TECHNICAL MEMORANDUM
HOUSING

MONTANA DEPARTMENT OF COMMERCE

GreatWest ENGINEERING

Prepared For: Community Technical Assistance Program (CTAP), Montana Department of Commerce

Prepared By: Great West Engineering, Inc.

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1.0 Introduction

The Montana Land Use and Planning Act (MLUPA) requires communities to perform a comprehensive housing analysis to examine the housing conditions and needs based on the community's projected growth, existing regulations, and current conditions. The associated findings must be incorporated into the Land Use Plan. A key outcome of such an analysis would be the need to update land use regulations and identify policies that hinder the rehabilitation, improvement, or development of housing units. This process can pave the way for necessary updates that promote more effective and inclusive housing solutions within the community. It is important to note that during the development of the Land Use Plan, there will be cases where data will overlap. Each individual community will have the opportunity to decide how to present this data to ensure that they are in full compliance with MLUPA.. For the purpose of this document, data may be excluded within a particular section as guidance may be provided on how to reference that data in another section.

The initial step in this analysis is to gain a clear understanding of housing supply within your community. To gather relevant housing data, several reliable sources can be utilized, including the Montana Department of Commerce, the American Community Survey, Decennial Census reports, and Headwater's Economic Profile System (EPS) website. These platforms provide powerful insights and data that can assist the community in a complete analysis of the housing stock of the community.

Data Sources

- American Community Survey
- Headwaters Economics
- Decennial Census
- City/County building/ zoning permits
- Department of Revenue
- Local Realtor Organizations

Tip #1

If you plan to utilize a data source that was not listed above, verify that the source is reliable

Quick Links

- United States Census Bureau
- Headwaters Economics
- Montana Department of Commerce
- Montana State Library GIS Data
- Department of Revenue
- CEIC Population and Housing Dashboard
- Physical Condition of Montana Residential Parcels
- Commerce People and Housing Research
- Population and Housing Projections CEIC
- CEIC Housing Characteristics

1.1 Existing Conditions

The first step in this analysis is to understand the existing conditions of the housing supply in your community. Some of the most common methods of obtaining housing data are to view the Montana Department of Commerce website, the American Community Survey website, decennial census reports, or Headwater's Economic Profile System (EPS) website.

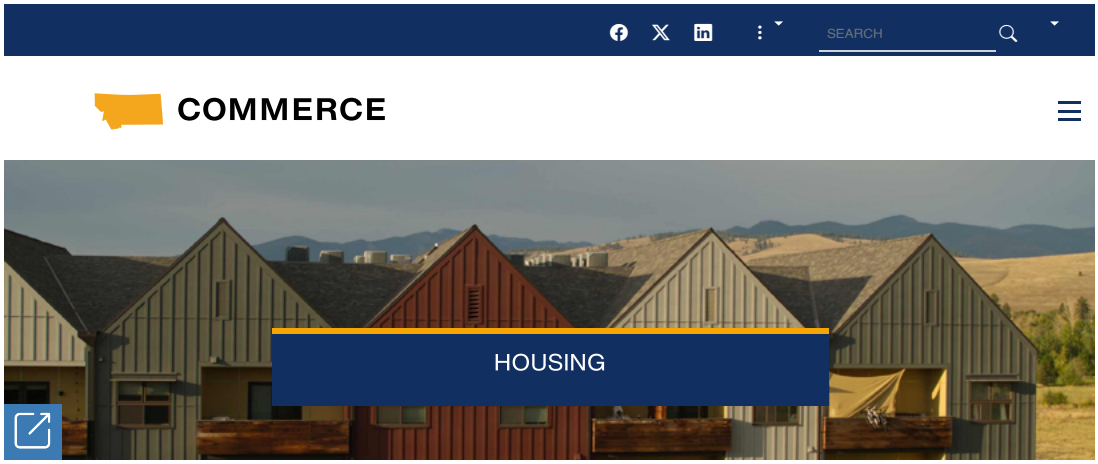


Figure 1: *Montana Department of Commerce Housing Website*
Click here to see online

