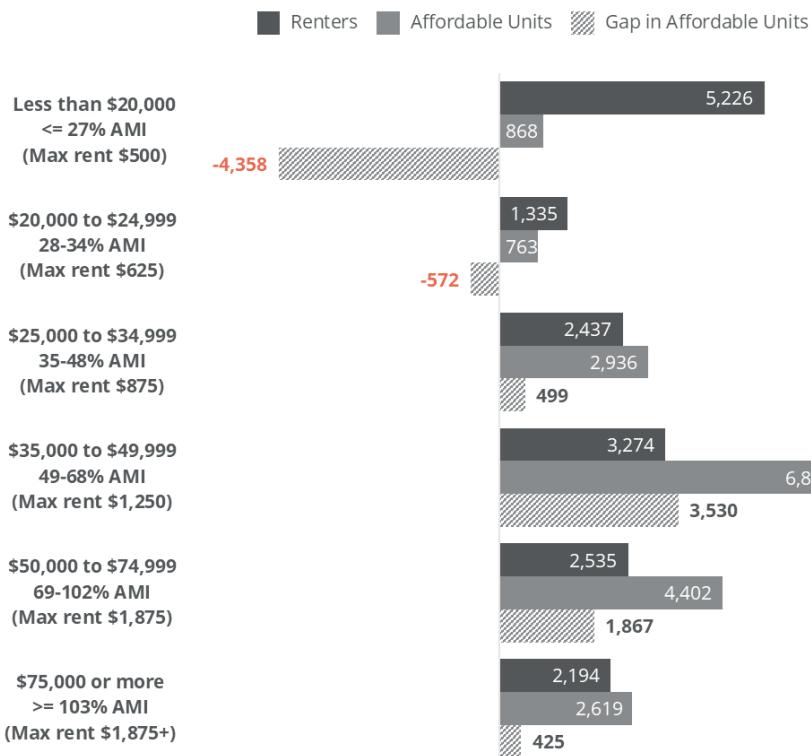
- Additionally, there are 4,421 renters with incomes over \$75,000, but only 2,630 units affordable to these households, resulting in a shortage of 1,791 units.
- In 2019, rental affordability gaps were present up to roughly 34% AMI for a 4-person household; in 2023, this decreased to households up to 25% AMI. While Missoula's 2023 rental gap (2,902 units priced below \$625) is smaller than the rental affordability gap Missoula faced in 2019 (4,930 units priced below \$625), needs persist, particularly for extremely low- and low-income households.

For-sale affordability gaps. Figures 29 and 30 show homeownership gaps for the city of Missoula in 2019 and 2023. This analysis compares the shares of total renter households—roughly, the number of potential first-time homebuyers—with shares of total home sales affordable to them.

In 2019, just over a third (34%) of Missoula renter households had income between \$35,000 and \$75,000 annually. To affordably enter homeownership, these households would require homes priced between \$153,846 and \$329,667. Over half of all homes sold (53%) in Missoula in 2019 were sold between these price points, resulting in an affordability surplus of +19% for renters with income between \$35,000 and \$75,000.

Due to rising home prices and the effects of higher interest rates on purchasing power, Missoula renters with income between \$35,000 and \$75,000 experienced a gap in the number of affordable units available for purchase in 2023. Compared to 2019, a similar number of renter households (36%) fell within this income bracket in 2023. Based on 2023 interest rates, these households required homes priced between \$111,849 and \$239,675. Only 8% of units sold in 2023 were priced affordably for these households, leaving an affordability gap of -29% for renters between \$35,000 and \$75,000.

