



Root Policy Research
789 Sherman Street, Suite 360, Denver, CO 80203
www.rootpolicy.com
970.880.1415

City of Missoula, MT

A Place to Call Home: Meeting Missoula's Housing Needs— 2025 Strategy Update

REPORT

October 2025

Table of Contents

| | |
|---|----|
| Acknowledgments | 1 |
| Background and Progress | 2 |
| Strategy Implementation Progress..... | 2 |
| Strategy Update Process..... | 5 |
| Market Trends..... | 5 |
| Stakeholder Engagement | 6 |
| Recommendation Framework..... | 7 |
| Recommendation Strategies and Actions | 9 |
| Fund | 11 |
| Preserve..... | 12 |
| Assist | 14 |
| Build | 18 |
| Track..... | 23 |
| Appendices | |
| Appendix A. Detailed Strategy Implementation Progress | |
| Appendix B. Missoula Housing Market Conditions Summary | |
| Appendix C. Housing Challenges and Estimated Cost | |
| Appendix D. Non-Funding Constrained Recommendations | |
| Appendix E. Previously Explored Capitalization Strategies | |

Acknowledgments

Special thanks to all who contributed to the development of this 2025 update of *A Place to Call Home: Meeting Missoula's Housing Needs*.

Community Stakeholders

- Justin Metcalf, Collaborative Development
- Brittany Palmer, Front Step CLT
- Todd Franicevich, Habitat for Humanity Missoula
- Karissa Trujillo, Homeword
- Heather McMillin, Homeword
- Chris Chitty, Hone Architects & Builders
- Kate Ybarra, Human Resource Council
- Alex Sanchez, Human Resource Council
- John Wilke, Missoula County
- Melissa Gordon, Missoula County
- Mike Nugent, Missoula City Council, Land Use & Planning Committee Chair
- Linda McCarthy, Missoula Downtown Association
- Grant Kier, Missoula Economic Partnership
- Sam Oliver, Missoula Housing Authority
- Casey Dunning, Missoula Interfaith Collaborative
- Melanie Brock, Missoula Midtown Association
- Jackson Sapp, Missoula Tenants Union
- Kaia Peterson, NeighborWorks Montana
- Tyson O' Connell, United Housing Partners
- Jen Euell, YWCA Missoula

City of Missoula

- Montana James, Community Development
- Walter Banzinger, Development Services
- Colleen Kane, Grants Programs
- Tracy Pohndorf, Grants Programs
- Emily Armstrong, Houseless Programs
- Cerina Azure-Kjorstad, Houseless Programs
- Dylan Barbash, Houseless Programs
- Samantha Hilliard, Houseless Programs
- Annie Gorski, Missoula Redevelopment Agency
- Michael Hicks, Missoula Redevelopment Agency
- Mary McCrea, Permits and Land Use
- Parker Webb, Strategic Initiatives
- Anne Geiger, Strategic Initiatives

Root Policy Research

- Mollie Fitzpatrick, Managing Director
- Frankie Lewington, Senior Associate

Background and Progress

In 2019, the City of Missoula adopted its first city-wide housing strategy, *A Place to Call Home: Meeting Missoula's Housing Needs (APTCPH)*¹. Built upon a community-driven process, the strategy set out to align City resources, planning efforts, and workflows around addressing the city's housing challenges. The vision guiding the strategy was as follows:

"By providing safe and healthy housing with a diversity of home types and affordability levels, [the City] can support childhood educational success, enable Missoulians to improve our circumstances in the community, support individual and community health, and allow for a robust and thriving local economy."

This work culminated in the strategy's four recommendations:

- **Track and analyze progress for continuous improvement;**
- **Align and leverage existing funding resources to support housing;**
- **Reduce barriers to new supply and promote access to affordable homes; and**
- **Partner to create and preserve dedicated affordable homes.**

¹ *A Place to Call Home (APTCPH)* was called a "policy" in 2019; the City has updated its language and now refers to *APTCPH* as the City's housing "strategy."

Since the adoption of *APTCPH* in 2019, the City has implemented several of the recommendations articulated in the strategy.

Strategy Implementation Progress

Track and Analyze Progress for Continuous Improvement

- Created an internal system to track the affordability periods of Low-Income Housing Tax Credit (LIHTC) properties and other affordable developments within the city to better plan for preservation and acquisition opportunities.
- Completed a short-term rental study and recommended an update on the registration fee and process.
- Publication of an annual housing landscape report each fall.
- Participated in the *Our Missoula: Growth Policy Update and Code Reform Project*.
- Drafted language for near-term code reform amendments.

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

Align and Leverage Existing Funding Resources to Support Housing

- Created the Affordable Housing Trust Fund in July 2020 with General Fund revenue committed through each annual budget cycle.
- Created the Affordable Housing Resident Oversight Committee in June 2021 and adopted the Affordable Housing Trust Fund Administrative Policies in August 2021.
- Created a Unified Application process to reduce time and process for applicants and to leverage federal funding.
- Providing ongoing staff, Mayoral, and City Council support to developers applying for 4% and 9% LIHTC projects in the Missoula area.
- Utilized Missoula Redevelopment Agency (MRA) funding to purchase the Bridge Apartments to secure affordability for current and future tenants.
- Promoted Brownfields in Unified Application workshops with developers.
- Participated in the MRA Workforce Housing Policy workgroup to design and launch MRA's Workforce Housing Program.
- Designed capitalization strategies to identify new revenue sources to fund the Affordable Housing Trust Fund.

- Launched the Voluntary Incentives Program (VIP), including developing a Cash-in-Lieu process for developers.
- Continued ongoing grant seeking and applications to support Missoula housing strategies.
- Explored endowments with community partners.

Reduce Barriers to New Supply and Promote Access to Affordable Homes

- Adopted Accessory Dwelling Unit code recommendations in Title 20 updates published in October 2020.
- Engaged in the Sxʷtpqyen Neighborhoods Master Plan, West Broadway Master Plan, and Form-Based Code development.
- Supported community-based services to support renters and homebuyers.
- Community Development staff participation in all workgroups for *Our Missoula: Growth Policy & Code Reform Project*.
- Incorporated sustainable building incentives into the VIP, in collaboration with the City's Climate and Sustainability Team.
- Active engagement in legislative sessions and Montana Housing Coalition.

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

- Collaborated with the City's Community Engagement and Equity teams to create resource fliers for refugee and immigrant community members.
- Hosted Fair Housing workshops for tenants, property managers, and housing service providers.
- Added housing case management as an allowable activity for the Affordable Housing Trust Fund.

Partner to Create and Preserve Affordable Homes

- Collaborated with MRA, the City's Public Works & Mobility department, and the Office of the Mayor to discuss land banking strategies for the City.
- Provided programmatic and Community Land Trust (CLT) support for the Ravara Scott Street project, which brings public and private partners together to develop market-rate rentals and permanently affordable CLT homes at the former White Pine Sash location. Initial ground-breaking occurred in Spring 2024.
- Brokered a partnership with the Reed LLC Condominium development to address housing affordability by providing a Vacation Right of Way in exchange for eight condo units restricted to 120% AMI limit, the equivalent of 20% of the project's total units.
- Partnered with stakeholders to preserve long-term affordability for eight households through the creation of the Wolf Avenue Collective, 28 households through Bonnie's Place Resident-

- Owned Community acquisition, two modular homes through Habitat for Humanity, and 14 homes through the creation of the River Rocks Cooperative.
- Supported Missoula Housing Authority's development of the 200-unit Villagio apartments through infrastructure support and allocations from City HOME and Tax Increment Financing (TIF) funds.
- Assisted the Trinity/Blue Heron Place affordable housing project in partnership with Homeword, Missoula Housing Authority, and BlueLine development. Thirty (30) of the 202 homes are permanent supportive units.
- Contributed to the preservation and rehabilitation of 161 units at Creekside Apartments with City AHTF and CDBG funding.

Strategy Update Process

One of the recommendations articulated in the original housing strategy was “Undertake a Five-Year Comprehensive Assessment.” This was an opportunity for the City to track current housing market conditions, measure the impact of the existing strategy, and refine its approach to address the community’s housing challenges. The City contracted with Root Policy Research, a housing research and community planning firm, to lead an assessment of APTCH and help develop the City’s strategy to address its housing challenges over the next five years.

Components of this work included:

- A summary of current housing market conditions;
- A review, summary, and assessment of implementation activities completed and in process since the adoption of *A Place to Call Home* in June 2019;
- Targeted consultation with housing partners and other stakeholders; and
- Updated housing strategy recommendations based on current housing market conditions, stakeholder feedback, and projected needs.

The following section provides a summary of those findings.

Market Trends

Appendix B provides an update on current housing market conditions in the city of Missoula. Key findings of the summary are:

- Missoula County has experienced **continued population growth since 2000 and is projected to add approximately 24,000 more residents by 2050**. Since 2019, the greatest proportion of people moving to the City of Missoula were already living 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**.
 - In 2019, approximately 25% of rental units in the city were being rented for between \$500 and \$750; by 2023, that proportion dropped to 10%.
 - Conversely, units for rent over \$1,500 accounted for 7% of all rental units in Missoula in 2019; in 2023, these units represented 25% of the city’s rentals.
- 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).

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

- 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.**
- 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 showed 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. While substantial progress has been made, needs persist for 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 gap 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 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%.

Stakeholder Engagement

As part of the strategy assessment and update, Root engaged with local housing stakeholders including the Missoula Housing Authority, market-rate and affordable housing developers, non-profit service organizations, economic development organizations, real estate professionals, and county staff about their perception of housing needs and priorities in the Missoula area. Stakeholders were also invited to provide their assessment of the city's 2019 housing strategy, as well as suggestions for the updated housing strategy. Feedback from the stakeholder engagement is incorporated into the updated strategy.

Recommendation Framework

There is no single strategy—or “silver bullet”—to resolve a community’s housing challenges. Instead, it is important to have a toolkit of strategies to effectively address needs and respond to changing market and policy conditions.

Building on findings from the housing market conditions analysis, stakeholder engagement, and an assessment of the 2019 strategy, the City used the following principles to guide the development of the 2025 housing strategy update:

- **Acknowledge funding constraints and where most impact can be provided.** Over the last five years, the City has researched and analyzed several strategies and mechanisms to capitalize the Affordable Housing Trust Fund. Aside from recurring General Fund contributions to the Trust Fund, no direct, ongoing sources of revenue have been implemented. Nonetheless, the City has still been able to deliver high-impact and high-need programs given its limited resources. As such, the identified strategies and actions in this report have been developed using a “funding constrained” lens, and are still impactful and can be provided by the City at current funding levels over the next five years.
- **Lean into what the City is already well positioned to do.** Tied to the principle articulated above, several

stakeholders articulated that the City should “double down” on what it is positioned to do well (e.g., remove regulatory and infrastructure barriers to housing development, provide services and support to low-income households, leverage partnerships with private and non-profit organizations to address housing barriers), especially given funding constraints.

- **Simplify.** One of the guiding principles of the City’s Code Reform project was to make the Unified Development Code (UDC) simpler to understand and navigate. In alignment with that principle, the City also decided to simplify the recommendations in the updated housing strategy.

As a result, the updated strategy articulates a more tactical list of actions that the City can implement within current funding constraints.

Of note, given that one of the significant actions articulated in the updated strategy is to “Implement an ongoing and sustainable funding source for the Affordable Housing Trust Fund,” **Appendix D** reflects actions that the City could prioritize and implement if a dedicated funding source was identified.

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

The City's approach to addressing housing needs centers on five strategies: **Fund, Preserve, Assist, Build, and Track** (illustrated and described in Figure 1).

