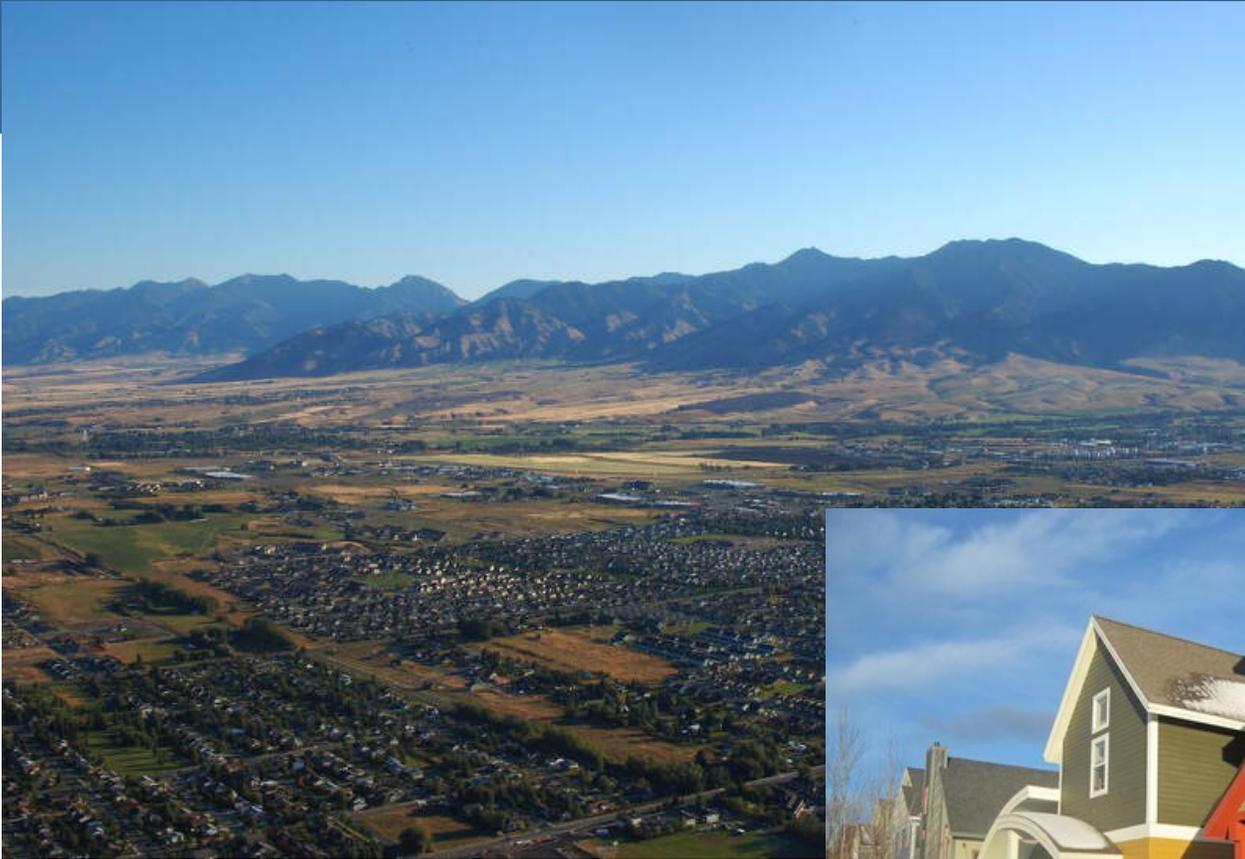


Bozeman, Montana Community Housing Needs Assessment

February 2019



Prepared by:



Wendy Sullivan, WSW Consulting
South Lake Tahoe, CA
wendy@swconsult.com

NAVIGATE
COMMUNITY HOUSING SOLUTIONS

Christine Walker, Navigate, LLC
Jackson, WY
christine@navigatejh.com

EXECUTIVE SUMMARY	1
RECENT TRENDS.....	1
COMMUNITY HOUSING NEEDS	5
INTRODUCTION	9
PURPOSE	9
STUDY AREA.....	9
METHODOLOGY	10
SECONDARY AND LOCAL DATA SOURCES	11
“AFFORDABLE” DEFINED	12
CONTINUUM OF HOUSING	13
DEFINITIONS.....	15
ACKNOWLEDGEMENTS	16
SECTION 1 – POPULATION AND HOUSEHOLD DEMOGRAPHICS	17
POPULATION AND HOUSEHOLDS	17
OWNER AND RENTER HOUSEHOLDS	17
TYPE OF HOUSEHOLDS	18
AGE OF POPULATION	19
HOUSEHOLD SIZE	20
HOUSEHOLD INCOME.....	21
SECTION 2 – ECONOMIC TRENDS	25
JOB ESTIMATES AND PROJECTIONS	25
JOB GROWTH	26
WAGES	27
JOBS TO HOUSEHOLD RATIO.....	28
UNEMPLOYMENT	30
UNFILLED JOBS	31
COMMUTING.....	32
<i>Employer Commute Assistance</i>	33
EMPLOYERS, EMPLOYEES AND HOUSING	34
<i>Difficulty Hiring or Retaining Employees</i>	35
<i>Difficulty Finding Housing</i>	37
SECTION 3 – HOUSING INVENTORY	39
HOUSING UNITS AND OCCUPANCY	39
TYPE OF UNITS.....	40
AGE OF UNITS	40
OWNERSHIP OF UNITS	42
COMMUNITY HOUSING INVENTORY	43
<i>Ownership</i>	43
<i>Rental</i>	44
SPECIAL NEEDS HOUSING AND SHELTER	47
MSU STUDENT HOUSING	49
<i>Residence Hall Inventory</i>	50
<i>Student Apartments</i>	50
EMPLOYER ASSISTED HOUSING	51
PENDING RESIDENTIAL DEVELOPMENT	52

SECTION 4 – OWNERSHIP MARKET CONDITIONS	54
OWNERSHIP INVENTORY.....	54
HOME SALES PRICES.....	55
SALES COMPARED TO AVAILABILITY	57
COMMUNITY HOME SALES	59
CURRENT AVAILABILITY	60
HOMEBUYER PROFILE AND PREFERENCES	61
MORTGAGE AVAILABILITY.....	64
SECTION 5 – RENTAL MARKET CONDITIONS.....	66
RENTAL INVENTORY	66
MARKET RENTALS	67
<i>Variation in Rents</i>	68
COMMUNITY RENTALS	68
VACANCY RATES AND TURNOVER.....	69
<i>Market Rate Rentals</i>	69
<i>Community Rentals</i>	69
AVAILABLE RENTALS	70
RENTER PROFILE AND PREFERENCES	71
<i>Renter Profile</i>	71
<i>Renter Problems</i>	71
<i>Unit Preferences</i>	71
<i>Community Rentals</i>	72
SECTION 6 – HOUSING PROBLEMS.....	73
COST-BURDENED.....	73
OVERCROWDING	74
LOSS OF HOUSING	74
<i>Mobile home parks</i>	75
<i>Affordable Rental Properties – Expiration</i>	75
<i>Short Term Rentals</i>	75
HOMELESSNESS	79
SECTION 7 – COMMUNITY HOUSING RESOURCES AND PROGRAMS.....	80
COMMUNITY HOUSING ORGANIZATIONS AND PROGRAMS	80
CITY PROGRAMS	86
<i>Affordable Housing Fund</i>	86
<i>Down Payment assistance</i>	86
<i>Affordable Housing Ordinance (AHO)</i>	86
<i>Incentives to Develop Lower and Moderate Priced Homes</i>	87
SECTION 8 – CURRENT AND PROJECTED HOUSING NEEDS.....	89
CATCH-UP NEEDS (CURRENT CONDITIONS).....	89
<i>Unfilled jobs</i>	89
<i>Functional Rental Market (5% Vacancy)</i>	90
<i>Balanced Ownership Supply (5-months supply)</i>	90
KEEP-UP (FUTURE NEEDS).....	91
<i>Job growth</i>	91
<i>Retiring employees</i>	92
SUMMARY OF NEEDS	92

NEEDS BY OWN/RENT AND INCOME..... 93
COMMUNITY RENTAL LEVEL OF SERVICE..... 95
 AMI Level 96
 Bedroom Size 97
SPECIAL NEEDS HOUSING 98
HOUSING PROGRAMS IN COMPARATIVE COMMUNITIES.....100
APPENDIX A: TRENDS, CALCULATIONS AND PROJECTIONS..... A-1
APPENDIX B: EMPLOYER SURVEY FILL-OUT B-1

Executive Summary

Recent Trends

The City of Bozeman has experienced rapid growth and recovery from the recession since 2012. This has led to many positive aspects for the economy and housing market:

- Jobs have increased on average 4.4% per year, adding over 11,000 jobs to the City. All job sectors, other than construction, now have more jobs than they did at the peak prior to the recession. *(See Section 2 – Economic Trends, pp. 25-7)*
- The unemployment rate dropped from a peak of 7% down to 2.5% last year. Residents have jobs and many opportunities are still available. *(See Section 2 – Economic Trends, pp. 30-1)*
- Residential development activity picked up significantly. The number of homes constructed per year dropped from a high of 1,000 pre-recession to a low below 250 units for each of 2009 through 2011. Since 2012, about 4,800 housing units have been constructed, averaging about 800 units per year. *(See Section 3 – Housing Inventory, pp. 40-2)*
- The sales prices of homes have more than fully recovered for all product types. The median sale price of homes, including single-family homes, townhomes and condominiums, increased 75% since 2012. This is an average rise of 10% per year. *(See Section 4 – Homeownership Market Conditions, p. 56)*
- Rentals have more than recovered both in terms of rent rates and occupancy. Rents have increased about 35% to 40% since 2012 (5% to 6% per year) and now exceed prerecession peaks. Vacancy rates have dropped from an average of 30% for many properties during 2010 and 2011 to 1% this past winter. *(See Section 5 – Rental Market Conditions, pp. 68-70)*
- University student enrollments have increased since 2007. The growth rate peaked at an average of 4% per year between 2009 to 2016 and tapered off to between 1% to 2% per year in 2017 and 2018. *(See Section 3 – Housing Inventory, p. 47)*

Despite this progress, employers are concerned about their ability to continue to find and retain skilled workers to fill the jobs necessary to support the continued expansion that the economy demands. A survey fielded in the fall of 2018 shows that:

- 53% of nearly 500 employer respondents, representing 31% of jobs in the City, feel that housing that is affordable to the workforce *is one of the more serious problems* in the City of Bozeman.
- Another 22% feel that it is *the most critical problem* in the area.

(See Section 2 – Economic Trends, p. 34)

The rapid growth has been accompanied by several negative effects that hurt the ability to continue to support it:

- Wages have significantly lagged the increase in home sale and rental prices. Wages increased only 2.6% per year on average since 2012. Wages now average about \$44,800 per year in the City. This is 2% higher than wages paid in the County overall, but is not sufficient to make up the wage/housing price gap. *(See Section 2 – Economic Trends, p. 27)*
- Nearly all of the local labor force is already employed. The 2.5% unemployment rate is projected by the state to drop under 2% in the near future, lowering the ability for the area to fill new jobs and support job growth. This means several things:
 - Employers are competing with other businesses for the same employees. When one employee leaves a local job for another, this does not decrease job vacancies and support growth, it just moves vacancies around.
 - Employers have been in a wage war for at least the last two years. Many have increased wages to the extent that their ability to retain customers and afford to operate, much less grow, is being adversely affected. About 79% of survey respondents indicated they now pay higher wages than other areas in the County for like jobs.
 - Employers must attract workers from outside of the area. Much of the local skilled workforce is employed. Talent from outside must be recruited. The tight and expensive housing market makes this very difficult.
(See Section 2 – Economic Trends, pp. 26, 30-2)
- There is little housing supply that residents and employees can afford. If homes are not available, then workers must seek housing in other areas.
 - It takes twice the income today (\$104,000) than it did in 2012 (\$52,000) to purchase the median priced home in the City (\$385,000). The supply of homes for sale under \$400,000 is below 2-months. Anything under 5- to 6-months is a situation where demand outstrips supply. When homes do become available, they are not on the market long and residents often must compete with cash buyers moving in from outside the area to purchase homes. *(See Section 4 – Homeownership Market Conditions, pp. 57-9)*
 - The average rent of available units are affordable to households earning \$62,800 (about 100% AMI). Vacancy rates have not exceeded 3% the past several years and are only 1% this winter. As rents continue to increase, families and resident occupants are being priced out and replaced by roommate households. When rental markets are this tight, the rental

market cannot absorb new residents or employees moving to the area.
(See Section 5 - Rental Market Conditions, pp. 70-1; Section 6 – Housing Problems, p. 74)

- The high housing prices mean that even entry-level professional jobs do not pay enough for employees to afford to stay in Bozeman. This affects newly graduated students as well as other recruited employees.

(See Section 2 – Economic Trends, pp. 37-8)

Residents and the community have experienced rising problems as the result of the disconnect between the housing supply, price and resident needs:

- Residents and employees that cannot find housing in the City must look to other areas. Young families wanting to purchase often leave Bozeman and end up in Belgrade or other areas; however, sale prices in other areas are also increasing. The median sale price of a single-family home in Belgrade rose 83% from 2012 (\$175,000) to 2018 (\$320,000). Looking outside of Bozeman is becoming less of an option. (See Section 5 – Homeownership Market Conditions, pp. 56-7)
- The percentage of households paying over 30% of their income for rent plus utilities is very high (55%). These households are considered to be cost burdened, often having insufficient income left over for other life necessities including food, clothing, transportation and health care.
(See Section 6 – Housing Problems, p. 74)
- Not only is housing supply low, but units at lower price points for residents are being lost. Available data from the City and property manager interviews show that:
 - One mobile home park (15+ units) was redeveloped last year and another (20+ units) is proposed to be removed for redevelopment this year;
 - Property managers have lost long-term rentals when owners have sold their homes in the strong seller’s market and, to a much lesser extent, rentals converting to short term rentals;
 - One community rental low-income housing tax credit property with 44 units converted to market-rate rentals at the end of 2018. Existing tenants can retain their below-market rents for up to two years, but units will be rented at much higher market rates as they vacate.
 - Better tracking of the loss of lower-priced units for residents is needed.

(See Section 8 – Housing Problems, pp. 75-80)

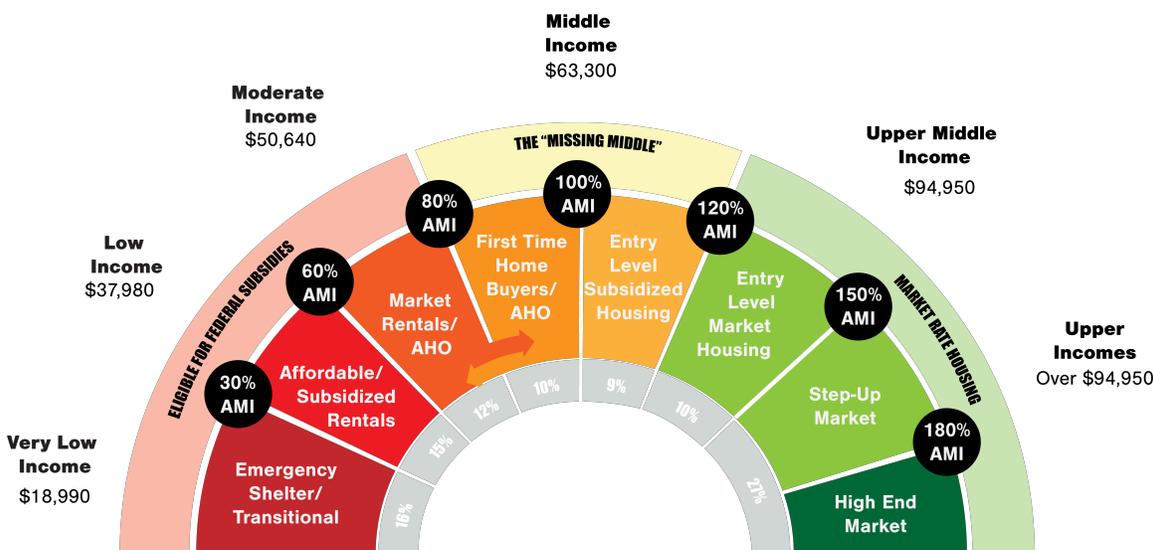
- Service providers for the homeless population have seen an increase in low-wage working residents using their services. These persons are employed, but have lost their rentals for various reasons (rent increase, home sold, etc.). They cannot find replacement housing so have been seeking shelter services.
(See Section 3 – Housing Inventory, p. 48; Section 8 – Current and Projected Housing Needs, p. 99)
- Residents are stuck in their homes. With no rentals available, renters cannot move around as their housing situation changes. Renters cannot save for down

payments when most of them are cost-burdened to purchase homes. Owners looking to move up in housing as their families grow, or move down in housing as they age, cannot find options they can afford on the market so stay in their homes, or leave the area. Rising interest rates exaggerates this problem.
 (See Section 4 - Homeownership Market Conditions, pp. 62-6; Section 5 - Rental Market Conditions , p. 70; Section 6 – Housing Problems, p. 74)

What can help?

More housing and more diversity in housing is needed at prices that residents and employees can afford and that provides them choices, the ability to move as life circumstances change and that allows employers to fill jobs, recruit and retain employees and support business, resident and student growth. The goal should be to meet the spectrum of needs as illustrated below in the Housing Bridge.
 (See Section 1 – Introduction, pp. 13-14)

Bozeman Housing Bridge



Source: US Department of Housing and Urban Development (HUD), Consultant team.
 *Incomes reflect the AMI for an average-sized 2-person household.

The good news is that the City of Bozeman is not starting from scratch. The City has community housing units, organizations and programs to build from:

- The City has 947 community rental units that are rent-restricted to prices at which income-qualifying residents can afford. This represents about 8% of rentals in the City. Vacancy rates are very low (about 1%) and turnover in the senior properties is only a handful of units each year. Many have long waitlists.
 (See Section 3 – Housing Inventory, pp. 44-6; Section 5 – Rental Market Conditions, pp. 69-71)

- About 138 community ownership units have been provided since 2012 and have been sold at below-market prices to families and other households earning between 50% to 120% AMI or \$31,600 to \$75,960 per year. Only 26 of these will remain affordable upon resale to benefit multiple households in the future. *(See Section 3 – Housing Inventory, pp.43-4)*
- There are six social service organizations in the City that have been addressing housing needs of residents and many special needs populations. They have a collaborative working relationship and build on each others’ resources when beneficial to stretch limited financing opportunities. Recent state funding cuts, as well as the inability to fill needed job positions, among other factors, has limited their ability to provide the extent of services demanded, however. *(See Section 7 – Community Housing Resources and Programs, pp. 81-6)*
- The City has several programs in place, including an affordable housing fund to provide assistance to facilitate affordable housing development; a down-payment assistance program that provides up to \$10,000 for home purchasers and is recovered upon resale of the home; an Affordable Housing Ordinance (AHO) requiring a certain percentage of homes within a new subdivision to be lower- and/or moderate-priced homes; and incentives to encourage the development of lower- and moderate-priced homes. *(See Section 7 – Community Housing Resources and Programs, pp. 87-9)*
- About 29% employers responding to the survey indicated they have been assisting their employees with housing. Most pay higher wages than competitors (79%). Some provide units for their employees, either owned by the employer (9%), master-leased for employees (4%) or temporary/relocation housing assistance for new hires or other employees (8%). Others provide financial assistance to help with rent/move-in (9%) or down payments/mortgages (4%). *(See Section 3 – Housing Inventory, pp. 52-3)*
- There are over 1,000 residential units in the pipeline of development in the City, targeting multiple needs, from students to community rentals to mid-market and luxury housing. Fewer ownership opportunities are in the pipeline than rentals, but at least 9 units developed through the Affordable Housing Ordinance will be provided at prices affordable for households earning about 80% AMI (2-person household income of \$50,640). *(See Section 3 – Housing Inventory, pp. 53-4)*

Community Housing Needs¹

The below information can be used to help prioritize partnerships and programs to address housing needs and deficiencies and respond to the above issues.

¹ This entire section is summarized from Section 8 – Community Housing Needs and Section 4- Ownership Market Conditions, Homebuyer Profile and Preferences and Section 5 – Rental Market Conditions, Renter Profile and Preferences.

An estimated 5,405 to 6,340 housing units for residents and employees are needed by 2025, or an average of about 770 to 905 units per year. About 60% of the housing needed should be priced below-market: 3,210 to 3,765 units (460 to 540 per year). This means ownership housing mostly priced below \$350,000 (150% AMI) and rentals mostly priced below \$1,000 per month (60% AMI).

These figures include housing for employees needed to fill unfilled jobs, units needed to open up the current tight rental and ownership markets and provide choices to households, employees filling jobs vacated by retirees, workers filling new jobs, plus related non-employee resident housing needs. The range is based on whether the City of Bozeman desires to keep up with future job growth in the City only (low estimate) or job growth occurring in the neighboring unincorporated area as well (high estimate), recognizing that job growth in broader area will impact housing demand in the City.

The extent to which each segment of estimated housing needs is addressed by local housing programs will be an extension of housing policy, resources and desired direction with respect to community housing. Setting housing goals and policy direction will occur in Part 2 of this study through the development of a Bozeman Community Housing Action Plan.

Summary of Housing Needs Through 2025

	Low*	High
Catch-Up	1,460	1,460
Unfilled Jobs (9% of jobs)	728	728
Functional rental market (5% vacancy rate)	481	481
Balanced for-sale market (5-month inventory)	252	252
Keep-Up	3,945	4,880
New jobs (1.9% avg growth/year)	2,915	3,850
Retiring employees (12% of jobs)	1,030	1,030
TOTAL through 2023	5,405	6,340
Below market (at least 60%)**	3,210	3,765
Market-rate (no more than 40%)	2,195	2,575

*"Low" refers to keeping up with new job growth in the City of Bozeman only; "high" refers to keeping up with new job growth in the Bozeman area (includes the neighboring unincorporated area). All other need calculations are the same for low and high columns.

**Below market homes include ownership mostly priced between \$160,000 up to \$350,000 and rentals mostly priced under \$1,000 per month. This is shown in the following section.

Both ownership and rental housing are needed. The precise ratio pursued will be a reflection of housing policy as well as demand. The table below recommends a heavier focus on rentals given prevailing market problems and needs.

**Distribution by Own/Rent and AMI Income:
Units Needed through 2025**

Income Range	Maximum Income (2 p household)	Owner Income Distribution	Renter Income Distribution
<30% AMI	\$18,990	16%	23%
30.1 to 60%	\$37,980		22%
60.1 - 80%	\$50,640	8%	16%
80.1 - 100%	\$63,300	10%	11%
100.1 - 120%	\$75,960	10%	8%
120.1 - 150%	\$94,950	13%	20%
Over 150%	Over \$94,950	43%	
TOTAL Units Needed	-	2,210 - 2,620	3,195 - 3,720

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees. Units needed in the lighter shade are limited:

- For ownership: Condominium product exists on the market in the lighter shaded 120 to 150% AMI range – the focus here should be on townhomes and/or small single-family homes to diversify options for residents. Providing ownership priced under 60% AMI is challenging; rentals are more typical.
- For rentals: Units provided in the lighter shaded price points should be priced under \$1,200/month for entry-professionals.

Homeownership enables residents to build equity, achieve more stable housing and strengthen community investment.

- About 60% of needed ownership units should be priced affordable for residents and employees. This includes homes priced between \$160,000 up to \$350,000 (or \$400,000 if a single-family home). This would provide ownership opportunities for households earning between \$40,000 through \$95,000 per year (between about 80% and 150% AMI).
 - Homes priced below \$160,000 are also undersupplied (under 70% AMI). Producing homes at these low price points will require substantial subsidies or programs such as Habitat for Humanity. Rentals are more typical options at this income level.
 - Preferred product types are single-family homes, townhomes and townhome-style condominiums with a garage or carport and small yard. Residents will forego some preferences in order to afford a home in a desirable location.
 - More diversity of product is needed in terms of size and type of unit.

- Rentals are in tight supply. Rentals support businesses in need of employees and help new residents gain a foothold in a community.
 - About 61% of rentals should be priced affordable for resident and employee households.
 - Households earning under 30% AMI are often termed special needs households, such as seniors on fixed income, persons with disabilities or other special needs. Many households earning under 30% AMI in Bozeman are student households living off-campus, which do not fit the profile of special needs households and are candidates for different product.
(See also, Section 1 – Population and Household Demographics, Household Income)
 - The majority of rentals should target households earning at or below \$40,000 per year (under 60% AMI), although some entry professional employees would benefit from units priced up to 80% AMI (about \$50,000 per year).
 - Rents should mostly be affordable for entry-level workers earning about \$10 to \$18 per hour through professionals earning up to \$25 per hour. This ranges from about \$500 up to \$1,200 per month.
 - Renters desire to live in the City nearer their jobs. Renters also desire to have extra storage and in-unit washers/dryers. Renters want pet-friendly rentals.

Introduction

Purpose

This report provides an updated housing needs assessment of the City of Bozeman. It is part one of a two-part process that is intended to help the City of Bozeman understand and devise a plan to address the housing needs of residents and the workforce. By doing so, this will ensure the City has the housing necessary to support a thriving community – housing to support businesses, economic development, community vibrancy, and residents and visitors alike.

This report evaluates the spectrum of housing needs in the City, providing an overview of special needs programs and emergency housing options, as well as affordable rentals through home purchase opportunities. In doing so:

- This report answers the specific question of how much, what type and at which price points housing is needed to support City of Bozeman employees, employers and residents. This includes identifying needed homes for rental and ownership at price points ranging from lower-wage earners and entry-level workers through management positions.
- This report does not, however, provide the same level of detail for senior, student and special needs housing. Trends in these populations are identified, but specific housing product type needed in terms of special care facilities, student dorms versus apartments or age-restricted developments have not been identified. These populations require special housing design, services and considerations that require expertise and methods unique from resident housing needs analysis.

Study Area

Although it is recognized that housing is a regional issue, this report focuses on the City of Bozeman – its residents, employees, jobs and employers. The focus is to help the City determine its primary housing needs and priorities for their Community Housing Program.

When evaluating housing needs associated with future job growth, however, the analysis is expanded to also include jobs located in the “Bozeman area.” This includes jobs located within city limits and with businesses in the neighboring unincorporated area, but that have Bozeman as their physical address.

Methodology

Primary research was conducted to generate information beyond that available from existing public sources and included:

Kick-Off Meeting. Early in the process we held a discussion with the City of Bozeman Housing Working Group and City staff at a kick-off session to target primary housing concerns and goals from this process. The Housing Working Group is an evolving entity that was formed to first help distribute and gather information for the needs assessment in Part 1, but that will also be instrumental in Part 2 to participate in the community housing action planning process to identify housing goals, priorities and actions to address identified needs.

City of Bozeman Employer Survey. A short on-line survey was distributed to employers to reach large and small businesses in the City of Bozeman. The employer survey probed the number of year-round and seasonal workers (summer and winter), where workers live (commute patterns), employee retention and recruitment issues, to what extent housing for employees is perceived to be an issue, and employers' level of support for housing assistance, among other information.

The survey link was emailed to city businesses through generous support from the Chamber, City of Bozeman business licensing, CAHAB, the housing working group assisting with this effort and other City of Bozeman staff and council. The survey link was also made available on the City's project page website and advertised through newspaper publications and other media. We also followed up with some employers by phone to generate a deeper understanding of issues.

Survey responses represent:

- 491 businesses or about 10% of all businesses in the City of Bozeman.
- A significant 31% of jobs in the City.

City of Bozeman Employer Survey Response Summary

	Complete Responses	Total in the City of Bozeman	% represented by survey
Employers	491	4,997 (est)	10%
Jobs represented	16,521	53,022	31%

Source: Employer survey responses; QCEW address file, MT Dept of Labor & Industry; Bureau of Labor Statistics

Appendix B contains information on the industry representation of the survey, a survey fill-out with results, and open-ended comments received. Select survey comments are also quoted in several sections of this report.

REALTOR® and Lender Focus Group. A focus group with five REALTORS® and three lenders in the City. Information was obtained on the housing market including current prices, recent trends, occupancy patterns, availability and what different types of households are seeking when looking to purchase or rent a unit. Information was also collected on the availability of financing and resident challenges.

Developer and builder focus group. A focus group with nine developers and builders in the City. Information was obtained about the development environment including costs, trends, entitlement process, inclusionary zoning ordinance, and incentives and barriers to the development of community housing.

Property Manager and Affordable Rental Manager Interviews. Five market-rate rental property managers and eleven (11) managers of income- and rent-restricted LIHTC, Project-Based Section 8, Section 811 and Section 202 rental properties were interviewed. This group provided information on the rental market including rents, vacancy rates, recent trends, renter profiles and units most in demand. The income- and rent-restricted property managers also provided detailed information on their rental inventory, which is summarized in this report (see Section 3 - Housing Inventory).

End User Focus Group. A focus group with ten members representing service providers and end users. Information was obtained on special needs service provision and the role of housing, including availability, waitlists, costs, and design requirements to attend to special needs.

Stakeholder Discussions and Interviews – Additional interviews occurred with larger employers (e.g. University, school district, city), developers, CAHAB members, city staff, community stakeholders, Realtors and housing organizations. This included formal interviews and information gathering.

Secondary and Local Data Sources

A variety of sources of published information were used in the preparation of this report, including but not limited to:

- 2010 US Census data and population projections
- 2012-2017 American Community Survey data (ACS)
- Employment information from the Quarterly Census of Employment and Wages (QCEW), the US Bureau of Economic Analysis (BEA), US Bureau of Labor Statistics and MT Dept. of Labor & Industry.

- U.S. Census Bureau, LEHD Origin-Destination Employment Statistics
- 2012 and 2018 Area Median Income from the Department of Housing and Urban Development and MT Housing.
- Current MLS listings, recent home sales and historic sale trends acquired through the Gallatin Association of REALTORS®.
- City property ownership and residential records from the City of Bozeman GIS Department and based on Montana Department of Revenue records.
- Existing reports, including the 2012 Community Housing Needs Assessment, 2012-2016 Community Housing Action Plan, City of Bozeman Strategic Plan, 2009 Bozeman Community Plan, and 2018 EPS Demographic and Real Estate Market Assessment.

“Affordable” Defined

This report centers on an understanding of “what is affordable” for households in Bozeman. The term “affordable” may often be associated with low-income housing. In more and more communities, however, affordability is a problem for a broad range of income levels; not just low-income.

For purposes of this report, rental housing is “affordable” when the rent does not exceed 30% of a household’s gross income. Ownership housing is “affordable” when the housing payment (mortgage, insurance, HOA, etc.) does not exceed 33% of a household’s gross income.² The 30% standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

Federal and state housing programs typically categorize housing “affordable” for various income levels as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each county and varies by household size. The 2018 AMI for Gallatin County is shown below.

Gallatin County AMI by Household Size: 2018

AMI Level	1 person	2 person	3 person	4 person
30%	\$16,620	\$18,990	\$21,360	\$23,730
50%	\$27,700	\$31,650	\$35,600	\$39,550
60%	\$33,240	\$37,980	\$42,720	\$47,460
80%	\$44,320	\$50,640	\$56,960	\$63,280
100%	\$55,400	\$63,300	\$71,200	\$79,100
120%	\$66,480	\$75,960	\$85,440	\$94,920
150%	\$83,100	\$94,950	\$106,800	\$118,650
200%	\$110,800	\$126,600	\$142,400	\$158,200

Source: Montana Board of Housing; US Dept. of Housing and Urban Development (HUD)

² This is the standard used by the current Affordable Housing Ordinance (AHO) in Bozeman.

The average household size in Bozeman is about 2-persons. The below table shows the affordable rents and home purchase prices at various household incomes and the respective AMI level for an average-sized 2-person household.

Maximum Affordable Housing Costs

AMI Equivalent*	Household Income	Max Rent	Max Purchase Price**
30%	\$18,990	\$475	\$70,410
50%	\$31,650	\$790	\$117,355
60%	\$37,980	\$950	\$140,825
80%	\$50,640	\$1,265	\$187,765
100%	\$63,300	\$1,585	\$234,705
120%	\$75,960	\$1,900	\$281,645
150%	\$94,950	\$2,375	\$352,060
200%	\$126,600	\$3,165	\$469,410

Source: Consultant team

*AMI for the average sized 2-person household earning the respective income.

**Assumes 30-year mortgage at 5.5% with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

Interest rates affect the borrowing power of buyers, impacting the price of home they can afford. Affordable purchase prices in the above table assume an average mortgage interest rate of 5.5%, which is slightly above the current rate. For every 1% rise in interest rate, the purchasing power of a household decreases by about 10%. This should be considered when evaluating the affordability of housing and establishing prices for community housing.

Interest rates significantly affect the purchasing power of buyers.

Continuum of Housing

Housing for the residents and workforce should accommodate a wide range of incomes. This includes households on fixed incomes, entry-level service employees making \$10 to \$18 per hour, up to business managers making \$100,000 or more per year. It must also provide options for households at various life stages to buy or rent – from new school graduates, to young families, to empty-nesters. Providing a range of ownership and rental housing allows households to grow and change within a community, thus supporting a diverse and vibrant community and economy. More specifically:

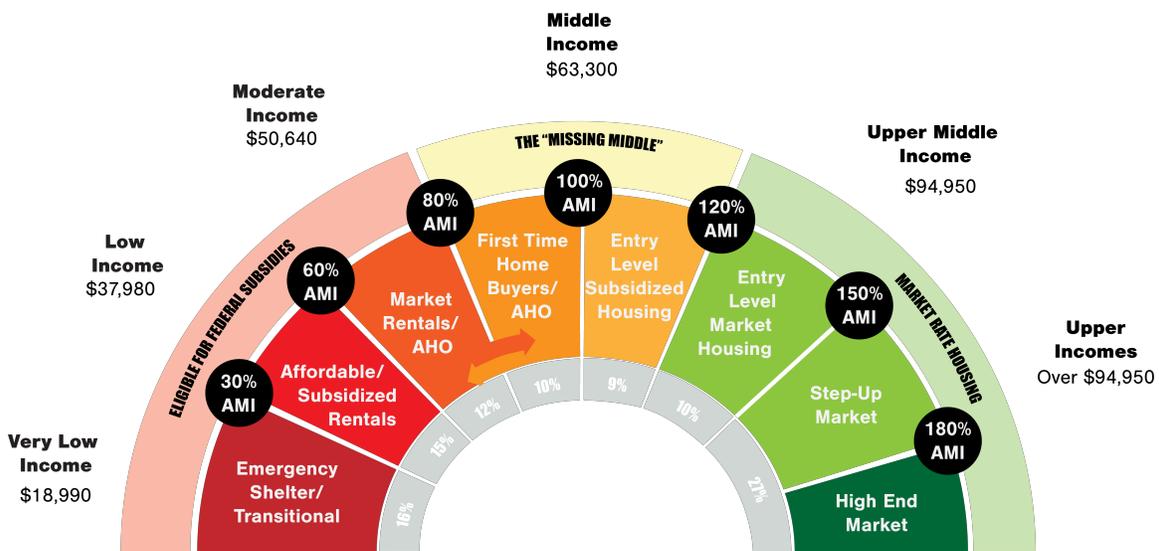
- At the lowest income levels (under \$30,000 per year; below 50% AMI), homelessness and the threat of homelessness are important issues. Special populations who are unable to work (e.g., seniors and the disabled) may require

assistance at the lower income levels. Affordability problems, especially for renters, may also be present among the lowest wage workers.

- As incomes increase to between \$50,000 to \$60,000 per year (about 80% to 100% AMI), households are often looking to buy their first home. Policies at this level are typically designed to help bring homeownership within reach, including down payment assistance and first-time homebuyer loans.
- Finally, at the highest levels (over \$75,000 per year; 120% AMI), upper income groups fuel the market for step-up and high-end housing. Housing for this group may be addressed by the free market; although more and more housing markets are starting at 150% AMI or more.

The Housing Bridge, illustrated below, portrays a spectrum of housing that is affordable and most likely to be sought out by households in different income groups. It indicates the number and percentage of households earning different area median incomes and type of housing likely to be needed at the different income levels. The Housing Bridge depicts what may be ideal for most communities – the availability of housing that is affordable to households at all income levels and provides options for changing life circumstances.

Bozeman Housing Bridge



Source: US Department of Housing and Urban Development (HUD), Consultant team

Definitions

The following terms are used in this report:

Affordable Housing	As used in this report, housing is affordable if the monthly rent or mortgage payment is equal to or less than 30% of gross household income (before taxes) for renters; 33% for owners. This is the standard employed by the Affordable Housing Ordinance (AHO) in Bozeman.
Area Median Income (AMI)	A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD). AMI is used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g. low-income housing tax credit rentals). Common affordability categories used are as follows: <ul style="list-style-type: none">• Extremely Low Income – At or below 30% AMI• Very Low Income –Between 31% and 50% AMI• Low Income – From 51% to 80% AMI• Moderate Income – From 81% to 100% AMI
American Community Survey (ACS)	The ACS is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the decennial census long form. 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.
Average household size	There are about 2.0-persons per household in the City of Bozeman. This refers to the number of persons living in a housing unit – includes all adults and children.
Catch-up Needs	The number of housing units needed to catch up to meet the current shortfall in housing available for residents.
Community Housing	The term used in this report to refer to housing units that are affordable to city residents and employees and to be created through the City’s housing program. This includes housing serving special needs populations through low-income households up to just below market. It encompasses housing serving the spectrum of needs for residents of the community.
Cost Burdened	When housing costs exceed 30% of a household’s gross (pretax) 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.
Employee (or Workforce) Housing	Housing intended for and affordable to employees and households earning local wages.

HOME Funds	Grants from HUD to states and units of general local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income households.
In-commuter	Refers to an employee that works in the City of Bozeman, but that lives outside the community (e.g. in Belgrade, Four Corners, etc.) and must travel into the City for work.
Keep-up Needs	Keep-up refers to the number of housing units needed to keep up with job growth and retiring employees and the housing units needed to house non-employee residents and employees filling jobs through 2025.
Occupied housing unit	Occupied housing unit means housing units that are occupied by persons that consider Bozeman as their usual place of residence or that have no usual place of residence elsewhere. (US Census definition). Occupied units are also referred to as resident households in this report.
Workforce (or Employee) Housing	Housing intended for and affordable to employees and households earning local wages.

Acknowledgements

We would like to thank all of those who have helped us and have given us their time and assistance. Information in this report relied on participation from the Community Affordable Housing Advisory Board (CAHAB), City of Bozeman Community Development and GIS staff, City Commissioners, Gallatin Association of Realtors, Bozeman Chamber of Commerce, property managers, developers, lenders, Realtors, community stakeholders, and significant involvement and input from local employers through the Employer Survey.

