

City of Missoula

Housing, Redevelopment, and Community Programs Committee Agenda

Date: November 16, 2022, 1:40 PM - 2:55 PM
Location: Council Chambers (in person) or TEAMS (virtually)
Attend in person: City Council Chambers, 140 W Pine, Missoula MT
Members: Stacie Anderson, Mirtha Becerra, Daniel Carlino, John P. Contos, Sierra Farmer, Gwen Jones, Kristen Jordan, Mike Nugent, Jennifer Savage, Amber Sherrill, Sandra Vasecka, Heidi West

Microsoft Teams meeting

Join on your computer or mobile app*:

[Click here to join the meeting](#)

* You may be prompted to download the Teams app

Or call in (audio only)

406-384-6960

Phone Conference ID: 615 041 199#

Press *5 to raise your hand to be recognized for public comment, *6 to mute and unmute

Watch the meeting only:

[Web stream \(live or on demand\)](#) Open this meeting on the calendar and select "View Live Stream" or "Video."

For more ways to watch the meeting and submit public comment, see the Citizen Participation Guide.

Issues? Call the City Clerk 406-552-6078.

If anyone attending this meeting needs special assistance, please provide 48 hours advance notice by calling the City Clerk Office at 406-552-6073.

Pages

1. ADMINISTRATIVE BUSINESS

1.1. Roll Call

1.2. Approval of the Minutes

2. PUBLIC COMMENT

3. COMMITTEE BUSINESS

3.1. HOME Program Homebuyer Assistance Loan Forgiveness Kendra Lisum, Karen Gasvoda

1

Recommended motion:

Approve the resolution authorizing the Mayor to sign all title-related documents relative to the outstanding HOME homebuyer assistance loans for the purpose of forgiveness

3.2. Set a public hearing for PY21 Annual Action Plan Amendment Karen Gasvoda, Kendra Lisum

12

Recommended motion:

Set a public hearing for Monday December 5, 2022, to review the City of Missoula
Program Year 2021 Annual Action Plan Substantial Amendment

3.3. Tourist Home Fee Update

Emily Harris-Shears,
Kirsten Hands

19

Recommended motion:

Set a public hearing for December 12, 2022 on a resolution of the Missoula City Council
amending Exhibit A, the Business Licensing fee Schedule in Resolution 8615, to revise
fees for Tourist Home registration.

4. ADJOURNMENT



**City of Missoula, Montana
City Council Committee Agenda Item**

Committee: Housing, Redevelopment and Community Programs

Item: HOME Program Homebuyer Assistance Loan Forgiveness

Date: November 16, 2022

Sponsor(s): Kendra Lisum, Karen Gasvoda

Prepared by: Kendra Lisum

Ward(s) Affected:

<input type="checkbox"/> Ward 1	<input type="checkbox"/> Ward 4
<input type="checkbox"/> Ward 2	<input type="checkbox"/> Ward 5
<input type="checkbox"/> Ward 3	<input type="checkbox"/> Ward 6
<input checked="" type="checkbox"/> All Wards	<input type="checkbox"/> N/A

Action Required:

Approve the resolution authorizing the Mayor to sign all title-related documents relative to the outstanding HOME homebuyer assistance loans for the purpose of forgiveness

Recommended Motion(s):

I move the City Council: Approve the resolution authorizing the Mayor to sign all title-related documents relative to the outstanding HOME homebuyer assistance loans for the purpose of forgiveness

Timeline:

Committee discussion:	11/16/22
Council action (or sets hearing):	12/5/22
Public Hearing (if required):	Click or tap here to enter text.
Final Consideration	Click or tap here to enter text.
Deadline:	Click or tap here to enter text.

Background and Alternatives Explored:

Around 2005-2012, the joint city/county grants department provided small HOME loans to approximately 50 first time homebuyers. HOME stands for the federally-funded Home Investment Partnership Program. In the years since, as these homes were sold, most of these loans have been repaid. Given the current state of the Missoula housing market, the age of many of these loans, and the administrative burden of processing ad hoc repayments, the city has determined that it is in the best interest of the HOME program and residents with outstanding HOME loans to forgive these loans and release all title-related documents. By forgiving these legacy loans, the city would help to alleviate a small piece of the burden on low-and-moderate-income homeowners who used this program, and it would reduce administrative costs to the current HOME program as well.