In some cases, strategies and actions reflect a continuation of previous actions or minor modifications to the APTCH strategy.

Figure 1. Missoula Housing Strategies, 2025

- 1** **Fund**—Generate resources for affordable housing development, preservation, and services.
- 2** **Preserve**—Work to maintain existing dedicated and naturally occurring affordable housing.
- 3** **Assist**—Increase access to resident housing services and programs through partnerships, funding, and tailored program development. Build capacity among partners to address the city's housing challenges.
- 4** **Build**—Support development of dedicated affordable housing, naturally occurring affordable housing, and diverse housing types to accommodate a broad spectrum of needs and preferences.
- 5** **Track**—Collect, analyze, assess, and report housing data in service of the City's housing goals.

Recommended Strategies and Actions

This section discusses recommended actions within each proposed strategy. It begins with a summary of Strategies and Actions (Figure 2), followed by detailed descriptions of each action item, including priority, desired outcomes, and timeline.

Figure 2. Summary of Recommended Strategies and Actions

| Strategies and Actions | Priority | Timeline |
|---|----------|-----------|
| 1 Fund | | |
| A. Implement an ongoing and sustainable funding source for the Affordable Housing Trust Fund | ★★★★★ | 1-2 years |
| 2 Preserve | | |
| A. Advance anti-displacement initiatives and efforts that protect tenants | ★★★★★ | 1-2 years |
| B. Track affordable properties facing expiring affordable housing use | ★★★★★ | Ongoing |
| 3 Assist | | |
| A. Mobilize City resources and support for housing services | ★★★★★ | Ongoing |
| B. Increase community access to and awareness of available programs and services | ★★★★★ | Ongoing |
| C. Build capacity among staff and partners | ★★★★★ | Ongoing |
| D. Continue to maintain partnerships with existing CDFIs | ★★★★★ | Ongoing |
| 4 Build | | |
| A. Leverage City-owned land for affordable housing development | ★★★★★ | 1-2 years |
| B. Encourage infill housing development throughout the Missoula community | ★★★★★ | Ongoing |
| C. Support modular construction efforts to increase affordable homeownership options | ★★★★★ | Ongoing |
| D. Continue support for 4% and 9% LIHTC projects, including through the Affordable Housing Trust Fund | ★★★★★ | Ongoing |
| E. Continue advocacy efforts to improve funding transparency and tax credit allocation | ★★★★★ | Ongoing |
| 5 Track | | |
| A. Track city-owned vacant parcels and identify development potential | ★★★★★ | 1-2 years |
| B. Track and report housing production metrics following UDC implementation | ★★★★★ | Ongoing |
| C. Assess data needs and pursue data-sharing partnerships | ★★★★★ | Ongoing |
| D. Assess the annual housing landscape | ★★★★★ | By 2027 |
| E. Undertake a five-year comprehensive assessment of the strategy | ★★★★★ | By 2030 |

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

Figure 3 (below) provides an overview on how to interpret each of the actions articulated on subsequent pages.

Figure 3. How to interpret Strategy and Action Tables

| | |
|------------------------|---|
| Strategy → | FUND Generate resources for affordable housing development, preservation, and services. |
| Action → | 1.A. Implement an ongoing and sustainable funding source for the Affordable Housing Trust Fund |
| Priority | ★★★★★ |
| Overview | Since the establishment of the Affordable Housing Trust Fund (AHTF) in 2020, the Fund has been supported by General Fund allocations and other one-off contributions. Concurrently, the City has conducted an extensive review of potential capitalization strategies (a summary of this review can be found in Appendix E). However, due to a variety of statutory and other limitations, many potential dedicated revenue sources for affordable housing are not available for the City to utilize. Given these constraints, the City does not have enough funding to address the range of housing challenges in the community. |
| Action | The City should explore the potential of establishing a ballot initiative to capitalize the Affordable Housing Trust Fund. If a ballot measure fails to secure voter support, the City should explore other ongoing revenue sources. Since 2020, city staff have explored a variety of revenue strategies. Initial research shows that other revenue sources used in other states are either illegal in Montana based on current state law or Montana does not have the scale and population to support them. A remaining potential strategy that could be explored is implementing a voluntary fee program on certain business transactions in the community, similar to the Explore Whitefish Community Support Fund (CSF). |
| Timeline | 1-2 years |
| Desired Outcome | A sustainable and ongoing revenue source has been established for the city's Affordable Housing Trust Fund. |

FUND

Generate resources for affordable housing development, preservation, and services.

1.A. Implement an ongoing and sustainable funding source for the Affordable Housing Trust Fund

| | |
|-----------------|--|
| Priority | ★★★★★ |
| Overview | Since the establishment of the Affordable Housing Trust Fund (AHTF) in 2020, the Fund has been supported by General Fund allocations and other one-off contributions. Concurrently, the City has conducted an extensive review of potential capitalization strategies (a summary of this review can be found in Appendix E). However, due to a variety of statutory and other limitations, many potential dedicated revenue sources for affordable housing are not available for the City to utilize. Given these constraints, the City does not have enough funding to address the range of housing challenges in the community. |
| Action | The City should explore the potential of establishing a ballot initiative to capitalize the Affordable Housing Trust Fund. If a ballot measure fails to secure voter support, the City should explore other ongoing revenue sources. Since 2020, city staff have explored a variety of revenue strategies. Initial research shows that other revenue sources used in other states are either illegal in Montana based on current state law, or Montana does not have the scale and population to support them. A remaining potential strategy that could be explored is implementing a voluntary fee program on certain business transactions in the community, similar to the Explore Whitefish Community Support Fund (CSF). |
| Timeline | 1-2 years |
| Desired Outcome | A sustainable and ongoing revenue source has been established for the City's Affordable Housing Trust Fund. |

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

PRESERVE

Work to maintain existing dedicated and naturally occurring affordable housing.

2.A. Advance anti-displacement initiatives and efforts that protect tenants

| | |
|-----------------|--|
| Priority |  |
| Overview | <p>In conversations with stakeholders, many felt the City could fill a natural role in implementing and supporting anti-displacement and tenant protection policies. In 2022, the City conducted community listening sessions to better understand the impacts of housing displacement on Missoulians. The City provided a summary of those conversations and developed findings and recommendations to address the challenges identified.</p> |
| Action | <p>Building upon the completion of the City's Fair Housing Equity Plan and fair housing workshops for tenants, the City should pursue developing more education and engagement opportunities with both tenants and landlords to help support Missoula renters who are at risk of being displaced from their homes. The City could also convene a roundtable of organizations in this space (e.g., Missoula Tenants Union, Montana Legal Services Association, local property management companies) to explore how the City can support renter households through anti-displacement and tenant protection policies/strategies. This work should focus on residents facing particular displacement risks, including but not limited to, residents of mobile home parks and residents of naturally occurring affordable rental properties. Examples of policies/strategies to explore might include:</p> <ul style="list-style-type: none">■ Certain thresholds of notification, relocation planning, and supporting Resident-Owned Community programs; and■ Preservation projects and approaches (e.g., multifamily acquisition, mobile/manufactured home preservation and infrastructure assistance, community land trusts, limited equity housing cooperatives, small repair loans).■ Support and encourage connections between local organizations and landlords to support resident purchase and housing preservation. |
| Timeline | 1-2 years; ongoing |
| Desired Outcome | <p>Over the next two years, the City should host at least three (3) educational opportunities (e.g., public meetings, open house-type events) targeted at landlords and residents at higher risk of displacement with at least 250 people engaged through these events to advance the actions articulated above. Additionally, the City should convene at least two (2) meetings among relevant organizations to discuss and create an action plan on how to bolster tenant protections in the city.</p> |

2.B. Track affordable properties facing expiring affordable housing use

| | |
|-----------------|---|
| Priority | ★★★☆☆ |
| Overview | Currently, the City's Housing Policy staff maintains a list of properties with dedicated affordable housing units and tracks expiring units. |
| Action | The City should continue to monitor and update its existing list of expiring affordable housing rental properties and work with partners at quarterly Housing Partners' meetings to discuss strategies to preserve units at risk of expiring. |
| Timeline | Ongoing |
| Desired Outcome | The City has identified all dedicated affordable units at risk of expiration before 2030 and developed a strategy to engage with property owners with expiring subsidies to identify what role the City can feasibly play to preserve affordability of units. |

ASSIST

Increase access to resident housing services and programs through partnerships, funding, and tailored program development. Build capacity among partners to address the city's housing challenges.

3.A. Mobilize City resources and support for housing services

| | |
|-----------------|---|
| Priority |  |
| Overview | The City has established "Consumer Housing Services" as a funding program of the Affordable Housing Trust Fund and when possible, deploys operating support to partners. In 2024 and 2025, approximately \$273,000 was allocated to support housing consumers, providing 2,000 households with homebuyer and financial education and/or housing access, retention, and connection to housing opportunities. |
| Action | The City should continue supporting housing consumers via the Affordable Housing Trust Fund. As part of this work, City should continue to partner closely with community service providers to understand top needs in the realm of housing consumer services. |
| Timeline | Ongoing |
| Desired Outcome | Over the next five years, the City has supported at least 4,500 households in Missoula through the Consumer Housing Services program of the Affordable Housing Trust Fund. |

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

3.B. Increase community access to and awareness of available programs and services

| | |
|-----------------|--|
| Priority | ★★★☆☆ |
| Overview | Implementation of the City's Unified Application model in 2021 has centralized staff outreach and messaging about programs and funding sources available to the community. The City continues to support access to and awareness of partner programs. |
| Action | The City should continue to improve outreach and awareness of existing housing and human service programs through affirmative marketing and culturally inclusive communications. For example, the City could support a webpage that provides an all-encompassing overview of the range of services provided in the community and work with organizations who work with populations most likely to utilize these services to promote the information. |
| Timeline | Ongoing |
| Desired Outcome | Within the next year, the City has implemented a webpage that provides a comprehensive overview of the housing and human services available in the Missoula area. The City has provided annual updates to service providers and organizations about new programs, services, and funding sources during the Unified Application process. |

3.C. Build capacity among staff and partners

| | |
|-----------------|---|
| Priority | ★★★☆☆ |
| Overview | <p>The City holds intake meetings and provides opportunities for developers to receive Design Review Team comments and feedback on project proposals. However, stakeholders identified value in holding informal meetings with developers to better understand the City's zoning code and make the process of building permitting more efficient.</p> |
| Action | <p>In coordination with the approval of the City's updated UDC code, the City should host a series of workshops to help developers, builders, and other interested parties understand the updated code requirements and entitlement process(es).</p> <p>Additionally, the City could establish a dedicated Affordable Housing Review team, which would focus on expediting the permitting process for affordable housing projects in the community. Once established, this team could identify and convene housing developers to navigate the complexities of building affordable housing, as well as to discuss bottlenecks and barriers beyond code reform that delay housing development. This would help ensure that projects are on time and meeting the city's housing goals.</p> |
| Timeline | Ongoing |
| Desired Outcome | <p>Over the next year, the City has hosted at least three (3) public workshops that provide an overview of the updated Unified Development Code and technical assistance to interested parties. Within two years, the City has convened an internal workgroup to assess the feasibility and implementation of an Affordable Housing Review team.</p> |

3.D. Continue to maintain partnerships with existing CDFIs

| Priority | ★★★★★ |
|-----------------|---|
| Overview | From July 2024 to June 2025, staff from the City of Missoula CPDI Housing Policy Team, Missoula County Housing, NeighborWorks Montana, and Missoula Community Foundation explored strategies for establishing an endowment to support affordable housing in Missoula. After thorough analysis, stakeholders determined that current capacity constraints and market-scale limitations make endowment development unfeasible at this time. In 2024, NeighborWorks Montana and the Missoula Economic Partnership established the Missoula Housing Impact Fund, housed under NeighborWorks Montana, which provides flexible gap financing for housing development and acquisition. |
| Action | The City should continue to support affordable housing funding diversification efforts and remain open to revisiting endowment strategies should conditions change, or qualified lead organizations emerge with the capacity to spearhead such initiatives. |
| Timeline | Ongoing |
| Desired Outcome | Within two (2) years, the City has convened relevant stakeholders and organizations to discuss and assess whether to collectively pursue affordable housing funding diversification strategies to support city housing goals. |

BUILD

Support development of dedicated affordable housing, naturally occurring affordable housing, and diverse housing types to accommodate a broad spectrum of needs and preferences.