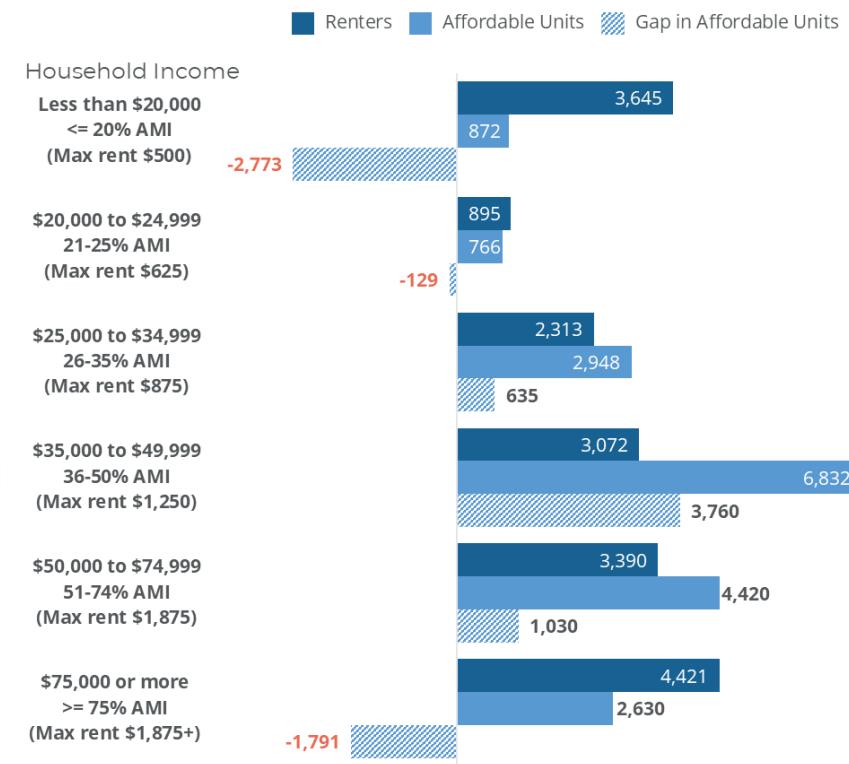
Figure 27.
Rental Affordability Gaps, City of Missoula, 2019



Note: AMI ranges presented are based on 4-person 2019 HUD AMI limits.

Source: 5-year ACS and Root Policy Research.

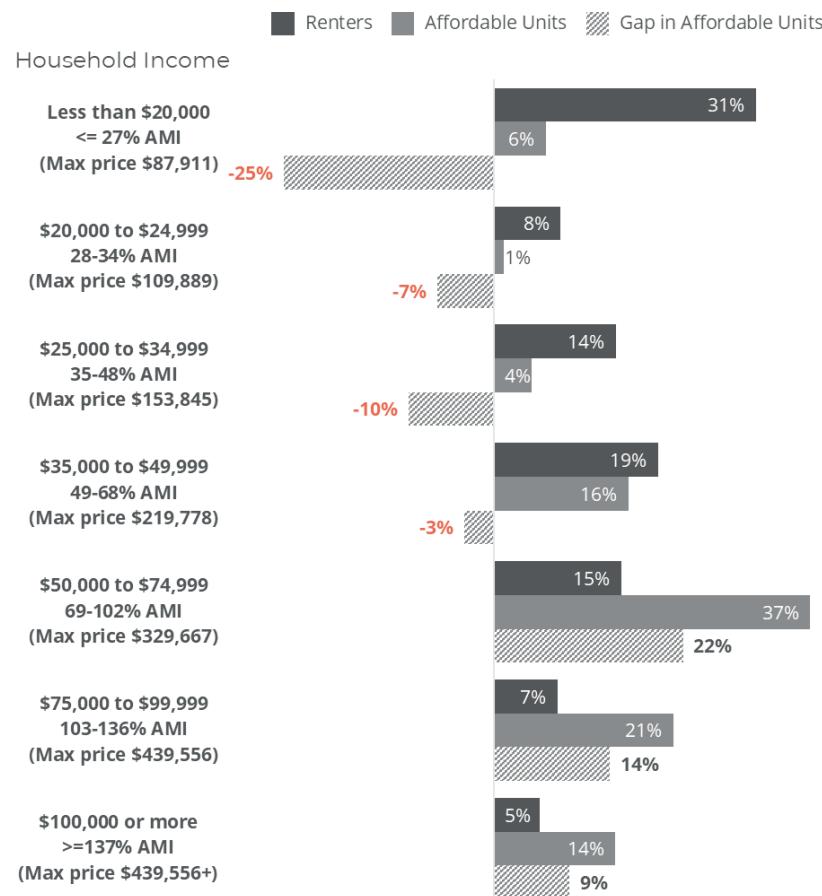
Figure 28.
Rental Affordability Gaps, City of Missoula, 2023



Note: AMI ranges presented are based on 4-person 2023 HUD AMI limits.

