



## **MEMORANDUM**

**DATE:** January 4, 2023

**TO:** Housing, Redevelopment & Community Programs Committee

**FROM:** Montana James, Rikki Henderson, Emily Harris-Shears - Community Development Division

**RE:** 2022 Housing Displacement Findings & Recommendations

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## Introduction

Staff from the Community Development division designed a community listening session strategy to better understand the impacts and weight housing displacement has for Missoulians. Community engagement was spurred by the prevalence of acquisitions of mobile home courts and naturally occurring affordable housing. Staff and Council hear regularly from stakeholders who are impacted by or concerned about the current state of the market and a request to address it. Housing availability and affordability are pressing concerns for residents writ large and key considerations for the City's Housing Policy goals and recommendations. [A Place to Call Home](#), the City of Missoula's adopted housing policy outlines key strategies and recommendations to both spur and harness the market to ensure that all Missoulians can obtain safe and decent homes. While there is a role for addressing the impact of displacement in all applicable strategies and recommendations, the strategies Partner to Create and Preserve Affordable Homes and Track and Analyze Progress for Continuous Improvement specifically guide staff and City Council to examine the drivers of displacement and address them with policy and initiatives as applicable.

The strain of the local housing market is well documented by both data and resident accounts. Community Development staff released the [2022 Landscape Assessment](#) report in October 2022 that summarizes population level and housing market data to illustrate local need and priorities. The issue is multi-faceted and will require many approaches to ease the current stress. In the past two years the multi-dwelling rental vacancy rate has been as low as 0.38 percent and while it has risen to just over 2 percent in the last few months, it remains under the widely accepted benchmark for stability of five percent<sup>1</sup>. The median home sale price has continued to climb. From 2020 to 2021 the median home sale price changed from \$350,000 to \$450,000<sup>2</sup>.

The qualitative research collection and this resulting memo are intended as a summary and resource to City Council as they address resident concerns and develop and endorse strategies that will support the overall condition and experience of housing access and stability for Missoulians. The recommendations outlined in a Place to Call Home are vast and address both the structural needs for more housing supply as well as addressing the environmental factors that impact residents in their housing experiences. Addressing access to housing through a production lens as well as understanding the impact policy has on residents, primarily renters is essential to strengthening the housing landscape overall. The community outreach that spanned the last year and resulting recommendations are centered in the A Place to Call Home recommendation of supporting housing consumers.

## Outreach Approach

Community Development staff began outreach in February 2022. Approaches were multi-faceted and intended to reach a wide range of people with different styles. Staff connected with over 300 residents during listening sessions, individual meetings, and meetings with providers. Outreach included:

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<sup>1</sup> Sterling CRE Advisors, Missoula Multifamily Report Q1 2022

<sup>2</sup> [Missoula Organization of Realtors, Five Valleys Housing Report](#)

- Community Listening Sessions hosted on Zoom on February 8, 2022, from 12-1:30pm and February 17, 2022, from 6-7:30pm.
  - Invitation to reach out to Emily Harris-Shears directly with information
  - [Engage Missoula](#) page featuring, forum, a map tool and a housing displacement survey
- Population specific listening sessions & outreach:
  - Poverello Center (3/2/2022 & 3/15/2022)
  - Missoula Coordinated Entry System Oversight Committee (4/5/2022)
  - MontPIRG & ASUM (5/4/2022)
  - International Rescue Committee (5/16/2022 & 5/26/2022)
  - Welcome House/Missoula Alliance Church (6/22/2022)
  - All Nations Health Center (6/23/2022)
  - Missoula Aging Services (7/19/2022)
  - Welcome Back (8/8/2022)
  - Missoula Tenants Union leadership team (9/13/2022)
  - The Center (9/29/2022)
  - Missoula Housing Authority leadership team (10/12/2022)
- Spoke individually with concerned and impacted residents throughout the process

Additional outreach was done to organizations that support aging adults, mobile home park residents and families of students and children. While listening sessions were not held targeting these specific groups, residents were encouraged to contact me directly and if an opportunity presents to work with people in identified communities, staff will update this memo accordingly.

