

# Park County, Montana Housing Needs Assessment

September 2021

Produced by Human Resource Development Council of District IX (HRDC), on behalf of the Park County Housing Coalition, a collaboration between the Park County Community Foundation and HRDC.

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PARK COUNTY  

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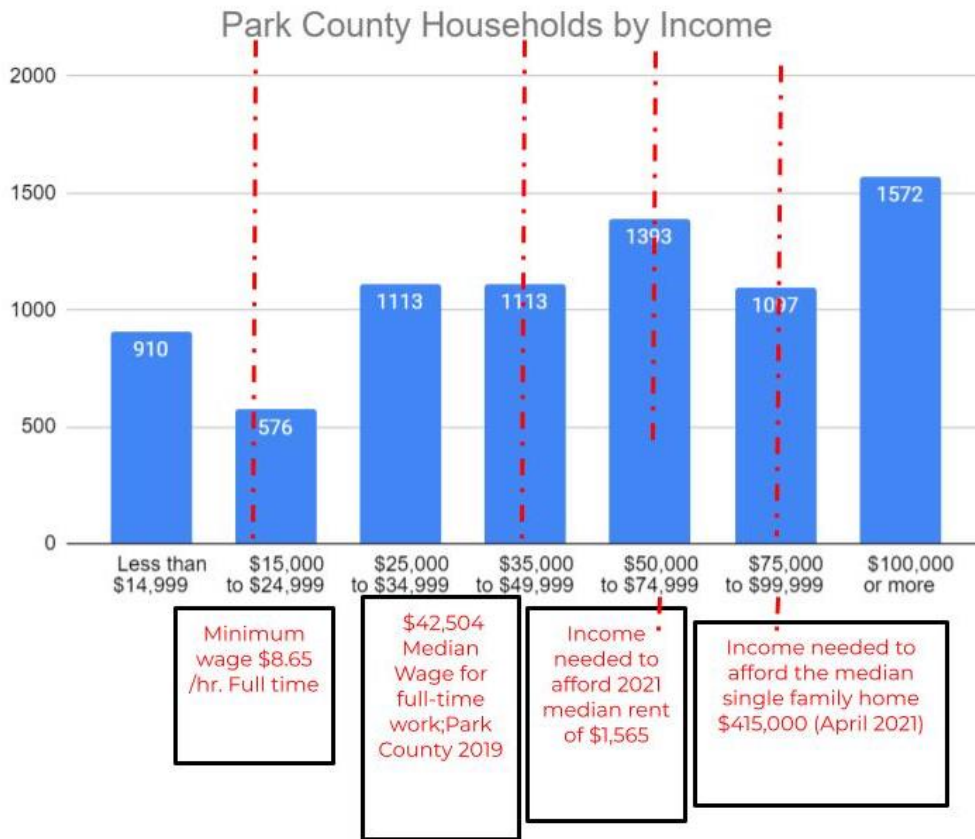
## **Executive Summary**

Park County is located in Southwest Montana and has 17,191 full-time residents. The largest community is the City of Livingston with 8,040 residents.

Increasing access to homes that residents can afford is a top priority of Park County residents. The current market conditions do not provide enough rentals or opportunities for ownership to meet current or future housing needs.

The Park County Housing Coalition, a resident and stakeholder group assembled in 2020, identified some of the recent trends in the for-sale market as an impact of the COVID-19 pandemic. Participants and speakers noted an influx of new and part-time residents driven by the rise in remote work and locals looking to take advantage of low-interest rates. Similarly, Realtors also reported seeing more offers per home for sale, over asking price and all-cash offers, and buyers waiving contingencies.

High percentages of the Park County workforce are employed in seasonal or tourism-based work. With the increase in housing costs, some employers are expanding the use of dorm-style, short-term employee housing, purchasing homes for rent by their employees, and providing down payment assistance for year-round employees. During the warm summer months, many seasonal employees are finding shelter by living in RVs or other places not intended for permanent housing.



Sources: data from 2019 ACS, Big Sky Country MLS, Hannah Montana, LCC

For those earning low and moderate incomes in Park County, more affordable homes are needed in both rental and ownership to meet the current demands. Typical of a tourism and recreation-based economy, the largest employment categories are in the accommodation, service, and retail industries, followed by construction, health care, and social assistance.

Based on the average renter wage for Park County at \$12.79 an hour, one person working full time at the average renter wage could afford monthly rent of \$665. Local partners report the average rent is closer to \$1,565 in a market characterized by extremely low vacancy rates and rapidly rising rents. An analysis of data estimates purchased from Ribbon LLC shows that in 2021, 70% of renter households in Park County earn below \$50,000 a year, which is insufficient to afford the average market rent.

For extremely low-income residents, it is even more challenging to find an affordable rental. Of the 910 households earning less than \$14,999 a year, only 221 homes with subsidies exist to ensure affordability to these 910 households.

Challenges also exist in the for-sale market. From December 2019 to December 2020, single-family home median sales prices in Park County rose 40.1% from \$282,753 to \$396,000, while median year to date sales prices for single-family homes by June 2021 were up to \$425,250, a 31% increase from the year to date the prior year.

Although higher than the national average of 64%, 68.5% of Park County residents currently own their homes. That percentage is expected to decrease, and the cost of homes for sale continues to rise faster than local wages.

Homes in Park County are primarily single-family and older than the United States average, with 22.3% built prior to 1939. The average household size in Park County is 2.07 persons with 21% consisting of one-person households. With 2433 households comprising of a single person in Park County, it is notable that there are 1469 no-bedroom (studio) or one-bedroom homes. For every studio or one-bedroom unit, 1.65 single-person households reside in Park County.

Short-term rentals have also expanded in recent years. Park County does not currently have any mechanism or policies to regulate or capture local revenue from the short-term rental market. Short-term rentals are required to register with the Montana Department of Revenue and are subject to lodging and bed taxes.

Data from Ribbon LLC purchased in May 2021 estimates that within the next five years (2026), the percentage of lower-income renters and homeowners in Park County will decrease, and the percentage of higher-income renters and owners will increase. Unless affordable supply is increased to expand opportunities for lower-income households in both rental and ownership housing, this trend will continue.

Key challenges to constructing new homes to meet the demand for housing in Park County include the availability of land and the cost of construction.

Less than half the land is privately owned, while the United States Forest Service manages 49% of the land in Park County.

For the average construction of a single-family home, local home builders report the cost per square foot to be \$180–\$200, not including land or infrastructure. For a

modest 1,500 square foot home at \$190 per square foot, the construction cost would be \$285,000, and a 2,300 square foot home would be \$437,000.

Many local regulatory challenges exist limiting the ability for local governments to require, incentivize, or fund housing affordable to residents. There are opportunities for funding affordable housing in other states that are not currently available in Montana. The state has regulations preventing rent control, luxury, second home, and real estate transfer taxes as well as property tax increase protections and a recent prohibition to inclusionary zoning.

## **Purpose and Methodology**

The purpose of this housing needs assessment (HNA) is to help Park County residents and local leaders make more informed decisions impacting the housing market. In addition to this assessment, the authors of this report will also be completing a housing action plan (HAP) for Park County. The HAP will discuss which strategies and tools might best address gaps in access to housing for Park County residents. This HNA is intended to serve as a companion document for the HAP.

The Park County Growth Policy adopted in 2017 calls for the following:

*Objective 14.1: Prepare a housing plan for all of Park County that identifies affordable housing needs and targets, identifies possible funding sources, and pinpoints implementation partners.*

The geographic area of this assessment covered Park County, Montana, including Livingston, Gardiner, Shields Valley, Paradise Valley (Emigrant, Pray, Springdale), and Cooke City-Silver Gate. The City of Livingston has the majority of residents in Park County—8,040 at the time of the 2020 US Census—and is the largest incorporated city in Park County.

## **Data Methods**

*Qualitative data collection:* Throughout 2020, the Park County Community Foundation collaborated with HRDC to launch the Park County Housing Coalition in order to begin working with the community in Park County to understand housing needs. Together the two nonprofits convened a wide variety of stakeholders in Park County for a series of six meetings between May and September 2020 to increase housing knowledge, community engagement, and community-based data collection. As a result of the COVID-19 pandemic, each session was moved to a virtual convening. Events attracted approximately 25–40 community members from across

the county. Each convening brought together local and regional experts to share current insight into a different aspect of housing and allowed for deeper community discussion to understand the following topical challenges.

- Relaunching the Park County Housing Coalition (May 2020)
- Park County Rental Opportunities (June 2020)
- Park County Home Ownership Opportunities (July 2020)
- Housing Insecurity in Park County (August 2020)
- Assessments and Strategies (September 2020)
- Next Steps and Development of the HAP (October 2020)

These initial housing coalition meetings led to the formation of a housing working group in February 2021. Consisting of community leaders representing various housing stakeholders, the objective of the housing working group has been to assist in developing the HAP.

*Quantitative data collection:* In addition to qualitative data collected and shared through the housing coalition process and conversations with the community and interviews with stakeholders, this HNA leverages available quantitative data from the following recent community reports: the American Community Survey (ACS) from the US Census Bureau, private data provided by Granicus and purchased from Ribbon LLC, National Low-Income Housing Coalition (NLIHC) data, Headwaters Economics reports, Bureau of Labor and Statistics, CASPER survey, Eviction Lab, US Housing and Urban Development (HUD), Bureau of Economic Analysis, Montana Department of Commerce, United States Postal Service (USPS) data accessed through Regrid, HRDC internal data, local real estate reports, and data provided through interviews with rental agencies and real estate professionals.

Over the past five years, many efforts to assess and address the community needs within Park County have been undertaken. Of each of these relevant reports, housing emerges as a top concern for Park County residents. Recent growth policies and the regional community needs assessment completed by HRDC as well as the Gardiner specific study “Successful Gardiner” contextualize the challenges around housing in Park County with other concerns around economic development and access to social services. These reports all find housing to be a key barrier to thriving communities. The 2018 Park County Housing Coalition Convening and reconvening in 2020, We Will Park County initiative and the 2019 mini-market study completed by a consultant for specific HRDC development in Livingston are more narrowly focused on community concerns and possible solutions to address housing challenges and opportunities in Park County.



- Park County Growth Policy (2017)<sup>1</sup>
- Park County Housing Coalition Convenings (2018)
- Successful Gardiner (2019)<sup>2</sup>
- Mini-Market Study (from Livingston Cabins, an HRDC development) (2019)<sup>3</sup>
- HRDC Community Needs Assessment (2019)<sup>4</sup>
- We Will Park County (launched in 2019, updated regularly)
- Livingston Growth Policy (2021)

## Acknowledgments

In response to growing community concern for increased housing opportunities, the Park County Community Foundation and HRDC collaboratively launched the Park County Housing Coalition in 2020. We are grateful to the many community stakeholders throughout Park County who participated in coalition-led conversations and thereby improved our mutual understanding of current housing needs. In particular, we'd like to thank the many local experts who shared their first-hand knowledge of the Park County housing market. In addition, we'd like to thank AMB West Philanthropies and Jeff Lubell of Abt Consulting for their participation and feedback in the development of this assessment.

Our goal for this HNA is to provide a valuable snapshot of local housing statistics. This in turn will allow for a citizen-initiated and informed approach to determine which strategies outlined in the HAP are most feasible given the needs and resources of our community.

## Key Terms

### **Affordable housing or "homes residents can afford"**

Affordable housing is relative to household income. This assessment uses the standard of the monthly rent or mortgage payment being equal to or less than 30% of gross household income (before taxes) for renters towards contract rent and utilities and 33% or gross income towards the mortgage, insurance, taxes, utilities, and condominium association fees if applicable for owners.

<sup>1</sup> "Park County Growth Policy" (Park County Board of County Commissioners, January 13, 2017), <https://www.parkcounty.org/uploads/files/pages/36/Park-County-Growth-Policy-1.13.17.pdf>.

<sup>2</sup> "Documents," Successful Gardiner, n.d., <https://www.successfulgardiner.org/documents>.

<sup>3</sup> "MBOH Mini Market Study" (Property Dynamics, December 19, 2019), [https://drive.google.com/file/d/1MwpVA4w\\_HfYUQ2G6ZcdlhCLi-g9xH5Vh/view](https://drive.google.com/file/d/1MwpVA4w_HfYUQ2G6ZcdlhCLi-g9xH5Vh/view).

<sup>4</sup> "Community Needs Assessment" (HRDC, 2019), <https://thehrdc.org/wp-content/uploads/2020/10/HRDC-2019-Needs-Assessment.pdf>.

**American Community Survey (ACS)**

The ACS is part of the Decennial Census Program of the US Census. The survey was fully implemented in 2005, replacing the decennial census long-form, and has been administered annually since. Typically, ACS data for localities represent the aggregate results of five years of responses; for example, the 2019 ACS cited in this report reflects data collected between 2015 and 2019. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error.

**Area median income (AMI)**

The AMI is the midpoint of a region's income distribution, meaning that half of the households in a region earn more than the median and half earn less than the median.

