



Assignment #2 - Summary Notes

Key Factors organized by Common Themes (not inclusive)

March 8, 2024

Regulations

1. Single-stair buildings (building codes).
2. International Residential Code (IRC) vs. International Building Code for 3 - 6 unit structures (building codes).
3. Parking requirements.
4. Subdivision review required for non-subdivided manufactured home communities and RV parks.
5. Excessive street widths & turn radii requirements.
6. Municipal zoning rules continue to block multifamily housing, even in urban transportation districts & downtown-adjacent neighborhoods.
7. Persistence of aesthetic design rules in violation of SB 407.
8. Height restrictions in neighborhoods that are lower than already-existing buildings in those neighborhoods.
9. Prohibitions on small lots and townhouses persist in some cities.
10. Parallel permitting—permitting that allows simultaneous permitting for a project vs. a sequential permitting process.

Planning

1. Proposed zoning changes required supermajority approval upon protest.
2. Amount of design work necessary to get preliminary approval (possibly a reflection of risk/lawsuit-avoidant planning departments).
3. Could use additional coordination between cities and counties in Urban Growth Zones to encourage better coordination of infrastructure.
4. Housing Choice Voucher program inefficiencies (barriers to landlord participation, wasted vouchers, etc.).
5. Further explore SB 382 that seeks to create the Montana Land Use Planning Act – determine state, local planning roles and responsibilities, requirements, discretion, etc.
6. Ensure the state is providing local governments enough resources and guidance on best practices to successfully implement SB 382.

Construction

1. Expenses, generally. Land, supplies, labor, permits, fees, etc.
2. Shortage of skilled labor & occupational licensing challenges.
3. On-going supply chain issues.
4. Competition for infill / preservation opportunities against deep-pocketed out-of-state buyers.
5. Given the cost of land and limited amount of lots available for sale, incentives for increased density may be necessary. Lot size outside city limits can be prohibitive for workforce/affordable development. Lewis and Clark Co. for example has a minimum lot size of 10 acres. Consider looking at counties for increasing density.
6. Habitat for Humanity in Helena is working on an interesting model that could produce meaningful results—a development that includes collaboration with a local church, YMCA and others to provide cost diversity of homes in that development.
7. Is there an opportunity to create an easy process for transferring property with “abandoned” homes to entities interested in re-developing the property? Often abandoned homes require demolition and demolition costs can make re-development uneconomical despite the existence of critical infrastructure.
8. Further explore examples of off-site improvement / infrastructure requirements (discretionary?) that affect unit price and affordability.

Financial

1. Nearly impossible for Affordable Housing to be built these days without some sort of "soft financing" aka gap financing.
2. **Section 8**
 - I. Housing Choice Vouchers
 - a) There's a long wait.
 - b) Not enough landlords participate. May get worse when the new inspection standards rolling out.
 - c) HUD's fair market rates are too low. Fair Market Rates can be challenged, but would require a costly study.
 - II. Project-based Vouchers can help by placing the subsidy with the unit rather than the individual. PBS8s must be competitively awarded. Montana Housing is working on getting apparatus in place to issue RFP.
3. **Complexity of Programs**
 - I. Complex for individuals. Housing Stability Services (11k households served through CARES and ARPA funding with counseling re: housing).
 - II. On subsidy program side, Montana Housing has limited capacity for technical assistance for communities and developers (Federal Grants only include a small amount of TA funding).
 - III. Housing Montana Fund was created, has flexible operating rules, but was never funded.
4. **State Housing Tax Credit**
 - I. Typically piggybacks off of Federal 4% LIHTC program, simplifying administration.
 - II. Twenty-three (23) states have one, not Montana.
 - III. Montana got close to creating one in 2021, but was ultimately vetoed due to concerns about the budget risk entailed in the state program being tied to federal appropriations.
5. **High Construction Costs**
 - I. Local opposition to new housing a challenge. Opposition inhibits local code reform, prevents discretionary approvals (e.g. zone map amendments). General

- misunderstanding about the relationship between building new homes and existing home prices.
- II. Possibility of attaching YIMBY Act (Yes In My Back Yard) provisions to a future state Housing Tax Credit.
 - III. Other cost factors: homeowners insurance, title insurance, building codes.
 - IV. Construction costs and risk issue for market rate and Affordable housing
 - V. Other discretionary approvals at cost, risk, e.g. fire Marshall approvals
6. Scarcity of nine 9% LIHTC funds.
 7. Lack of financial support mechanisms or programs for starter homes and other for-purchase housing (no LITCH, no housing choice vouchers, Housing Trust Fund, CDBG, Coal Trust Multifamily Homes, etc.).
 8. Growth in overall subsidy required to create each affordable unit.
 9. Examine historic tax credits and potential to expand those tax credits. There is massive untapped potential in rural and urban communities for retrofitting historic buildings to accommodate some housing. Havre alone has more than 120,000 square feet of unoccupied space in historic buildings above ground floor. MT historic tax credit amounts to 5% of the project cost. Renovating existing unoccupied buildings takes advantage of existing infrastructure. Increasing MT's historic tax credit could incentivize additional housing in both rural and urban communities.
 10. Property tax is a significant contributor to the cost of home ownership - it will be difficult to address the cost of housing without addressing the cost of property tax.

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