Staff compiled themes and examples from each listening session and outreach strategy. Experiential themes were used to develop strategy recommendations. This memo summarizes themes and recommendations, developed from the outreach and listening sessions held.

## **Legal & Legislative Context**

The Montana Code Annotated, specifically titles 7-1-111; powers denied and 70-24; the Residential Landlord and Tenant Act of 1977 significantly pre-empt the City of Missoula's authority to enact policies and ordinances that directly impact the rental market and positively affect Missoula renters.

[Subsections \(1\) and \(13\) of 7-1-111, MCA](#) deny local government the authority to license or regulate the behaviors and activities of landlords regarding tenants beyond the provisions in Title 70, chapters [24](#) and [25](#). This preemption significantly limits the recommendations that staff can propose to address pressures and challenges experienced in the rental housing market.

Common approaches that cities and states have taken to address the experience for renters in the market include introducing policies that prohibit housing denial due solely to their source of income. Municipalities have also extended the required notice period when a

unit is going to be sold. Cities like Portland, Oregon and Washington D.C. have introduced [First Rights of Refusal](#), into their housing toolkits.

## **Economic Context**

Participants raised concerns around economic factors including the stagnation of wages and the outpaced rise in housing and living costs. A disbelief of being able to keep up or make wages stretch was expressed in nearly every listening session. The primary concerns elevated in group sessions and one-on-one conversations centered around property taxes, wage stagnation and the lack of [missing middle housing](#).

Residents expressed feeling stretched financially by and because of all three factors. Rent increases because of raised property taxes was a common theme and concern in sessions. One property owner who rents their property below market rate expressed feeling challenged by balancing the reality of property taxes increasing their operating costs and the desire to keep rent reasonable and not negatively impact their tenants as a result. This participant shared that while they have increased rent as a result, they did not increase it dollar for dollar. Rent increases occurring for people with wages that have remained consistent was a primary concern and resulted in resounding questions of how people are supposed to keep up with increases while their income does not increase. Participants shared frustration with the practice of screening for ability to pay three times the rent at application and move-in but the disregard for this benchmark once a rental term ended and the rent was increased significantly.

The experience of becoming cost burdened in their housing by maintaining the same residence was a consistent theme. According to the 2022 Landscape Assessment, when renter cost burden is analyzed by income level, we find that there are nearly 8,000 households earning less than \$50,000 a year that are paying more than 30 percent of their income for housing. This income level is very close to the 80 percent of AMI level for a household of two (\$52,250). The problem increases greatly in the lower income segments, with a staggering 88 percent of cost burdened households earning less than \$35,000 a year.<sup>3</sup> Additionally, disaggregated cost burden data highlights that Missoulians who identify their ethnicity as Hispanic, or race as Black or African American are two groups most likely to experience cost burden in their housing. Fifty-two percent of people who identify as Hispanic pay more than 30 percent toward housing costs and 46 percent of people who identify as Black or African American pay more than 30 percent toward their housing. This contrasts with the 36 percent of white households that pay more than 30 percent toward housing costs.<sup>4</sup>

The financial impact of underbuilding in the last decade resulting in low housing stock that does not keep pace with need and population growth is felt by community members. The conversation of experiences in the rental market transitioned to the frustration with the for-sale market and how elusive entry level homeownership feels in Missoula. Participants shared experiences of saving for eventual homeownership and it continues to move out of reach as the median home sale price increases year after year. Housing stock under \$300,000 has reduced

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<sup>3</sup> US Census Bureau, ACS 2021

<sup>4</sup> Comprehensive Housing Affordability Strategy (CHAS) 2013-2017

significantly in the last several years. In 2020, 304 homes were on the market at or below \$300,000, compared to 2021, 44 homes were available at or below that thresholds.<sup>5</sup> This represents an 85% decrease of available stock in that price range in one year. This deficit impacts residents by keeping renting as the primary housing solution, which as described throughout this memo feels unstable, expensive and lacks choice.

## Themes and Recommendations

The richness of the experiences, concerns and ideas that were shared by outreach participants cannot be overstated. Several distinct themes were identified throughout this process. While each situation is unique to the person and their housing circumstances, there appear to be opportunities to address consistent themes that indicate that there are shared experiences happening in the current Missoula housing market.

