Housing Needs Assessment and Five Year Housing Plan

Gardiner, Montana

Prepared for:
Greater Gardiner Community Council
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By: Human Resource Development Council of District IX and Park County Extension

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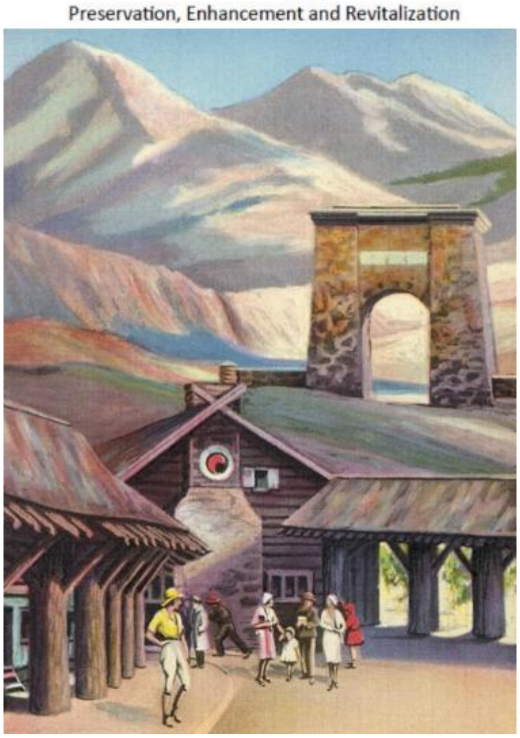

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Needs Assessment

1) Executive Summary

Background
Nestled at the gateway to Yellowstone National Park, Gardiner is an idyllic mountain town. Every summer, this community of 875 residents welcomes nearly 650,000 visitors to Yellowstone, a number that grows every year. Like many seasonal, tourism-focused communities, Gardiner has struggled to meet their demand for affordable housing. Many who work in the Gardiner area are unable to find affordable housing in the area; many workers commute from communities as far away as Livingston.

Growth in Park visitation has resulted in increased demand for service sector employees. Additionally, many National Park Service and Park vendor employees call the Gardiner area home. While many employees are housed in Yellowstone, the housing available in the park is not sufficient to meet demand. Gardiner has added housing units in an effort to meet these increased needs, however; a number of factors continue to contribute to affordable housing challenges. The community has reached a critical point where its housing no longer meets the needs of year-round residents, let alone those of seasonal employees that begin to arrive in the spring of each year.

Local employers have facilitated self-funded efforts to provide housing for their employees. In addition to the pressure of seasonal employees, the conversion of rental units that were previously available on a seasonal or year-round basis to vacation rentals has severely reduced the rental housing stock. It is simply becoming more profitable for property owners to utilize programs such as Vacation Rental by Owner (VBRO) rather than to rent the property within the community. Households hoping to purchase are no better positioned; a recent search of homes for purchase yielded just two homes for sale for less than $300,000.

In June 2014, staff from HRDC and Park County Extension met with the Greater Gardiner Community Council to discuss affordable housing challenges experienced in the community. At that time, the Council elected to create a stakeholder group to address this issue. The stakeholder group has continued to meet regularly with HRDC and Park County Extension staff to provide information and input integral to the development of this plan.

In addition to the group's regular meetings, two community surveys were completed. The first survey, conducted in November 2014, was directed to area employers to research year-round and seasonal housing needs of local businesses, and assessed how housing needs impact the ability of these employers to meet employment needs. The second survey, conducted in March 2015, was directed to community members, and asked questions regarding housing needs and priorities. Executive summaries of both surveys can be found in the appendices. The surveys were used to gather information from residents within Gardiner, but also those employees living in Yellowstone that are not included in

Census or State data. Information gathered via the Census, State, stakeholder meetings and surveys has been further enhanced by targeted interviews and research to create an assessment of current housing needs. This plan also identifies strategies and resources to meet housing needs.

Questions we hope to answer:

1. What is the magnitude of need for year-round housing at varying income levels? What affordability gaps exist for renters and potential homeowners?
2. How can the community facilitate private and non-profit development to meet year-round housing needs?
3. How can the community support employer efforts to provide additional seasonal housing?
4. What development challenges exist and how can they be addressed?
5. What funding resources are available to assist our efforts?

Guiding principles

The stakeholder group discussed broadly defined principals of affordable housing and why it is important to the Gardiner Community as a guide to the planning process.

- Residents deserve safe, stable, affordable and accessible homes within a reasonable proximity to school, work and essential services.
- Future economic growth and prosperity depends upon having an adequate supply of homes and rental units available to residents of various incomes and household sizes.
- The solutions to providing affordable housing should involve diverse approaches and mechanisms – there is no one solution.
- Availability of housing for residents of all income levels is essential for attracting and retaining employers, employees and citizens essential to our community's prosperity and maintaining a sense of community.

Defining affordability

There is no single home price or rent that defines "affordable housing". Affordability is based on ability to pay, which is a function of costs and income. Technically, the term ***affordable*** is defined by the U.S. Department of Housing and Urban Development (HUD) as the household paying no more than 30% of their gross monthly income for housing. HUD assistance is predominantly reserved for ***low and moderate income*** households, defined as those earning less than 80% of the ***Area Median Income*** (AMI). The Area Median Income for Gardiner is that of Park County.

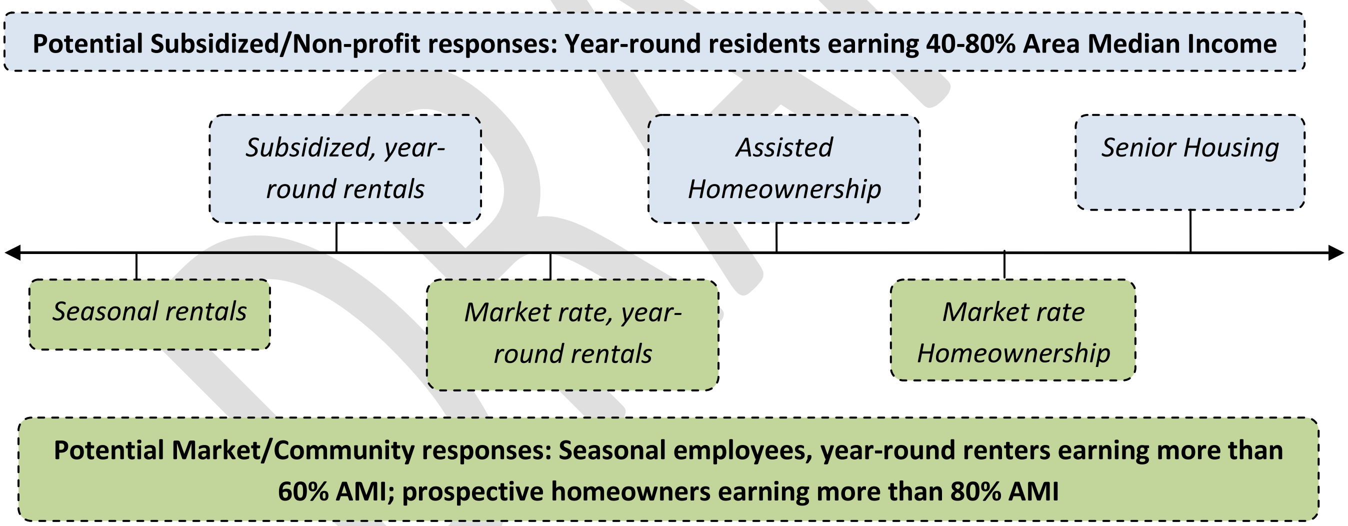
Park County Area Median Income

Household Size	1	2	3	4	5	6	7	8
100% AMI	42,000	48,000	54,000	59,900	64,700	69,500	74,300	79,100
80% AMI	33,550	38,350	43,150	47,900	51,750	55,600	59,400	63,250
50% AMI	21,000	24,000	27,000	29,950	32,350	34,750	37,150	39,550
30 % AMI	12,600	15,930	20,090	24,250	28,410	32,570	36,730	39,550

Like many mountain communities, residents of Gardiner recognize that households earning more than 80% of the AMI may also need some form of housing assistance to secure affordable housing. Many communities refer to the affordable housing needs of households earning more than 80% AMI but still in need of housing assistance as ***workforce housing***, which is generally targeted to households earning between 80-125% AMI, depending on local market factors. This term encompasses the concept of providing housing to meet renter and owner needs at various incomes. In addition to the needs presented by low and moderate income households (affordable targets) and those households above that threshold but still in need of assistance (workforce targets), the Gardiner area has significant ***seasonal housing*** needs.

