
WORKFORCE HOUSING STRATEGIC PLAN

Red Lodge Area Housing Committee

Prepared by: Natalie Wilson, AmeriCorps VISTA, Red Lodge Area Community Foundation

With: Kristen Hollum, Project Director, Red Lodge Area Community Foundation
and Red Lodge Area Housing Committee Members

Consultant: Avery Wilson, Strategic Planning Director, US Olympic Committee

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MISSION

The Red Lodge Area Housing Committee will connect with – and inform – the community on workforce housing opportunities through services, programs, training and education.

AFFORDABILITY & SCOPE

The Red Lodge Area Housing Committee is specifically focused on **affordable** housing opportunities that will benefit the local **workforce**, a need identified in the 2016 Red Lodge Housing Needs Assessment and prioritized by the community.

The U.S. Department of Housing and Urban Development (HUD) defines **affordability as a household that spends no more than 30% of their income on housing costs**. Households that spend more than 30% are considered cost burdened and have difficulty paying for other necessities.

The Committee is committed to providing housing opportunities to households that make up to 120% of the area median income (AMI) as defined by the HUD income limits for Carbon County. Government assistance is available for low-income households up to 80% AMI. However, households that make between 80% to 120% AMI make up good proportion of the local workforce and are often vulnerable to being cost burdened, yet lack resources and housing opportunities to remain financially stable.

Currently, the scope of the Committee’s work is in the City of Red Lodge (the City) and its immediate vicinity due to constraints of personnel and resources. However, both the scope or focus of the Committee are subject to change as the Committee grows and housing needs alter over time.

2020 VISION

We envision the following will be true of the Red Lodge Area housing environment and the Committee by 2020:

Housing is more accessible, affordable* and attractive, especially for young professionals and families

- Increased supply of affordable housing options available (homes, multi-unit/multi-use, rentals, ownership, cooperatives, etc.) according to housing needs and demands.
- Increased supply of affordable housing units available according to the rate of need or population growth (identified in needs assessments).
- Increased quality of affordable housing in both new construction and current housing stock, to include accommodating the latest technology.
- Employers, builders, developers and landlords are part of a strong partnership with the Housing Committee to affect supply of quality, affordable workforce housing options.

* see definition of affordable (page 2)

Home ownership is more attainable for first-time buyers

- Increased number of pathways to ownership options available.
- Awareness and uptake of assistance and educational options is higher, especially for first-time homebuyers.
- More young families are able to purchase a home within the vicinity of Red Lodge.

The Housing Committee is a trusted partner and respected authority on community housing issues

- The Committee is known as a resource hub for information, education, training and connecting to program opportunities.
- It conducts timely research and communicates findings to community stakeholders.
- The Committee is a leader in advising on housing policy.

The Housing Committee is a “well-oiled machine,” able meet needs and respond to opportunities or changes effectively and efficiently

- Program and service offerings are high quality, with an emphasis on excellent customer satisfaction.
- Staff are well-equipped to assess situations, make recommendations, and act in good faith with customers and other key stakeholders.

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- B. Homeownership: Identify and evaluate new build and rehabilitation opportunities for increasing inventory of quality units for current and prospective (new) buyers. Recommend at least one opportunity for adoption as key project for the Committee to implement by 2020.
- C. Developers & Government: Identify and implement incentives for developers to create affordable housing options.
- D. Partnerships: Identify and cultivate partnerships to assist the Housing Committee in implementing affordable housing projects and programs.

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- A. Homebuyers: Create programs for first-time homebuyers and financial education, as well as promote awareness of resources.
- B. Tenants: Create programs that educate tenants on their rights and responsibilities, connecting them to resources and assistance, and developing partnerships with property managers and landlords.
- C. Developers: Promote affordable housing incentives and identify partnerships to build affordable housing.
- D. Landlords: Educate landlords on available resources and opportunities for affordable housing.
- E. Community Engagement: Create awareness of the Housing Committee and its work among the local community and remain engaged with community needs.

