

Workforce Housing Open Forum Notes

February 25th, 2020 4:00pm

Attendees: Tesla Palmatier, Myrna Lastusky, Robin Adams, Pizza Office, James Caniglia, Angie Hazelswart, Pete Critelli, Kristen Hobson, Sherry Weamer, Hope Azzaratta-Rubyhawk, Theresa Whistler, Ken Coffin, Dianne Lehm, Gena Burghoff, Jesse Hall, Courtney Long, Val Smith, Morgan Marks, Amy Hyfield, Jo Ann Eder, AAA Red Lodge, Shawn Halvorsen, Rod Bastien, Jessica Howell, Chris Lorash, Russ Born, Brent Moore, Steve Simonson

****Disclaimer:** *these notes were taken by Robin Adams, the RLACF Workforce Housing Coordinator, with as little bias as possible. Views expressed do not necessarily reflect the views of the Red Lodge Area Community Foundation or attendees. The members of the public and their affiliations are identified to provide context for their input, but views expressed do not necessarily extend to affiliations. Individuals are paraphrased, not directly quoted.*

Introductions / Ground Rules

- There were 28 individuals on the call for the forum, representing a wide swath of businesses, employers, economic development professionals, City/County officials, property managers, nonprofits, etc... Notably, representatives from Beartooth Market, Red Lodge Mountain, Beartooth Billings Clinic, and Red Lodge Hospitality were in attendance. Robin and Tesla, RLACF staff, moderated the discussion.

Brief presentation contextualizing our housing situation

- [Access Robin's slides here](#)

Discussion: how our community is personally impacted

- *Gena Burghoff (Prerogative Kitchen):* Ox pasture had employees that had to move out of the area due to housing concerns. When forming the business plan for Prerogative Kitchen, they designed it to function with a small number of staff (5 employees) due mainly to housing issues. Personally, 11 years ago when they moved to Red Lodge they couldn't easily find housing.
- *Kristen Hobson (Beartooth Billings Clinic):* Beartooth Billings Clinic has struggled with recruitment efforts due to lack of housing. She wants to be a part of the solutions and conversations about how to improve this.
- *Rod Bastian (Beartooth Market):* IGA family business started in 1979, currently employ 30-35 employees, but it's become more difficult to find staff. They use seasonal employees in the summer, invested in five 1 bed apartments and two 2 bed apartments plus 12

seasonal rooms. Rod doesn't think it's a great boss-employee relationship to have the boss also be the landlord, but there aren't many other options.

- *Jessica Howell (Red Lodge Mountain)*: They have 30 year-round staff and hire around 170 seasonals every year. They are able to partner with the Forest Service to rent out a 12-bedroom housing unit in the winter, but there is more demand than supply and they could easily fill another large unit. She agrees that the boss being the landlord is not an ideal situation. Indicated that many recent FTYR hires have had to buy a home right away because there are no rentals available.
- *Laurel and Trisha (Red Lodge Hospitality)*: Same issues – found great employees that can't come because of lack of housing. It's a struggle even filling lead management roles. They see many people talking about the homebuyer difficulties we're facing, but many people in their industry just want rentals and are not able to find any. She would like to find a way to work toward an apartment complex instead of just single-family homes. Red Lodge Hospitality invested in 9 apartments, 1 duplex that can hold two households for their staff, but it's not enough.
- *Angie Hazelswart (Resident)*: owns a home but is finding a temporary place to live since she doesn't feel great displacing her renters.
- *Jesse Hall (Resident/Investor)*: They had a hard time finding a rental. Subdivisions have a minimum lot size requirement, and because many subcontractors have to commute from Billings and rising costs (\$200/sq ft plus the lot) there is easily a \$350k cost for financing new construction. He owns rental properties in Billings and has lots that he'd like to develop near Red Lodge. Currently is looking into options for manufactured homes, which run closer to \$105/square foot, but there's difficulty finding financing from banks.
- *Chris Lorash (WFH Committee, Altana Federal Credit Union)*: agrees on mobile home lending being an issue. When COVID hit, every single investor he sells loans to stopped funding mobile homes. Speaking from Altana perspective, they have a lot more hoops to jump through because they have to take on more risk. Chris wants to be a good partner for the community and make financing options available within reason
 - Pre-fab / modular are considered site-built, easily financeable and built to a universal building standard.
 - Manufactured / mobile: built to HUD standard, can have thinner side walls and more relaxed code. There is a physical depreciation that can occur more quickly.
- *Val Smith (WFH Committee)*: wants to make sure to include the age-friendly part of the community. There is a need from the workforce, but there is also the side of people wanting to age in place. Zoning needs to match the needs.