Particular thanks goes to the special needs service providers that participated in providing data, interviews, focus group participation and assistance with survey outreach. This includes: the Human Resource Development Council (HRDC), Habitat for Humanity of Gallatin Valley, Family Promise, Reach, Thrive, HAVEN, Greater Gallatin Homeless Action Coalition (GGHAC), Veterans Alliance of Southwest Montana, and Gallatin Mental Health Center.

Information presented in this report is as much based on data and numbers as it is on the experiences and observations of those living in the community, which would not have been possible without local participation. We appreciate the opportunity to work with communities that have a desire to understand and address the housing needs of local residents and the workforce.

Section 1 – Population and Household Demographics

This section of the report provides population and household estimates and describes the demographic characteristics of households, including the mix of owner and renter households, family type, age and household income. This information is necessary to understand the mix, size and type of housing that is needed by the resident population.

Apparent from the below is the impact of students and student households in Bozeman:

- Incomes, age of residents, and average household size are all lower than the County as a whole.
- The percentage of renter households is higher than the County.³

Population and Households

The population of and number of households in the City of Bozeman has increased at a rate exceeding 3% per year since 2010. In eight years, the City grew by over 10,000 people and 5,000 households.

	2010	2015	2016	2017	2018	Average % growth per year (2010- 2017)
Population	37,280	43,405	45,250	46,596	48,105	3.2%
Households	15,775	18,734	19,396	20,133	20,866	3.5%

Source: US Census; ACS; Intercensal Census; consultant estimates

Owner and Renter Households

The majority of households in the City are renter-occupied (56%). This has remained consistent since 2010. The renter-occupancy rate is much lower in Gallatin County as a whole (38%). Student households predominately rent, raising the proportion of renters in the City.

Owner- and Renter-Occupied Households: 2017

	City of Bozeman	Gallatin County
Owner-occupied	44%	62%
Renter-occupied	56%	38%
TOTAL	100%	100%

Source: 2017 5-year ACS; Consultant team (2016)

³ See also “Demographic and Real Estate Market Assessment, 2018” (Economic and Planning Systems), pp. 12-14 (Demographics).

Type of Households

There has been little change in the mix of households by type in Bozeman since 2010. As shown below:

- Persons living alone are the largest household segment (32%), followed by roommate households (23%), again reflecting the effect of student households.
- Only about 15% of households are comprised of a couple with children.
- While significant differences are seen in the mix of households in Gallatin County, single parent households (9%) are the same in both the City and County. These households often have the most difficulty securing suitable and affordable housing.

Household Distribution by Type: 2017

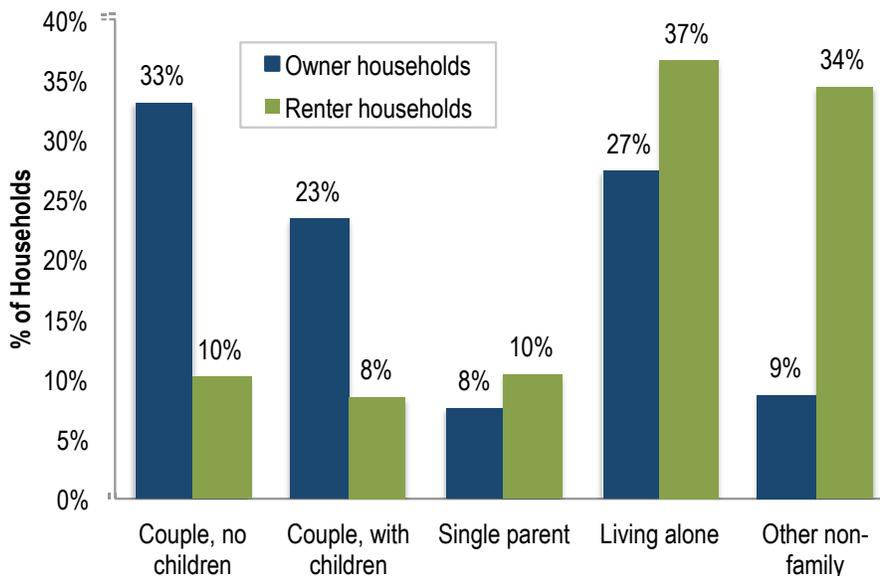
	City of Bozeman	Gallatin County
Couple, no children	20%	28%
Couple, with children	15%	21%
Single parent households	9%	9%
Living alone	32%	28%
Other non-family households (e.g., roommates)	23%	14%
TOTAL	100%	100%

Source: 2010 US Census; 2017 5-year ACS

Comparing owner and renter households:

- Owners are comprised of a higher percentage of couples, both with and without children, than renters.
- The majority of single person owner householders are 55 years of age or older (60%). This indicates that move-down opportunities as households become empty nesters and age may be an important housing option for this group.
- On the other hand, the majority of single person renter householders are under age 55 (73%), which is not surprising given the student population. Realtors report that most first time buyers are typically in their 30's.
- Renters are more likely to be living alone (37%) or with roommates (34%) than owners.
- Another 10% of renters are single parent households.

**Household Type by Tenure (2017):
City of Bozeman**



Source: 2017 5-year ACS

The household mix, particularly presence of families, should continue to be monitored. Data on school district enrollments indicates that, while enrollments have been increasing in the K-12 schools since 2009, the rate of growth has been on a generally declining trend. Further, enrollment in Kindergarten has been relatively stable at 530 kids since 2013.⁴

Realtors noted that young families (couples wanting to have children) that are purchasing their first home typically move outside of the City to find suitable housing they can afford, meaning a single-family home or townhome with a small yard. Providing more homes that are affordable for these households can help retain families in the City.

Age of Population

There has been little change in the age distribution of the population in the City since 2010.

City of Bozeman residents are generally younger than in the County as a whole, which again reflects the student population; however, the City reports a lower percentage of children under 18.

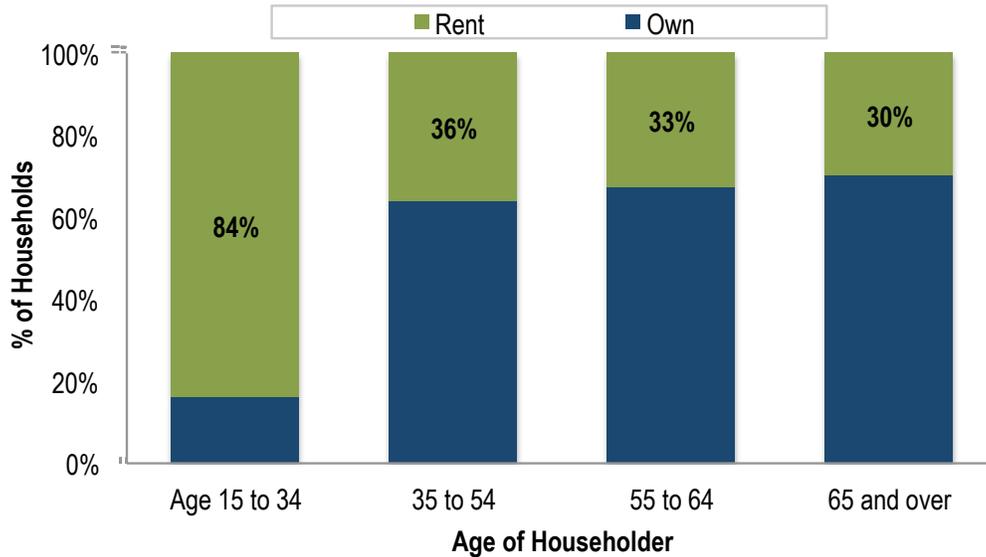
⁴ See Appendix: Trends, Calculations and Projections for school district data.

Population Distribution by Age: 2017

	City of Bozeman	Gallatin County
Under 5	5%	6%
5 to 17	10%	14%
18 to 24	28%	16%
25 to 39	26%	23%
40 to 54	13%	17%
55 to 64	9%	12%
65 and over	9%	11%
TOTAL	100%	100%

Source: 2017 5-year ACS

Age by Tenure: 2017



Source: 2017 5-year ACS

Household Size

Households average about 2.2 people per household in the City, showing no change since 2010. Gallatin County households are larger on average, at about 2.4 persons. The larger number of family households with children in the County helps boost the size of Gallatin County households, and particularly owner-households, when compared to the City.

Average Household Size: 2017

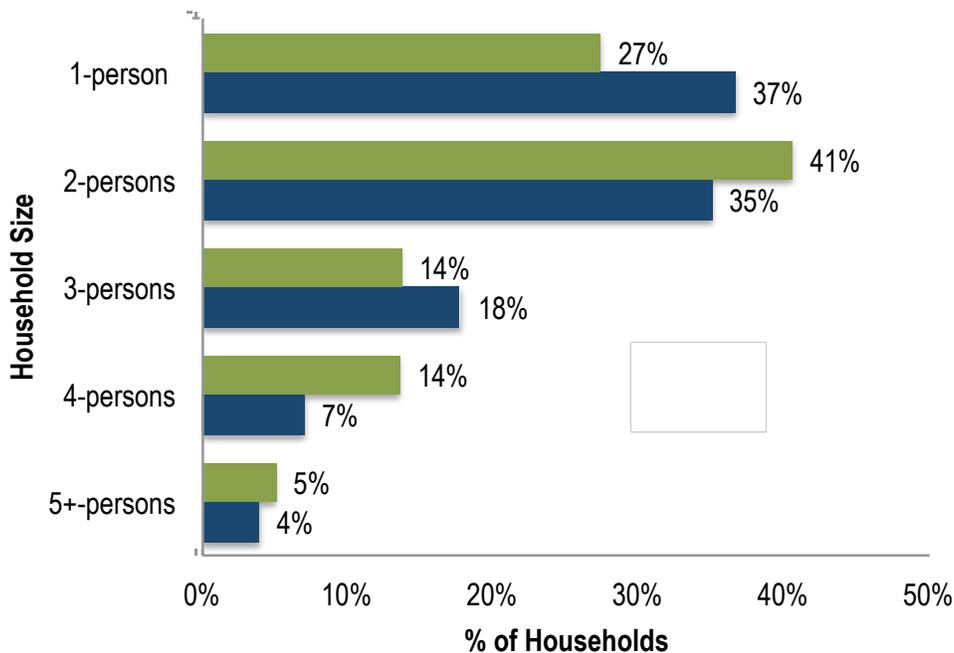
	City of Bozeman	Gallatin County
Total:	2.19	2.38
Owner occupied	2.29	2.50
Renter occupied	2.10	2.17

Source: 2017 5-year ACS

Owner households in the City are slightly larger on average (2.3 persons) than renter households (about 2.1 persons), which is not a significant difference.

Although a larger percentage of renter households are one-person, there is also a high percentage of roommate households, contributing to the relatively high percentage of 3-person and larger households. Realtors and property managers both have observed that as rents rise, family occupants are priced out and replaced by roommate households – multiple incomes can afford the higher rent.

**Household Size by Tenure (2017)
City of Bozeman**



Source: 2017 5-year ACS

Household Income

Because the purpose of this study is to determine the availability and need for housing that is affordable to residents, it is important to understand the income distribution of households in the City. Income can be measured as a standard dollar amount – how

much a household earns through wages or other income source – or placed in the context of Area Median Income (AMI).

The AMI represents the median *family* income of an area. This means that the AMI does not incorporate incomes from non-family single and roommate households, which make up 56% of households in Bozeman. As a result, the HUD reported Area Median Income for all families in Gallatin County (\$81,200) is higher than the median income of all households.

Gallatin County AMI by Household Size: 2018

AMI Level	1 person	2 person	3 person	4 person
30%	\$16,620	\$18,990	\$21,360	\$23,730
50%	\$27,700	\$31,650	\$35,600	\$39,550
60%	\$33,240	\$37,980	\$42,720	\$47,460
80%	\$44,320	\$50,640	\$56,960	\$63,280
100%	\$55,400	\$63,300	\$71,200	\$79,100
120%	\$66,480	\$75,960	\$85,440	\$94,920
150%	\$83,100	\$94,950	\$106,800	\$118,650
200%	\$110,800	\$126,600	\$142,400	\$158,200

Source: Montana Board of Housing; US Dept. of Housing and Urban Development (HUD)

The below table equates the median income of households in Bozeman to the equivalent AMI level for an average sized 2-person household. As shown:

- The median income of all households in Bozeman was about \$49,200 in 2017. Meaning that about one-half of households earn below this level and one-half earn above. This is equivalent to about 80% AMI for the average-sized household.
- The median income of owners (\$79,700; 125% AMI) is more than double that of renters (\$35,000; 55% AMI).

Median Household Income: 2017

	2017 5 year ACS	HUD AMI equivalent for 2 Person Household
All households	\$49,217	80% AMI
Owner-occupied	\$79,662	125% AMI
Renter-occupied	\$35,012	55% AMI

Source: 2017 5-year ACS; US Dept. of Housing and Urban Development (HUD)

Households with University students *that do not reside in on-campus residence housing* are included in the ACS calculation of median household income. Because many students have little to no income, this can bring down the median income of an area.⁵

As shown below, in the City, the median owner-occupied household income is slightly higher than in the County, whereas the median renter-occupied household income is slightly lower. The higher proportion of renter households in the City results in a median income for all households being about \$10,000 lower in the City compared to the County overall.

Median Household Income: 2017

	Gallatin County	City of Bozeman
All households	\$59,397	\$49,217
Owner-occupied	\$78,804	\$79,662
Renter-occupied	\$36,428	\$35,012

Source: 2017 5-year ACS

The income distribution of Bozeman households by AMI is shown below. Ideally, housing that is available to residents should be priced proportionate to household income distributions. Based on existing distributions, this means that:

- About 61% of rentals should be priced affordable for households earning under 80% AMI.
- About 41% of ownership housing should have sales prices that are affordable for households earning between 60% and 150% AMI.

Bozeman Household Distribution by AMI: 2018

	Own	Rent	Total
<30%	8%	23%	16%
30.1-60%	8%	22%	15%
60.1-80%	8%	16%	12%
80.1-100%	10%	11%	10%
100.1-120%	10%	8%	9%
120.1-150%	13%	7%	10%
150%+	43%	13%	27%
TOTAL	9,200	11,666	20,866

Source: Ribbon Demographics, LLC; Consultant team

*See Section 3 – Housing Inventory for household estimates.

It should be noted that the high percentage of renter households earning under 30% AMI is affected by the student population. Compiled 2016 5-year ACS data shows that about 20.7% of persons in the City fell at or below the poverty rate. When off-campus

⁵ See ACS PUMAS data. See also, “Inequality in College Towns,” available at <https://fivethirtyeight.com/features/inequality-in-college-towns/>

students living in the City are removed, this drops to 11.8% of the population – an 8.9 percentage-point drop. Poverty threshold incomes are roughly equivalent to HUD area median incomes for households earning under 30% AMI.⁶

Because the above AMI distribution table represents households and not population, however, the impact of removing student households from the under 30% AMI households is likely to be less than that observed for residents in poverty.

⁶ See Appendix A – Trend, Calculations and Projections, Effect of Student Population on Poverty Rate for this data.

Section 2 – Economic Trends

This section presents information necessary to understand the housing needs of employees based on the mix of jobs and wages, job growth, and employer needs and concerns regarding employment and housing. More specifically, information is presented on:

- The number of jobs, job trends and projections, and local wages;
- The ratio of jobs to households to understand the relative housing supply for employees in the City;
- The unemployment rate and scarcity of labor;
- Commuting patterns and employer commute assistance; and
- Employer problems and perceptions on employment and housing.

Job Estimates and Projections

Through 2025, an estimated 7,400 jobs will be added in the City of Bozeman; about 9,300 in the Bozeman area. This assumes that jobs in the City will grow at the same rate as the rest of the County.⁷

Jobs Estimates and Projections: 2012 to 2025

	# of Jobs			Average Yearly % growth
	2012	2018	2025	
Bozeman City (61% of county jobs)	41,874	53,020	60,430	1.9%
Bozeman Area (77% of county jobs)	52,540	66,525	75,825	1.9%
Gallatin County	68,562	86,815	98,970	1.9%

Source: Bureau of Economic Analysis (BEA); U.S. Census Bureau, LEHD Origin-Destination Employment Statistics; Montana Dept. of Labor & Industry Job and Labor Force Projections for Southwest Region (2017 to 2027); consultant team

⁷The projected job growth rate is estimated from Montana Dept. of Labor job projections for the Southwest Region combined with the actual growth rate of jobs in Gallatin County since 2012. The methodology applied is consistent with that used in “Demographic and Real Estate Market Assessment, 2018” (Economic and Planning Systems). See Appendix A – Trends, Calculations and Projections for more detail.

State estimates may be low in light of recent job growth and the fact that 54% of employers responding to the survey indicate that they expect to increase employment.

“Within the next five (5) years, do you plan to increase employment, decrease or stay the same?”



Source: 2018 City of Bozeman Employer Survey

Growth will be limited, however, by the ability for businesses to recruit employees to fill jobs, particularly if unemployment drops below 2% as predicted by the state.

With the 2.5% unemployment rate in 2018, many employers indicated that their ability to grow has already been impacted.

We cut back one position cause of the hiring difficulty. However I will need at least one more employee in 2019.

We just hired but it took 6 months to find someone and number of applicants was very small.

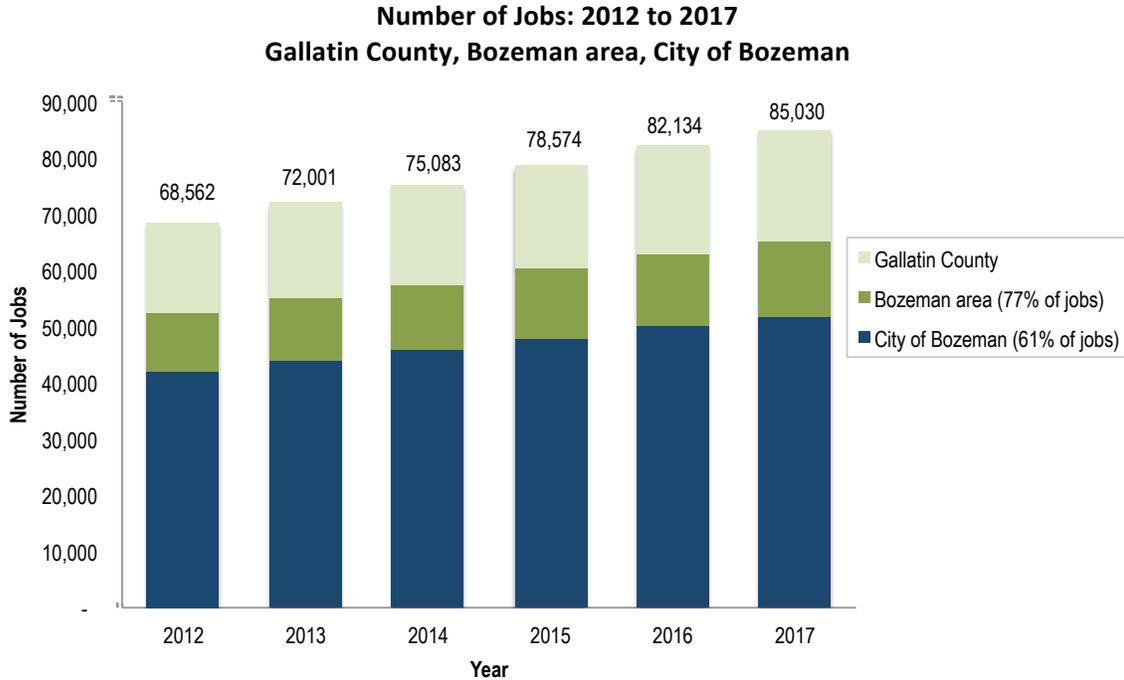
2018 Employer Survey comments

Job Growth

Since 2012, jobs in Gallatin County have increased an average of 4.4% per year, adding about 16,500 jobs. Just over 10,000 of these new jobs are in the City.

Most of the job growth was from a mix of service, trades and professional industries:

- About 50% of the job growth was in construction (2,820 jobs), accommodations and food services (2,160 jobs), professional/technical (1,620 jobs), and real estate/leasing (1,530 jobs) industries.
- Manufacturing, retail trade, and health care and social services (about 1,300 jobs each) comprised another 24%.
- Of all industries, only construction jobs remain below peak pre-recession levels.



Source: Bureau of Economic Analysis (BEA), Quarterly Census of Employment and Wages (QCEW), U.S. Census Bureau, LEHD Origin-Destination Employment Statistics, consultant team

Wages

The average wage in 2018 in Gallatin County is about \$43,900, which is only slightly higher than the state. Wages have been increasing at about the same 2.6% rate.

In the Bozeman area, the average wage in 2018 is about 2% higher (\$44,800) than the County. Comments from employers indicate that the recent labor shortage has increased competition for workers, resulting in rising wages. About 79% of survey respondents stated that they pay higher wages for the same/similar job than nearby communities. The 2% difference, however, is not sufficient to compensate for the higher cost of housing (and living) in the Bozeman area.

I can't afford to pay enough to attract employees to grow my business.

Costs are high and retail pricing is tough to keep pace, putting a pinch on business to retain employees. Our employee costs are up 20% over 3 years ago.

2018 Employer Survey comments

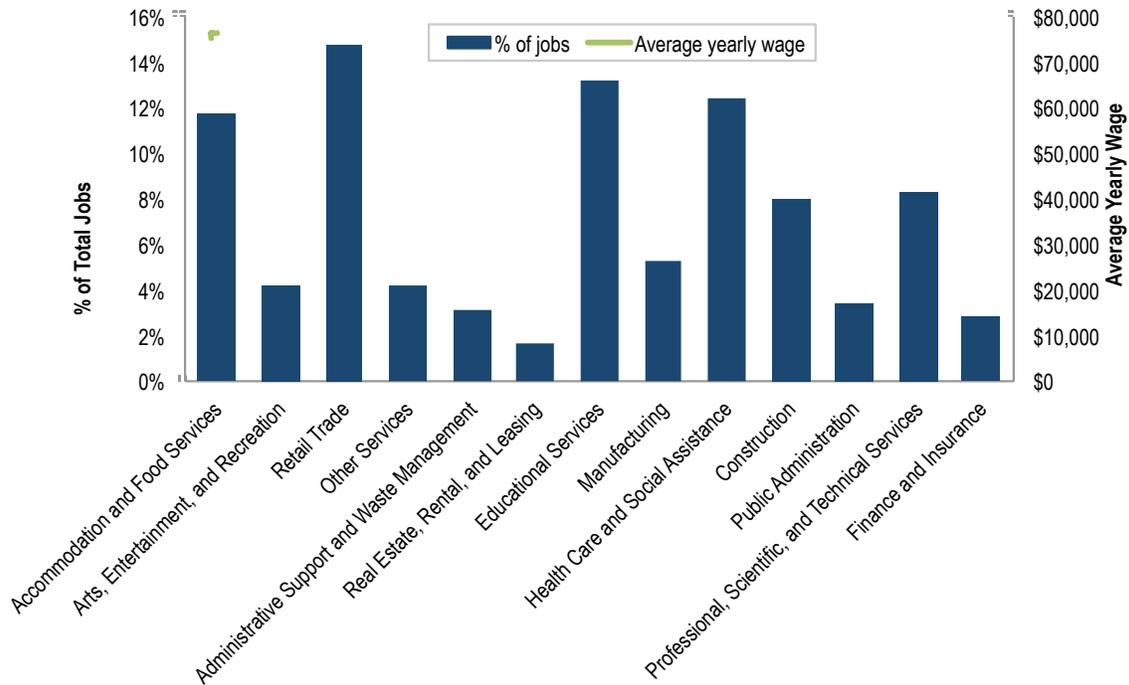
Change in Average Wage: 2012 to 2018

	2012	2013	2014	2015	2016	2017	2018 (est)	Avg yearly growth
Montana	\$37,096	\$37,575	\$38,878	\$40,056	\$40,716	\$42,045	\$43,282	2.6%
Gallatin County	\$37,611	\$36,487	\$37,639	\$39,565	\$40,969	\$42,611	\$43,865	2.6%
Bozeman area	-	-	-	-	-	-	\$44,803	-

Source: Quarterly Census of Employment and Wages, MT Dept. of Labor and Industry, consultant team

The economy in Bozeman is moderately diversified. Of the highest growth industries in recent years, about half pay above average wages (about \$43,900 per year) and half pay below. The strong lower-paying service sector (retail, recreation, accommodations), however, requires a continued diversified housing stock to ensure all sectors of the economy are maintained.

**Jobs and Wages by Industry Sector:
Bozeman Area, 2017/18**



Source: MT Dept. of Labor and Industry, QCEW by location

Jobs to Household Ratio

The jobs to household ratio is used to calculate the number of housing units needed to accommodate future job growth in the City (see Section 8 – Current and Projected Housing Needs). By utilizing a ratio that relates jobs to total resident households in the City, rather than just employee-headed households, housing calculations will include units needed for non-employee and employee resident households alike. This is based on the assumption that needed resident housing in the future will retain the same ratio of total occupied housing units to jobs as present.

This ratio also indicates whether an area has enough housing for employees to live near employment centers and, alternatively, sufficient jobs in residential areas to support

residents.⁸ An imbalance in jobs and housing creates a larger volume of commuters, longer commute times, traffic congestion, and reduced air quality. It also affects employee turnover, ability to fill jobs, and commute costs, among other impacts.

Generally, a jobs to household ratio in the range of 0.75 to 1.5 is considered beneficial for reducing vehicle miles traveled and commuting, although this varies based on locale. Higher ratios indicate a higher percentage of in-commuting is needed to fill the surplus of jobs.

In Gallatin County, the ratio of jobs in the County to households in 2017 was about 1.9.

- Based on the above standard, this reflects that the housing supply in the County overall is tight, which is an observation made by Realtors, as well as supported by the rising housing costs in the County (see Section 4 – Ownership Market Conditions).
- This also means that in-commuting is needed to help house workers who are filling county jobs. As shown in the commuting discussion, below, about 17% of jobs in Gallatin County are filled by in-commuters.

Jobs:Household Ratio

Gallatin County, 2017	
Jobs (2017) - BEA	85,030
Housing units – Intercensal census	49,444
Housing occupancy rate – 2017 1-year ACS	90%
Occupied housing units	44,310
Jobs:household ratio	1.92

Sources: BEA, LAUS, LEHD, consultant team

The ratio in the City of Bozeman is much higher at 2.54 and the Bozeman region is not much better (2.41). In other words, workers in Bozeman must look to other areas to find housing due to the lack of supply in the City – this pressures an already tight market county-wide and helps escalate housing costs throughout the County.

Jobs:Household Ratio⁹

	Bozeman Area	City of Bozeman
Jobs (2018)	66,525	53,020
Households	27,550	20,865
Jobs:household ratio	2.41	2.54

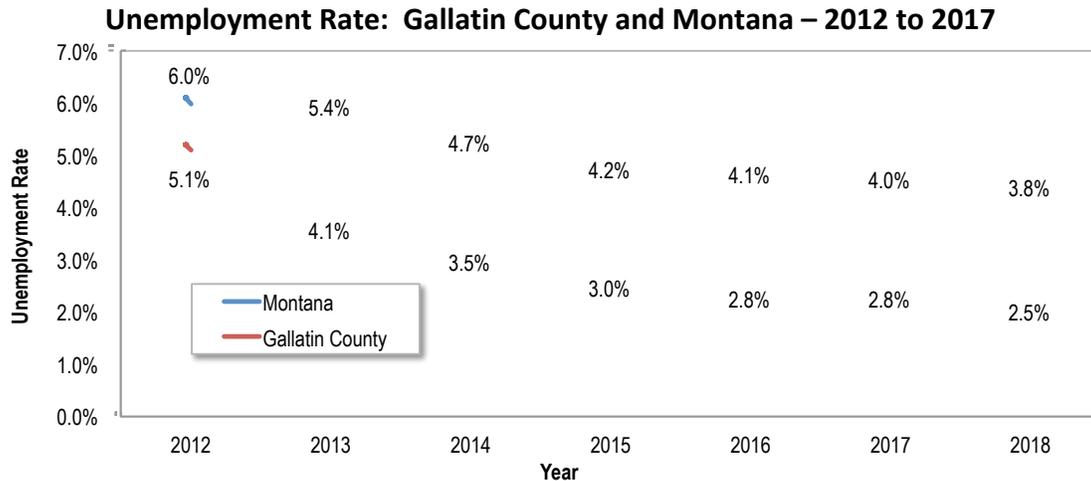
Sources: BEA, LAUS, LEHD, consultant team

⁸ For more detail, see <https://enviroatlas.epa.gov/enviroatlas/DataFactSheets/pdf/Supplemental/EmploymentHousingRatio.pdf>

⁹ See Appendix A – Employment to Households Methodology for more detail.

Unemployment

In Gallatin County, the unemployment rate has been rapidly declining since 2012. When unemployment drops below the natural cycle of employment/unemployment, typically around 5%, this can be one indicator of a labor shortage. The unemployment rate is well below this level, at 2.5% for the County and 3.8% for the state.



Source: Bureau of Labor Statistics (BLS) LAUS

When unemployment is this low, businesses encounter several problems:

- The remaining labor pool often does not have the requisite skills needed for many jobs;
- Businesses “trade” employees, competing with each other for the same skilled labor force. This results in wage wars and simply moves vacant positions around; and
- Businesses must attract employees from outside the area to fill jobs. With an expensive and tight housing market, the ability to attract employees is extremely difficult.

There is a lot of job poaching going on by many businesses in Bozeman. If they see a good employee when they visit my businesses they have no qualms about offering more money to come work for them...

Hiring a properly qualified person is difficult in our local market due to the low unemployment rate, leading us to recruit out of state. The hangup however for qualified candidates to come here is always the cost of housing.

2018 Employer Survey comments

Unfilled Jobs

Employers have reported increased difficulty recruiting and retaining workers to fill positions. With unfilled positions, this decreases the ability for a business to provide quality services and reduces their ability to generate needed revenue. The combination of low local unemployment with the lack of housing to attract needed workers from other area compounds the problems employers have finding qualified workers to fill jobs.

I have people who want to hire [my business] but I just don't have the crew to handle everyone.

I literally didn't get a day off for almost 2 months this summer because we were so short staffed.

2018 Employer Survey comments

- About 46% of employers reported that they have at least one unfilled job, totaling 1,451 vacant jobs. This equates to 9% of jobs provided by all survey respondents.
- If this is extracted to all jobs in the City, this means that about 4,600 jobs would be vacant.

Unfilled Jobs

	Survey Respondents
# jobs unfilled	1,451
% jobs unfilled	8.8%

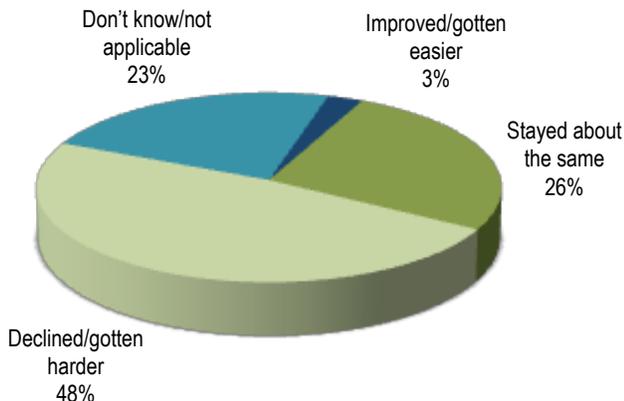
Source: 2018 City of Bozeman Employer Survey

The ability for employers to fill these jobs has been getting more difficult. Almost 50% of employers stated that recruiting and retaining employees has gotten harder over the past three years.

Not only is there lack of housing, but there is a lack of quality applicants.

2018 Employer Survey comment

“To what extent has your ability to find and retain qualified employees changed over the past three years?”



Source: 2018 City of Bozeman Employer Survey

Commuting

Of the 53,000 jobs in the City of Bozeman, about 57% (30,250 total) are held by a resident of the City. The remaining 22,800 jobs are filled by in-commuters.

In Gallatin County as a whole, a lower 17% of jobs (15,000 jobs) are filled by workers that live outside of Gallatin County.

Jobs Held by Residents	Gallatin County	City of Bozeman
Jobs (2018) – BEA (est)	86,816	53,022
Wage & Salary jobs – BEA (est)	62,251	38,020
% W&S held by resident – LEHD	76%	40%
# W&S jobs held by a resident	47,343	15,251
Sole Proprietor (SP) jobs – BEA (est)	24,564	15,003
% SP jobs held by resident	100%	100%
Total jobs held by resident	71,907	30,253
% jobs held by a resident	83%	57%

Source: Bureau of Economic Analysis (BEA); U.S. Census Bureau, LEHD Origin-Destination Employment Statistics, consultant team¹⁰

¹⁰ LEHD uses Quarterly Census of Employment and Wages files to estimate where workers live. This information reflects only wage and salary jobs and does not include the about 30% of jobs that are held by sole proprietors. BEA sole proprietor estimates are mostly based on where the proprietor lives, meaning, by definition, reported sole proprietor jobs in the City of Bozeman are filled by residents of the City. This adjustment was made to compute the percentage of all jobs that are filled by resident workers.

Employers responding to the survey reported a similar 62% of jobs being held by resident workers. About 20% commute from the Belgrade area, followed by 6% residing west of the City.

About 45% of employers indicated that at least some of their in-commuting employees would prefer to live in or nearer to Bozeman if housing they could afford was available. Employers estimate that up to 59% of employees on average would prefer to be in Bozeman.

Where City of Bozeman Workers Live: 2018

	% Jobs
City of Bozeman	62%
Belgrade area	20%
Manhattan area	3%
Three Forks area	2%
Four Corners, West Gallatin, Greenwood, etc (west of the City)	6%
Chestnut, Livingston, etc (east of the City)	3%
Gallatin gateway, etc (south of the City)	3%
Other	0%
TOTAL Jobs (survey)	16,521

Source: 2018 City of Bozeman Employer Survey

Employers report several adverse effects from in-commuting employees, including:

- Losing employees to jobs found closer to their home;
- Tardiness or increased “sick days” due to commuting; and
- The “hidden” cost of commuting.

We have employees commuting from Belgrade, Manhattan, Churchill and Butte and eventually tire or find jobs closer to where they live.

Everyone wants to live in Bozeman but finds the cost of living to be too high. The answer is to live near by but when all the money is going to housing and the cost of commuting there is no money to make the needed repairs to their vehicles.

2018 Employer Survey comments

Employer Commute Assistance

About 25% of employers indicated they provide their workers with some work commute options or assistance. Of these:

- On-site vehicles were the most commonly provided (31% of employers providing assistance), followed by a travel stipend (25%).
- Telecommuting (20%), carpool program (14%) and bus stop at the business (12%) all help reduce daily car-travel days.
- Of the 26% of employers that provide “other” services, this includes company-paid vehicles, flexible scheduling, parking passes, fuel compensation, and pick-up service.

Type of Assistance	% of Employers
On-site vehicle for employee errands	31%
Travel stipend (i.e., travel time compensation, etc.)	25%
Telecommuting	20%
Carpool program	14%
Bus stop at business location	12%
Bicycling incentives	9%
Bus/shuttle (operated/financed at least in part by your business)	6%
Bus passes/coupons	0%
Other	26%

Source: 2018 City of Bozeman Employer Survey

*totals over 100% because respondents could select more than one type of assistance.

Employers, Employees and Housing

The majority of employers feel that the availability of housing that is affordable for the workforce in the City of Bozeman is one of the more serious problems (53%). Another 22% feel that it is the most critical problem in the area.

I've lost engineers (moved out of state)... Lack of affordable housing is the biggest factor in hiring right now. It is limiting my ability to grow my company.

2018 Employer Survey

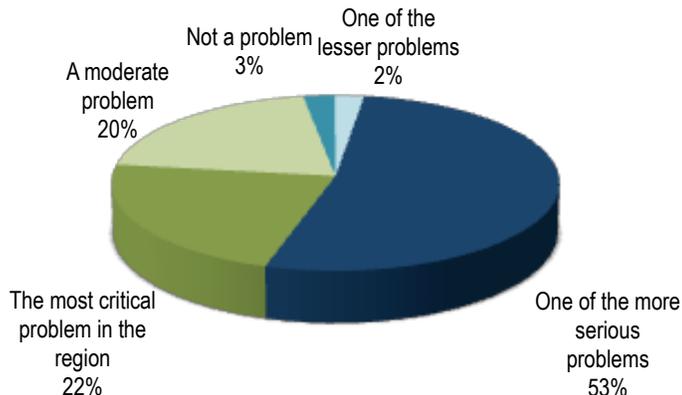
Let the market place sort out any perceived housing shortage.

Needless city regulations are driving up the cost of housing.

2018 Employer Survey

About 5% of employers feel that the availability of housing is not a problem or a lesser problem. A majority of these employers reported that their ability to hire has not changed over recent years. Many felt that employees can make it work in the current housing environment and that the market will sort itself out.

Do you feel that the availability of housing that the workforce can afford in the City of Bozeman is:



Source: 2018 City of Bozeman Employer Survey

Difficulty Hiring or Retaining Employees

To understand more about some of the problems experienced by employers, employers were asked if they had anyone refuse a job offer or leave their employment within the past year for various housing and cost-of-living related reasons.

A total of 60% of employers experienced at least one of the listed issues. Based on responses:

- About 42% of employers had someone decline a job offer or leave employment because the cost of living in the area was too high;
- Almost one-third (32%) had someone leave their employment or decline a job offer because they found a different job and 25% because they could not find or lacked suitable housing.
- About 11% each reported employees leaving or declining jobs due to tiring of the commute or a lack of day care.
- Lack of transportation affected 8% of employers. Organizations that provide services for lower-income earners (e.g. less than \$12.50 per hour; \$25,000 per year) indicated that access to housing near transportation is scarce for populations that need it.

Retention is proving difficult. Candidates want to move here, but when they do, they find it extremely difficult to stay. I've had 4 employees move away because of housing costs.

2018 Employer Survey

Lack of availability for day care is a major issue for our employees. We have many young parents who have no option other than to stay home to raise families.

2018 Employer Survey

Did anyone refuse a job offer or did anyone leave your employment in the past 12 months because they:

% of Employers experiencing the problem	
Found the cost of living in the area to be too high	42%
Found a different job	32%
Could not find/lacked adequate housing	25%
Long commute/tired of commuting	11%
Lacked day care	11%
Lacked transportation	8%
No response/not applicable	40%
TOTAL*	168%

Source: 2018 City of Bozeman Employer Survey

*The sum of the results is over 100% because some employers experienced more than one of the problems.

