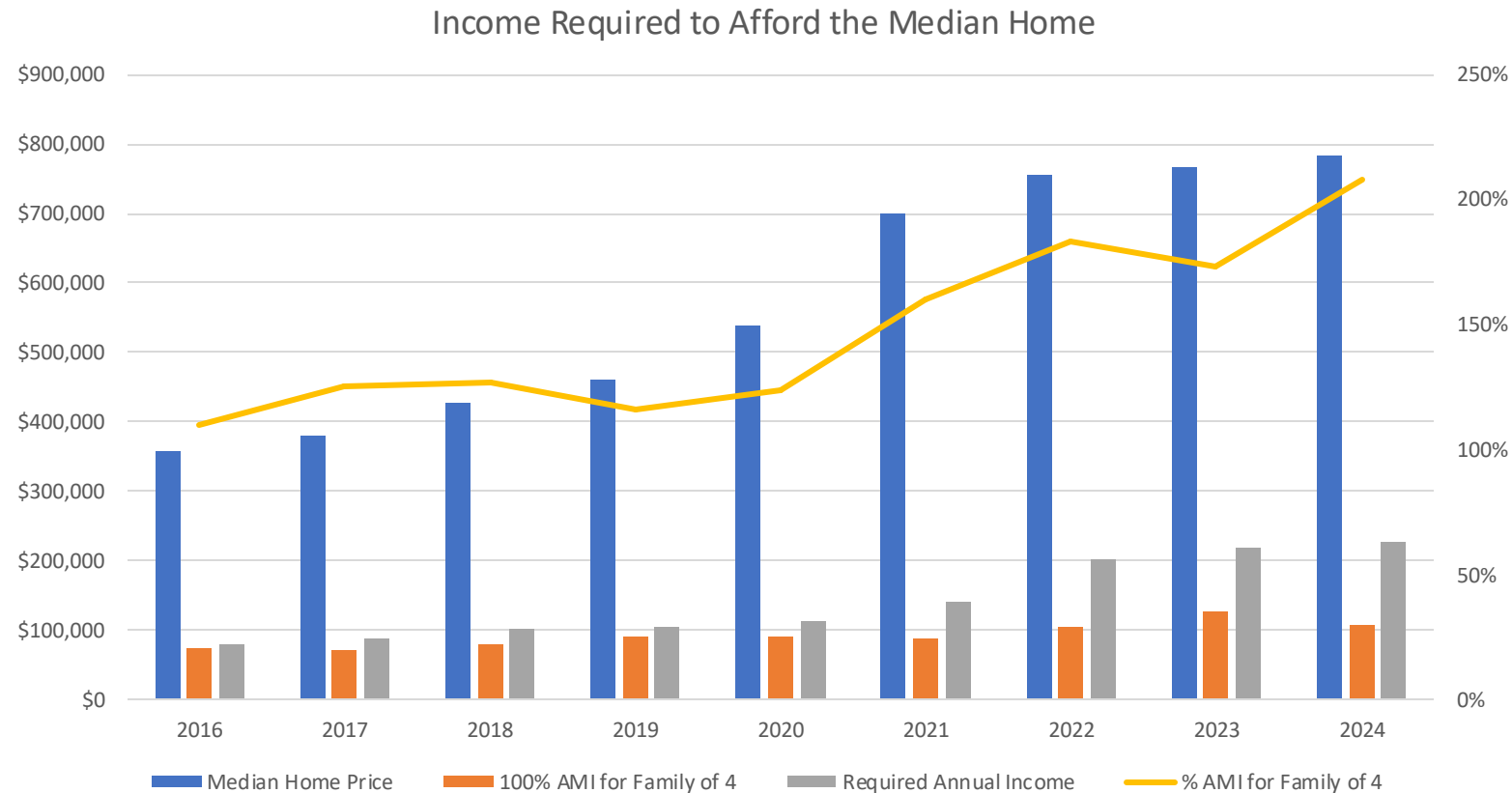


Affordable Housing Ordinance Open House



November 21, 2024

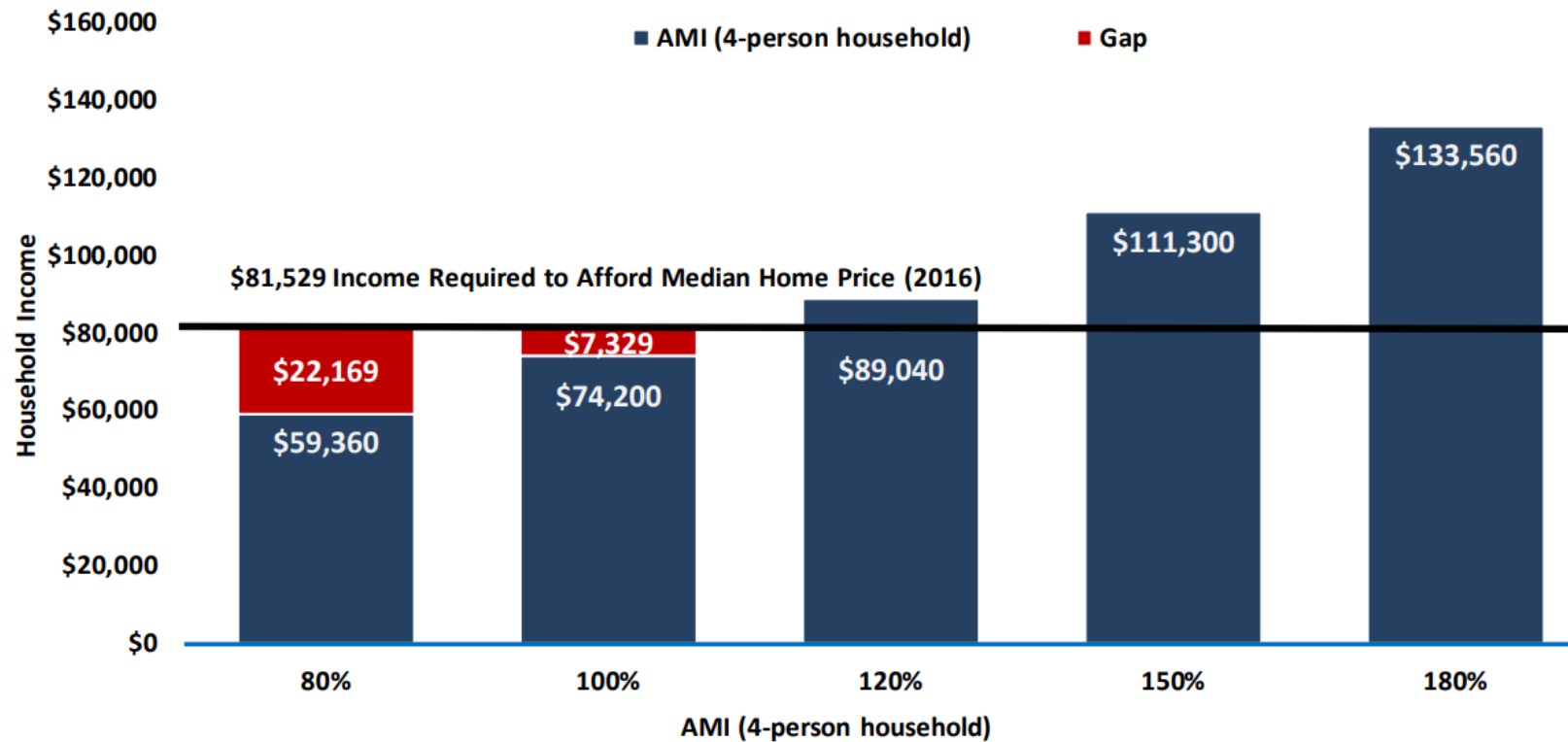
Income to Afford the Median Home



Bozeman	2016	2017	2018	2019	2020	2021	2022	2023	2024
Median Home Price	\$359,500	\$381,500	\$427,500	\$460,000	\$540,000	\$700,000	\$755,000	\$767,500	\$784,500
100% AMI for Family of 4	\$74,200	\$71,000	\$81,200	\$90,300	\$90,400	\$88,900	\$104,700	126,400	109,000
Required Annual Income	\$81,529	\$88,594	\$103,228	\$104,448	\$112,290	\$142,147	\$201,902	\$219,205	\$227,162
% AMI for Family of 4	110%	125%	127%	116%	124%	160%	183%	173%	208%