4.A. Leverage City-owned land for affordable housing development

| | |
|-----------------|--|
| Priority | |
| Overview | In the summer of 2025, the Mayor convened the Task Force on City Lands Redevelopment, which was made up of 11 local housing and development experts, to explore how the City can use surplus City-owned properties to expand housing options and advance broader neighborhood and community objectives. Following a list of recommendations coming from the Task Force on how to strategically dispose of or redevelop City-owned properties, the City is now working to develop a strategy to implement those recommendations. |
| Action | The City should implement the recommendations outlined by the Mayor's Task Force on City Land Redevelopment to develop a clear and actionable strategy for the disposition or redevelopment of City-owned property to support affordable housing development. Following the implementation of these recommendations, the City should develop and adopt an acquisition strategy for high-opportunity sites. Additionally, after the Code Reform update is complete, the City should identify vacant parcels within the city boundaries and develop a methodology to identify parcels that are most suitable for infill development. |
| Timeline | 1-2 years |
| Desired Outcome | The City has implemented the Task Force's recommendations and developed an acquisition strategy for high-opportunity sites. |

4.B. Encourage infill housing development throughout the Missoula community

| | |
|-----------------|---|
| Priority | ★★★☆☆ |
| Overview | The City is currently working on developing and implementing an updated Unified Development Code (UDC), which encourages the development of infill housing and aims to make the development process more efficient and easier to understand for the community. |
| Action | To support the rollout of the UDC, the City should develop "pre-approved" plans to simplify and streamline the process of building housing that supports infill development. Additionally, the City should develop a toolkit related to infill development, which could include allowed building types and configurations, step-by-step checklist(s) for the development process, design information, available incentives, and other relevant information for the development of infill housing. The City will utilize these resources to encourage more small-scale developers to pursue housing projects in the community. |
| Timeline | Ongoing |
| Desired Outcome | Within three years, the City has developed "pre-approved" plans for building types that support infill development and an Infill Housing Toolkit that supports interested parties through the development process. |

4.C. Support modular construction efforts to increase affordable homeownership options

| | |
|-----------------|---|
| Priority | ★★★☆☆ |
| Overview | With rising construction and labor costs impacting housing development, as well as a short building season, the City should explore other innovative strategies to increase affordable homeownership opportunities in the community. |
| Action | <p>The City should create opportunities for modular solutions through:</p> <ul style="list-style-type: none">■ Establishing partnerships with affordable, modular builders that could ensure that local building inspectors are trained on modular requirements (since different components are subject to inspection at different times and locations—some on site, some in factory; some by local and some by state).■ Ensuring zoning accommodates smaller lot sizes desired by modular builders. |
| Timeline | Ongoing |
| Desired Outcome | Within two years, the City has developed a strategy to encourage modular construction efforts that support expanding affordable homeownership opportunities. |

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

4.D. Continue support for 4% and 9% LIHTC projects, including through the Affordable Housing Trust Fund

| Priority | ★★★★★ |
|-----------------|--|
| Overview | Currently, the City's Affordable Housing Trust Fund can provide additional local match resources to LIHTC applications; City staff and elected officials also support applications through letters of support and public hearing coordination. Some stakeholders articulated that to continue to be competitive securing LIHTC projects for the community, particularly 4% projects, the City needs to be more strategic with deploying resources and support. |
| Action | The City should continue supporting both 4% and 9% LIHTC applications through the Affordable Housing Trust Fund. |
| Timeline | Ongoing |
| Desired Outcome | Over the next five years, the City provides local match resources and/or support to all LIHTC projects in Missoula. |

A PLACE TO CALL HOME: MEETING MISSOULA'S HOUSING NEEDS —2025 UPDATE

4.E. Continue advocacy efforts to improve funding transparency and tax credit allocation

| | |
|-----------------|--|
| Priority |  |
| Overview | City staff continue to participate in state-level coalitions and legislative sessions to advocate for more resources to support affordable housing development. |
| Action | The City should continue playing a role in advocacy efforts. For example, the City could lead a more coordinated approach among the Montana Housing Coalition to pursue action on these items. |
| Timeline | Ongoing |
| Desired Outcome | Before the beginning of the next legislative session (January 2027), in coordination with the Montana Housing Coalition, the City has developed a set of housing priorities to center its advocacy efforts and resources on. |

TRACK

Collect, analyze, assess, and report housing data in service of the City's housing goals.

5.A. Track City-owned vacant parcels and identify development potential

| | |
|-----------------|---|
| Priority | ★★★★★ |
| Overview | The City is currently working on developing and implementing an updated UDC, which encourages the development of infill housing and will aim to make the development process more efficient and easier to understand for the community. |
| Action | Following the adoption of the UDC, the City should update its methodology for tracking city-owned vacant parcels to include indicators of development potential, as well as work with partners to identify potential opportunities for infill development. This action could overlap with efforts related to the Mayor's Task Force on City Lands Redevelopment and the development of an acquisition strategy. |
| Timeline | 1-2 years |
| Desired Outcome | Within a year, the City has developed a methodology that tracks City-owned vacant parcels, as well as a set of development potential indicators. |

5.B. Track and report housing production metrics following UDC implementation

| | |
|-----------------|---|
| Priority | ★★★★★ |
| Overview | In partnership with the City, Missoula County currently supports an interactive development data dashboard, which compiles information about permits, subdivisions, demographics, recordings, and overall development occurring across the community. Additionally, the City provides monthly, quarterly, and calendar year development summaries on residential and commercial new construction and remodelings on its "Development Data" webpage. |
| Action | Following the implementation of the UDC, the City should consider tracking and reporting on the number of units created using public interventions used to incentivize housing development in Missoula. Tracking and sharing this information will allow the City to measure impacts of the updated code, provide transparency to the public on outcomes, and inform future policy decisions and zoning code updates. |
| Timeline | Ongoing |
| Desired Outcome | Within a year, the City has developed a tracking mechanism/system to report out on the number of units created using public interventions. The City has also published a summary of feedback related to developer experiences on the housing development process through the updated Unified Development Code. |

5.C. Assess data needs and pursue data-sharing partnerships

| | |
|-----------------|---|
| Priority |  |
| Overview | The City's original housing strategy articulated a recommendation for creating new methods for collecting rental data to better understand and measure the state of the rental market in Missoula. Due to staff capacity constraints, this recommendation was not implemented. |
| Action | The City should complete an assessment and analysis of its data needs related to the city's rental housing market. This effort should also include an inventory of housing data used by internal city departments and whether data utilization is aligned (e.g., MRA Workforce Housing and CPDI are using the same data sources). After the assessment and analysis is complete, if necessary, the City should explore partnerships with other local organizations that do collect rental data and negotiate data sharing agreements (e.g., MOUs) that benefit each respective party. |
| Timeline | Ongoing |
| Desired Outcome | Within a year, the City has assessed and analyzed what data it needs to support its housing programs and services and developed a strategy to address its data needs. |

5.D. Assess the annual housing landscape

| | |
|-----------------|--|
| Priority |  |
| Overview | The City has created an annual process that collects key housing statistical data that assists with the year-to-year tracking of programs and outcomes. |
| Action | The City should convene a group of housing partners and organizations to evaluate the information provided in the assessment and identify other data sources, housing metrics, or general additions/revisions that should be considered for future annual reports. |
| Timeline | Ongoing |
| Desired Outcome | The City has convened relevant stakeholders to discuss updates and refinements to the annual housing landscape by the end of 2027. |

5.E. Undertake a five-year comprehensive assessment of the strategy

| | |
|-----------------|---|
| Priority |  |
| Overview | The 2019 housing strategy calls for a comprehensive assessment every five years of the City's current housing strategy. |
| Action | The City should complete another assessment of the updated housing strategy by fall of 2030, including a housing market conditions summary and impact evaluation of current strategies, recommendations, and metrics. |
| Timeline | By the end of 2030 |
| Desired Outcome | The City will review and assess the impact of its housing strategy and actions by the end of 2030. |

APPENDIX A

Detailed Strategy Implementation Progress

The following Appendix provides a more detailed summary of *A Place to Call Home* (APTC) strategy progress.

Figure 1.
Track and Analyze Progress for Continuous Improvement Strategy Progress, 2025

| 2019 Strategies and Recommendations | | Current Status | 2025 Progress |
|--|---|-------------------------|--|
| Track and Analyze Progress for Continuous Improvement | | | |
| 1 | Create a system for annual housing program assessments | Established and ongoing | The City's Annual Housing Assessment is tied to the regular Affordable Housing Trust Fund cycle and is released each year. |
| 2 | Undertake a five-year comprehensive assessment | In progress | The City contracted with Root Policy Research to conduct a review and assessment of Missoula's <i>A Place to Call Home</i> housing strategy. The assessment and updated strategy will be complete by October 2025. |
| 3 | Create new methods for collecting rental housing cost and vacancy data | In progress | Currently, other local partners and organizations collect this data; City staff utilize data from these local sources. |
| 4 | Create an annual process for goal setting for City-supported housing programs and housing development | In progress | Annual goal setting related to housing is being done through the Annual Reporting and Allocation Plan process for the City's Affordable Housing Trust Fund. |

Figure 2.

