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2022 Draft Update

City of Helena Housing Strategy

I. Capacity Building, Outreach, and Education

1. *Continue to convene Tri-County Housing Task Force to implement recommendations of the needs assessment.*

Status: On-going. Community Development staff are tasked with staffing this task force to help move the goals, policies, and discrete actions stated in the Housing Needs Assessment (HNA) forward for our community. Partly based on findings from the Needs Assessment, the City Commission created the local Housing Trust Fund and utilized Task Force meeting time for vetting the policies and procedures that will guide use of the funds.

2. *Provide staffing for Task Force.*

Status: On-going. The City created the Housing Coordinator position in 2021 to expand capacity for housing related projects. The Housing Coordinator is also responsible for assisting the Community Development Department with other housing related policy and projects, including administration of CDBG and HOME grants, the Affordable Housing Trust Fund, and the Home Renewal Program, and the Building Fee Waiver Program.

3. *Update growth policies and zoning ordinances to include housing strategies and recommendations from the housing needs assessment.*

Status: On-going. The city hired a consultant team to assist with a comprehensive growth policy update, which was adopted by the City Commission in June of 2020. Utilizing the updated Growth Policy, the Zoning Commission, with assistance from city staff, will be able to turn their attention toward an all-encompassing review of city zoning code (which is to be consistent with the adopted growth policy, by law). To further promote housing development in city limits, city staff historically have implemented amendments to the City's zoning code which include: providing more flexibility for infill opportunities, with minimum lot and minimum dwelling sizes eliminated; permitting second units in all residential districts by right; permitting manufactured and modular housing in all residential districts; allowing multi-family and single-family units by right when located in a commercial district above a commercial business; allowing flexibility in parking requirements and increased pedestrian access in new developments; and easing of dimensional standard requirements (setbacks, height

limitations, lot coverage allowances) to allow for added density across residential districts and the B-2 (General Commercial) District.

II. Funding, Finance, and Partnerships

1. Advocate for additional funding of housing programs at the state level such as the State of Montana Housing Trust Fund.

Status: On-going. The city of Helena is a member of the Montana Housing Coalition, which works with jurisdictions and housing providers across the state to advocate for housing programs and policy during legislative sessions. Priorities have been proposed for the 2023 legislative session, which include: creating a State Low-Income Housing Tax Credit, funding the Housing Montana Fund (previously the MT Housing Trust Fund), and expansion of the Coal Severance Tax Trust. The Coalition also intends to support one-time financing programs, depending on the recommendations offered by the Governor's Housing Task Force. The 2021 legislative session prohibited Inclusionary zoning, which is a requirement for developers to provide housing at specified income levels or cash in lieu. SB 269 passed, which requires that mobile home park owners be notified of the opportunities and benefits available when selling a mobile home park to a resident association and exempts from taxation all capital gains realized from the sale of a mobile home park to a resident association. City staff also lends support toward state efforts by being present at hearings and sessions as a show of support and to provide testimony, as needed, but cannot lobby on behalf of the city due to the Hatch Act of 1939.

2. Identify government and private foundation grants for housing programs and determine potential projects to match grants.

Status: On-going. Community Development staff routinely look out for grant opportunities. We are currently sponsoring a collaborative Community Development Block Grant (CDBG) Planning Grant for a Preliminary Architectural Report at Our Redeemers Lutheran Church (ORLC) for the creation of transitional, rental, and homeowner opportunities with three local affordable housing developers and with assistance from Trust Montana to create a Community Land Trust (CLT). In 2021, the city completed a grant through the Montana Department of Commerce (MDOC) for the Center for Mental Health's CDBG Public and Community Facilities grant that created a transitional living group home facility for up to 12 young men leaving the state mental health hospital (or similar facilities). We also recently launched the CDBG funded Home Renewal Program, which will assist income-qualifying homeowners within city limits with critical health and safety repairs to their homes. The city has access to those funds for the next four years. In late 2021, the city was approved for a CDBG-CARES grant for extensive exterior rehabilitation of the building and installation of air conditioning units at the YWCA's facility on Park Avenue. That project is currently in the startup phase and construction is planned for the spring of 2023. In cooperation with Lewis & Clark County, the city conducted a Community Needs Assessment hearing on March 3, 2022 to ask local agencies and members of the public what their needs are as a first step in sponsorship for federal pass-thru grants administered by MDOC. Due to being a government entity, the city is barred from applying for most foundational grant opportunities due to their selection criteria but will consider any that arise that may be beneficial for our community and will support others' efforts to make applications. The City Commission passed a resolution in 2020

that created a local Housing Trust Fund which will provide gap financing for affordable housing projects within the City.

The goal is to have the first round of funding open in the Fall of 2022. Additionally, the City Manager's Office recently created a Grants Manager position to assist with allocating American Rescue Plan Act (ARPA) dollars. The city has been in conversation with area housing providers to submit proposals to the Commission for a portion of ARPA dollars that would support an array of housing related projects.