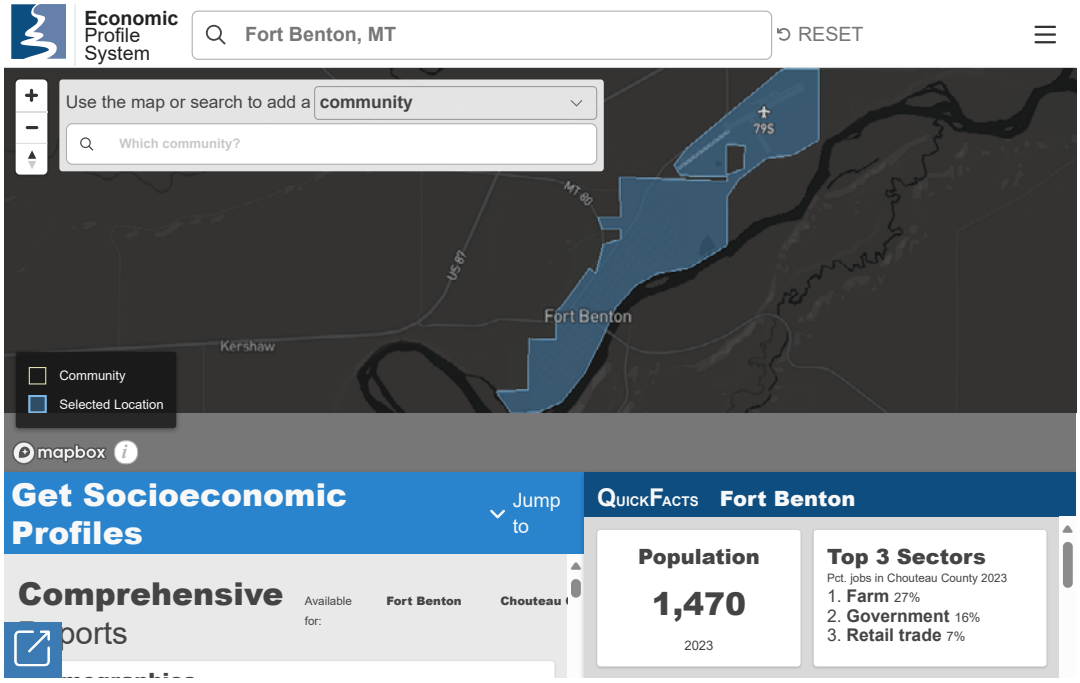


Figure 2: *Headwaters Economic Profile System, Socioeconomic profile download screen*
Click here to see online

1.2 Number of Housing Units

You can find the number of housing units in your community through the Montana Department of Commerce, Headwater's Economic Profile System, and the American Community Survey (ACS). It is important to note the Headwaters EPS system primarily utilizes data from either the ACS or the decennial census in their downloadable PDF and Excel spreadsheets.