**Community land trust (CLT)**

A CLT is a community-based organization established to serve as the long-term steward of the land and to protect long-term affordability and access to housing for the community.

**Coordinated entry system (CES)**

CES was developed by HUD through the Continuum of Care (CoC) program to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs.

**Cost-burdened**

When housing costs exceed 30% of a household's gross (pre-tax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation, or other necessary costs depending upon its application.

<b>Housing choice voucher</b>	The housing choice voucher program is the federal government's largest rental assistance program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance through the housing choice voucher program is provided on behalf of a family or individual directly to the owner of a rental unit of their choice, participants can find their own housing, including single-family homes, townhouses, and apartments.
<b>Low-Income Housing Tax Credit (LIHTC)</b>	The LIHTC is the largest federal subsidy program for the development of affordable rental housing through new construction and substantial rehabilitation. Generally allocated by state housing finance agencies, it subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.
<b>Market rate</b>	Housing with no restrictions; property owners or sellers are free to set prices.
<b>Rent-restricted housing</b>	A kind of low or moderate-income housing that rents below market to households earning a certain percentage of the AMI.
<b>Resident-owned cooperative (ROC)</b>	In resident-owned manufactured housing communities, the lot rent goes to the resident cooperative and is managed to meet community needs and maintain affordability. NeighborWorks Montana provides the ROC program in Montana as part of the ROC USA® Network.
<b>Short-term rental</b>	Short-term rentals in Montana are defined as a unit with a rental period of fewer than 30 consecutive days.

**Subsidized housing**

A kind of low-income housing where a qualified tenant pays a fixed share of their income towards rent.

**Supportive housing (SH)**

SH is an evidence-based intervention for chronic homelessness that offers affordable non-time-limited housing with optional flexible support services.

**Temporary vs. chronic homelessness**

Chronic homelessness as defined by HUD describes the situation where people who have experienced homelessness for at least a year—or repeatedly—while struggling with a disabling condition such as a serious mental illness, substance use disorder, or physical disability while temporary homelessness is a short-term occurrence.

**Workforce housing**

A broad term typically used for housing for employees earning local wages and may or may not include housing for rent or sale below market rates. This term can be controversial and is not used in this needs assessment.<sup>5</sup>

## Demographics

The Park County, Montana population is estimated at 17,191 residents.<sup>6</sup> The US Census Bureau estimates a 3.1% population growth rate between 2010 and 2019, half the national average of 6.2% for the same timeframe. The largest incorporated city in Park County is Livingston with 8,040 residents at the time of the 2020 census.

Park County covers 2,802.5 square miles with 5.8 people per square mile.<sup>7</sup> With just over half of the lands under federal ownership, Park County communities are spread along Highway 89 running north-south through the center of the county.

Park County has significantly less racial diversity than nationally in the United States. According to the 2019 **American Community Survey (ACS)**, 95.7% of the population is white, .4%1% black or African American, 1.2% American Indian, .4% Asian, near

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<sup>5</sup> Tiffany N Ford and Jenny Schuetz, "Workforce Housing and Middle-Income Housing Subsidies: A Primer," Brookings (Brookings, October 31, 2019), <https://www.brookings.edu/blog/up-front/2019/10/29/workforce-housing-and-middle-income-housing-subsidies-a-primer/>.

<sup>6</sup> US Census Bureau, "Park County, Montana," Explore census data, n.d., <https://data.census.gov/cedsci/profile?g=0500000US30067>.

<sup>7</sup> US Census Bureau, "Park County, Montana"

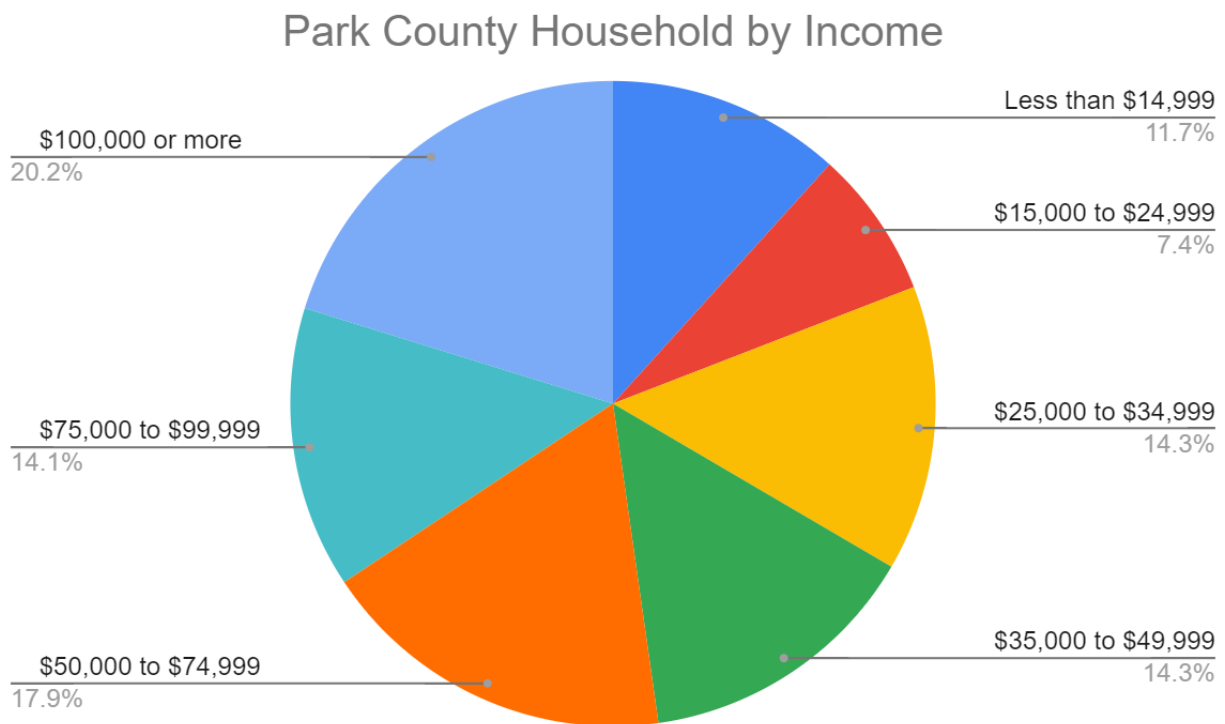
0% Native Hawaiian and other Pacific Islander, 3.3% is Hispanic or Latino, and 2.2% of the population are two or more races.

The average household size is 2.07 persons, with 21% of households consisting of one person and a total of 7782 households in Park County.<sup>8</sup>

The average age in Park County is 46.3 years old, which is 8.3 years older than the national average.<sup>9</sup>

## Incomes and Employment

The following pie chart shows the distribution of households by income range. In Park County, just under half of the households earn less than \$50,000 a year.



Source: ACS 2019

Headwaters Economics, a Bozeman-based research institute, found non-labor income in 2019, expressed in percent of total personal income, to be 52.7% compared to the US national average of 37%.<sup>10</sup> Non-labor income could be from investment,

<sup>8</sup> US Census Bureau, "Park County, Montana"

<sup>9</sup> US Census Bureau, "Park County, Montana"

<sup>10</sup> Headwaters Economics, "A Profile of Key Indicators Selected Geographies: Park County, MT," 2021

age-related payments, or hardship payments. For investment income, or those in retirement heavily invested in stocks, this would mean residents are more impacted by changes in the stock market or changes to social security benefits.

Preliminary impacts of the COVID-19 pandemic and national shift to allow more remote work have brought new residents to Park County and allowed formerly part-time residents to move to Park County full time.<sup>11</sup>

The unemployment rate for Park County in May 2021 was 3.4%.<sup>12</sup> The lowest post-Great Recession unemployment rate in Park County was 2.4% occurring in September 2019. Park County seasonal employment is greatly affected by area patterns in visitation and traveler activity.<sup>13</sup> Park County employment reaches highs at the end of summer and lows in January or February each year. For example, in January of 2019, unemployment peaked for the winter at 5.7% and hit the lowest point for the year in September 2019 at 2.4%.

The chart below shows the number of people employed in specific industries in Park County with the largest categories in accommodation and service industries and retail service in addition to many jobs in construction, healthcare, and social assistance. The largest industries are common in a tourism-based economy.

<b>Total Full-Time and Part-Time Employment by Industry for Park County, MT</b>	
<b>Employment by place of work</b>	
Total employment (number of jobs)	10963
<b>By industry</b>	
Farm employment	(6.2%) 684
Nonfarm employment	(94%) 10279
Private nonfarm employment	(87%) 9495
Forestry, fishing, and related activities	(D)
Mining, quarrying, and oil and gas extraction	(D)
Utilities	(0.3%) 36

<sup>11</sup> Patrick Sisson, "Remote Workers Spur an Affordable Housing Crunch in Montana," Bloomberg.com (Bloomberg, February 11, 2021), <https://www.bloomberg.com/news/articles/2021-02-11/the-zoom-town-boom-in-bozeman-montana>.

<sup>12</sup> Source: US Bureau of Labor Statistics, 2021

<sup>13</sup> Larry Swanson, "Key Trends, Dependencies, Strengths, and Vulnerabilities in Park County, Montana, and Its Area Economy," University of Montana, April 2016, <https://www.umt.edu/crmw/Downloads/Key-Trends-Park-County-Area-Economy5.pdf>, 54.

Construction	(9%) 993
Manufacturing	(5%) 595
Wholesale trade	(1%) 95
Retail trade	(9%) 1023
Transportation and warehousing	(2%) 179
Information	(1%) 154
Finance and insurance	(2%) 266
Real estate and rental and leasing	(7%) 735
Professional, scientific, and technical services	(6%) 603
Management of companies and enterprises	(D)
Administrative and support and waste management and remediation services	(D)
Educational services	(1%) 130
Health care and social assistance	(9%) 973
Arts, entertainment, and recreation	(5%) 582
Accommodation and food services	(15%) 1660
Other services (except government and government enterprises)	(7%) 750
Government and government enterprises	(7%) 784
Federal civilian	(1%) 79
Military	(1%) 72
State and local	(6%) 633
State government	(0.4%) 39
Local government	(5%) 594

Source: Bureau of Economic Analysis, 2019 Total Full-Time and Part-Time Employment by NAICS Industry

Average wages and distribution for renter households compared to owner households show that renter households have lower incomes than owner households. The estimated **average renter wage** for Park County is \$12.79 an hour.<sup>14</sup>

<sup>14</sup> "Out of Reach: Montana," National Low Income Housing Coalition, July 12, 2021, <https://reports.nlihc.org/oor/montana>.

An analysis of data estimates from Ribbon LLC shows that in 2021, 70% or 1,550 of 2,211 renter households in Park County earn below \$50,000 a year.

<b>Renter Households</b>						
All Age Groups						
<i>Base Year: 2011 - 2015 Estimates</i>						
	1-Person	2-Person	3-Person	4-Person	5+-Person	
	Household	Household	Household	Household	Household	<b>Total</b>
\$0-10,000	151	75	3	1	21	<b>251</b>
\$10,000-20,000	346	77	0	2	10	<b>435</b>
\$20,000-30,000	208	55	32	9	17	<b>321</b>
\$30,000-40,000	105	38	104	10	4	<b>261</b>
\$40,000-50,000	126	113	29	8	6	<b>282</b>
\$50,000-60,000	72	44	10	6	6	<b>138</b>
\$60,000-75,000	23	46	39	1	11	<b>120</b>
\$75,000-100,000	50	108	2	62	3	<b>225</b>
\$100,000-125,000	8	37	9	10	5	<b>69</b>
\$125,000-150,000	9	6	6	14	0	<b>35</b>
\$150,000-200,000	10	7	1	3	7	<b>28</b>
\$200,000+	24	6	12	3	1	<b>46</b>
<b>Total</b>	<b>1,132</b>	<b>612</b>	<b>247</b>	<b>129</b>	<b>91</b>	<b>2,211</b>

Data source: Ribbon LLC 2021

- Renters in Park County have smaller household sizes and lower incomes than owners.
- 70% of renter households have incomes below \$50,000, while 44% of households that own their home have a household income below \$50,000.