Staff have developed recommendations in alignment with themes and the guiding principles of the City’s adopted housing policy. The recommendations are summaries in the chart below and expanded upon in each focus area.

<b>Recommendation</b>	<b>Impact Area</b>	<b>Housing Policy Strategy</b>	<b>Implementation Timeline</b>
Clarify implementation expectations of housing incentives offered in Title 20 Zoning Code	Rental market constraints	Reduce barriers to new supply and promote access to affordable homes  Align and leverage existing funding to support housing	Active-ongoing
Work with Planning to get Zoning Officer Opinion on Parking Reduction incentive application	Rental market constraints	Reduce barriers to new supply and promote access  Align and leverage existing funding to support housing  Partner to create and preserve dedicated affordable homes	Complete, October 2022
Actively participate in the Our Missoula Growth Policy Update & Code Reform process to impact housing access	Rental market constraints, choice/autonomy	Track and analyze progress for continuous improvement  Reduce barriers to new supply and promote access  Partner to create and preserve dedicated affordable homes	Active-ongoing
Fair Housing and Landlord Tenant Act education initiatives	Fair Housing, tenant rights	Reduce barriers to new supply and promote access	Winter 2023, FY’23 workplan

<sup>5</sup> [Missoula Organization of Realtors, Five Valleys Housing Report](#)

Explore Office of Ombuds; research, budget exploration	Fair Housing, tenant rights, choice/autonomy	Track and analyze progress for continuous improvement Reduce barriers to new supply and promote access	To be determined- Leadership directive required
Explore Displacement Fund; research, budget exploration	Rental market constraints, choice/autonomy	Align and leverage existing funding to support housing Reduce barriers to new supply and promote access	To be determined- Leadership directive required
Address displacement potential in unified application process	Choice/autonomy, tenant rights	Align and leverage existing funding to support housing	Active, ongoing
Award bonus points in unified application process for projects that prevent displacement	Choice/autonomy, tenant rights	Align and leverage existing funding to support housing	Active, ongoing
Update development application to provide insight into potential impact of proposed development	Tenant rights, choice/autonomy	Partner to create and preserve dedicated affordable homes	Active, completed by January 2023
Collaborate with developers to address potential redevelopment related displacement	Rental market constraints, choice/autonomy	Partner to create and preserve dedicated affordable homes	Active, completed by January 2023
Partner with MHA to address systemic issues as they occur	Rental market constraints, choice/autonomy	Partner to create and preserve dedicated affordable homes Align and leverage existing funding to support housing	Active, ongoing

## Zoning Code Impact

Participants cited [Title 20; the Zoning Ordinance](#) of the City of Missoula as an opportunity for changes. Primarily, the concerns shared centered around density and the recommendation to allow more density in all zoning districts and to not restrict which districts can receive density bonuses for the inclusion of dedicated, income restricted housing.

One property owner shared that they wanted to add an additional rental home on a parcel of land they own but were denied the request because they could not meet the parking requirements for that level of density. They emphasized that as an owner with the commitment to keeping rent affordable, they would like to be able to provide more units to the community and are unable to because of the current zoning requirements.

## **Recommendations & Actions**

The City of Missoula is leading a comprehensive code reform process, which began in the summer of 2022. There will be opportunities for community members to engage in the process and provide recommendations. Community Development staff are actively participating in the process and will elevate concerns, examples and ideas that were shared during outreach as well.

In 2021 Community Development staff began developing the Voluntary Incentives Program, a strategy to Reduce Barriers to New Supply and Promote Access to Affordable Homes. A feasibility analysis was conducted by Design Workshop and staff have been collaborating with other departments to develop the program. Community Development is working with developers who've opted into test incentives for upcoming developments that will set-aside income restricted units in exchange for city-provided project incentives. For example, in fall of 2022 staff advocated for a Zoning Officer Opinion to redefine the interpretation of the parking reduction incentive outlined in [Title 20; 20.60-1](#) to apply the parking reduction to the entirety of the project rather than only to the income restricted units. Expanding the parking reduction to the entire project increases the value of the incentive and the likelihood that developers will utilize it. Additionally, applying the reduction to the entire project limits practices that offer households accessing income restricted units' fewer amenities than households paying market rate.