Demographics

Fort Benton, MT

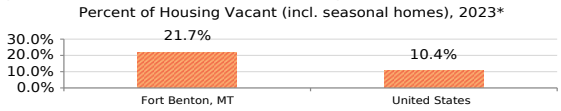
Housing Characteristics

	Fort Benton, MT	United States
Total Housing Units, 2023*	732	142,332,876
Occupied	573	127,482,865
Vacant	˙159	14,850,011
For rent	¨**0**	2,605,688
Rented, not occupied	¨**10**	527,495
For sale only	¨**17**	850,724
Sold, not occupied	¨**26**	603,208
Seasonal, recreational, occasional	55	4,855,213
For migrant workers	¨**0**	31,200
Other vacant	¨**51**	5,376,483
Year Built		
Built 2010 or later	¨**30**	14,381,018
Built 2000 to 2009	¨**4**	19,324,640
Built 1990 to 1999	˙43	18,211,985
Built 1980 to 1989	˙96	18,543,944
Built 1970 to 1979	˙88	20,484,570
Built 1940 to 1969	˙237	34,468,807
Median year structure built^	1956	1980
Percent of Total		
Occupancy		
Occupied	78.3%	89.6%
Vacant	˙21.7%	10.4%
For rent	¨**0.0%**	1.8%
Rented, not occupied	¨**1.4%**	0.4%
For sale only	¨**2.3%**	0.6%
Sold, not occupied	¨**3.6%**	0.4%
Seasonal, recreational, occasional	˙7.5%	3.4%
For migrant workers	¨**0.0%**	0.0%
Other vacant	¨**7.0%**	3.8%
Year Built		
Built 2010 or later	¨**4.1%**	10.1%
Built 2000 to 2009	¨**0.5%**	13.6%
Built 1990 to 1999	˙5.9%	12.8%
Built 1980 to 1989	˙13.1%	13.0%
Built 1970 to 1979	˙12.0%	14.4%
Built 1940 to 1969	˙32.4%	24.2%

^ Median year structure built is not available for metro/non-metro or regional aggregations.

High Reliability: Data with coefficients of variation (CVs) < 12% are in black to indicate that the sampling error is relatively small.
Medium Reliability: Data with CVs between 12 & 40% are in orange to indicate that the values should be interpreted with caution.
Low Reliability: Data with CVs > 40% are displayed in red to indicate that the estimate is considered very unreliable.

- In the 2019-2023 period, Fort Benton, MT had the highest estimated percent of the vacant housing (21.7%), and United States had the lowest (10.4%).



* ACS 5-year estimates used. 2023 represents average characteristics from 2019-2023.
Data Sources: U.S. Department of Commerce. 2024. Census Bureau, American Community Survey Office, Washington, D.C.

Data Analysis at a glance:

- Number of housing units
- Types of housing units
- Year structure built
- Condition of housing units
- Median home price
- Gross rent as a percentage of income
- Projected housing units based on low, moderate, and high growth (0.5%, 1.0%, 1.5% growth

Figure 3: *Headwaters Economic Profile System, Housing Characteristics, Demographics Download*

Click here to see online

1.3 Types of Housing Units

Using the American Community Survey (ACS) data, you can filter your results by first searching for your community in the search bar.