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- A. Governance Model: Recommend optimal structure of Committee membership and relationship to Red Lodge Area Community Foundation board of directors and staff. Establish both permanent and ad hoc roles. Establish clear policies and procedures for each role.
- B. Staffing Model: Explore and recommend model to best support operations, both short term and long term.

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- A. Events: Explore and recommend one or more recurring events and mobilize resources to successfully organize and implement.
- B. Assets: Remain good stewards of inherited assets through sustainable revenue generation efforts or as a base for key program/projects
- C. Government: Use taxes, fees, or abatements to garner stable funding generation for key programs, projects, or staffing
- D. Donations/Grants: Solicit funding from grants and donors – both individual and corporate – to support both general operations as well as specific programs/projects.

2017 - 2020 PRIORITIES

QUALITY WORKFORCE HOUSING

Develop strategic partnerships, programs, and projects to increase availability of quality affordable housing opportunities. ***Always use the guiding principles of sustainability, community, and permanent affordability in developing and executing housing projects.***

A. Rental Options

Existing Buildings

1. Accessory Units
 - A. Develop program to encourage making existing AU's available to renters
 - B. Partner with City to require a local residency restriction on AU's
2. Develop a mixed use housing cooperative in the Old Hospital
 - A. See Co-op in "Home Ownership"
 - B. Research potential ways to establish a seasonal rental options or "bunk house" style cooperative
 - 1) See The Cooperation Group (Detroit) student housing model
3. Purchase and rehabilitate on-the-market rental housing
 - A. Ensure permanent affordability
 - 1) Deed restricted
 - 2) Land trust
 - B. Research and develop rent-to-own options, if feasible
4. Establish a small-loan/grant program to allow landlords & homeowners to make repairs on homes

New Builds

1. Habitat for Humanity lot #3
 - A. Determine if rental option is feasible
2. Request new land donations

B. Home Ownership

Existing Buildings

1. Develop a mixed use housing cooperative in the Old Hospital
 - A. Purchase land from existing land owner; identify funding for purchase
 - B. Conduct a feasibility study of site
 - 1) Environmental / Structural / Soil / Physical (etc.) reports
 - 2) Survey and Title Report
 - 3) Public services available
 - 4) Capacity limits/needs
 - C. Develop building design; partner with design professionals
 - D. Submit Statement of Intent to Incorporate (Cooperative)
 - E. Conduct member drive to generate interest in co-op and identify potential shareholders
 - F. Establish Board of Directors and cooperative bylaws
 - G. Incorporate the cooperative
 - H. Begin marketing and selling shares of cooperative
 - I. (Ideally have 50% of shares sold out)
 - J. Identify and partner with developer; identify funding sources
 - K. Begin construction
2. Purchase existing market property
 - A. Buydown practices - ensure permanent affordability through deed restriction or land trust
 - B. Resell to qualified buyers at subsidized price
3. Establish a Housing Rehabilitation Program - a small-loan/grant program to allow landlords & homeowners to make repairs on homes

New Builds

1. Habitat for Humanity lot #3
 - A. Put into a community land trust - Trust Montana
 - B. Place a deed restriction on property
 - 1) Resale formula should give fair rate of return for owner, while also keeping affordable after 10+ years as changes to market and AMI occur.
 - C. Design building; partner with design professional(s)
 - 1) Multi-use: work + live / Ownership, potential rental options
 - 2) Materials
 - a. Research SIP or pre-fab construction
 - b. Use local whenever possible, financially feasible
 - c. Seek material donations