The Housing Continuum

Housing is central to a community's quality of life; providing sufficient housing to citizens promotes economic development and supports strong communities. Housing choice allows residents to remain in the area even as their life circumstances change. As part of this study, we spoke with many residents who chose to live in Gardiner after a number of years of working in Yellowstone, often because they had added children to their household and needed to secure housing to accommodate their family, but did not want to leave the area. It is the goal of this plan to provide strategies for meeting affordable housing needs at all levels of the housing continuum.



Gardiner's attractive quality of life and proximity to Yellowstone National Park have contributed to economic growth that has led to increased year-round and seasonal employment opportunities and increasing demand for housing across all levels of the housing continuum. The community has added housing units in response to this need, however; most units added have been single-family homes directed to homeownership or have been absorbed into the vacation/seasonal rental market.

Indicated Housing Needs

Available data indicates a need for more rental housing priced to be affordable to households with incomes less than $25,000 per year (rents of $625 per month or less), as well as a general need for additions to the rental stock for households earning as much as $60,000 per year who are currently unable to purchase in the community. The study indicated affordability gaps for homebuyers with incomes at or below $61,000, translating to prices at or below $313,000. Seasonal housing needs were not within the scope of this study, however; information gathered in the employer survey suggests a need for seasonal units as well. It is recommended that the community consider connecting to employers during the summer season to inquire about that season's housing situation. Conducting a brief survey of employers each summer would provide longitudinal information that could assist companies interested in developing additional seasonal housing. As the need for seasonal housing will be filled by employers and the private market, providing useful information may encourage partnership and development resulting in additional units.

Housing Plan Indicated Programmatic and Regulatory Initiatives

Increase and preserve the supply of affordable housing. Action items include: identifying land for development, partnering with non-profit developers to build affordable rental and ownership units, engaging private developers to build new market rate housing for year-round and seasonal employees, and utilizing programs that assist homebuyers and homeowners.

Build organizational and financial capacity. Action items include: identifying available funding sources, adopting guidelines for resort tax use for affordable housing, and encouraging partnerships among employers, residents, non-profits and private developers to impact local affordable housing needs.

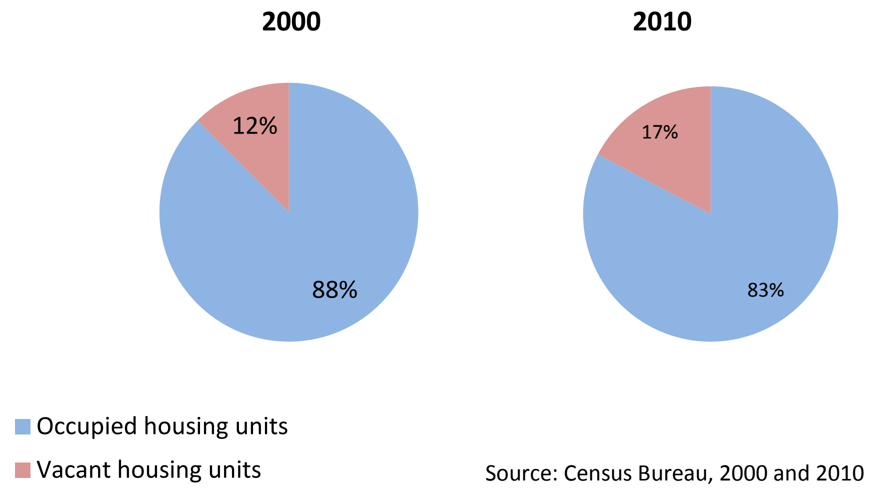
Consider the impact of regulatory initiatives for land use and availability. Action items include: evaluation of incorporation, citizen-initiated zoning and use of the Townsite Act.

2) Demographic Profile and Trends

Population and Household Trends

Gardiner's population grew at a steady rate of 2.8% from 2000 to 2010 from 851 to 875 —a growth rate on par with Livingston (2.8%). The total population of Park County decreased at a rate of -0.1% during the same period. This increase represents 25 households added to the community. During that time, 59 units were added to the housing stock, increasing total units from 497 in 2000 to 556 in 2010. This 11.9% increase in units should have been adequate to meet population growth. However, a significant change from 2000-2010 is the share of vacant units (Figure 1), particularly those designated for seasonal, recreational or occasional use, which increased from 22 units to 57 units, a 159% increase in this sector. So, while the number of total units increased, the ratio of occupied units to total housing units has decreased. This statistical evidence supports community input regarding the conversion of year-round rental units to vacation rental purposes.

Figure 1. Change in Occupied and Vacant Housing Units



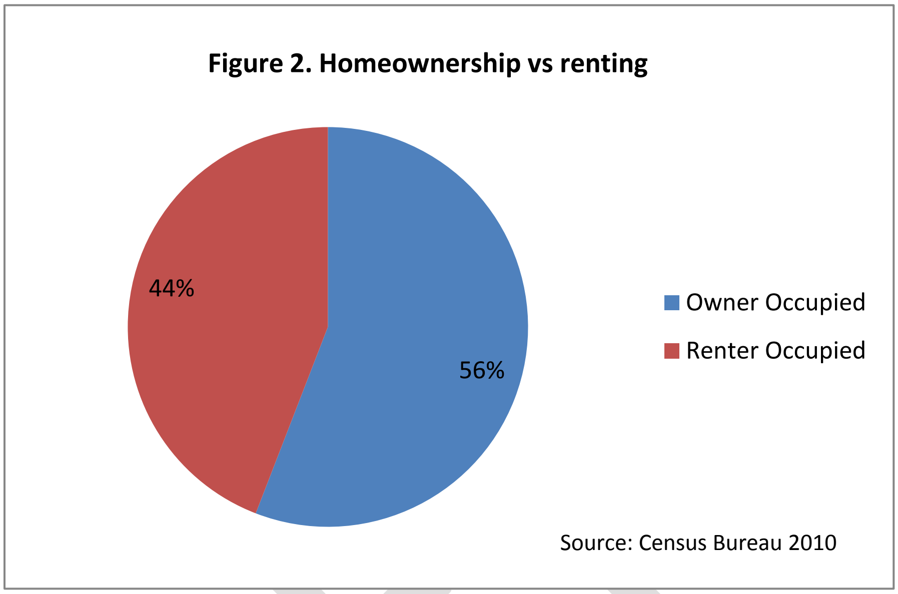
Source: Census Bureau, 2000 and 2010

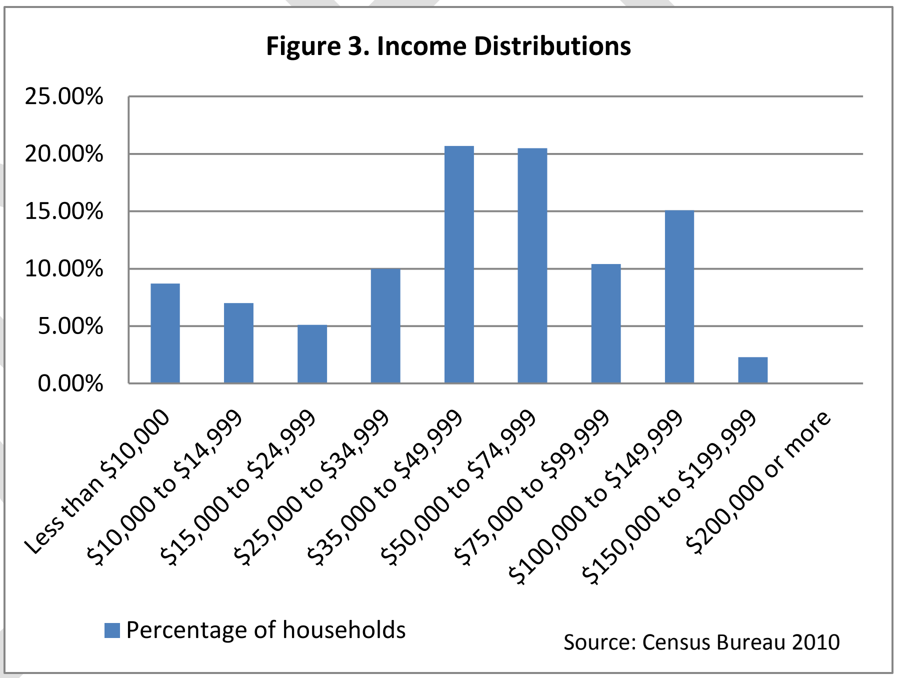
Homeownership vs Rental – Year-round occupied units

There were 460 occupied housing units in Gardiner in 2010, up from 435 in 2000. Of the 25 year-round occupied units added between 2000 and 2010 it appears as though all were absorbed into the owner-occupied segment, which increased from 232 units to 257 units. During the same period the number of renter-occupied units remained steady at 203. This supports community input regarding the lack of rental units for households at all income levels – of the 274 community members responding to the community survey, 58% reported difficulty renting because they could not find an available unit. Figure 2 shows the percentage of homeowners and renters in the Gardiner Census Designated Place (CDP).