3. Research best practices and initiate discussions with potential private sector partners to finance infrastructure and housing programs.

Status: On-going. In tandem with our own research of best practices in policy formulation and development, the city strives to take every effort to engage with private sector partners (local agencies, lenders, developers, engineers, and others) to ensure that we consider their practices and general comments in establishing policies, programs, and codes that may directly affect them. Their expertise is critical in helping us arrive at appropriate decisions, especially when it comes to development, redevelopment, and overall retention of our existing housing stock. To this end, the city has implemented a fee waiver program for building permit-related fees for affordable housing developments that serve those earning at or below 60% of area median income, irrespective of a development being owned by a private or nonprofit developer. Additionally, the city has been working collaboratively with stakeholders across all the aforementioned sectors on developing the parameters for eligible use of Affordable Housing Trust Fund dollars that would be allocable to both private and non-profit housing developers as gap financing.

III. Promote Homeownership

1. Establish a regional community land trust to construct affordable housing. Support efforts by local organizations to establish housing land trusts.

Status: Medium-term. The city has been supporting planning efforts for a collaborative housing project at Our Redeemer's Lutheran Church (ORLC) since 2020. Currently, partners include ORLC, YWCA Helena, Helena Area Habitat for Humanity, Rocky Mountain Development Council, and Trust Montana. In its entirety, this project would address housing along the spectrum of need, from emergency housing with supportive services, to affordable rental spaces, as well as affordable homeownership opportunities. One aspect of the project will be to secure permanent affordability of units on the land by creating a community land trust (CLT) managed by Trust Montana for land to be developed by RMDC and the YWCA. Currently, there are also plans to request city ARPA funds for acquisition of the land and development of infrastructure necessary prior to commencement of housing construction activities.

2. Inventory weatherization and home rehab programs.

Status: On-going. The city contracted with AC Solutions, a consultant firm owned and operated by former MDOC staff member, Andrew Chanania, to secure funding through the Small-Scale Single-Family Home CDBG grant. These grant funds are part of a revolving loan fund that can be utilized, in part, to rehabilitate our community's existing housing stock that is owned by those earning 80% or less of the area median income (AMI), vetted and applied for on a case-by-case basis depending on eligibility. City staff are currently working through the first application and have several more properties on a waiting list. The goal is to complete 23 projects per year during the 5-year window we have access to the funds.

3. *Administer Community Development Block Grant for homeowner rehabilitation grants and loans.*

Status: See 2 above.

IV. Increase Rental Housing Supply and Address Renters' Needs

1. *Administer Community Development Block Grant rental rehabilitation funds.*

Status: See III(2) above. The city has explored the idea of applying for similar funding for multi-family housing rehabilitation projects if the single-family program is successful. In 2020, the city created a Building Fee Waiver program to assist developers who are providing housing to people at or below 60% area median income. So far, this program has offset building costs for the Red Alder housing project (\$234,755), and for the rehabilitation of Firetower Apartments (\$29,895).

2. *Identify suitable land for multi-family units and begin a planning process to rezone the land.*

Status: Medium-term. As part of the growth policy update in 2019, the city updated a map that shows vacant properties in our city limits. This map is a good means of determining areas in town that are ripe for infill development. This map can be leveraged to help consider infill development potential in the community in conjunction with other, larger prospective development opportunities (ex: future Cruse Avenue right-of-way development potential), where we can engage with property owners, developers, and other interested parties to assess properties' true development potential and consider options to build additional multifamily housing. The city will actively support efforts to preserve existing affordable housing within the community (particularly Helena Housing Authority's low-rent public housing units) and support all efforts to develop new affordable rental housing, especially rent-assisted and project-based rental units.

V. Address Housing Needs of Seniors, Populations with Disabilities/Health Conditions & Homeless Population

1. *Support and advocate for new developments that increase housing options for seniors across the entire continuum of care including options for downsizing such as retirement communities, assisted living and skilled care units.*

Status: On-going. The city actively supports projects and programs that provide housing and wraparound services to seniors within the community. Where possible, the city also sponsors grant funding opportunities to further the provision of affordable senior and disabled housing opportunities in Helena through the HOME and CDBG grant programs, such as the Guardian Apartments HOME rehabilitation grant that received \$1.61m to help keep 118 units in the building in the city's affordable housing stock portfolio for years to come. Currently, there are a few senior housing projects that have contacted the city for support, including Valley View Village, whose developers are seeking Low-Income Housing Tax Credit (LIHTC) funding, and a St. Peter's Health assisted living facility that is planned for Mountain View Meadows.

2. *Conduct feasibility study for subsidized assisted living for seniors and supportive services.*

Status: Medium-term. Per the HNA, the population of those aged 65 or older is projected to increase from a level of 16.1% in 2016 (ACS data) to 21.4% in 2022 (MT Governor’s Office of Economic Development), which translates into an increase of 6,464 residents aged 65 and older. Considering opportunities to provide safe, affordable housing for this segment of the population is of increasing importance in years to come. In coordination with Rocky Mountain Development Council (RMDC) and other stakeholder agencies, the city may consider assisting with the procurement of funds (through the budget, planning grant opportunities, or otherwise) to address the need for more housing opportunities for seniors, across an array of housing types and for individuals of varied income levels and abilities. This would be a new effort for the city and the wider community, should it be taken on in the next 2 to 5 years. AARP may assist facilitating this process, as it is aligned with their Livable Communities Initiative.