Align and Leverage Existing Funding Resources to Support Housing Strategy Progress, 2025

| 2019 Strategies and Recommendations | Current Status | 2025 Progress |
|---|-------------------------|--|
| Align and Leverage Existing Funding Resources to Support Housing | | |
| Establish an Affordable Trust Fund | | |
| 1 Adopt a trust fund ordinance or resolution that is inclusive of the range of contemplated housing programs and investments | Complete | The Affordable Housing Trust Fund (AHTF) Ordinance and Funding Commitments Resolution was adopted on July 20, 2020. |
| 2 Create an allocation and administration process | Established and ongoing | Allocation plans and administrative processes are in place and have been operational since 2021. |
| 3 Align existing funding sources into the trust fund allocation process | In progress | The Funding Commitments Resolution adopted on July 20, 2020, which articulated that additional financial resources be prioritized and aligned with projects and programs that support APTCH, including TIF, federal entitlement funds, and other city funding sources. |
| 4 Explore new funding sources including City general operating funds, mill-levy, special districts, special improvement districts, bond funding, and private equity | In progress | City staff have researched various capitalization strategies. A summary of this research can be found in Appendix E. |
| Support New Community Development Financing Institution (CDFI) Financing Tools | | |
| 5 Convene lending stakeholders to work on expanding CDFI products | | |
| 6 Consider City loan guarantees to support below-market lending products | In progress | The City has convened a working group to examine expanding CDFI products in Missoula. |
| 7 Promote existing CDFI products | | |

Figure 3.**Reduce Barriers to New Supply and Promote Access to Affordable Homes Strategy Progress, 2025**

| 2019 Strategies and Recommendations | Current Status | 2025 Progress |
|---|-------------------------|---|
| Reduce Barriers to New Supply and Promote Access to Affordable Homes | | |
| Incentivize Affordable Housing Development | | |
| 1 Create an affordable housing incentive program that defines program eligibility and beneficiaries | Complete | The City's Voluntary Incentives Program was adopted by the City Council in spring 2024. Staff continue to work with partners to identify incentives that reduce cost to the developer and result in dedicated below-market housing. However, code and land-use incentives alone have proven to be not enough to make projects work. Of the Voluntary Incentives that were developed, the financial incentives do not have a dedicated funding source, which limits the effectiveness and ability to use them. |
| 2 Amend city code to include formal land use incentives for producing below-market rental and ownership homes | In progress | Affordable housing incentives are currently being developed as part of the Comprehensive Code Reform project. |
| 3 Pursue changes to general land use code that reduce development costs while maintaining community quality | In progress | The Comprehensive Code Reform project will investigate ways to reduce cost and constraints to affordable housing. Staff have provided guidance on interim code changes that clarify affordable housing and incentives options in existing code. |
| Support Housing Consumers | | |
| 4 Expand City support for housing services | Established and ongoing | Consumer Housing Services is a funding program of the Affordable Housing Trust Fund. Housing case management was added to eligible activities in FY23. City staff deploy operating supports to partners wherever possible, including contracting with NMCDC and Homeword using HOME operating funds. |
| 5 Increase community awareness and access to services | Established and ongoing | The unified application model was implemented in 2021 and has centralized staff outreach and messaging about programs and funding sources. The City continues to support access to and awareness of partner programs. Consumer Housing Services is a funding program of the Affordable Housing Trust Fund. |
| Promote Infill through Accessory Dwelling Unit (ADU) Construction | | |
| 6 Update ADU regulations and land use code | Complete | The City adopted ADU recommendations in Missoula's Municipal Zoning Code (Title 20) on October 19, 2020. |
| 7 Implement a collaborative community informational campaign to increase public awareness about ADU options and process | In progress | The City and its partners hosted an ADU convening in October 2020; work continues on increasing community awareness around ADUs. |
| 8 Expand access to construction and long-term financing, particularly for lower-income homeowners | In progress | Conversations on ADU financing are incorporated into ongoing partner discussions around housing finance and access. |
| 9 Incentivize construction of below-market and voucher-preference ADU units | In progress | This recommendation will be dependent on the affordable housing incentives as part of the Comprehensive Code Reform project. |
| 10 Set goals for increased ADU production and below-market ADU creation | In progress | This recommendation is in alignment with existing annual reporting efforts. |

Figure 4.
Partner to Create and Preserve Affordable Homes Strategy Progress, 2025

| 2019 Strategies and Recommendations | | Current Status | 2025 Progress |
|--|--|-------------------------|--|
| Partner to Create and Preserve Affordable Homes | | | |
| Preserve Existing Affordable Housing | | | |
| 1 | Track affordable rental properties facing expiring affordable housing use | Established and ongoing | The City's Housing Programs staff maintain a list of these properties and work with community partners to strategize how to preserve them. |
| 2 | Develop new preservation financing tools in partnership with CDFIs | In progress | While no new tools have been created, the City has invested resources in housing cooperatives/community land trust acquisitions, preserving naturally occurring affordable housing, and creating ownership opportunities. |
| 3 | Adopt a policy to address displacement of mobile home communities for City-funded projects | In progress | City staff have been researching best practices from other communities, as well as what types of policy interventions are currently allowed under state law. City staff have also been meeting with community partners who work with mobile home communities to understand how to best serve them. |
| 4 | Establish a mobile home infrastructure assistance program | In progress | CPDI staff have been exploring partnerships with other city departments, including the loan program with Public Works. |
| 5 | Create an acquisition program for Community Land Trusts | In progress | While a formal Community Land Trust acquisition program has not been created, the City currently supports local CLT acquisitions with funding from the Affordable Housing Trust Fund and other federal and local funding sources. |
| Support Affordable Rental Development | | | |
| 6 | Create a formal support program for projects seeking 9% tax credits | Established and ongoing | The Affordable Housing Trust Fund can provide additional local match resources to LIHTC applications. Staff support applications through letters of support and public hearing coordination. |
| 7 | Align significant city resources behind 4% projects | Established and ongoing | |
| 8 | Align City support cycles with the Montana Housing funding schedule | Complete | The Affordable Housing Trust Fund and HUD Programs calendars are set to complement the Montana Housing schedule. |
| 9 | Support state-level advocacy for a more systematic 9% allocation methodology for the creation of state affordable housing tax credits | Established and ongoing | City staff have ongoing engagement in state-level coalitions and during legislative sessions. |
| Expand Affordable Homeownership Options | | | |
| 10 | Explore an entrepreneurial nonprofit development approach to catalyze affordable housing construction and generate new housing program funding | Established and ongoing | Currently, City staff and partners are testing concepts with city-owned parcels and in Master Planned communities. |
| 11 | Donate City-owned land for affordable housing development | Established and ongoing | Land Banking activities are underway; example projects include the Scott Street Ravara Development. |

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.

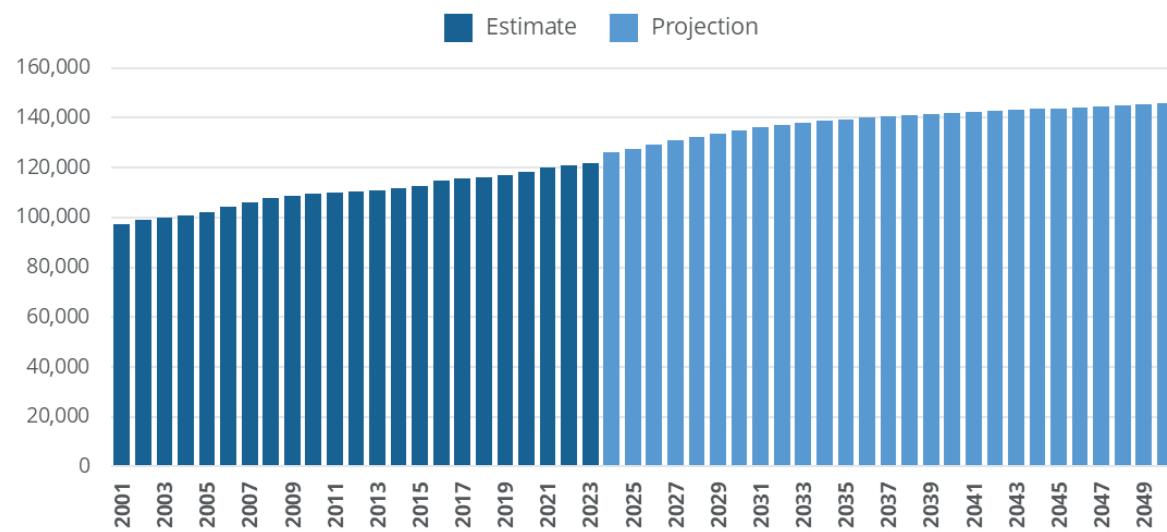
- In 2023, 36% of renter households had incomes between \$35,000 and \$75,000 while only 8% of all units sold in the city were affordable to these households, resulting in an affordability gap of -29%.

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

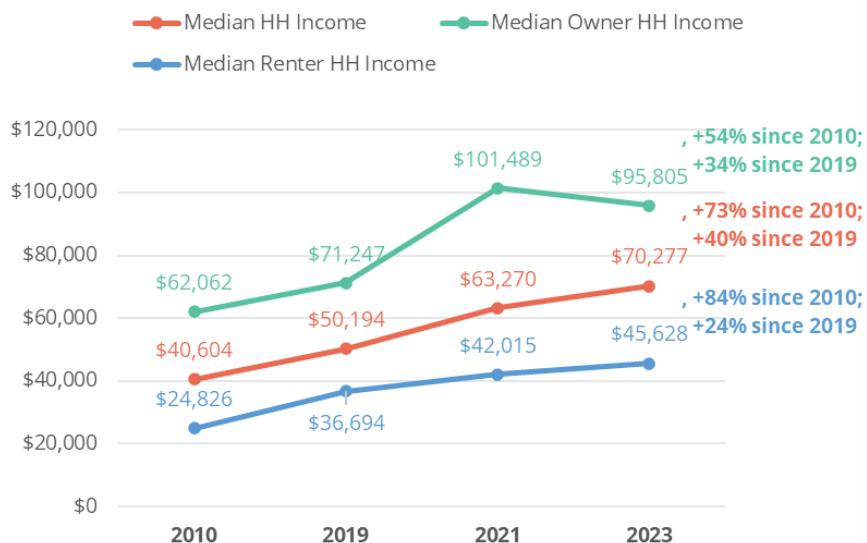
Source:
 2019 and 2023 1-year ACS.

| | 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.

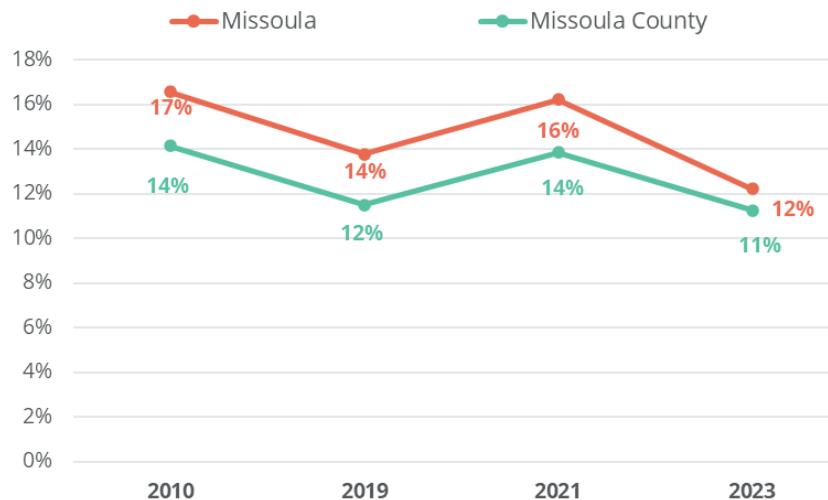
| | 2019 | 2023 | % Change |
|---|-----------|-----------|----------|
| All Industries | \$41,984 | \$55,839 | 33% |
| Agriculture, Forestry, Fishing, Hunting | \$55,969 | \$77,021 | 38% |
| Mining, Oil, and Gas | \$63,076 | \$80,612 | 28% |
| Construction | \$52,877 | \$67,876 | 28% |
| Manufacturing | \$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:

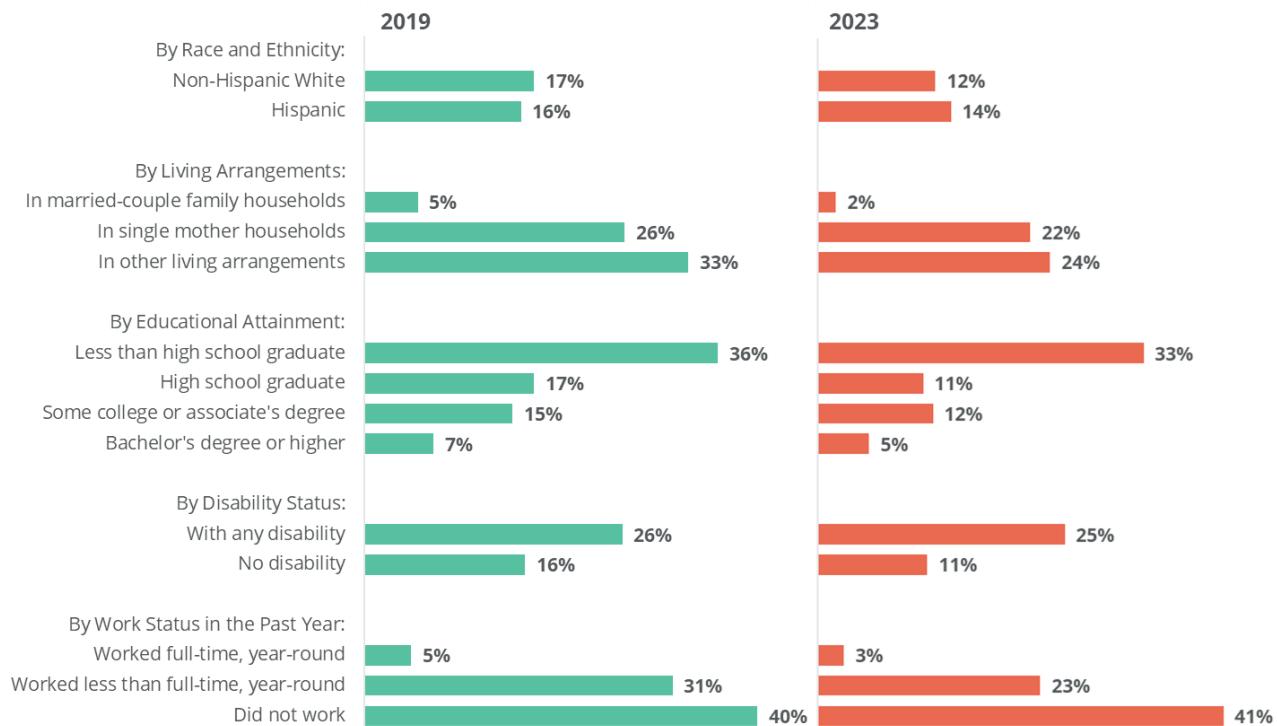
2010, 2019, 2021, 2023 1-year ACS.



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



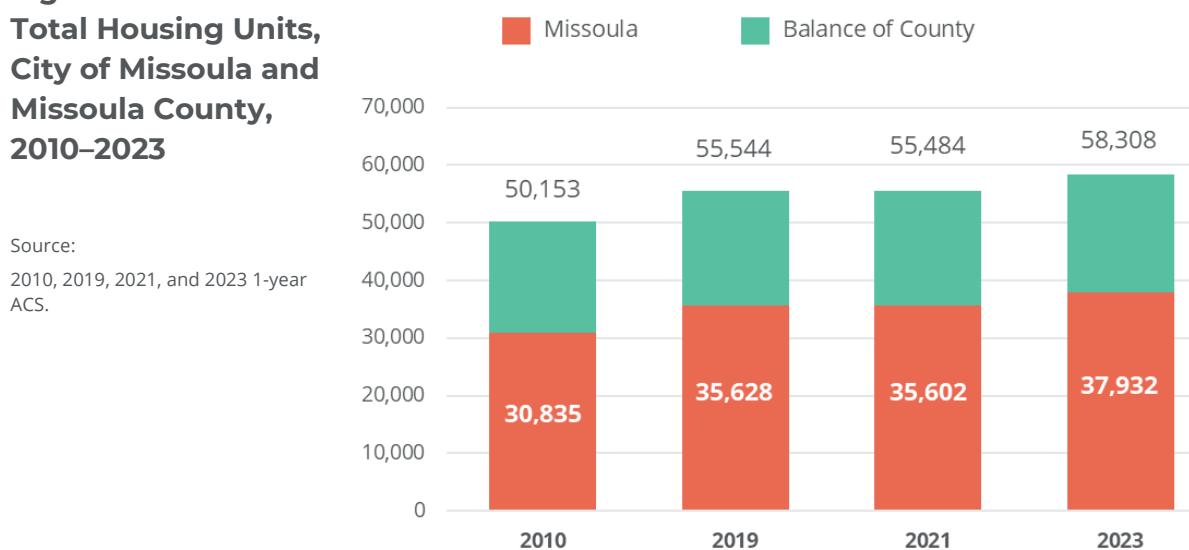
Note: Additional racial and ethnic groups are not presented due to large margins of error. Educational attainment is calculated for population 25 years or older. Work status is calculated for population 16 to 64 years old.

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.

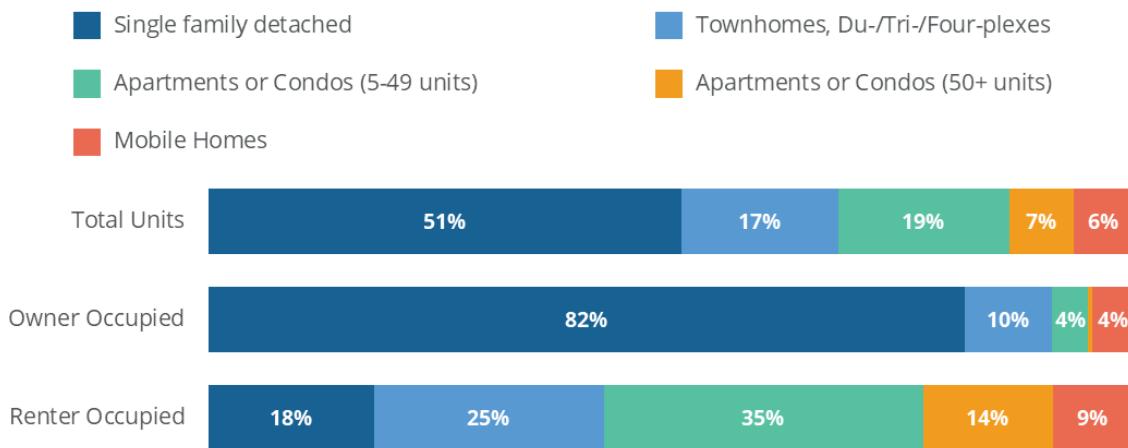
Figure 7.
**Total Housing Units,
 City of Missoula and
 Missoula County,
 2010–2023**



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

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%.

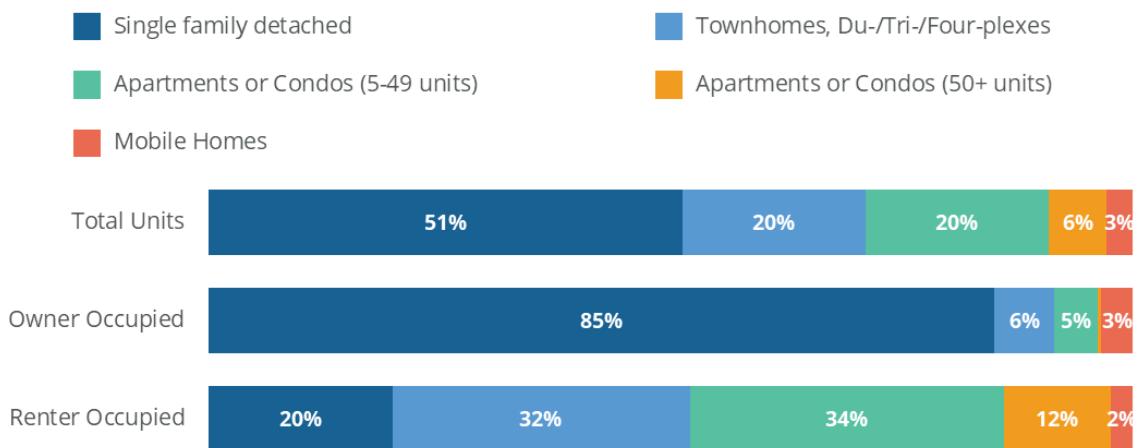
Figure 8a.
Units by Type Overall and by Tenure, City of Missoula, 2019



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.

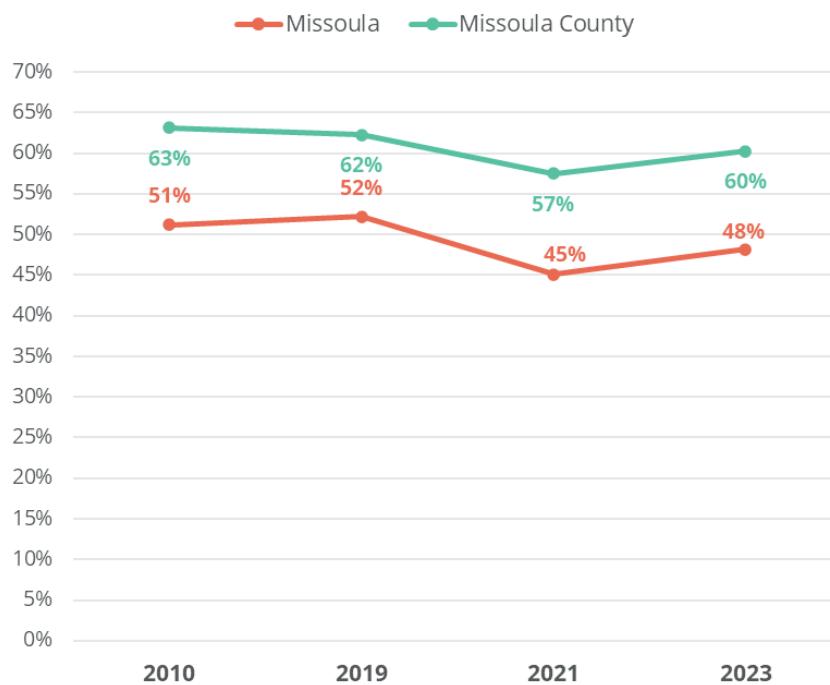
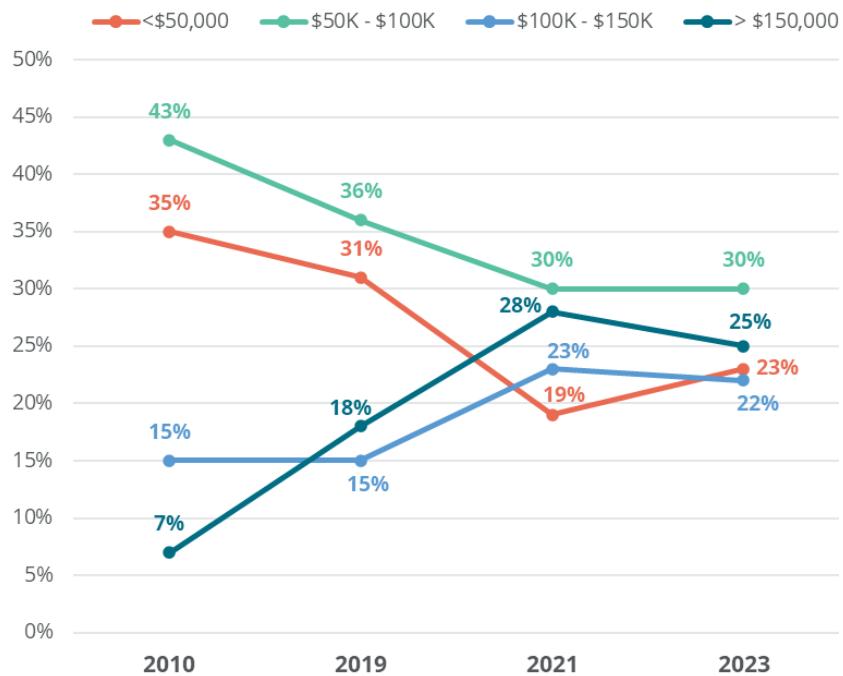