<b>Owner Households</b>						
All Age Groups						
<i>Base Year: 2011 - 2015 Estimates</i>						
	1-Person	2-Person	3-Person	4-Person	5+-Person	
	Household	Household	Household	Household	Household	<b>Total</b>
\$0-10,000	178	30	4	9	1	<b>222</b>
\$10,000-20,000	158	100	8	1	2	<b>269</b>
\$20,000-30,000	292	235	53	15	3	<b>598</b>
\$30,000-40,000	192	221	42	58	9	<b>522</b>
\$40,000-50,000	131	195	52	11	43	<b>432</b>
\$50,000-60,000	91	206	47	40	29	<b>413</b>
\$60,000-75,000	35	299	98	62	49	<b>543</b>
\$75,000-100,000	67	329	97	120	56	<b>669</b>
\$100,000-125,000	50	127	97	120	10	<b>404</b>
\$125,000-150,000	12	85	28	31	11	<b>167</b>
\$150,000-200,000	31	52	19	26	14	<b>142</b>
\$200,000+	64	97	9	14	27	<b>211</b>
<b>Total</b>	<b>1,301</b>	<b>1,976</b>	<b>554</b>	<b>507</b>	<b>254</b>	<b>4,592</b>

Data source: Ribbon LLC 2021

Above the national average of 64%, 68.5% of households in Park County, MT owned their homes.<sup>15</sup> With recent shifts in access to local housing, the number of full-time residents owning their homes is expected to decrease.

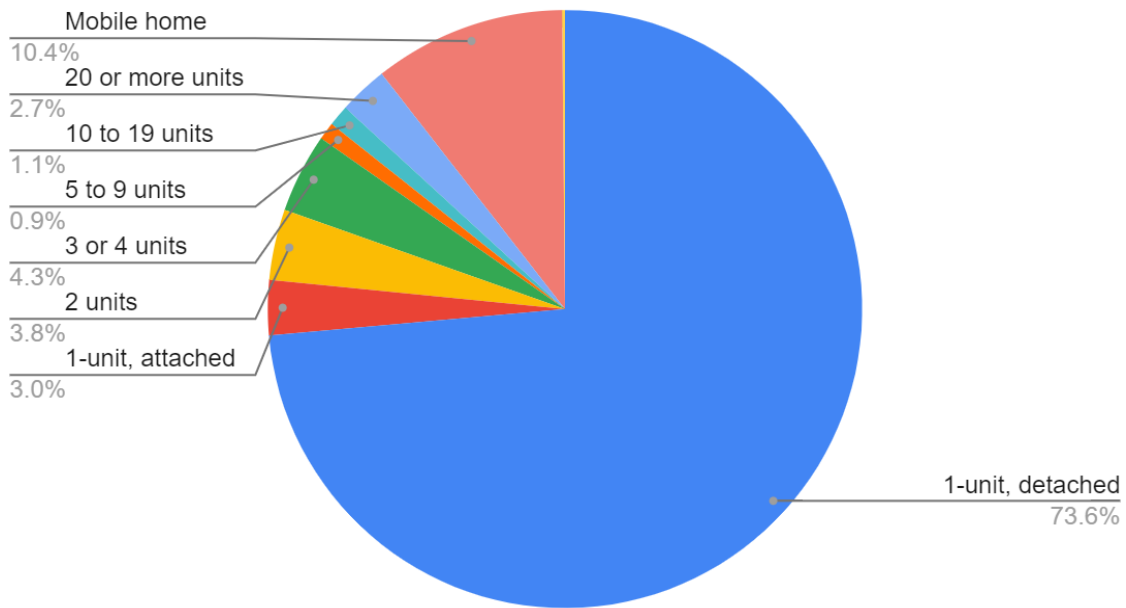
### Housing Conditions and Characteristics

In Park County, 73.6% of homes are single-family detached homes, and another 10.4% are mobile homes, with few comprising more than two units. With a consistent ratio of single-family homes between the county and city of Livingston, multifamily homes are more likely to be found in Livingston while more mobile homes are located in the unincorporated portions of Park County. In the city of Livingston, 73.2% of the homes are one-unit structures, 23% are two-or-more-unit structures, and 3.7% are mobile homes. The largest difference between the county and the city is the number of mobile homes at 10.4% and 3.7% respectively.<sup>16</sup>

<sup>15</sup> US Census Bureau, "Park County, Montana"

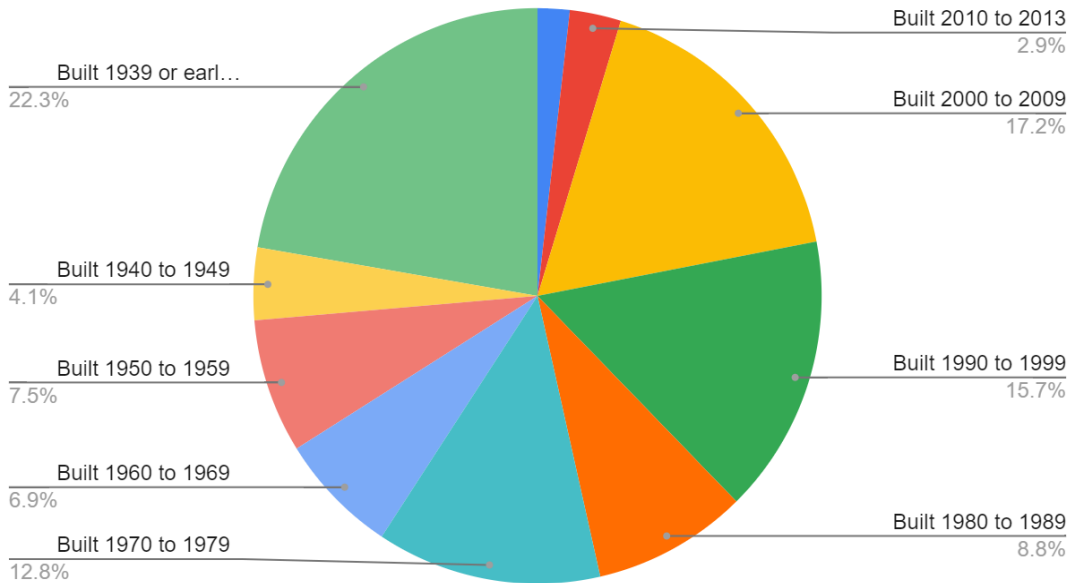
<sup>16</sup> US Census Bureau, "Park County, Montana"

## Total Housing Unit Types Park County



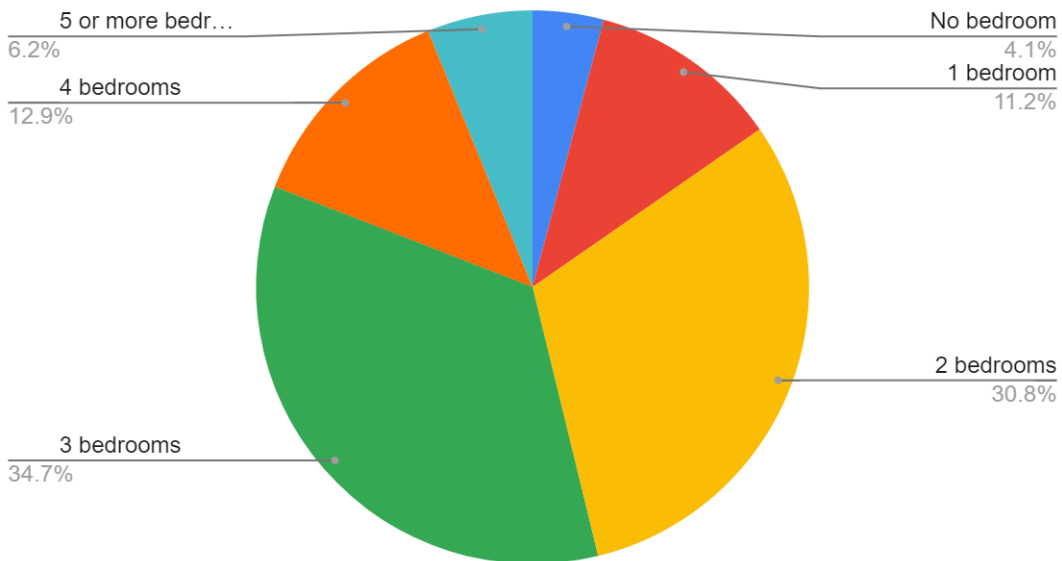
The largest number of homes, at 22.3%, were built prior to 1939, and 72% were built before 1980. Given the number of older homes built when the average home was smaller, the average homes are smaller with fewer bedrooms than national averages.

## Year Structure Built Park County



With 2,433 households comprised of a single person in Park County, notably, there are 1,469 no-bedroom (studio) or one-bedroom homes. For every studio or one-bedroom unit, 1.65 single-person households reside in Park County.

## Number of bedrooms in Park County Housing



## Price of Housing

### Homes for Rent: Market Rate

Due to the rapidly changing market for rentals, local rental professionals were able to provide a more up-to-date account of current rents than national databases. An average of \$789 is reported in the 2019 ACS; however, locals say this number is inaccurate for people seeking to sign a new lease. Park County community members and business leaders discussed the challenges of finding available rentals due to extremely low inventory with friends, neighbors, and employers who look to offer housing assistance for seasonal employees, teachers, and new hires in the health professional field. During the same meeting of the Park County Housing Coalition in July 2020, local rental professional Hannah Cain of Hannah Montana Rentals LLC shared her experiences with increased demand and rising rents to an average rate of \$1,275 across types, by June 2021 the average new cost \$1,565 per month, a 23% increase over the year. Following up with Hannah Cain in June of 2021, she mirrored that her experience in the rental market has been seeing a continuation of the same trends. Hannah Cain observed the following trends:

- Persistence of 0% rental unit vacancies with much higher demand for rentals than availability.
- Residents are seeking pet-friendly housing.
- Prospective tenants unable to afford current prices are moving outwards from Livingston but would sacrifice other preferences for anything available and affordable in Livingston, including larger multifamily developments.
- Current renters are not commonly leaving their rentals to become homeowners.
- Of 190 properties rented by Hannah Montana Rentals LLC, ten are short-term rentals, and both long and short-term rentals are in high demand.

Although Hannah Cain's observations are from her experiences as one of the largest residential companies in the area, discussion in the housing coalitions and the data support her observations around vacancy rates, tenant preferences for pet-friendly housing, and renters' wages and ability to support a mortgage payment at current home prices. Hannah's observations on tenant preferences for cost over unit type including multifamily homes do not have enough data to confirm if this is part of a larger trend or shifting preferences. With the cost of construction, however, higher density developments are able to rent at lower rates than single-family homes. A survey of housing needs in the neighboring city of Bozeman also confirmed residents' desire for pet-friendly housing. Comparing the monthly rents to online

rental databases, the costs appear consistent with other rental companies and private property owners.

Below are rental prices provided by Hannah Montana LLC for an inventory of 190 rentals managed by the company. Rents are for standard rentals; luxury or high-end rentals may demand higher rents.

Type of Rental	2020 Rental Rate (Hannah Montana LLC)	2021 Rental Rate (Hannah Montana LLC)
Studios in Livingston	\$480–\$520	\$520–\$795
1 bedroom in Livingston	\$520–\$800	\$800–\$1000
2 bedrooms in Livingston	\$1000–\$1250	\$1200–\$1500
3 bedrooms in Livingston	\$1200–\$1600	\$1500–\$1800
4 bedrooms in Livingston	\$1700–\$1900	\$1900–\$2200
3 bedrooms outside of town	\$2000+	\$2000+
4 bedrooms outside of town	\$2100+	\$2300+

### Homes for Rent: Below Market

Limited options exist for low-income renters in Park County. To clarify, HUD defines "low-income" as 80% of the median family income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs, while "very low-income" is defined as 50% of the median family income for the area, subject to specified adjustments for areas with unusually high or low incomes.<sup>17</sup>

Two types of affordable rental units have legal limits on rent levels: subsidized and **rent-restricted housing**. There are 221 subsidized rental units in Park County. They provide housing at an affordable monthly rent adjusted to 30% of the income of the qualified tenant, but the funding sources used to construct them are no longer available to fund new development. There are 64 rent-restricted units in Park County. Housing units that are rent-restricted offer housing that is priced affordable to a certain income target but not adjusted for the tenant. However, funding is

<sup>17</sup> U.S. Department of Housing and Urban Development, "Transmittal of Fiscal Year (FY) 1998 Public Housing/Section 8 Income Limits," Office of Policy Development and Research, January 7, 1998, <https://www.huduser.gov/portal/datasets/il/fmr98/sect8.html>.

currently available (though limited) to create new rent-restricted units. The funding section of the HNA offers additional information on programs available to Park County.

<b>Inventory of Subsidized Rentals in Park County (221 total)</b>			
Name	Location	Number of Units	Target Population
Livingston Village	Livingston	96	Senior or Disability Housing
Timberline Apartments	Livingston	18	Family Housing
Miles Building Apartments	Livingston	40	Family Housing
Sherwood Apartments	Livingston	50	Senior Housing
Summit Place Apartments	Livingston	7	Disability Housing
Cottonwood Apartments	Clyde Park	10	Family Housing

Source: National Housing Preservation Database, 2020 Public and Affordable Housing Research Corporation (PAHRC) and the National Low-Income Housing Coalition (NLIHC) <https://nhpd.preservationdatabase.org/Data>

Inventory of Rent-Restricted Rentals in Park County (64 total)			
Name	Location	Number of Units	Target Population
Bluebunch Flats	Livingston	34	Family Housing
Livingston Cabins	Livingston	12	Family Housing
Avalon Independent Living	Emigrant	18	Senior Housing

Source: National Housing Preservation Database, 2020 Public and Affordable Housing Research Corporation (PAHRC) and the National Low-Income Housing Coalition (NLIHC) <https://nhpd.preservationdatabase.org/Data>

### Short-Term Rentals

The state of Montana defines **short-term rentals** as lasting fewer than 30 consecutive days. As of May 2021, Granicus,<sup>18</sup> a private civic data, compliance, and engagement company, found 1,216 listings representing 653 unique listings in Park County. Granicus reports a median cost of a nightly stay at \$243; 87% of listings were single-family homes, and 91% of which were renting the entire home. Granicus reported a 12% growth in short-term rentals in the last year in Park County. The number of single-family homes is reflective of the home type in Park County. It is unknown how many, if any, long-term rentals are being converted to short-term rentals.