Income Distributions

While Census median incomes do not match HUD's median income calculations, using approximations we find that an estimated 20% of Gardiner households with incomes less than $25,000, in line with HUD's low-income group (Figure 3). The largest income group is those households earning between $35,000 and $49,999 – most of these households, depending on size, fall within the HUD's 80% of Area Median Income and are classified as low income.



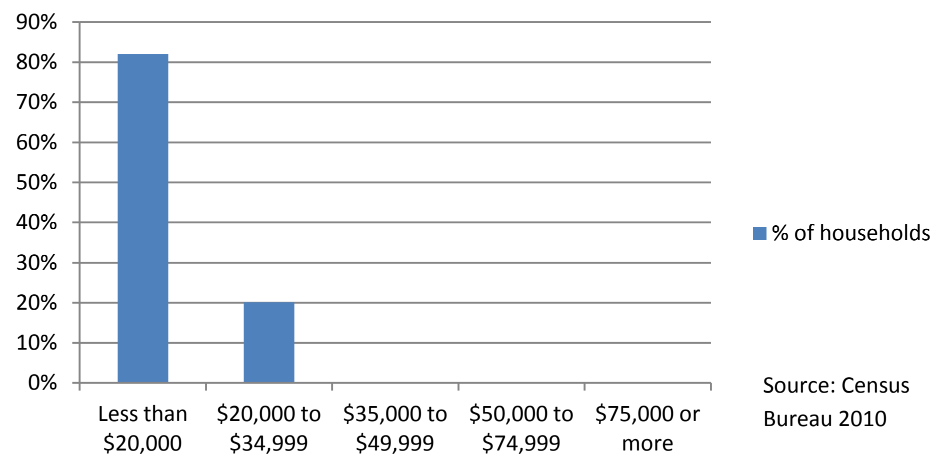


The median household size in Gardiner is just below two (U.S. Census). A household of two is eligible for HUD ownership programs if they are earning less than $38,350. Households of two earning less than $28,800 are eligible for subsidized rentals. A larger household of four could earn up to $47,900 and be eligible for HUD ownership assistance and up to $35,940 for rental assistance. Again, while the income figures do not perfectly align, an estimated 31% of households in the area earn less than $34,999 and would likely qualify for assistance, along with many potential households earning between $35,000 and $49,999.

Housing Cost Burdens

According to Census American Community Survey (ACS) figures, the median rent in 2013 was $629/month. This is consistent with information gathered in the community survey, where respondents reported an average monthly rent of $630. A review of listings in the Gardiner Chamber of Commerce newsletters from 2012, 2013 and 2014 found the median asking price of a rental unit was $600 per month in 2012, rising to $650 per month in 2014. HUD defines a household as cost burdened if they pay more than 30% of their income toward housing. According to Census data for renter households (Figure 4), over 80% of those earning less than $20,000 annually are cost burdened. One-fifth of households earning between $20,000 and $34,999 are cost burdened. No renter households earning over $35,000 reported housing cost burdens.

Figure 4. Percent of renter households paying more than 30% for housing



Of the 274 respondents to the community survey, 40% reported difficulty renting in Gardiner in the past five years due to affordability of units. As prices rise and units are converted to vacation and season use, this trend may continue. There are currently 96 homes listed on Vacation Owner by Renter (VRBO) in the Gardiner area, with an average price of $270 per night. The majority of listings required a minimum three night stay, resulting in $810 for a three day stay, significantly more that prevailing monthly rents in the community.

One-fifth of owner households were determined to be cost burdened according to the Census Bureau. Owner households most likely to be cost burdened were those earning less than $20,000 per year and those earning between $50,000 and $74,999. According to the Census ACS the median home price in 2013 was $283,300. A household would need an estimated income of $56,798 to purchase a home at that cost and maintain an affordable payment (Figure 5). According to figures compiled by the real estate firm Coldwell Banker, there were nine properties sold using the Multiple Listing Services (MLS) with a median price of $313,266. A household would need an estimated income of $61,844 to support a purchase at this price. A current review of homes available on MLS within the area found 14 homes with a median price of $600,000.

Figure 5. Income needed to afford median home

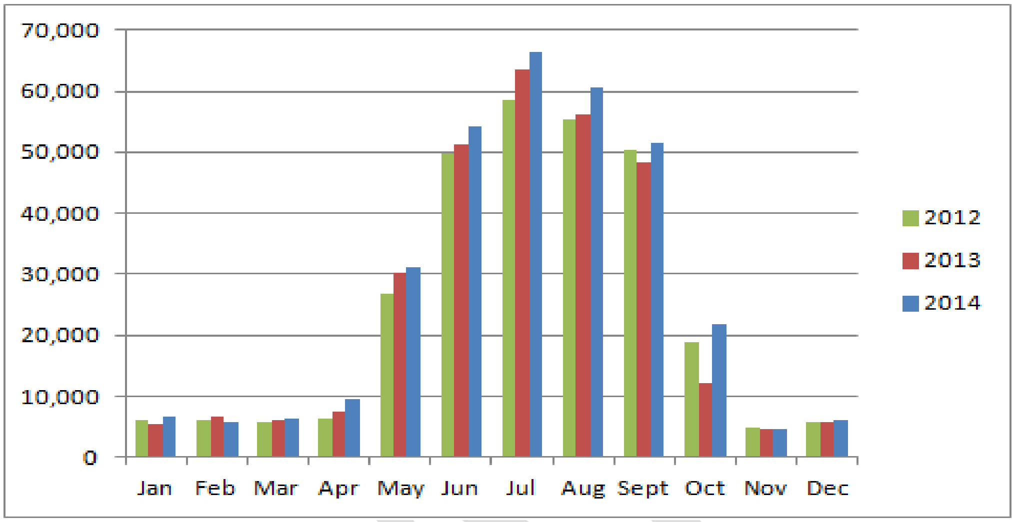
Source:	2013 ACS	2014 MLS
Price	283,300.00	313,266.00
Monthly payment	1,561.94	1,700.71
Montly Income needed	4,733.16	5,153.67
Annual income	56,797.89	61,844.09

Assumptions: 30 year mortgage at 4% interest, 3% down payment, $250/month for escrows, 33% of household income allocated to payment

Yellowstone National Park Influences

Gardiner's status as a gateway community to Yellowstone National Park results in a high volume of seasonal visitors. Figure 6 demonstrates the monthly traffic count through the North Entrance from 2012 to 2014. While the North Entrance is open year-round, May clearly represents the beginning of Gardiner's busy season, which does not taper off until October.

Figure 6. North Entrance Visitor Use



Source: Integrated Resource Management Application, National Park Service use Statistics

An overall increase in Park visitors, particularly during the summer, has had an impact on the availability of housing in the community for both year-round and seasonal employees. Increased visitors result in increased demand for services and employees. At the same time, the attractiveness of the area for second homeowners, along with the explosion of sites like VRBO has resulted in a contraction of units available for all employees. Two-thirds of businesses responding to the employer survey were primarily seasonal in nature, with 90% responding that summer was their busiest season. Over 60% responded the cost of rental housing has made it difficult to fill open positions, and 64% responded they had experienced difficulty maintaining operations due to challenges in recruiting and retaining employees.