Figure 11.
Homeownership
Rates by Income,
City of Missoula,
2010–2023

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

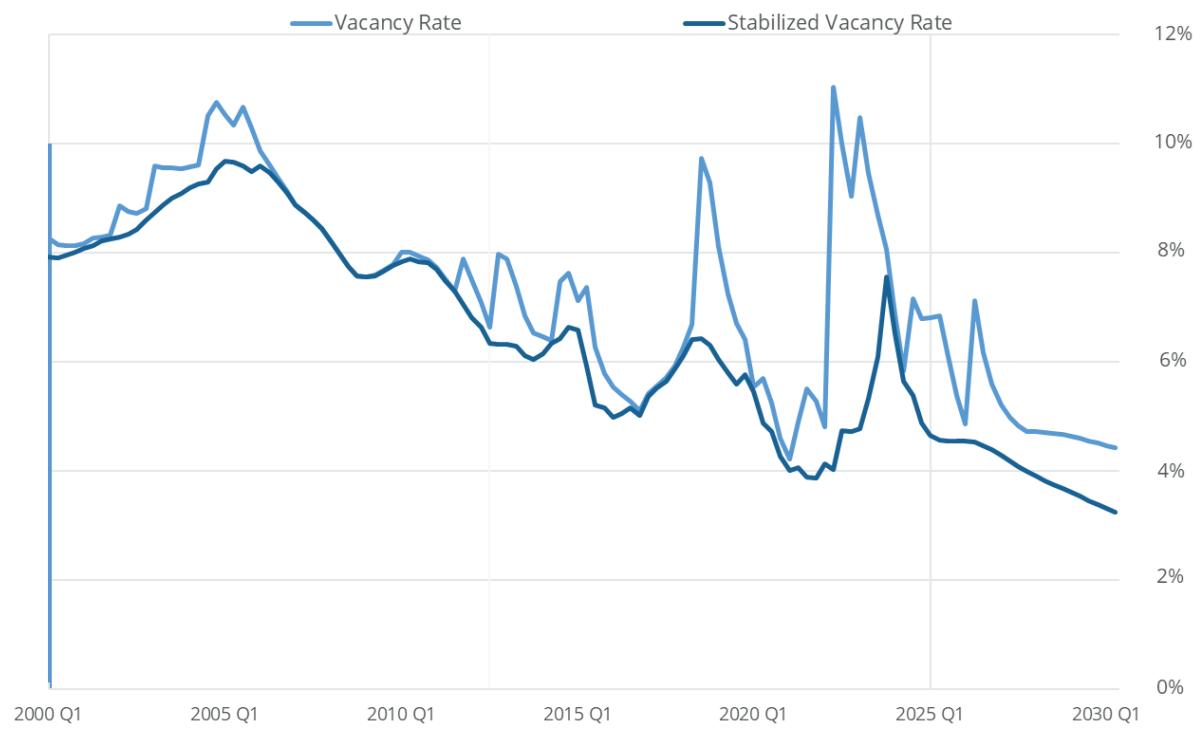


Rental Market Trends

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.

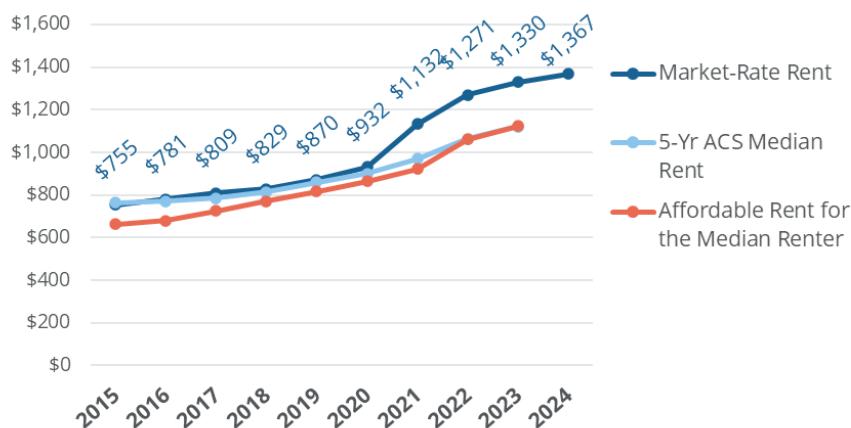
² The “stabilized vacancy” rate reflects “stabilized properties,” removing the impact of newly constructed multifamily developments still in the process of leasing up the units.

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.

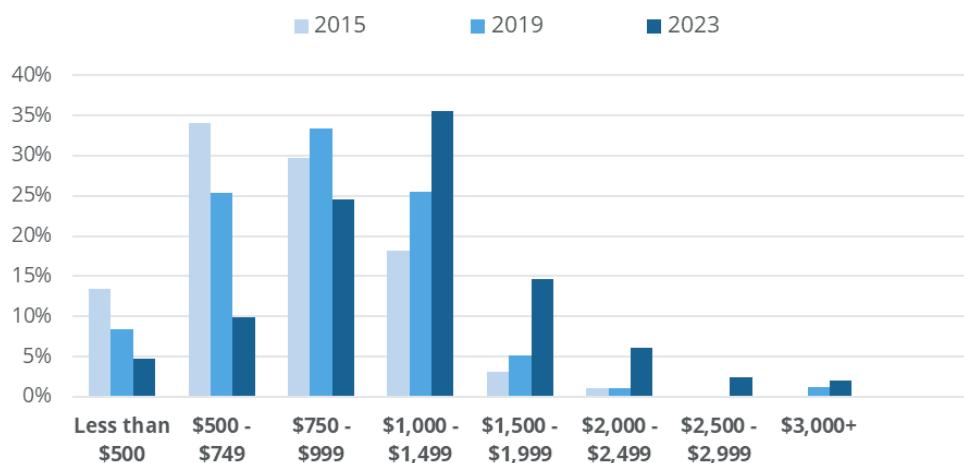
Source:

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.

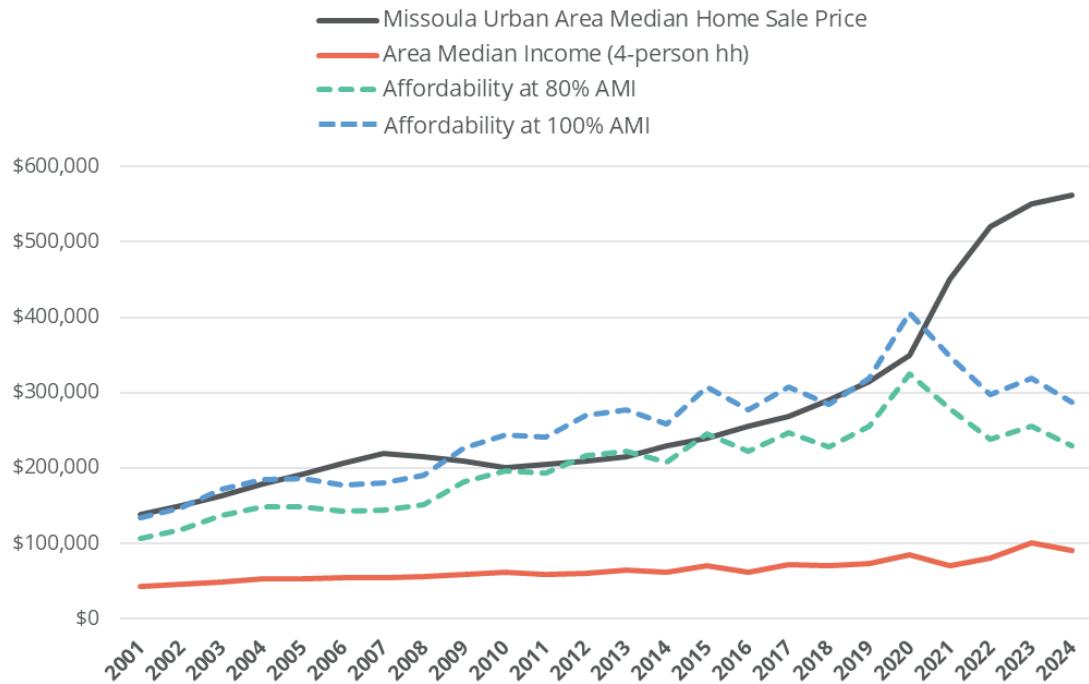
For-Sale Market Trends

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

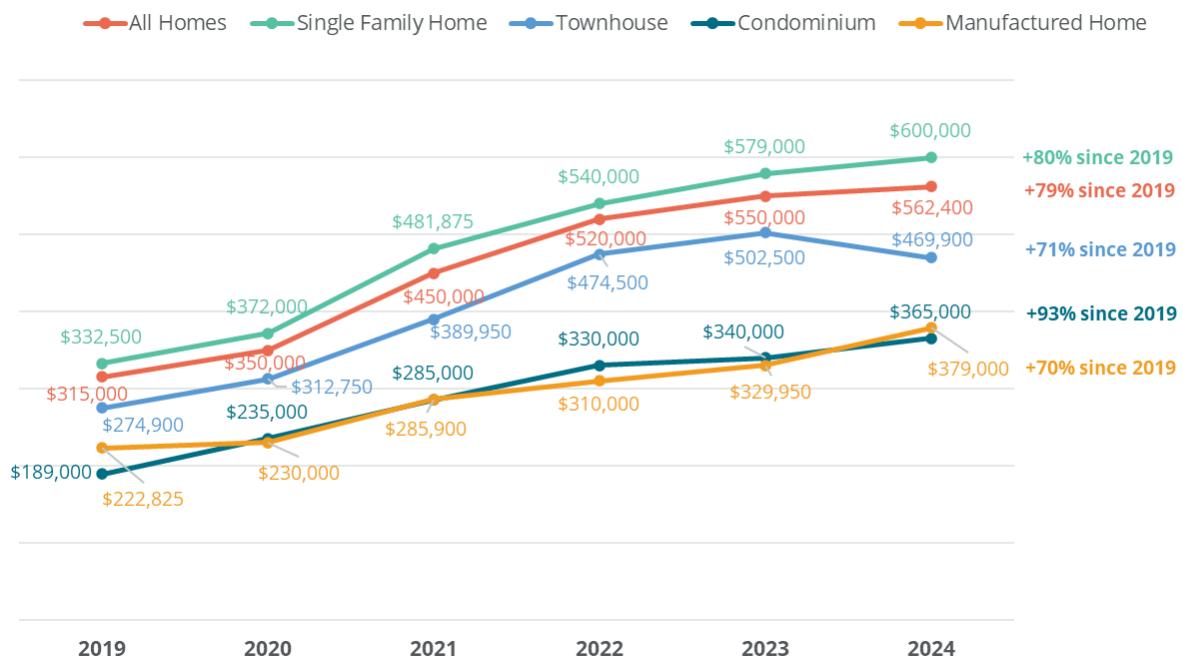
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|-------|-------|-------|-------|-------|-------|
| Missoula Urban Area | 1,505 | 1,684 | 1,396 | 1,097 | 952 | 984 |
| Missoula County | 1,651 | 1,820 | 1,527 | 1,214 | 1,076 | 1,095 |

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.

