

Position on Affordable Homes

Adopted 2020

Background

Home affordability is defined as a housing payment or rent at or below 30% of a family’s gross income, and those households paying more than 30% are considered “cost burdened.” The true measure of home affordability is the gap between wages and housing costs.

Missoula lags behind both the state and the nation in median income. According to the latest U.S. Census data, (2019) the median household income in Missoula was \$73,300, the per capita income was \$51,400 and 18% of the population lives in poverty.¹ While average wages have increased slowly in Missoula, home costs continue to rise at a steady pace, there is a shortage of homes, and the need for affordable homes grows.

Home Ownership

Missoula’s median home sales price soared to a record high of \$315,000 in 2019, reflecting an increase of 57 % since 2010. Today in Missoula an individual or family would need an income of around \$100,000 per year to afford a median-priced home in Missoula.² According to the City of Missoula’s 2018 Housing assessment, 25% of all homeowners in the city are cost burdened.³ Of those, a significant 45% of homeowners earning less than \$75,000 per year (3,400 households) are cost burdened.⁴ Homeownership in Missoula is becoming unattainable and is primarily reserved for household earning more than \$75,000 in combined income.

As the housing supply tightens, affordable home ownership is increasingly elusive for the lower income households. A household of 4 earning the median income in Missoula can afford to purchase a home at \$241,000, well below the current median cost.⁵ Missoula has an acute shortage of homes priced close to this range. Overall home sales in the \$200,000–\$250,000 range shrunk 19% between 2016 (470) and 2018. (310).⁶ Missoula’s housing stock--and what was formerly considered “affordable”--has radically altered. Missoula experienced years of fairly stable housing stock selling below \$200,000. But in 2018 only 147 homes, or 11% of total sales, in this range were sold. Sales of homes in this range have shrunk by 61% since 2014. Of note, during the same period, home sales above \$350,000 increased by 137%.⁷

Renting

While homeownership is a problem, rental affordability remains the most crucial issue facing the community. Half of all Missoula residents rent their homes and 50% of all renters are cost burdened.⁸ This reality disproportionately impacts the lowest income families. When renter cost burden is analyzed by income level, findings indicate that there are nearly 8,000 families earning less than \$50,000 per year that are paying more than 30% of their income for housing. The

1 Missoulian, 1.10.2020

2 Missoulian, 1.10. 2020

3 A Place to Call Home, Missoula Office of Housing & Community Development, 2019, p. 71

4 A Place to Call Home, p. 75

5 A Place to call home, p. 31

6 Missoula Housing Report, 2019, Missoula Organization of Realtors, MOR

7 A Place to Call Home, p. 77

8 A Place to Call Home, p.71

problem increases greatly for lower income families; 67% of families earning less than \$35,000 per year are cost burdened; 91% of families earning less than \$20,000 a year are cost burdened.⁹ The estimated median household income for renters is now \$29,793. While the average price of rent dropped nearly 1.5 percent in 2018, affordability has worsened because incomes are not keeping pace with housing costs.¹⁰

Missoula recorded an annual rental vacancy rate of 3.9% in 2018, which is slightly above recent years but still considered a tight rental market. The Missoula Housing Authority regularly places all of its 773 Housing Choice Vouchers (formerly known as Section 8 rental vouchers, which provide assistance for low income renters). The number of households on the Voucher waiting list is a key indicator of overall demand for affordable rental housing; in January 2019, 1183 households were on the list¹¹, an increase of 8.5% from 2017. There is no sign of increased voucher allocations through this federal program. Although the Missoula Housing Authority was not able to add any new affordable housing units in 2018, there are plans for 200 new affordable units in 2020. This will be a welcome addition, but there is a continued need for additional subsidized rental homes.

Missoula is projected to grow at a rate of 2.5 % per year, adding approximately 1800 new residents annually. Recent estimates point to a need of 850 new housing units every year, yet only half that number are projected.¹²

Limited income people struggling to pay for a roof over their heads, categorized as “cost burdened”, are the primary concern of the Missoula League of Women Voters. Too many residents lack secure, affordable homes. This not only makes living in Missoula unattainable, but puts our neighbors at risk of homelessness.

Position

Housing is a human right. It promotes self-sufficiency for individuals and families, promotes stability in neighborhoods, and is an effective tool in reducing and preventing poverty. The League of Women Voters supports current and future efforts to increase the availability of safe, decent, and affordable homes for moderate and low-income households through the following actions:

- A. Provide for a full range of affordable homes.
- B. Preserve and improve existing affordable homes.
- D. Encourage public and private partnerships that focus on increasing the supply and improving the quality of affordable homes;
- C. Tax incentives and housing trust funds.
- F. Expedited permitting processes.
- G. Promote linking low-income renters to support services and transportation.

9 A Place to Call Home, p. 72

10 University of Montana, Bureau of Business and Economic Research, July 2019

11 Missoulian 1.10.20

12 statement at City Council 01.27.20 ... (Stacie Anderson)