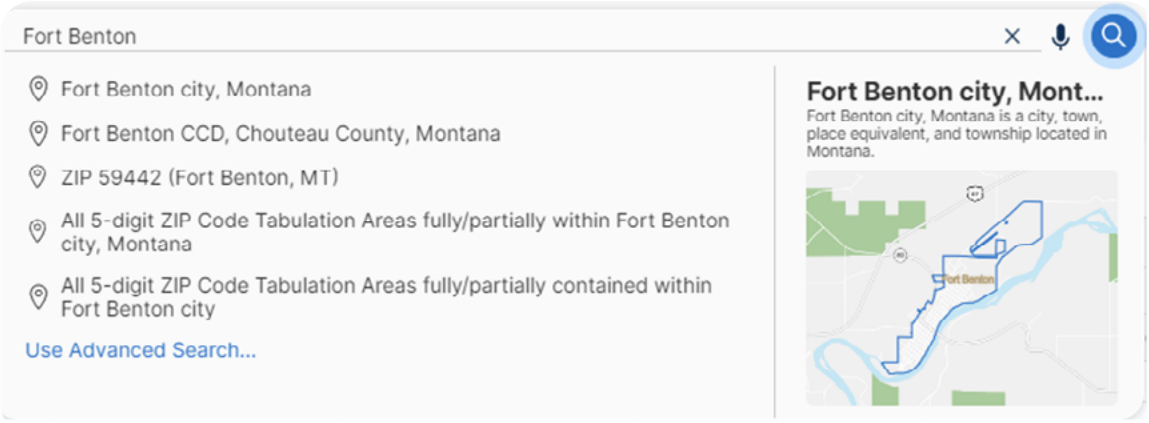
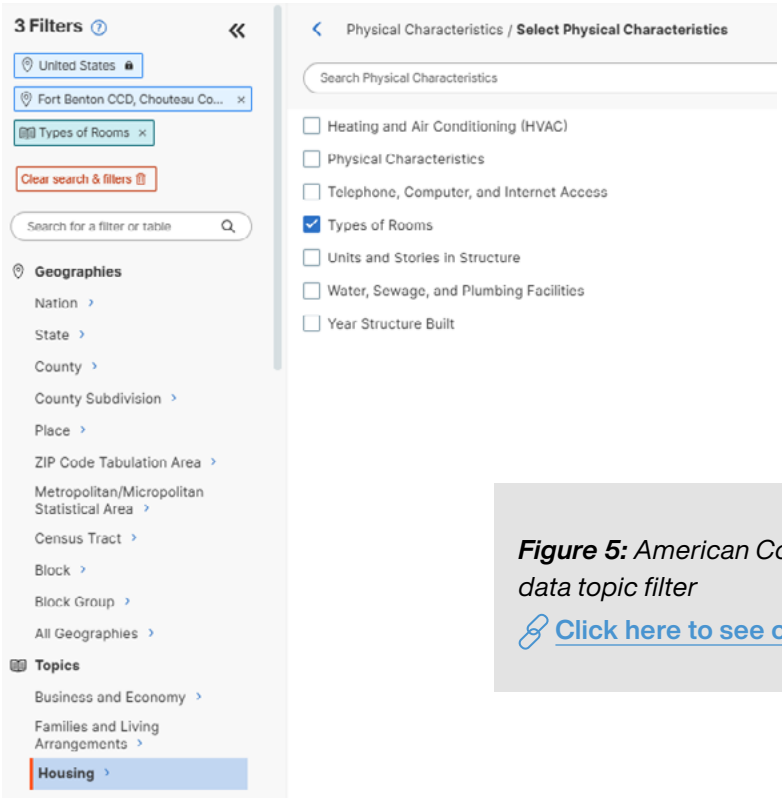


Figure 4: *American Community Survey, City search*
Click here to see online



Using the filter button on the ACS website, you can change the specific search and filter housing by physical characteristics and types of rooms to determine the different housing types in your community.

Figure 5: *American Community Survey data topic filter*
Click here to see online

Tip #2

When using Census data, verify first whether it is decennial data, or ACS data. The sampling methods for both differ, and data consistency is key when conducting a housing analysis.

1.4 Year Structure Built

The year that housing structures were built can be found in a variety of ways. The same steps that were taken above to determine the types of housing can also provide you with the year the structure was built, or using the same filtering steps as above, you can deselect "Types of Rooms" and instead select "Year Structure Built". This data can also show trends in construction and how the economy has shaped development throughout the years.

The age of the structures can also be obtained from Headwaters EPS by navigating to the housing characteristics section of the report (See Figure 1.).

1.5 Condition of Housing Units

The Montana Department of Revenue (DOR) is typically the best source to obtain the data for the physical condition of the housing supply in any community, however, the Montana Department of Commerce has recently created an online dashboard that graphically displays the data by parcel.