3. Promote visitability and universal design practices in new developments and housing rehabilitation projects.

Status: On-going. The city Building Division is tasked with enforcing the International Building Code, which is set by the Montana Department of Labor. While deviating from the requirements of this code is not permitted for jurisdictions, it is increasingly more aligned with universal design concepts to promote accessible development, both residential and commercial. The City is set to transition to the 2021 IBC once it is approved by the State of Montana. Additionally, the City has chosen to include some visitability and universal design practices as program requirements for the Affordable Housing Trust Fund, which means that unless it is financially infeasible, applicants will be required to include those items in their proposals.

4. Build permanent supportive housing to alleviate homeless issues so it becomes rare, brief, and non-recurring.

Status: Long-term. The city actively participates in the Helena Resource Advocates (HRA) and HRA Leadership Team (HRA-LT) meetings, which serve to address housing, homelessness, and wraparound social service issues within the community. Many members of the HRA group serve as “front door” agencies for the homeless as part of the Housing First Coordinated Entry System, which connects individuals facing or experiencing homelessness to providers that can assist them with finding transitional housing and the other resources that they may find themselves in need of. The city fully supports these activities and has provided funding to the United Way of the Lewis & Clark Area (UWLCA) to fund coordination activities for this purpose. The city will, more broadly, look to craft policies that help further the provision of housing and services to those most vulnerable and in need within our community. The Building Fee Waiver Program and the Affordable Housing Trust Fund are designed as tools to offset costs for affordable housing projects, including the development of permanent supportive housing. The City and County also jointly support the Housing Navigator position at Good Samaritan Ministries. The goal of the Housing Navigator program is to provide members of the workforce with the tools and resources to successfully secure housing.

VI. Planning, Land Use, and Development

1. Review development codes to include mechanisms that support affordable housing, and promote opportunities like micro-housing and new home building technologies, where possible.

Status: On-going. City staff will continuously research opportunities to bolster affordable housing within the community, including researching more extensive definitions of housing use types that may

be suitable for inclusion in our city code and considering whether other facets of the zoning code would otherwise preclude their use existing within the city. Such a review preceded the City Commission adopting revised dimensional standards to allow for increased building density within residential districts and the B-2 (General Commercial) District in early 2020. Additionally, the city has established the Building Fee Waiver Program as an incentive for the development or rehabilitation of affordable housing projects. While inclusionary zoning policies are no longer an option to incentivize affordable housing unit development or alternatively to require a financial contribution to the Housing Trust Fund, staff plan to explore other avenues for expanding the trust's funding base. Options under consideration may include creating a voluntary home transfer fund or a voluntary realtor commission fund whereby a portion of the fees or commission associated with the sale of a home might be donated to the Affordable Housing Trust Fund.

2. Identify grants, public-private partnerships, or tax incentives to defray infrastructure costs for new developments in exchange for affordable housing.

Status: On-going. The city will continue to seek out grant funding opportunities that support the retention or development of affordable housing in the community through CDBG, HOME, or other grant programs. Staff will also continue to work toward deepening relationships with private sector developers to promote affordable housing development, especially with respect to gleaning barriers to such development, finding opportunities for collaboration in policy, project development, and implementation, and in identifying parcels and lots that could be potential infill or redevelopment sites for housing or mixed-use development. City staff have worked to create several tax increment financing (TIF) districts in areas of the city that have substantial blight. Ten percent of funds collected in each TIF district are to be set aside for the retention and development of affordable housing within the boundaries of each district.

3. Investigate land banking opportunities to reserve land for affordable housing development.

Status: On-going. The city is committed to utilizing available land for the development of affordable housing. Currently, there are plans to redevelop Cruse Avenue, reducing the right of way and expanding opportunities for infill development. Helena Housing Authority owns property that may be expanded during this process, allowing them to construct additional housing units for low-income residents.

4. Promote further intergovernmental coordination between the city and county to update land use regulations and to implement recommendations of the housing needs assessment.

Status: On-going. The 2018 HNA was a collaborative effort that focused on not just Helena, but the housing needs of the wider tri-county region. Of special importance in this discussion is housing provision within the Helena Valley, which has become densely developed in places (to an urban standard). The City and County continue to coordinate to consider how best to manage growth within the Urban Growth Boundary/Urban Standards Boundary and establish joint standards. This boundary includes the incorporated city limits and immediately adjacent areas to the north. Coordinating pre-zoning efforts and assessing costs and impacts of the extension of city services beyond incorporated borders will be critical components in the process of establishing better policies and regulations, and to avoid driving desired residential development well outside of the city, as often happens.