3) Local Economy and Workforce

Employment trends

Quantifying employment trends in Gardiner proves difficult. The Census and Bureau of Labor and Statistics (BLS) use differing methods to measure employment, and BLS data is only provided at the county level. As many seasonal and year-round Gardiner area employees reside outside of Park County, some outside of the state within Yellowstone, any available data must be supplemented with information from area employers. This is just one reason the group elected to conduct an employer survey to capture the current market conditions faced by area businesses. While this survey cannot capture previous growth or perceptions, it does provide context to available information.

Figure 7. Employment by Occupation

OCCUPATION	Total	%
Management, professional, and related occupations	131	26.2
Service occupations	107	21.4
Sales and office occupations	132	26.4
Farming, fishing, and forestry occupations	9	1.8
Construction, extraction, and maintenance occupations	86	17.2
Production, transportation, and material moving occupations	35	7.0
INDUSTRY		
Agriculture, forestry, fishing and hunting, and mining	19	3.8
Construction	26	5.2
Manufacturing	7	1.4
Wholesale trade	2	0.4
Retail trade	62	12.4
Transportation and warehousing, and utilities	15	3.0
Information	5	1.0
Finance, insurance, real estate, and rental and leasing	2	0.4
Professional, scientific, management, administrative, and waste management services	30	6.0
Educational, health and social services	33	6.6
Arts, entertainment, recreation, accommodation and food services	235	47.0
Other services (except public administration)	14	2.8
Public administration	50	10.0
CLASS OF WORKER		
Private wage and salary workers	335	67.0
Government workers	136	27.2
Self-employed workers in own not incorporated business	29	5.8

Source: Bureau of Labor and Statistics

The Employer Survey

As discussed above, many workers in the Gardiner area are housed in Yellowstone National Park. For these employees, data is not captured in BLS information. The employer survey was used to gather information about the workforce and housing needs. An executive summary of the employer survey can be found in the appendices.

Thirty-one businesses responded, representing 597 year-round employees, and over 4,500 seasonal employees. While an exact figure was unavailable, further discussion with the working group determined a portion of the reported 4,500 seasonal employees are housed in Yellowstone and not living in the Gardiner area. Still, the group agreed that seasonal demands further exacerbate housing availability and affordability challenges.

Of the employers surveyed, 93% responded that there had been a decrease in housing available in the Gardiner area. Respondents also reported difficulty filling open positions (60%), difficulty retaining employees (47%), difficulty maintaining operations due to challenges in recruitment and retention (64%), and difficulty expanding due to recruitment/retention (50%). Nearly half (47%) of the employers surveyed have plans for expansion. The availability of housing for current and future employees is a key factor to Gardiner's continued economic success.

What do these trends mean for current and future housing demand in Gardiner? Consistent increases in Park visitation will continue to drive demand for employees by large employers (National Park Service, Xanterra) and smaller seasonal operations. As this demand grows, year-round employment opportunities increase as well, as witnessed by increased employment at Yellowstone Association, the Gardiner Market and other businesses that support a year-round community. The busy summer season will continue to place pressure on the market for seasonal employees as well. VRBO and similar resources will likely capture increasing units in the vacation rental category due to sheer economics. Of course, there is always a chance that demand will decrease as a result of out-migration and/or national economic recession. However, the current environment appears to tilt toward increased demand for services, employees and housing.

Figure 8.
Market Factors Likely to Affect Housing Demand in Gardiner

Increased Demand

*Increased Park visitation and tourism
*Increased employment
*Increased conversion of year-round rentals to vacation rentals
*Increased 2nd home demand

Decreased Demand

*Out-migration due to difficulty securing employment
*Out-migration due to difficulty securing housing
*Employment losses or slow economic growth

4) Housing Needs and Market Conditions

There were 460 occupied housing units in Gardiner in 2010, up from 435 in 2000. Of the 25 year-round occupied units added between 2000 and 2010 it appears as though all were absorbed into the owner-occupied segment, which increased from 232 units to 257 units. During the same period the number of renter-occupied units remained steady at 203. Construction has kept pace with population increases, however; it cannot keep pace with the conversion of units to seasonal use.

In a community survey of 274 community members, 58% reported difficulty renting because they could not find an available unit, while 38% reported difficulty purchasing a home due to high prices. Market availability and pricing contributed to the 67 (24% of respondents) households living outside of Gardiner that expressed a preference to live in town. Comments from the community survey included many references to the difficulty to secure housing, particularly in the summer.

Employers have incorporated a number of methods to meet housing needs, including purchasing homes specifically for their workforce, converting hotels rooms to seasonal housing, and constructing new units. Several employers reported ongoing efforts to meet the housing needs of employees. Seventy-nine respondents to the community survey lived in housing provided by National Park Service or Xanterra, while an additional 16 were housing provided by other employers. Twenty five respondents reported living in “dorms/bunkhouses, travel trailers/RVs and shacks” that are generally not suitable for year-round housing.

Outside of efforts by the private market to meet community housing needs, there has been limited affordable housing activity. A 15-unit subsidized Rural Development 515 property was converted into hotel/apartment suites. There have been no other efforts to develop subsidized housing using state or federal sources. Habitat for Humanity has conducted some work in the community in the past. Efforts to use currently available down-payment assistance programs through HRDC have been limited in their success in the area due to high housing costs and condition of low-cost homes. This program, funded by the U.S. Department of Housing and Urban Development (HUD), can assist households earning up to 80% of the Area Median Income with $30,000 in down-payment assistance, however; the program has a purchase price limit of $200,000 in Park County. Additionally, homes must meet HUD’s Housing Quality Standards (HQS). Homes not meeting these standards must be brought to the standard at the seller’s cost. In a competitive real estate market, this requirement can cause even the most cooperative sellers to select an offer with fewer requirements.

The For-purchase Homeownership market

According to the Census ACS the median home price in 2013 was $283,300. A household would need an estimated income of $56,798 to purchase a home at this cost and maintain an affordable payment (Figure 9). According to figures compiled by the real estate firm Coldwell Banker, there were nine properties sold using the Multiple Listing Services (MLS) with a median price of $313,266. A household would need an estimated income of $61,844 to support a purchase at this price.

A current review of homes available on MLS found 14 homes with a median price of $600,000. Only four of those homes were priced at $375,000 or less, and only two were priced at less than $300,000. In comparison, a household of four earning 80% of the Area Median Income can afford a home of approximately $230,000. The least expensive home currently listed is priced at $259,000.

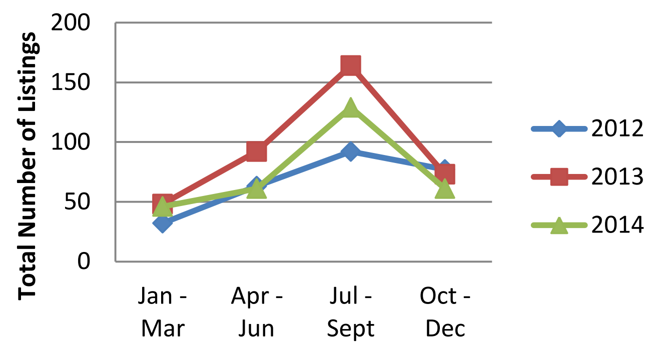
Figure 9. Income needed to afford median home

Source:	2013 ACS	2014 MLS
Price	283,300.00	313,266.00
Monthly payment	1,561.94	1,700.71
Monthly Income needed	4,733.16	5,153.67
Annual income	56,797.89	61,844.09

Assumptions: 30 year mortgage at 4% interest, 3% down payment, $250/month for escrows, 33% of household income allocated to payment

Community input has been that many homeowners do not elect to use a realtor to sell via the MLS, and that MLS properties may be priced higher than For-Sale by Owner (FSBO) properties. A review of homes advertised in the Gardiner Chamber of Commerce newsletter (representing a mix of FSBO and MLS properties) found average asking prices for homes of $348,700 for 2012, $376,681 for 2013, and $374,235 for 2014.