The HUD-imposed period of affordability on these loans has expired, which means HUD has released the city and the homeowners from any requirements, but city restrictions remain. If Council agrees to remove these restrictions, the home loans can be forgiven.

Financial Implications:

None.

Links to external websites:



Pre-2010 HOME Homebuyer Assistance Loans

Housing, Redevelopment &
Community Programs

November 16, 2022

Introductions

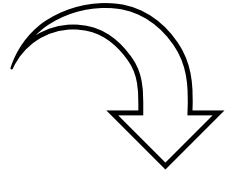
Karen Gasvoda

gasvodak@ci.Missoula.mt.us

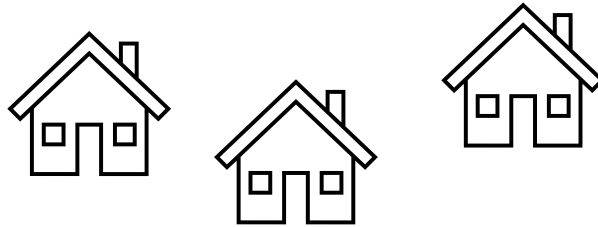
Kendra Lisum

lisumk@ci.Missoula.mt.us

HUD
HOME funds



City/County



Some History



Some History

PERIOD OF AFFORDABILITY (POA)

A	✓ HUD-Imposed POA has expired
U	
\$	✓ City restrictions remain
Over \$40,000 per unit	20 years



\$25,500
outstanding
(in compliance)



Non-compliant



Non-compliant



2 confirmed
compliant

Motion

Approve the resolution authorizing the Mayor to sign all title-related documents relative to these loans for the purpose of forgiveness



Questions?

RESOLUTION NUMBER

XXXX

A RESOLUTION OF THE COUNCIL OF THE CITY OF MISSOULA APPROVING A LOAN FORGIVENESS AGREEMENT AND AUTHORIZING THE MAYOR AS THE DESIGNATED REPRESENTATIVE OF THE CITY TO EXECUTE THE LOAN FORGIVENESS DOCUMENTS

WHEREAS, THE CITY OF MISSOULA is annually awarded Home Investment Partnerships Program (HOME) funds by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the purpose of these HOME funds are the development of viable urban communities through activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people; and

WHEREAS, the City has supported first-time homebuyer activities through the Missoula City-County Affordable Homeownership Program (MCCAHP) and American Dream Downpayment Initiative (ADDI) loans administered and managed by a joint City-County office with HOME funds; and

WHEREAS, many homeowners who purchased their homes decades ago are now cost burdened by high housing costs and may be unable to sell their existing home and purchase another home within the City due to low inventory and high competition; and

WHEREAS, the HUD-imposed period of affordability of 10-15 years has lapsed on these loans;

NOW, THEREFORE, BE IT RESOLVED, that the Council authorizes the Mayor to sign all title-related documents relative to these loans for the purpose of forgiving the above mentioned loans and releasing any restrictions tied to the HOME funds.

PASSED AND ADOPTED _____

ATTEST:

APPROVED:

Martha L. Rehbein
City Clerk
(SEAL)

Jordan Hess
Mayor



**City of Missoula, Montana
City Council Committee Agenda Item**

Committee: Housing, Redevelopment and Community Programs

Item: Set a public hearing for PY21 Annual Action Plan Amendment

Date: November 16, 2022

Sponsor(s): Karen Gasvoda and Kendra Lisum

Prepared by: Kendra Lisum

Ward(s) Affected:

<input type="checkbox"/> Ward 1	<input type="checkbox"/> Ward 4
<input type="checkbox"/> Ward 2	<input type="checkbox"/> Ward 5
<input type="checkbox"/> Ward 3	<input type="checkbox"/> Ward 6
<input checked="" type="checkbox"/> All Wards	<input type="checkbox"/> N/A

Action Required:

To set a public hearing to review the HUD-funded Program Year 2021 Annual Action Plan Substantial Amendment.

Recommended Motion(s):

I move the City Council: Set a public hearing for Monday December 5, 2022, to review the City of Missoula Program Year 2021 Annual Action Plan Substantial Amendment

Timeline:

Committee discussion:	11/16/22
Council action (or sets hearing):	Click or tap here to enter text.
Public Hearing (if required):	12/5/22
Final Consideration	12/12/22
Deadline:	Click or tap here to enter text.