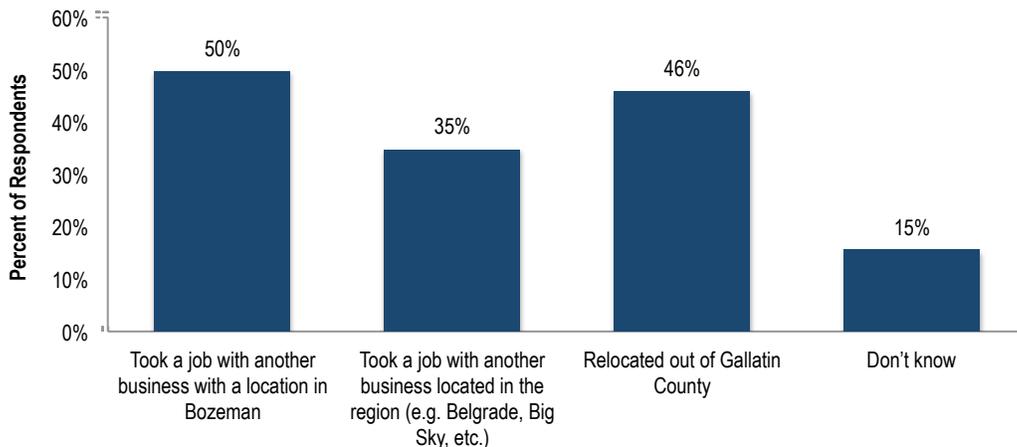
The 32% of employers that had an employee decline a job or leave employment because they found another job were asked a follow-up question probing more specifics. As shown below:

- About 50% had an employee take a job elsewhere in the City.
- About 46% had employees leave Gallatin County altogether.
- About 35% had employees take a job elsewhere in Gallatin County.

I lost a good employee to another competitor in Great Falls, where the employee could afford to own land rather than rent endlessly in Bozeman.

2018 Employer Survey

If you had employees leave your employment to take a different job, do you know the nature of their new employment?



Source: 2018 City of Bozeman Employer Survey

*The sum of the results is over 100% because some employers had multiple employees leave for various reasons.

Difficulty Finding Housing

Employers were asked to indicate the level of difficulty that their employees or potential employees have locating housing in the area given a scale from 1 (“no problem”) to 5 (“major difficulty”). As shown below:

- Service and maintenance job holders were stated by over 50% of employers to have “major difficulty” finding housing. This includes entry wait staff, dishwashers, retail and lodge clerks and housekeeping, janitorial and manufacturing positions. Most of these jobs pay below \$15/hour requiring rentals in the \$500 to \$750 range for one salary. Many of these employees work multiple jobs.
- Construction and skilled trades also have major difficulty according to 41% of employers. The current construction boom in the County overall means wage competition is high and retention difficult for many employers. Higher labor costs make it more expensive to build homes, which increases the cost of homes brought to market.
- Housing is hard to come by for more than service and labor positions. Entry level and mid-management employees are also reported to have trouble finding housing by a respective 37% and 26% of employers.

The service industry is traditionally an entry level employer. This makes it very difficult for a majority of our staff to earn enough to live in Bozeman. Even our mid and upper level managers struggle to find housing, especially those who are single parents.

Several staff are working two and three jobs just to get by.

2018 Employer Survey

It took me 3 months to find a place inexpensive enough for a teacher to purchase. Another 3 months trying to find a single mom (a supervisor at MSU) a place she could manage. Both purchased in Belgrade but work in Bozeman.

Many college students entering the professional work force are interested in staying in Bozeman however the wages for entry level professional jobs do not allow for them to afford staying.

2018 Employer Survey comments

“To what extent do your employees have difficulty locating housing in the area?”

% of employers stating their workers have a	
Other service (wait staff, dishwashers, laundry, etc.)	57%
General maintenance/labor (janitorial, manufacturing, etc)	53%
Retail/lodge service clerks	51%
Construction/repair/skilled trades	41%
Office support staff	36%
Entry level professionals	37%
Mid-management	26%
Upper management	18%

Source: 2016 Employer Survey

Several employers offered input on housing options that would most help their employees and businesses. This ranged from entry-level rentals and homeownership to needing more diverse product type. In general:

- Current rents exceeding \$1,000 per month are not sustainable for service employees earning \$12 or less per hour. Rentals in the range of \$500 to \$800 per month are needed;
- For entry level professionals, rentals under \$1,200 per month and homeownership starting at \$250,000;
- More home size diversity, offering smaller homes on smaller lots (e.g., homes for purchase in the 1,000 to 1,500 square foot range);
- More rentals suitable for one-person households without roommates; and
- More pet friendly rentals – this has affected many employers.

Section 3 – Housing Inventory

This section presents information necessary to understand the availability of homes for City of Bozeman residents and employees, including:

- The resident occupancy rate of homes;
- The mix of units by type and age to understand the quality and diversity available;
- Development activity in the City and the mix of housing provided;
- Existing community housing, meaning affordable and income-restricted ownership and rental housing and housing for special needs populations;
- An overview of MSU student housing and growth;
- The participation of employers in helping with housing for their employees; and
- Residential projects that are pending construction or near final approval.

Housing Units and Occupancy

There are an estimated 23,100 housing units in the City of Bozeman in 2018. This is based on 2010 housing unit estimates supplemented with residential building permits issued since May 2010 (an estimated 5,636 units).¹¹

The occupancy rate of housing has been consistent since 2010, at 90%. This means that residents of Bozeman occupy 90% of the housing inventory. Occupancy in Gallatin County is slightly lower – about 87%.

Of the 10% of units that are vacant, only 2% to 3% are used for seasonal or recreational use; this is compared to 7% in the County. In other words, the influence of second homeowners on the housing market in Bozeman, while present, is not substantial.

Housing Units and Occupancy

	2010	2018
Total Housing Units	17,464	23,100
Occupied Housing Units	15,775	20,866
% Occupied	90%	90%
% Vacant for seasonal or recreational use	2%	3%
% Other vacant	8%	7%

Source: 2010 US Census; 2017 5-year ACS;
City of Bozeman building permit data; Consultant team

¹¹ See Appendix – methodology section

Type of Units

- Single-family detached homes (40%) are the predominate home type in the City. While these are a preferred product-type for residents, they also tend to be among the most expensive.
- Only 14% are single-family attached units, which include townhomes; another 8% are duplexes. More diversity in this product would provide more options for residents looking to purchase.
- The 20% of units that are in larger 5+-complexes mostly include apartment buildings and condominiums.
- Only 3% of units are mobile homes.

Housing Units by Type: 2018	
TOTAL units	23,100
Single-family - detached	40%
Single-family - attached	14%
Duplex	8%
3- or 4-plex	14%
5+-units	20%
Mobile home	3%

Source: 2017 5-year ACS

Age of Units

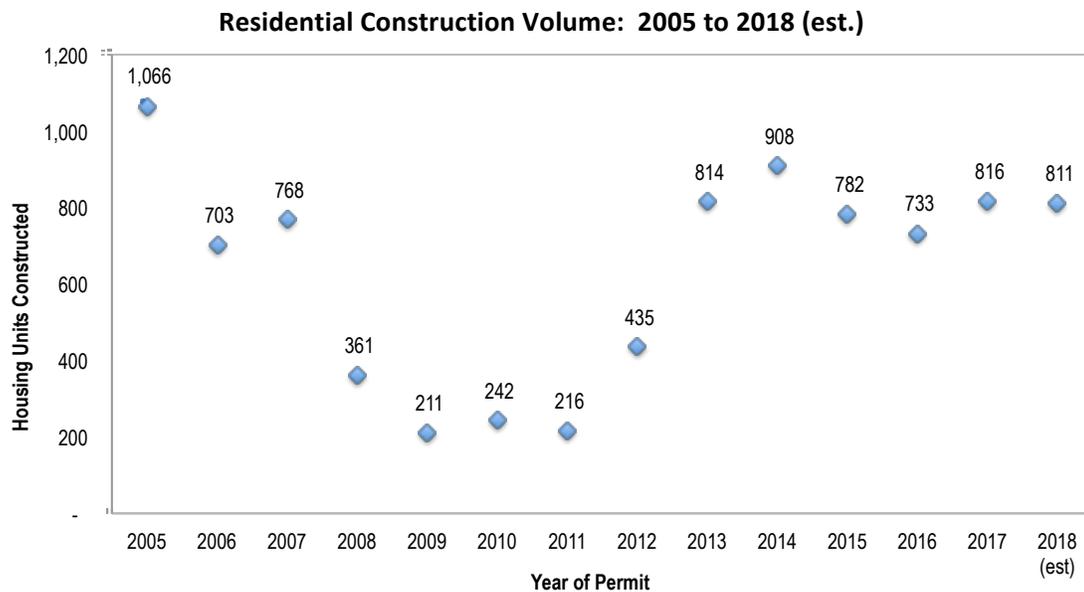
The age of housing stock in an area can be indicative of the quality of housing available.

- About 50% of housing units in the City is less than 20 years old, having been built since 2000. A higher percentage of existing housing stock was built in the last eight years than during the prior ten (2000 to 2009).
- Much of the City's oldest housing stock is located in desirable neighborhoods in the City, meaning walkable, near amenities and close to schools within the Bozeman school district. Realtors indicated that properties in the right location, despite their age, may still demand a high price.

Year Housing Built	
TOTAL units	23,100
Built 2015-2018	14%
Built 2010-2014	11%
Built 2000 to 2009	24%
Built 1980 to 1999	20%
Built 1960 to 1979	17%
Before 1960	14%

Source: 2010 US Census; City of Bozeman building permit data; Consultant team

As shown below, development slowed significantly during the recession. The number of units constructed fell from a high of over 1,000 in 2005 to a low of just over 200 units in 2009 through 2011. Recovery since 2012 has been rather steep, but has yet to reach the pre-recession peak. Residential development has been relatively stable since 2015, at about 800 units per year.



Source: City of Bozeman; EPS report (fix); Consultant team

The below table shows residential production by unit type since 2010. As shown, about 41% of units are single-family homes and 44% are multi-units with 3-or-more units. The majority of these are larger apartment and condominium projects. Only 7% are townhomes – middle-density housing that Realtors note is the second most desirable product for first time resident purchasers next to single-family homes.

Housing Units Built Since 2010

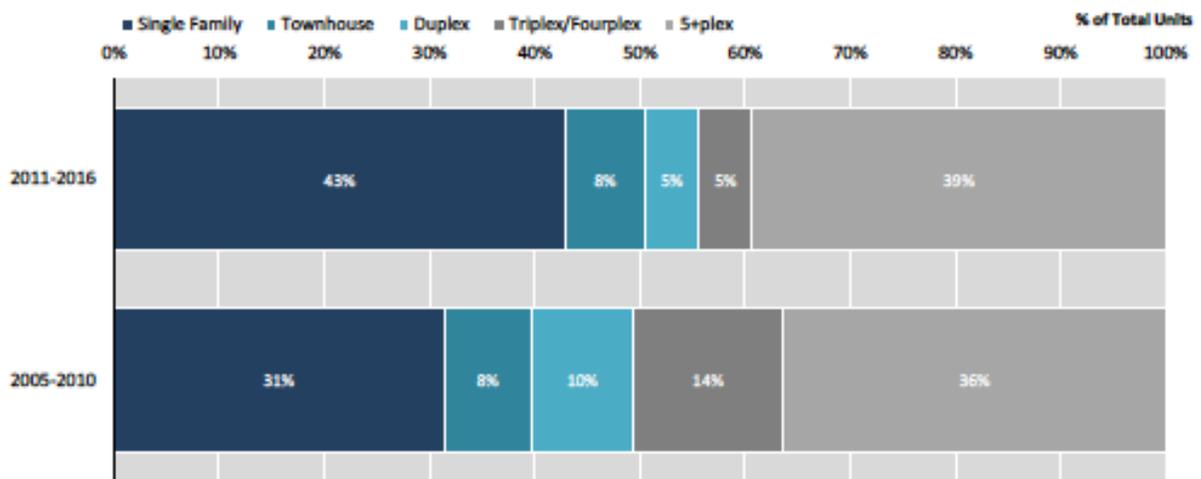
	2010	2011	2012	2013	2014	2015	2016	2017	2018*	TOTAL	Total %
TOTAL	242	216	435	814	908	782	733	816	725	5,671	100%
Single-family	143	161	247	388	283	266	296	350	203	2,337	41%
ADU	2	10	11	6	13	14	9	29	9	103	2%
Townhouse	21	4	38	74	77	24	72	53	29	392	7%
Duplex	8	8	28	14	40	35	74	112	52	371	7%
Multi (3+)	68	33	111	332	495	443	282	272	432	2,468	44%

*Data through September 2018

Source: City of Bozeman; EPS Report; Consultant team

In the 2018 Demographic and Real Estate Market Assessment study by Economic & Planning Systems, it was found that middle-density housing comprised a higher percentage of production between 2005 and 2010 (32%) than in more recent years (18%). The percentage of townhomes produced, however, has remained relatively consistent.

Units Built by Density Type: 2005-2010 and 2011 – 2016

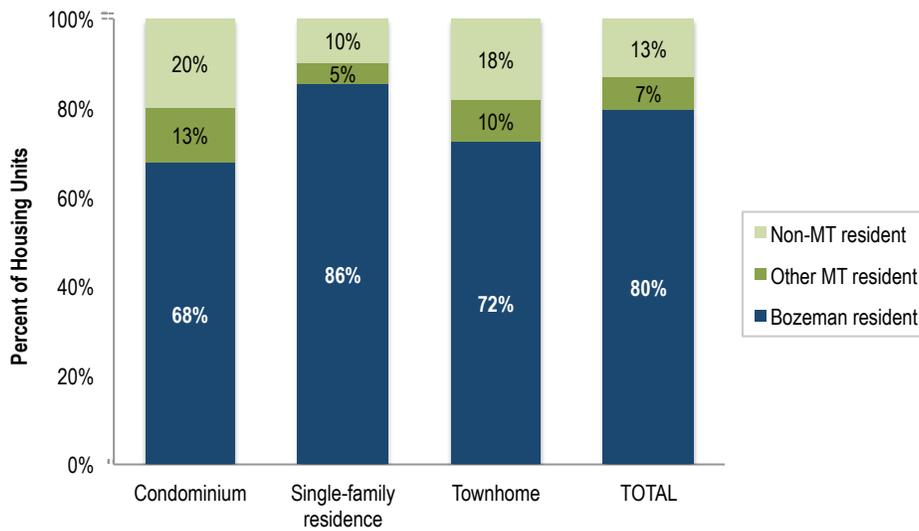


Source: City of Bozeman; *Demographic and Real Estate Market Assessment 2018*, Economic & Planning Systems, p. 44

Ownership of Units

While Bozeman residents occupy about 90% of the housing units, a lower 80% of condominiums, townhomes and single-family homes are owned by Bozeman residents, as estimated from owner mailing addresses in Department of Revenue records. Renters living in units that are owned by out-of-area (non-Bozeman) owners account for the difference.

Unit Ownership by DOR Address: 2018



Source: MT Dept. of Revenue Assessor data, Consultant team

Community Housing Inventory

Community housing refers to homes, either ownership or rental, that are affordable to households earning within specific income ranges or for special needs households. These are below-market rate units or units meeting special needs that typically require some subsidy to build – whether through state or federal funds and grants, city assistance, private donations or private financing.

Community ownership, rental and special needs units in the City are summarized below.

Ownership

A total of 138 community ownership units have been constructed in Bozeman:

- 26 were developed by HRDC and utilize a land trust mechanism to maintain the below market sales prices for 99 years. These units will retain their affordability upon resale to target income buyers;
- 20 were built through the Habitat program. This program is unique in that it can provide ownership units for households earning under 50% AMI. Only 8 units remain in the program; the rest have been purchased in full by their owners or sold on the open market. The Habitat Board voted in 2017 to use a ground lease to keep all future homes in their program long-term;
- 8 were constructed through the Affordable Housing Ordinance (AHO). These units have a cap on the initial purchase price to ensure affordability to the target

income household. Upon resale, homes may be sold at market, but any cash subsidy used to ensure affordability to the initial buyer will be recaptured; and

- 84 were purchased by HRDC and sold to owners earning between 50% to 120% AMI through a down-payment program. The home may be resold at market prices and the down-payment will be recaptured at resale.

Affordable Ownership Homes Constructed: 2018

Project Name	Total units	Unit type	Beds	Initial Income Limit	Project type	Year in service	Term of affordability	Expiration
Humble Homes	2	Single-family detached	1	80%	HRDC program	2018	Land trust	99-year
West Edge Condos	84	Condominium, stacked-flat	1, 2, 3	50% - 120%	HRDC purchase	2010-2014	Initial purchase - recapture	Resale, DP recapture
West Babcock	24	Single-family detached	3	80%	HRDC program	1996	Land trust	99-year
Lakes at Valley West PUD	8	Townhomes	3	80%	Inclusionary zoning	2017/18	Initial purchase - recapture	Resale
Habitat homes	20	Single-family	-	50%	Habitat program	Since 1991	Initial purchase	Until sold or purchased by owner*

Source: City of Bozeman, HRDC, Habitat for Humanity, consultant team

Of the 138 ownership units constructed, only 26 use mechanisms to ensure permanent affordability, meaning that they will remain affordable for subsequent buyers within the target income group. All permanently affordable homes are targeted for households earning 80% AMI.

Affordable Ownership Homes by AMI: 2018

AMI level:	50%	80%	100%	120%	TOTAL
TOTAL built	46	80	10	2	138
TOTAL retaining affordability upon resale	0	26	0	0	26

Source: City of Bozeman, HRDC, Habitat for Humanity, consultant team

Rental

A total of 947 affordable community rental units have been constructed in Bozeman. This equates to about 8% of the rental housing stock. Maximum rents are established such that the target income household pays no more than 30% of their income for rent and, for some properties, rent and utilities combined.

Some properties carry limited term requirements during which they must remain affordable. The low-income housing tax credit (LIHTC) program is one such program that permits the affordability to expire after a certain period of time – often 29 years or more. After 15 years, these properties may apply for a “qualified contract” to end the

affordability term early.¹² Upon expiration of the affordability period, the project may revert to market-rate rentals.

The below table provides more detail on the existing community rental units, including their relevant expiration date. As shown:

- Affordable rentals are a mix of low-income housing tax credit (LIHTC), project-based section 8, MT Board of Housing funding, and non-profit owned properties.
- Two properties are voluntarily operated as affordable rentals, meaning they could charge market rates. One is owned by a non-profit. The other (Dairy Keep) was built with affordable rental subsidies for which the term of required affordability has expired, but the owner continues to operate under affordability guidelines.
- A total of 260 units (25% of the community rental stock) are limited to occupancy by seniors and/or persons with disabilities.
- Only Pond Row Apartments (22 units) have an affordability expiration period within the next five years; although many more properties are or will be eligible to apply for a “qualified contract” during this period.

¹² This process allows an owner, at any time after the 14th year of the 15-year compliance period, to request the state housing agency to find a buyer who will operate the building as an LIHTC property. If the housing agency is unable to find a qualified buyer within a year, the land use restrictions terminate. The owner is free to operate the building at market rate subject to a three year period that caps rents for exiting tenants at the LIHTC rents and prohibits eviction except for good cause.

Inventory of Affordable Rentals: City of Bozeman, 2018

Name	Total units	Affordable units	Bedrooms	Income Limits	Project type	Year Built/In Service	Expiration
Baxter Apts	48	47	1, 2	40%, 50%, 60%	LIHTC	2006	2040
Boulevard Apts	39	39	Studio, 1, 2	80%	PBS8	1914, 1983 remodel	NA
Bridger Apts I	44	43	2, 3	50%, 60%	LIHTC	2003	2037
Bridger Apts II	46	46	1, 2	40%, 50%, 60%	LIHTC	2005	2039
Bridger Peaks Village	60	59	1, 2	60%	LIHTC, seniors	2004	2031
Castlebar Apts I	36	35	2, 3	60%*	LIHTC	2000	2038
Castlebar Apts II	36	29	2, 3	60%*	LIHTC	2003	2042
Comstock Apts I	24	24	2	60%	LIHTC	1996	2039
Comstock Apts II	34	33	1, 3, 4	50%, 60%	LIHTC	1999	2033
Comstock Apts III	28	28	1	40%, 50%, 60%	LIHTC	2001	2044
Dairy Keep Apts	10	10	2, 3	30%, 60%	MT Board of Housing	-	Expired – voluntarily affordable
Darlington Manor	100	88	Studio, 1	60% AMI	PBS8, LIHTC, seniors/disabled	1974, 1980; 2000 in service	NA
Gallatin Manor	64	62	2, 3	No limit	Non-profit owned	1972	NA
Greenwood Plaza	50	50	2, 3, 4	60% AMI	PBS8	1982	NA
Haggerty Apts	11	11	1, 2	40%, 50%, 60%	LIHTC	2014	2058
Larkspur Commons	136	136	1, 2, 3	50%, 60%	LIHTC	2017	2062
Legion Villa	61	60	1, 2	80%	PBS8, seniors/disabled	1975	NA
Pond Row Apts	22	22	2, 3	40%, 50%, 60%	MT Board of Housing	-	2024
Spring Run Apts	17	17	1	50%	Section 811, disability	2006	NA
Stoneridge Apts	48	48	2, 3	60%*	LIHTC	2016	2061
Summerwood Apts	36	36	1	50%	Section 202, seniors	2006	NA
West Babcock Apts	24	24	2, 3	80%	Bought expired LIHTC; non-profit owned	1996	NA
TOTAL rentals	974	947	-	-	-	-	-

Source: Property manager interviews, City of Bozeman, HRDC, HUD, Consulting team

*No response from Stoneridge and Castlebar LIHTC properties – assume <60% AMI, but some may be lower (40% and 50%).

The below table breaks down community rentals by bedroom size and AMI level. This is useful to understand the extent to which the existing community rental inventory is serving households in need.

- Very few units are specifically for households earning under 30% AMI (\$475 or less for rent). Many of the project based section 8 (PBS8) units (180+ units), however, are occupied by fixed income residents earning under 30% AMI. In PBS8, the rent is set based on the income level of the occupant, down to a minimum rent of \$25. Most of these properties allow up to 80% AMI households to qualify, but 80% AMI households would pay maximum property rents.
- The majority of units are available for 60% AMI households (54%). This is the upper limit for the LIHTC properties.
- One property has no income limits. It is voluntarily rented at below-market rents, but the rent is not scaled based on income level. A household must earn a minimum of \$1,566 per month to afford a 2-bedroom, but may earn more than that to occupy the unit. Most current tenants, however, earn 80% AMI or below.

Affordable Rentals by AMI and Bedrooms: 2018

Income Limit:	<30%	40%	50%	60%	80%	No limit	TOTAL
Studio/1-b	0	6	119	183	91		399
2-b	3	5	113	220	28	32	401
3-b	1	0	4	101	4	30	140
4-b	0	0	0	7	0		7
TOTAL #	4	11	236	511	123	62	947
TOTAL %	0%	1%	25%	54%	13%	7%	100%

Source: HUD, property manager interviews, consultant team

Special Needs Housing and Shelter

Several non-profit organizations provide housing and services for special needs populations. This includes homeless or near-homeless families and individuals, persons needing mental and behavioral health assistance, families and individuals affected by domestic violence and individuals with developmental disabilities. Each of the below service organizations, and their other programs, are described in more detail in Section 7 – Current Housing Resources and Programs. The housing assistance they offer as part of their service is summarized below:

- The Western Montana Mental Health Center (WMMHC) offers comprehensive services for individuals with mental health and substance use disorders. Occupants of their housing options are paired with case management services and counseling. WMMHC reports a 50-person waitlist for their transitional units and increased need for units particularly geared for adolescents and their families.

- Family Promise and HRDC both work to address homelessness in the Gallatin Valley. HRDC provides assistance for homeless individuals and families while Family Promise works exclusively with families.
 - Family Promise provides 12-beds of rotational shelter for up to 4 families that can be occupied for up to 90-days. Family Promise annually serves about 15 families through their sheltering program. Family Promise also has 4 units of transitional housing in Bozeman (may be occupied up to two years).
 - HRDC has transitional housing (may be occupied up to two years) as well as a fall/winter warming center and spring/summer day center offering temporary shelter.
 - Both organizations have seen increased need for transitional units in recent years – even those that could afford a rental unit have been seeking assistance because of the inability to find housing.
- REACH provides residential, vocational and transportation services to adults with developmental disabilities. Their housing options are paired with 24/7 resident services, with the level of staffing and assistance varying based on the level of support needed. REACH estimates they have a waitlist of 100 individuals, but REACH does not have capacity to expand housing options.
- Haven provides support services for families and individuals affected by domestic violence. They offer shelter for domestic violence victims seeking to leave their situation, but stay off the street. Haven is in process of planning a replacement facility for their aging units and to serve larger families. They have seen a 14% increase in individuals coming to them for help in the past year.

Affordable housing is a major issue. I have one employee that lives at the men's warming center currently due to lack of availability of affordable options.

2018 Employer Survey comments

Special Needs Housing and Shelter Summary: 2018

Organization	For whom	Type	Number in City	Term of Use/Occupancy
WMMHC	Mental/ behavioral health	"Transitional units" (long term)	10 units	Occupied; 50-person waitlist
		Studio apartments	6 apts	Completed since 2012; City provided gap financing
	Evaluation center	Hope House - short term beds (72 hours)	10 beds	Quasi-medical center, mental health stabilization
		Hope House - day beds	5 beds	
Family Promise	Homeless	Rotational scheduled shelter	Up to 4 families and no more than 12 persons at a time	Must participate in Family Promise Program and be in good standing
	Homeless	Transitional housing (Canterbury House)	4 units	Up to 2 years if family remains in good standing in the Family Promise Program
REACH (est. 100 on waitlist)	Developmental disabilities	Transitional living	18 beds	Two apt complexes, permanent housing units
		Adult housing	16 beds	24-hour awake care
		Intensive housing	11 beds	10 permanent housing and 1 emergency bed; 24-hour intensive care
		Group homes	4 units	Serve up to 25 individuals with 24-hour services
		Greenway Apartments (2016)	10 units	<30% AMI with developmental disabilities; 30-year restriction
Haven	Domestic violence	Shelter	10 beds	1,116 individuals served in 2018, 14% increase from 2017; serves women and their children
HRDC	Homeless individuals and families	Warming center/emergency shelter	40 beds; 287 clients (2018)	Seasonal nightly shelter (Nov to March)
		Day center (May to Sept)	196 clients (2018)	Seasonal daily shelter (May to Sept)
		Transitional housing (Carriage House)	2-b units; 10 households	Housing for up to two years; case management services

Source: Interviews, focus group, consultant team

MSU Student Housing

There were 16,902 students enrolled in Montana State University (MSU) last year. Enrollment at Montana State University (MSU) has been steadily growing since 2007. The growth rate peaked between 2009 to 2016 at an average of 4% per year and has tapered off to between 1% to 2% per year in 2017 and 2018. MSU projects growth to continue at about 1% per year.

In response to this growth, MSU added 1,700 beds since 2011, investing about \$110 million in new residence halls and added capacity. The includes the 512-bed resident hall currently under construction, which will be ready for occupancy in the fall of 2020.

As summarized in the below table, MSU houses about 29% of their 2018 enrollment, or 4,916 students.

Residence hall beds	4,200
Vacancy rate (fall 2018)	2%
Occupying students	4,116
MSU Student apartment units	542
Students housed in apartments	800
Total students in University housing	4,916
% of total enrollment (2018)	29%

Source: MSU

Taken a step further, of the 16,902 students, about 9,233 reside in housing units off-campus.

2018 enrollment	16,902
Living on-campus (residence halls)	4,116
Living off-campus and in the City (%) - ACS	59%
Living off-campus and in the City (#)	10,033
Living in University student apartments	800
Students residing in non-University housing in the City	9,233

Sources: MSU, 2016 5-year ACS (see Appendix A – Trends, Calculations and Projections)

MSU Residence Hall beds and apartment inventory is discussed in more detail below.

Residence Hall Inventory

MSU has 4,200 beds in residence halls for students and will increase that capacity to 4,700 by fall 2020.

- Freshmen are required to occupy dormitories unless they receive an exemption. About 170 students last year received an exemption, most because they are living at home.
- Returning students may occupy dorm beds. About 28% to 30% of dorm beds are filled by returning students.
- Dorms carried a 2% vacancy rate in the fall of 2018. This jumps in the summer to about 90% to 95%, at which time the University is able to do maintenance on the dorms to prepare for the next school year.

Student Apartments

MSU also provides 542 apartments that house an additional 800 students. These are units built and owned by the University located in northwest campus. No additional student apartments are planned for the near future.

- Unit rents are governed by the MT Board of Regents for the entire state system of 11 campuses. Rates are well behind the market, but the Board does not want to raise the rates for students.
- Units are mostly meant for married students, students with children and graduate students. A small percentage are available to undergraduates.

MSU Student Apartments

	1-b	2-b	3-b	4+-b	Total
Number units	106	346	90	0	542
Monthly rent	\$637	\$562-783	\$783-862	n/a	

Source: Montana State University

- About 1/3 are presently occupied by married couples with children, 17% by single parents with children and 28% by single graduate students.
- Some units are available for transitional housing for staff, such as a faculty guest researcher for one year or one semester.
- Units are typically 97% occupied in the fall and spring and 83% unoccupied in the summer, but tenants are paying rent to retain their unit. The University always has someone wanting to reside in a unit.

Employer Assisted Housing

About 29% of employers responding to the survey indicated they provide some sort of housing assistance to their employees. Of employers that provide assistance:

- Most pay higher wages than competitors (79%). This included industries across the board.
- Some provide units for their employees, either owned by the employer (9%), master-leased to ensure units for employees (4%) or temporary/relocation housing assistance for new hires or other employees (8%).
- Others provide financial assistance in the form of rent assistance (9%) or down payments/mortgage assistance (4%).
- Businesses providing units and/or financial assistance are primarily in the construction, professional/technical, transportation/utilities, non-profit and real estate industries.

I have had to raise wages to get employees so that they can afford to live here. The down side to that is that I have had to raise my rates and have lost customers that can no longer afford my services.

2018 Employer Survey comments

Does your business provide any of the following types of housing or cost of living assistance for your employees?

	% of responding employers
Pay higher wages than nearby communities for the same/similar jobs	79%
Assistance with housing search	16%
Employer-owned units rented or provided as compensation to employees	9%
Rent assistance (help with first/last/deposit; monthly rent stipend; etc.)	9%
Temporary/relocation housing	8%
Down payment/mortgage assistance	4%
Employer-leased units rented to employees	4%
Other assistance	10%

Source: 2018 City of Bozeman Employer Survey, consultant team

Other types of assistance listed included lending a camper for housing, housing stipend and relocation bonuses.

Realtors and property managers also have seen activity from employers pick up in the past two or three years:

- Realtors have seen more business owners searching for properties to purchase in order to lease to their employees. Most are medium-sized businesses or a couple businesses purchasing together. Multi-plex units (4- to 8-plex) are popular.
- Several property managers have units that are master-leased by employers. In recent years, construction companies, the medical field and some professional employers (engineering, etc.) have been the most active in searching for units.
 - Construction companies often seek units for the summer months.
 - The medical field desires to have units available for traveling nurses and temporary or on-call workers.
 - One property manager has three units leased for J-1 visa workers in the accommodations industry.

Pending Residential Development

The below table summarizes residential projects that have been approved, permitted, or are under review/near final. This information is important to consider when reviewing estimated housing needs and determining the extent to which projects in the pipeline may address some of the need (see Section 8 – Current and Projected Housing Needs).

As shown below, the City has about 920 residential units that have received final approval or permits and another 169 that are under review/near final. One 200+ affordable apartment project (<60% AMI) just submitted an application this year. Of

these:

- Over 1,000 will be rental apartments,
- About 107 will be condominiums, some available for rental, and
- A total of 9 units will be affordable ownership (<80% AMI); other ownership product will be market-rate through luxury units.

In addition, the University is constructing a 512-bed residence hall on campus.

**Under Construction, Approved Development and Pending*:
City of Bozeman, January 2019**

	# of units	Type of homes	Price Point
Rosa Apartments (final)	72	apartments	low market rentals
Lincoln Property (final)	44	apartments	market rentals
Icon Apartments Ph. I (final)	320+	apartments	market rentals
23rd and College (final)	12	apartments	student rentals
South University District Apts	268 (887 bed)	apartments	student rentals
Silver Creek Apartments (in final review)	118	apartments	market rentals
Black Olive Development	47	apartments	market rentals
SoBo Lofts	42	apartments	market rentals
Creekside Apartments Ph. 2	71	apartments	market rentals
Southside Lofts (final)	17	condominiums	luxury
27 North Condos (final)	16	condominiums	market
One 11 (preliminary review)	51	condominiums	luxury
BG Mill (final)	10	condominiums	luxury
Wallace and Babcock	NA	condominiums	luxury
McChesney Work-Live (final)	13 (4 constructed, 9 pending)	condominiums	likely market rentals
MSU Student Housing (under construction)	512 beds	dormitory	students
Affordable developments			
Georgia Way (pulled permits)	3	townhomes	ownership
West Wind (approved)	6	AHO	<80% ownership
New proposal (2019)	200+	apartments	<60% AMI (LIHTC)

Source: City of Bozeman, interviews

*list of pending applications is incomplete – focuses on affordable projects only

Section 4 – Ownership Market Conditions

This section evaluates how much home sale prices have changed since the housing study completed in 2012. It provides an overview of recent sales activity and the current availability of homes. It evaluates the affordability of homes to residents and provides information on mortgage availability.

Ownership Inventory

About 45% of households in the City own their homes. This equates to about 9,200 owner-occupied households in 2018.

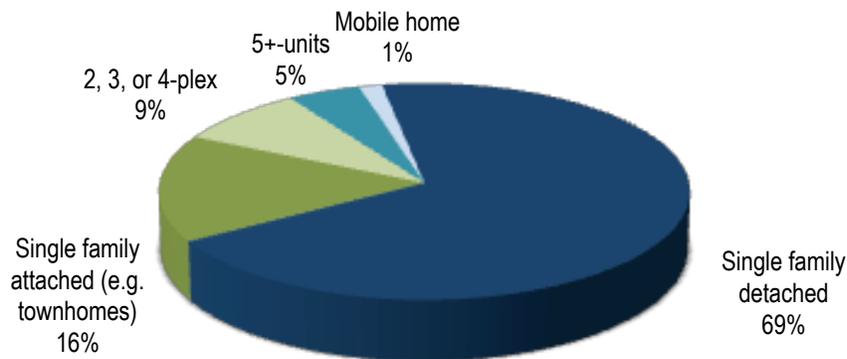
Owner-Occupied Housing: City of Bozeman, 2018

	2018
Total Households	20,866
Owner-occupied	9,200

Source: US Census, 2017 5-year ACS, consultant team

- Owned homes are dominated by single-family units (69%).
- Attached single-family units (e.g. townhomes, row homes) comprise about 18% of owned units; 5% are in larger condominium complexes.
- Mobile homes make up only 1% of units.

Owner-Occupied Units by Type: 2017



Source: 2017 5-year ACS

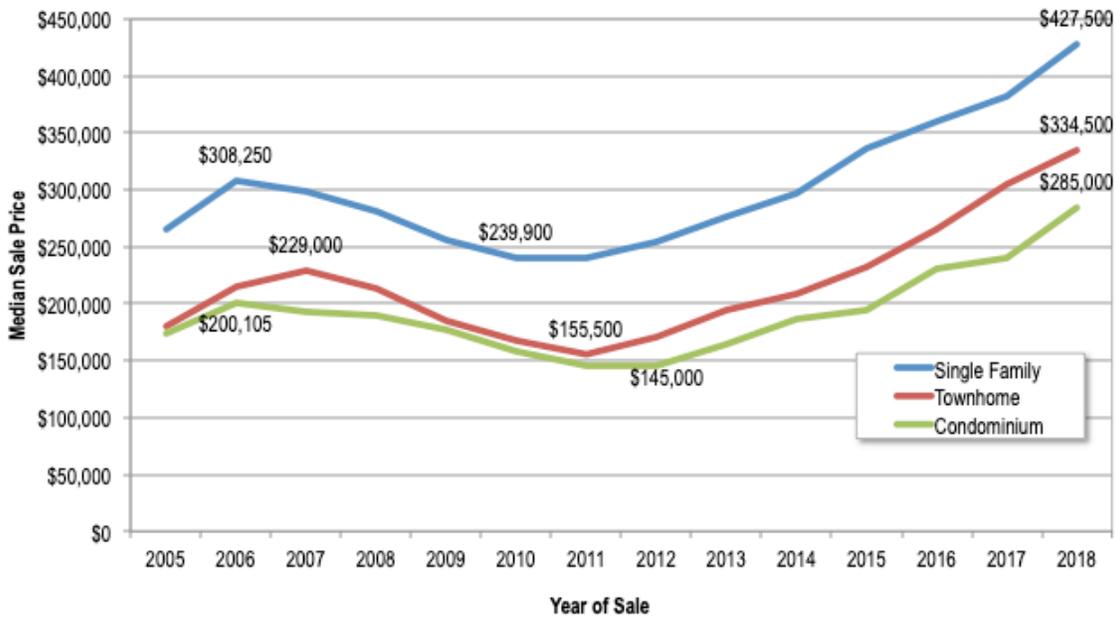
Home Sales Prices

Home sale price trends in the City of Bozeman show strong recovery since 2012. Homes in 2018 sold for an average of \$223/square foot. As shown below:

- Median sale prices bottomed between 2010 (single-family homes) and 2012 (condominiums) during the recession.
- All home types met or surpassed peak pre-recession prices by 2015.
- Median home sale prices in the City of Bozeman increased about 75% since 2012, averaging about 10% per year. Attached product shows larger percentage gains than single-family homes since 2012.

Home sale prices have increased an average of 9% (single-family homes) to 12% (attached product) per year since 2012.

Median Home Sale Prices: 2005 to 2018
City of Bozeman



Median Sale Price of Homes by Type: 2012 to 2018

	Single-family	Townhome	Condominium	ALL Sales
2012	\$255,000	\$170,000	\$145,000	\$220,000
2018	\$427,500	\$334,900	\$285,000	\$385,000
Percent change	68%	97%	97%	75%
Average yearly % change	9.0%	12.0%	11.9%	9.8%

Source: Gallatin Association of Realtors, MLS; consultant team

Finding properties affordable for residents in neighboring areas has also become more difficult, meaning “less expensive” home options for those willing to commute are becoming scarcer.

- Single-family home sale prices in Belgrade and Greater Manhattan have increased faster than Bozeman since 2012 – rising 83% and 102%, respectfully. Homes in Greater Three Forks increased slightly slower at 61%.
- Median sale prices are still below Bozeman, but by less of a margin than in 2012 in Greater Manhattan and Belgrade. The median sale price of single-family homes in Belgrade were 31% below Bozeman in 2012 and are now 25% lower; Greater Manhattan was only 10% lower than in the City in 2018.
- Realtors noted that many young families from Bozeman have ended up in Belgrade when purchasing in order to afford to buy a single-family home. With rising prices, however, townhomes in Belgrade are now a more likely option for first-time homebuyer families.