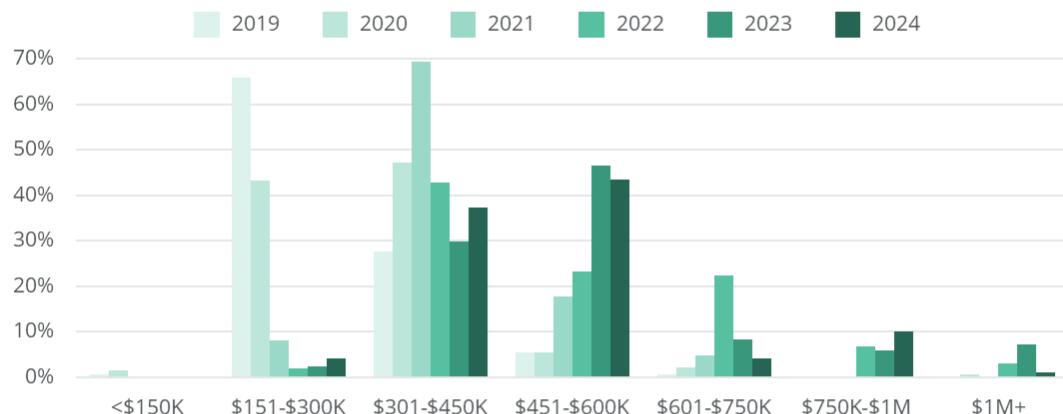
Figure 21.

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

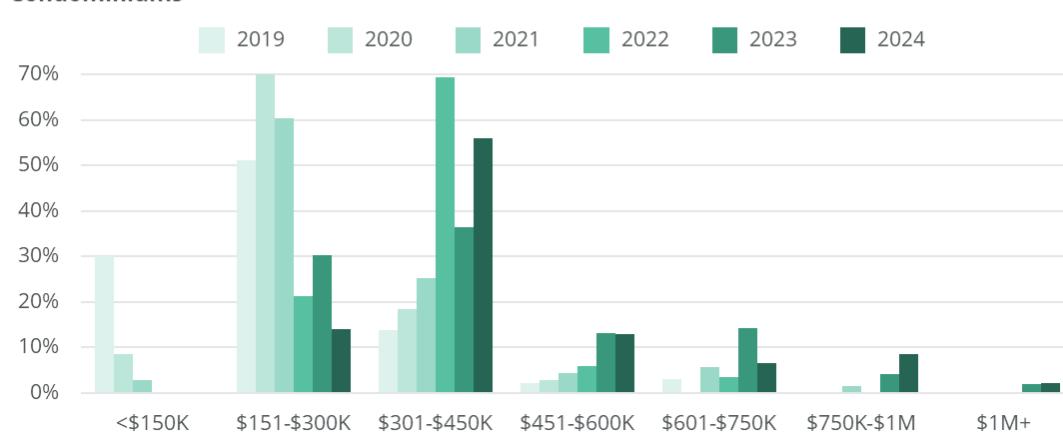
Single Family



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.

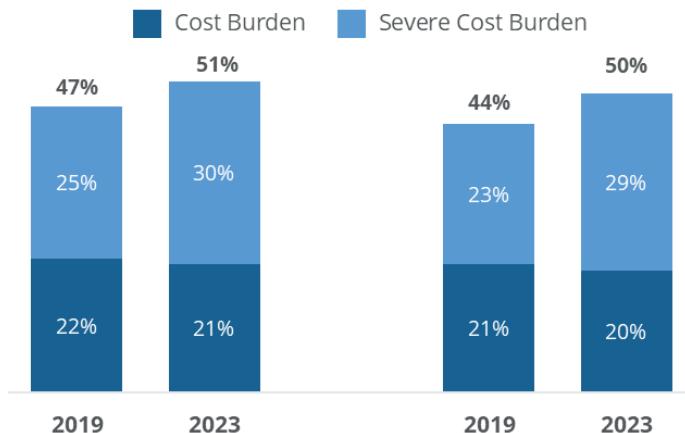
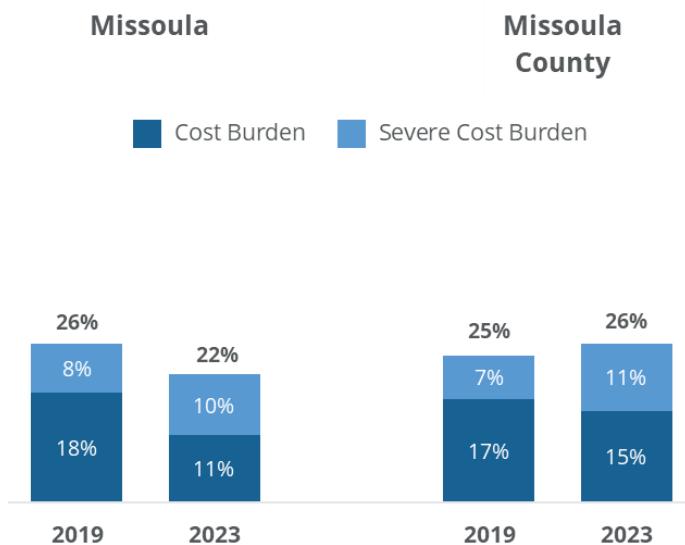


Figure 24.
Owner Cost Burden, City of Missoula and Missoula County, 2019 and 2023

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.

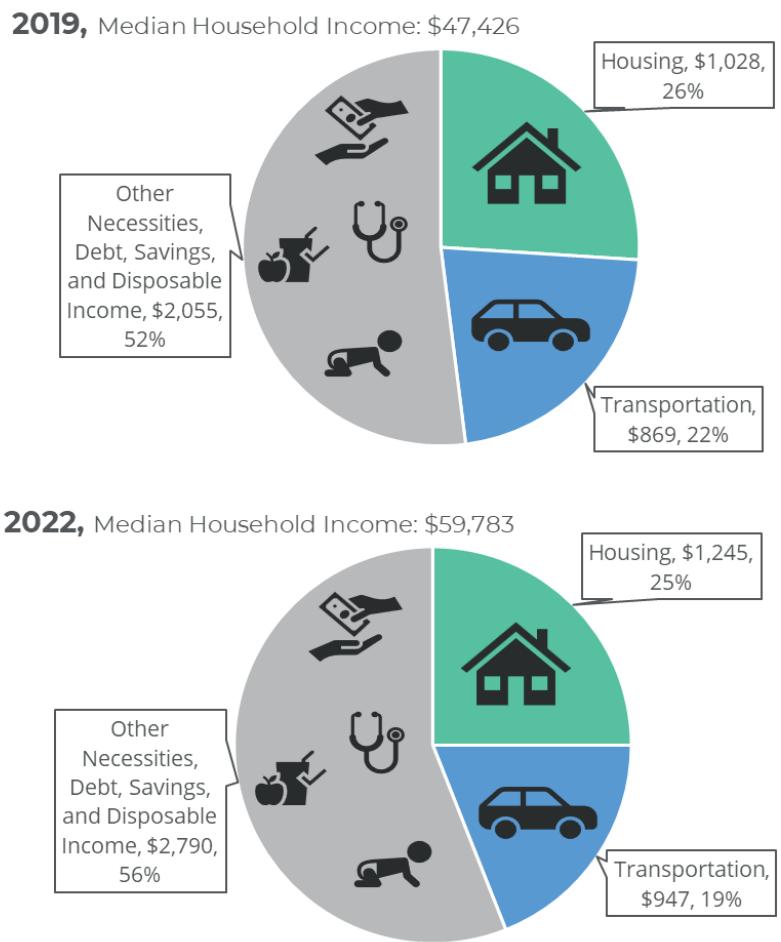
Figure 25.
Typical City of
Missoula Household
Monthly Budget, 2019
and 2022

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.

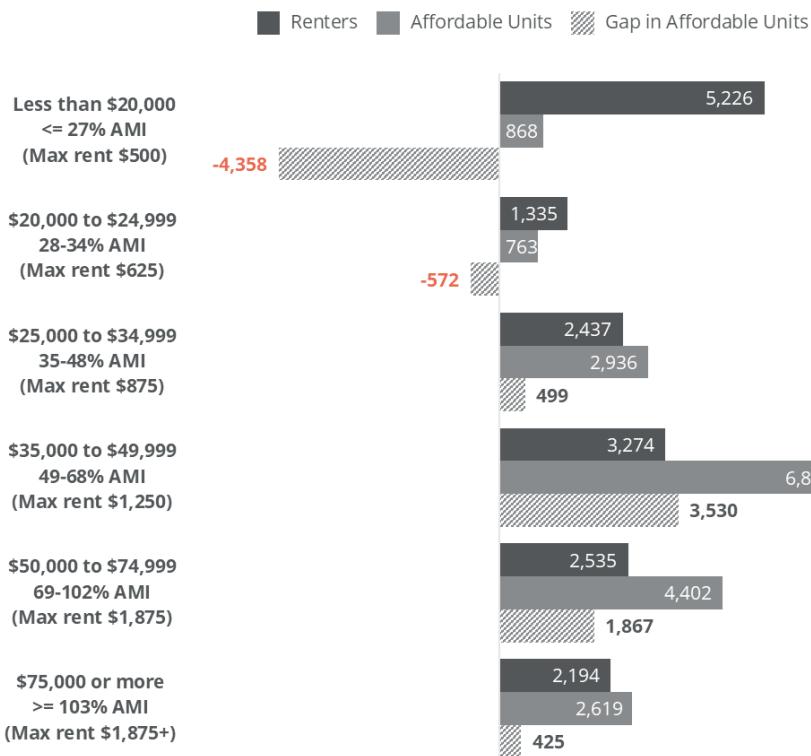
- Additionally, there are 4,421 renters with incomes over \$75,000, but only 2,630 units affordable to these households, resulting in a shortage of 1,791 units.
- In 2019, rental affordability gaps were present up to roughly 34% AMI for a 4-person household; in 2023, this decreased to households up to 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.

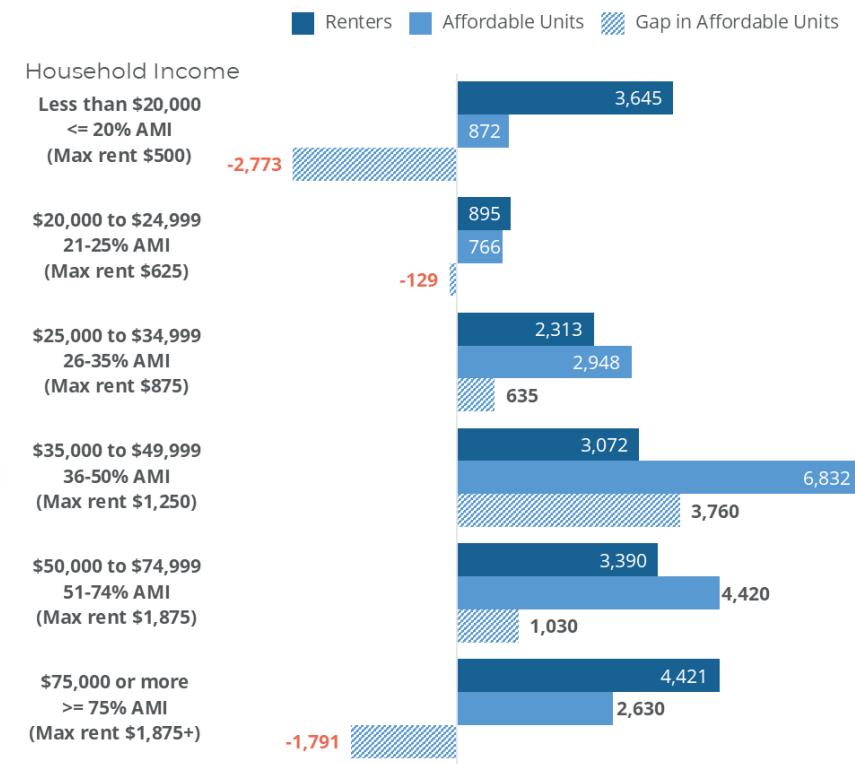
Figure 27.
Rental Affordability Gaps, City of Missoula, 2019



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

Source: 5-year ACS and Root Policy Research.