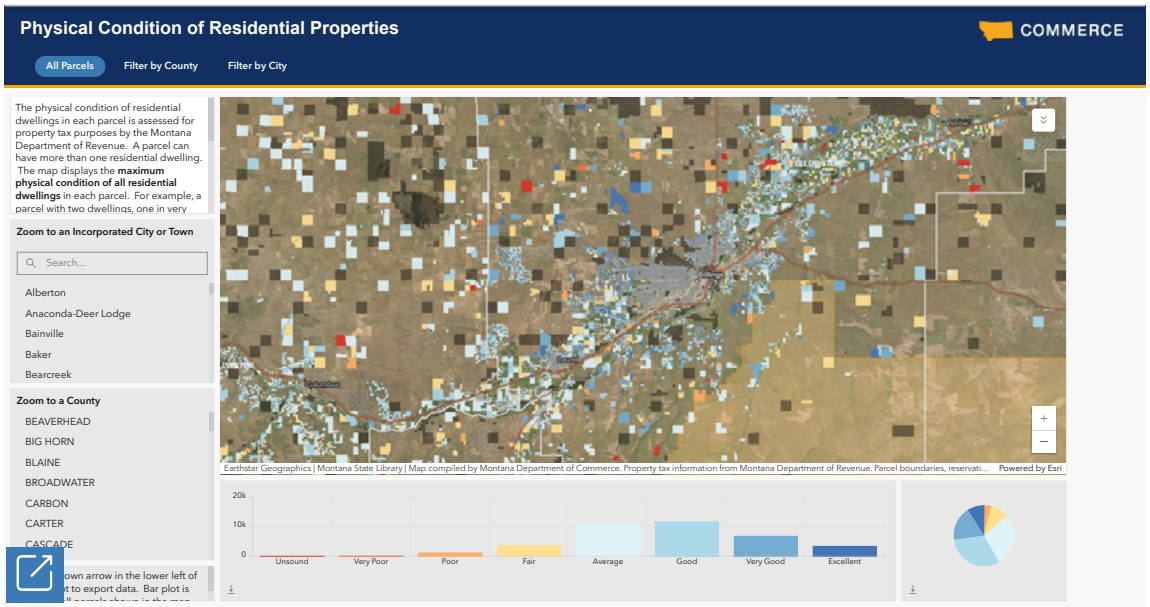


Figure 6: *Montana Department of Commerce Physical Condition of Residential Properties dashboard*

Click here to see online

1.6 Median Home Price and Gross Rent

The American Community Survey (ACS) can provide both the median home price and gross rent by filtering financial characteristics related to housing value and purchase price. The Headwaters EPS data provides insights into median gross rent and median monthly mortgage costs, which are essential for analyzing the percentage of households spending more than 30% of their income on rent or mortgages. This is particularly important analysis to conduct as HUD defines affordable housing as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