Park County does not currently have any mechanism or policies to capture local revenue from the short-term rental market. Short-term rentals are required to register with the Montana Department of Revenue and are subject to lodging and bed taxes.

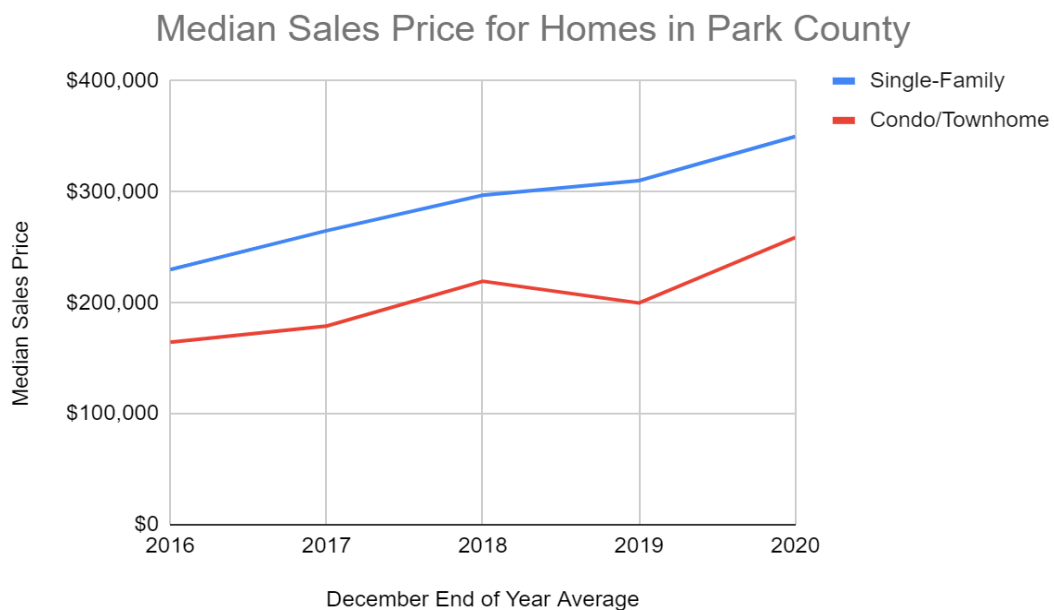
Of 9,599 homes in Park County, 2019 ACS data reports 81.07% of homes are occupied, with 68.53% owner occupied and 31.27% renter occupied. This leaves 19% of the homes in Park County unoccupied, used by part-time residents, or being used for short-term rentals. Assuming there are 653 unique listings and 9,599 total homes, 6.8% of homes in Park County are currently being used for short-term rentals. Non-primary or part-time residents would not be included in the population estimate, but the homes they own or reside in part-time are included in housing data.

<sup>18</sup>Granicus, "Short-Term Vacation Rental Compliance in Government," Granicus, n.d., <https://granicus.com/dictionary/short-term-vacation-rental-compliance/>.

## Homes for Ownership: Market Rate

The following data on home sales prices come from the Big Sky Country MLS system, which does not include any transactions made outside the listing service. These include only residential listings and sales, not vacant land listings or raw land with a structure. Residential listings include single-family homes, townhomes, condominiums, and manufactured homes that are de-titled.

- From December 2019 to December 2020, single-family home median sales prices in Park County rose 40.1% from \$282,753 to \$396,000, while median year-to-date sales prices for single-family homes by June 2021 were up to \$425,250, a 31% increase from the year-to-date the prior year.
- Months' supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. A healthy housing market would typically be a six-month supply, while lower numbers represent markets with rapidly rising prices. Months' supply of inventory in Park County was 1.2 months in December 2020, down 68.4% from the previous at 3.8 months. The low number in months' supply represents a seller's market.
- The number of average days on the market also dropped 85.5% from December 2019 at 166 days to 24 days in December 2020.



Source: Big Sky MLS Market Stats

2021 Park County, Montana Housing Needs Assessment



See the Community Spotlight section of this report for additional detail of home sales prices by region.

The housing coalition discussed some of the recent trends in the for-sale market as an impact of the COVID-19 pandemic. Participants and speakers noted an influx of new and part-time residents driven by the rise in remote work and locals looking to take advantage of low-interest rates. Realtors also reported seeing more offers per home for sale, over asking price and all-cash offers, and buyers waiving contingencies. Amanda Weber, a local Real Estate Salesperson with ERA Landmark, notes the following additional trends:

*Some of these areas, especially Livingston, are being affected by the climb of the Bozeman market. Many buyers who are being pushed out of the Bozeman market are seeking options in Belgrade, Livingston, Three Forks, Manhattan, and even Ennis. All of the surrounding, smaller communities have seen this increase in buyer activity over the past year. The pandemic has heightened the already tight market caused by low-interest rates and low inventory, leading to extremely increased buyer demand.*

### **Income-Restricted Homeownership**

In Livingston, there are 16 permanently affordable homes restricted at resale to households earning below 80% of the AMI as defined by HUD. The Livingston Land Trust includes 14 neighboring permanently affordable homes and two scattered-site homes held in a **community land trust (CLT)**.

In January 2020, the View Vista Mobile Home Park became the 13th **resident-owned cooperative (ROC)** in the state of Montana and the first in Park County. Residents bought the manufactured housing community from the previous owner, preserving 49 homes and 33 apartment units affordable to low-income residents. In ROCs, the lot rent goes to the resident cooperative and is managed to meet community needs and maintain affordability. NeighborWorks Montana provides the ROC program in Montana as part of the ROC USA® Network which includes over 250 communities across the nation.<sup>19</sup>

*Resident ownership is a way for homeowners in manufactured home communities to come together to purchase their land. In a traditional trailer park, residents own their homes and then rent the land from an*

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<sup>19</sup> "View Vista Community Becomes Resident Owned," NeighborWorks Montana, n.d., <https://www.nwmt.org/view-vista-community-becomes-resident-owned/>.

*investor-owner. This creates an unstable form of homeownership where deferred maintenance, increasing lot rents, and threat of eviction and redevelopment leaves homeowners' futures unsecured. By working together residents can access financing and secure their futures. These are commercial real estate transactions based on the value of the land and income generated from lot rent. Individual credit issues and low-incomes are not barriers to ownership. Resident ownership provides residents with rent stability, control over maintenance and repairs, and permanently affordable housing.<sup>20</sup>*

## **Access and Affordability**

Housing affordability is based on the ability to pay, which is a function of costs and income. A common convention is that rental housing is affordable when a household spends no more than 30% of its gross monthly income on housing costs, including utilities. (This is based on longstanding HUD policies related to the required contribution to rent of families living in subsidized rental housing.) This report considers renter households paying more than 30% of their gross monthly income towards housing to be **cost-burdened**. Building on a common underwriting threshold, this report adopts an affordability standard of 33% of income for homeowners, not counting utilities, since owners are building equity in their homes. The chart below shows the housing needs of Park County residents for both rental and ownership based on the number of households in a given income range. The affordable price for homeowners uses the estimation of 33% of household incomes towards mortgage payment and homeownership costs, including taxes, insurance, and fees.

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<sup>20</sup> "Resident Ownership for Manufactured Communities," NeighborWorks Montana, n.d., <https://www.nwmt.org/resources/general-roc-information.pdf>.

Household Income	Number of Park County Households	Affordable Rent	Availability/Type of Rentals Affordable to This Income Range	Affordable Purchase Price (4% interest rate 5% down payment, 33% debt to income ratio)
Less than \$14,999	910	\$375 or less	221 with subsidy	\$55,096 or less
\$15,000 to \$24,999	576	\$375-\$625	64 rent-restricted + entry level rentals	\$55,096-\$98,907
\$25,000 to \$34,999	1113	\$625-\$875	64 rent-restricted + entry level rentals	\$98,907-\$142,717
\$35,000 to \$49,999	1113	\$875-\$1250	market rentals	\$142,717-\$208,433
\$50,000 to \$74,999	1393	\$1250-\$1875	market rentals	\$208,433-\$317,961
\$75,000 to \$99,999	1097	\$1875-\$2500	market rentals	\$317,961-\$427,489
\$100,000 or more	1572	\$2500 and up	market rentals	\$427,489 +

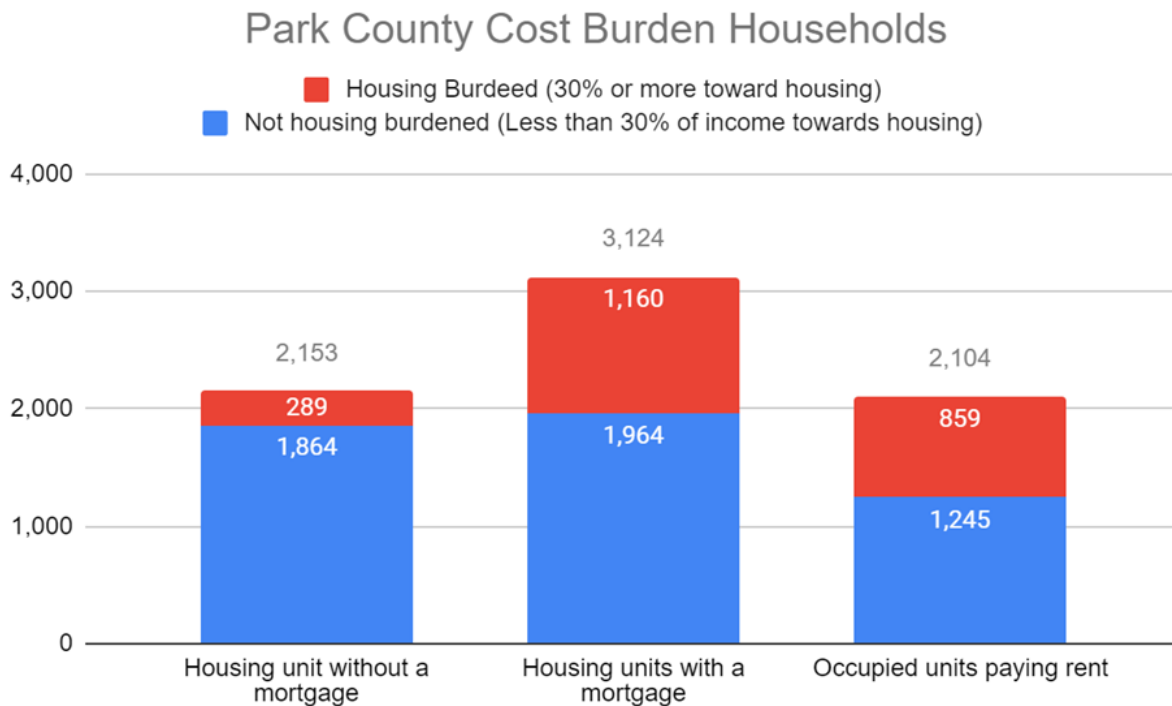
Sources: 2019 ACS, National Preservation Database, Zillow Mortgage Calculator

In Park County and consistent with national data, the percentage of cost-burdened households decreases as households' income increases. In Park County, 41% of renters and 37% of mortgage holders are considered cost-burdened. Nationally, 46% of renters and 22.5% of homeowners are considered cost-burdened. More homes affordable to households earning low and moderate incomes are needed in both rental and ownership to meet the demand for affordable homes in Park County. Of the 910 households earning less than \$14,999 a year, only 221 homes with subsidies to ensure affordability to these 910 households exist. The current monthly rent or purchase price of a home does not match the needs of many Park County residents.