- 3) Environmentally sustainable/energy efficient design
 - a. Partner with energy companies/experts
 - b. Identify grants or funding sources
- 4) ADA approved design
- 5) Check zoning requirements
- D. Partner with contractor/developer for build
 - 1) Require use of local subcontractors
 - 2) If possible use local volunteers
 - 3) Costs; find funding sources
 - a. 10% developer
 - b. 11% architect
 - c. 11% contractor
 - d. 10% - 20% contingency fee
- E. Select families
 - 1) Eligibility
 - a. Set income qualification (up to 120% AMI)
 - b. Collect last 6 paystubs and W2
 - c. Send to bank to prequalify
 - 2) Mortgage
 - a. Work with family & bank to determine downpayment
 - b. Mortgage must be 30 year fixed
 - c. Partner with Neighborworks
 - d. Have mortgage rider on lease of land
- F. Get building permit
 - 1) Pay Public Works Impact Fee (\$6K - \$7K)
 - 2) Deliver 2 sets of building plans to City
 - 3) Pay permit fees (~1% of appraised value)
 - 4) Minimum one week turnaround
 - 5) Peak construction season: April 1 - October 31
2. Tiny house community
 - A. Research feasibility
 - B. Partner with City to change zoning restrictions
 - C. Identify location
3. Request new land donations; put in land trust

C. Developers & Government

1. Create build incentives
 - A. Work with City to subsidize development costs - local jurisdiction contributes cash toward development of affordable housing
 - 1) Allows for better control of what is built and target population
 - 2) Create defensible mechanism to direct development
 - 3) Include deed restriction to ensure long term affordability
 - B. Tax credits for affordable rental housing development
 - C. Tax abatements - reduction or exemption from real property taxes for a specified period of time for affordable units
2. Establish a Inclusionary Housing Ordinance
 - A. New construction must provide some percentage of affordable units; determine exact percentage
 - B. Also require when annexing parcels into the City

D. Partnerships

Housing Committee

1. Identify and recruit new committee members and volunteers
 - A. Committee membership from sectors of the community not yet represented
 - 1) School district
 - 2) Health providers
 - 3) Others as needed
 - B. Establish (professional) volunteer base
 - 1) Design/Architecture/Engineering
 - 2) Developers
 - 3) Contractors
 - 4) Financial
 - 5) Others as needed

Education & Training Programs

1. MT Cooperative Development Center - training on cooperatives
2. Homeword - training and education programs
3. The Home Center (Billings) - Ownership and tenant education classes + counseling
4. Identify financial institutions for partnerships
5. Develop partnership with school district to implement education programs in schools

6. Navigators - assistance with government subsidized programs
7. Develop partnerships with property managers/landlords

Housing Projects

1. Neighborworks - expertise in development and financing new builds
2. Beartooth RC&D - administrative and development support for cooperatives
3. MT Cooperative Development Center - financial and logistical help for cooperatives
4. Trust Montana - expertise in community land trust + affordable housing financing & logistics
5. Homeword - expertise in affordable housing development + developers
6. Church of the Rockies - able to supply professional volunteer build crew
7. Identify developers for partnerships
8. Develop partnerships with the City of Red Lodge, Carbon County, and other cities or districts where projects or programs may be implemented
 - A. Keep elected officials informed of housing projects/initiatives and included in the decision-making process
9. Develop other private/public partnerships as needed

TRAINING, EDUCATION & AWARENESS PROMOTION

Identify needs and design a portfolio of in-house and externally provided services to connect people to information, assistance and housing opportunities, especially for young professionals and families. Develop programs, cultivate relationships and implement marketing efforts to effectively reach the following:

A. Homebuyers

1. Education & training
 - A. First-time home buyer classes
 - B. Financial and credit education courses
2. Connect people to resources
 - A. Down-payment assistance grants
 - B. Homebuyer accounts
 - C. Mortgage products
 - D. Other grants/loans/assistance/credit
3. Awareness
 - A. Market available education and resources

- B. Use both digital and print

B. Tenants

1. Education & training
 - A. Tenant law
 - B. Financial and credit education courses
 - C. Section 8
2. Develop local clearinghouse for available rentals
3. Partner with Navigators to provide assistance on government subsidized programs (such as Section 8)
4. Connect tenants to legal resources
5. Develop partnerships with property managers/landlords
 - A. Easier or affordable rentals when tenants take education courses
 - B. Pet friendly accommodations
6. Set up marketing campaign to increase awareness of available education & resources