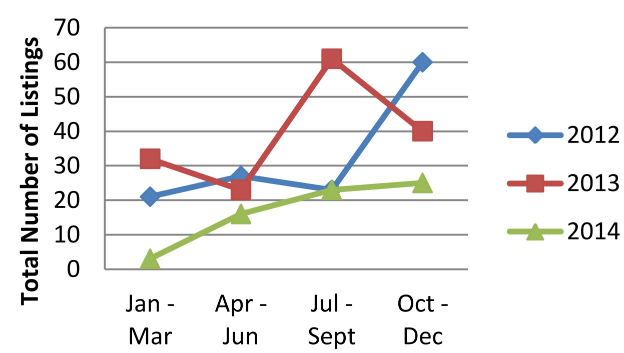
Figure 10. Number of for-sale homes advertised in Chamber of Commerce newsletter



The Rental Housing Market

There are a number of factors placing pressure on the Gardiner area rental market. The seasonal demand of employers results in many houses being unavailable during the busy season. Additionally, the conversion of many previously available homes to vacation rental homes takes more homes out of the rental housing stock, increasing price pressures on those remaining. Seasonal and vacation populations create a higher demand for rental housing that is often not directly based on the economic conditions present in the local community. Seasonal workers are also generally willing to co-house with multiple roommates, which increases their total payment capacity to a level higher than that of local households.

Figure 11. Number of rentals advertised in Chamber of Commerce newsletter



Residents we spoke with talked about the difficulty in securing year-round leases for rental properties and encountering long waiting lists for desirable units. This was also reflected in comments received in the community and employer surveys. Over 93% of respondents to the employer survey believe there has been a decrease in housing availability in Gardiner. The decrease in available housing has impacted businesses unable to secure sufficient housing to meet their seasonal needs, with 41% of respondents reporting the decrease in housing has negatively or very negatively affected their ability to recruit and retain employees. Those businesses able to fully meet their housing needs enjoy a competitive advantage in employee recruitment, with 21% stating the decrease has had positive impacts on their business.

While units are difficult to secure, it appears as though rents for available units are remaining somewhat constant. Median rents identified in the 2010 Census were $629/month; of the 274 individuals responding to the community survey, 141 were paying rent, reporting an average rent payment of $597. It is uncertain if rents will remain steady if market pressures continue. In this small market, the conversion of even a few rentals has major consequence.

Generally speaking, most households paying rent are not severely cost burdened. According to the 2010 Census, there were five renter households with earning incomes between $20,000 and $34,999 per year paying more than 30% of their income for housing. This is added to 18 cost burdened households with incomes less than $20,000 per year, resulting in a total of 23 households earning less than $35,000 overpaying for rental housing.

According to Census data there are 52 households earning less than $35,000 in the Gardiner Census Designated Place (CDP). Renters earning less than $35,000 are the target market for below-market rate rental housing funded through Federal Low-Income Housing Tax Credit (LIHTC) programs administered via the Montana Department of Commerce. While tax credits are extremely competitive, a project in Gardiner would qualify for the state's Small Rural Projects set-aside, a less competitive funding category. In order to meet the needs of those households earning less than $20,000 per year, additional subsidies, such as HOME and CDBG will likely be needed to achieve lower rents than those found in projects funded strictly through the tax credit program.

Census information does not capture input from households not residing in the Gardiner CDP. Information collected from the community survey suggests many households (67) currently live outside of Gardiner but would prefer to live in town if housing were available. Given market trends toward conversion of rentals which may result in increased costs for year-round rentals, it is reasonable to conclude the rental housing market could absorb 8-12 subsidized units and 15-18 market rate units.

Housing condition and overcrowding

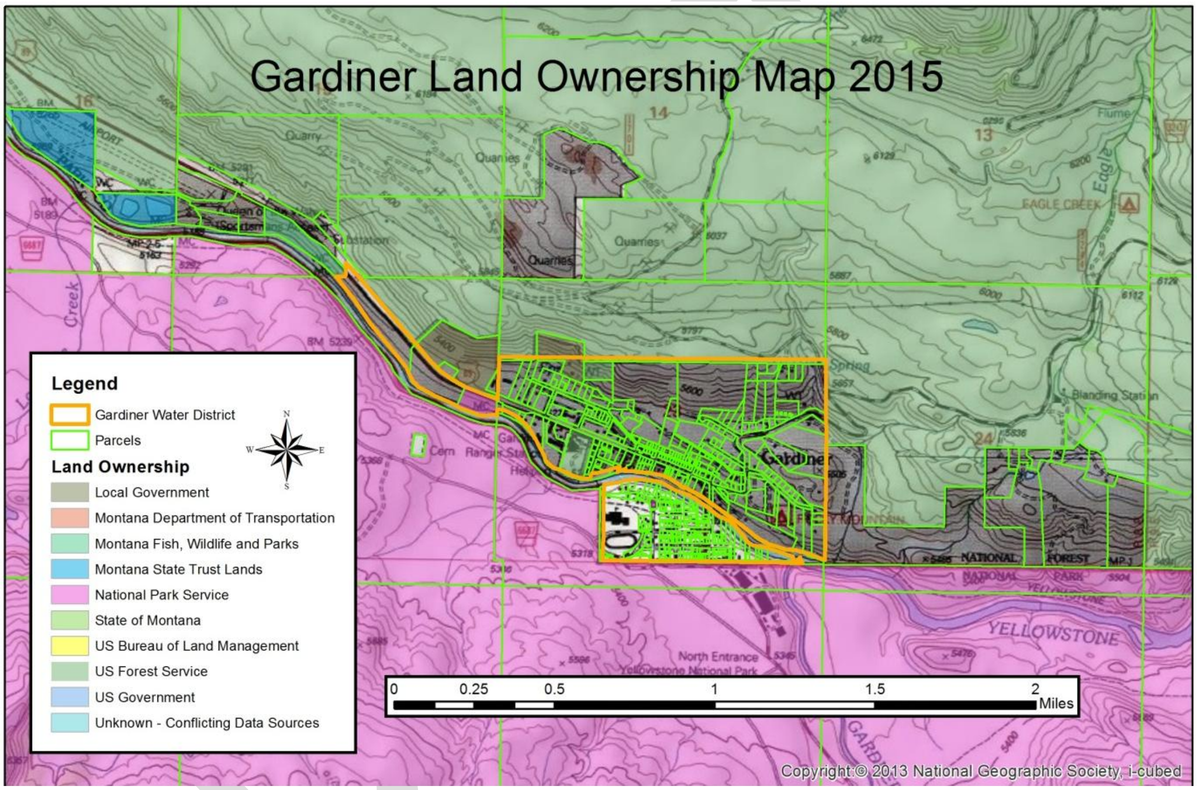
Census data does not indicate a need for substantial housing rehabilitation in the Gardiner area, as it only tracks homes without complete kitchen and plumbing facilities. However, anecdotal reports by community members indicate that substandard conditions exist, particularly in more affordable rental units.

It is recommended the community further explore the need for weatherization and home rehabilitation programs. Overcrowding is also not called out in the Census data as an issue, with only 3.2% of units having more than one occupant per room. Again, anecdotal evidence collected from community members suggests while that may be accurate during the period from October through April, once seasonal employees begin arriving in May overcrowding is a serious issue through summer. Residents also spoke of illegal camping on the outskirts of town by seasonal employees not adequately housed.

5) Housing Development Costs and Land Use

The single largest driving factor impacting housing development costs in the Gardiner area is the availability of land for new development. Nearly surrounded by National Forest and National Park, the community does not have the ability to grow. Much of the available land has slope issues that prevent development or make it prohibitively expensive. Many subdivisions have restrictive covenants governing lot size and use as well. As part of this study, local real estate professionals, developers and residents were asked to recommend potential sites for affordable housing. Of the lots reviewed, price, covenants, access, and infrastructure were noted as challenges.

Figure 12. Gardiner Land Ownership Map



There is a view among some residents that Gardiner's status as an unincorporated community results in development challenges presented by county subdivision regulations. Incorporation or citizen-initiated zoning could address these barriers by providing residents with more input into the community's development process. However; incorporation and citizen-initiated zoning are not without their own challenges. Any future action toward either alternative would require an extensive study of benefits and drawbacks and addressing current non-conforming uses within the community.

Information received from four builders in the area reports building costs for affordable to moderate housing ranging from $95 to $150 per square foot. These costs are just slightly above Livingston and comparable to Bozeman. As such, the cost of building in the area does not appear to be a barrier to the development of affordable housing.