HRDC, the author of this report, conducts community needs assessments within the southwestern Montana service area. In 2019, HRDC's community needs assessment conducted focus groups in Livingston and Gardiner and collected digital surveys from the county. The top concern of residents was the lack of **affordable housing** for residents. Similarly, CASPER (Community Assessment for Public Health Emergency Response) survey data published in January 2021 found that 21.3% of Park County residents were concerned about their household's ability to make their monthly rent

or mortgage payments during the COVID-19 pandemic. Multiple local surveys have confirmed that residents are concerned about their ability to afford housing, which is a significant stressor to mental health. This survey was conducted by the Park County Health Department of 112 households in 20 preselected census blocks throughout the county that were surveyed from Nov. 14, 2020, to Dec. 4, 2020.<sup>21</sup>

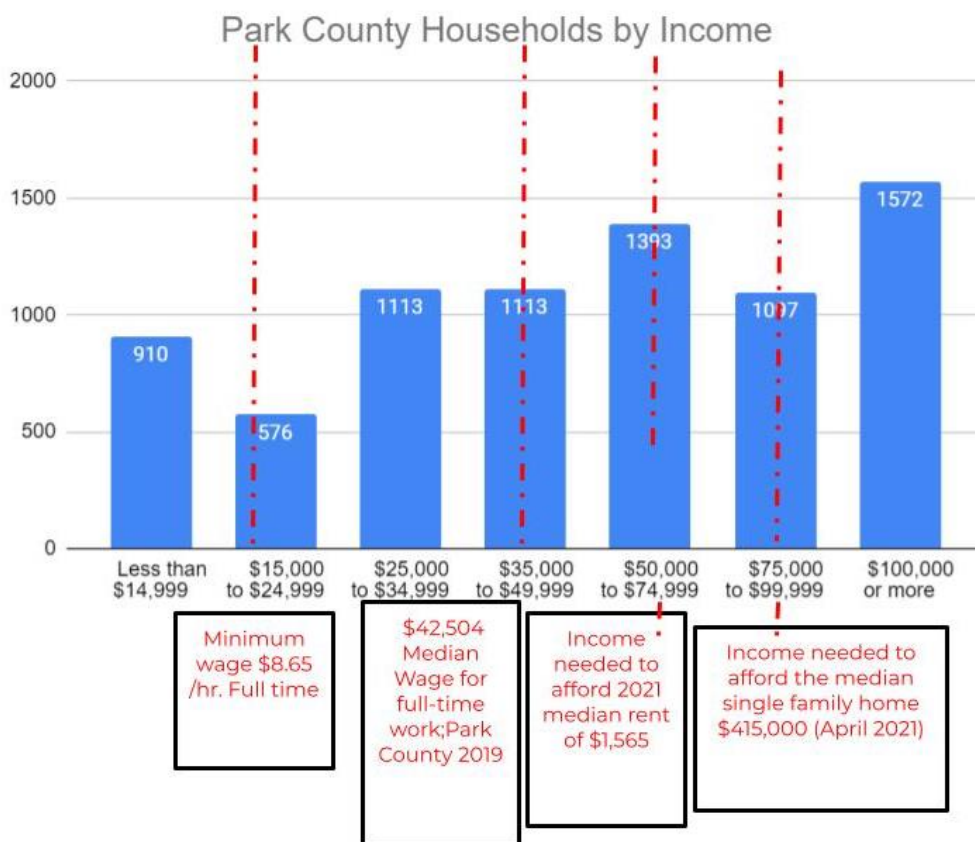
Based on the **average renter wage** for Park County at \$12.79 an hour, one person working full time at the average renter wage could afford monthly rent of \$665.<sup>22</sup>



The chart below shows the income distribution of households in Park County matched with income and affordability information. This chart is intended to highlight the challenges for low- and moderate-income households in access to affordable rentals and ownership opportunities.

<sup>21</sup> Meredith Depping, "Park County Health Department Shares COVID-19 Casper Survey Results," KULR, January 15, 2021, [https://www.kulr8.com/bozeman/park-county-health-department-shares-covid-19-casper-survey-results/article\\_e320d4f4-94cb-571d-9444-08cf70cc85a9.html](https://www.kulr8.com/bozeman/park-county-health-department-shares-covid-19-casper-survey-results/article_e320d4f4-94cb-571d-9444-08cf70cc85a9.html).

<sup>22</sup> "Out of Reach: Montana," National Low Income Housing Coalition, July 12, 2021, <https://reports.nlihc.org/oor/montana>.



Sources: data from 2019 ACS, Big Sky Country MLS, Hannah Montana, LCC

## Market Gaps and Underserved Residents

The **housing choice voucher** program is the federal government's largest rental assistance program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance through the housing choice voucher program is provided on behalf of a family or individual directly to the owner of a rental unit of their choice, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from HUD to administer the voucher program. In Park County, and all communities in Montana without a PHA, the Montana Department Of Commerce administers the program.

Nationally, only one in four households eligible for a housing choice voucher are able to secure a voucher and sometimes wait years on waitlists. Montana laws do not prevent source of income discrimination so property owners are not required to rent to households with vouchers. With low vacancy rates and a limited inventory of rentals available at the HUD limit of fair market rent, a property owner's refusal to accept tenant-based rental assistance could mean returning the voucher unused. For the limited number of households able to secure a housing choice voucher, the program has been highly effective at reducing homelessness, housing instability, and overcrowding.<sup>23</sup>

HRDC is contracted by the state of Montana to administer the program for Park County. Eighty-two Housing Choice Vouchers are currently being used in Park County.

Households with a voucher pay 30% of their income toward rent. The income limits for the program are set at 50% of the HUD calculated AMI.

For Park County in 2021 the limits are:

- Household of 1: \$26,150
- Household of 2: \$29,900
- Household of 3: \$33,650
- Household of 4: \$37,350
- Household of 5: \$40,350
- Household of 6: \$43,350

The **Fair Market Rent (FMR)** for Park County is the basis for determining a household's rental subsidy, FMR is released annually by HUD.

The FMR rates for 2021 are:

- Efficiency: \$745
- One- Bedroom: \$750
- Two-Bedroom: \$989

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<sup>23</sup> Will Fischer, Sonya Acosta, and Erik Gartland, "More Housing Vouchers: Most Important Step to Help More People Afford Stable Homes," Center on Budget and Policy Priorities, May 13, 2021, <https://www.cbpp.org/research/housing/more-housing-vouchers-most-important-step-to-help-more-people-afford-stable-homes>.

- Three-Bedroom: \$1,371
- Four-Bedroom: \$1,493

Income limits and rents are assessed annually.<sup>24</sup>

Housing insecurity impacts many residents of Park County that are employed full-time or more. The minimum wage for Montana and Park County is \$8.65 an hour; accompanying affordable rent would be \$450 a month.

### Special Needs Housing

In Park County, the share of the population with one or more disabilities is 10.8%, lower than the share for the state of Montana (13.6%) and lower than the United States as a whole (12.6%).<sup>25</sup>

For residents receiving Supplemental Security Income (SSI), the payment for Montana and Park County is \$783 a month. At this rate, SSI recipients have an affordable rent limit of \$235 a month.

### Homelessness, Emergency Shelter, Transitional and Permanent Supportive Housing

*We are at max capacity for affordable housing with a one-year waiting period. The number of subsidized housing does not fill the need. We have problems offering solutions to our homeless community members. Our Warming Center currently only offers night services during the winter months. People working in the community cannot just pack up and go somewhere else. Often they also have family ties and some kind of support system in the area. One of many challenges for people experiencing homelessness in Park County is the lack of resources and infrastructure.*

—HRDC Livingston Staff

Park County began using the **Coordinated entry System (CES)** in 2021 with bi-weekly meetings of four local service providers and sought to expand to include the following additional health system partners:

<sup>24</sup> "FY 2021 Fair Market Rent Documentation System," HUD Economic and Market Analysis Division, n.d., [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021\\_code/2021summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021_code/2021summary.odn).

<sup>25</sup> US Census Bureau, "Park County, Montana"

- L'Esprit: a Montana: certified mental health center
- Community Health Partners: federally qualified health center
- ASPEN: a nonprofit organization dedicated to serving victims and survivors of domestic and sexual violence
- Human Resource Development Council, of District IX: a community action agency offering a range of programs, including homeless services and seasonal shelter

A by-name list holds the names and information of individuals experiencing homelessness in the service area. As of June 2021, there are 17 individuals in the Park County CES.

Opened in 2019, the Livingston Warming Center, operated by HRDC, runs from November to March on a limited basis. The capacity for the Livingston shelter is ten beds. During the 2020–2021 season, the shelter saw 33 unique guests: 25 male-identifying, seven female-identifying, and one family. The highest number of guests in a single night was nine, with an average of 5.2 persons per night. During the 2020–2021 season, COVID-19 safety precautions were implemented, including temperature checks at the door, face mask requirements, and bed spacing and assignments.

The **seasonal overnight shelter** offers new short-term solutions for residents experiencing **temporary homelessness** in Park County. A person is experiencing **chronic homelessness** when they experience homeless over four times in twelve months for three years. **Supportive housing (SH)** is an evidence-based intervention for chronic homelessness that offers affordable non-time-limited housing with optional flexible support services. SH is intended to help those in our community that “but for” supportive housing are unable to maintain stable housing. Park County does not currently have any SH units or developed services.

The nonprofit ASPEN operates Aspen House, a 24-hour emergency shelter for victims of domestic and sexual violence and can accommodate up to ten individuals at one time according to its website. The length of stay is up to 45 days, but the organization commits to working with each client on an individual basis to help meet their needs and secure safe, affordable housing. A representative from the nonprofit discussed with the housing coalition their observation that challenges in finding affordable housing were a barrier to moving out of the transitional housing service.



## Evictions and Housing Insecurity

At present, the federal eviction moratorium is still in place so the impacts of the pandemic on evictions are unknown. The risk of eviction prior to the pandemic looking at the last year of available data from the Eviction Lab<sup>26</sup> shows a **low eviction rate** of 0.82% in 2016 and an eviction filing rate of 1.75%. Since 2016, both the cost of housing and income have trended upwards, but these trends have placed the lowest income households, who are more likely to be unable to afford increasing housing prices, at higher risk.

According to the public portal on the Montana Department of Commerce portal<sup>27</sup> accessed in May 2021 between the launch of the Emergency Housing Assistance Program in May 2020 to June 2021, Park County residents received \$194,991 from the Montana program created through funding from the federal Coronavirus Aid Relief Economic Security Act (CARES). Unlike typical rent aid programs, this program provided rent and mortgage relief to low and moderate-income households serving a higher income range than federal or state funds typically serve. Like many states, the program faced significant challenges in becoming quickly operational. Lengthy application forms and paperwork deterred or delayed eligible households. Residents living in informal housing without a traditional lease to submit with a rental assistance application were ineligible.

## Seasonal Housing and Challenges from Local Employers

A high percentage of the Park County workforce are employed in seasonal or tourism-based work. With the increase in housing costs, some employers are expanding the use of dorm-style short-term employee housing, purchasing homes for rent, and providing down payment assistance for year-round employees. For example, Chico Hot Springs experiences hiring challenges despite having 14 employee rentals in Livingston. Representatives from Chico Hot Springs shared with the housing coalition that the company rarely has a vacancy in their employee rentals.

During the warm summer months, many seasonal employees are finding shelter by living in RVs or other places not intended for permanent housing.

Although much of Yellowstone National Park is located in Wyoming, three entrances are located in Montana and two in Park County, including the gateway communities of Gardiner in Park County and Cooke City. In 2020, 3.8 million park visitors spent an

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<sup>26</sup> "In a Typical Year, Landlords File 3.7 Million Eviction Cases," Eviction Lab, n.d., <https://evictionlab.org/>.

<sup>27</sup> "Awarded Grants - Montana Coronavirus Relief," Montana.gov (Montana Department of Commerce, n.d.), <https://commerce.mt.gov/Coronavirus-Relief/Awarded-Grants>.

estimated \$444 million in local gateway regions while visiting Yellowstone National Park. These expenditures supported a total of 6,110 jobs, \$194 million in labor income, \$326 million in value-added, and \$560 million in economic output in local gateway economies surrounding Yellowstone National Park.<sup>28</sup> Park County's economy and housing market are impacted by tourists and seasonal labor demands related to summer traffic through Yellowstone and demand for short-term lodging.

Yellowstone National Park offers employee housing through the National Park Service (NPS) and contractors, yet not all employment-related to Yellowstone National Park is directly tied to the NPS. Many seasonal employers seek summer housing in nearby communities.

### **Racial Gaps in Homeownership**

White households in Park County own homes at a rate of 69.9%, which is higher than the homeownership rate across all races at 68.5%. With only 4.3% of the population in Park County not identifying as White, the 1.4% higher rate of homeownership shows a gap. There is a need for accurate data collection on racial disparities in Montana and Park County around access to housing for both rental and ownership

### **Future Housing Needs**

The data in this section is a prediction from Ribbon LLC based on current trends. It is impossible to accurately predict the future housing demands because we do not yet know how current events will impact future markets, preferences, or possibilities. These forecasts are intended to inform us on what is likely to occur if trends continue.

Data from Ribbon LLC purchased in May 2021 estimates that within the next five years (2026), Park County will lose lower-income renters and owners and increase higher-income renters and owners. Unless supply is increased to expand opportunities for lower-income households in both rental and ownership housing, the trend will continue.

Consistent with the rest of the nation, as the Baby Boomer generation ages, senior housing demands will increase as the population needs change.