C. Developers

1. Awareness of available tax credits, abatements, and subsidies
2. Develop partnerships to build with us with “bulk rate priced” materials
3. Develop partnerships to organize / utilize trained volunteers to make builds more affordable

D. Landlords

1. Connect to resources / education / awareness
 - A. Section 8 - government assistance vouchers
 - 1) Develop marketing campaign to inform and encourage implementation
 - B. Rights & responsibilities of a landlord
2. Develop partnerships with property managers/landlords
 - A. Easier or affordable rentals when tenants take education courses
 - B. Pet friendly accommodations
 - C. Seasonal workforce issues

E. Community Engagement

1. Awareness
 - A. Put on events and marketing campaigns to promote awareness of the Housing Committee and housing initiatives

- 1) Stories about the loss and negative impacts to the community; what we are doing to make it better
- 2) Acquire donor mailing list and send update with housing assessment findings, strategic plan highlights, and next steps by end of year 2017
- 3) Keep website up to date
- B. One on one meetings with “circle of influence”
2. Train new committee members, staff, and volunteers as needed

COMMITTEE EFFECTIVENESS

Create a sustainable infrastructure that maximizes the Committee’s ability to deliver on its mission and make a lasting and positive impact on the Red Lodge Area community.

A. Governance Model

1. Core Leadership
 - A. 3 members
 - B. Members nominated by Core Support
 - C. Commitment: minimum 1 year, maximum 3 years
 - D. Responsibilities
 - 1) Leadership - head of Housing Committee
 - 2) Financial decision makers
 - a. Identify fiscal sponsor relationship with RLACF
 - 3) Fundraising / Promoting Housing Committee and initiatives
 - 4) Final decision makers
 - 5) Supervisors of staff
2. Core Support
 - A. Limited to 10 members
 - B. New members must be invited by a Core member
 - C. Commitment: minimum 6 months term, unlimited terms
 - D. Responsibilities:
 - 1) Must participate in housing meetings
 - 2) Must join and participate in a sub committee or project
 - 3) Coordinate volunteers
3. Volunteer Base
 - A. Unlimited membership

- B. Anyone may join
- C. No time commitment; volunteers can be temporary and as involved as needed or wanted
- D. Help with housing initiatives
- 4. Paid Staff
 - A. Permanent; may be full-time or part-time
 - B. Reports to Core Leadership
 - C. Coordinates initiatives
 - D. Communication between all groups
 - E. Provides organizational / logistical support to all groups

B. Staffing Model

1. Hire a permanent part-time staff member to act as the main organizer for the Housing Committee
 - A. Determine training and education for staff member
2. Hire additional staff as needed or with growth of Committee and programs/projects

REVENUE GROWTH & SUSTAINABILITY

Develop a diversified revenue model to support both short term and long term operations. Explore and recommend optimal approach, taking into consideration shared return on investment (ROI) opportunities and leveraging the uniqueness of Red Lodge, particularly its downtown, for the following revenue generation channels:

A. Events

1. Return in 2018 as a participating charity in the Fun Run
2. Revive the Rummage Sale (Or some iteration of it) by 2018

B. Assets

1. Consider establishing an endowment or similar type fund
2. Align and catch up accounting by end of year 2017
3. Identify projects that utilize assets to establish a return on investment (ROI)
 - A. Use ROI to support staffing and housing projects
 - B. Develop partnerships with financial experts

C. Government

1. Vacation taxes - taxes on short-term vacation rentals
 - A. % dedicated to affordable housing programs/projects

2. Impact fees - fees charged on new construction on residential properties
 - A. For residences greater than 2500 square feet
 - B. Affordable units are exempt
 - C. Provides mitigation for impacts of new construction
3. Other taxes - % of taxes dedicated to affordable housing programs/projects

D. Donations/Grants

1. Establish donation channels through Red Lodge Area Community Foundation
 - A. Solicit donations for Fun Run 2018
2. Develop partnerships with grant-giving organizations (especially rural development programs), establish/maintain good relationships
3. Apply for grants to support staffing model