As a part of the code reform process, staff recommend that the current building incentives that are linked to income-restricted housing development and/or preservation, are reviewed and expanded as much as possible to increase the number of projects that include income-restricted units.

Housing Policy staff recently began participating in meetings like Design Review Team that provide opportunities to collaborate and elevate partnership with developers to increase the number of income-restricted units available in the community.

## **Rental Market Constraints**

Most of the comments, experiences and concerns shared during the listening and outreach phase revolved around the current conditions of the rental market. Participants shared experiences of rising rents, in some cases experiencing a 50 percent increase from the previous lease term that are leaving people with few options in a market with a vacancy rate below 1 percent. A participant shared that their rental was renovated and as a result the rent increased 83%, leaving it unaffordable for their household. One resident shared that they had been living in their camper during school because of the unattainable rental rates and that they felt uncertain about their ability to secure housing after finishing school, with a degree in a specialized field. Another common theme was the reality of being at risk of or experiencing displacement resulting from the sale of the rental housing to either a developer or another operator that increased rents. The circumstances around the transaction, how long tenants had to vacate and whether they had other options to ask the landlord to explore were unclear at times.

A theme emerged of people talking about their housing displacement experiences as being “evicted”. In some cases, it was clear that was the language that had been used with them. It is important to distinguish the definitions of evictions and being displaced. Of course, residents are encouraged to use language that feels most appropriate for their experience, but it is important to use accurate language in conversations at the municipal level. Eviction occurs when a term in the lease has been violated and the property manager has cause to proceed with legal action to end the tenant’s lease. Evictions are recorded on a tenant’s credit report for a minimum of seven years. When a tenant’s lease is at the end of the term and the property manager is not going to renew for another term, they may give notice to the tenant that the lease will not be renewed. Property managers must provide a minimum of 30 days’ notice. If the lease term is month to month, the landlord must provide a written 30-day notice to vacate. It is important to share the difference between the experiences. Tenants may talk about having an eviction when they don’t and that can harm subsequent housing searches.

Fear of retaliation was a resounding theme in the spaces we shared with residents and staff that support people with housing in some capacity. Participants shared experiences of knowing their rights were being violated but not being comfortable speaking up because they worried, they would lose their housing as a result. Circumstances included maintenance issues, entering the unit without proper notice, increases in rent without proper notice and other violations of the Landlord Tenant Act. Participants expressed an imbalance in power that left them with few options. Common feelings associated with this experience of power imbalance were instability, helplessness, and fear.

### **Recommendations & Actions**

Staff recommend convening a working group comprised of residents, housing partners (nonprofit and property management), the Missoula Housing Authority, the Missoula Tenants Union, and other key stakeholders to explore common experiences, discuss options and move recommendations forward. While there are challenging practices occurring, there are also property owners and managers leading by example, creating relationships with tenants, and considering their impact in decision making. These practices should be elevated as examples for the community. Ways to incentivize behaviors, policies and practices that support tenants should be identified and explored as programmatic solutions.

The inception of the Affordable Housing Trust Fund provides the community with rich opportunity to develop responsive programming that supports renters. Organizations are encouraged to create or expand programming that feels missing and apply to the AHTF to utilize Consumer Housing Services funding.

### **Fair Housing Considerations**

Limited understanding of Fair Housing protections and recourse was a common topic that was raised by residents and advocates working with people with disabilities, newly arrived refugee, and immigrant households. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) **prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex, or national origin. In the state of Montana, protected classes are extended based on age and sexual orientation.** While there are thresholds



expressed in the Fair Housing Act that compliance applies to vendors with four or more dwelling units, property management companies and private owners are expected to understand and follow the law whenever applicable. Residents and advocates shared numerous examples of denials and or screening based on protected classes.

Denial examples include applicants with assets to pay rent including Social Security Disability Insurance and a Housing Choice Voucher being denied because the voucher value was not included as an income source or an asset to pay rent. Another person shared that they were receiving SSDI, could cover the rent and were told they were denied because they didn't have a job and would be home all day. Advocates also elevated instances of denial when the property owner who otherwise accepts federal housing vouchers as payment learned that the specific voucher is a dedicated Permanent Supportive Housing resource provided to people who meet the US Department of Housing and Urban Development's definition of Chronic Homelessness, which in addition to being unhoused for at least 12 months requires the person to have a diagnosed disability.