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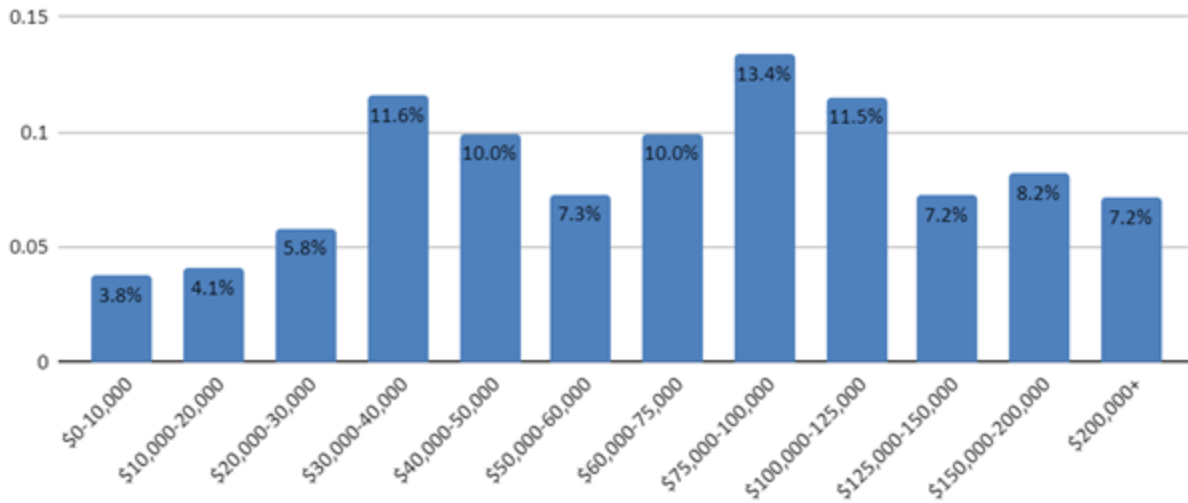
<sup>28</sup> "Social Science (U.S. National Park Service)," National Parks Service (U.S. Department of the Interior, n.d.), <https://www.nps.gov/subjects/socialscience>.

<b>Renter &amp; Owner Households</b>						
All Age Groups						
Year 2026 Projections						
	1-Person	2-Person	3-Person	4-Person	5+-Person	
	Household	Household	Household	Household	Household	<b>Total</b>
\$0-10,000	326	87	5	7	23	<b>448</b>
\$10,000-20,000	432	114	9	6	2	<b>563</b>
\$20,000-30,000	373	151	37	10	9	<b>580</b>
\$30,000-40,000	467	293	160	52	13	<b>985</b>
\$40,000-50,000	427	360	106	8	32	<b>933</b>
\$50,000-60,000	275	217	39	33	30	<b>594</b>
\$60,000-75,000	91	374	136	55	61	<b>717</b>
\$75,000-100,000	203	510	109	190	67	<b>1,079</b>
\$100,000-125,000	120	333	186	167	26	<b>832</b>
\$125,000-150,000	128	232	96	86	19	<b>561</b>
\$150,000-200,000	177	170	89	73	35	<b>544</b>
\$200,000+	<u>208</u>	<u>221</u>	<u>37</u>	<u>32</u>	<u>62</u>	<b>560</b>
<b>Total</b>	<b>3,227</b>	<b>3,062</b>	<b>1,009</b>	<b>719</b>	<b>379</b>	<b>8,396</b>

Source: Ribbon Demographics, LLC. May 2021

Estimates for 2026 show the income distribution of homeowners' trends towards higher incomes. Some existing homeowners have very low incomes and may have experienced a life circumstance change since purchasing or inheriting their homes, such as a disability or retirement, and may or may not owe a mortgage. If these households need to move from their owned home, they may experience difficulty securing a comparative affordable rental home. Many homeowners have been in their homes for decades and purchased them at a time when prices were very low, especially in the 1980s to 1990s compared to the present moment.

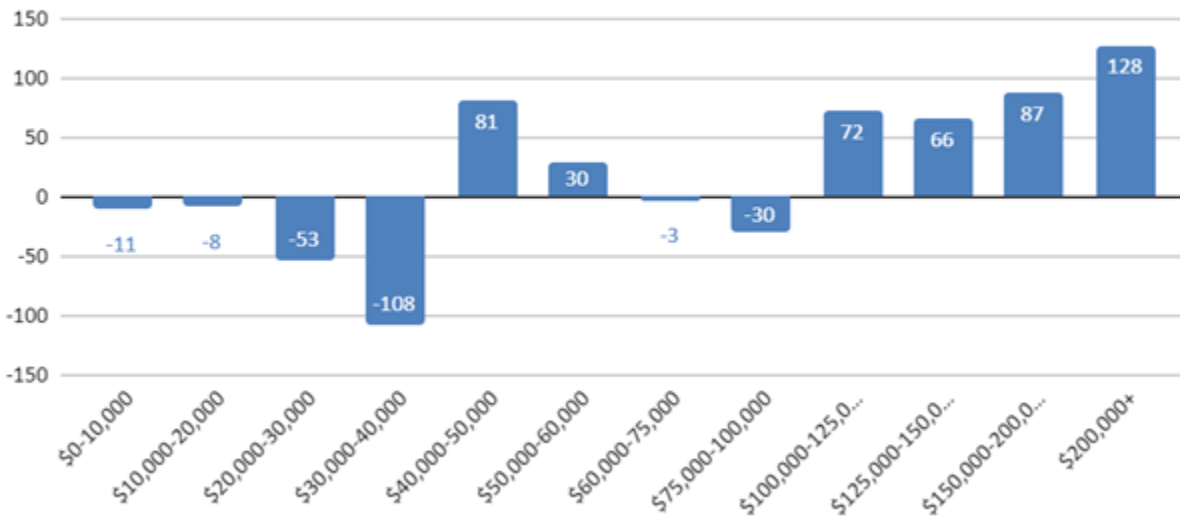
### Owners by Income - All Age Groups Five Year Projections - 2026



Source: Ribbon Demographics, LLC. May 2021

New homeowners in Park County are expected to have higher incomes than previous or current homeowners. This does not include any information on the number of low- or moderate-income households interested in becoming homeowners yet unable to qualify for market price.

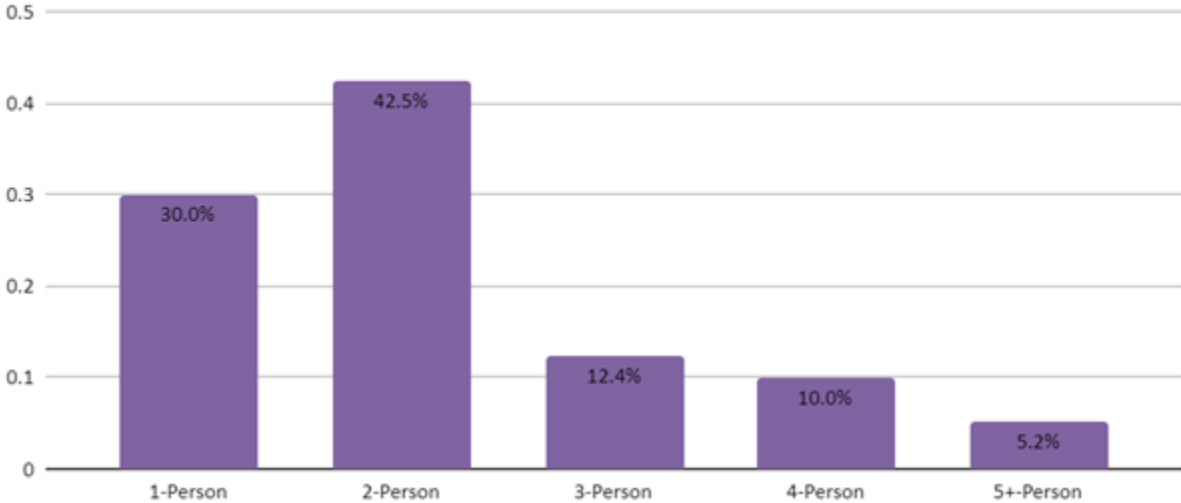
### Projected Change - 2021 Estimates to 2026 Projections Owners - All Age Groups



Source: Ribbon Demographics, LLC. May 2021

Based on the estimate below, by 2026, 72.5% of households are expected to be made up of two fewer people. When anticipating future housing needs of Park County residents, smaller households will likely seek smaller homes. Smaller households that desire to live independently may also seek more variety than traditional single-family homes such as multigenerational living arrangements with a mix of private and shared spaces or backyard accessory dwelling units to provide housing for aging relatives or generate a source of income.

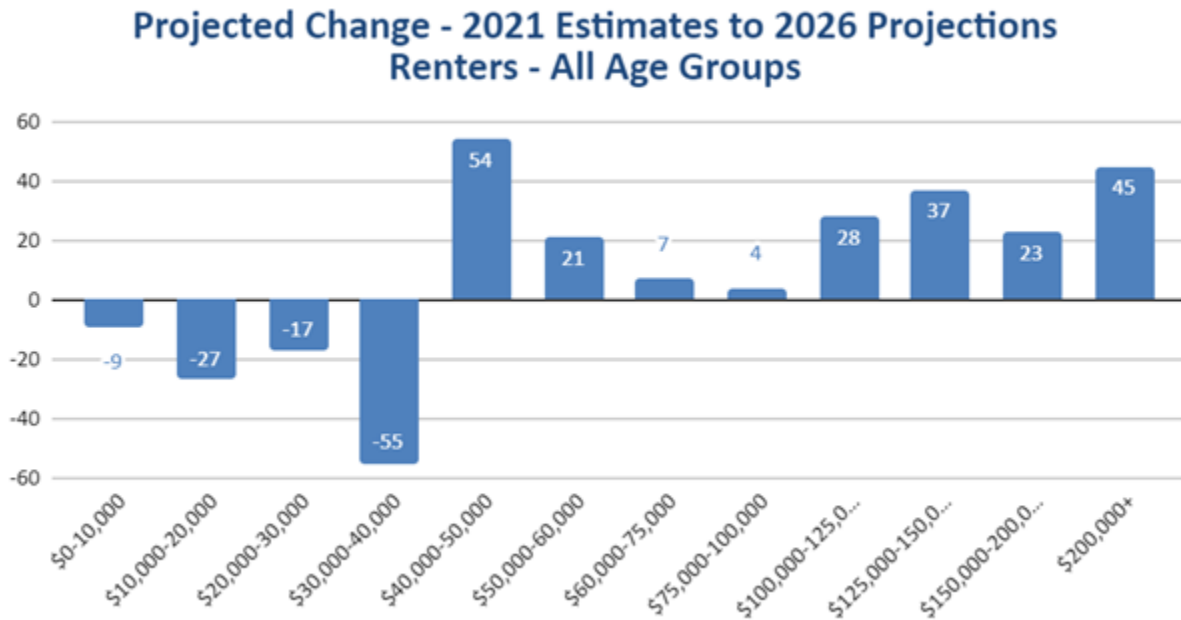
### Owners by Household Size - All Age Groups Five Year Projections - 2026



Source: Ribbon Demographics, LLC. May 2021

Although the average household income is rising in Park County, an increasingly large household income is needed to purchase a home. For households that are not already homeowners, those without high incomes may be left behind from the opportunity to own a home in the community. Households that would-be homeowners may remain renter households for longer. Consistent with national trends, Park County is also projected to see higher income levels among renters. There are several reasons the estimate shows an increase, including the prediction that Park County residents' wages will likely experience inflation and wage growth. In addition to local income rising over time, in-migration of workers with higher incomes may account for rising average incomes. High-income households may also bring income from non-wage sources or wages earned outside of Park County. While incomes are rising, the cost of homes for sale and rent is rising faster;

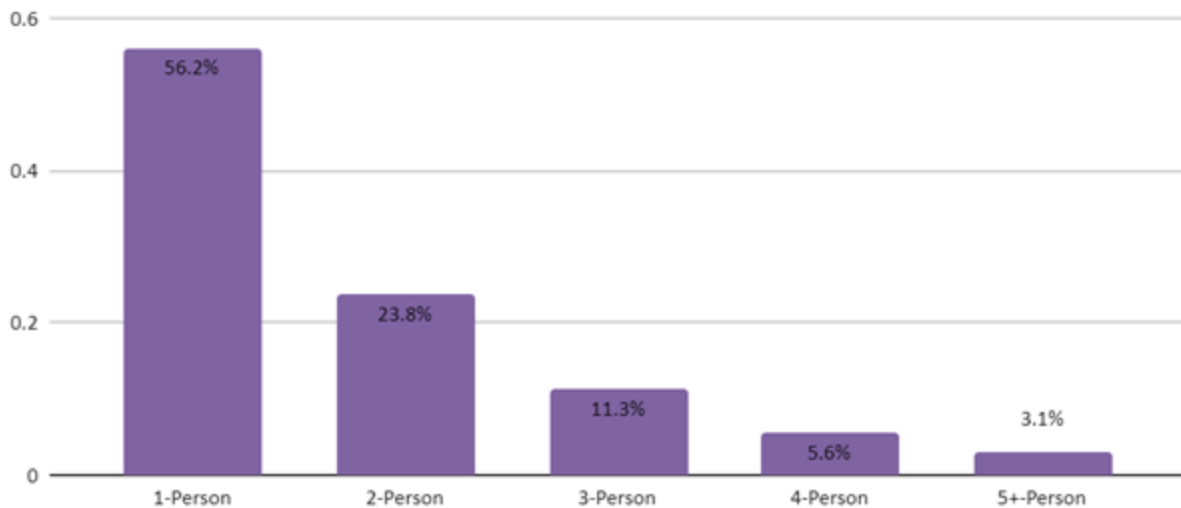
therefore, increased wages do not ensure more affordable access to homes for sale or rent.