Median Single-Family Home Sale Price: 2012 to 2018
City of Bozeman and other regions

	Greater Manhattan	Belgrade	Greater Three Forks	Greater Bozeman area	City of Bozeman
2012	\$192,500	\$175,000	\$155,000	\$326,250	\$255,000
2018	\$389,000	\$320,000	\$250,000	\$515,000	\$427,500
% change	102%	83%	61%	58%	68%

Source: Gallatin Association of Realtors, MLS; consultant team

A rapid rise in home prices, combined with higher mortgage interest rates (up about 1% on average) and slow wage growth, have made homes less affordable to Bozeman residents since 2012:

- Wages increased on average 2.6% per year since 2012¹³; home prices by 9% to 12% - 3 to 4 times faster.
- In 2012, an income of about \$52,000 would have purchased the median priced home in the City (\$215,000) – or about 100% AMI for a two-person household. In 2018, it requires an income of \$104,000 to afford a median priced home in the City (\$385,000). This equates to 164% AMI.
- Households need to earn about 2.6 average wages to afford to purchase a single-family home in Bozeman.

In 2012, an income of \$52,000 would purchase the median priced home; in 2018, about \$104,000 was needed.

¹³ See Section 2 – Economic Trends.

**Household Income Needed to Afford Median Home:
City of Bozeman, 2018**

	All Unit Types	Single- family	Town- home	Condominium
Median home sale price (2018)	\$385,000	\$427,500	\$334,900	\$285,000
Income needed to purchase	\$104,000	\$115,300	\$90,300	\$76,900
AMI level	164%	182%	143%	121%
# of avg wages needed to purchase (\$44,800 average wage)	2.3	2.6	2.0	1.7

Source: Gallatin Association of Realtors, MLS; HUD; QCEW; consultant team

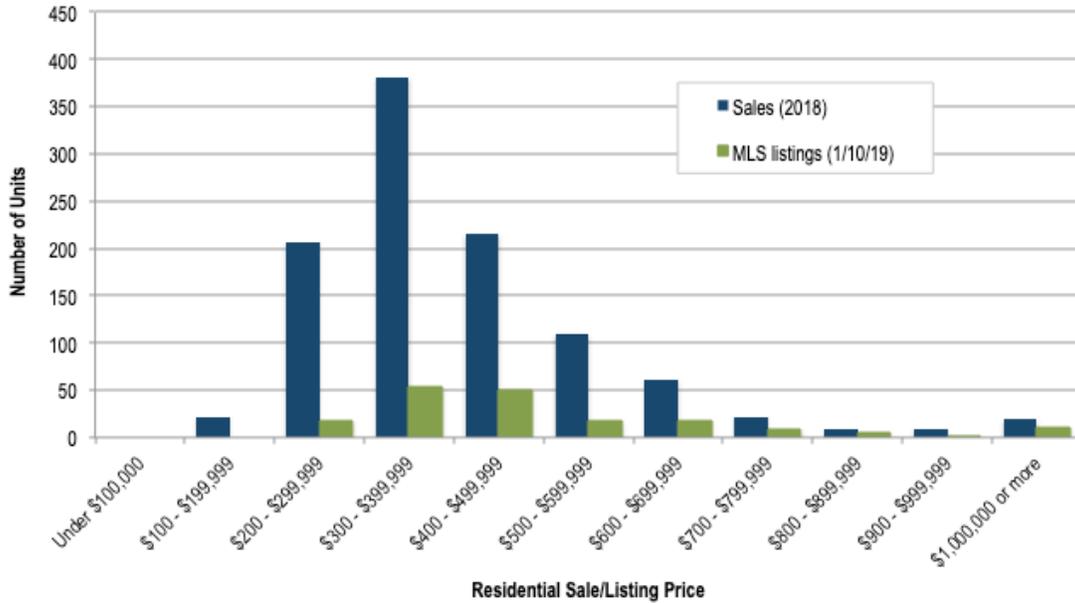
Sales Compared to Availability

The number of homes for sale on the MLS has been mostly below a 3-month supply of housing since 2016. A general rule of thumb is that when the number of homes available for sale is below a 6-month supply, it is a seller's market – meaning that there are more buyers than homes available to purchase, resulting in rising prices. Bozeman has been in a strong seller's market for at least the past few years.

As of January 2019, there were 198 residences listed for sale on the MLS – about a 2.3-month supply. Comparing listings to sales last year by price, we find that:

- Lower priced homes are in shorter supply than higher priced homes. Homes priced under \$400,000 have a 1.8-month supply; homes over \$700,000 have an over 5-month supply.
- Realtors noted that properties over \$600,000 tend to sit on the market longer; those under \$400,000 move quickly.
 - Homes priced under \$400,000 in the City are mostly condominiums and townhomes. Home priced under \$300,000 are mostly condominiums, but typically nice and in good shape. Cash buyers are strong competitors for residents at these prices.
- The below chart illustrates the significant shortage of listings priced between \$200,000 to \$500,000 compared to sales last year. There are no properties currently listed that are priced below \$200,000.

Residential Sales Compared to Residential Listings: Price City of Bozeman



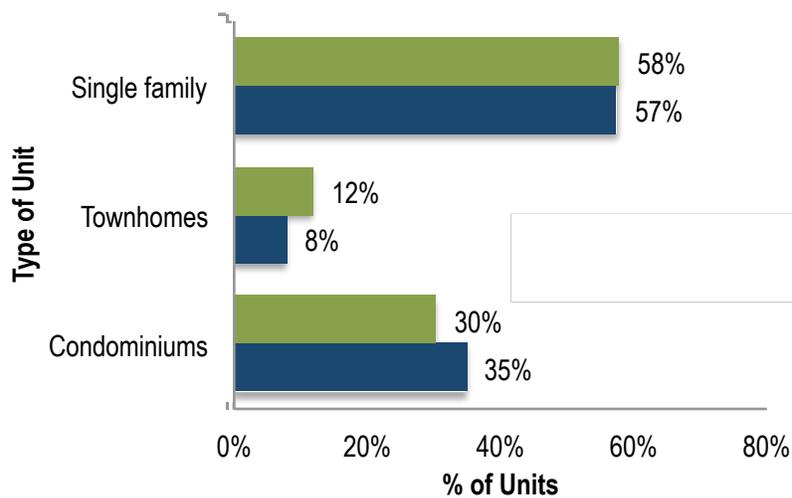
Source: Gallatin Association of Realtors, MLS; consultant team

Evaluating the supply of units available by type of units shows:

- There is a 1.3-month supply of townhomes on the market. Realtors noted these go fast when they come available.
- There is a 2-month supply of single-family homes and 2.4-month supply of condominiums.

“Townhomes go fast!”
Local Realtor

Residential Sales Compared to Residential Listings: Type



Source: Gallatin Association of Realtors, MLS; consultant team

Community Home Sales

A total of 34 homes were offered for sale at below-market prices since 2014. Only two of these homes will remain affordable for subsequent purchasers. More specifically:

- The homes were sold at prices for households earning between 50% and 120% AMI and all were priced below \$200,000 – no homes on the MLS are currently available at these prices.
- Humble homes construction was overseen by the HRDC. These are the only homes sold since 2014 that use a land trust mechanism to ensure the sales prices remain below-market for subsequent buyers.
- West Edge Condominiums were purchased during the recession by the HRDC in 2009. Proceeds from Phases 1 and 2 were used to develop the final Phase 3. Because units were not FHA approved, local lenders were essential to ensuring 30-year, fixed rate financing was available to purchasers at 80% loan-to-value, with HRDC holding silent second mortgages for the balance. The silent second down payments will be recaptured upon resale.
- Lakes at Valley West PUD included eight (8) affordable townhomes as part of the City’s mandatory affordable housing ordinance adopted in 2017. All homes were either sold or under contract by May 2018. Buyers are also eligible to receive up to \$10,000 in down payment assistance through the City.

Affordable Home Sales Since 2014: City of Bozeman

Project	Price	Size	Number	Type
Humble homes (2018) 80% AMI	\$135,000	300 sq ft	1	Single-family starter home, plus garage
	\$174,900	600 sq ft	1	
West Edge Condominiums (2010, 2011, 2014) 50% to 120% AMI	\$95 - \$96,000	1-bdr	84 total; 24 in phase 3	Condominium
	\$97 - \$122,000	2-bdr		
	\$108 - \$135,000	3-bdr		
Lakes at Valley West PUD (2018) – 80% AMI	Start at \$199,500	3-bdr	8	Townhome

Source: City of Bozeman, HRDC, interviews, consultant team

Realtors expressed that there is a strong market for deed restricted homes in Bozeman:

- Deed restricted homes give buyers that otherwise have no options the ability to purchase a home. A recent 300+ square foot “tidbit” home had three buyers trying to qualify within one-week’s time.
- Realtors stated that the market for ownership with permanent affordability is strong. Buyer options are limited by price. If a home is available at their price point with a permanent restriction, they will buy it. This has the added benefit of

ensuring the subsidy to create this product will benefit multiple households over time rather than just one.

- Realtors also advised that the restriction should limit who can buy, otherwise residents will be beat out by cash buyers.

Current Availability

Condominiums are the most available property at lower price points.

- Residents desire townhome-style condominiums, but stacked-flat/apartment-style are not preferred.
- Realtors noted that nice condominiums can be found for \$260,000 and up in the City; less expensive ones are older.
- The most affordable condominium currently available (under \$235,000) was built in the 1980's.
- Homeowners association dues, condominium association dues and acquiring loans on non-FHA approved properties can pose challenges for residents wanting to purchase.

An HOA due of \$150 per month is equivalent to adding \$22,000 to the purchase price.

All townhomes listed were constructed since 2013. Most are priced between \$345,000 and \$415,000.

The most affordable single-family homes are about \$300,000. Both homes are under 980 square feet and were built in the 1930's. The more desirable product in terms of condition and age will be priced over about \$500,000.

**Residential For-Sale Listings by AMI and Type:
City of Bozeman, 2018**

AMI Level	Max Purchase Price*	Single-family	Townhome	Condominium	Total	
					#	%
Under 60%	\$140,000	0	0	0	0	0%
60.1 - 80%	\$190,000	0	0	0	0	0%
80.1 - 100%	\$235,000	0	0	1	1	1%
100.1 - 120%	\$280,000	0	0	9	10	6%
120.1 - 150%	\$350,000	8	2	19	29	16%
150.1 – 200%	\$470,000	31	11	25	67	37%
Over 200% AMI	>\$470,000	65	1	9	75	41%
TOTAL	-	104	14	63	181	100%
Median List Price		\$497,000	\$361,750	\$385,000	\$419,000	
Average List Price		\$624,538	\$458,450	\$388,173	\$529,420	
Average PPSF		\$272	\$193	\$238	\$254	

Source: Gallatin Association of Realtors, MLS; consultant team

*Assumes 30-year mortgage at 5.5% with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

Homebuyer Profile and Preferences

The primary buyer segments in the current market are:

- Transplants from higher cost cities seeking a safe and more affordable community with amenities and a good school system to raise their family;
- Local residents, mostly first-time homebuyers and move-up buyers, who are seeking ownership options with space to start and raise families. This also includes some seniors who are searching for smaller, lower maintenance homes;
- Investment buyers who purchase properties for the purpose of renting them out or otherwise making a profit; and
- Second home buyers, most of which seek homes outside of the City or condominiums in or near downtown.

Home preferences are summarized in the below table, with more detail following.

Preferred Housing Options: Local, Transplant and Second Home Buyers

	Preferred Unit Type	Price	Location
Local resident: First time homebuyer (couples, starter family)	Single-family/Townhome 2 or 3 BR w/ carport or garage Small yard	\$225,000 to \$375,000	Bozeman school district, near parks; will compromise on location/buy in other communities
Local resident: Move-up buyer (growing families)	Single-family/Townhome 3 BR+	<\$450,000	Bozeman school district, will compromise
Local resident: Move-down (senior)	Single story, low maintenance, ground level condominium or small ranch home/lot	<\$400,000	In city, walkable preferred
Transplant buyer	3+-b single-family home (families); condominium (singles)	All prices	Bozeman school district, walkable (family); near downtown (singles); do not need to compromise on location
Second Home buyers	Condominiums in downtown; property in county	Luxury	Downtown; or county between Bozeman and Belgrade

Source: REALTOR® focus group

Realtors indicate they regularly see buyers from high cost, out of state regions, such as California, Colorado, Seattle, and Texas. Realtors estimate that transplants comprise up to 50% of buyers in the current market.¹⁴

- Transplants made money elsewhere and have the ability to set up shop in Bozeman and telecommute or work locally. These resources enable them to make cash purchase offers, giving them a competitive advantage over local buyers who often need financing to purchase a home.
- In comparison to housing prices from where they are relocating, Bozeman housing prices seem relatively inexpensive. Bozeman also offers other features they are seeking such as natural and cultural amenities, walkable and safe neighborhoods, and a quality school system.
- Families are the predominant demographic of transplants looking to purchase. Realtors indicate they prefer larger 3 or 4-bedroom single-family homes located

¹⁴ This is supported by US Census data, which shows that 75% of resident growth in the City since 2010 is a result of in-migration from other areas. While 36% of in-migrants were from other areas of Montana, Washington, California and Colorado topped the list of out-of-state migration since 2010. See Appendix A – Trends, Calculations and Projections, Migration of City Population

in the Bozeman School District, in a walkable neighborhood, and with a small yard for pets.

- There are also young, single professional transplants that seek small 1-bedroom condominiums in or near downtown that require little maintenance.

Local residents make up the next largest percentage of buyers, perhaps 30 to 40%. They are predominantly first-time homebuyers and move-up buyers, with a few move-down/senior buyers. Realtors indicate that local resident buyers are increasingly priced out of the Bozeman market and seek options in the surrounding area.

- First-time homebuyers are mainly young, newly married or not yet-married couples. They are mostly two income households and are searching for homes priced from \$225,000 to \$300,000.
- The preferred unit type is a 3-bed/2-bath single-family home with a small yard and a garage. They will settle for a townhome and some may consider a tiny home with a carport or garage. They want a small yard.
- Couples and young families who are looking for a more rural setting and a small yard will not typically consider an apartment-style (stacked-flat) condominium. Condominiums also come with high homeowner dues (around \$150/month and rising), which add to the cost to purchase these homes. Higher down payments are also required because none of the condominiums in Bozeman are FHA-approved.
- Local buyers desire a location within the Bozeman School District and near parks, but will compromise on location and purchase in nearby communities. Options in nearby communities have become more limited as prices in these communities have increased. Buyers used to be able to find single-family homes in Belgrade they could afford; now most look at townhomes. Some get discouraged and leave the area altogether.
- Many first-time homebuyers, seeking creative ways to get into the housing market, have a roommate with them to help off-set their housing costs. In order for lenders to count rental revenue from the roommate toward a mortgage payment, the home is required to have an additional kitchen or an accessory unit on the property. There are also examples of local buyers converting older split-level homes into duplexes.

Realtors indicated that in the last few years, there has been a lack of people selling their homes. The lack of inventory to either move-up or move-down in housing, combined with rising interest rates, which decrease purchasing power, discourages this buyer segment. This stagnates the housing market and limits the ability of local residents at different stages of life to find suitable housing options.

- Move-up buyers are generally families with children moving from condominiums and searching for a single-family home. The cost differential between these products is hard to bridge.
- Seniors looking to down-size find limited inventory of single story or ground level units to meet their needs under \$400,000. They often find it cheaper to stay where they are. Their options are to either stay in their home or leave the community.
- Homeowners in the City are feeling financial pressure from increased property taxes and special assessments to make infrastructure improvements.
- When locals do sell, the buyers for the most part are out of state transplants.

Realtors estimated that about 5% to 10% of buyers in recent years are either investment buyers or second home buyers. Based on other data presented in this report, these buyers likely constitute the upper end of this range.¹⁵

- The short term rental market has generated some activity, but as noted in Section 5 – Housing Problems, short term rentals that are licensed or advertised is a relatively small percentage of total housing units in the City.
- Realtors are seeing a few examples of parents buying homes for their kids while they are attending college, but this seems to be limited.
- Second home buyers don't tend to compete with local residents for housing. They prefer larger homes out of town on large lots (e.g., Gallatin Heights) or luxury condos near downtown.

Mortgage Availability

For single-family homes, townhomes and duplexes, conventional and government-backed mortgages are readily available at competitive rates. Given the high price of homes, USDA loans are often not available. Other factors may exist to limit opportunities. Based on interviews with local lenders and Realtors:

- Interest rates are rising. The average local rate most residents get is 4.875%. This is the highest rate millennials have seen.

¹⁵ Neither the state Department of Revenue nor local Realtors track this data in a database. This information must be extrapolated from interviews and other related data sources. Based on ACS occupancy data (Section 2 – Housing Inventory, Housing Units and Occupancy), 10% of homes in total are vacant, with 2% to 3% being vacant for second home/vacation use. MT Department of Revenue (DOR) property ownership data (Section 2 – Housing Inventory, Ownership of Units) shows that 80% of condominiums, single-family homes and townhouses are owned by residents of the City of Bozeman, 7% by other residents of Montana, and 13% by out of state owners. The out-of-area owners mostly comprise a combination of investment buyers (including individuals and businesses) and second homeowners. DOR data represents total housing unit ownership, not just recent sales, meaning any yearly fluctuations in the percentage of out of area purchasers due to changes in market demand is not reflected by DOR data.

- Participation in first time home buyer classes has slowed down in the last couple of years. Rising interest rates, high priced homes, student loans and a perception that 20% down is required has reduced home buying interest. Education is needed.
- Credit scores can be an issue. Many students do not have them (e.g., no prior debt) or they may be poor due to lack of knowledge (e.g., missed utility bill, high credit card debt, etc.). This can also be an issue with older buyers who have never owned a home. Education is needed.
- Down payment is always an issue with first time buyers. Rents are high; households cannot save. About 75% get assistance through family gifted funds.
- Conventional loan products are the most frequently used. Government programs (e.g., FHA, VA, etc.) are cumbersome. If using down payment assistance through the state board, FHA or VA is required.
- The largest limitation to residents buying: their loan qualification limit.
 - First time homebuyers typically qualify for \$225,000 or less. Finding homes at this price is hard. Some search for a year. If looking in the City, condominiums are about the only option.
 - Two-income resident households typically max out at \$375,000 when rates were at 3.5% interest. With rates 1.5% higher, this has dropped. Cash buyers are tough competition.

Condominiums pose other problems:

- No condominiums are FHA approved in the City, meaning FHA, VA loans are not available. Local lender conventional loans must be found.
- Average HOA dues are \$150 per month. This is factored into the loan qualification and lowers the amount households can qualify for by about \$22,000.
- If down payment assistance is being used through the state, FHA or VA is required, meaning condominiums are a problem. HRDC was successful locating a local lender for West Edge Condominiums that would also work with HRDC's and the City's down payment programs.

Section 5 – Rental Market Conditions

Rental Inventory

About 56% of households in the City rent their homes. This equates to just under 11,700 renter households in 2018.

**Renter-Occupied Housing:
City of Bozeman, 2018**

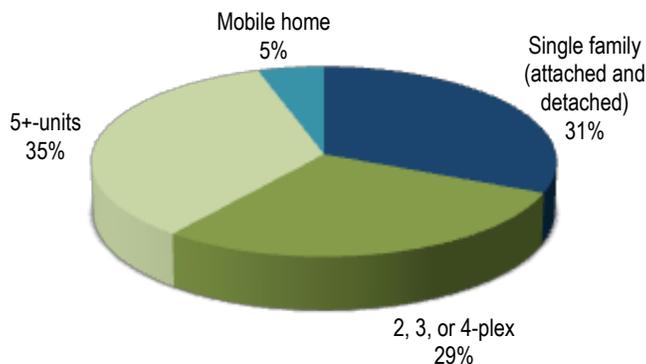
2018	
Total Households	20,866
Renter-occupied	11,666

Source: US Census, 2017 5-year ACS, consultant team

Rentals are roughly represented by one-third each in one of three categories of units:

- Single-family detached units and attached units (e.g., townhomes, row homes);
- Smaller attached duplex, triplex and four-plex units; and
- Larger 5+-unit complexes, which are comprised mostly of apartments and condominium projects.
- Mobile homes comprise only 5% of the rental inventory.

Rental Units by Type: 2017



Source: 2017 5-year ACS

Apartments provide the most secure source of rental housing for long-term resident tenants. Condominiums, single-family homes/townhomes and smaller attached units may be sold by their owners or pulled from the long-term rental market (e.g., short-term rented, owner moves in, etc.). For example, one property manager reported losing

up to 15 units this year due to owners selling homes (5% of managed stock) and the loss of one (1) unit to conversion to short-term rental.

Market Rentals

Market rents have been increasing significantly over the past few years. Property managers report an increase 35% to 40% since 2012. Rents have surpassed pre-recession prices and, for some units, have reached the point where households could pay less per month if they could purchase the home.

Interviews with property managers of 1,155 units in the City indicated the following:

- On average, units rent for between \$600 to \$800 per bedroom – units with fewer bedrooms at \$800/bedroom and units with more bedrooms closer to \$600. One-bedroom units may demand \$1,000 or more.
- During the fall of 2018, some property managers observed a slight slow-down in renter activity for the first time in several years, meaning some properties sat for three-weeks instead of filling in two-weeks, for example. Some are moderating rent increases this year (e.g., \$50/month instead of \$100/month (or more)).
- When rents increase too rapidly, good tenants are lost. Property managers encouraged owners to keep yearly increases below \$100 during recent years; some still increased rents \$200 or more.

Market Rents by Unit Size, January 2019

Professionally-Managed Market Rents		NOTES
1 Bedroom	\$475 - \$1,100 \$790 average	Big range, most are between \$700 to \$1,000
2 Bedroom	\$600 to \$2,100 \$1,350 average	Most priced above \$900; units above 1,500 are typically single-family homes
3 Bedroom	\$1,200 - \$2,500+ \$1,850 average	Single-family homes mostly comprise the upper end (over \$2,200)
4 Bedroom	\$2,400 to \$3,000+ \$2,700 average	Few units

Source: Property Manager interviews, consultant team

Variation in Rents

Rents vary significantly within each bedroom size. Rent differences depend mostly upon location, condition and property type. Units downtown can demand more; new construction or renovation can demand more; and renters will pay more for single-family homes. Families will pay more to be in the Bozeman school district.

Renters will also pay more for pets. Several property managers increase asking rents by \$100 per month if owners will allow dogs, in addition to collecting pet deposits. Because they are scarce, pet units often rent faster.

Community Rentals

Community rentals are rent-limited and income-restricted units that charge below market rents to ensure prices are affordable to target households. This includes low-income housing tax credit (LIHTC) and other subsidized properties. Rents for community rentals in the City of Bozeman are much lower on average than market-rate rents, although there is some overlap in rent rates for 2-bedroom and smaller units. Generally, for 2-bedroom and smaller units, community unit rents are about 30% lower than market rents; for larger units, community unit rents are 50% lower.

The overall average apartment rent of \$800 is priced affordable for a 2-person household earning about \$32,000 (50% AMI).

Community Rents by Unit Size, 2018	
Studio/1-Bedroom	\$545 - \$821 \$683 average
2-Bedroom	\$548 - \$1,168 \$858 average
3-Bedroom	\$618 - \$1,245 \$932 average
4-Bedroom (one property)	\$1,372
Overall Average*	\$800

Source: Property manager interviews, consultant team

*Weighted average based on the number of units by bedroom size. See Section 2 – Housing Inventory.

Vacancy Rates and Turnover

As a general rule, double-digit vacancy rates are considered to be very high, rates at or below 3% are very low, and a vacancy rate of around 6% that is trending downward is typically an indication to developers that construction of additional units should begin. These “rules of thumb,” however, vary by market area.

The average vacancy rate in Bozeman was about 1% in December and January. Property managers of market rate and community rental properties report vacancy rates have consistently been between 0% to 3% over at least the past six years. Many tenants are “afraid to move” in this environment: they cannot afford to buy a home nor can they find another rental.

Vacancy Rates: City of Bozeman (Dec. 15, 2018 to Jan. 4, 2019)

	Vacancy Rate
Community rentals	1.9% (10 units)
Market-rate rentals (interviews)	0.8% (9 of 1,155 units)
Market-rate rentals (advertised)	1.2% (140 units)

Source: Craigslist; Apartment Finder; local websites, newspaper; interviews; consultant team

Market Rate Rentals

- During the recession, market rate managers reported vacancy rates of about 30%. Reduced rent, free-month rent or other concessions were used to attract renters. This lasted for about 1.5 years before beginning to turn around in 2010/2011.
- Over the past several years, units have usually been re-leased before they are vacated by the prior tenant – property managers report they typically only have a “vacancy” when a lease is ended early or new units are coming on line. Vacant units are typically filled within two-weeks on average: within one-day during the summer, but perhaps up to one month over the winter.
- Interviewed properties turn over about 30% to 50% of their units each year. The most turnover occurs during the summer months. This is due to lease schedules, student schedules and new tenant activity – more people move in the summer than winter into and out of Bozeman. Some properties only have a couple of units turnover each month during the winter.

Community Rentals

- The recession had a shorter impact on community rentals. Many of the non-LIHTC community rental properties and senior properties (e.g., project based

section 8, section 202, etc.) remained full. Some non-senior LIHTC properties had 30%+ vacancies for about 6-months until the market resettled; some reduced rents and offered low or no deposits upon move-in.

- Many community rental properties have waitlists varying from 26 up to 100 people; units are usually filled immediately upon becoming available. Most non-senior LIHTC properties do not carry waitlists, but available units will be filled within two-weeks.
- Most senior and non-LIHTC community properties reported 5% turnover last year combined (19 units), which is typical. Many properties have only one to three units come available during the year.
- Non-senior LIHTC properties reported higher turnover rates – about 30% up to 50% of units per year. Similar to market-rate properties, summer months are the highest turnover season.

Available Rentals

Interviews and research of listings on Craigslist, Apartment Finder, local property manager and project websites, and the local paper turned up about 140 vacant long-term rentals in mid-December and early January. Of these, the average rent was about \$1,570 per month; affordable for a two-person household earning about 100% AMI.

Rents of Vacant Units by AMI:
City of Bozeman, Dec. 15, 2018 to Jan. 4, 2019

AMI level	Max AMI Rent	Studio/1-bedroom	2-bedroom	3+ bedroom	Total listings	% listings
<30% AMI	\$475	1	0	0	1	1%
30.1 to 60%	\$950	0	6	0	6	4%
60.1 - 80%	\$1,260	6	17	7	30	21%
80.1 - 100%	\$1,580	0	19	18	37	26%
100.1 - 120%	\$1,900	2	5	36	43	31%
120.1 - 150%	\$2,375	0	4	12	16	11%
Over 150% AMI	Over \$2,375	0	1	6	7	5%
TOTAL units	-	9	52	79	140	100%
Average Rent	-	\$1,130	\$1,360	\$1,750	\$1,570	-

Sources: Interviews, project and property manager websites, Apartment Finder, Craigslist, newspaper, consultant team

Renter Profile and Preferences

Interviews with property managers provide some insight on the profile and preferences of renters in Bozeman:

Renter Profile

- Property managers have seen more demand from construction and technological employees in recent years.
- Student demand has remained consistent over the past several years.
- Most market rate properties report that students occupy 30 to 40% of their units. One manager noted a drop off last year in students in his property, mostly equated to new rentals coming on line.
- Studio and 1-bedroom units are typically young professionals and graduate students. Most are single, but a few are couples.
- Two-bedrooms are typically occupied by student roommate households or young professionals. Couples using the second bedroom as an office/work from home is also common.
- Market rate rental managers reported few families renting units – anywhere from 5% up to 20% of units. Some are in two-bedrooms, but more are in 3-bedroom units or larger. Typically families in their 20's are renting and in their 30's are renting just until they find a home to buy. The high price of for-sale homes in Bozeman has been extending their rental term.

Renter Problems

- The largest qualification issues property managers see are applicants with no credit history. This affects students, as well as older applicants. Most property managers permit the household to have a co-signer if they have no or poor credit.
- While overcrowding happens, it is not a problem. It is more common during the school year when rentals are most scarce, but is typically detected quickly.

Unit Preferences

More rentals in general are needed in Bozeman. Property managers indicated rental preferences and unit types that are in particular short supply:

- 1-bedroom units. All property managers reported that they do not have enough 1-bedroom rentals and that more are needed. Studio apartments are also in demand.
- Pet-friendly. All property managers reported that pet-friendly units are needed. These properties typically lease-up the fastest and can demand higher rent.
- In-unit washer/dryer and extra storage are strong preferred amenities.
- Two- and 3-bedroom units comprise the largest component of rental inventory in Bozeman. Managers of 2- and 3-bedroom townhomes and townhome-style condominiums noted that this style unit moves fast; they will be full when comparable apartment-style units are available.

Community Rentals

- Occupants of units are a mix of all household types, seniors, Bozeman employees, fixed income and retired occupants.
- Full time students are not eligible to occupy LIHTC properties. At least one household member must be employed. Students occupied a small proportion of other community rental properties (less than 5%).
- Income qualification can be a problem for two-earner households seeking two- and three-bedroom units that are rent-restricted. Many two-earner households earn too much for rent-restricted units, but too little to afford a market rate rental.
- Managers report that 1-bedroom units are almost always full. These are the easiest to lease. Larger 3-bedroom unit occupancy varies by property, with family-oriented properties finding them easy to lease and more urban or dense properties taking longer to lease.
- Senior-restricted rentals are always full; more are needed.
- Many occupants have service pets or companion animals in properties that do not allow pets. Several of the LIHTC properties allow pets.

Section 6 – Housing Problems

Cost-burdened

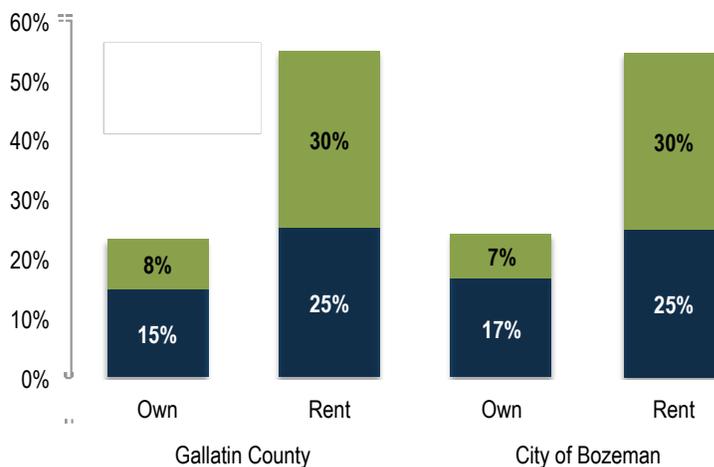
Cost-burden indicates the extent to which housing costs exceed what Bozeman households can afford. Households are considered to be cost burdened if their housing payment¹⁶ exceeds 30% of their gross income, and extremely cost burdened if it exceeds 50%. Cost burdened households often have insufficient income left over for other life necessities including food, clothing, transportation and health care.

ACS data shows that rentals are not priced at levels that are affordable for the majority of residents. In 2017, a very high 55% of renters were cost-burdened; about 30% were extremely cost burdened. This compares to about 24% of owners that were cost-burdened. These ratios are similar to the County overall.

Rents increasing at a rate of 7% or more per year since 2012 compared to a yearly 2.6% increase in area wages has likely increased cost burden among renters. Data from the 2012 5-year ACS shows a lower (but still substantial) 47% of renters were cost-burdened.

Property managers have observed that when rents jump more than \$50 to \$100 per year, existing tenants (singles, couples, families) tend to be replaced with roommate households to afford rising rents.

Households Paying 30% or More of Income for Housing Costs: 2017



Source: 2017 5-year ACS

¹⁶ The US Census defines “housing payment” to include rent and mortgage plus utilities.

Overcrowding

Overcrowding does not have a strict definition. Most property managers allow no more than 2-persons per *bedroom* in their units. The Census Bureau defines overcrowded housing units as those with more than 1-person per *room*.

Based on the ACS, renter households were more likely to be overcrowded (0.9%) than owner households (0.1%) in 2017. The ACS indicates overcrowding is slightly more prevalent in the County overall than in the City.

Interviews with property managers verify this low rate of overcrowding. Most stated that it happens, more typically during the school year, but it is not considered a problem. With well-managed properties, extra occupants are typically identified quickly.

Households with 1-or-more Persons Per Room: 2017

	Gallatin County	City of Bozeman
Own	0.9%	0.1%
Rent	2.5%	0.9%
Total	1.5%	0.5%

Source: 2017 5-year ACS

Loss of Housing

Local data on the loss of lower-priced housing for residents in the City is limited.

- Prices of homes lost through redevelopment are not tracked.
- Conversion of apartments to for-sale condominiums is also not tracked given that this permitting process occurs at the state level.
- Short-term rentals, although permitted by the City, are not tracked to understand their prior use – i.e. if they were long-term rented or owner-occupied prior to being short-term rented.
- Finally, there are several large mobile home parks that are adjacent to, but not annexed by the City, some of which have been lost in the past. The City does not govern these developments.

The below reports available information from the City, other housing organizations, property managers and media coverage.

Mobile home parks

There are about 123 acres in the City of Bozeman where mobile home parks are allowed; about 34 acres are in use for manufactured homes and some exist in a mix of several other zones. When lost, few options exist to relocate homes, many homes are not structurally able or sound enough to be moved, and like alternatives are not available in today's housing market.

In the County, an estimated 200 families have been displaced from mobile home parks parks since 2006, including Bridger View Trailer Court.¹⁷

In the City, since 2012:

- One 12+-unit mobile home park was lost last year (Willson trailer park) in the City. Lot rents were \$280 per month.
- The Aspen Crossing redevelopment proposal (2019), if approved, will replace Sunset Mobile Home Park (about 20+ units). The development is in an urban renewal district, meaning the developer would front relocation costs; financing for which may be made available through tax increment financing funds.

Affordable Rental Properties – Expiration

LIHTC properties have limited required affordable life. When the term of affordability expires, they may convert to market-rate rentals. At least one expired LIHTC project in the City, West Babcock apartments (24 units, built 1996), was purchased by a non-profit to retain affordability.

Since 2012, only Aspen Meadows, a 44-unit townhome LIHTC development, expired. As of early 2019, units are converting to market-rate rents. Existing tenants may retain their restricted rents for up to two years. As units vacate, rents will be increased.

Of the 13 remaining LIHTC properties in the City, only Pond Row apartments (22 units) are set to expire in the next five years; although many more properties are or will be eligible to apply for a “qualified contract” during this period to end the affordability term early (see Section 3 – Housing Inventory for more information).

Short Term Rentals

With the explosive growth in short-term vacation home rentals available through websites such as VRBO, AirBnB and other online hosting sites, understanding the effects of short-term rentals on available housing for residents have come to the forefront in

¹⁷ See “A place to land: the slow struggle for Bozeman’s mobile homes,” K. Houghton, Bozeman Daily Chronicle, Apr. 29, 2018.

many communities. Some are impacted to a greater extent than others. Among the highest impacts seen in the mountain west are in high-cost resort communities.

Data on the conversion of units – either long term rentals or previously owner-occupied homes to short term rentals – is not tracked. Information on the number of short term rentals in the City, however, and from property manager interviews provides some insight.

Advertised rentals

In early January 2019, only 430 short term rentals were advertised on Airbnb in Bozeman; 374 on VRBO. Some of these units include hotels and commercial leasing properties that also use these sites. Each site represents about 2% of total housing units in the City; or about 4% of housing units combined, keeping in mind that some properties may be advertised on both sites.

Listings on Airbnb have increased substantially since 2013. A cumulative 1,084 properties were listed in 2018 – this includes properties that may only have been on the site for one month, for example; meaning not all properties were available year-round.

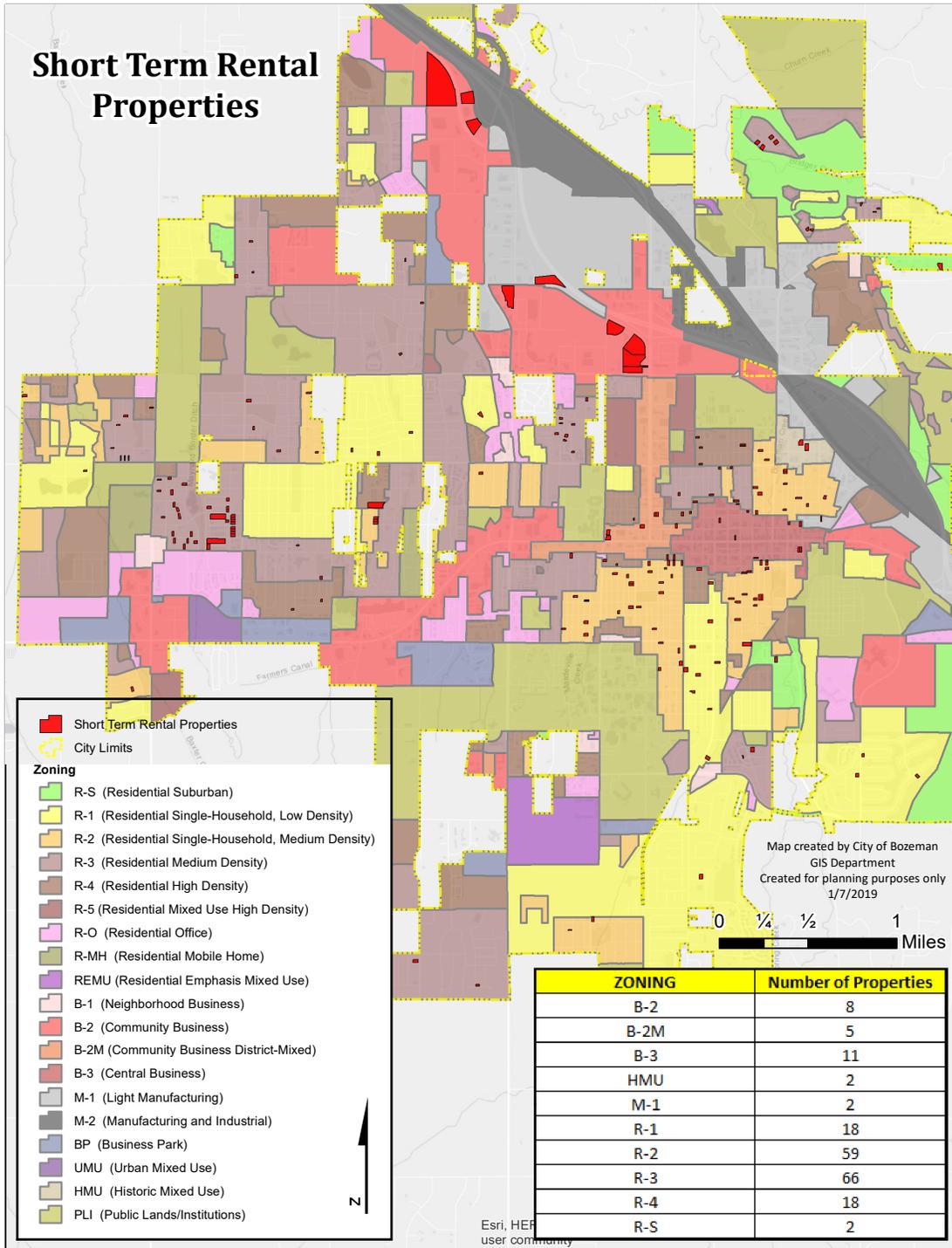
Cumulative Airbnb Properties Advertised Each Year

2013	2014	2015	2016	2017	2018
52	151	357	602	842	1,084

Source: Airdna.co

Based on usage data from Airdna, prime short-term rental activity is in the summer. Average property occupancies peak in July (85%) and are at their lowest in November (38%).