Source: 5-year ACS and Root Policy Research.

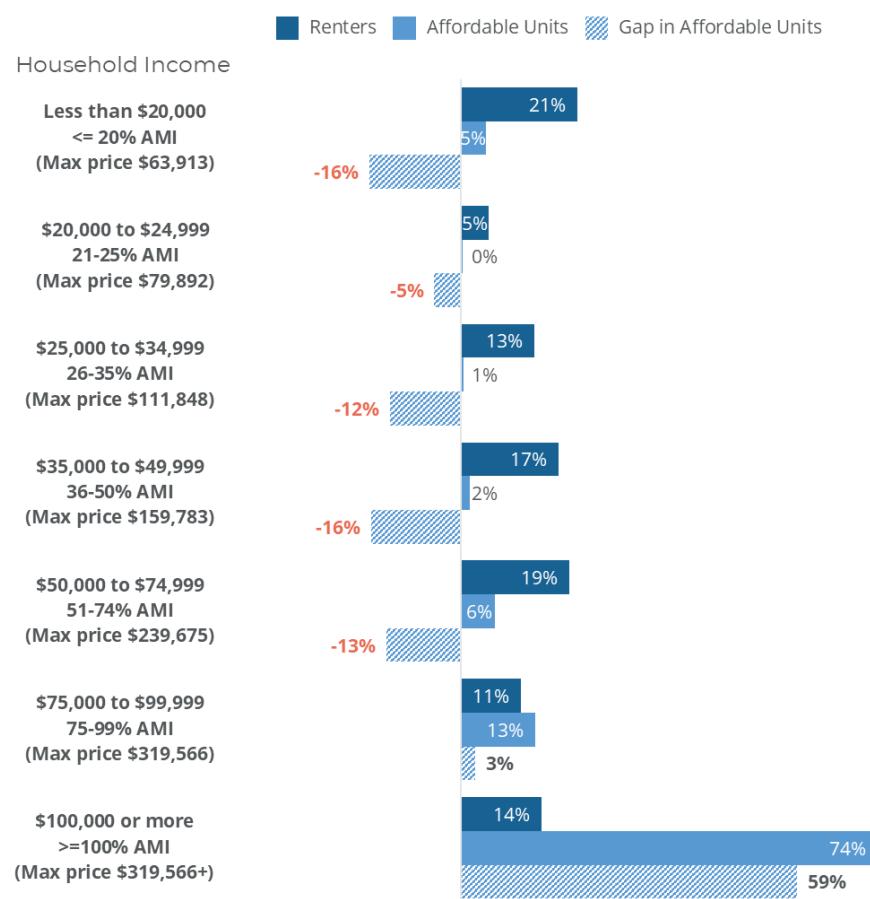
Figure 29.
For-Sale Affordability Gaps, City of Missoula, 2019



Note: Assumes a 30-year mortgage with 10% down at a 3.94% interest rate, with additional 25% of the monthly housing payment to property taxes, utilities, insurance, etc. AMI ranges presented are based on 4-person 2019 HUD AMI limits.

Source: 2019 5-year ACS and Root Policy Research.

Figure 30.
For-Sale Affordability Gaps, City of Missoula, 2023



Note: Assumes a 30-year mortgage with 10% down at a 6.8% interest rate, with additional 25% of the monthly housing payment to property taxes, utilities, insurance, etc. AMI ranges presented are based on 4-person 2023 HUD AMI limits.

Source: 2023 5-year ACS and Root Policy Research.