6) Affordable Housing Price Points and Gaps in Housing Stock

The tables inserted below demonstrate affordability for households at various income levels. Light blue shaded areas represent income levels that can be served by subsidies for rental housing; dark blue shaded areas represent income levels that can be served by subsidies for home purchase. Affordability gaps have been calculated for renting and purchasing at each income level as well. Figure 13 demonstrates affordable rental and purchase price points for households earning from $20,000 to $40,000 annually. Figure 14 demonstrates affordable rental and purchase price points for households earning $45,000 or more annually. Households earning less than $25,000 annually will experience cost burdens at median rent levels. Households earning less than $61,844 will experience a cost burden when purchasing a home at median 2014 levels.

Figure 13. Affordable Pricing by AMI, Households earning $20,000-$40,000 annually

Affordable Pricing by Area Median Income (AMI) levels					
Annual income	20,000.00	25,000.00	30,000.00	35,000.00	40,000.00
AMI @ HH1	48%	60%	71%	83%	95%
AMI @ HH2	42%	52%	63%	73%	83%
AMI @ HH3	37%	46%	56%	65%	74%
AMI @ HH4	33%	42%	50%	58%	67%
AMI @ HH5	31%	39%	46%	54%	62%
AMI @ HH6	29%	36%	43%	50%	58%
total hourly wages for Household (*may be one or more FTE)	$ 9.62	$ 12.02	$ 14.42	$ 16.83	$ 19.23
Monthly income	1,666.67	2,083.33	2,500.00	2,916.67	3,333.33
Affordable rent (30% income)	**500.00**	**625.00**	**750.00**	**875.00**	**1,000.00**
Median rent - 2013 ACS	629.00	629.00	629.00	629.00	629.00
Rental Affordability Gap	(129.00)	(4.00)	121.00	246.00	371.00
Mortgage estimate					
Affordable mortgage (33% income)	550.00	687.50	825.00	962.50	1,100.00
Maximum House Price*	64,781.83	94,473.50	124,165.17	153,856.84	183,548.51
Median Price of homes sold in 2014*	313,266.00	313,266.00	313,266.00	313,266.00	313,266.00
Purchase Affordability Gap	(248,484.17)	(218,792.50)	(189,100.83)	(159,409.16)	(129,717.49)
Assumptions: Escrows $240/month, 4.0% interest rate, 30 year loan term, 3% down payment); Median price of homes sold in last 12 months from coldwellbanker.com					
Rental Subsidies available (Project and Tenant-Based Section 8, Low Income Housing Tax Credit, HUD 202 and HUD 811)					
Federal Homeownership Subsidies available (Down-payment assistance; HOME and Community Development Block Grant)					

Figure 14. Affordable Pricing by AMI, Households earning $45,000-$65,000 annually

Affordable Pricing by Area Median Income (AMI) levels, continued					
Annual income	45,000.00	50,000.00	55,000.00	60,000.00	65,000.00
AMI @ HH1	107%	119%	131%	143%	155%
AMI @ HH2	94%	104%	115%	125%	135%
AMI @ HH3	83%	93%	102%	111%	120%
AMI @ HH4	75%	83%	92%	100%	109%
AMI @ HH5	70%	77%	85%	93%	100%
AMI @ HH6	65%	72%	79%	86%	94%
total hourly wages for Household (*may be one or more FTE)	21.63	24.04	26.44	28.85	31.25
Monthly income	3,750.00	4,166.67	4,583.33	5,000.00	5,416.67
Affordable rent (30% income)	1,125.00	1,250.00	1,375.00	1,500.00	1,625.00
Median rent - 2013 ACS	629.00	629.00	629.00	629.00	629.00
Rental Affordability Gap	496.00	621.00	746.00	871.00	996.00
Mortgage estimate					
Affordable mortgage (33% income)	1,237.50	1,375.00	1,512.50	1,650.00	1,787.50
Maximum House Price*	213,240.18	242,931.85	272,623.52	302,315.19	332,006.86
Median Price of homes sold in 2014*	313,266.00	313,266.00	313,266.00	313,266.00	313,266.00
Purchase Affordability Gap	(100,025.82)	(70,334.15)	(40,642.48)	(10,950.81)	18,740.86
**Assumptions: Escrows $240/month, 4.0% interest rate, 30 year loan term, 3% down payment); Median price of homes sold in last 12 months from coldwellbanker.com*					
Rental Subsidies available (Project and Tenant-Based Section 8, Low Income Housing Tax Credit, HUD 202 and HUD 811)					
Federal Homeownership Subsidies available (Down-payment assistance; HOME and Community Development Block Grant)					

7) Affordable Housing Resources

There are a number of resources available to assist in the development of affordable housing. Most projects will require the layering of multiple funding sources to achieve optimal levels of affordability.

U.S. Department of Housing and Urban Development (HUD)

HUD provides a number of programs to assist with the development and financing of affordable housing. The ***HUD 202*** program assists with the development of affordable housing for elderly persons, while ***HUD 811*** provides development assistance to projects for disabled persons. HUD, through intermediaries, administers the ***Section 8 Housing Choice Voucher Program***, which provides rental assistance to low income households. HRDC provides administration of the Section 8 Voucher program in Park County. HUD also provides funding for the ***Community Development Block Grant (CDBG)*** and ***HOME*** programs detailed below. In addition to funds for affordable housing development, HUD provides grant funding for housing counseling, training and capacity building through a number of programs. For small communities in Montana, HUD funds are most typically accessed via the Montana Department of Commerce (MDOC).

Community Development Block Grant (CDBG)

This program is funded by HUD and administered by the Montana Department of Commerce's Community Development division. Funds can be used for land purchase, rehabilitation, infrastructure, new construction, and down-payment assistance. Funds must be used to assist households earning no more than 80% of Area Median Income (AMI) (*an AMI chart is included in the Executive Summary of this report).* Grants are limited to $450,000 and are awarded on a competitive basis. Applications must be sponsored by a unit of local government. Use of CDBG funds will typically trigger all federal regulations and rules, such as Davis-Bacon, Fair Housing, etc.

The CDBG program also administers ***Planning Grants*** which may be used for needs assessments, growth policies, housing plans, and pre-development costs incurred by a housing project. CDBG also offers separate programs for economic development and public facilities.

HOME Investment Partnerships Program (HOME)

The HOME program is funded by HUD and administered by the Montana Department of Commerce's Housing division. Funds can be used for land purchase, rehabilitation, infrastructure, new construction, short-term rental assistance, and down-payment assistance. Funds must be used to assist households earning no more than 80% AMI for homeownership programs and no more than 60% AMI for rental programs. With the exception of single-family rehabilitation and down-payment assistance programs, grants are limited to $500,000 and are awarded on a competitive basis. Single-family rehabilitation and down-payment assistance programs are funded through a HOME's pilot program on an ongoing basis. Applications must be sponsored by a unit of local government or a Community Housing Development Organization (CHDO). HRDC is the CHDO serving Park County and currently operates a down-payment assistance program. Use of HOME funds will trigger all federal regulations and rules, such as Davis-Bacon, Fair Housing, etc.

Montana Board of Housing (MBOH)

MBOH is the state housing finance agency. Through the sale of housing bonds, MBOH funds a variety of affordable housing programs for both homeownership and rentals. MBOH has numerous programs; the most commonly used are listed below.

Homeownership: MBOH provides homeownership opportunities through reduced rate mortgages in their ***regular bond program***. This program is coordinated with local lenders and typically serves households earning up to 120% AMI. Households earning less than 80% AMI may be eligible for lower interest rates through ***mortgage set-aside programs*** offered through non-profit organizations. MBOH also provides a ***Mortgage Credit Certificate (MCC)*** for households that qualify for MBOH loans but use other financing methods; the MCC provides participating households with a tax credit. A list of lenders and non-profits partnering with the Board of Housing is listed on their website.

Rental: MBOH administers the ***Low Income Housing Tax Credit program (LIHTC)***. LIHTC is a program funded by the Internal Revenue Service and is used to construct or rehabilitate affordable rental housing. Units constructed using the program are rent-restricted for a period of time (usually 40 years). LIHTC is a popular method of developing affordable rentals for both the private and public sector. The program is complicated and it is recommended that the community check the references and experience of any developer proposing to use LIHTC.

