

Governors Housing Task Force – Economics/Other Barriers Subtask

The following items have been identified as challenges in the current housing market

Increased Housing Prices with Reduced Volumes of Inventory (Affordable Housing Shortages)

- Lack of resources to build and maintain affordable housing due to the rising cost of material, supply chain challenges, shortage of workforce
- Affordable housing has a lower profit margin so less room for builders to absorb increased costs
- Fuel prices and supply chain shortages have led to increased costs of products and services, this can reduce overall buying power
- Higher housing prices with higher rates can make it hard for borrowers to qualify for a mortgage
- VRBO has reduced housing inventory in smaller markets
- COVID led to a rapid relocation to Montana, many of the buyers relocating to Montana feel our housing is affordable, so they are willing to pay higher prices
- Property taxes continuing to rise which increased mortgage payments

Acceleration of Retirement and Workforce Shortages

- Employer hiring challenges that impact all industries including hospitals, schools, law enforcement and important infrastructure positions
- New hires declining positions because they are not able to find housing
- Decreased customer service and employee disengagement due to the increased stress of managing with less staff
- Diminished services and Business closures both temporarily and permanently
- In Montana there has been a large acceleration of population in our market areas but a lack of employees to support the industry

Lack of Funding Sources to Support Affordable Housing (Rent/Purchase)

- “Not in my back yard” sentiment where local government, county, cities, municipalities and citizens can’t come to a resolution on ways to solve the housing challenge, this is not a political issue but a community issue
- Lack of tax credits for low-income housing
- Lack of grant funds, low interest rate funding or additional down payment assistance programs to help keep the price of housing low
- Lack of public/private collaboration
- Political belief of subsidy vs. investment in our communities