Source: Ribbon Demographics, LLC. May 2021

The projections in renter household size predict 56.2% of the renter households will be single-person households, up from the current estimate of 51%. This growth in single-person households is part of a national trend over time. Single-person households will likely choose smaller homes for lower monthly costs when possible. Currently, more people live with roommates in shared households than would prefer to do so if there were options available to affordably live on their own.

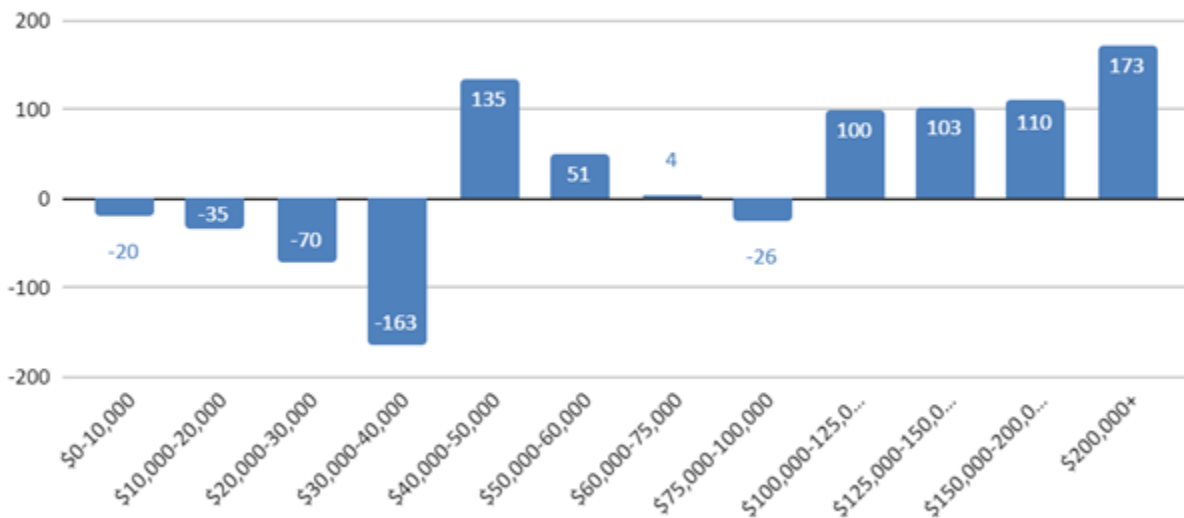
## Renters by Household Size - All Age Groups Five Year Projections - 2026



Source: Ribbon Demographics, LLC. May 2021

Combining renters and owner households, the projections show a trend toward growth in high-income households including a net increase of 313 households above \$100,000 a year.

## Projected Change - 2021 Estimates to 2026 Projections Households - All Age Groups



Source: Ribbon Demographics, LLC. May 2021

Predictions of future demand are based on historical trends and assumptions. Providing access to affordable, safe housing for households at more income levels including those earning below \$50,000 a year could impact the actual household demographics for 2026. The predictions related to shifting household demographics are tied to the housing opportunities available to residents; if residents are unable to find housing they can afford, they will be more likely to consider a move outside of Park County. If homes for purchase are available for moderate-income households, moderate-income renters would be able to purchase homes in Park County.

### Community Spotlight

Each region of Park County has differences in housing characteristics, needs, and resources. This section looks at five regions within Park County and highlights some of the unique features of each region. The chart below shows areas grouped by zip code, number of housing units, population, and the ratio of persons per unit of housing.

<b>Housing and Population by Region</b>			
	Housing Units	Population	Ratio of residents per unit of housing
<b>Livingston</b> Zip Code 59047	6693	11880	1.77 residents per home
<b>Gardiner</b> Zip Code 59030	982	1263	1.29 residents per home
<b>Shields Valley</b> Including Wilsall and Clyde Park and Zip Codes 59018 and 59086	875	1329	1.52 residents per home
<b>Paradise Valley</b> Including Emigrant, Pray, and Springdale Zip Codes 59027, 59082, and 59065	675	1072	1.59 residents per home
<b>Cooke City-Silver Gate</b> Zip Codes 59020 and 59081	244	86	0.35 residents per home

Source: Population spread 2010 Census, Housing units 2015–2019 estimates

The chart below shows recent home sales by region in Park County. Amanda Weber with ERA Landmark provided data from the Big Sky Country MLS system, which does not include any transactions made outside of the listing service. These include



only residential listings and sales, not vacant land listings or raw land with a structure. Residential listings include single-family homes, townhomes, condominiums, and manufactured homes that are de-titled. Active and pending listings are properties currently for sale or under contract to be sold.

	<b>Livingston (59047)</b>	<b>Gardiner (59030)</b>	<b>Shields Valley: Wilsall/ Clyde Park (59018, 59086)</b>	<b>Paradise Valley: Emigrant/Pray/ Springdale (59027, 59082, 59065)</b>	<b>Cooke City/Silver Gate (59020, 59081)</b>
Number of Active and Pending Listings (June 2021)	125	12	7	9	1
Number of Sold (Last 6 months)	149	3	10	4	1
Median Sales Price (Last 6 months)	\$381,117	\$582,500	\$278,950	\$350,000	\$905,000
Months' Supply (as of May 2020)	1.5	0	1.5	0	No data
Median Days on Market (last 6 months)	10	189	21	15	132

Source: Big Sky Country MLS data accessed by Amanda Weber

## Livingston

The highest concentration in the population and housing units (71%) in Park County is in Livingston. A unit of housing exists for every 1.77 residents. A 1.5 months' supply reflects a very tight market for homeownership. Typically, a six-month supply indicates a healthy market balanced between buyers and sellers; therefore, a one and a half months' supply reflects a very tight market for homeownership. The ten days on the market median includes homes on large acreage, which typically remain on the market longer than single-family homes or townhomes/condominiums and sell for higher prices.

The average **market rate** rent reported by Hannah Montana LLC for 2021 was \$1,331, a 21% increase from 2020 when the average rent across types in Livingston was \$1,097. 259 of 285 or 91% of rent-restricted or subsidized rentals in Park County are in Livingston.

Overseeing the largest incorporated city in Park County, the Livingston City Commission has the ability to influence local housing policy. The Park County HAP will cover recommendations for the city of Livingston to address housing concerns.

According to the city of Livingston growth policy, the community's preference is for infill development. The future land use map included in the growth policy shows the preferred area for infill is on the southside of the railroad tracks in Livingston. Current market conditions do not encourage private owners to redevelop existing homes at this time because there is no profit motive, but if trends continue, redevelopment and adding infill homes will become increasingly more appealing. Additional infrastructure capacity exists for water and sewer to support new development but often requires upgrading undersized pipes as development fills in; this has been accomplished through the use of impact fees. Pipes are easier to upgrade on the south side of town and more challenging to access on the north side of town, which could add additional costs. The north side of town is only accessible by utilizing the three existing railroad crossings, which limits transportation.

According to Landgrid and USPS data, the city of Livingston owns 42 parcels of land in the town, the largest of any single owner, followed by Montana Rail Link, BNSF Railway Company, and Park County. The city and county own larger lots towards the outside of town while the railway companies own much of the land near the railroad that cuts through the center of the city. Livingston Health owns a large lot that could accommodate future development. In addition to institutional land, private landowners own land in Livingston that could accommodate future development. Limitations on infrastructure including water and sewer are not currently preventing growth within Livingston but could pose a future barrier.

## **Gardiner**

Gardiner has the second-highest concentration of population in Park County at 8%. Directly next to the entrance of Yellowstone National Park, the gateway community experiences high demand for homes with limited opportunities for employment beyond the service and tourism sectors. Homes for sale had an average median listing price of \$582,500 for the past six months. The 2015 Gardiner Housing Assessment and Action Plan provide more details on the trends in Gardiner. Limited geographically by federal lands and steep hillsides, the community of Gardiner faces significant challenges in new development. However, the community has several underdeveloped properties that present an opportunity for infill development. Development in Gardiner is not challenged by limitations to infrastructure, but with no zoning in place, it is challenging to incentivize development to meet housing

needs. With limited land in Gardiner and high costs to build construction of any use, developers have a high financial incentive towards commercial developments.

In discussions with community members, short-term rentals have increased in popularity in Gardiner—a community with an already small inventory of homes. Even small increases in the number of short-term rentals may reduce the number of homes for residents or replace homes that had previously been used to meet seasonal housing needs.

### **Shields Valley**

This region, including Clyde Park and Wilsall, has an average median home sales price of \$278,950, the lowest of the regions in Park County. Landgrid and USPS data show roughly 460 addresses in this area of the county with many large acreage ranches surrounding the two small communities. Clyde Park and Wilsall together are 8.5% of the population of Park County.

Homes in Clyde Park must be on individual septic systems, making infill development difficult in Clyde Park. Wilsall is currently working to expand its water and sewer infrastructure.

This region of Park County is not currently growing as quickly as other areas of the county, but it may be impacted by a potential mining development in Meagher County. The proposed Hard Rock Mine would add new residents to the community of White Sulphur Springs, which also has a limited supply of homes. To accommodate new residents, employees of the mine may expand their search for housing into the Shields Valley.

### **Paradise Valley**

This region, including Emigrant, Pray, and Springdale, has seen significant increases in home prices through the last year at a rate of 37.25%, with the median home price reaching \$350,000. Businesses in Paradise Valley frequently hire employees commuting from Livingston.

The Paradise Valley region is a highly desirable location for an investment property including short-term rentals. Recently this area of Park County has seen planning proposals for new developments intended entirely for short-term rentals such as glamping companies. Long-term residents of the community are concerned about the impact of new developments entirely for short-term rentals. Some housing that has previously served the needs of seasonal workers has been converted to short-term rentals.

Mobile home parks in this area and other unincorporated parts of Park County were generally built during a time of different regulations and would be unable to expand under current requirements. Employer housing developments in this area look visually similar to mobile home parks commonly using manufactured homes.

## **Cooke City–Silver Gate**

The community with the smallest population in Park County, this region had 86 full-time residents at the time of the last official census in 2010. With far fewer year-round residents, the estimated number of housing units is 286, reflecting seasonal use and short-term rental homes. This area of Park County is located between Yellowstone National Park and the Beartooth Highway, making access difficult and construction more challenging and expensive.

Cooke City has been historically limited by having no sewer system, the community is currently working on the first shared sewer system, which will allow for higher density development in the future.

With the record-breaking visitation records in Yellowstone National Park, Cooke City saw a large number of tourists coming to the tiny community. Housing working group members, stakeholder interviews, and recent newspaper reports observe a significant change in the number of short-term rentals causing changes in the culture of the community as well as challenges in hiring for seasonal and year-round positions.