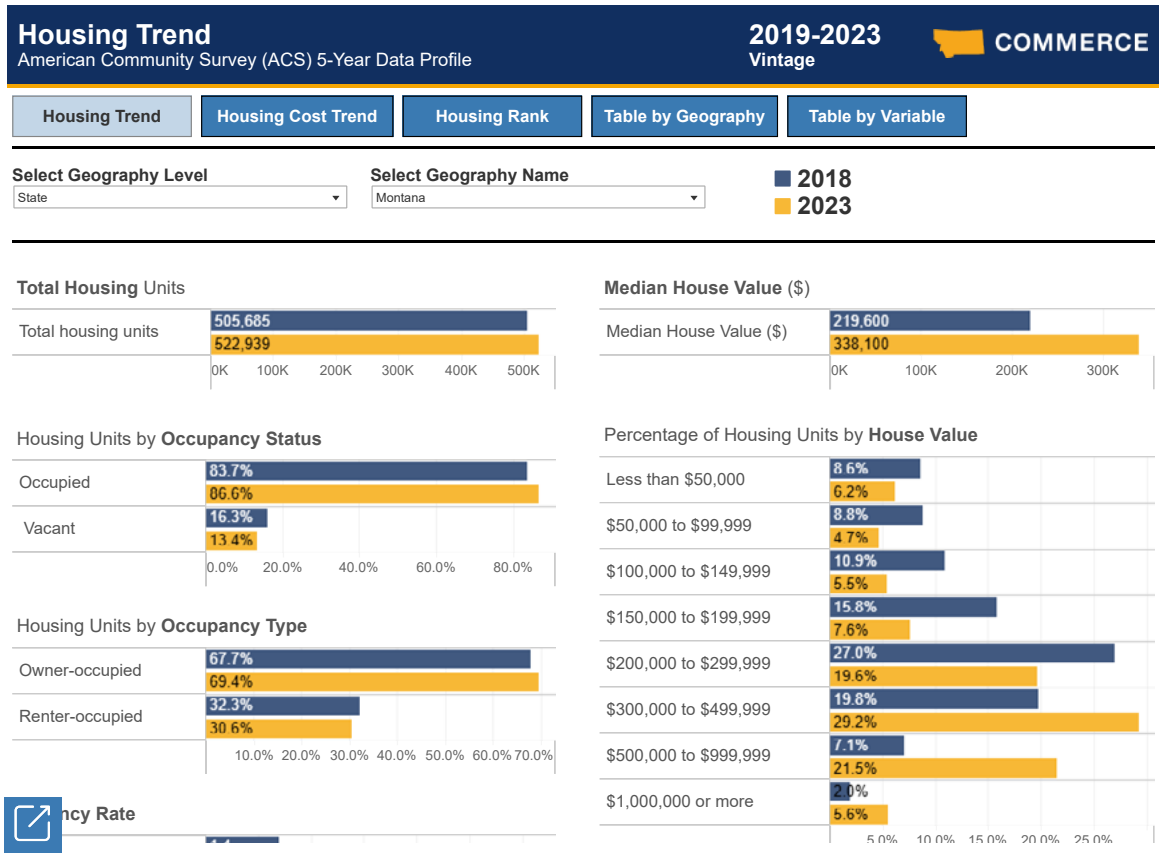


Figure 7: *Montana Department of Commerce Housing Trend dashboard*

Click here to see online

Additionally, local realtor organizations can conduct market analyses using the Multiple Listing Service, offering further data on housing trends. The Montana Department of Commerce has also recently launched an online dashboard that visually represents median home values, making it easier to understand the housing market at a glance.

Demographics

Fort Benton, MT

Housing Affordability

	Fort Benton, MT	United States
Owner-occupied mortgaged homes, 2023*	˙222	50,718,449
Cost >30% of household income	¨**24**	13,886,916
Specified renter-occupied units, 2023*	˙133	44,590,828
Rent >30% of household income	˙57	20,909,407
Median monthly mortgage cost^, 2023*	$1,176	$1,902
Median gross rent^, 2023*	$745	$1,348
Percent of Total		
Cost >30% of household income	10.8%	27.4%
Rent >30% of household income	¨**42.9%**	46.9%

^ Median monthly mortgage cost and median gross rent are not available for metro/non-metro or regional aggregations.

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Figure 8: *Headwaters Economic Profile System Housing Affordability tab, Demographic download*

Click here to see online

1.7 Projected Growth

MLUPA requires that the existing housing stock be projected out at least 20 years beyond the current date. The typical method of determining the housing projection is to project the data based on a low (0.5% growth), moderate (1.0% growth), or high (1.5%) projection of population growth within the community divided by the national average household size. The resulting number is then added to the current housing stock to project the estimated number of housing units needed. Below is an example of how projected populations are computed using a fictional town. These projections would need to be updated with the Land Use Plan every 5 years which will enhance the population projections over time.

Population projections can be computed as follows: Pt=Po*(1+r)^t

Pt = Final population

Po= starting population

R=growth rate (0.5%, 1.0%, 1.5%)

t= time period (number of years between growth)

An example of a fictional town can be written as Pt= 1,000 (1+0.05)^3

In words, this equation would show that the town is starting with 1,000 residents in 2024 and the growth rate is 0.5%, shown as 0.05, and the exponent is the number of years, in this case, 3 years. This would give the projected population increase from 2024 to 2027 at a growth rate of 0.5% a year. The same equation can be used for moderate and high growth by replacing 0.05 with 0.01, and 0.015.