Rural Development (RD)

RD has a number of programs for homeownership, rentals and home repair. RD is funded through the U.S. Department of Agriculture.

Homeownership: RD's ***leveraged and direct loan*** programs provide subsidized interest rates for all or a portion of a homebuyer's mortgage. With rates as low as 1% for households earning very-low incomes, the program is ideal for very-low income elderly and families. The direct and leveraged loan program is available to households earning less than 80% AMI. RD's ***Guaranteed Loan*** program assists households earning up to 115% AMI by providing the first-mortgage lender with a 90% guarantee on the mortgage. RD also administers a ***Homeownership Self-Help*** program. In the Self-Help program, eight to twelve households work together under the supervision of a non-profit to build their own homes. This saves a significant amount of money; owed amounts remaining are placed into a low-interest mortgage provided through the direct loan program. Self-help is a unique way to provide homeownership opportunity to low-income households. The program requires a dedicated, experienced non-profit and time to be successful. RD also provides ***rehabilitation and repair loans*** to low to moderate income households and small ***home repair grants*** to low-income elderly households.

Rental: RD provides permanent financing of affordable multifamily rental projects with rates as low as 1% and terms as long as 50 years. Low-interest mortgage loans may be provided in combination with

Rental Assistance (RA) Programs which may be attached to all or a portion of the units. The current RD budget does not provide for RA units. When allowed, units with RA allow households earning less than 50% AMI to pay no more than 30% of their income toward their rent and utility cost. The RA subsidy is used to make up the difference between the full rent and the amount paid by the household.

Federal Home Loan Bank (FHLB)

The FHLB is a government sponsored entity (GSE). The FHLB serving this area is located in Seattle. FHLB can provide assistance with financing of affordable housing projects through their ***Affordable Housing Program (AHP)***, provide support to local entities through the ***Community Investment Program (CIP)*** and provide closing cost assistance of up to $5,000 to individuals through the ***Home$tart Program***. FHLB funds must be accessed by a member bank, which works with project sponsors and homeowners to secure funding.

Low-income energy assistance (LIEAP) and Weatherization assistance

HRDC administers ***LIEAP*** and ***Weatherization*** programs that assist low-income renter and owner households with monthly energy costs and repairs to improve the energy efficiency of a home.

Northwestern Energy

Northwestern Energy provides assistance to for the development of new energy-efficient affordable housing and the rehabilitation of existing housing to increase efficiency.

Private Foundations, Community Foundations and Local fundraising

Local, state and national foundations are often interested in assisting with affordable housing projects. Many banks provide community assistance, either through the bank or a foundation, to meet Community Reinvestment Act (CRA) criteria. Large businesses, employers and private citizens are all potential resources for affordable housing.

Resort Tax

Many communities use resort tax proceeds to support affordable housing development. If this option is pursued the resort tax board should adopt clear guidelines to ensure that funds expended support the community's affordable housing goals.

Affordable Housing Plan

1) Housing Strategies and Action Items

Strategy 1: Increase and preserve the supply of affordable housing.

Action Items:

1) Identify land appropriate for new development of rentals and ownership units in affordable and market rate sectors.
    a. Goal (Community/non-profit):
        - Identify site(s) for 8-12 subsidized rental units (approximately 1 acre with community water/sewer access for optimum subsidy application competitiveness). Utilize Low Income Housing Tax Credit program (and other subsidies as needed). Timeframe: Land must be secured by July 2015 to meet 2015 Tax Credit Application Cycle.
        - Identify site(s) for 5-7 income-restricted homes for purchase. Provide subsidized homeownership via subordinate financing and/or Community Land Trust model. Timeframe: As soon as possible.

    b. Goal (Private market) – timeframes will vary
        - Identify site(s) for 15-18 market-rate year-round rentals
        - Identify site(s) for 5-7 market-rate homes for purchase
        - Identify site(s) for seasonal housing for 15-20 employees

2) Build subsidized rental units targeted to year-round households earning less than $32,000/ year using Low Income Housing Tax Credits (and other subsidies as needed).
    a. Goal: 8-12 units by 2018. Timeframe (best case): Pre-development Spring 2015, Letter of Intent to Montana Board of Housing (MBOH) August 2015, Application to MBOH October 2015, award January 2016, construction to begin Summer 2016, occupancy Fall 2016. If any piece is not completed on time, sufficient funding is not available, or application is not funded in first cycle, add a year to the timeline.

3) Build affordable, income restricted for-sale units targeted to households earning less than $60,000/year using the Community Land Trust model to ensure long-term affordability.
    a. Goal: 5-7 by 2018. Timeframe: Begin program development (income targets, program structure, funding) Summer 2015. Secure land as soon as possible. Upon alignment of land availability, funding and program structure, begin construction of first 1-3 units, adding units as needed and resources are available with target to provide 5-7 units by 2018. These units are targeted to year-round employees earning less than $60,000/year that, if not for lack of available, affordable homes, would otherwise be eligible to purchase (steady income, good credit, etc.).

4) Help low and moderate income families purchase homes by providing intensive pre-purchase counseling, homebuyer's education, and down-payment assistance.
    a. Goal: Assist 10 homebuyers over a three year period to purchase homes.
        i. Utilize HRDC's Road to Home program to provide homebuyer's education, pre-purchase counseling and access to financing through partnership with local lenders. Coordinate with HRDC staff to provide classes in Gardiner annually helping reduce the travel barrier to Livingston (where classes are currently taught).
        ii. Local lenders and HRDC should partner to ensure that community members are aware of resources and lenders know how to utilize them. Lenders can also be utilized as guest presenters in homebuyer's education courses.
        iii. Local realtors and HRDC should partner to ensure that for-sale homes meeting down-payment assistance guidelines are available to target households. Realtors can also provide partnership as guest instructors in homebuyer's education.

5) Utilize weatherization and energy assistance programs to improve efficiency of existing units and lower monthly costs.
    a. Goal: 15 households per year assisted through the Low Income Energy Assistance Program (LIEAP) will receive heat bill assistance that makes housing more affordable. Households receiving LIEAP are eligible for HRDC's Weatherization, which conducts repairs that result in long-term energy conservation and savings. Funds for Weatherization are not sufficient to provide service to all eligible households, however; increasing LIEAP recipients in Gardiner increases the pool of eligible applicants that may result in Weatherization assistance. HRDC should consider reinstating a day annually to assist community members with filling out the extensive LIEAP application to increase utilization of the program.

Strategy 2: Build organizational and financial capacity.

Action Items:

1) Adopt guidelines for the potential use of resort tax funds.
    a. Goal: Provide guidance to community, developers, and other stakeholders regarding use of funds to meet affordable housing goals. Pending legislative direction, resort tax districts may elect to request voter approval for an additional 1% tax that can be applied to community affordable housing needs. It is recommended that (if the resort tax district elects to pursue this option) the district adopt guidelines ahead of time to ensure that the community, stakeholders and potential seekers of funds have a clear understanding of how they will be allocated. Timeline: Dependent on legislative action.

2) Facilitate discussions between employers to coordinate housing development to meet seasonal and year-round employee needs.

a. Goal: Maintain a standing community housing work group. One benefit observed in the creation of this plan has been the opportunity for employers to coordinate distinct housing efforts. This type of cooperation is encouraged and is best served by a standing work group that can serve as a local point of contact with responsibility for plan implementation. Timeframe: Now and ongoing

3) Coordinate with non-profit organizations to build local capacity in housing development and service delivery.
    a. Goal: On-going partnerships that foster implementation of plan. It is recommended that the standing work group in Action Item #2 continue to utilize the services of MSU Park County Extension and HRDC as they work to implement the housing plan. Timeframe: Now and ongoing

Strategy: Consider the impact of regulatory initiatives for land use and availability.

Action Items:

1) Evaluate citizen-initiated zoning and incorporation alternatives.
    a. Goal: Complete cost/benefit analysis of both options to determine future action. Many of the regulatory recommendations typically presented to address affordable housing needs are not available in Gardiner as it is unincorporated. Development occurring in the area is currently subject to the development regulations of Park County. Incorporation or citizen-initiated zoning are options available to the community, however; neither option is without consequence and potential benefits which should be evaluated. Timeframe: Complete cost/benefit analysis of both options by May 2017.