As shown in the below map, advertised properties are scattered throughout the City,



Short-term Rental Requirements

The City has been requiring short-term rentals to receive a city permit since at least 2016. The state also requires a permit. The state of Montana collects a 7% tax on short-term rental stays. The City does not receive funds from these collections.

The City adopted revised short-term rental regulations in December 2017. During the public comment process prior to adoption, the City reported receiving more comments on this issue than any in the past.

The new regulations reduce the intensity and types of short-term rentals that are allowed in residential district. Non-complying short-term rentals in operation prior to January 1, 2017, may apply for a conditional use permit to grandfather in the operation of their units.

The revised regulations allow three types of short-term rentals:

- Type 1 is renting one or more rooms in an owner-occupied home;
- Type 2 is renting an owner-occupied dwelling without the owner present during the full rental; an accessory dwelling unit to the owner's primary dwelling units; or a unit within an owner-occupied duplex.
- Type 3 is renting a unit that is not owner-occupied. Type 3 is only permitted for the most part in non-residential districts.

Currently 47 properties are permitted. This includes 36 Type 3 properties, eight (8) of which are owned by out-of-state owners and one by a non-Bozeman Montana resident. In other words, most are owned by City of Bozeman residents.

- The City is working on increasing enforcement. The City finds listed properties that do not have permits and is sending out letters this year to inform owners of the requirement.
- The City also has the authority to revoke permits due to violations. This has not yet been needed.

General housing impacts

As noted above, the number of short term rentals that are licensed or advertised is a relatively small percentage of total housing units in the City. In addition:

- About one-half of the housing stock in the City is under some form of an HOA; many HOAs do not permit short-term rentals.
- The number of Type 3 rentals in residential areas is very small (less than 30).

- Property managers that were interviewed that had some short-term rentals in their pool noted a couple reverted back to long term rental when the new city regulations were adopted.
- Prior to the new regulations, property managers saw some conversion of units to short-term, but not significant. Of much larger impact has been owners selling occupied rentals now that home prices are high. One manager lost up to 15 long-term rental units to owner sales last year; that same manager only saw one short-term rental conversion.

Homelessness

Determining needs for shelter and services for homeless people requires a specialized study and is beyond the scope of this project. Data availability and information collected through interviews, however, shows that homelessness and the need for transitional housing is a consistent need.

As part of the Montana Continuum of Care Coalition, homeless point-in-time counts are conducted annually during the last week in January by the Greater Gallatin Homeless Action Committee. Wide variation is seen year-to-year given the one-day status of counts. The general trend, however, has been a decline in homeless counts throughout the state. The Bozeman district also shows a declining trend between 2013 and 2017. Counts bumped up in 2018, however, from the prior year to 133 people. Counts for 2019 are being collected.

	2012	2013	2014	2015	2016	2017	2018
Homeless individuals	236	286	241	121	119	115	133

Source: Point-in-time homeless surveys, MT Continuum of Care Coalition

Family Promise and HRDC both provide shelter for homeless (see Section 2 – Housing Inventory).

- Family Promise wants to add more transitional housing units to their inventory to assist more families. As the end of 2018, a project/plan to identify more transitional housing has not been identified.
- HRDC operates a warming center in the fall/winter and day center in the spring/summer, but sees increased need for assistance for families that are currently homeless.

Section 7 – Community Housing Resources and Programs

This section provides a brief inventory of local community housing resources and existing programs available in Bozeman.

Community Housing Organizations and Programs

There are 6 organizations summarized below that are helping to address housing needs for special needs, low income and other households in the City. As illustrated below, these organizations have a collaborative relationship, joining resources where helpful to improve service. There is a table at the conclusion of this section summarizing available programs and service levels.

HAVEN is the nonprofit serving survivors of domestic violence. It was founded in 1979 and provides confidential shelter, crisis intervention, support, referrals and education for domestic violence victims. Haven operates a 10-bed shelter in a building that was donated to the organization in 1981 by the City of Bozeman. Last year, they served 1,116 unduplicated participants, a 14% increase from the previous year.

Haven is currently in the planning stages for a new facility to replace their current facility that was built in 1921. The current building has major structural problems, having been constructed on a rubble stone foundation, and it also has substandard electrical wiring and lacks handicapped accessibility features. The current facility is limited to serving small household units of women and their children.

HABITAT FOR HUMANITY of Gallatin Valley is a Community Housing Development Organization (CHDO) that provides a sweat-equity homeownership program for households earning 50% AMI or below. It is one of the few organizations that is able to provide homeownership opportunities for very low income households.

- Habitat has constructed about 20 homes in the City of Bozeman since 1991 and 75 total in the greater Bozeman area (Park County, Gallatin County and the eastern part of Madison County). Of these, about 8 homes in Bozeman remain in the Habitat program; 50 homes in the greater Bozeman area. All other homes have either been purchased by the owner (mortgage paid off) or sold on the open market. The Habitat board decided in 2017 to utilize the land trust model or ground lease on all future homes to keep them in the Habitat program.
- Habitat builds about 2 homes per year (down from 3 to 4 in 2011/2012). Habitat anticipates steady annual output of 3 to 4 units per year going forward in the nearby community of Belgrade. Habitat does not anticipate much near-term housing development within the City of Bozeman, mainly due to the high price of land and lots in the City.

- Habitat does not keep a waitlist, but about 6 interested homeowners contact them each month.
- As a CHDO, Habitat has access to HOME funds. Habitat recently received \$750,000 (the largest amount ever received) to build 4 homes in Belgrade in 2019. Habitat has the capacity to leverage volunteer labor and construct a 1,200 square foot, 4-bedroom home for \$180,000.

Habitat also offers homeowner rehabilitation assistance, performing 8 to 10 repairs each year. About 20% of the critical repairs are in City of Bozeman, 70% immediately outside the City limits or within Gallatin County and the other 10% in Park County.

Habitat for Humanity also provides limited homebuyer counseling, such as income qualification services, and financial literacy classes, utilizing HRDC's homebuyer education program for its clients.

REACH has been supporting adults (18 years or older) with developmental disabilities since 1974 by providing residential, vocational and transportation services. REACH provides four levels of residential supports, including supportive living, transitional housing, standard adult housing, and Intensive housing.

- REACH housing services, including transitional living, adult housing, intensive services and group homes is summarized in Section 2 – Housing Inventory. All housing provides services to occupants, from basic day and evening on-site staffing through intensive 24-hour care and services.
- REACH also provides supportive living, in-home care for about 35 clients. This is the most independent living where folks rent or own their own housing and REACH provides services. Most live in town because their clients have limited options for transportation.
- In 2016, REACH opened the Greenway Apartment Complex which contains 10 total units. Capacity was increased by 2 residential flats because an older facility with 8 units was torn down to build the new facility.

The Greenway Apartment Complex was a \$1.4 million project and included a partnership with Gallatin County to gain access to a \$750,000 HOME grant. The balance was raised through private philanthropy. The complex is deed restricted for 30 years to serve extremely low-income adults with developmental disabilities.

There are no plans for additional units. The state reimbursement rate does not cover REACH's operating costs; fundraising is required to cover the gap.

In 2015 there were 91 people waiting for services in Bozeman, and it is estimated that figure is now about at 100 people. The State of Montana has a waiting list of more than 2,000; some of which may be getting services, but need a higher level of service. Service centers around the state declined because of state funding cuts, increasing the waiting list.

WESTERN MONTANA MENTAL HEALTH CENTER (WMMHC) offers comprehensive mental health services and they offer housing assistance as necessary to fill this goal. Section 2 – Housing Inventory summarizes the transitional units, studio apartments, and Hope House short-term and day beds run by WMMHC. Much of the housing they do provide was completed with assistance from other organizations and the City, as follows:

- The 10 transitional units operated by WMMHC are on land donated by Deaconess Hospital.
- Since 2012 WMMHC completed a facility with six studio apartments. Critical to making the project financially feasible was the provision of infrastructure as part of the larger development and low-interest gap financing from the City.
- WMMHC does not currently have the resources or organizational capacity to complete another stand-alone project in Bozeman, although they see an acute need for beds offering adolescent support with some family involvement. A collaborative partnership may be possible.

FAMILY PROMISE of Gallatin Valley provides housing, services, and resources for homeless families throughout the Gallatin Valley. Family Promise is a founding member of The Greater Gallatin Homeless Action Coalition, which is a community network of concerned citizens and services providers working together to actively prevent and end homelessness in the Gallatin Valley.

- Family Promise provides intensive case management and shelter for families with children. Their rotational shelter is made possible through the coordination of 21 religious congregations which provide overnight shelter in local churches. Family Promise also operates a day center with case management, employment, housing, and other resources for the families in their sheltering program. As summarized in Section 2 – Housing Inventory, the rotational shelter program has the capacity to house a maximum of four families, up to 12 individuals, for a period of up to 90 days in the City. They also operate 7 transitional housing units, 4 in Bozeman and 3 in Belgrade, which provide transitional housing for families for up to two years. They also work with HRDC Housing First to assist with security deposits to help transition families into homes.

- Family Promise has trained over 2,500 volunteers in the last 13 years to assist families in their transition to more stable living situations. Last year they had 750 active volunteers.
- Family Promise sees the need for more affordable rental development near public transportation and employment centers.
- They also have need for more transitional housing, which is part of their long-term vision.

HUMAN RESOURCE DEVELOPMENT COUNCIL (HRDC) is a major provider of affordable housing and related services in Bozeman. Founded in 1975, the Human Resource Development Council is a non-profit community action agency serving Gallatin, Park and Meagher Counties. The HRDC provides over 30 different programs and services in Housing, Food & Nutrition, Child & Youth Development, Senior Empowerment, Community Transportation, Home Heating–Energy–Safety, and Community Development to help individuals and families struggling to meet their basic living needs (shelter, food, etc.). In addition to providing a wide range of supportive services, HRDC also refers customers to a network of community partners.

Services offered in housing include:

Affordable housing development, acquisition and sale. The development and rental activity of HRDC is summarized in Section 2 – Housing Inventory. In general:

- For rentals, HRDC through Resource Property Management manages over 300 community housing units; 24 of which are in Bozeman. HRDC also helps with tenant qualification and placement within other affordable properties in the area.
- For homeownership, HRDC is contracted with the City to qualify buyers and help manage sales of units through the Affordable Housing Ordinance. HRDC has a long history acquiring and developing or rehabbing properties for resale in the region. This recently includes the West Edge Condominiums in Bozeman.

Homeownership assistance, which includes:

- Down payment assistance and homebuyer counseling. These programs operate together. Counseling provides goal setting, readiness assessment, defined actions steps, resource navigation and budget coaching. Down Payment Assistance provides gap financing, in the form a zero-interest deferred second mortgage, to help cover down payment and closing costs. Households must earn below 80% AMI and bring 1% of the housing cost to the table to qualify. Properties also need to fall below prices set by the MT Department of Commerce – which was recently about \$225,000. These properties are scarce in Bozeman.

- Homebuyer education is offered to anyone wanting to participate. It provides information on the home purchase process and helps individuals assess homeownership readiness, understand the importance of good credit, manage finances, find and maintain a home after purchase. A total of 405 individuals completed the course last year.
- Foreclosure prevention, which offers foreclosure intervention counseling to help homeowners understand and navigate this process to try to keep their home.

Housing First initiative for homelessness assistance and prevention. This was launched in 2009. It provides case management services in the form of financial coaching, resource management, housing support and navigation through other services available in the community. It takes a “housing first” approach to individuals and families experiencing or at risk of homelessness.

- Units and beds provided for homeless individuals and families are summarized in Section 2 – Housing Inventory and consists of a seasonal warming center (fall/winter), day center (spring/summer) and transitional housing. Numbers of individuals seeking assistance in their warming center have been rising.
- The Housing First Program also operates the Revolving Loan Program, for cases in which a household’s housing is in jeopardy but falls outside of Federal regulations and the household is financially able to repay the zero interest loan.
- The Program also partners with Section 8 to assist with Housing Navigation Services to 211 households (327 clients) in 2018, most of which do not need rental assistance, but just need help finding a home.

Rental assistance. HRDC sees a wide variety of people seeking assistance and many do not need rent assistance. In recent years, they have seen a rise in people wanting property search assistance having lost their home to owners selling or newcomers that cannot find units with the below 2% vacancy rate.

- Section 8 program management and assistance with lease ups, inspections, paperwork and housing navigation. The Section 8 Voucher Program is for households earning less than 50% AMI. The voucher requires recipients to pay no more than 30% of their income for rent and subsidizes property owners for the balance of the rent up to HUD established Fair Market Rents (FMR).

The primary challenge with this program is finding rentals in Bozeman that fall within the HUD FMR standards – most properties are priced too high: 1-bedrooms below \$700 to \$800 per month and 2-bedrooms below \$1,000 are rare. The program has consistently had a more than 12-month wait list, which recently dropped just below 12-months.

- Home to Stay emergency rental assistance for households experiencing homelessness or at risk for such. Eligible households must be currently homeless

or have received an eviction notice resulting from a sudden or unexpected drop in income. This is temporary, limited assistance that can help households in emergency situations retain their home.

- Housing navigation services see about 10 to 15 people per week. This program helps people find homes whether needing Section 8 placement, below market rentals or even market rentals. In this tight rental market, the typical search avenues: Craigslist, Facebook, newspaper, property managers, etc., does not work. It is largely a word of mouth market and this program works with property managers to learn of units coming on line to help with placement.

Summary of Housing Programs Available in Bozeman

HOMEOWNERSHIP PROGRAMS	Sponsor	Outcomes through 2011	2012-2016 production	2018 service
Acquisition and sale of homes	HRDC	15	2	NP
Homeowner rehab assistance*	Habitat	37	25	About 2/year in city
Down-payment assistance*	HRDC	104	84	16 loans (14 in Gallatin County)
Weatherization of homes and rentals*	HRDC	431	581	NP
Weatherization/repairs for homeowners (with volunteers)	Rotary	Not avail.	54	NP
Emergency repairs	HRDC	Not avail.	22	NP
Homebuyer education*	HRDC	-	-	405 individuals
Pre-purchase counseling*	HRDC	1779	1,440	198 households (71% increase from 2011)
Foreclosure counseling*	HRDC	200	48	NP
OTHER PROGRAMS				
Section 8 rent subsidies*	HRDC	273	450	414 households
Transitional rent subsidies	HRDC/HAVEN/ Family Promise	0	6	NP
Assisted in-home care	REACH	-	-	35 clients

Note: Unless indicated otherwise, service area for programs is Bozeman; programs with * serve tri-county area (Gallatin, Park, Meagher). The Rotary repair program serves Bozeman and Belgrade.

NP = information not provided

City Programs

Affordable Housing Fund

The City maintains an affordable housing fund financing through property taxes. The average collection between 2012 and 2018 was about \$150,000 per year, and it has risen significantly since that time with the 2018 collection just over \$300,000. Any payments in lieu received for Affordable Housing Ordinance (AHO) compliance will also go into this fund (see below).

The City uses these funds for a down payment assistance program, low interest loans and other assistance to facilitate affordable housing development (e.g. impact fee reimbursements, etc.), some of which is summarized above (e.g. Haven, WMMHC, etc.).

The current balance is \$936,000, about \$436,000 of which is committed for several uses, including:

- Affordable Housing Manager salary
- HRDC for contracted services (e.g., qualifying occupants)
- Housing Needs study and plan
- Road to home (\$40,000)
- Down payment assistance (\$200,000)

Down Payment assistance

The City allows households to qualify for up to \$10,000 in down payment assistance, financed through the Affordable Housing Fund. This is often paired with additional assistance through HRDC's program. Homebuyers must bring at least \$1,000 to the table to qualify. This money is attached as a lien on the property, so the money is recaptured when the home is sold or refinanced.

In 2018, \$80,000 was paid to help eight households get into the homes developed as a result of the Affordable Housing Ordinance.

Affordable Housing Ordinance (AHO)

The City of Bozeman first adopted a Workforce Housing Ordinance on July 16, of 2007. Ordinance 1710 was a form of inclusionary zoning that required 0.4 workforce housing units per the net area of development in acres. The ordinance was in effect until July 18th of 2011 when it was suspended for one year due to the downturn of the Bozeman housing market. That suspension remained in place until December 2015 with the adoption of the current Affordable Housing Ordinance No.1922 (AHO). The AHO was adopted as a voluntary inclusionary zoning requirement with contingencies to revert to

mandatory requirements if certain affordable housing production benchmarks were not met by June 12, 2017. The benchmark of 27 affordable homes was not met by the deadline and the AHO switched to mandatory in July of 2017.

The AHO applies to:

- Subdivisions which propose 10 or more for-sale market rate homes (single-family homes or townhomes)
- Annexations where the net developable area could result in 10 or more dwellings
- Developments seeking to use incentives to develop affordable housing

Condominiums and rental units are exempt from the AHO.

The number of affordable homes a developer is required to build is a percentage of the total dwellings in the development plan. The developer may choose to build and sell:

- 10% lower-priced homes (targeting households earning 65% - 80% AMI)
- 30% moderate-priced homes (targeting households earning 81% - 100% AM)
- Mix of lower and moderate priced homes – 3 moderate priced homes may be substituted for each lower-priced home eliminated from the 10% starting point.

Any fraction is met by a fee in-lieu. There are alternative means of meeting the requirement including cash or in-kind payment in-lieu, or donation of land.

Lower-priced homes have buyer qualification criteria verified and certified by the City, a primary residence requirement, and a recapture restriction to ensure any cash or non-cash subsidies are paid back in the event of default or at time of sale, transfer or refinance. Developers of moderate-priced homes must provide evidence that the initial owner will use the home as their primary residence at time of sale.

The use of any recaptured funds is limited to:

- Down payment assistance (at or below 80% AMI)
- Affordable rental opportunities (at or below 60% AMI)
- Affordable homeownership opportunities (at or below 80% AMI)

Incentives to Develop Lower and Moderate Priced Homes

The City offers a series of procedural adjustments and subsidies to encourage the development of lower and moderate priced homes.

For lower priced homes (targeting households earning 65% - 80% AMI):

- Developers and builders can seek impact fee deferment if funds are available in the Affordable Housing Fund. Impact fees are secured with a lien and the homebuyer pays back the fees at time of sale, transfer, or refinance.
- Developers can request concurrent infrastructure and housing construction.

For lower and moderated priced homes (targeting households earning 81% - 100% AMI), a developer can request:

- A reduction in the minimum lot size.
- A parking requirements reduction (2 spaces per 3-bedroom dwelling).

Section 8 – Current and Projected Housing Needs

This section addresses the question:

How many additional housing units are needed to address housing deficiencies for residents and support the labor force needed to sustain businesses and the economy.

Needs are projected through 2025 and quantified in two categories:

- **Catch-Up Needs** – the number of housing units needed to address current deficiencies in housing based on employees needed to fill unfilled jobs and the number of ownership and rental units needed to provide a functional housing market.
- **Keep-Up Needs** – the number of units needed to keep-up with future demand for housing based on projected job and related resident growth and jobs that will be vacated by retiring employees. Housing shortages worsen when local job growth and the need for more workers exceeds the growth in available housing units.

This section estimates housing units needed to support employers, keep up with future job growth and improve housing options for area residents and is, therefore, a subset of the total demand for housing in the Bozeman area. In other words, these figures should not be mistaken as representing the entire housing market for projects – retirees moving in from elsewhere, second homeowner purchases, and other market segments are outside the scope of this analysis.

Catch-up Needs (Current Conditions)

Unfilled jobs

Employer survey respondents reported that they had 1,451 vacant jobs in total – or about 9% of jobs. About 728 housing units are required to house employees needed to fill the 1,451 vacancies.

Because this represents survey responses only, which comprised about 30% of total jobs in the City, this figure should be considered conservative.

Units needed to help fill vacant jobs

	Survey only
Vacant jobs	1,451
Jobs per worker	1.2
Employees per household	1.6
Housing units needed	728

Functional Rental Market (5% Vacancy)

The current rental market in the City is not functional because vacancies average about 1%. When vacancy rates are this low, the rental market is near capacity and cannot absorb new residents or employees moving to the area. This results in several issues:

- Renters have difficulty moving from one unit to another as their circumstances change;
- New employees struggle to find housing when hired to support an expanding economy;
- Rents increase at rates much faster than incomes; and
- Landlords have little incentive to make repairs and capital investments.

A 5% vacancy level, while still low, provides some choice and availability of units for residents and employees. To increase the vacancy rate to 5%, approximately 481 additional rental units are needed.

Rentals Needed for a Functional Market	
Renter-occupied units (2018)	11,666
Vacant Units (Section 5)	140
Total rentals	11,806
Number of rentals if 5% vacancy rate	12,427
Difference	621
New units needed (Difference minus existing Vacant Units)	481

Balanced Ownership Supply (5-months supply)

As of January 2019, there were 198 residences listed for sale on the MLS – about a 2.3-month supply. For homes priced under \$400,000, the supply drops to 1.8-months. A general rule of thumb is that when the number of homes available for sale is below a 6-month supply, it is a seller’s market – meaning that there are more buyers than homes

available to purchase, resulting in rising prices. The actual balanced range typically varies between 5- to 7-months supply depending upon the community.

By providing more housing ownership opportunities at prices that residents can purchase, this promotes movement in the market by allowing renters to move into ownership, growing families to move up in housing, and empty-nesters to free up their larger homes in favor of down-sizing. This movement accommodates the housing needs of residents at various stages of life.

About 252 more homes are needed to generate a 5-month supply of for-sale housing on the MLS.

For sale Homes Needed for a Balanced Supply	
MLS sales (2018)	1,083
Average sales per month (divide by 12)	90
5-month supply	450
MLS listings (Jan. 2019)	198
Difference:	252
Additional MLS listings needed for 5-month supply	

Keep-Up (Future Needs)

Job growth

To keep up with estimated job growth and non-employee resident needs over the next five years, between 2,915 to 3,850 housing units will be needed to house new employees. This would be equivalent to between 415 and 550 housing units per year. This estimate should be updated with actual job changes over time as data become available.

The range depends upon whether the City keeps up with growth in city jobs only or focuses more regionally on the Bozeman area, which includes businesses located in the neighboring unincorporated county. It is also based on maintaining the current in-commuting rate (43% of jobs are filled by in-commuters in the City). Producing more or less housing than estimated below would be equivalent to either decreasing or increasing the in-commuting rate, respectively.

The calculation includes units needed for non-employee household growth by retaining the same ratio of total occupied housing units to jobs (2.54) as present, rather than focusing solely on employee-headed households.

	City of Bozeman (61% of county jobs)	Bozeman area (77% of county jobs)
Jobs 2018	53,020	66,525
Households 2018	20,865	27,550
Jobs:Household ratio	2.54	2.41
Jobs 2025	60,430	75,825
Households needed (divide jobs by ratio)	23,780	31,400
Housing units needed (2025 minus 2018 households)	2,915	3,850

Retiring employees

Employers will need to fill the jobs vacated by retirees in addition to any newly created jobs. Some retirees will likely leave the area upon retirement; however, when they sell their homes, not all will be affordable for new workers filling their jobs.

Employers reported on the City of Bozeman survey that about 12% of employees (2,057 total) will be retiring over the next five years. About 1,030 housing units will be needed to house the employees filling jobs vacated by retirees.

Because this represents survey responses only, which comprised about 30% of total jobs in the City, this figure should be considered conservative.

Retiring employees	
% to retire by 2020	12.5%
# to retire	2,057
Jobs per worker	1.2
Employees per household	1.6
Housing units	1,030

Summary of Needs

Based on estimated catch-up and keep-up needs, between 5,405 to 6,340 housing units for residents and employees are needed by 2025, or an average of about 770 to 905 units per year.

About 60% of the housing needed should be priced below-market: 3,210 to 3,765 units (460 to 540 per year). As discussed below, this means ownership housing mostly priced below \$350,000 (150% AMI) and rentals priced below \$1,000 per month (60% AMI).

The extent to which identified housing needs may be addressed by the market will be influenced by changes in housing prices over time, the availability of land, developers’ construction of community housing, and the presence or absence of programs to facilitate more development. These factors will be an extension of housing policy, resources and desired direction with respect to community housing. Setting this policy direction will be a goal of Part 2 of this study through the development of a Bozeman Community Housing Action Plan.

Summary of Housing Needs

	Low*	High
Catch-Up	1,460	1,460
Unfilled Jobs (9% of jobs)	728	728
Functional rental market (5% vacancy rate)	481	481
Balanced for-sale market (5-month inventory)	252	252
Keep-Up	3,945	4,880
New jobs (1.9% avg growth/year)	2,915	3,850
Retiring employees (12% of jobs)	1,030	1,030
TOTAL through 2023	5,405	6,340
Below market (at least 60%)**	3,210	3,765
Market-rate (no more than 40%)	2,195	2,575

*"Low" refers to keeping up with new job growth in the City of Bozeman only; "high" refers to keeping up with new job growth in the Bozeman area (includes the neighboring unincorporated area). All other need calculations are the same for low and high columns.

**Below market homes include ownership mostly priced between \$160,000 up to \$350,000 and rentals mostly priced under \$1,000 per month. This is shown in the following section.

Needs by Own/Rent and Income

There is need for both ownership and rental housing in the City of Bozeman that is available to the local workforce. About 41% of new units should be for ownership and 59% for rent. This mix is based on the following:

- New workers moving to the area to fill unfilled jobs will mostly rent (70%);
- Rentals are needed for the functional rental market;
- Ownership is needed for the balanced ownership market; and
- Keep-up needs should roughly meet existing owner and renter ratios (56% rent).

The precise ratio, however, is somewhat dependent upon desired direction and housing policy. Rentals can help new workers and residents get established, while ownership helps to retain workers and enable residents to build equity, achieve more stable housing and strengthen community investment.

Summary of Housing Needs by Own/Rent Through 2025	Low	High
Units needed through 2025	5,405	6,340
Ownership	2,210	2,620
Rental	3,195	3,720

Ownership housing should be created based on the income distribution of households in Bozeman, as shown below.

- Prices for locals should range as low as about \$160,000 up to about \$350,000 (or up to \$400,000 if a single-family home). This would provide ownership opportunities for households earning between \$40,000 through \$95,000 per year (between about 80% and 150% AMI). The current for-sale market is not providing a sufficient supply of homes in this price range.
- Homes affordable for households earning under \$40,000 per year are also undersupplied; however, producing homes at this price will not occur without substantial subsidies or programs such as Habitat for Humanity. These households also often have trouble qualifying for loans and meeting down payment purchase requirements. Rentals are more typical options at this AMI.
- Homes priced over \$350,000 are oversupplied when compared to the proportion of local workforce households that can afford to purchase these homes. About the only product needed up to \$400,000 would be single-family homes.

Homeowner Income Distribution Compared to Homes Availability

Income Level	MAXIMUM Affordable Price	Owner Income Distribution	For Sale Listings (Jan. 2019)
Under 60%	\$140,000	16%	0%
60.1 - 80%	\$190,000	8%	0%
80.1 - 100%	\$235,000	10%	1%
100.1 - 120%	\$280,000	10%	6%
120.1 - 150%	\$350,000	13%	16%
Over 150%	>\$350,000	43%	78%
TOTAL	-	100%	198 listings

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees. Condominium product exists on the market in the lighter shaded 120 to 150% AMI range – the focus here should be on townhomes and/or small single-family homes to diversify options for residents. Providing ownership priced under 60% AMI is challenging; rentals are more typical.

There are very few units available to rent at any price point in the City. More rentals in general are needed, but in particular:

- Rentals affordable for residents should be mostly priced below \$1,000 per month for households earning under \$40,000 (or about \$20 per hour). These are households earning below 60% AMI. Only seven (7) rentals in this price range were advertised for rent in mid-December 2018.
- There is also a shortage of units priced up to about \$1,200 for entry-level professionals earning about \$50,000 per year.

Renter Income Distribution Compared to Available Rentals

Income Range	Maximum Affordable Rent	Renter Income Distribution	Available Rentals*
<30% AMI	\$475	23%	1%
30.1 to 60%	\$950	22%	4%
60.1 - 80%	\$1,260	16%	21%
80.1 - 100%	\$1,580	11%	26%
100.1 - 120%	\$1,900	8%	31%
Over 120%	Over \$1,900	20%	17%
TOTAL	-	100%	140 listings

*Available rentals include rentals available in the City in mid-Dec 2018.

NOTE: Shading indicates where there is a shortage of housing supply for residents and employees. Units provided in the lighter shaded price points should be under \$1,200 for entry-professionals.

Households earning under 30% AMI are often termed special needs households and include seniors on fixed income, persons with disabilities or other special needs. Many households earning under 30% AMI in Bozeman are student households, however, that are living off-campus, which do not fit the profile of special needs households. Student households are candidates for different product. (See also, Section 1 – Population and Household Demographics, Household Income)

Community Rental Level of Service

We know from the above analysis that more rentals affordable for households earning under 80% AMI are needed. These are categorized as “low income” rentals by HUD.

The purpose of this analysis is to understand whether existing community rental units are proportionately serving the needs of each low-income group of renters (renters earning under 80% AMI), or are they providing more assistance to one group over others. This evaluates the level of service of existing community rentals in two ways:

- By comparing the distribution of units by AMI to the distribution of low-income renters by AMI; and
- By comparing the distribution of units by bedroom size to the size of low-income renter households.

For each of the below comparisons, if the percentage distribution of community rentals approximates the percentage distribution of low income renter households either by income or bedroom/household size, then community rentals would be providing an equal level of assistance to each renter group.

AMI Level

The following table compares the current distribution of community rental properties to the income ranges of low income renter households in the City. Because community rental properties are all restricted to be affordable to households earning under 80% AMI, this analysis focuses on the distribution of Bozeman renter households that earn below 80% AMI as well.

We know from the above analysis that more rentals affordable for households earning under 80% AMI are needed. The purpose of this analysis is to understand whether existing community rental units are proportionately serving the needs of each low-income group of renters, or are they providing more assistance to one group over others

As shown below:

- About 38% of low income renters earn below 30% AMI. Only 0.4% of community rental units are specifically targeted for 30% AMI. This means that the current inventory of community rentals serves a proportionately lower percentage of this income group than other income groups. This is the most underprovided category of community rental housing based on income distributions in the City.
- Community housing serves a larger percentage of renter households earning between 50-60% AMI than other low income categories (54% of units vs. 12% of renters). This does not mean that no more 50-60% AMI units are needed; to the contrary, more are needed based on reported near-zero vacancies and waitlists. This just indicates that the community housing inventory is serving a larger proportion of this AMI group than other low income groups.

**Distribution of Community Rentals by AMI Compared to
Low-Income (<80% AMI) Renter Households by AMI**

AMI Level	Distribution of Renters earning under 80% AMI	Distribution of Community Rentals
<30%	38%	0.4%
30-50%	24%	26%
50-60%	12%	54%
60-80%	27%	20%
Total < 80% AMI	7,112	947

*The “no income” limit community rentals (7%) were added to the 60-80% AMI category given that almost all of these rentals are occupied by 80% AMI or below households. See Section 3 – Housing Inventory, Community Housing inventory section.

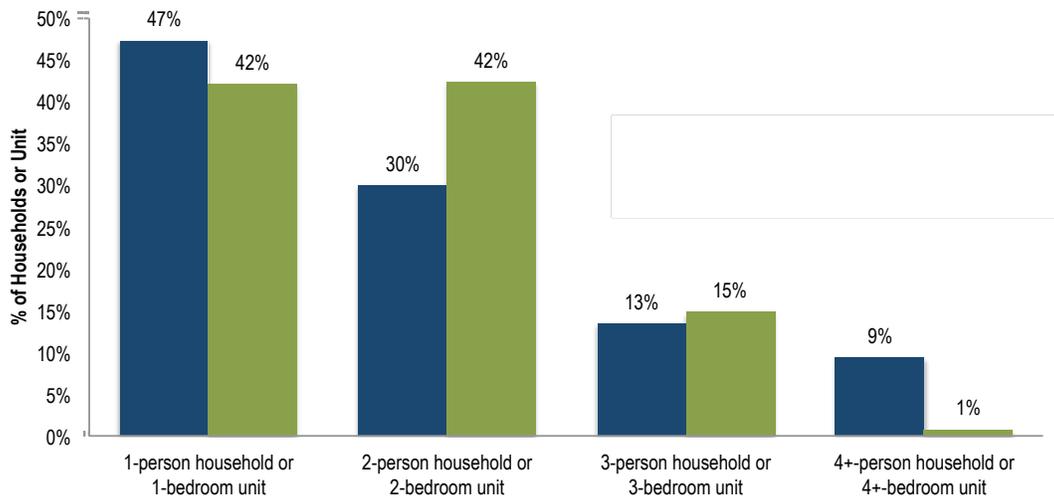
Note too that this evaluates the target income level of the unit, not the actual income of the occupant of the community rental. Many rentals in the 50-60% category, particularly the project-based section 8 properties, currently house persons earning under 30% AMI. In other words, more of the extremely low income population are being served by existing community housing units than unit distributions may indicate.

Additionally, many <30% AMI households are student households, as indicated in Section 1 – Population and Household Demographics, Household Income. These households do not fit the profile of special needs households and are candidates for different product.

Bedroom Size

The distribution of community rental units by bedroom size compared to the household size of renters earning <80% AMI are well matched. Note that there is cross-over among these categories because, for example, one-bedroom units may have 1- or 2-persons, 2-bedroom units may have 2- or 3-persons, etc. In general, however, there is not a significant under- or over-representation of units in any particular size category. We often see below 80% AMI rental units lacking in smaller 1-bedroom units compared to household distributions in other communities; Bozeman community rentals are well distributed.

Distribution of Community Rentals by Bedroom Size Compared to Low-Income (<80% AMI) Renter Households by Size



Special Needs Housing

The need for housing for a range of individuals and households with special needs is at least as great as that for ownership and rental housing for employees and other residents. Trends reported by social service and special needs organizations show that:

- WMMHC has a 50-person waitlist for their transitional units serving persons with mental health and substance abuse disorders. WMMHC reports an increased need for units particularly geared for adolescents and their families.
- Family Promise and HRDC have seen an increased need for transitional units to assist the homeless population and visits to the warming center and day center have increased. The lack of housing available has increased visitation from the low-wage working residents (near minimum wage) and persons that have lost housing due to owners selling their units or other factors.
- REACH has a waitlist of 100 individuals with developmental disabilities waiting for services, which increased recently due to state funding cuts. REACH does not have the capacity or resources to expand their housing options.
- Haven had a 14% increase in individuals affected by domestic violence coming to them for help this past year. Without sufficient shelter options, Haven's service population can either leave their domestic situation and be homeless or stay in their abusive situation.

The need for ownership and rental housing in the City of Bozeman, identified above, is inclusive of some components of special needs housing:

- Rentals for households earning under 30% AMI help serve seniors and persons with disabilities on fixed incomes, for example. All project-based section 8, section 202 and LIHTC rental properties that are restricted for seniors and/or persons with disabilities have no vacancies and no more than 5% turnover during the year.
- Identified ownership gaps for households earning below 50% AMI are candidates for Habitat for Humanity's sweat-equity ownership program. There are no purchase opportunities for these households in the City.
- Realtors report that seniors wanting to downsize are unable to find suitable low-maintenance, single-level product, much less at prices they can afford.

As noted in the introduction to this report, these populations require special housing design, services and considerations that require expertise and methods unique from resident housing needs analysis. This research shows that there is a need for housing across the entire continuum of housing for Bozeman residents, which include the above.

Housing Programs in Comparative Communities

The below tables summarize housing programs, policies and approaches in four other communities that have similar access to amenities, a university with student housing demand, and community housing programs in place. These include:

- Burlington, Vermont
- Bend, Oregon
- Fort Collins, Colorado
- Missoula, Montana

The first table provides comparison statistics to understand the context of each community in relation to Bozeman.

The second table provides a summary of the Affordable Housing Inventory in each jurisdiction, including the number of income- or price-restricted ownership and rental units and their term of affordability.

This information will be useful as Bozeman pursues formation of a Community Housing Action Plan.

Comparison Communities – Key Metrics

	Bend, OR	Burlington, VT	Bozeman, MT	Fort Collins, CO	Missoula, MT
Population (2017 Census est)	94,520	42,239	46,596	165,080	73,340
2017 General Fund – Expenses	\$105,906,516	\$73,194,209	\$31,600,000	\$148,917,021	\$57,564,062
Total Housing Units ¹ (2017 ACS)	41,772	16,631	19,972	63,244	33,936
# Occupied housing units (resident households) (2017 ACS)	37,831	16,067	18,114	60,376	31,756
% Housing Occupied by residents	90.6%	96.6%	90.7%	95.5%	93.6%
Median Sale Price (all housing units) ² (Jan to Oct/Nov 2018)	\$435,000	\$293,700	\$375,110	\$383,500	\$294,900
Deed Restricted Units	1,198	218	973	1,174	1,677
% Resident households in deed restricted units	3.2%	1.4%	5.3%	1.9%	5.3%
Area Median Income 2018 (HUD)	\$69,600	\$93,000	\$81,200	\$85,100	\$70,400
Affordable purchase price of median income household (5.5% loan)	\$258,100	\$344,800	\$301,000	\$315,500	\$261,000
Affordability gap ³	\$176,900	(\$51,100)	\$74,110	\$68,000	\$33,900

¹ACS is not a precise count of units and households; however, due to availability and consistency for comparison, this data was used.

²Sources: Central OR Assn of Realtors; NW VT Board of Realtors; Gallatin Assn of Realtors; Ft. Collins Board of Realtors; Missoula Organization of Realtors

³Underrepresents the actual gap in each community. Single-family homes sell for much higher than the median shown; condominium price points do not include HOA fees (\$300/month effectively adds \$45,000 to the sale price), nor reflect the condition of units or special assessments.