Year	Low Projection 0.5% Growth	Moderate Projection 1% Growth	High Projection 1.5% Growth
2024	1,000	1,000	1,000
2027	1,015	1,030	1,046
2030	1,030	1,061	1,094
2035	1,056	1,115	1,179
2040	1,082	1,172	1,270
2044	1,104	1,220	1,348

Table 1: *Fictional growth projections*

For the following example of a fictional town, we will make the assumption that the housing stock consists of 900 housing units.

Year	Low Projection 0.5% Growth		Moderate Projection 1% Growth		High Projection 1.5% Growth	
	Units Needed	Deficits	Units Needed	Deficits	Units Needed	Deficit
2024	900	-	900	-	900	-
2027	906	6	912	12	918	18
2030	912	12	925	25	938	38
2035	922	22	946	46	972	72
2040	933	33	969	69	1,008	108
2044	942	42	988	88	1,039	139

Table 2: *Fictional housing unit projections*

Net population gain / average household size + current housing stock = housing units needed

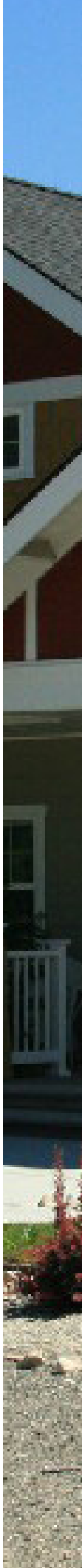
1.8 Additional Analysis

A majority of the methods for performing the housing analysis are easily available using public data. This analysis should begin to provide the basis for any land use code reform that a community needs to complete and will help assist the community in conducting the other analysis required under MLUPA (i.e. Future Land Use Map, Zoning, Subdivision, etc.).

Additional Analysis

- Property inventory
- Collaboration with regional economic development groups
- Incorporation of previous planning efforts, such as a housing needs assessment

Inventory analysis should also consider parcels that are unavailable for development such as publicly held properties, exempt properties, parcels in the floodplain, public parks, and any other unavailable parcels that may not be developed for housing.



While the community compiles the aforementioned data through various census reporting methods, it should also conduct an inventory of all zoned, unzoned, vacant, underutilized, and potential redevelopment sites. Inventory analysis methods may include on-the-ground assessments, online imagery reviews, and referencing physical condition data from the DOR.

In line with the housing reform requirements outlined in the MLUPA (see the resource document for zoning), the community must examine any constraints within its zoning and building codes. This includes identifying prohibitions on certain housing types in various residential zoning districts or lot design standards that may limit higher density residential development. Additionally, it's essential to assess the infrastructure needs and capacity at this stage. For more details, please refer to the infrastructure and public facilities memo.

The community should also work closely with their regional economic development organization to determine if there are any market incentives to aid property owners in the redevelopment of their residential or mixed-use properties.

Some communities may have recently done some analysis on housing, such as a needs assessment. If the information is recent and still reflects the current state of the housing supply, these documents can be incorporated into the Land Use Plan.

Once the entire analysis process is complete, the community will review the findings and determine if the amount of housing types needed in their community is feasible. If the number of housing units are not feasible for the community, then there shall be a minimum amount of housing determined based on the findings of the analysis.

TYPES OF HOUSING

- SINGLE FAMILY
- MULTI-FAMILY
- TOWNHOMES & CONDOMINIUMS
- MANUFACTURED HOMES
- SENIOR HOUSING
- WORKFORCE HOUSING

Future Housing Feasibility

The local jurisdiction may determine that the amount of housing needed is not feasible based on the criteria below:

- Lack of resources
- Lack of development sites
- Infrastructure capacity
- Other documented constraints

Note

Any further analysis beyond the required minimum of the statute is at the discretion of the community

Every five years the progress made towards fulfilling the housing needs will need to be documented. The best practice for meeting this requirement is to review the current process of storing and filing zoning permits and building permits to easily be able to review the amount of residential units that were permitted and constructed in any given year. This would allow the local government to visualize trends in development. It is recommended but not required to conduct an annual review of zoning and building permits. It is at this time the local jurisdiction can begin to determine the factors that are either encouraging housing or limiting housing growth in their area. These factors should be documented and reviewed by the planning commission as the best practice.