2) Explore use of Townsite Act to procure land for development.
    a. Goal: Evaluate feasibility of securing property for future development via Act. As this option came to the group late in the planning process, it is recommended that partnership continue with the Forest Service to determine the feasibility of using the Townsite Act or land swap to secure land for affordable housing development. Timeframe: Ongoing

Appendix A

Acknowledgements

This project would not have been possible without the dedication of Gardiner's community members, businesses, and organizations that assisted in the completion of this study and report.

Greater Gardiner Community Council
Kirsten Goldstein, Americorps VISTA
MSU Park County Extension
Gardiner Chamber of Commerce
Gardiner Market
Northern Rocky Mountain Economic Development District
Yellowstone Association
HRDC
National Park Service
United States Forest Service
Gardiner School District
Park County
Yellowstone Park Service Stations
Xanterra

And many concerned community members – thank you!

Appendix B

Executive Summary:

Gardiner Employer Housing Survey January 2015

As visitation to Yellowstone National Park increases, the Gardiner area has a seemingly endless demand for guest accommodation. Visitor services in town are increasing and hotels are full throughout the summer season. Many residences and apartments are being converted to vacation rentals and properties that do come up for sale are at prices that many Gardiner area residents cannot afford.

With these challenges in mind, the Greater Gardiner Community Council hosted a meeting in June 2014 where over 30 community members came together to discuss housing. In August, another meeting was held where a working group was formed that includes representation from NPS, USFS, Xanterra, Gardiner School District, Park County, local nonprofits, and area business owners.

In late November 2014, the Gardiner housing working group launched a housing survey for area employers. The purpose of this survey was to learn more about the demand for year-round and seasonal housing in the Gardiner area.

Survey Results

Thirty-one businesses, organizations, and governmental agencies responded to the employer survey. Over one third of the respondents represent the lodging/hospitality sector. This was followed by recreation (23%); retail (13%); and education, food & beverage services, professional & financial services (each 10%). There were two government agency responses, one from agriculture, and two classified "other". The respondents have been in existence for an average of 34 years.

Two-thirds of the businesses are primarily seasonal in nature, with summer being the busiest season for over 90% of the respondents. The 31 respondents collectively employ 597 year-round employees, of whom 93% are full-time, and 4,532 seasonal employees, of which 98% are full-time.

Nearly 65% of employees (sample size=376) live in Gardiner; 20% commute less than 30 minutes; 14% commutes 30-60 minutes; and only 7 people have a commute over 60 minutes.

A majority of respondents (93%) believe there has been a decrease in housing availability in Gardiner. This decrease has negatively or very negatively affected 41% of respondents' ability to recruit and retain employees. One in four has experienced no impact and 21% have experienced positive or very positive impacts.

Fifty-nine percent of respondents characterized their employees' experiences in securing housing as difficult (10%) or very difficult (48%). Twenty-four percent don't know their employees' experiences, 14% responded that it is neither easy nor difficult, and one respondent said it was easy.

Due to the cost of rental housing, 60% of respondents experience difficulty filling open position and 47% have difficulty retaining employees. The cost of purchasing housing makes it difficult for 53%of respondents to fill open positions and 47% to retain employees. Sixty-four percent have experienced difficulty maintaining operations and 50% have experienced difficulty expanding operations due to challenges in recruiting/retaining employees. Forty-seven percent have plans for future expansion.

Appendix C

Executive Summary:

Gardiner Community Housing Survey March 2015

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With these challenges in mind, the Greater Gardiner Community Council hosted a meeting in June 2014 where over 30 community members came together to discuss housing. In August, another meeting was held where a working group was formed that includes representation from NPS, USFS, Xanterra, Gardiner School District, Park County, local nonprofits, and area business owners.

As a supplement to the employer survey completed by the Gardiner housing working group in November 2014, a survey of community members was conducted in late February to gather more information on Gardiner's housing needs and how it affects residents. The preliminary results of that survey are highlighted here.

Survey Results

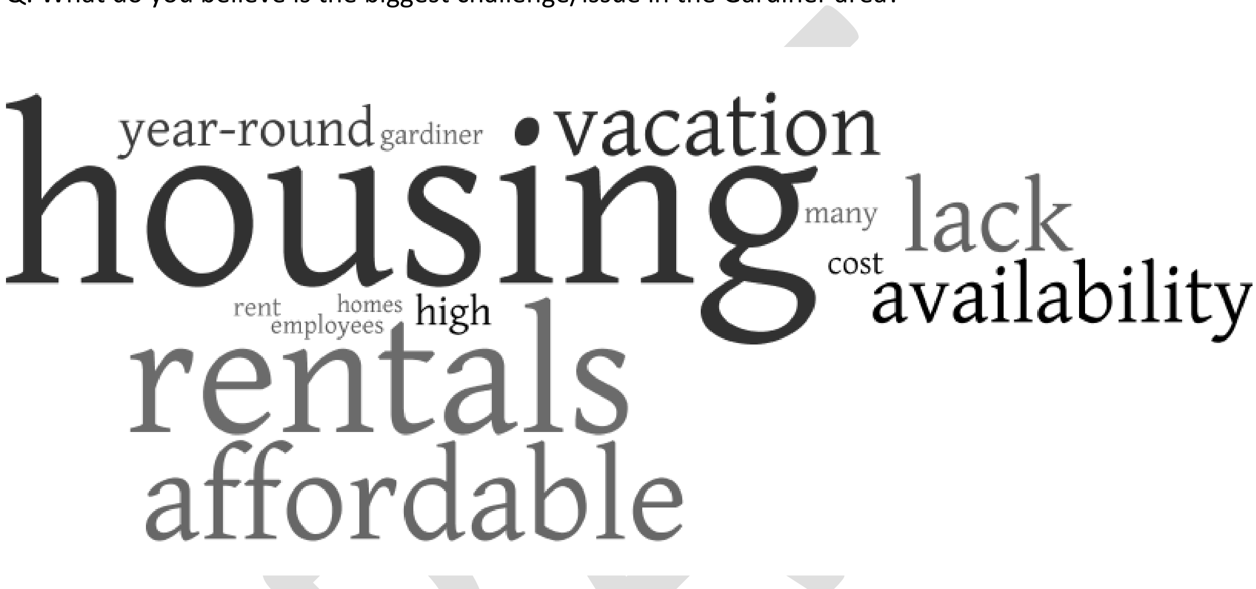
Over 274 community members responded to the housing survey. The average residency in the Gardiner area of the respondents was almost 11.5 years. The majority of respondents (60%) live in Gardiner, followed by Gardiner Basin (12%), other areas (16%, primarily YNP), Paradise Valley (9%), and Jardine (2%). The average household size is 2.1 persons.

Of the respondents that are employed, 92% are full-time employees and 74% are year-round. Eight percent are employed part-time and 26% are seasonal employees. There is a broad range of pre-tax incomes: less than 1% make less than $10,000; 20% make between $10,001 and $30,000; 29% make between $30,001 and $50,000; 21% make between $50,001 and $70,000; 17% make between $70,001 and $90,000; and 12% make over $90,000.

Over half (54%) of the respondents live in rental housing and 33% own their homes. Many of the remaining respondents are in employee-provided housing or own a mobile home but pay lot rent. Seventy-nine households have employee-provided housing; 63 have housing proved by the National Park Service or Xanterra and 16 have housing provided by other employers. Nearly 54% of the respondents live in a single family house, 22% live in an apartment, 12% live in a mobile home, 4% live in a condo or townhouse, and 9% live in dorms/bunk house, travel trailers/RVs, and shacks. The average monthly housing payment is $630; this includes respondents that have paid off their mortgage or who do not have a payment.

In the past five years, many households have experienced difficulty renting in Gardiner, including 58% that could not find something available, 40% due to insufficient income/high prices, and 33% because they have a pet(s). Purchasing a home is also difficult for many; 38% had difficulty due to income/high prices, 30% because of the lack of available homes, and 11% did not have down-payment and/or closing costs. Looking forward, 132 (48%) of the respondents would like to purchase a home in Gardiner in the next five years and 67 (24%) households currently live outside of Gardiner but would prefer to live in town.

Q: What do you believe is the biggest challenge/issue in the Gardiner area?



Q: What is the best things about living in the Gardiner area?