Newly arrived refugee households and advocates reported denials based on lack of credit or rental history, and language ability. One household was told that unless they could respond to correspondence in writing by email, they would not be accepted. The advocate tried to broker a solution that the property manager would not consider. Reasonable accommodations are a provision under the Fair Housing Act, that allow a person within a protected class to request an adjustment to expectations, policies, or the structure of the housing in order to meet the eligibility criteria and or maintain a lease in good standing. Property managers are required to consider reasonable accommodation requests and evaluate them through a lens of financial, operations and tenant experience. If the request does not create an undue burden or unsafe environment, it should be approved. Guidance from the Montana office of the U.S. Department of Housing and Urban Development's Office of Fair Housing suggests households advocating for reasonable accommodations when applicants otherwise qualify and are denied based on a being a member of a protected class.

It was observed that the practice of evaluating denials through a fair housing lens and advocating for accommodations or appeals based on adverse impact, a policy or practice that appears neutral but is found to have an outsized impact on a particular group of people that are within a protected class. For example, a common screening criterion is credit score. Often, a score threshold is set and if an applicant does not meet that they are denied that housing opportunity. While the practice and policy appear neutral as it applies to every applicant, it has potential to disproportionately negatively impact women who are most often survivors of domestic violence, and experience financial impact including declining credit as jobs and housing are left when fleeing violent situations. People of color are also disproportionately negatively impacted by this neutral-appearing policy, as people of color make up a large segment of refugees and immigrants who may not have credit established, are incarcerated at disproportionate rates due to bias in policing and the criminal legal system which leaves time without credit access as well as the hardship of finding employment. Communities of color are targeted for predatory lending practices at disproportionate rates. Without the ability to request an appeal or a revision to the process to provide explanation, proof of payment and other strategies that strengthen credit, households that are members of protected classes have fewer housing options than their peers.

When households feel they are experiencing housing discrimination regarding a protected class, they are encouraged to file a complaint with the US Department of Housing and Urban Development. Reasons cited for not reporting included not knowing about the rights tenants are afforded, uncertainty about how to report and fear of retaliation and recourse that could put housing in jeopardy further.

### **Recommendations & Actions**

A need for community-based education offered to tenants is evident. In many cases, tenants are following their instincts on protecting their housing by not reporting maintenance issues, keeping regular communication with their landlord or problem-solving issues collaboratively. While this is understandable given the tension tenants feel about stability, actions like not reporting maintenance issues go against their protections in the Landlord Tenant Act and could be violations of lease conditions, putting their housing at further risk. It is recommended that community-wide education that is available through Montana Legal Services, nonprofit organizations and the regional HUD office are amplified and promoted in a variety of ways including presentations, collateral, and media/social media coverage.

Staff will work with community organizations to host Fair Housing and Landlord Tenant training opportunities for residents, service providers and property management/owners.

### **Choice & Autonomy**

Overwhelmingly, tenants expressed feeling a lack of agency and choice in their housing search and selection. A mindset of taking whatever was available and they'd been approved for was a common theme. Staff heard frustration with not being able to select housing near jobs, school, community connections and amenities. During the community listening session in February, participants elevated that they felt unwelcome to participate in Neighborhood Councils by their neighbors. Renters expressed feeling like their participation was treated as transitional, given that their housing in the area was not as concrete as a homeowner's.

The criteria being used at some properties was elevated as being excessive and restrictive. The common threshold of earning at least three times the rental rate in order to qualify was identified as a major barrier. With rent and housing pricings increasing and outpacing wages, residents are constrained by their perceived ability to pay the rent and the benchmark of not being cost burdened. Tenants raised the dissonance of needing to earn three-times the rent to qualify but that not being an ongoing benchmark for rent increases at lease renewal or at other intervals for households with month-to-month leases.