HOUSING ANALYSIS BEST PRACTICE TIMELINE

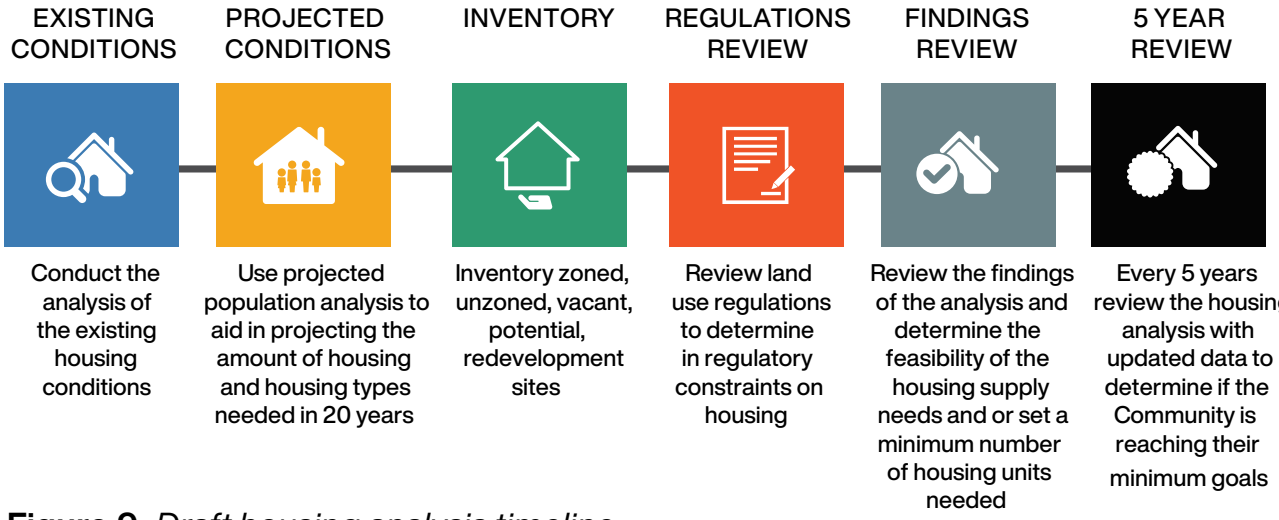


Figure 9: *Draft housing analysis timeline*

1.9 Implementation

The implementation strategies needed will differ by community. What might work for implementing these findings for one community may not work for another. One example of an implementation method is zoning code reform. Some of these methods of code reform can resemble the following: allowing a duplex as a permitted use wherever a single-unit dwelling is permitted, zone for higher density near transit stations, places of employment, or higher education facilities and population centers. This method coincides with the requirements of the MLUPA for the adoption of at least 5 of the 14 housing strategies for housing through amendment of the zoning code (76-25-302. Encouragement of development of housing, MCA). There may be a need to review the lot design standards to ensure that redevelopment of non-conforming lots for residential uses is permitted and review off-street parking requirements that have had an impact on the density of housing. There are other means of implementation such as public/private partnerships, city-county annexation coordination, and partnering with economic groups.

The adoption of the Land Use Plan marks the beginning of a continuous effort by the community to plan for future growth. Following adoption, the community needs to initiate code reforms and begin addressing the other identified action items outlined in the plan. Timing is crucial; to maximize the momentum generated during the planning process, these efforts should be launched as soon as possible after the plan's adoption.