Background and Alternatives Explored:

Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds are made available to the City of Missoula on an annual basis from the Federal Government through the U.S. Department of Housing and Urban Development (HUD). Each spring, the Community Development division brings through Council our CDBG and HOME Annual Action Plan, which is a report that details the projects recommended for funding for that year. Last year, we presented on six projects. This public hearing is to present an amendment to last year's Action Plan. This will be the second amendment to this Action Plan brought before Council.

Financial Implications:

Public Hearing only – no financial implications.

Links to external websites:

www.engagemissoula.com/hud-funded-programs



PY21 Substantial Amendment

Housing, Redevelopment &
Community Programs

November 15, 2022

Introductions

Karen Gasvoda

gasvodak@ci.Missoula.mt.us

Kendra Lisum

lisumk@ci.Missoula.mt.us



AMENDMENT TO PROGRAM
YEAR 2021 ANNUAL ACTION
PLAN

Why we're
here today



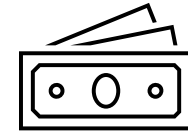
CDBG & HOME

PY21 Substantial Amendment



URA

Uniform Relocation Assistance and Real
Property Acquisition Act
49 CFR Part 24



Habitat – Homebuyer Assistance, \$270,000

- help buy down the cost of land for Habitat's partner families for 9 properties in East Missouri. The properties will be placed into a Community Land Trust to ensure permanent affordability

Unable to fund

Recommended Motion

The committee moves to set a public hearing for Monday, December 5, 2022, to review the City of Missoula's Substantial Amendment for the PY21 Annual Action Plan.



**City of Missoula, Montana
City Council Committee Agenda Item**

Committee: Housing, Redevelopment and Community Programs

Item: Tourist Home Fee Update

Date: November 3, 2022

Sponsor(s): Emily Harris-Shears; Kirsten Hands

Prepared by: Kirsten Hands

Ward(s) Affected:

- | | |
|---|---------------------------------|
| <input type="checkbox"/> Ward 1 | <input type="checkbox"/> Ward 4 |
| <input type="checkbox"/> Ward 2 | <input type="checkbox"/> Ward 5 |
| <input type="checkbox"/> Ward 3 | <input type="checkbox"/> Ward 6 |
| <input checked="" type="checkbox"/> All Wards | <input type="checkbox"/> N/A |

Action Required:

Update the registration fee for Tourist Homes on the Business Licensing Fee Schedule.

Recommended Motion(s):

I move the City Council: (Motion 11/28/2022) Set a public hearing for December 12, 2022 on a resolution of the Missoula City Council amending Exhibit A, the Business Licensing fee Schedule in Resolution 8615, to revise fees for Tourist Home registration.

(Motion 12/12/2022) (Adopt/deny) a resolution for the Missoula City Council amending Exhibit A, the Business Licensing fee schedule in Resolution 8615, to revise fees for Tourist Home registration.

Timeline:

Committee discussion:	November 16, 2022
Council action (or sets hearing):	November 28, 2022
Public Hearing (if required):	December 12, 2022
Final Consideration	December 19, 2022
Deadline:	Click or tap here to enter text.

Background and Alternatives Explored:

7-1-4123(7) Montana Code Annotated authorizes local government to charge reasonable fees for the provision of services. Increasing the fees for Tourist Home registration will bring these fees better in line with associated costs including; monitoring software, application processing and other general administrative costs.

Financial Implications:

N/A

Links to external websites:

RESOLUTION NUMBER _____

A resolution of the Missoula City Council amending Exhibit A, the Business Licensing Fee Schedule in Resolution 8615, to revise fees for Tourist Home registration.

WHEREAS, 7-1-4123(7) MCA authorizes local governments to charge reasonable fees for the provision of services; and

WHEREAS, Community Planning, Development and Innovation has reviewed the fees charged for registering and regulating Tourist Homes and the costs to provide service; and

WHEREAS, the City Council duly advertised and conducted a public hearing relating to these proposed fees; and

WHEREAS, in accordance with the City Charter, Article 1, Section 6, a public hearing was duly advertised on, and held by the City Council on November 28, 2022, in order to give the public an opportunity to be heard.

NOW THEREFORE, BE IT RESOLVED that the Missoula City Council hereby amends Resolution 8615, revising the fees as shown in Exhibit A, the Business Licensing Fee Schedule, effective January 1, 2023. All other fees listed in Exhibit A Resolution 8615 are hereby confirmed.