Income- and Price-Restricted Housing Inventory

	Total Units	Production Tools	Owner	Rental	Other (shelter, transitional, special needs)	Affordability level and term
Bend, OR	1,198	Affordable Housing Fee and CDBG	46	695	39	<80% AMI owner; <60% AMI rental
Bozeman, MT	1085 (973 permanently affordable (PA))	LIHTC, Project Based Section 8, land trust, Habitat for Humanity, purchase/resale	138 26 PA	947	44 units, plus 122 beds	<80% AMI owner (PA); <30% to 80% AMI (rental)
Burlington, VT	218 (includes housing trust units)	Inclusionary Zoning	81, plus 14 co-op	123	Not available	Rental: 65% AMI; Owner: 75% AMI; 99 year term
Fort Collins, CO	3,456 total (1,174 permanently affordable (PA))	CDBG, HOME, deferred loans, city funds, AHF, rehab grant, Habitat for Humanity, other developers.	230 230 PA	3,226 944 PA	451 manufactured housing units Approx. 240 Homeless/ special needs	<30% (19.8% of units); 40%-60%- 76.5% of units; >70% (3.8% of units); Terms vary: 25 years to permanent
Missoula, MT	1,677 (not including manufactured)	LIHTC, City HOME, State HOME, CDBG, Project Based Section 8, Public Housing, NSP1, CLT, MRA	50 All CLT <80% AMI	1,535	92 units- Homeless/Trans itional	Owned units: <80% AMI; 99 year term

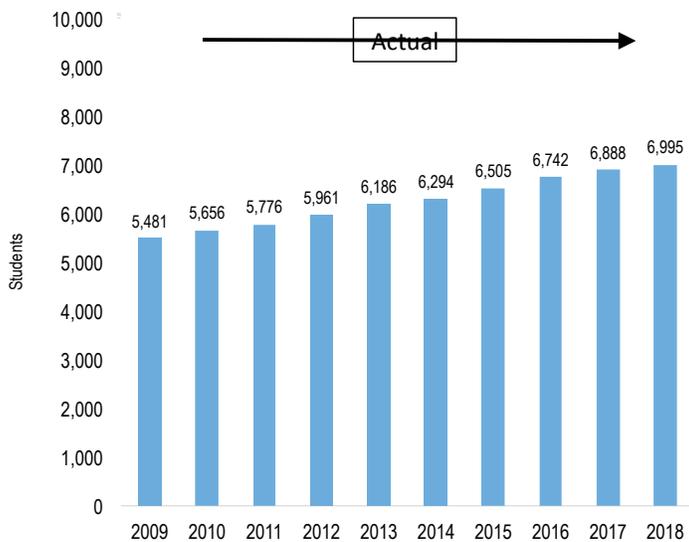
CDBG – Community Development Block Grant, AHR = Affordable Housing Fund, CLT = Community Land Trust, MRA = Missoula Redevelopment Agency

Appendix A: Trends, Calculations and Projections

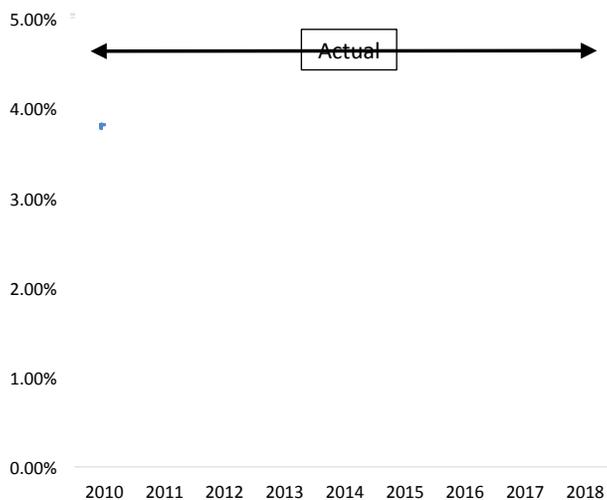
- APPENDIX A: TRENDS, CALCULATIONS AND PROJECTIONS..... 1**
- SCHOOL DISTRICT ENROLLMENT TRENDS 2
- JOBS ESTIMATES AND PROJECTIONS 3
 - Gallatin County Jobs Estimates..... 3*
 - Bozeman Jobs Estimates..... 4*
- HOUSING UNIT AND HOUSEHOLD ESTIMATES 5
 - Housing Units in the City 5*
 - Households in the City 6*
- JOBS TO HOUSEHOLD ESTIMATES..... 6
 - Employees per Employed Household: 1.6..... 6*
 - Jobs per Employee: 1.2 7*
- EFFECT OF STUDENT POPULATION ON POVERTY RATE 8
- ESTIMATE OF OFF-CAMPUS COLLEGE STUDENTS RESIDING IN BOZEMAN..... 9
- MIGRATION OF CITY POPULATION 10

School District Enrollment Trends

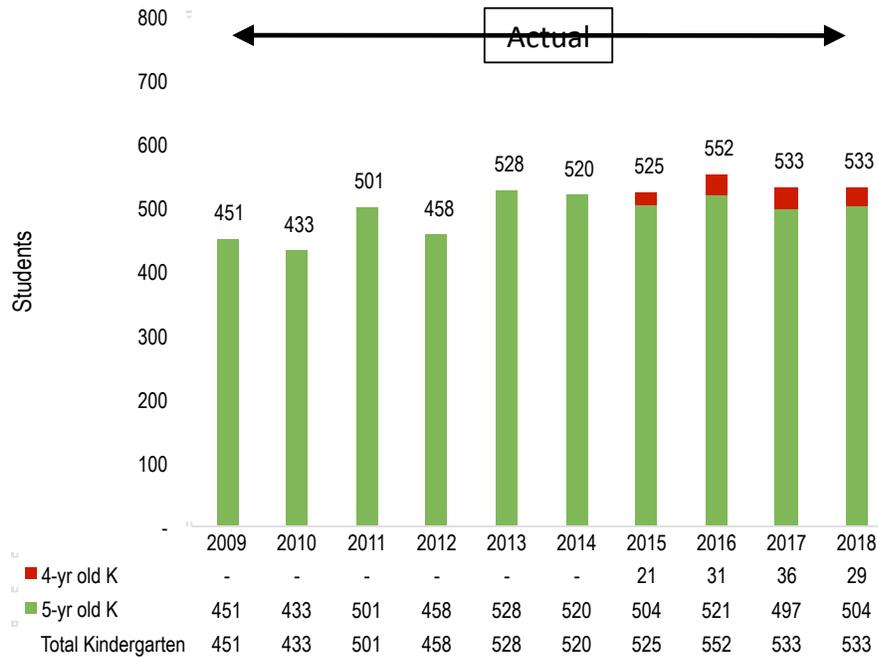
K-12 Enrollment History



K-12 Enrollment Change (% year-over-year)



Kindergarten Enrollment History



Jobs Estimates and Projections

The projected job growth rate is estimated from Montana Dept. of Labor job projections for the Southwest Region combined with the actual growth rate of jobs in Gallatin County since 2012. The state projects a low growth rate of 0.9% over the next several years, with growth being limited by a projected low unemployment rate (less than 2%). Gallatin County has been growing at about 4.8% per year since 2012, which is twice the rate of the rest of the Southwest region. Consistent with the methodology used in “Demographic and Real Estate Market Assessment, 2018” (Economic and Planning Systems), it is assumed that the county will continue to grow at twice the rate of the Southwest region – at about 1.9% on average through 2025.

Gallatin County Jobs Estimates

Jobs are higher than in the EPS report because Bureau of Economic Analysis jobs counts for 2017 are now available. The 2017 job count for Gallatin County is 85,030. Estimated jobs from the prior report showed 85,500 jobs being reached in 2020. Projections and assumptions in this report are as follows:

- Growth between 2017 and 2018 occurred at 2.1%. This splits the difference between actual growth between 2016 and 2017 (3.5%) and the state estimated growth rate (0.9%).
- Job growth occurs at a rate of 1.9% through 2025, as described above.

Estimated Gallatin County Jobs: 2018 to 2025

Gallatin County	2012	2013	2014	2015	2016	2017	2018 est.	2025 est.
Jobs	68,562	72,001	75,083	78,574	82,134	85,030	86,815	98,970
Est. growth rate per year				-	-	-	2.1%	1.9%

Source: Bureau of Economic Analysis (BEA); Montana Dept. of Labor & Industry Job and Labor Force Projections for Southwest Region (2017 to 2027); consultant team

Bozeman Jobs Estimates

U.S. Census Bureau, LEHD Origin-Destination Employment Statistics utilizes the Quarterly Census of Employment and Wages (QCEW) files to determine the location of wage and salary jobs (i.e., excludes sole proprietors) based on the employers report location. This program was used to determine the percentage of jobs within the city of Bozeman.

QCEW data by location was received from the MT Dept. of Labor & Industry showing the number of jobs in Gallatin County within businesses reporting a Bozeman location. This includes businesses both within the city and the neighboring unincorporated county, but that have a Bozeman location.

These sources show that 61% of Gallatin County jobs are in the city; 77% in the Bozeman area.

LEHD	2014	QCEW Location	2017/18
Gallatin County jobs	48,805	Gallatin County jobs	43,080
City of Bozeman jobs	29,841	Bozeman area jobs	33,112
% in city	61%	% in area	77%

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics; Montana Dept. of Labor & Industry QCEW location data

Jobs estimates utilizing these ratios are as follows:

	# of Jobs			Average
	2012	2018	2025	Yearly % growth
Bozeman City (61% of county jobs)	41,874	53,020	60,430	1.9%
Bozeman Area (77% of county jobs)	52,540	66,525	75,825	1.9%
Gallatin County	68,562	86,815	98,970	1.9%

Source: Bureau of Economic Analysis (BEA); U.S. Census Bureau, LEHD Origin-Destination Employment Statistics; Montana Dept. of Labor & Industry Job and Labor Force Projections for Southwest Region (2017 to 2027); consultant team

Housing Unit and Household Estimates

Housing Units in the City

- Base: 2010 US Census housing unit and household counts for the City of Bozeman.
- New units: 2010 to 2018 building permits issued by the city.
- Total: Add new units permitted to 2010 base housing unit figures

Assumptions:

- 50% of units built in 2010 were not captured by the US Census (Census is taken in April).

Method:

- Year 2011 housing units = 2010 + 0.5 * 242 building permits in 2010 + 216 building permits in 2011
- Year 2012 housing units = 2011 + 435 residential permits in 2012
- Repeat year 2012 method for all other years.

Year	Housing units	Residential Permits Issued
2018	23,100	811
2017	22,289	816
2016	21,473	733
2015	20,740	782
2014	19,958	908
2013	19,050	814
2012	18,236	435
2011	17,801	216
2010	17,464	242

Source: 2010 US Census; City of Bozeman residential permits

Households in the City

Housing Occupancy: 2010 US Census

CITY HOUSING OCCUPANCY		
Total housing units	17,464	100%
Occupied housing units	15,775	90.3%

Source: 2010 US Census

Housing Occupancy Rates: 5-year ACS data

2017 5 yr ACS	2014 5 yr ACS	2012 5 yr ACS	Average
90.7%	89.9%	90.0%	90.2%

Assumption: 90.3% occupancy retained through 2018

Estimated Households, 2012 and 2018

	2018	2012	2010
Housing units	23,100	18,236	17,464
Households	20,866	16,472	15,775
% occupancy	90.3%	90.3%	90.3%

Jobs to Household estimates

The number of jobs per employee and the number of employees per employed household are used to translate job growth into the number of housing units needed by workers to fill new jobs. This is used in Section 8 to translate “unfilled jobs” into the number of housing units need to house employees filling those jobs.

Employees per Employed Household: 1.6

**Households by Number of Workers in the Household:
City of Bozeman**

	Households
Total:	18,114
No workers	3,398
1 worker	7,139
2 workers	6,125
3 or more workers	1,452

Source: 2017 5-year ACS

Total workers = 7,139 * 1 + 6,125 * 2 + 1,452 * 3 = 23,745 workers

Workers per employed household = 23,745 / (18,114 – 3,398) = **1.6**

Jobs per Employee: 1.2

The number of jobs held per employee was estimated by dividing the number of jobs in Gallatin County in 2015 by the average employed labor force during the year.

- Bureau of Labor Statistics LAUS estimates the number of employed labor force living in Gallatin County.
- LEHD estimates the percentage of resident employees that work in the county.
- Bureau of Economic Analysis (BEA) provides total jobs estimates in the county (Wage & Salary jobs and Sole Proprietors)
- 1-year ACS estimates the percentage of employed labor force living in Gallatin County that also works in the county.

**Where Employed Gallatin County Residents Work:
2015 1-year ACS**

	Employed Residents	%
Total employed residents:	55,044	100%
Worked in state of residence:	53,994	98%
Worked in county of residence	51,635	94%
Worked outside county of residence	2,359	4%
Worked outside state of residence	1,050	2%

This data is put together as follows to arrive at the number of job that Gallatin County residents hold on average:

	2015
Jobs in selected area (BEA Wage & Salary)	55977
% jobs held by county resident (LEHD)	79%
# Wage & Salary jobs held by resident	44,110
Sole proprietor jobs (BEA)	22,597
TOTAL jobs held by county resident (Wage & Salary jobs held + Sole Proprietor jobs)	66,707
Employed labor force living in county (LAUS)	57,576
Employed resident labor force that works in county (ACS)	94%
Labor force holding local jobs	54,010
# jobs held by resident employee (TOTAL jobs held by resident / Labor force holding local jobs)	1.2

Effect of Student Population on Poverty Rate

As shown below, when the population of students in the city of Bozeman are removed from the total number of people in poverty in the city, the percentage of the population in poverty drops from 20.7% to 11.8% - a drop of 8.9 percentage-points. About 54% of the off-campus student population earns below the Poverty Threshold (3,426 students of 6,314 total).

Places with Populations of 10,000 or More and Statistically Significant Differences in Poverty Rates with Exclusion of Off-Campus College Students: 2012-2016								
Places	Total number of people in poverty universe ¹	Percent off-campus college students ²	Poverty rates				Differences	
			All people		All people excluding off-campus college students			
			Est.	MOE	Est.	MOE	Est.	MOE
Bozeman city, Montana	38,500	16.4% (6,314 total)	20.7%	1.7	11.8%	1.4	8.9% (3,426 total)	2.2

Source: U. S. Census Bureau, 2016 American Community Survey 5-year estimates; available at: <https://www.census.gov/data/tables/2017/demo/income-poverty/acs5yrs.html>

Note: MOE is margin of error. This number when added to and subtracted from the estimate forms the 90 percent confidence interval. Margin of errors are based on standard errors associated with any sample.

¹Poverty status is determined for individuals in housing units and noninstitutional group quarters. The poverty universe excludes children under age 15 who are not related to the householder, people living in institutional group quarters, and people living in college dormitories or military barracks.

²Off-campus college students include all students who are enrolled in college, not living with their families, and not living in college dormitories.

The below table shows the income levels by household size that equate to persons being in poverty. The majority of off-campus student households do not have children. These are roughly equivalent to earning under 30% AMI for each respective sized household.

Poverty Thresholds for 2018 by Size of Family and Number of Related Children

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual):									
Under age 65	13,064								
Aged 65 and older	12,043								
Two people:									
Householder under age 65	16,815	17,308							
Householder aged 65 and older	15,178	17,242							
Three people	19,642	20,212	20,231						
Four people	25,900	26,324	25,465	25,554					
Five people	31,234	31,689	30,718	29,967	29,509				
Six people	35,925	36,068	35,324	34,612	33,553	32,925			
Seven people	41,336	41,594	40,705	40,085	38,929	37,581	36,102		
Eight people	46,231	46,640	45,800	45,064	44,021	42,696	41,317	40,967	
Nine people or more	55,613	55,883	55,140	54,516	53,491	52,082	50,807	50,491	48,546

Source: US Census, available at: <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>

Gallatin County AMI by Household Size: 2018

AMI Level	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30%	\$16,620	\$18,990	\$21,360	\$23,730	\$25,650	\$27,540	\$29,430	\$31,350
50%	\$27,700	\$31,650	\$35,600	\$39,550	\$42,750	\$45,900	\$49,050	\$52,250
60%	\$33,240	\$37,980	\$42,720	\$47,460	\$51,300	\$55,080	\$58,860	\$62,700

Source: HUD AMI 2018

Estimate of Off-Campus College Students Residing in Bozeman

An estimated 10,033 students live off-campus and within the City of Bozeman. About 800 of these off-campus students are housed in the 542 MSU Student Apartments (see Section 2 – Housing Inventory).

2018 population – est. (see Section 1)	48,105
Total school enrollment - MSU	16,902
Total residing in residence halls - MSU	4,116
Living off-campus and in the City (%) – ACS (see below)	59%
Living off-campus and in the City (#)	10,033
Living in MSU Student Apartments – MSU	800
Living off-campus and not in MSU apartments	9,233

2016 5-year ACS data was used to estimate the percentage of students living off-campus and in the city, as shown below.

College or Graduate School Enrollment: 2016 5-year ACS

Total ACS population	36,450
Enrolled in public college or graduate school	10,637
% enrolled	29%

Off-Campus College Students from Poverty Rates Table, above

Off-campus college students, not living with their families, and not living in resident halls (see above Poverty table)	6,314
Off-campus college students, not living with their families, and not living in residence halls	59%

Source: 2016 5-year ACS

Migration of City Population

About 75% of Gallatin County’s population growth since 2010 is from people moving to the county from other areas of Montana or other states.

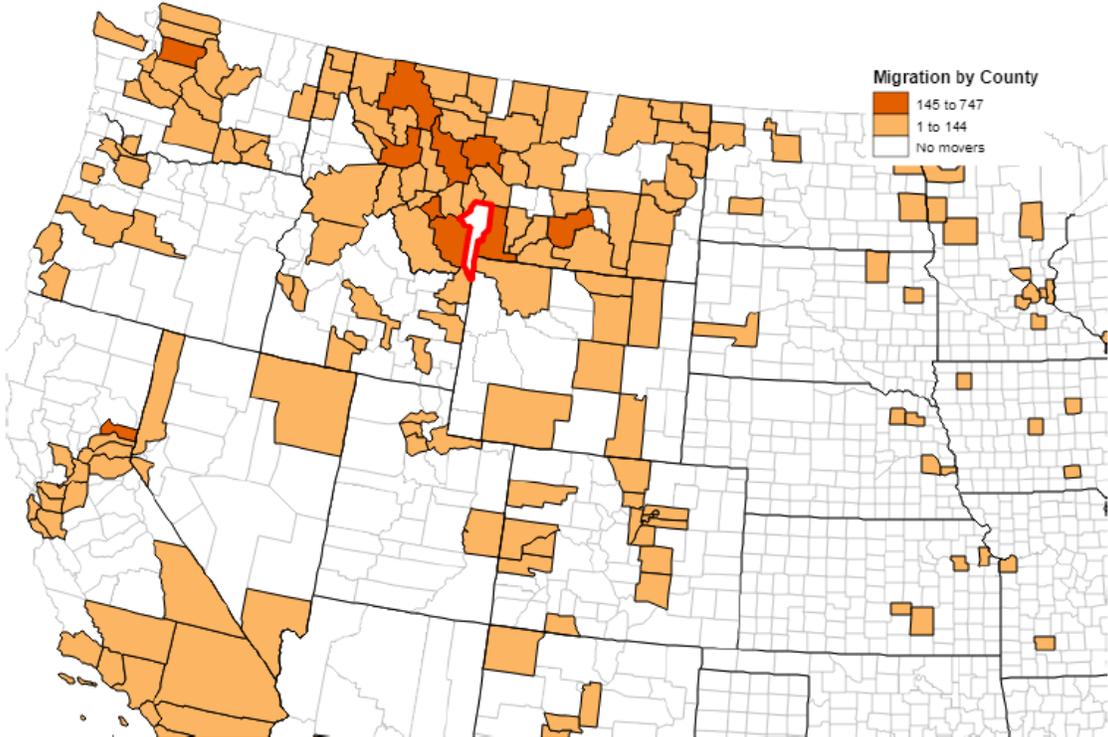
Gallatin County Net Migration, 2010 - 2017

	Total	Share of Change
Births	8,521	47%
Deaths	(3,909)	-21%
Net Migration	13,685	75%
TOTAL change	18,297	100%

Source: US Census Bureau, consultant team

Of in-migrating residents, 39% were from other areas of Montana, such as the greater Missoula area. The rest are from other states. Many residents moved from the Front Range of Colorado, the Pacific Northwest, and California’s Bay Area. Many of these areas have comparable or higher housing costs than Bozeman.

Gallatin County In-Migration: 2011 – 2015



Source: US Census Bureau, “Demographic and Real Estate Market Assessment, 2018,” Economic and Planning Systems, p. 21

Appendix B: Employer Survey Fill-out

CITY OF BOZEMAN

EMPLOYER SURVEY

The City of Bozeman is sponsoring this study on workforce housing needs. It is very important that we receive input from employers in the area to determine the extent to which the availability of housing for employees may be impacting employers and business operations. This information will be used to understand how needs may best be addressed in the City of Bozeman.

Please respond to the questions below for all business locations of the same type you operate in or near the City of Bozeman. If you operate more than one type of business in the city, please complete a separate survey for each business type. If you are a sole proprietor or hire no employees, please respond as applicable for yourself as a business owner.

All results are strictly **confidential** and the responses from individual businesses will not be reported. If you have any questions, please contact the independent consultant assisting with this study, Wendy Sullivan, at (303) 579-6702 or wendy@wsiconsult.com. THANK YOU very much for your time.

1. Type of business you have in Bozeman (if you have more than one type of business, please fill out a separate survey for each business type): N=491

% response		# response
7%	Bar/restaurant	N=36
13%	Retail sales (grocery, sporting goods, etc.)	N=63
1%	Lodging/hotel/accommodation	N=6
5%	Health care and social assistance	N=27
20%	Construction	N=99
1%	Education/School district	N=7
2%	Non-profit	N=10
3%	Finance/banking/insurance	N=13
7%	Real estate/property management	N=34
3%	Recreation/ entertainment/ arts	N=14
8%	Personal/commercial services (massage, hair care, day care, laundry, car repair, etc.)	N=39
14%	Professional/technical services (legal, scientific, technical, computers, etc.)	N=67
2%	Government, public service	N=10
1%	Transportation, utilities	N=3
6%	Manufacturing or wholesale trade	N=31
1%	Agriculture/ranching	N=5
5%	Other: See open ends (attached)	N=27
100%	TOTAL	N=491

2. Approximately how many employees does your business CURRENTLY employ in the Bozeman area (include all office locations of the same business type in Bozeman)? (N=491)

NUMBER OF EMPLOYEES (include yourself)	Full time (30+ hours/week)	Part time (30 hours or less per week)	TOTAL* Employees
Year-round employees (employed Jan-Dec; year-round contracts)	5,571	2,978	8,650
Employed less than year-round (e.g. employees on 9-month contracts, etc.)	3,861	4,006	7,871

*TOTAL differs because some respondents did not specify whether jobs were FT or PT.

3. How has your ability to recruit and retain qualified employees changed over the past three years? (N=490)

- 1) 3% Improved/gotten easier
- 2) 26% Stayed about the same
- 3) 48% Declined/gotten harder
- 4) 23% Don't know/not applicable

4. Within the next five (5) years, do you plan to: (N=482)

- 1) 54% Increase your number of employees
- 2) 2% Reduce your number of employees
- 3) 35% Stay about the same
- 4) 10% Don't know

5. To what extent do your employees or potential employees have difficulty locating housing in the area? (Scale from 1 to 5) (N=488)

	1 – No Problem	2	3- Moderate	4	5-Major Difficulty	Not Applicable	Avg
GENERAL SERVICE AND LABOR							
Office support staff	13%	9%	21%	20%	36%	48%	3.6
Retail/lodge service clerks	5%	8%	16%	20%	51%	78%	4.1
Other service (wait staff, dishwashers, laundry, etc.)	5%	6%	9%	23%	57%	80%	4.2
General maintenance/labor (janitorial, manufacturing, etc)	9%	9%	14%	16%	53%	71%	4.0
Construction/repair/ skilled trades	7%	7%	18%	27%	41%	64%	3.9
PROFESSIONAL STAFF/POSITIONS							
Entry level professionals	8%	9%	21%	26%	37%	46%	3.7
Mid-management	11%	13%	27%	23%	26%	50%	3.4
Upper management	27%	16%	28%	12%	18%	49%	2.8
Other	21%	5%	12%	21%	42%	84%	3.6

Any more thoughts on the housing needs of your employees?

See Open Ends – Attached

6. Do you feel that the availability of housing that the workforce can afford in the City of Bozeman is: (N=486)

- 1) 2% Not a problem
- 2) 2% One of the region's lesser problems
- 3) 20% A moderate problem
- 4) 52% One of the more serious problems
- 5) 22% The most critical problem in the region

7. How many positions within your business are unfilled? (N=460)
46% report at least one unfilled job (N=211)

UNFILLED JOBS	Full time (30+ hours/week)	Part time (30 hours or less per week)	TOTAL* Unfilled Jobs
Year-round employees (employed Jan-Dec; year-round contracts)	628	302	944
Employed less than year-round (e.g. employees on 9-month contracts, etc.)	307	187	507

*TOTAL differs because some respondents did not specify if unfilled jobs were FT or PT.

8. If you have unfilled positions, can you briefly state why they are unfilled (e.g., lack of applicants, not currently looking to fill them, just became available, etc.)?

See Open Ends – Attached

9. About how many of your employees do you estimate will be retiring over the next five (5) years? (N=461)
Total = 2,057 (about 12% of employees)

10. Did anyone refuse a job offer or did anyone leave your employment in the past 12 months because they: (mark all that apply): (297 employers of 491 total (60%) reported at least one of the following reasons)

- 41% Could not find/lacked suitable housing N=123
- 13% Lacked transportation N=40
- 18% Lacked day care N=53
- 19% Long commute/tired of commuting N=55
- 69% Found the cost of living in Bozeman to be too high N=205
- 53% Found a different job. (GOTO Q11 if selected) N=157

Adds to over 100% due to multiple response

Any additional input on the above and/or other issues that have made it difficult for you to hire and retain employees that you want to share?

See Open Ends – Attached

11. If you had employees leave your employment to take a different job, do you know the nature of their new employment: (mark all that apply)? (N=155)

- 50% Took a job with another business with a location in Bozeman
- 35% Took a job with another business located in the region (e.g. Belgrade, Big Sky, etc.)
- 46% Relocated out of Gallatin County
- 15% Don't know

12. To the best of your knowledge, where do your employees live? Please enter the approximate number of employees that reside in each location. (N=470)

- 01) 62% City of Bozeman
- 02) 20% Belgrade area
- 03) 3% Manhattan area
- 04) 2% Three Forks area
- 04) 6% Four Corners, West Gallatin, Greenwood, etc (west of the city)
- 05) 3% Chestnut, Livingston, etc (east of the city)
- 06) 3% Gallatin gateway, etc (south of the city)
- 07) 0% Other See open ends (attached)

13. Would any of your employees that live outside of Bozeman prefer to live in or nearer the City if housing they could afford was available? (N=446)

- 45% Yes – approximate % of in-commuters: 59% average
- 15% No
- 40% Don't know/unsure

14. Do you provide your employees with any of the following work commute options or assistance? (125 employers of 491 total (25%) reported at least one of the following)

- 6% Bus/shuttle (operated/financed at least in part by your business)
- 0% Bus passes/coupons
- 12% Bus stop at business location
- 31% On-site vehicle for employee errands
- 14% Carpool program
- 9% Bicycling incentives
- 25% Travel stipend (i.e., travel time compensation, etc.)
- 20% Telecommuting
- 26% Other (see open ends attached)

Adds to over 100% due to multiple response

15. Does your business provide any of the following types of housing or cost of living assistance for your employees? (MARK ALL THAT APPLY) (140 employers of 491 total (29%) reported at least one of the following)

- 9% Employer-owned units rented or provided as compensation to employees
- 4% Employer-leased units rented to employees
- 4% Down payment/mortgage assistance
- 16% Assistance with housing search
- 8% Temporary/relocation housing
- 9% Rent assistance (help with first/last/deposit; monthly rent stipend; etc.)
- 79% Pay higher wages than nearby communities for the same/similar jobs
- 10% Other (see open ends attached)

Adds to over 100% due to multiple response

16. In the future, would you be willing to assist with the provision of workforce housing? (N=456)

- 9% Yes, for my employees only
- 3% Yes, for any employee in the community
- 40% No, I am not willing to support housing for employees
- 49% Uncertain/need more information

17. In case we have any follow-up questions to clarify some of your survey responses, can you provide the following information: Please remember survey responses are and will be kept CONFIDENTIAL.

Name of business, Contact info

Data not reported

18. Do you have any additional comments about housing issues?

See Open Ends – Attached

Thank you for your participation.

Q1: Type of business you have in Bozeman - Other (write in)

Art Publishing

Catering

Commercial Janitorial & Floor Refinishing

Editor

Event Venue

Food Service Contract at Fraternity

Food Truck

Janitorial

Landscape Construction

landscape maintenance

Landscape Services

Landscaping

Lawn Care & Snow Removal

media

Printing/design

publishing

seasonal

Service and Sales

Start up - clothing

Upholstery, Speciality trade

US office for German Company

writer, editor, publishing coach

Q5: Any more thoughts on the housing needs of your employees? (N=236)

3 of my employees live outside of Bozeman

A clean, safe, solid, reliable and affordable public transportation network in the valley would help alleviate the housing issue in Bozeman. Nobody "has" to live in Bozeman to work in Bozeman. A solid public transportation network (Streamline on steroids) would help people to commute from Livingston to Three Forks.

Affordable housing Bozeman has become fictional. It is a poor reflection on our community and its growth.

Affordable housing is a huge issue and my ability to staff in childcare affect others ability to work.

Affordable housing is a major issue. I have one employee that lives at the men's warming center currently due to lack of availability of affordable options.

Affordable housing is especially difficult for single parents and for women without college degrees.

Affordable housing is needed for many. The wages in the Gallatin Valley make it hard for employees to own a home in this current market.

Affordable housing is the number one concern of my employees. Average salary is \$35-\$45k/year and none of them can find affordable rent/housing without having multiple roommates.

Affordable housing needs to become available. We can't pay more to offset the rising cost of living in Bzn. It's out of control

Affordable housing that allows pets without huge pet deposits is hard to find.

Affordable housing to make it where employees don't have to work multiple jobs to make ends meet.

Affordable options with yards must be available at prices that wages in bozeman can support.

All are long-time Bozeman residents who own their own homes.

All of my employees come from two income households - sometimes working more than one part time job. If for some reason their situation changed, they could not afford to live here on their own. Rent prices are so high.

All of my employees live with their parents, siblings or in homes purchased by their parents. None of my employees can afford to live on there in Bozeman or Belgrade.

All our employees have to commute to downtown to work because they can't afford downtown housing prices & on another note they all drive so there is minimal parking.

All we hear from employees is that they are having trouble finding rental housing they can afford. and with Average Home sales at \$430,00+/- its IMPOSSIBLE to BUY

Almost all our employees live far enough that they need to commute to downtown to come to work and struggle to find parking. Are young staff can't even imagine buying a home or condominium and are resigned to renting in the near term and moving away from Bozeman in the long run. It's a major problem.

As a realtor I work with people every day who come to Bozeman passionate about the area and raising their families here. Then the reality that they cannot find affordable housing hits. Many have decided to move to other areas, some decide to rent hoping things will improve at some point, and others purchase above their comfort level and have to get second jobs. I believe that the lack of affordable housing is a serious crisis for our area.

Ask for more places to allow pets

At the wages that are paid in the valley, housing is way too high.

Because there is not any affordable housing in town, it drives up wages which drives up the cost of any new construction.

Belgrade (and the other "bedroom communities") are NOT the answer! Too far to drive or too long on the road makes that a bad choice for most.

Bozeman is a very expensive place to live. We are severely lacking in affordable rental options especially those that allow pets.

Bozeman is so expensive and wages are not able to keep up.

Bozeman is unaffordable for working class families. How about fulfilling the needs of the working poor instead of high dollar liberal white neighborhoods. The struggle is real out here and the hypocrisy is shameful. People are more concerned about their view being obstructed from high rise buildings than poor working families struggling to find housing.

Bozeman needs to reduce the cost of rent. Some of my employees are adults with families and while I pay >\$15/hr, this is not enough to afford a single family home in Bozeman.

Build more affordable housing

City planning and building dept's want affordable housing but they continue to mandate new codes and policies that continue to drive the cost of building homes up.

City service fees and taxes are becoming too high for the average worker to afford to stay in Bozeman, this is in reference to employees who have purchased houses before the prices became unreasonable. I'm losing long time employees to these rising costs plus the cost for day to day living expenses in our area, my employees can no longer afford to live in this town. There is no margin for when they have extra expenses, like car repairs.

Cost of housing has proven difficult. We did have a new employee, full time just over 3 years ago who living in their car for the first 6 months of employment, due to the housing costs. Our starting wage is \$15.00 for full time, and they still could not afford deposit + rent for a new place and took 6 months to save.

Employee housing challenges: 1) sharing an apartment with 3 other young professionals because our staff member can't afford an apartment on their own, 2) not being able to afford a townhouse or condo by themselves, 3) definitely NOT able to afford buying a stand-alone house by themselves without multiple roommates. Young married couples going through the same challenge. VERY discouraging, and we are losing professional staff to open positions in outlying towns because of this housing issue!

Employees are able to find housing in the current market.

Employees are forced to live in areas outside greater Bozeman area due to housing shortage and high cost of housing. (no surprise)

Employees can find some housing but they all wish for single family home with yard for dog, garden, etc. This is a big challenge. People don't move to Bozeman to live in an apartment or condo with room mates

Entry level employees are willing to sacrifice housing needs in order to live here. Mid and Upper Management employees have families to support and find it harder to live here with the cost of living.

Even though the rental market has little occupancy, single employees tend to find housing with roommates which makes it affordable enough for them. Housing for young families that is affordable on early career wages (under \$70k combined) is non-existent. Higher wage employees who can afford housing are faced with very little inventory on the market (this is major turn off when attempting to relocate higher paid candidates to the Bozeman area)

Everyone struggles here. There is no affordable housing in this place! We have to pay higher wages which lowers our ability to expand our business. We pay above average anyway but they still struggle to live here. Most are trying to leave area when they can afford to.

Everyone would like a house but it is hard to save enough for a decent down payment.

Everything is too expensive. Even what Bozeman calls "affordable housing" is a joke both price-wise and quality-wise.

Extremely high housing costs

For someone making minimum wage to \$15 per hour, housing in Bozeman is not feasible. They have to live in Belgrade, or work multiple jobs. There is no housing available for those that cannot afford to buy a house. Most of our employees need to rent - buying an affordable house is not an option - they cannot afford a down payment, or choose not to - they are renters, and there is no affordable renting for them in Bozeman

From what my employees tell me, rent is way to high. A mortgage would be about the same except they can't afford the large down payment.

Have to supply housing to get them to stay

Having affordable housing would be huge.

housing cost and availability have risen to the top as the top challenge for employers recruiting employees from outside the area

Housing costs are a major factor in hiring. Many of our staff driving from Belgrade, Gateway or Livingston which creates challenges in winter.

Housing has not been an issue as all employees have their housing settled before taking employment with us.

Housing in Bozeman is more expensive than it should be because of the City of Bozeman's policies that limit supply and drive design costs.

Housing in Bozeman is ridiculous. Its expensive and hard to find a place.

Housing in the Bozeman area is extremely expensive for standard hourly workers to afford. Many have to choose other places to live, but then transportation is a problem because of the streamline hours. We need REAL affordable housing for workers to fill retail and service jobs. If there is not affordable housing you will continue to see businesses having to limit their hours, services, or close their businesses because they can't afford to pay employees what they need to afford to live here (consumers don't want to pay an extra 25-40% or more so you can pay your employees \$15/HR)

Housing is a major stressor for all of us. Please commit to turning this study into action items, and then finally delivering.

Housing is available, employees are just reluctant to bite the bullet to live in beautiful Bozeman.

Housing is much more expensive than Utah where we came from. Much more expensive than AZ where we also have rented.

housing is not affordable for new people moving in to the area

Housing is too large a share of take home pay in Bozeman. We have one employee that continues to live in Butte because he cannot afford to live in Bozeman

Housing is very expensive in relation to the compensation.

Housing prices continue to increase as well as rental prices. Meanwhile the costs of running a business increase but earnings don't. Affordable housing is non existent whether you are looking or buy or rent. Between the university student population and the population growth of the area, prices stay high. What is considered "affordable" housing is not affordable.

I am a sole proprietor and own my own home so don't have current concerns about the effect of housing availability on my business. However, I have wanted to move from Belgrade into Bozeman as most of my business is conducted in Bozeman. I have resolved to stay in Belgrade as the cost of housing in Bozeman is far outside my budget. Truly, I don't know how anyone who works for an average wage can afford to live in Bozeman - it's obscene!

I am a sole proprietor living with my parents as I grow my business. As I look at housing prices increase by 20% in one year, I am discouraged about the possibility of my business supporting a living wage in the Bozeman market. The rental market is even worse. It makes more sense to buy a home and rent out additional bedrooms to offset costs, than it does to try and rent a 1 bedroom apartment.

I am a sole proprietor with no employees, so this issue does not directly affect me. However, I know this is an issue for many businesses.

I am self-employed and work digitally. My husband and I bought a townhouse 2 years ago, but we almost couldn't afford it because the housing market was so expensive -- and he has a very good paying job!

I can recall my employees having trouble finding adequate housing in Bozeman 20 years ago and they were making solid middle class wages

I can't afford to have employees because the cost housing is too expensive

I couldn't imagine moving here now. There is no way we would be able to find affordable housing. I know colleagues who have left Bozeman after running a business here for 10+ years, simply because they can't afford housing.

I currently hire college and high school students to be assistant coaches. I would love to hire a professional head coach and have fielded inquiries from as far afield as the national coach of Brasil. There is no way I can afford to pay such a person well enough to have them live in Bozeman

I have an employee who moved here 3 years ago, intending to buy a house in town, but since the housing costs have risen so rapidly, she's now considering moving to Livingston

I have no employees, except myself.

I have not had any employees for quite a few years now. When I did have employees I paid them well so they could afford to live in Bozeman. I feel this is a part of the affordability problem that does not get addressed. It seems that employers, both private and public, do not pay the worker bees enough to live here in our hive. I think low wages are a part of the problem that employers, both private and public, do not want to discuss too much.

I have one employee living in my camper in the KOA for \$800 a month because it was the cheapest and fastest housing available to this person who moved from another state. My other full time employee lost \$1800 to a housing scam targeting the region.

I have one employee that lives in their own home in Bozeman. The other home owners live outside of bozeman.

I have professional piers and co-workers who are having a tough time securing places to live, and/or housing that costs their entire paycheck. Many have, are looking for, or considering a second job, even with a 40+ hour professional job. Most wages are around 40k in Bozeman for professionals, and even with 2 people making that amount, most of your money goes to housing, with less than enough left over for bills and food. An unfortunate injury or car repair is enough to send most people in a tailspin in Bozeman. I manage 2 apartment complexes that include 200 total units. I can provide housing for my employees when I need to.