## **Housing Development Costs and Land Use**

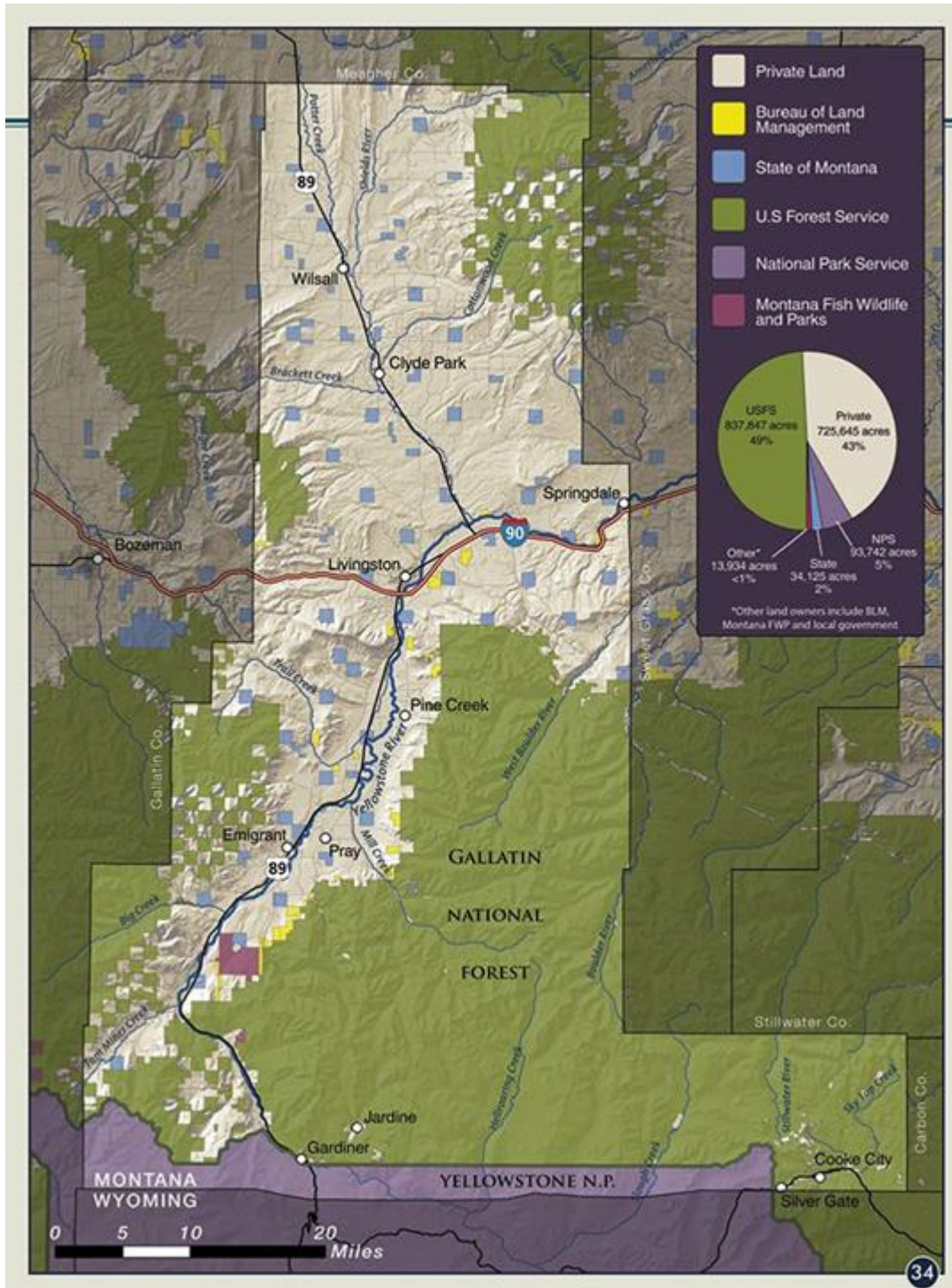
### **Where to Develop**

The map below from the 2013 Atlas of Park County shows area national public lands, including portions of Yellowstone National Park to the south and area federal forest lands managed by the US Forest Service. US Forest Service lands total more than 837 thousand acres and nearly half (49%) of Park County's land area. A large portion of these federal forest lands are designated and managed as "wilderness areas" and cannot be used for housing development. Lands within YNP that are in Park County along with the county's southern edge total almost 94 thousand acres or about 5% of the county land area. The county also has Bureau of Land Management (BLM) lands.<sup>29</sup> As noted in the map below, only 43% of land in Park County is privately owned. The amount of publicly owned land in Park County attracts people to the

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<sup>29</sup> Larry Swanson, "Key Trends, Dependencies, Strengths, and Vulnerabilities in Park County, Montana, and Its Area Economy," University of Montana, April 2016, <https://www.umt.edu/crmw/Downloads/Key-Trends-Park-County-Area-Economy5.pdf>, 8.

area and creates challenges in developing enough housing in Park County because of a limited supply of land that is available, geographically feasible, and affordable to be developed.



Source: Atlas of Park County Montana, 2013, land ownership map, p. 34

## Cost to Develop

The Park County Housing Coalition brought together stakeholders to discuss the challenges and opportunities for developing new housing in Park County. In line with national trends, the cost to build new construction has increased due to supply chain delays, availability of labor, and material costs, including rapid increases in the cost of lumber in 2021.

The “five Ls” is a term recently coined by National Association of Home Builders Chief Economist Robert Dietz in describing builder challenges going into 2019. He notes that labor, lots, laws, lending, and lumber—the five Ls—will create significant challenges.<sup>30</sup>

- Lots—what are the costs and limitations of available land? Varied through Park County, there are not abundant options for new construction on ready-to-build lots.
- Labor—what is the availability and cost of a skilled construction workforce? In Park County, the cost to hire skilled labor is a contributing cost to the high cost of construction.
- Laws—how is local zoning and requirements influencing costs? Adding additional review time or an unknown review period for projects to be approved by local governments can drive up the costs of construction.
- Lending—access to capital for construction and private households for the purchase of homes impacts the final cost of construction or monthly mortgage payments based on interest rates.
- Lumber—building materials add significant costs to the construction process. 2021 saw significant price increases in building materials supply chain challenges brought on by the COVID-19 pandemic.

These challenges are all present in Park County. The development of high-end luxury homes in Paradise Valley creates competition for labor resources. Luxury home purchasers are able to pay more for contractors and specialty professionals, drawing labor from community housing projects. As discussed in the community and land sections, nearly 50% of the land in the community is publicly owned, and the remaining land commands ever-increasing prices. With the exception of Livingston, properties in the county have limited zoning, and development regulations do not typically present impediments to development. Development within an existing subdivision is subject to the covenants of that subdivision in the city or county. Within Livingston, the city has worked to identify and implement policies that can

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<sup>30</sup> Peter Rotelle, “The Five ‘Ls’: How a Developer and Home Builder Addressed Them—Long Ago,” *Builder*, May 16, 2019, [https://www.builderonline.com/building/operations/the-five-ls\\_o](https://www.builderonline.com/building/operations/the-five-ls_o).

encourage the development of more affordable homes and identify further regulations that may present challenges to development.

In Livingston and Park County, the majority of homes are single-family. Alex Hurt, a Livingston home builder with Total Quality Construction, sees \$180–\$200 per square foot for an average home and construction only, not including land or infrastructure. For a modest 1,500 square foot home at \$190 per square foot cost, it would cost a total \$285,000 to construct the house alone. For a 2,300 square foot home at \$190 per square foot, the total cost would be \$437,000. This increased cost of construction is a significant barrier to accessible affordable homes in Park County.

As an alternative to traditional construction, some people in Park County are considering prefabricated and manufactured homes with a fixed price. These homes still need to be permitted and have foundations built on-site but can help control the cost of construction.

### **Funding for Affordable Housing**

Federal and state funding opportunities exist to support the development of affordable housing. Existing programs are insufficient to fund the need for low-income housing. There are only 39 affordable housing units for every 100 households earning an extremely low income statewide (below 30% of AML).<sup>31</sup> Park County does not have any entitlement cities that have direct access to funding for their communities. As such, applications from Park County must compete with projects across the state. The entitlement cities in Montana include Billings, Great Falls, and Missoula. Insufficient funding is a top challenge in developing enough new homes to meet the current and future needs of Montanans.

There are opportunities for funding affordable housing in other states that are not currently available to communities in Montana. State regulations prevent rent control as well as luxury, second home, and real estate transfer taxes while also protecting property tax increases and prohibiting inclusionary zoning.

The following sections discuss some of the historical and current funding sources for creating new **subsidized housing**.

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<sup>31</sup> Brandon Bridge, "Affordable Housing 2020—University of Montana," December 2020, <http://www.bber.umt.edu/pubs/econ/AffordableHousing2020.pdf>, 22.

## Federal Low-Income Housing Tax Credit (LIHTC)

The **Low-Income Housing Tax Credit (LIHTC)** program<sup>32</sup> is a construction subsidy program created by the Tax Reform Act of 1986. Although this is the primary method of funding restricted-income rental housing, the competition for funding leaves many qualified projects unfunded. Projects are evaluated based on priorities established by the Montana Board of Housing through the Qualified Allocation Plan (QAP) each year. In recognition of the difficulty in constructing smaller projects in rural communities, the QAP has a rural, small-project set-aside. The set-aside limits the number of LIHTC requests and assisted units. Many states supplement their federal LIHTC allocation with a state housing tax credit; however, Montana does not have this resource. Funding from the federal level to the state is calculated based on population. Montana receives the minimum allocation from the federal government due to the small population. In 2021, the minimum small population state allocation was \$3,245,625.

Units developed using LIHTCs typically serve households earning between 40% and 60% of the AMI, with some exceptions provided for income averaging. Rents are restricted to be affordable to the targeted households with consideration for utility payments included in the maximum rent calculations.

The more competitive 9% tax credits are allocated to agencies in Montana through the state financing agency while 4% tax credits are available to rental housing developments funded with tax-exempt bonds. The 9% tax credit subsidizes 70% of an affordable housing development's cost, and the 4% tax credit subsidizes 30% of development costs.<sup>33</sup>

## Public Housing Authority

There are 11 public housing authorities in Montana. Although none of the specific housing authorities serve Park County, the region is served by the State of Montana Department of Commerce, which covers all communities in Montana that are not served by a housing authority.

## HOME

The Home Investment Partnerships (HOME) Program was created by HUD in 1990. This program administered by the Montana Department of Commerce can be used to assist rental, ownership, and rehabilitation programming that creates and

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<sup>32</sup> Corianne Payton Scally, Amanda Gold, and Nicole DuBois, "The Low-Income Housing Tax Credit How It Works and Who It Serves" (Urban Institute, July 2018), [https://www.urban.org/sites/default/files/publication/98758/lithc\\_how\\_it\\_works\\_and\\_who\\_it\\_serves\\_final\\_2.pdf](https://www.urban.org/sites/default/files/publication/98758/lithc_how_it_works_and_who_it_serves_final_2.pdf).

<sup>33</sup> "Montana Budget & Policy Center: State and Local Strategies to Improve Housing Affordability," Montana Budget and Policy Center, August 7, 2018, <https://montanabudget.org/report/state-and-local-strategies-to-improve-housing-affordability>.



preserves affordable homes. Similar to the LIHTC program, there are more qualified applications than available funding for construction subsidies. The Montana Department of Commerce Annual Action Plan for April 1, 2021 through March 31, 2022 lists \$3,590,456 towards the HOME program in Montana. Applicant eligibility includes states, cities, urban counties, and consortia (contiguous units of local governments with a binding agreement).

### **Community Development Block Grants**

The Community Development Block Grant (CDBG) Program is administered by the Montana Department of Commerce. Units of local government can apply for funds to support housing, economic development, public facilities, and planning activities. The Montana Department of Commerce Annual Action Plan for April 1, 2021 through March 31, 2022 lists \$6,982,827 towards the CDBG program in Montana.

### **National Housing Trust Fund**

The National Housing Trust Fund (HTF) was created in 2008 as part of the Housing and Economic Recovery Act. The funds in the HTF are specifically for gaps for the development and rehabilitation of multifamily rental homes and can be used in conjunction with existing programs. Funds are targeted to serve households earning less than 50% of the area median income (AMI). The Montana Department of Commerce Annual Action Plan for April 1, 2021 through March 31, 2022 lists \$3,401,884 towards the HTF program in Montana.

### **Section 8 Programs Housing Choice Vouchers**

Individual housing choice vouchers, discussed in the Homelessness, Emergency Shelter, Transitional and Permanent Supportive Housing section of this assessment, address a household's ability to afford the rent by lowering their rent to 30% of their household income. This program is for low-income households and is limited by long waitlists across the country.

In addition to the tenant-based housing choice voucher program, with approval from the housing authority that serves the region, a portion of the vouchers can be project-based and tied to a specific unit instead of the tenant. Park County has 31 units of project-based Section 8 housing and 82 vouchers tied to households.

### **USDA Rural Development Program**

Park County is included in the eligible area for USDA Rural Development loans, including Section 502 Direct Loans for single-family homes to individuals and households, Section 515 Direct Loans for multifamily development, and Section 538 loan guarantee program. Park County has 117 units of housing through the Direct 515

loan program for Section 538 loan guarantee program in moderate density multi-unit developments. The 511 funding source is no longer available for new loans.

### **Multifamily Coal Trust Homes Program**

The 2019 Montana legislature created the Multifamily Coal Trust Homes Program (HB16), which made available \$15 million of Coal Tax Trust Fund dollars to develop or preserve homes that are affordable to working families, seniors, and persons with a disability, by providing developers with low-interest rate loans.<sup>34</sup> Part of the first round of loans from this program loaned \$900,000 for 12 homes in Livingston. The Montana State Legislature did not pass HB 21 that would authorize additional funding for the multifamily coal trust home loan program during the 2021 legislative session. This program is targeted at addressing housing needs in smaller cities in Montana.

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<sup>34</sup> Brandon Bridge, "Affordable Housing 2020—University of Montana," December 2020, <http://www.bber.umt.edu/pubs/econ/AffordableHousing2020.pdf>, 21