Discussion: local successes, opportunities, and ideas for solutions to this complex problem

- Habitat for Humanity
 - 4-plex has been used in Butte with their Habitat for Humanity affiliate.
 - *Chris Lorash (WFH Committee, Altana Federal Credit Union)* says that we may be able to use our partnership with Habitat. The Spires lots we have in a trust with Trust Montana currently can accommodate 8 additional units.
- Multi-Family Rental Units
 - *Jo Ann Eder (WFH Committee, Trust Montana)* says that many people in the housing business don't want to manage rentals, but that we need creative solutions to rentals
 - There are 2 major apartment complexes that use section 8 that have to be very low-income, but aren't great for workforce. These are funded by USDA Rural Development.
 - *Val Smith (WFH Committee)* flagged that there are hybrid models that have a percentage of lower income mixed in with workforce, there are some in Bozeman. There does need to be a property manager.
- Opportunity Zones
 - *Steve Simonson (Beartooth RCD)* flagged that opportunity zones create tax gains that can incentivize investors/developers. Housing is the low-hanging fruit, but many of that is going to the Coast. They're allowed to do market-rate housing, so not necessarily low-income.
 - Modular is 10-20% underneath stick-built cost. Lumber in the last year is 180% of what it was pre-COVID. Steve has reached out to a modular builder and has found there is a cost savings.
- City/County involvement
 - There may be opportunities for vacant City-owned and County-owned land be put into a community land trust, earmarked for affordable/workforce housing.
 - City of Red Lodge is updating its zoning regulations now and could incorporate policies that encourage affordable/workforce housing development.
- Accessory Dwelling Units (ADUs)
 - *Rod Bastian (Beartooth Market)* indicated when they first moved to Red Lodge, they lived in a small apartment off of an alley. Supplemental housing built off of existing properties may encourage people who own/manage vacation rentals to add another dwelling unit to their property.
 - *Chris Lorash (WFH Committee, Altana Federal Credit Union)* has thought about ADUs on their own property and likes the idea. Changes would need to be made at the City/County level to make these easier to develop.

- Suggests we avoid going on the modular side of things to make sure they fit in with the community.
- *James Caniglia (City of Red Lodge)* provided the City perspective on ADUs. They are allowed in most of town, although sometimes HOAs prohibit them. He doesn't think that there are many homes in town that would have enough space since detached units do need some setback requirements for stormwater retention.
- Short-Term Rentals
 - AAA rentals indicated they are locally owned and operated, and they employ people that need long-term rental housing so they understand this perspective. They said that landlords rarely make a lot of money – it's more to supplement a mortgage. This is why many go the VRBO direction instead of long-term. The properties they manage are not geared for the workforce – they tend to be large second homes. Jenn, Piney, and Jade indicated they are open to discussing what they do. There are two other professional managers in town that hold to the same standard.
 - *Robin (WFH Coordinator)* said that 1 in 4 homes in Red Lodge are second homes, and they aren't available to be used as long-term rentals since the owners do occupy them during parts of the year.

Ways to get involved

- Join the Workforce Housing Steering Committee
- Join the ADU committee
- Participate in community forums like this in the future
- Explore developing an ADU on my property
- Explore investing in long-term rental units
- Advocate for affordable housing incentives at the City/County level
- Refer my friends, co-workers, and employees to the Owner-Built Housing program
- Donate to the Workforce Housing Solar Fund
- Take the follow-up survey: <https://forms.gle/K38sh5rLFgbWAesa8>

Next Workforce Housing Steering Committee Meeting is **Thursday, March 18th at 4pm**

Questions? Contact Robin Adams at (406) 426-1983 | robin@rlacf.org