PASSED AND ADOPTED this 5th day of December, 2022.

ATTEST:

APPROVED:

Martha L. Rehbein, CMC
City Clerk

Jordan Hess
Mayor

(SEAL)

EXHIBIT A
Business Licensing Fee Schedule
Effective January 1, 2023

New Business or Change of Location

		Current Fee 2022			Proposed Fee 2023		
		FTE Fee	Minimum Fee (4 FTE)	Maximum Fee (85 FTE)	FTE Fee	Minimum Fee (4 FTE)	Maximum Fee (85 FTE)
General	Commercial Location	\$ 40	\$ 160	\$ 3,400	\$ 43	\$ 172	\$ 3,655
	General Home Base	\$ 26	\$ 104	\$ 2,210	\$ 28	\$ 112	\$ 2,380
	Home Based Daycare	\$ 40	\$ 160	\$ 3,400	\$ 43	\$ 172	\$ 3,655
	Cable Company	\$ 23	\$ 92	\$ 1,955	\$ 25	\$ 100	\$ 2,125
	Contractor	\$ 33	\$ 132	\$ 2,805	\$ 35	\$ 140	\$ 2,975
Retail Beer/Wine/Liquor Sales							
Beer or Wine--Flat fee of \$200 plus		\$ 66	\$ 264	\$ 5,610	\$ 71	\$ 284	\$ 6,035
Beer & Wine--Flat fee of \$400 plus		\$ 66	\$ 264	\$ 5,610	\$ 71	\$ 284	\$ 6,035
All Beverage--Flat fee of \$500 plus		\$ 66	\$ 264	\$ 5,610	\$ 71	\$ 284	\$ 6,035
Veteran & Non Profit -- Flat fee of \$406.25 plus							
Renewals	General	\$ 21	\$ 84	\$ 1,785	\$ 22	\$ 88	\$ 1,870
	Contractors	\$ 22	\$ 88	\$ 1,870	\$ 24	\$ 96	\$ 2,040
	Retail Beer/Wine/Liquor Sales						
	Beer or Wine--Flat fee of \$200 plus:	\$ 59	\$ 236	\$ 5,015	\$ 63	\$ 252	\$ 5,355
	Beer & Wine--Flat fee of \$400 plus	\$ 59	\$ 236	\$ 5,015	\$ 63	\$ 252	\$ 5,355
	All Beverage--Flat fee of \$500 plus	\$ 59	\$ 236	\$ 5,015	\$ 63	\$ 252	\$ 5,355
	Veteran & Non profit org.-- Flat fee of \$406.25						

Itinerant Vendors

		Fee			Fee
New Business	1 week	\$ 92			\$ 98
	90 Days	\$ 114			\$ 122
	Full Year	\$ 137			\$ 147
Renewals	Full Year License Renewal	\$ 69			\$ 74

Rental of Retail, Wholesale and Warehouse Space

		Cost/SF	Minimum Fee	Maximum Fee			Cost/SF	Minimum Fee	Maximum Fee
New Ownership or New Rental Properties	Rental – Retail/Office								
	0 – 4,999	\$ 0.0881	\$ 220	\$ 3,461			\$ 0.0942	\$ 236	\$ 3,703
	5,000 – 9,999	\$ 0.0513	\$ 256	\$ 3,461			\$ 0.0549	\$ 274	\$ 3,703
	10,000 – 19,999	\$ 0.0332	\$ 330	\$ 3,461			\$ 0.0355	\$ 353	\$ 3,703
	20,000 – 49,999	\$ 0.0237	\$ 473	\$ 3,461			\$ 0.0253	\$ 506	\$ 3,703
	50,000 – 99,999	\$ 0.0162	\$ 802	\$ 3,461			\$ 0.0173	\$ 859	\$ 3,703
	100,000 +	\$ 0.0146	\$ 1,453	\$ 3,461			\$ 0.0156	\$ 1,555	\$ 3,703
	Rental – Wholesale/Warehouse								
	0 – 9,999	\$ 0.0439	\$ 219	\$ 3,461			\$ 0.0469	\$ 235	\$ 3,703
	10,000 – 24,999	\$ 0.0255	\$ 255	\$ 3,461			\$ 0.0273	\$ 273	\$ 3,703
	25,000 – 49,999	\$ 0.0145	\$ 247	\$ 3,461			\$ 0.0155	\$ 265	\$ 3,703
	50,000 – 99,999	\$ 0.0147	\$ 733	\$ 3,461			\$ 0.0158	\$ 785	\$ 3,703
	100,000 – 199,999	\$ 0.0122	\$ 1,198	\$ 3,461			\$ 0.0130	\$ 1,282	\$ 3,703
	200,000 +	\$ 0.0116	\$ 2,301	\$ 3,461			\$ 0.0125	\$ 2,462	\$ 3,703
Renewals	Rental—Retail/Office	\$ 0.0117	\$ 60	\$ 1,638			\$ 0.0126	\$ 64	\$ 1,752
	Rental— Wholesale/Warehouse	\$ 0.0099	\$ 60	\$ 1,638			\$ 0.0106	\$ 64	\$ 1,752