I pay above average for my industry, and I offer full benefits to FT staff, but I have still had management-level staff leave for work they find less satisfying but that pays significantly better in order to afford housing here. Also, housing that is suitable for one person without roommates or housing that accepts pets is extremely difficult to find.

I pay my longtime employee well above the minimum wage and average wage for retail in Bozeman and she could never afford to buy a home here at the current home prices. She has had to move out of rental situations because those homes sold for well above what she could pay and finding new rentals has been very difficult both in finding anything available and the high rent prices. She would like to buy but doesn't feel like she will be able to at the current home prices. I wouldn't be able to buy a house here now either and was lucky to have bought a house over 10 years ago.

I really don't feel my situation is typical or reflective upon the housing and employment markets as a whole.

I was once an employee for the company in the Bozeman area. I moved here from San Francisco. My thought when I accepted the job was that the housing would be much easier to find in Bozeman. It took me almost 2 months to find reasonable price, not affordable. I was by myself and was looking for a studio or one bedroom but there was none. I can tell from personal experience that the variety of housing in the city is lacking for individual. I didn't want to move to Bozeman to have to find a roommate. It is not a problem now that I can afford the rent, but for young professional who move to Bozeman from other State, the lack of housing for professional was a big deal. We want privacy.

I would say definitely within the past 2 years there has been quite the buzz around the restaurants about employees having difficulties finding housing they can afford, especially during the summer months. We have seen a large amount of entry level employees that are new to Bozeman, only last a few month, not able to find permanent affordable housing, leaving no other option than to move.

I'd like to see tighter regulation of the short-term rental industry.

I've lost engineers (moved out of state) because they had a single income family and didn't see a way to buy a home here in Bozeman. Lack of affordable housing is the biggest factor in hiring right now. It is limiting my ability to grow my company.

If I were to hire someone, i can guess what I would be able to pay them. Knowing the current housing situation in the valley, I would assume that it would not be easy for them to find affordable housing for the amount of money they would be making, and what they would most likely end up accepting would not be the ideal living situation.

If my employee wasn't here with her boyfriend who's an MSU professor, she would not be able to afford housing based on her wages at my business and her other jobs all combined. She definitely would not be able to buy a house.

If the city is truly concerned about housing costs they need to quit raising taxes at ridiculous rate. Otherwise this is just an exercise to appear they care.

If they can't afford to live here at the wages we can afford to pay them they won't move here or stay here long.

It has become exceedingly difficult for a young working family to find affordable housing that suits their needs, is reasonably close to our office and in a good school district, especially in the case when their family is growing.

It is a problem

It is crazy to expect others with more money to subsidize those without so they can afford to live in Bozeman!

It is not hard to find housing, but it is hard to find affordable housing. I have had to raise wages to get employees so that they can afford to live here. The down side to that is that I have had to raise my rates and have lost customers that can no longer afford my services.

It is the number one issue we are up against.

It is the single biggest deterrent to attracting employees from outside of Bozeman who have the skill sets we need.

It is very expensive to live in the city of Bozeman. for the wage I can afford to pay my employees it isn't a new problem really, Bozeman has been an expensive place to live for decades. The problem of finding an affordable place that accepts pets is huge--more than one time employees have lived in vehicles because of it. Housing and real estate in general are so high they devalue many jobs that pay pretty well and put the dream of owning a home completely out of reach for most working people. Continuing down the same old path isn't going to work. Growth needs to be much smarter and pay its own way. Bozeman needs to think of how it will look as an urban center that supports a diverse selection of business and property use and get busy with the county to prevent any further sprawl. With that urban center, there must be affordable housing for people that work instead of letting SWIMBA dictate to the city that only housing for the rich is going to be built.

it more difficult for the service industry workers to find affordable housing in bozeman city limits, easier in belgrade.

It's expensive to live in Bozeman. Belgrade is still pretty high too. It also seems Bozeman builders build houses in winter and have problems later on with foundations cracking, roofs leaking, or basements flooding. To keep it cheap we cut corners and pay later.

It's not just the cost of housing, but the logistics... increased traffic, construction road closures and slowdowns, and the feeling that what used to be close by in a small town is now just harder to get around in.

It's not just the cost of housing, it's the total cost of living mainly high property taxes, higher food and gas prices etc. WE NEED A LOCAL OPTION SALES TAX READ MY LIPS!!!!

It's too expensive! With in the next 5 years all laborers will have to commute to Bozeman. Because they can't afford rent in Bozeman.

Just the same as everyone we need more affordable options for people in Bozeman.

Less expensive housing is good for everyone!

let market forces handle rent, housing etc... by interjecting govt manipulation, you do nothing but skew markets and create unnecessary rules etc, which, inevitable make it worse,,

Let the free market respond to housing needs. Adam Smith was right on - Let the invisible hand of supply and demand determine pricing and supply. Keep government out of it and all will even out in the long run.

Living near workplace would not be financially feasible without family assistance.

Low housing stock makes finding housing difficult for all pay levels. Affordability makes it even more difficult for those making lower wages.

lower cost

Lower pay/complexity staff have a very hard time finding affordable housing, especially with pets.

Lower the cost of living

Managed growth is difficult, but if red tape reduces new unit construction then we will all suffer. Prices are high and availability low

Many college students entering the professional work force are interested in staying in Bozeman however the wages for entry level professional jobs do not allow for them to afford staying.

Many employees can't afford to live in Bozeman and have to commute.

Many employees make \$10/hour and stay under 30 hours/week. Having rent cost them \$1,000k a month is not sustainable for these employees, making turnover incredibly high impacting businesses in Bozeman. More affordable housing is needed, especially for students, or those freshly graduated in the range of \$700-\$800/month.

Many of my past staff members have left employment with us citing cost of housing and moved back home; All other employees live in Belgrade where it is slightly affordable but not by much.

Monthly rental rates and home purchase prices are high for many reasons, one being the natural effects of supply and demand. City regulations that reduce supply will increase demand and thus increase costs. One of my employees live in Belgrade and another in Livingston where the housing supply is higher. A big part of the affordable housing solution for Bozeman is to accept/include housing within a 35 mile radius.

More affordable housing for families

More affordable housing is essential to recruit support staff employees to our area.

More affordable less of a commute. The cost of housing creates huge stress and unhappy employees

more housing options below \$250K and more rentals under \$1200

More options and supply of housing is needed.

More pet friendly places that have parking available as well as washer/dryer facilities that are affordable based off income. No one can afford to live here anymore...

Most are college students. So I would guess their ability to find and pay for housing would be better summarized with a survey directed toward college students. About 75% of our employees are college students.

Most do not live in Bozeman but in Belgrade, 4 corners and three forks.

Most do not live in town unless they have lived in town for the last 10 years or more.

Most employees can not afford to live in Bozeman. They live in outlying towns or if stay in Bozeman they must have multiple roommates.

Most employees live in Belgrade/not Bozeman because of price.

Most of my employees are MT State U. students. With a 2.+/-% unemployment rate in Bozeman and a 20% increase in housing costs, my pool of perspective employees is slim!

most of my employees are one income family's and can hardly afford to live in Bozeman without help from either family or assistance programs. Rent increases are out of control

Most of my employees live outside of Bozeman and commute from Belgrade, Three forks and further to work. There is definitely a need for affordable housing. But that growth has to be well thought out and located.

Most of my guys can't afford to live in Bozeman so they either live in Belgrade or rent.

Most of our staff are married women who have husbands and their own homes

most of our technicians/support staff/ laborers live with other people to make housing affordable, even if they are older. Some people who have gone through divorces and want to live along often find roommate(s) to help offset the cost of not having two incomes supporting a family anymore.

MSU wages do not keep up with rising cost/availability of housing

Multiple employees have sought housing outside city limits in the last year

My employee and a contract worker who works for me both have to seek housing outside of the city limits (Belgrade and Four Corners) to afford anything for both rent and purchase. The low-wage status that is common for most area jobs is the real problem- people can't afford to live on what employers pay here. The University and Hospital are the worst offenders paying starting wages around \$10/hour.

My employee rents. Owning a house with three children, dual income is not feasible

My employees all live Belgrade, due to housing costs of living in Bozeman is too expensive. Especially small single family homes.

My employees tends to need to make wages higher than we can justify paying in order to afford housing in this area.

My guys have a hard time with application fees. They find plenty of applications to fill out.

My partner is also my son. He lives in Manhattan. Cannot afford Bozeman.

Myself & my 3 employees are fortunate to have established residences.

n/a

Need affordable housing - not million dollar condos filling up the downtown area

Need affordable, pet friendly rentals

Need more affordable housing

need more affordable housing. period.

need more low cost in city limits

Need to see more middle income housing

nice rental units currently cost above wage limits for my employees. incentives for homeowners to create living-wage rentals (i.e. apartments above garages) would be well received. Consider parking for all the growth in Bozeman.

No

No. I am self-employed and do not have any other employees. I have housing.

Not at this time.

Not sure if there is a solution, Bozeman is highly trendy and attract wealth that is willing to pay top dollar for everything, Bozeman is becoming a little Park Avenue (NY) of the valley, I don't think putting affordable housing will work, unfortunately, some outskirt neighborhood or town will are becoming dormitory towns for Bozeman. Maybe it is time to think of a larger valley transportation system.

Of my 40 employees I only have 4 that live in Bozeman due to the cost of housing.

One of the biggest problems I see is the cost of housing within the Bozeman Community, the costs are too high for general rent, as well as power costs, the cost of electricity has gone up in the last year and rent keeps going up within the city of the Bozeman. Our employees are highly educated and mostly in the science industry and come with a lot of experience. In this industry we are able to pay very high wages so housing is not an issue for our employees. However, housing is a huge issue in Bozeman for most individuals.

Our support staff, paraprofessionals, custodians and other hourly staff have major difficulty have difficulty affording housing in Bozeman. Beginning teachers are paid a salary of \$40,375 which makes it possible, but tough when competing with college students for houses in their price range.

People need places to live, and they can't afford anything in Bozeman anymore. Even as a business owner I can't, I moved to Livingston while am trying to start up my business. I don't know how people can afford to live in Bozeman anymore.

Perhaps if you lower TAXES we may be able to find employees.

Property taxes directly and indirectly impacts the cost of housing. Please keep this in mind every time you add additional property tax to Bozeman.

Rent is high and requires multiple roommates to work sometimes.

Retention is proving difficult. Candidates want to move here, but when they do, they find it extremely difficult to stay. I've had 4 employees move away because of housing costs.

Seasonal nature of Bozeman rental housing directly affects our staffs' decision to stay on at work or move from the Bozeman area

Self employed is only me

Small businesses can only afford to pay so much money to their employees before we go broke and there is no point having a business. The wages that we pay which I feel are high for the area BARELY qualify them to purchase an ENTRY LEVEL HOME IN THIS AREA. RIDICULOUS! To top this off WE ARE GENERAL CONTRACTORS!!!! Even WE can barely provide them an affordable home with the mess the city of Bozeman has created!!!! The city of Bozeman gives privilege to the WEALTHY. WHY???? Most of the WEALTHY around here didn't come from here! We are in construction and real estate and see all the cashflow coming into our businesses being generated by out of area money moving here.

Smaller homes with less property are desired. 2,500sq.ft. lots with 1,000-1,500 sq.ft. homes!

Some line employees have to live in Livingston and commute over an icy hill in the winter so they can have more affordable housing.

Taxes, traffic and cost of living in Bozeman has gotten out of control

Tellers seem to be ok in this town since most of them are single and have a roommate with no kids. Once you put a kid in the mix everyone that is less than management has a struggle. Although their life choices have a big part of it too. Not everyone needs a sweet ride in Bozeman.

temp housing and affordable housing

The City does not want affordable housing although they say it. It is expensive all around to live in Bozeman based on the living wage. I own the business and make good money, The wages go up so does the cost of everything.

The city needs to loosen up some of the code to allow employers to put housing on the business properties. Really need outside of the box thinking and adaptability on this which the city planning does not allow very well.

The city of Bozeman makes housing so expensive that prices are outrageous. Constant road blocks and reiterations from building and planning department slow construction and in turn less supply or higher prices result.

The commute is getting longer and longer (relatively of course), but some infrastructure and roads projects to get people in and out of downtown area easier will help.

The cost of housing in Bozeman is prohibitive to many. I started my business because I wasn't able to afford to live here as a lawyer on just my legal salary (with the attendant student loan debt). I work 80-90 hours a week most the year and am still barely treading water; as such, I am likely relocating next year. Young professionals now almost always carry a large amount of student loan debt. If Bozeman wants to continue to attract these people, there needs to be a wider variety of housing that truly is affordable in light of the debt we carry right out of college and grad school.

The cost of housing is a factor for recruiting and retaining all employees regardless of "professional" or "general service/labor" status. Wages/salary must be higher to address the cost of housing or housing must stabilize. It is very difficult for younger professionals to buy-in to Bozeman with lower salaries.

The cost of housing is still unachievable for anyone who earns less than 38,000 per year

The cost of living here in Gallatin Valley has made it especially difficult for us to recruit even though we pay a fairly good wage for nurses and techs.

The cost of living in Bozeman versus what we can pay are so far apart that it is causing serious problems. The building costs, inflated land values, city impact fees, etc are in an unstable place that few find the willingness to take that kind of risk. Especially when they can go somewhere like Boise and make more and the cost of living is significantly less. We lose a lot of people to Boise.

The greatest concern for all of them has been the quality and size of place for the price of the place. I have ended up renting my own home and apartment to them.

The housing is priced too high.

The housing shortage is causing employees to demand higher wages. As a construction company the prices I charge builders then has to increase. This causes builders to have to further inflate their prices on new homes.

The need for the commuting roads to get figured out supercedes the need for housing in our opinion. If the roads are able to get people around town more easily then housing also becomes less of an issue.

The only 2 employees we have are my husband and myself who have lived in Bozeman and owned a house for over 25 years. We only occasionally hire other consultants to help us. We did have 1 employee in the past year, but he made more than enough to afford housing as he was a software engineer.

The pricing is way to high.

The reason I don't have employees is due to housing issues!

The service industry is traditionally an entry level employer. This makes it very difficulty for a majority of our staff to earn enough to live in Bozeman. Even our mid and upper level managers struggle to find housing, especially those who are single parents.

The tourism industry is a major income provider and employer in Bozeman. Affordable, achievable housing must be a priority, if Bozeman is going to continue to be a diverse, and vibrant economy.

There are few options.... someone keeps shutting off the development of new homes.... until supply catches up, prices will continue to be high.

There are not enough one bedroom options available in town (not shared rental, but true one bedrooms).

There are oh so many houses empty in the winter. People with lots of money tend to be less community oriented.

There definitely needs to be more affordable housing available. An adult shouldn't need three room mates to afford a place to live, and barely at that.

There is a huge wage to housing cost ratio gap. Employees are looking at livingston and belgrade as affordable alternatives for housing.

There needs to be more affordable housing and more housing that allows pets. We have had several employees move in the last month because they can't afford to live here anymore. We pay above minimum wage. 13 an hour or more.

There same complaints as every local. The wealthy move in and the rent and purchase prices for homes skyrockets to match what they'll pay for a home here leaving the lower and middle classes who lived here prior to the boom having to move to an outlying town to survive in the area or to stick with a place there been for years regardless of whether it sorta their current housing needs or not.

They all share housing with at least 1 other income earner, and all have more than 1 job. Necessary to drive to work, Bozeman is walkable and bike-able to a very small segment of population. Please do not use Boulder CO, Portland, or Seattle as models for planning, caters to elite, not reality.

They are discouraged by housing prices, but realize after purchasing that they are growing their self worth faster than most other homeowners throughout the state

They can not find affordable housing, so they go out to Belgrade, which causes problems in the winter.

They dont make enough to have their own residence(price too high) without working 2 jobs or having room mates

They need affordable rental options because I can't afford to pay them more, I pay them more then any other business comparison in the area already and they should be able to make a living off what I pay them but can't because housing is so expensive

They need less expensive housing. Period.

They tell me that they are angry because their salaries don't match the cost of housing. Several staff are working two and three jobs just to get by. Younger staff tell us that they can't afford to stay in Bozeman.

They want smaller single family homes with less land.

They want very nice expensive housing very convenient to downtown for cheap!! There is currently lots of affordable housing. It just isn't nice enough and close enough to downtown for most of the younger workers

This is a non-scientific survey, and the City of Bozeman should stop doing this kind of junk social non-science. When will the City stop these amateurish efforts? Waste of everyone's time and the City resources, leading to bad policy.

To find housing in Bozeman that doesn't consume 70-75% of a blue collar workers income in nearly impossible. Especially if there are dogs within their family.

Too expensive even for renters

Too expensive to live in Bozeman or surrounding areas.

Transportation is linked to housing. Our underdeveloped public transportation system requires car ownership...and most affordable places don't have good car storage, this creates myriad issues for tenants, more cost to have a garage. With higher density in the community core, we can reduce some of the requirement for personal car ownership. Parking requirements should not control availability of dense affordable housing in the community core.

Wages have increased to compensate for the increased cost of living. Employers must increase wages to pay to livable wages in Bozeman. Clients must understand Bozeman is an expensive place to live and expect to pay accordingly.

We all own our homes, but the cost of living has driven our rent up in our space and costs of running a business has gone up.

We are lucky, that long time residents work for us. New people do not have the ability to get into housing bases solely on local wages

We are self employed, however, people are constantly asking us if we have any extra work because they just need more money to make it here. Housing always being part of the issue.

We can't afford to pay enough to professional level employees to purchase homes moderately priced homes in the area. Luckily our recent hires (3 years ago) of professional level employees have spouses that work at a similar pay level so they can afford to purchase

We currently have no employees living in Bozeman because housing and rental costs are prohibitive.

We deal with a lot of people in the court system, trying to make new starts, etc. There needs to be a safe house or housing community / forum where people of the same ilk (in recovery, etc) can find stable, affordable housing so they are not surrounded by parties and partiers all the time. The only way for a young person to afford a place these days is to have like four roommates, and usually there is a lot of substance abuse going on in such households.

We have a very difficult time getting employees to begin with and when we do we have to compete with high wages because they can't afford housing.

We have lost two employees in the past three years at least partially due to cost of living in Bozeman.

We have several young ladies that are single mothers that have difficulty meeting their housing needs for themselves and their children on a regular basis. We have employees that commute more than 30 miles one way to try to find affordable housing.

We just need affordable housing for working class families and individuals. Renting a property is on par with winning the lottery.

We need a significant increase in affordable housing that is actually affordable based on the average pay in Bozeman, which is very low compared to a lot of the nation.

We need affordable rental housing...at or under \$500.00 per month

We need houses/condos that are affordable enough to BUY so employees will stick around !

We need housing close to downtown that is affordable for employees in retail. We have increased our starting pay to \$12.50/hr to recruit and retain good salespeople.

We need more affordable housing in the area as well as assisting 1st time home buyers.

We need more supply. Any other measures that the City is trying to accomplish are futile. Help developers increase supply, and get out of the way. Lower impact fees also.

we need to include condo's and make the land reasonably priced for contractors to build reasonable homes

We pull a lot from the same base of employees in restaurants and lodging, having more access to affordable/economical housing would lend itself to opening up more opportunities for highly skilled food and beverage persons to move in. In our opinion most f&b employees that come in and find themselves in housing with roommates, etc. tend to not stay in employment as long and generally have a lower skill set/level of professionalism or advanced certifications and specializations.

We've lost several good employees due to lack of housing.

When an employee wants to improve there health & wellbeing housing opportunities are important, otherwise they are sometimes stuck living with delinquents.

When housing needs don't seem to be an issue it usually disguises itself elsewhere such as difficulty paying other bills, less on food and much less on items or entertainment that keep people active and help them to have an enjoyable lifestyle

With housing prices so high and wages not increasing, it's hard to attract good talent. You can't offer a \$17/hr paying job and expect anyone to be able to live here.

With the average sales price of a home being well over 300k and the rentals being about 2 k per month, housing for a single income family is near impossible.

Would be nice if they didn't have to live in Belgrade, or in the multiplex jungles west of town.

Yes, we need to have housing available that meets the national average of income levels for entry level positions.

Yes. Stop the articles that la el bozeman as the last best town! Bozeman used to be a great place now it sucks!

Young people trying to get started into a career and into the job force have a huge problem finding affordable housing.

Q8. If you have unfilled positions, can you briefly state why they are unfilled? (N=232)

1 of 10 positions is unfilled due to lack of skill set in the local market and we've lost candidates due to lack of available affordable housing for a family. Other positions are unfilled due to competitive labor market for retail employees where we struggle to retain employees due to high cost of living in the area compared with the modest wage they receive to work in retail.

a combination of unqualified and unmotivated workforce. Wages are also a factor.

Actively recruiting now to replace positions.

all my existing positions are currently filled

Any organization our size is going to have unfilled positions. That's just the nature of business. Tight job markets causes lack of applicants. Low unemployment rate causes a lack of qualified applicants.

Applicants cannot afford to live in the city of Bozeman or surrounding areas.

Applicants needing higher pay, and more than 30 hours to survive in Bozeman.

Because I can't afford to pay a salary that will give health benefits and allow an employee to live in the valley. WE NEED A LOCAL OPTION SALES TAX!!

Budgetary discussions (internal)

Business is picking up.

can't afford current work force in current market conditions and stay in business.

Can't afford to hire employees at the pay they need to survive and maintain housing and health.

Can't afford to pay unskilled workers the wages it takes to live in the Bozeman Area

Can't find anybody willing to work in Bozeman for \$20+ an hour.

Can't find people who want to work... no applications to ads

Candidates are not wanting to start out at \$40,000 per year plus sales. They say they cant afford it here.

Candidates who have planned on moving have canceled because they cannot find normal housing or affordable housing.

Cannot find qualified people for the job

Cant find quality applicants with out paying more.

Carpenters due to not having enough of them in Bozeman or near by that are really "Carpenters". If you can read a tape measure that does not make you a carpenter.

cost of living in the bozeman area. lack of skilled labor. city of bozeman has created a liberal Mecca

Costs of living in Bozeman for working people are excessive. Need regular ideally free train and bus service to Belgrade, Manhattan and Three Forks where there is more affordable housing. Let's have a long term vision that includes protecting our natural resources/transportation/housing so we don't end up looking like Salt Lake

Could not find affordable housing

currently looking

currently not in the main season for venue service.

Currently recruiting

Difficult to find entry level workers

Entry level employees can not afford to live in the Gallatin County. Period.

Finding qualified individuals

Growing and just at the point of needing another employee

hard to support single parent with child or single person on one income

Hiring a properly qualified person is difficult in our local market due to the low unemployment rate, leading us to recruit out of state. The hangup however for qualified candidates to come here is always the cost of housing.

Hiring challenges

Housekeepers are hard to find. People start their own businesses and charge \$30/hr and do not want to work for an established company, with a starting wage of \$15/hr. They do not understand overhead.

Housing and lack of desire to work.

Housing costs, wages compared to housing costs, lack of quality applicants with high level of skills, competitiveness of competing entry level positions and low unemployment rates

I am currently unsure how of how many open spots are available due to not having a current representation to profits over salary.

I am not able to pay someone enough to fill the position.

I am working on my startup once I feel more comfortable with my financial, I will look for full time to help with the business.

I can't afford to pay enough to attract employees to grow my business.

I can't find good help for a reasonable price.

I cannot afford to hire them

I cant find employees in Bozeman.

I could take on an employee, but qualified individuals who would be flexible enough to work within my schedule are difficult to find in this current economic environment.

I do not have employees.

I had to downsize to being a DBA sole proprietor (owner/operator) because I couldn't afford to hire/keep employees at a liveable wage.

I have been looking for a manager with experience in the car audio field. I have not found anyone locally. I have been turned down by two prospects from outside the area because of the cost of living in Bozeman

I have people who want to hire me but I just don't have the crew to handle everyone.

I have quite a bit of seasonal fluctuation in my employment, as do most painters. I had 9 this summer, but I'm down to 4 right now. In a couple of months, I will be crewing up again.

I'm careful to not hire people who are just moving to Bozeman without understanding the cost of living here so I wait longer to find team members who already live here or have lived here for a few months.

If I were asked this question during the summer months, I would have a different answer. We tend to pay much better than other restaurants, and also carry a local popularity that I believe gives us an edge on hiring. That being said, even paying more, and having the reputation of a enjoyable work environment, I literally didn't get a day off for almost 2 months this summer because we were so short staffed. We have had luck the past 2 years hiring staff at the beginning of the MSU school season. We can only hope those hires stick thought the year, and carry past the summer season.

It is extremely hard to find qualified people and offer competitive pay. Everyone wants 40 hrs a week and \$60-\$100K a year. I find majority of Bozeman is in the service /working class type jobs, making it difficult to reach those payrolls. It doesn't seem like a Bozeman problem, more of a generation problem :(

It is hard to believe that while Bozeman is one of the most expensive places to live we have some of the lowest wages in the state. That is why finding employees is difficult.

It is much more difficult to find the part time seasonal employees . I do not anticipate having trouble filling the full time roles.

It's difficult to find good, reliable labor in Bozeman.

just became available

Just became available

Just became available, lack of applicants

Just became available.

labor market does not show up when scheduled. young people have shitty work ethic

Lack applicants, as well as lack of qualified applicants.

Lack of applicant, but also there is a new influx people who have serious drug problems or domestic issues who are not capable.

Lack of applicants

Lack of applicants

Lack of applicants - we simply get no one to apply. We occasionally get applicants when advertising (Indeed, Chronicle, Craigslist, etc.), and when we do, they rarely work out - they don't show up for interview, they don't show up for first day of work, etc. Not sure if they are seriously trying to find a job (satisfying unemployment eligibility?), or if they found another job.

lack of applicants , job jumping , low unemployment rate

Lack of applicants and applicants that want to work with good work ethic

lack of applicants and the ones I have interviewed live about 30 miles away

Lack of applicants and the price I can afford per hour is lower than what an applicant can live on here in Bozeman.

Lack of applicants and the wage we offer to entry level employee's is not enough for out of state applicants to want to move here once they see how expensive the housing market is to either purchase or rent.

Lack of applicants and those that do apply expect higher starting wage than the business can afford. We are effectively being priced out of market due to high starting rates (in comparing with similar businesses around MT) my businesses are highering in at a starting wage \$3-\$4 more than anywhere else in state and still cannot attract employee because of Bozeman's overall high cost of living-housing being a big part.

Lack of applicants and unmotivated people.

Lack of applicants and when we do higher people they don't stay long.

Lack of applicants from within MT (we don't accept applications from out of state without any secured lodging), not able to pass a drug test, loss of fresh hires for different jobs with higher wages.

lack of applicants looking to move to this area do to cost of living

Lack of applicants or qualified applicants

Lack of applicants that are qualified

Lack of applicants that are willing to be paid \$11 - \$12 per hour for less than 30 hours per week; in addition to having a desire to work the hours/schedule that I as an employer need filled.

Lack of applicants that can pass a background check. Many applicants are not seeking more than 10 hours a week.

lack of applicants with the technical experience.

Lack of applicants, hard to move them here due to cost of living

Lack of applicants.

Lack of applicants. In our case, they have to have CDL's, and the process for that is cumbersome. I realize that is a state problem, but it has a distinct impact on the city. Two weeks to get a date for a written drive test is unacceptable.

Lack of applications

Lack of available professionals in the area. Most people I talk to about filling those positions do cite housing markets as being one of their primary concerns in relocating.

Lack of available, qualified workforce due to lack of workforce housing!

Lack of employees so I hire sub contractors.

Lack of experience, and everyone wants to start off at \$18 an hour due to high living costs

Lack of experienced applicants

Lack of office space.

Lack of people wanting to work. No place for them to live.

Lack of professional talent that can accept a 50k salary with full benefits AND be able to live in Bozeman.

Lack of qualified applicants

Lack of qualified applicants

lack of qualified applicants

Lack of qualified applicants and those not willing to commute into Bozeman from outside areas that are more affordable.

lack of qualified applicants in the area

Lack of qualified applicants in the Bozeman area.

Lack of qualified applicants that can live in Bozeman and work for wages available in childcare.

Lack of qualified applicants that show up for the interview (lots of people accept the interview and then don't show so they can get their unemployment check)

Lack of qualified applicants, in the process of creating/posting, multiple offers rejected due to wage and cost of living

Lack of qualified applicants, so must look outside area. Once qualified applicants discover the cost of available housing here, they back out of the application process.

Lack of qualified applicants.

Lack of qualified applicants.

lack of qualified applicants. I have starting wages that are at the high end of each skill group and still have a shortage of skilled applicants

Lack of qualified employees is typically the issue or lack of people willing to work for the money we can offer as a business

Lack of qualified individuals. Also individuals have a poor work ethic and therefore not a good fit.

Lack of skilled applicant

lack of skilled applicants

lack of skilled applicants - cost of living too high - no affordable housing

Lack of skills I need

Lack of stable labor pool

little to no responses for skilled or semi-skilled labor ads. Very hard to find employees to do work, one of the most common topics among employers

Looking to expand our company.

Lots of applicants; many not qualified, or often times lost to the job market writ large. It's difficult to offer a wage commensurate with living expenses in Bozeman, esp. housing.

Management prerogative & our recruiting processes, for the most part. Some positions are difficult to fill, so those are open as well. Very few are open because of lack of qualified applicants.

my positions are filled due to my type of business. All of the employees except the owner live in Manhattan, and Belgrade.

N/A

na

no applicants available

No applicants, or homeless persons that don't meet hygiene requirements

No applications, quality of candidates very poor.

No one will apply. Or show up for work. Worker can't afford to live in Bozeman.

No openings

No skilled workers that will pass security clearance and background checks

No unfilled positions. We still have interest from potential employees but no positions needing filled.

Non-unfilled, however we cut back one position cause of the hiring difficulty. However I will need at least one more employee in 2019

Not able to fill them at this time due to reduced revenue.

not currently looking

Not currently looking because this is "off season". But in the summer, there is a lack of applicants.

Not currently looking to fill the position. Anticipate the need within 6 months.

Not currently looking to fill them

Not currently looking to fill them.

Not enough qualified applying for position. Some applying from out of town, but cannot wait for their housing arrangements to be made before offering them a position.

Not hiring

Not looking

Not looking to fill

Not looking!

Not receiving very many applicants; it's very hard to offer an affordable wage in the Bozeman area. We have tried to increase the rate but it doesn't seem to be enough. Other cities have several applicants for the same position/pay.

On hold at this time

part of it is a tight labor market, but also when relocating employees from out of state to MT they find the housing prices unaffordable or not comparable to where they are moving from. Lack of affordable quality childcare is also a major problem in our area.

People want more \$

Poor applicants. Don't show up for interviews. Don't show up after being hired.

Position just became available.

Professional positions requires 4 mo typical to find the right person.

qualified candidates willing to work

searching for candidate now

seasonal business open 9/1- 11/15

seasonal workers are not as hard to find in this area as they are in others, but it's hard to offer them a living wage with the higher cost of living in this valley. paying them adequately cuts into my own cost of living.

Self run and operated.

Technical employees.

The State unemployment rate is too low.

The cost of living in Bozeman is so expensive that potential employees would find higher paying jobs elsewhere. As a cabinet manufacturer our goods are subject to a lot of competition, I can't afford to pay 30/hr that the tradesmen need.

There are no applicants. We have raised wages every year, and now consider ourselves to be among the highest paying employers in Bozeman's lodging industry. People can't afford to live here, so they aren't enough people looking for work.

There are no skilled workers in the area. Most of the skilled labor force that I would use works for themselves. The valley is growing way to fast and most people dont actually want to work.

There are not enough service workers for the number of services available. There is a major gab in the working class in Bozeman.

There is a labor shortage in Bozeman thus a lack of applicants.

There Unfills because you can't get a piece of property for cheap can't rent a house you can't do anything there. It's completely unaffordable to live the only way you can live there as a middle class person is to work in big sky and never see your family.

There used to be several times a year word of mouth would bring or find people looking for full and or part time work. Over the past one and a half years that has not happened

Tight employee market combined with a much higher cost of every employee so they can pay their rent has definitely become a factor.

Tow truck driver, qualified applicants willing to stay sober 24/7 or 24/5

Transient population: many don;t stay in the area long term, reporting a lack of (affordable) housing options for their family. My business cannot support the overhead of offering housing support.

Trying to pay a labor enough to support themselves while passing the cost on to the client has created a situation where one or the other is going to give. I hate to say it, I'm trying to buy more equipment to replace employees... Which creates less of a need or opportunity for people looking which honestly hurts my heart and I feel for those people I'm now trying to replace with iron.

Typical cycle to get them filled.

Unavailable qualified applicants

Various reasons, but not housing-based.

Very difficult to find qualified workers.

Was able to obtain housing through work

We are always looking for qualified individuals but do to the niche industry we are necessarily looking to full "unfilled" positions, rather if someone comes along or submits a resume that is qualified, we would most certainly find a position for them.

We are currently recruiting, but we have a lack of applicants.

We are unable to find and retain salespeople to work weekends through the summer and holiday months, our busiest seasons.

We can't afford to fill them right now.

We can't find employees that will work for \$15 per hour. They all want \$30 which doesn't work for our margins.

We do not have unfilled positions currently.

We don't have unfilled positions because we pay our employees higher than other businesses in our sector, and provide a very positive work environment.

We have a very small operation, two to three employees, with only one being a part-time position to support full-time staff. In the future we would like to see the business grow in a way that demands more staffing, housing, directly influencing skill level, greatly influences our ability to do so.

We have plenty of applicants and people are genuinely interested, but when they try to find a place to rent or buy the cost closes the door.

We have suffered the lowest number of applicants for our hourly positions we have experienced in the last 10 years.

We lack applicants to fill the positions.

We try to always have a position open for the right candidate

We're fine, but most of my colleagues say that the problem is a lack of willing workers who show up on time, work every shift, and are sober.

Q10. Any additional input on the above and/or other issues that have made it difficult for you to hire and retain employees that you want to share? N=127)

Affordable Technical school training in the Bozeman area is non existent and the education in high schools do not promote adequate growth in Bozeman

All costs have gone up across the board, city fees, power bills, food costs, etc. This town is slowly becoming too expensive for the average folk to stay here.

An employee parking lot downtown. Parking is the number one complaint of patrons. Much of the parking downtown seems to be occupied by business staff.

As a small business we want to pay our employees fairly but are concerned we can not keep up with the cost of living in Bozeman

As stated above, hard to pay at a high level in the service industry.

As the business owner, keeping up with the wage demands of those needing housing has deeply cut into my profit margins, to the point of making it difficult for ME to afford housing, and to conduct business in Bozeman.

Because Bozeman is such an expensive place to live, I feel that the citizens turn to ordering items online instead of shopping locally because they feel they can't afford to support local small businesses.

Because of cost of living and the wage we can offer, it makes it difficult to stay competitive with pay.

Being a seasonal employer is tough

Being seasonal is tough. Health Insurance is very expensive.

Can't afford to grow a small business with the cost of living here in Bozeman.

Child care is a huge issue. Not enough providers, especially for infants.

College age / younger don't have good work ethics, don't know how to be a good employee, if they don't like a schedule or the work, they leave, there is no loyalty or commitment to an employer

Cost of decent labor has gone to high

Cost of healthcare caused us to discontinue to offer it as a benefit to full-time employees. They went where healthcare was offered to even part-time employees.

Cost of housing and difficult to deal with property management companies

Cost of living is high, wages I offer are competitive but the hiring pool is small and the skill sets are low. I could hire 1 -2 full time people and save money (less staff) instead of paying lower wages to MSU students.

Costs are high and retail pricing is tough to keep pace, putting a pinch on business to retain employees. Our employee costs are up 20% over 3 years ago.

Definitely more skilled people moving here, costs have increased due to cost of housing.

Employees leave for higher wages without considering cost/benefit of other benefits

Entry-level employees cannot afford to live in Bozeman, cannot afford to drive distances, cannot afford reliable vehicles and are always looking for something they perceive to be better.

Everyone wants to live in Bozeman but finds the cost of living to be too high. The answer is to live near by but when all the money is going to housing and the cost of commuting there is no money to make the needed repairs to their vehicles.

High density housing is not a solution to this problem.

High overall costs of living in the area compared to the income levels employers can provide. The ratio is out of whack. WE NEED A LOCAL OPTION SALES TAX!!!

Hourly wage must be competitive

Housing costs are #1

housing, commute, weather

I am glad that the COB is finally looking a the framework to a hopefully solution.

I can not pay as much as Big Sky and the yellowstone club pay. My guys head that way.

I can't retain the skilled workers I need because the cost of living is too high

I couldn't meet the wage demand the employee required for a living wage in Bozeman

I currently own a downtown business that I am considering moving. The rent is so high that I have difficulty paying employees what I would like to. I currently pay them \$10 /hr for part time and \$15/hr for a manager. I would like to pay them \$13/\$18 but my rent is roughl \$3500/ mth for a location just off main st. The question of affordable housing is only a small piece. It more of a question of an affordable community for all.

I get several out of town applicants each year that are looking to relocate to Bozeman. Once they dig into actually finding housing, they generally elect not to move to Bozeman.

I had a couple of employees that needed housing on a short term notice in Bozeman do to a couple of issues. We couldn't find anything for them.

I have many applicants who want to live in Bozeman and like the idea of living here but don't realize the cost of living in Bozeman and are usually unwilling to long term make the sacrifices needed to live/work here even though we pay a very competitive salary. i have no employees

I know I work from home. I am my only employee, and I will likely have to move because I can't afford to live in Bozeman (my hometown) much longer.

I lost a good employee to another a competitor in Great Falls, where the employee could afford to own land rather than rent endlessly in Bozeman.

I tried to hire an employee this year, however, the employee couldn't afford to take the job because I don't offer health insurance. The high cost of living in Bozeman meant she needs a job with health insurance because she doesn't have enough income to pay premiums.

I'm in the direct marketing business, so people that join my team, are already living here or in other locations.

If they are coming from a place with cheap housing its hard to recruit them.

In order to recruit and retain qualified individuals in this market where the cost of housing is so high, we have to offer high wages. This in turn puts more strain on the business in order to stay competitive in our market segment and moreover, it puts strain on our staff to carry the workload of what would normally be performed by additional people. The higher payroll limits what our business can carry, even though we still may be short-handed.

It's hard enough for a single person renting a room to afford to live here. Families that are making the prevailing wage are having an even harder time.

It's hard to be full time in a personal business because you have no guarantee of income. So I part time with another paid job and still don't make enough to live in Bozeman.

Just the age group of people not wanting to work hard. Issues with finding sober employees

Knowledge and know how.

Lack of availability for day care is a major issue for our employees. We have many young parents who have no option other than to stay home to raise families.

Lack of loyalty and work ethic that exists too much these days!