In addition to the income threshold being prohibitive for many, the credit score threshold was challenging for people to clear as well. Inflexibility was a theme that was shared consistently. Property managers and landlords are not using the full flexibility to make circumstance-based exceptions or consider other documents to demonstrate a tenant's ability to pay and follow the terms of the lease due to a previous experience. Participants elevated challenges with the application process. Primary impacts included the cost of applications and a lack of transparency in the submittal and selection process. It is the

practice of several companies to keep the fee and application on record for a set period to allow prospective tenants to apply for other units if not selected for the initial unit. Other companies and owners require an application fee for every distinct unit. This inconsistency makes it challenging to budget, plan and apply as units become available in an incredibly tight and fast-moving market. The process for prospective tenants is not consistent by agency and a lack of transparency in the process was raised in every listening meeting held. It is unclear if timeliness in submission is a factor in being selected or if the process is subjective. The consensus seems to be that there is considerable subjectivity in selection. Residents expressed feeling frustration and lack of hope with the process.

## **Recommendations & Actions**

The theme of instability and uncertainty were present in every conversation during this process. To support residents when they have concerns about treatment in housing, in social service programs or by municipalities, it is recommended that the role and impact of a Housing Ombuds is researched and explored. This is a growing approach that has been adopted in several cities across the US. For example, the Housing Authority of Alameda in California provides ombuds services for all residents and landlords. The King County Regional Homelessness Authority recently launched the Office of the Ombuds to support unhoused residents with navigating the crisis response system and access concerns. Theoretically, the ombuds would support residents by investigating housing issues and providing objective perspective to all parties involved. The purpose of the ombuds is to support resolution and not intended to be a punitive role. Community Planning, Development & Innovation (CPDI) staff often play this role now. While staff are happy to support residents, without a central person or office to be directed to, it is confusing and unclear how community members can get support when it is urgently needed. Practices for grievances, resolution and community education could be standardized through this office, promoting equitable experiences and outcomes for those involved.

As another way to respond to the uncertainty and urgency residents feel by the low vacancy rate and rising rents and experiences of buildings being sold or converted to condos, it is recommended that a displacement fund be created to support residents with limited incomes that are required to move due to unforeseen circumstances including redevelopment. The displacement fund, in concept would be available to respond to emergency housing situations in which residents need financial support transitioning to new housing. Examples of support include application fees, security deposits, first/last month's rent and storage fees. This could function as a part of the Centralized Housing Solution Fund if there were interest by the operators and would require separate funding to ensure that additional needs are met and not diverted from one experience to another. Staff are exploring funding options and the mechanics of a Housing Displacement Fund.

Support for tenants that are facing displacement should ultimately be in part, the responsibility of the property owner or developer. Community Development and Current Planning staff are working together to add questions that will provide more insight into the impact of a proposed development on planning intake forms. When displacement, permanent or temporary seems imminent, Community Development staff will connect with the developer

to discuss options to support tenants and offer support in developing a plan, as needed. This proactive approach aims to support tenants earlier in the process and with some consistency.

Each year the Community Development division of CPDI administers the Unified Application, a competitive funding cycle to support housing preservation and development for households with limited incomes. Applicants are required to disclose temporary and/or permanent displacement and submit a plan for addressing tenant needs. Federal funding, including Community Development Block Grant, HOME Investment Partnership and American Rescue Plan Act require adherence to the Unified Relocation Assistance policies and ensure households are reconnected to stable housing because of redevelopment instigated displacement. The Affordable Housing Trust Fund requires a plan to be approved before funding is allocated. Additionally, bonus points are offered to projects that apply for funding and pro-actively prevent/address displacement. Projects that prevent/address displacement include those that actively promote residents remaining in homes they currently occupy, preservation and/or acquisition of projects that establishes permanent affordability for tenants and promoting homeownership to residents that would otherwise face displacement.

Staff in the Office of Neighborhoods have been actively addressing the feeling of unwelcome renters have expressed. Staff are doing targeted outreach at community events and socializing the message that all residents in a neighborhood are welcome and encouraged to actively participate.

## **Voucher Holder Experiences**

Residents with Housing Choice Vouchers face additional and unique challenges in the market. The perception is that voucher holders have additional resources, support, and stronger access to housing. In our community, this notion is proving untrue. Voucher holders face additional stigma, and many property managers refuse to accept vouchers as a policy.