Market Events

	Per Booth/Table	Minimum Fee (4 Tables)	Maximum Fee (50 Tables)		Per Booth/Table	Minimum Fee (4 Tables)	Maximum Fee (50 Tables)
New Markets	\$ 81	\$ 324	\$ 4,050		\$ 87	\$ 348	\$ 4,350
Renewals	\$ 21	\$ 84	\$ 1,050		\$ 22	\$ 88	\$ 1,100

Boiler Room Operations

		Fee			Fee
New Operations	1 to 4 Phones (Fee is per week or portion thereof)	\$ 219			\$ 235
	Each additional phone over 4 (Fee is per phone per week)	\$ 29			\$ 31
	Annual rate	\$ 2,301			\$ 2,462
	8 or more phones	\$ 4,307			\$ 4,609
	Background investigations	\$ 55			\$ 58

Other Fees & Endorsements

		Fee			Fee
Tourist Home Registration					
New Registration		\$ 60			\$ 450
Renewal		\$ 31			\$ 450
Background investigations each		\$ 55			\$ 58
Pawnbroker endorsement		\$ 415			\$ 444
Sidewalk Café Endorsement					
Alcoholic Beverages not permitted (annual fee)		\$ 32			\$ 34
Alcoholic Beverages permitted (annual fee)		\$ 63			\$ 67
Going out of business license		\$ 32			\$ 34



Tourist Home Fee Update

November 2022

Current Landscape

- Adopted in 2016, Missoula's current ordinance requires registrations of all whole home short term rentals.
- Current Registration fee is \$60 for first year and \$31 for renewals
- 541 unduplicated listings as of 11/1/22
 - Representing 1.5% of housing supply
- 112 STR are currently registered
- 25% growth in the number of listings since early 2020



Unit Characteristics

- 61% of STRs are in single-family units
- 95% of STRs rent the entire unit; 5% rent individual bedrooms
- Majority of listings are for one- or two-bedroom units
- The current average nightly rate for all short-term rental listings in the city is \$150

Use Estimates

- Majority of listings have no estimated bookings in the previous year
- 141 listings rent for over 120 nights per year
- 53 units generate over \$25,000 in income
- Breakeven point for long-term renting vs. short-term renting: 40-60 nights, yearly
- At least 300 STR units exceed this breakeven point

Process Improvement

- Support residents with unregistered STR units in the registration process
- Update the registration materials to include more use questions to understand impact and how units are being used now
- Shift to pro-active monitoring and communication
- Continue to actively monitor the short-term rental market and route conversations about code through the comprehensive code reform project to explore further.

Fee Increase Recommendation

- Increase the registration fee to \$450/annually to support costs of licensing, inspections and compliance

Fee Increase Rationale

- 7-1-4123(7) Montana Code Annotated authorizes local government to charge reasonable fees for the provision of services.
- Fee has not increased since ordinance adoption in 2016
- Current program administration is funded largely by general fund
- Direct revenue to program administration costs
 - Monitoring
 - Compliance
 - Application processing

Community Outreach

- Hosted four community meetings in October and November to share report findings and hear perspective
 - 75 residents participated
- STR Engage Missoula

Community Outreach: Summary

- Regulation
- Current STR operators expressed concern with fee increase and understanding benefit
- Request for accountability from those not currently registered
- Questions of future penalties
- Recommendation to consider restricting use of ADUs

Recommended Motion

Set a public hearing for November 28, 2022 for Council to consider adopting a resolution of the Missoula City Council amending Exhibit A, the Business Licensing fee Schedule in Resolution 8615, to revise fees for Tourist Home registration.