Low unemployment means people have plenty of options, and high wages in construction-related services lures people away from occupations that they are actually trained and more suited for. Rapid development comes with costs.

low unemployment rate

Most everyone that is not in a business or professional position that I know of are planning to leave the area. We are downsizing because of the issues going on in this place. I am retiring and leaving Bozeman.

My current employees include my 2 kids

My employees used to love Bozeman but now they hate Bozeman.

My last employee and her family could barely afford the house they rented and because there's such a shortage they paid for all repairs to the rental for fear they'd be kicked out or their rent would be raised because there's always someone desperate for housing to replace them. It did not feel secure and they finally decided to leave Bozeman after finding work in Oregon. The lack of housing encourages slumlords.

My last employee to leave moved to Virginia. Cost of living is much lower and wage was slightly higher. Easy to find housing for his family to be.

N/A

na

Need more robust public transit. Potential employees have mentioned not wanting to use their vehicles on a daily basis.

no

No problem with my business but I hear from many many others that there is just no way to stay in Bozeman. They have to live elsewhere, particularly in Belgrade, and commute.

No turnover of permanent positions in the last 5 years. If I had to hire from outside the area to fill a professional position, I couldn't afford to pay a wage to compensate for the high housing costs. We are a very small company that manufactures specialty laboratory equipment for global sales. We cannot adjust pricing levels to afford salaries sufficient to accommodate local housing costs. Housing costs may eventually chase our business out of the area to an area where we can pay a competitive wage that is sufficient for local housing.

not my employee but I am aware of people turning down offers because of the lack of housing that fits the budget

Not only is there lack of housing, but there is a lack of quality applicants

One applicant expected to be able to purchase a home for \$200,000 in neighborhoods where home were selling for \$350,000 or higher. Another applicant wanted to buy a large home on 10+ acres just outside of Bozeman for \$350,000 so she could have horses. One employee wanted to buy a home but he had too much consumer debt and was not financially stable (so he currently rents).

One employee left who owned a house in Bozeman but did not like the way Bozeman "feels these days".

One independent contractor I work with finally found housing in Clyde Park, so it's harder than ever for us to meet in person.

Previously employed seasonal, part-time worker grew tired of commute from Manhattan.

Quality of applicants is terrible.

REAL Affordable housing is necessary to continue the Bozeman life. Housing has become elitist and there aren't enough options of housing for lower income people. Every community needs layers of wealth and we are pushing away our working class.

Sick and tired of hearing about affordable housing, when right across the street from my business, they moved out over 100 trailer houses/families and made a PARK out of it! Now I hear their will be more trailers removed for affordable high rises. Get your act together!

Some people don't want to spend as much of their income on housing as it takes to live in this area. They can spend a smaller percentage of their pay on housing in other parts of the country. They always admit that they will be giving up our "quality of life" aspect to do so. It's a trade off.

Staff under 40 are frustrated and upset that they will never be able to buy a house in Bozeman. The rental market is small, expensive and most don't allow pets. There is a lot of emotional turmoil in this group, particularly. We have lost three skilled people in the last couple of years who have left MT to live elsewhere. One of our department heads' children and her family left the state because they couldn't make ends meet despite working professional jobs.

Start up business I am trying to keep housing for myself, I cannot hire any staff right now because I would not feel comfortable having staff relying on my business, because I would like to pay employees enough to be able to live in Bozeman, and have quality of life.

Starting hiring rate not enough income to support cost of living here.

State government pay rate for entry level administrative jobs is not enough for the cost of living in this area.

Stop coddling young people! Housing is more affordable for those willing to work. Sure they might not be able to afford alcohol and pot and boats and lots of time off, but that's all good!

Supply & demand

The City of Bozeman building and planning departments are a Nazi Regime. requirements for design, infrastructure, etc... are out of hand. we are building 1400-1500 SF homes in Three Forks and keeping them in the 215K to 289K price range. Designs are simple, and governing agencies in the City or HELPFUL. We avoid working in Bozeman so we don't have to deal with the City.

The city of Bozeman seems as if they don't want the town to grow and aren't planning on growth. Our running joke is the Bozeman motto is: If you DON'T build it, they WON'T come.

The cost of housing is pushing the cost of living up and making it hard to compete with the national chains. As a small local business, it is harder to offer a competitive wage.

the economy is booming, anyone that wants a job can have one. Affordable housing in Bozeman, means getting a house in Three forks or Manhattan and driving into Bozeman just like people do in New york or California. Quit trying to mandate affordable housing in Bozeman, that ship has sailed.

The government regulations and "slow" development time frame of approving new neighborhoods have increased costs of land which has increased the overall costs.

The housing market has pushed employees of ours back to where they came from due to being able to own a home as opposed to paying double that mortgage for rent here.

The increase in the cost of living is making it more difficult to hire entry level employees.

The need to continue raising our hourly rate of pay to a rate that is not sustainable in a small business - due to the high cost of living in Gallatin County

The over regulation of the town on short term rentals has impeded opportunities for employees.

The recovery thing is really key here I think. I've witnessed a lot of young people (and older too - middle age) have a really difficult time in finding affordable and stable housing. I'm hopeful for such projects as those complexes being built behind Costco, but I'm afraid a lot of new housing being built is priced out of most folks' range. (i.e. most of the apartments are too fancy - marketing to a more affluent base).

The rent costs and housing costs don't compete with the income we can offer. They are too steep for young leaders and families, which is who we are needing.

The requested wage from employees because of cost of living has gotten to high that it is making it difficult to keep labor costs at a level that is reasonable.

There are more rentals available now than ever before. Please need to stop getting pets before they buy a house. They also need to be willing to living in apartment style housing. We have affordable housing in Bozeman, it just isn't where people are willing to live. They might have to have a roommate, but people don't seem willing to do that either.

There is a lot of job poaching going on by many businesses in Bozeman. If they see a good employee when they visit my businesses they have no qualms about offering more money to come work for them. Really is a terrible way to steal employees but I guess that's the climate that Bozeman has created- and it is a real shame. You work with someone, train them, try to take good care of them, only to have them stolen by someone's willing to pay a bit more. Really is a poor statement on many in the business community!

There used to be plenty of college students who wanted to work part time during the school year. This seems to have almost dried up, which puts even more pressure on businesses looking for employees.

These above issues are currently happening to co-workers at my second job.

They are not stellar hires in the first place and the work ethic is low but all want higher wages so they can smoke drink and party and pay rent in that order of importance

They just aren't here because they can't afford it.

they refuse to show up to work when scheduled and when they do show up they are lazy and have poor communication / customer service skills

This is crazy..I am asked to fill out a survey on affordable housing, all the while the city is approving high-priced condos being built downtown. And even though the plan says to build upward in the character of the neighborhood (which they are not) and affordable (which they are not) I am now going to have to move from my VERY affordable housing downtown because I am getting smothered and pushed out by these condos.

This is what happens when Democrats run a city

Too hard to find employees due to the construction boom going on here in Bozeman wages are too competitive.

Too many jobs. Everyone consumes in Bozeman. Too many people with income out of state that do not need to work.

Traffic sucks! Fix the lights so they don't make you stop at everyone. Add another lane to 19th at I-90.

Trying to pay a labor enough to support themselves while passing the cost on to the client has created a situation where one or the other is going to give. I hate to say it, I'm trying to buy more equipment to replace employees... Which creates less of a need or opportunity for people looking which honestly hurts my heart and I feel for those people I'm now trying to replace with iron.

Unable to find people who are qualified and want only part-time work.

Wages are outgrowing our capacity to pay them.

Wages in this town are too high for retail.

We are lucky as we get several applications a week. Our problem lies with millennial mentality (All about me and my needs, your lucky to have me)

We do not make enough money to pay our expenses- especially rent downtown- to pay our employees the living wage they deserve.

We do not track the reason for employee departures.

We had an intern we were considering hiring this year. She moved to CO because the cost of living lower there.

We have employee's moving out of the immediate city of Bozeman area due to the fact they can not afford to purchase a home or rent a home on their own. This impacts their ability to get to work during the winter months depending on the weather. Most are able to make it into work however sometimes they are not timely.

We have employees commuting from Belgrade, Manhattan, Churchill and Butte and eventually tire or find jobs closer to where they live.

We have increased our wages significantly to help with the high cost of housing in the area. We have gotten to the point we cannot increase wages much higher and worry employees will resign to move to less expensive areas.

We just can't pay people enough for them to support themselves in this town.

We just hired but it took 6 months to find someone and number of applicants was very small.

We lost three employees in the last 4 years due to pay vs housing issues. 3 of the 4 moved to another part of the state, or out of state due to housing.

We need to support local business. The City needs to market and push this to the community. We need to increase our wages and the way to make that possible is increase sales.

We offer what we feel our competitive wages for the job required. We mostly employee college age students, which has been harder to find as it appears that a majority of the Msu students do not need to work (they receive complete financial support from their parents). Non-college students have a hard time paying for rent, even with our competitive, way above minimum wage hourly rate, making it harder and harder to find quality employees.

We've had employees that have lived in their vans and moved when it got cold. We've had employees that realized they weren't going to be able to buy a house or settle down given the wages in the industry and the cost of housing in the region. We've had employees that have moved here lured by the amount of jobs but then found that it's unsustainable for them to build a life here and moved away.

We've had no difficulty in hiring for any of our jobs.

Work ethic with young people, not the lack of housing is the problem finding and retaining help in Bozeman. If someone wants to work 40 plus hours a week and bust their ass to get ahead instead of skiing and fishing they could afford their rent.

Work force development needs a bigger focus in the high schools to inform kids that there are great opportunities in the construction trades.

Yes, a lack of people applying & a lack of stable applicants.

Young employees just getting started find cost of living far to high and overwhelming. Even though this one employee doesn't officially leave until December 21st He is leaving this year. Its too much to cover all his expenses and we pay higher than many apprenticeship programs from the start.

Q12. To the best of your knowledge, where do your employees live - Other: (N=18)

Bear Canyon area, MT

Billings and Missoula, MT

Bridger Canyon area

California

Clarkston, MT

Emigrant, MT

Ennis, Helena

Gallatin County

Helena, MT

Out of area

Spokane, WA

Springhill area, MT

Townsend, MT

Wilsall, MT

Q14. Do you provide your employees with any of the following work commute options or assistance - Other: (N=31)

2/3 employees we purchased company cars and the 3rd gets a 250 monthly car allowance

Company paid vehicles

company vehicle

company vehicles

Company Vehicles for Foreman

Compensation for housing

employee meal

Flexible Scheduling

Fuel

gas money

I provide parking pass for parking garage. I am on teh wait list for 2 more passes.

lent an employee a personal vehicle

Mileage pat

MT work comp laws do not encourage employer sponsored transportation due to liability issues

Parking

Parking pass

pick them up & loan vehicle

pickups

private parking

Program specific options

Ride Share

Take home vehicle

Thank you're doing OK and on that note there's plenty of buses in options for people with no transportation

The bus is free. Passes/coupons is N/A

We go pick them up

we have a parking lot at no charge

we pick them up

we pick up if needed

work truck

Q15. Does your business provide any of the following types of housing or cost of living assistance for your employees - Other: (N=13)

Department Director position receives a housing stipend. No other employees do.

For retail employees??

How in the hell am I going to provide housing for employees I can barely house myself making 100,000 a year

I work out of my garage. How does that count?

Income eligible assistance

lending personal camper for housing

Meals

My kids

not able to do any of these

relocation bonus

some have lived with me

some relocation available for certain positions

We've start to pay higher wages, but still not competitive

Q18. Do you have any additional comments about housing issues? (N=138)

A major factor driving the cost of housing is the ongoing trend of putting tax increases for everything on the property owners. This needs to change!

A manager making \$40,000 should be able to afford to own a place to live in Bozeman.

Advocate for renters rights, ban Airbnb and the other types, and regulate rent price increases. Bozeman has not stepped up to accommodate for growth that benefits its residents.

Affordable housing does not currently exist within the city limits of Bozeman. The tiny homes trial is a joke. The prices per sq. ft. are not any better than a larger home. This is not a solution. It is an attempt to put a bandaid on a big problem.

After living for years in Jackson Hole, a community with a much larger income/housing gap, I can attest from experience that the so called "affordable housing" programs did not work well, and tended only to exacerbate the problem. Also, local companies (Smith's, Albertsons) that provided employee housing created an even larger problem for employees by lowering wages due to "provided" housing while charging rent that was near enough market value to force a poverty situation. It became a slum scenario with migrant workers being the majority of the work force.

As a business owner I had difficulty finding affordable housing close to downtown. It took me 18 months to find a rental 10 blocks from downtown and I was renting from a private party, a family that was born and raised in Bozeman and believed in keeping costs affordable. I could not afford a commercial property.

As employers we are doing the best we can to provide a great working & teaching environment, as well as provide higher pay than most new apprentices. Its just a challenge to see employees struggle so because housing is so very high!

Asking business to support community housing is borderline offensive, and deflects the problem of our community (land owners) not providing affordable house onto already struggling mom and pop establishments. I hope this question is not a genuine solution being entertained.

Bad situation in Bozeman, Renters rights are far behind where they should be. Gentrification has over inflated the market and wages do not equate cost of living.

Bozeman is no longer a viable option for many young professionals and families.

Bozeman's real estate market and cost of living is disproportionate from low wages. I believe there are lots of infill development opportunities that could be utilized to allow downtown employees to live and work in a closer radius- so they are invested in the culture and community of Bozeman as well as the commerce.

City is doing a poor job of working with contractors for lower cost living homes/rentals. Contractors HAVE to make money, and they cant with the City in the middle

~~City regulations make it tough, along with a plethora of other influences, that drive the prices higher.~~ I am working on an affordable housing project that is to come online late next year and will hopefully help fill some of the void of affordable housing in Bozeman. I DO NOT think that everybody needs to own a home. Affordable rental options for people is very important. What defines a home needs to be considered. Not everyone should have to have a 2000/sf home with fancy finishes. I think a family of 4 in 800/sf with a single bath is acceptable. Safe, sound, no frills. Not everyone earns the same, not everyone gets to live the same. This should not be a matter of social engineering to try to make it that everyone can have a home they own.

City/County continue to increase property taxes which directly impacts ability to house employees - need to find alternate sources of revenue to supplement needs/wants of Bozeman area.

College-aged kids gobble up housing units. this has been going on for decades. Seems the quickest solution to making more rentals available is to outfit the campus with affordable housing for students - freeing up space in the city and also reducing the cost of rentals (increased supply).

Create more incentives for Developers so they can offset the higher cost of construction subs and materials in this market as well as making the process at the city easier.

Encouraging big box stores and national retailers to locate in Bozeman brings more housing needs and traffic, driving up the cost of living in Bozeman without providing employee wages sufficient to pay for housing. Its time to look at the tradeoffs in quality of life and cost of living compared to expanding the businesses in Bozeman. Bozeman is loosing its uniqueness and desireability and it won't be long before the outskirts look like Belgrade.

Every growing City eventually needs an entity, a housing authority, that is financially involved with the development of affordable or workforce housing. The City of Bozeman must consider how to approach this if the housing issue is to be seriously addressed. Policy is not nearly enough - developers will continue to have incentive to build luxury real estate in the Gallatin Valley and the gap will widen between the have's and have-not's in our community.

First time homebuyers seem to be debt heavy, thus are finding it difficult to qualify for housing in the Bozeman area.

from an economic development perspective, attainable housing presents one of the largest business challenges in the area where wages and housing cost and availability (particularly urban-style condos and apartments) are misaligned

Go Community Land Trust. The only sustainable option for long term affordability.

Half of the people who work here that reside in Bozeman are renters and not homeowners, i.e. recent graduates that have not purchased a home. It is my prediction when they do it will be Belgrade or Manhattan.

Housing (downtown specifically) requires additional parking which I understand is an ongoing issue but certainly needs consideration.

Housing issue is just the start. Hopefully property value will drop and everyone that left their home can come back before all the liberals in California people take it over. Thanks for fucking up a beautiful place

I agree that housing and the high costs are an issue. I also believe that the free market has a way of resolving these issues when services diminish.

I also feel like Bozeman is overbuilding at the moment and we don't have sustainable job infrastructure to handle the growth. They'll all turn into foreclosures because the cost of housing is unaffordable for what the job market allows.

I am a one-man show so I do not have any employees that depend on my business for support but I personally believe affordable housing is a serious issue that needs to be addressed in Bozeman. The majority of the available positions do not pay enough for the majority of people to cover rent without having a number of roommates. I don't believe the solution is building more crappy apartment complexes where you cram in as many housing units as builders like Rotherham are able to build. There needs to be more consideration given to town homes and condos that allow people more space along with their own garages. Units they can comfortably living in with one or two children so they don't have to move out as their families grow.

I am a small business owner who is also a renter. We have enough stress running a business, but when the lease ends, we have to compound that with the less than 2% vacancy rate and its almost unbearable. It is frustrating to see rent constantly rise and yet the vacancy rate stays the same. When will Bozeman begin to support the workforce and not just cater to the wealthy.

I am concerned that housing development continues to spread further and wider throughout the valley rather than increasing density closer to the city core. I am concerned about the environmental impacts - loss of agricultural land, wild land, water impacts and the impact of increased drive time/distances (lack of adequate public transportation). It seems that there are many new homes being built, but still they are insanely expensive.

I am the only person working in my office. I have many clients who are either business owners or employees who cannot find adequate housing in Bozeman. I believe it is a serious problem. Thanks for addressing this.

I believe Bozeman's low income housing solution is Belgrade/gateway, etc. Don't sacrifice the quality of the city to make low income housing. Embrace the desire of people wanting to move here and pay more for housing.

I believe it is one of the top 3 issues facing the Bozeman community today and in the next 5 years as we continue to grow. It cannot continue the way it has gone.

I believe the city should be looking into how to bring or create a qualified work force for the housing issue, instead of asking how employers are going to help with the rising costs of living in the area. The lack of competition in the builders for both residential and commercial projects creates a small pool to choose from when building- they can name their price and consumers don't have options. Housing costs are in part due to the lack of trained trades people; and the high cost of land in the area. The issue won't resolve itself until such time that Gallatin County schools and employers within all aspects of the construction market (plumbers, masons, electricians, framers, roofers, etc.) in the area work together to create a qualified workforce that can work for a wage that is comparable to the national average and still afford to live in the area.

I believe the issue is all due to supply and demand. As the City is trying to mandate provisions they are making the issue worse by reducing supply thus increasing cost. The present course that the City is going down is completely wrong to solve the issue.

I believe the questions for the commission are: How do we help facilitate an increase in the supply of housing? What are the causes of the increased costs of housing? How do we, as a community, mitigate those increased housing costs? Are we putting up barriers to the construction of affordable housing?

I definitely do not think it is the land owners'/ developers' problem to provide low cost housing. It's Bozeman, and if you want to live here, it's the going rate-sorry! Until the attitude of trailer houses, and old cabins (low rent) changes with the "powers that be", their will ALWAYS be a shortage from this time forward!

I do know it is a huge issue. I know a lot of people that cannot afford to live here. It is unfortunate the cost of living is high and wages have to be low as commercial rent is unreasonably high and shipping of products to Montana is astronomical. These are things people do not think about when complaining about costs of goods in the city.

I do not own this business, I am the store manager of the business

I do think there is a lack of affordable housing in Bozeman. However it hasn't effected our ability to find high quality employees.

I don't feel like the city has done enough to tackle the housing affordability issue. There are so many communities we can learn from who have dealt with the situation we're in: Bend, Jackson, Fort Collins, just to name a few. We don't need to reinvent the wheel, we just need to take parts of other affordable housing plans and put them in place here in Bozeman. If we don't mandate affordable housing quickly, we will lose the working class members of our community. Expecting people to move further and further away and commute in to Bozeman for work every day is not a solution. If people leave town at the end of each work day and take their Bozeman wages to another community, we as a city are the ones who are losing in the long run. We need people of all classes to live and work in Bozeman and keep their money cycling through the Bozeman community both in support of the many small businesses and the many non-profits that are such a big part of this community.

I don't know what the immediate solution is for the thousands of people moving here annually, that can't find housing in the city area, but I do hope the City will not only look for affordable solutions but I hope it will support developers that intend to build for the longevity of our city center---

I feel pretty strongly that some of the problems could be solved if more student housing--not just dorms, but apartments--was built closer to campus. This would free up many family homes and apartments in Bozeman for employees. This would also ease some of the traffic issues as there would be fewer people driving to campus. It would also be nice to have some sort of incentive for bike commuting. We only have one car at home and one of us bikes to work. There is no incentive for this. I know it has a built in incentive because we are saving money on gas and a car payment.

I feel that the cost of housing is so high for the average person to afford to live here. To many hand outs.

I have lived here 54 years. When I retire in a few years I will move out because it is so expensive. Bozeman caters to the wealthy and has turned into a very snobby uppity town. If your not rich you don't live here. Its that simple

I have many friends who are faced with either needing to move outside Bozeman or possibly outside of the state because their jobs do not pay enough to afford their rent/mortgage. It is definitely a problem that still needs some creative problem solving.

I have never heard of low income housing making a better community. I urge the city to be careful. Large scale low income housing becomes crime centers nation wide. We have a nice community and it is hard to make it here. That hard keeps out many bad elements.

I just think Bozeman is slowly becoming a place where well off people can live and everyone else will need to live outside of Bozeman and commute.

I know many of my clients struggle with finding affordable housing!

I know that housing is a huge issue for people in Bozeman. I manage 200 units between 2 apartment complexes. I rent 3 units to someone who brings in employees to work at their hotels in housekeeping. They want more units. My units are some of the most affordable in Bozeman so we are 100% full, but there are still some people who cannot afford them. I don't think that the City should try to get into the housing business, but adjust the permitting process to make it easier to build affordable apartments.

I moved here from a large city that had a wide variety of housing options for people in every financial bracket. That is not the case here in Bozeman, and I believe it is going to continue to cause businesses and individuals problems (I hear from business owners all the time that they cannot staff their positions because people can't afford to live here on what they are able to pay them). It took me 3 months to find a place inexpensive enough for a teacher to purchase. Another 3 months trying to find a single mom (a supervisor at MSU) a place she could manage. Both purchased in Belgrade but work in Bozeman. People that work in the education sector ought to be able to live in the city they work in. It is my single complaint with this beautiful town - and it breaks my heart when people call me and tell me (like a married couple that both worked at MSU did recently) that they are leaving Bozeman because they just cannot afford to stay here.

I really feel a tourist tax makes sense in our city to get some money back in exchange for the large tourism industry. I also think the major area employers need to be held accountable for paying living wages to their employees.

I really think my answers are atypical and should not be used for serious policy making.

I recently moved to Belgrade so I could purchase a house instead of a condo. I would rather live in Bozeman simply for the "commute" which really isn't a big deal. I've been here since 1999 and about half my friends have now moved to Belgrade. Cost is a big part of it but the culture is changing so much in Bozeman. The locals still smile and say hi but all these new comers especially the city folk need to find their friendly side. No one cares how much money you brought with you, we care about who you are as a person and where you're going to fit into this amazing community.

I support affordable housing. This means housing that is a stepping stone to a better life. Affordable should not be the end point for someone in their life, but a means to allow the individual to gain the skills needed to afford a nice home in the future. Two income families are the best way to create success as one income earners will always be behind.

I think that more zoning should be done for apartment buildings closer to town.

I think the city should stop approving crappy developments that are filled with \$400k or more houses

I understand that it isn't an easy problem and that it is largely as a result of the other successes.

I will keep informing myself on the City of Bozeman's efforts and offer information and insight as it is requested.

I would love to get together to discuss more, and to collaborate ideas in hopes to the start of a solution

I've heard of many businesses that have lost employees or potential employees due to the housing issues. Most important is the high cost.

I'm a psychologist in private practice, and the only employee in my business. I decided to start private practice rather than working for a community agency in large part because I knew I could be better able to afford housing. I have also made decisions around what insurance I accept based on what I pay for housing (for example, not accepting Medicaid, even though I would like to). I am hoping to close on a house soon, but it was hard to find something in Bozeman that I could afford.

I'm in construction and bigger building pay more. I am liking all of these apartment buildings.

Increase housing supply via density. Don't waste any more time or money on studies that do not provide a real solution. This is the only solution.

Instead of forcing developers leave parts of the development available for low income, have a fee per lot that goes towards the development of a low income subdivision. This would eliminate having to have design features of the development trying to be put into a lower priced home.

It is a tough nut to crack. Builders want to make money, landlords want to make money, the city needs impact fees for the additional services. Low income housing has negative connotations. Gentrification/segregation is also not the answer. Perhaps newly approved multi-unit buildings could require one rent-assisted unit per 8 free-market units at 50% of rent and available to those demonstrating financial need.

It is difficult to know the solutions but it is also very, very difficult to watch whole affordable neighbor hoods being torn down and replace with UP scale housing and then the city pretends they are addressing the problem. Make developers accountable, assess them for impacts because they are here for the big bucks.

It is too difficult for people to find affordable housing here. It needs to change

It seems as though Bozeman will have to begin looking at models where other rural but affluent places have planned for the stratified layers of income through various housing opportunities, e.g. Aspen, Colorado and the Roaring Fork Valley have had major shifts in the past years. So much so that they even have teacher housing now.

It's out of control, thanks to the real estate industry.

Just affordable homes that are pet friendly

Keeping land affordable and build costs affordable will help maintain the health of the Bozeman community.

Let the free market work it's magic and stop the social engineering.

let the market deal with housing.. you are not only fooling with housing, you are dealing with incomes, types of jobs, etc.. and trying to manipulation housing can only lead to a worsening of the problems.... Stay out of the real estate business

Let the market drive the cost of housing, quit trying to fix it. Government can only make things worse. What Bozeman is experiencing is no different than any other growing city has experienced, the difference is the City of Bozeman thinks they need to fix it. Fix the lack of common sense within the city planning, building dept. and city managers first, then everything else will work more efficiently.

Let's not price ourselves out of good humans.

More comments to be provided during in-person meeting with [removed] regarding employer data.

More RV, Tiny home, community cottages, and trailer lots would be a substantial step in the right direction.

More units downtown are a good thing. My lowest paid employees can afford downtown rent.

Most concerned about teachers, police, etc. that need to be part of our community here in Bozeman! Prefer small, single family homes to major apartment complexes. The Icon apartments project in particular will not help affordable housing.

MSU's unbridled growth is responsible for most of it

my business (10 year anniversary would be March 2019) may have to close because housing costs and resulting wage demands would require daycare costs that families can't afford and I'll be out of business.

My cell is a good way to contact me please be respectful and email first. [data removed]

My family is looking into moving somewhere more affordable. Our housing situation is about to change and our rent will more than double within a year and a half. If we can't find a suitable home for a family of four, plus two cats, where I can have an on site shop or large garage then we will be looking elsewhere. That would mean my company would move as well.

Needless city regulations are driving up the cost of housing. If park requirements were reduced, if smaller lot sizes were allowed, if architectural guidelines were loosened, the cost of land and the cost of construction would decline and more buyers could buy real estate.

no

No offense to Commissioner Mehl, but his claim that AirBnB/VRBO units don't have a notable effect on long-term rentals being available is not correct. 200 additional units on the market would make a very big difference, indeed. We don't want this community to have its service workers banned to an outlying area...it smacks of elitism.

None

None at this time.

None that are fit to print. The housing price numbers in yesterday's paper represent a huge failure across the board.

Not at this time.

Not everyone gets to live in the mansion in downtown Beverly Hills

Not supplying the requested information because that's not confidential and odd to ask.

NPR said we were the largest growth community of our size in the country, tough to believe but even if it's close, matching good zoning with speedy units must occur. I like the housing look and feel and greenspace, we're much better than Missoula

Our elected leaders in Bozeman are really dropping the ball. This has been talked about for years and nothing gets done. I guess it makes people with money feel good to talk the talk. Time for some actual action!

Our son-in-law just got a job with a company in the Four Corners area but they probably won't be able to afford to live in the area because rent or the cost of buying a house is so expensive.

Outside money influences the market too much. The only thing sustaining the inflated rates is out of state money making it increasingly harder for the people that do live and work here.

Permit takes 2 months that once took 2 weeks. Building department requires everything electronic so the cost to submit plans is astronomical. Then the system is terrible requiring staff to push a button and that could take up to a week.

Planning is key. Micro, high density housing is not an answer to this problem.

Rent is absurd in this town.

Rentals need to be more affordable. Period. For an employee making \$15/hr, rent cannot force them to take another job. Bozeman needs to do better.

Seriously, you need to stop looking to Socialism for answers. If the City of Bozeman REALLY cared about housing being more "affordable" you'd focus on improving and increasing infrastructure, streamlining the development and permit process, and let capitalism solve the problems as the market can do when given liberty.

Something needs to change to keep the value of Main Street high and the access to good employees available

Stop building high-end apartments that aren't affordable for the working class

Supply of starter homes (ie homes in the \$100,000-\$200,000 range) is non-existent in the valley. A person earning \$45,000 a year can only qualify for a \$150,000 loan. Either the cap on income for income-based HRDC loans needs to be raised for Gallatin valley, or more city funded/subsidized projects need to be started that build single family homes at or below that price point.

Thank you for conducting this research. We are a growing community and a growing school district. Finding affordable housing for our growing workforce will be an important issue.

Thank you for this survey! It was a relief to be able to voice some of these concerns, and I'm glad someone is asking. I serve as the main recruiter for our company and good help is hard to find!! Housing is definitely a barrier for folks wanting to move here, from out of or in state, not to mention the fact that living ain't easy for a lot of the folks around here helping build all these new buildings.

Thank you for this survey. As a sole proprietor working from home, I haven't faced the housing issues/needs/difficulties of other businesses with more employees. Like many Bozeman residents, however, I'm concerned with the rising housing (and other) costs of living in this increasingly popular place. But being self-employed, and the only employee, I don't have to worry about finding appropriate housing for other employees. Thanks.

Thanks for doing the survey

The city and county could easily incent existing landlords to lower rent by offering lower taxes in exchange for rent control pricing. This program exists in some other cities, and it works. From what I observe the focus is always on new development in this market, but by offering a tax break in exchange for set rental prices you would see participating. City and county taxes take up an average of 1.5-2 months of rent in a unit that rents for 90% of market pricing. That's hard math for an investor to make work in terms of pricing rentals.

The city has to see their role as an opportunity to help people rather than make money when times are good. The most sustainable and healthy communities in downturns are the ones who pour into their people during upswings in the economy.

The City needs to stop their amateurish attempts at social and economic engineering. If you can name a city that's done it successfully (you can't), just copy their approach. Otherwise, get back to focusing on the City's real functions: streets, parks, police, and fire. Stay in your lane, for Pete's sake!

The city of Bozeman has gotten themselves into the so-called affordable housing situation by allowing rampant development and growth. As always, let the market place sort out any perceived housing shortage.

The city talks about affordable housing but increases regulation on subjective matters like design, pedestrian friendly first level, setbacks (which are all design issues and not for safety) and it increases time to get approved and increases costs to build. The main way to increase affordable housing is reducing the regulation and speeding up the process of development so we have many more lots on the market keeping the price low. A lot of builders would like to build more affordable homes quickly and sell them at a reduced profit if the lots were available to do so. As of 11-27-2018 there are 44 single family building lots on the market in the city of Bozeman priced between \$0 and \$150,000, and only one of those lots is priced under \$100,000. I think that shows the problem. If there were 200+ lots on the market than builders would be able to purchase lots under 70K and build lower cost homes. The building costs due to labor is very high as well which shows we need more qualified labor in the area as well.

The housing density of Bozeman do not allow for anything other than a city environment without room for families to grow. Ie food sources other than costly and generic markets

The housing market in Bozeman is insane! Bozeman seems to cater to only high-income people. Although I won't be retiring, probably ever, I've considered moving into a 50+ community to simplify my life. However, even the very limited 50+ options here cater only to the very rich. There should not be such a disparity between groups (income, socioeconomic status, housing, etc.). I'm often told I could get a handsome price for my house if I sold it--my response is always the same. And move where? I couldn't afford anything even a fraction of the size of my house in Bozeman. I bought my house in Bozeman for \$58,000 in 1989 and now, apparently, it could sell for about \$600,000 (a very similar house two doors down just sold for \$584,000). Does that seem okay to you? Think about it.

The housing situation in Bozeman is terrible and needs to change.

The rent and purchase prices of housing are completely untenable and very demoralizing, especially to young people like myself who grew up in the area. PLEASE require that developers provide a large percentage of new homes (50+%) AND lots at affordable rate (commensurate with area incomes). These should be attractive and of similarly good quality as compared to the expensive options flooding the market, not trashy, below market mini houses or sprawling apartment complexes.

The rental rates are too high especially for the wages available. Most places require the renter to work multiple jobs and then struggle to afford much after rent is paid.

There are ways to manage affordable housing; plenty of other cities have done so with subsidies and incentives to builders and developers. It's going to take more than just action by the City of Bozeman however. It's a challenge to get a builder or developer to pass on seemingly lucrative work in order to build affordable housing when the resources to sustain their business don't pencil.

There is a "political" aspect to housing that it seems is being overlooked as I hear people scream for "affordable" housing. The construction of apartments in appropriate areas which allows people to rent, is, in my opinion more of a solution to the problem than building cheap homes in flood zones for example. Don't make the same mistakes that so many states have made, and why so many of us are leaving those states. Let supply and demand work itself out.

There seem to be two competing agendas. One to increase density in downtown Bozeman which is creating more housing but it's more expensive and is driving up prices, the other initiative is against sprawl which seems to be where it is more feasible to build at lower cost and therefore offer lower cost housing options to employees. I wish these two strategies could work in tandem so that we are accomplishing what we need in order to take care of our workforce and provide for diversity in our community

This is a systemic problem in our community. It is far worse now than in the past because construction is now year round thanks to being able to pour cement in the winter. We are now pulling in workers from other parts of the country and paying a fortune in housing expenses.

This problem is a big problem. Folks in the past "hired" as consultants have no idea what the roots of the problem really are and have never dug into them like this time. Appreciate that. The problem will get worse if its not a long sighted plan thats put together and put together with the aid of folks that have HEART for this community and struggle to survive the Real Estate Industry. Those that eat, sleep, breathe their work and community understand the many many many things that have created this monster. They can be fixed. But not overnight. Not sure why nobody seems to get that. LONG SIGHTED PLANS THAT ARE EXECUTED. There is no such thing as immediate solution to this mess!

Though I recognize that we have a limited supply of affordable housing, I also feel that the type of "affordable" housing that tends to be built to meet these demands is quite honestly, ugly. The west end of Bozeman is nothing but a future ghetto, devoid of a sense of community, without walking distance retail. These crammed in bedrooms stacked on top of each other, with shared walls, no yard, no garden, limited parking, constructed with no thought to the location of the sun when deciding where to put windows, will only cultivate in its inhabitants a desire to leave. It would be better to build in ways that make people feel comfortable, like they are part of a community, like they are where they belong. Growth in this valley is inevitable. How the growth is managed and what the development looks like is up to us. Financial and land constraints will play a part, but critical thinking and problem solving might help create something worthwhile.

Wanting to see diverse and affordable housing as Bozeman continues to grow. Not only for the sake of employees, but also for the sake of kids leaving home, for the mentally ill, and for young families.

We need a non-resident realestate tax. Too much housing is taken up by people who do not live here. Residents who make their money in this economy have to compete for housing with people who make their money in other economies which is unfair. The pay scale in MT is not the same as in Los Angeles. To make the playing field level for local residents there needs to be a tax on non-residents who buy up the housing to alleviate the burden on local residents.

We need housing that allows animals here in the Bozeman area. Not only that it is hard to find reasonable housing for an individual. It is hard to find any housing that allows having the animal.

We need to equalize the cost of government by transferring some of the tax burden from property owners (only 50% of the population here) and visitors to the area. WE NEED A LOCAL OPTION SALES TAX!!!

We own and manage the [removed] in Bozeman.

We really do not have employees besides our selves as owners, we use occasional labor providers/

We recently opened our location in the Bozeman area and are still too new to have experienced housing issues in the area.

We struggle to afford a full suite of benefits for employees while keeping wages competitive. This survey almost suggests that now the private business owner could be suggested to add an additional housing benefit? I thought that's what paychecks were for- housing, food, health insurance, entertainment... what are employers going to be asked to add to their benefit package next- a food stipend?

We would not be willing to provide housing incentive because when we have had employees they are skilled positions that pay enough that they don't need incentives. I know this is not the case with many service related businesse

Where do I begin? The city requirements have become so stringent that it's difficult to build anything "affordable". For example, we bought a lot in [removed] several years ago and even though the subdivision had been given final plat, we were not able to get a building permit for several years because of a failed intersection close by. The extra interest we paid before we could develop is the first thing to drive the cost up. Next, the city decided to change the design requirements during this time and what was going to be 4 units to provide "affordable housing" to the city became 3 because a sprinkler system was now required which drove up the cost and forced us to provide 3 units instead of 4, which means we would need higher rent on the 3 to make up for not having 4. It's virtually impossible to develop a piece of ground in this city because of the strict requirements of the city. Many developers go elsewhere because it simply does not work mathematically. I'm not suggesting that there be no rules. That's one thing I love about Bozeman...the leaders are thoughtful and seem to care about quality more than quantity, but there is a point where the regulations become too much and drive the cost up so much that no one but the rich can afford to live here. Many costs that seem like impact fees should cover get passed onto builders and developers and the costs just keep going up and up. My suggestion is to bring some people into the conversation who have actually been successful at thoughtful development, people who have built things, managed a work-force, run a company, instead of relying on people to make decisions who have no experience in these areas. When I have an accounting question, I call my accountant. When I have a legal question, I call my attorney. If you want to TRULY provide affordable housing to this community, call someone who has been successful at it and ask them how to make it work. I can assure you that more restrictions, higher fees and more difficulty in getting things approved will only continue to drive the costs up and affordable housing will be impossible because builders will go elsewhere where they can actually have some profit at the end of the day. Thank you and good luck!

Why do we need a survey to tell us what we already know?? I'd like to know why condo high-rises are getting approved and including less parking than living spaces??? Corner of Lamme and Willson is to have 51 units and 47 parking spaces????

Yes. I firmly believe that the city government should be completely ashamed of their handling of 'affordable housing' in Bozeman. First, the discussion should be geared back toward workforce housing, to encompass all types of housing. Second, if the city government would get out of the way of the free market, the problem would in many ways be less severe than it currently is. Quit spending time and resources exploring the problem, and quit voting against affordability in our marketplace at every turn. It is two-faced, and a terrible abuse of authority. Shameful. If our city leaders and community members were to just be honest and own up to the fact that they don't REALLY care about providing workforce housing, then we could at least quit being wasteful of resources in pretending to be concerned. I would be glad to discuss housing anytime, but all previous offers to do so have been turned down. Any efforts that I have been associated with in addressing workforce housing has been hindered by the city government. This survey is itself, just another opportunity for the city to create the illusion that it is taking action. The votes on Monday night show only misguided ideas or continued impediment to real solutions. [name removed]