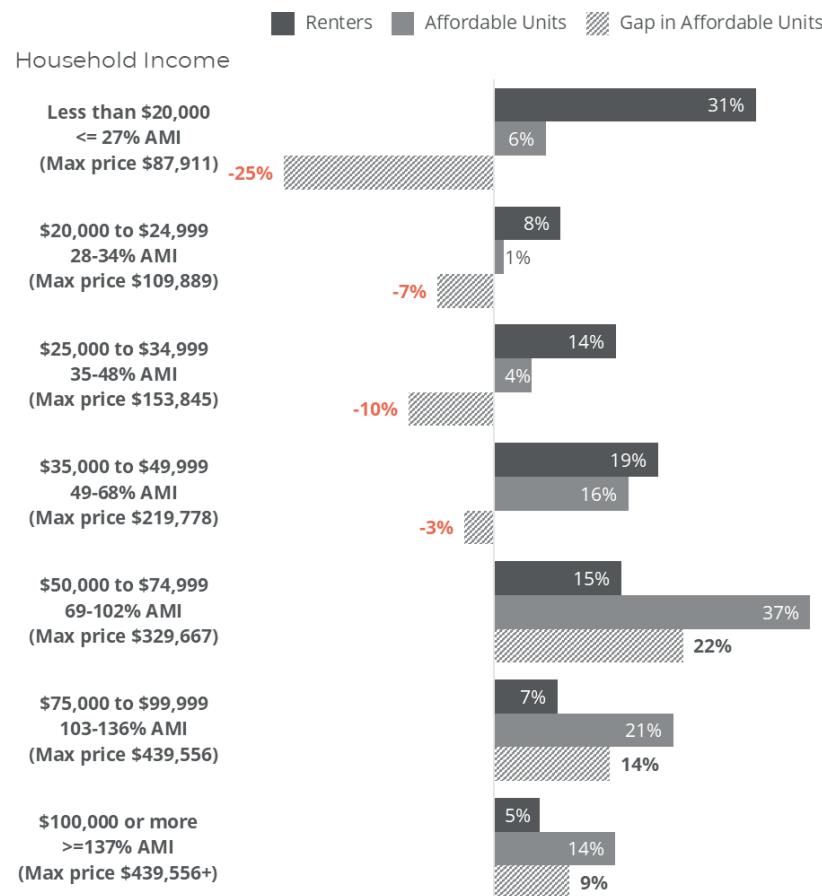
Figure 28.
Rental Affordability Gaps, City of Missoula, 2023



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

Source: 5-year ACS and Root Policy Research.

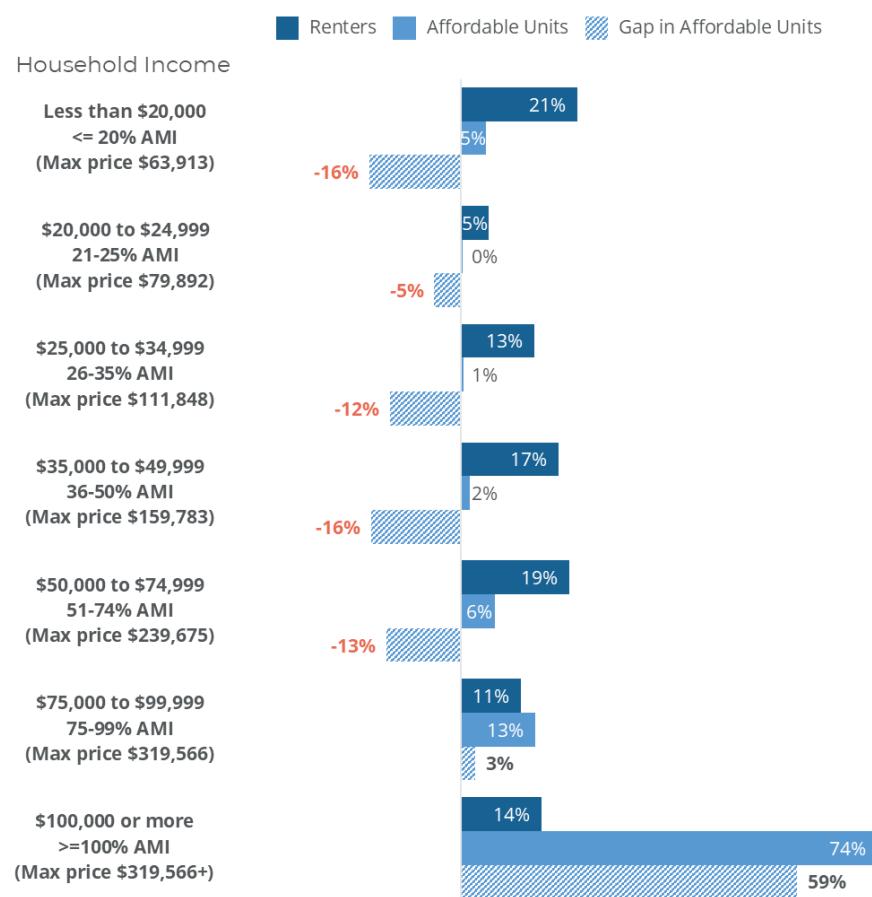
Figure 29.
For-Sale Affordability Gaps, City of Missoula, 2019



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.

APPENDIX C

HOUSING CHALLENGES AND ESTIMATED COST

APPENDIX C

Housing Challenges and Estimated Cost

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).

APPENDIX D

NON-FUNDING CONSTRAINED RECOMMENDATIONS

APPENDIX D

Non-Funding Constrained Recommendations

The following Appendix details an initial set of recommendations that could be prioritized and implemented by the City should a dedicated funding source be identified.

Preserve

Advance anti-displacement initiatives and efforts that protect tenants

Recommendation: The City could play a more active role in advancing anti-displacement initiatives and efforts that protect tenants, including:

- Explore establishing a Displacement Fund to support residents with limited incomes that are required to move due to unforeseen circumstances, including redevelopment.
- Explore establishing a Housing Ombuds, which could provide services for residents and landlords, as well as supporting unhoused residents with navigating the crisis response system and access concerns.
- Explore establishing a Displacement Prevention Navigator pilot program, which employs navigators to assist households with resources and guidance who are subject to displacement.
- Explore establishing a policy that provides a right to free legal assistance to low-income renters facing eviction cases.
- Develop a grant or loan program for residents in mobile home parks interested in developing resident-owned communities (ROCs). The loan program could also cover relocation assistance, small home repairs or rehabilitation costs. This program could also provide mobile home park owners financial incentives to maintain infrastructure and other necessary upgrades.
- Establish a Relocation Fund to assist mobile homeowners who are required to move due to a change in use of their mobile home park.
- Support dispute resolution by creating and distributing educational materials on landlord and tenant rights and responsibilities.

Track affordable properties facing expiring affordable housing use

Recommendation: The City should continue working with partners and dedicate funds to support acquisition/rehabilitation that renews affordability contracts.

Assist

Mobilize City resources and support for housing services

Recommendation: The City can continue to support a greater number of housing consumers with support from the Affordable Housing Trust Fund. Additionally, the City should consider partnering with different organizations to provide a wider array of housing services.

Increase community access to and awareness of available programs and services

Recommendation: The City could play a more active role in increasing community awareness and access to services, including:

- Consumer Service Portal: In the City's original housing strategy, the City identified the lack of a single access point that captures the range of housing services available in the community. The City should support the creation of a single online resource and periodic print material for consumer housing services resources that provides a one-stop way for people to understand and access the range of housing services being provided in the community.
- Increase existing services: Gaps in housing counseling services and the need to expand the number of homebuyer education and financial skill-building classes were identified as needs in the previous housing strategy. The City should work with partners to understand current gaps in housing services and provide financial resources to fill those needs.

Build

Encourage infill housing development throughout the Missoula community

Recommendation: The City could play a more active role in encouraging infill housing throughout the Missoula community, including:

- Implementing a comprehensive marketing campaign that describes the benefits of infill and affordable housing to the Missoula community. With more available funding, the City could support dedicated events, advertisements, and leverage other community efforts to increase support for affordable housing in the community.
- The City could also make infill projects eligible to be reviewed by the Affordable Housing Review team.

Support modular construction efforts to increase affordable homeownership options

Recommendation: The City should explore how it can more actively support the development of modular housing construction. For example, the City of Boulder, CO built a modular factory that produces permanently affordable homeownership opportunities for community members. The modular factory is a partnership between the City, Boulder Valley School District, and Flatirons Habitat for Humanity. For the effort, the City provided staffing and funding to construct the factory and purchase the tools required to equip it.

Note: There are new tools now available for housing construction to the Missoula community not previously in place when *A Place to Call Home* was first published, including the Missoula Housing Impact Fund, MRA's Workforce Housing Program, the Montana Housing Infrastructure Loan and Bond Programs, and CPACE. The City should also look for opportunities to leverage MRA's Workforce Housing Program to build new income qualified units and generate contributions for the Affordable Housing Trust Fund.

Continue support for 4% and 9% LIHTC projects, including through the Affordable Housing Trust Fund

Recommendation: The City could develop a standalone category in the Affordable Housing Trust Fund to provide a local match for LIHTC applications. This would provide more certainty for entities submitting LOIs.

Continue advocacy efforts to improve funding transparency and tax credit allocation

Recommendation: The City could provide more dedicated staff capacity to develop a strategy and coordinate with public and private sector stakeholders to work with the Montana Department of Commerce's Housing Team to shape policy related to 9% allocation methodology and other efforts that improve the financial feasibility of developing affordable rental housing.

APPENDIX E

PREVIOUSLY EXPLORED CAPITALIZATION STRATEGIES

APPENDIX E

Previously Explored Capitalization Strategies

Affordable Housing Trust Funds throughout the United States utilize a variety of revenue sources for funding, including:

- Bonds and Capital Funding;
- Municipal General Fund Appropriation;
- Developer Linkage Fees;
- Real estate deed and title recording fees;
- Inclusionary zoning in-lieu fees;
- Real estate transfer tax;
- Sales tax; and
- Permit fees.

The City of Missoula has previously explored numerous sources for capitalizing the City's Affordable Housing Trust Fund, including:

General Obligation Bonds

In Montana, General Obligation Bonds must follow specific state-mandated provisions. The City of Missoula's Housing Team discussed utilizing GO Bonds with Dorsey & Whitney LLP. It is their opinion that an affordable housing GO Bond would not be legal under state statute.

Linkage & Impact Fees

The State of Montana restricts linkage and impact fees in Montana Code. No provision in Montana Code expressly authorizes linkage fees or impact fees for affordable housing.

Philanthropic Donations & Community Fundraisers

The City does not have the capacity or expertise to scale donations to a level that would effectively capitalize the Affordable Housing Trust Fund on an annual basis.

Affordable Housing Endowment with a Community Foundation

City staff have coordinated with the Missoula Community Foundation and other partners to explore an affordable housing endowment. The current philanthropic climate and the capacity of partner organizations currently limit successful implementation.

Real Estate Transfer Tax

The Montana Constitution prohibits the state or any local government from imposing a tax on the sale or transfer of real property.

Voluntary Real Estate Transfer Tax

City staff explored a number of models for voluntary real estate transfer tax programs, including the Arizona Housing Fund. Missoula does not have an annual transaction volume that would create enough revenue to scale this approach.