Housing Choice Vouchers provide an incredible asset to the community. When a tenant has a housing choice voucher, they pay 30 percent of their net income toward rent and the voucher covers the balance owed. Rent is guaranteed to be paid by the local Housing Authority through participation in the voucher program. The United States Department of Housing and Urban Development sets a regional rent standard that they will pay, known as Fair Market Rent (FMR). The tenant's rent cannot exceed the FMR limit to qualify for financial support. Typically, FMR is significantly lower than the median rental price in a region. For example, the 2022 FMR for a one-bedroom unit is \$813. Sterling CRE reports that the average rent for a one-bedroom unit quarter one of 2022 was \$1207. This gulf makes finding units difficult without the additional limitations of a shallow pool of owners that accept vouchers and meeting all eligibility criteria, extremely difficult. Voucher holders have 90 days to find a unit to rent or they must apply for and be granted an exception to continue searching. If an exception is not granted, the household loses the voucher, and it is issued to a new household.

In addition to the market constraints nearly all households searching for housing are experiencing, voucher holders with specialized vouchers like Permanent Supportive Housing (PSH) vouchers face additional barriers. Staff advocates reflected on policies set by the

Housing Authority, including the inability for households with PSH vouchers to live with roommates. Roommates can provide a stabilizing presence for tenants. Tenants should have the opportunity to explore this option and choose it if they are so inclined.

Staff heard from households with vouchers that the experience did not fully meet their expectations. Households shared that they anticipated the voucher to provide housing stability but were finding that uncertainty remained. Households reported experiences of using their voucher for housing for extended periods of time and then receiving a rent increase that exceeded the FMR standard. Tenants expressed feeling that the supports available to people who are searching for housing were lacking. Three residents shared experiencing homelessness when their lease or month-to-month term ended, before they could find a new property manager that accepted vouchers.

### **Recommendations & Actions**

Staff met with the Missoula Housing Authority (MHA) leadership team in October 2022 to share themes that have emerged from listening sessions. The leadership team expressed commitment to hearing feedback and addressing practices and policies as applicable. MHA staff shared that they are actively working on a new website and anticipate this will alleviate duplicative paperwork processes, including misplaced paperwork that needs to be redone. A new marketing and outreach position will be added later in the year. The new position will work collaboratively in the community to amplify the possibilities MHA can offer and work on creating understanding and interest in partnering with the MHA. In addition to sharing the additions and process changes they expect to implement in the next several months, the leadership team responded to the perception that PSH voucher holders cannot have roommates and clarified that they can live with roommates, if the second member is added to the household. This clarification will be provided to city staff to share widely with Coordinated Entry partners.

Community Development staff and the MHA leadership team will continue to work together to strengthen services, provide feedback and offer education and support as applicable. The housing policy enlists the City to support partners in advocating for additional resources, including but not limited to Low Income Housing Tax Credits. Opportunities to support the MHA's efforts is a natural extension of the strategy recommendations in A Place to Call Home.

## **Conclusion**

The current housing landscape in Missoula is ripe for opportunity for intervention. The physical landscape of low housing stock and the experiential landscape of high entry criteria, subjectivity in the selection process and instability for renters as they face rental increases and redevelopment contribute to the sense of urgency and instability.

The preemptions outlined in Subsections (1) and (13) of 7-1-111, MCA significantly limit the City's opportunity to introduce policy action that impact experiences for tenants in the direct relationship with property management. While policy actions are limited at this time, there is ample opportunity to deepen relationships with the property management community through education and engagement. Addressing programmatic and philosophical constraints with the renter selection process, through outreach, incentives and education will impact households significantly.

Housing production continues to increase in Missoula, with 1560 multifamily and duplex units permitted since 2019. While the incoming housing supply is vitally needed and valuable to the community, addressing the experiential barriers residents are facing with proactive and responsive programming and initiatives will benefit access to new and existing housing supply.

A Place to Call Home clearly articulates the work ahead, of eliminating barriers residents experience in their housing searches as well as longevity in housing. Supporting key stakeholders, including property owners/managers, residents, and developers with their needs around housing stability and access is a goal of the implementation work of the housing policy. The tenancy component of housing policy and development complements the overall work to increase supply and ensure people can meet their housing goals.