Home Ownership Income Gap

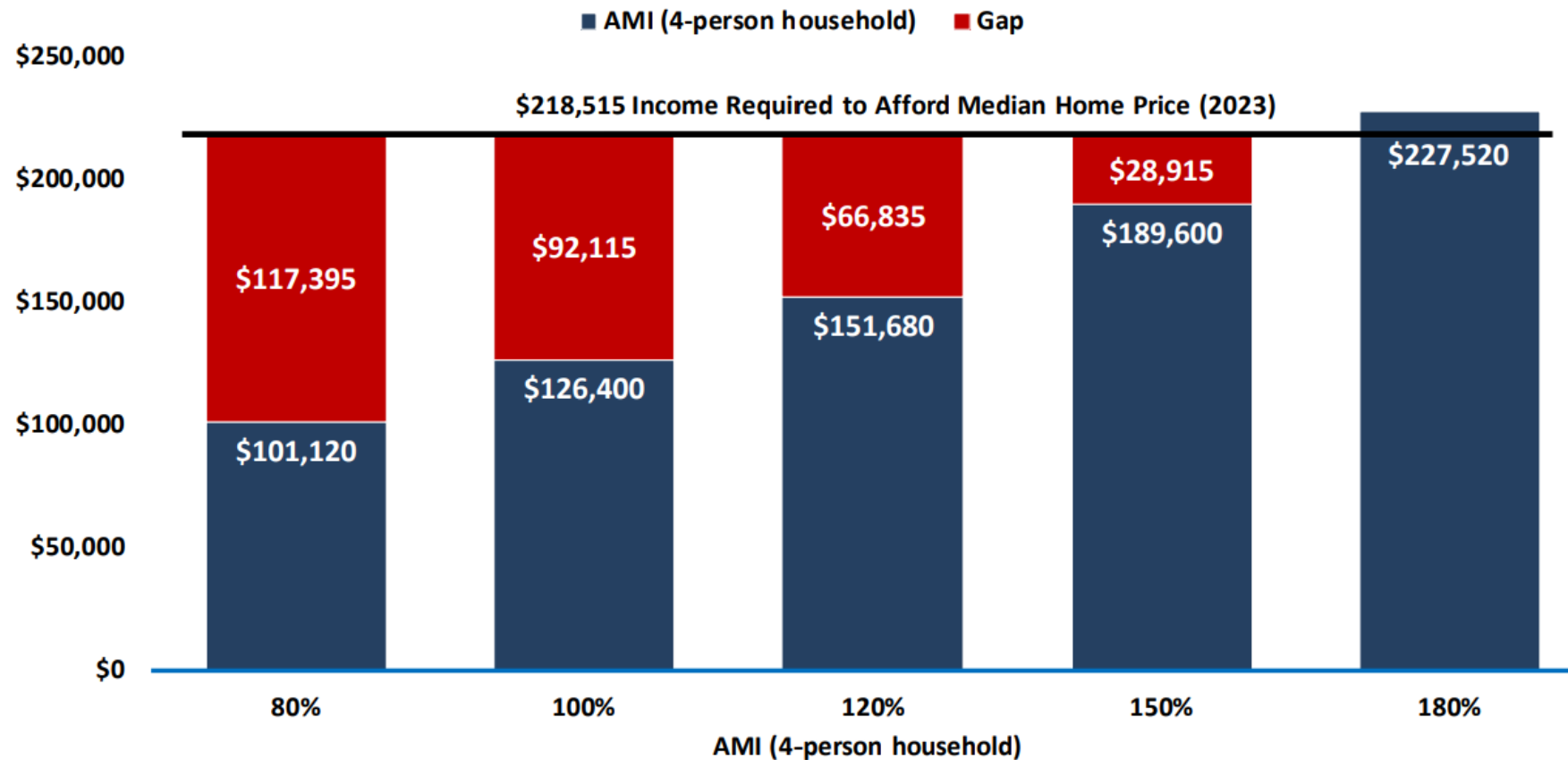
Figure 11. Income Gap to Afford Median Priced Home, Bozeman, 2016



Source: U.S. Census; Economic & Planning Systems

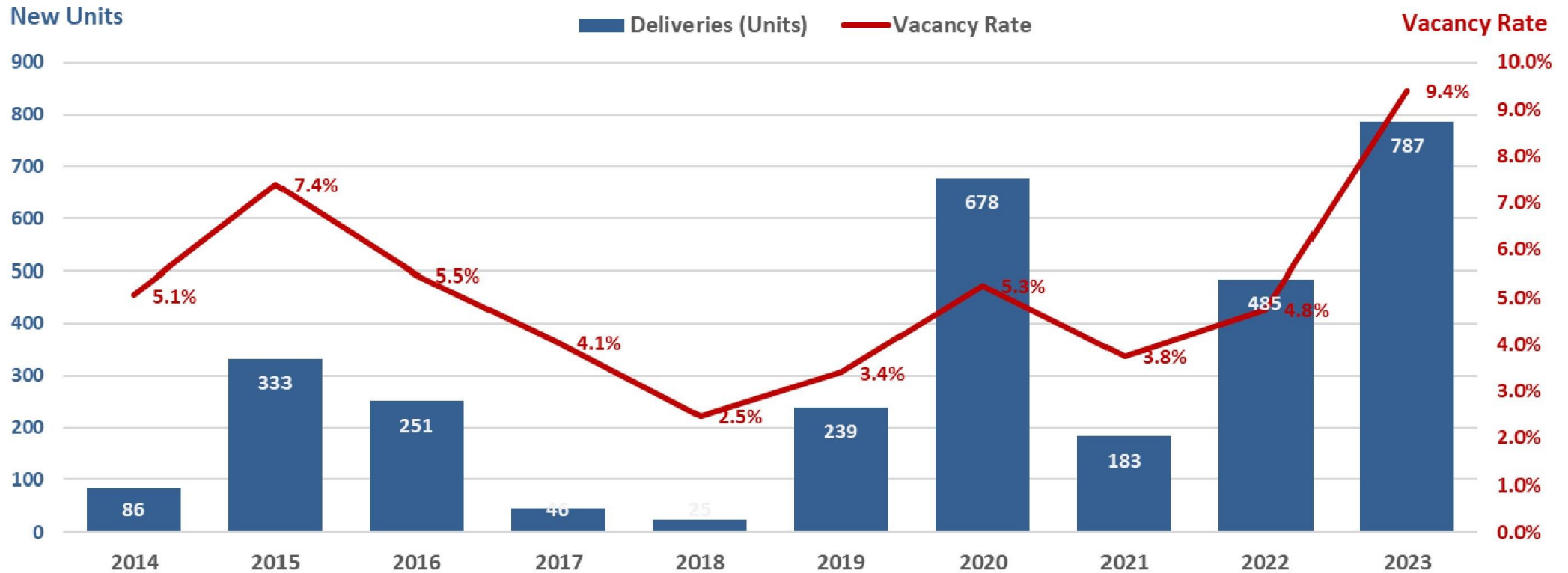
Home Ownership Income Gap

Figure 12. Income Gap to Afford Median Priced Home, Bozeman, 2023



Average Monthly Rent

Figure 1. New Unit Deliveries vs. Vacancy Rate, 2014-2023



Average Monthly Rent

Table 3. Average Monthly Rent, 2014-2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2023	
											Change	Ann. %
Avg. Monthly Rent	\$1,472	\$1,480	\$1,523	\$1,560	\$1,589	\$1,618	\$1,656	\$1,803	\$1,938	\$1,944	\$472	3.1%
Ann. % Change		0.6%	2.9%	2.4%	1.9%	1.8%	2.4%	8.8%	7.5%	0.3%		

Source: CoStar; Economic & Planning Systems

Housing Demand Projection

Table 19. Bozeman Housing Unit Projection

Description	Factor	2023-2027	2028-2033	Total	Annual
New Unit Demand in Bozeman	985/yr.	4,926	4,926	9,852	895
Bozeman Construction Projection					
Single Family (Detached)	35.0%	1,724	1,724	3,448	345
Townhome/Triplex/Duplex	30.0%	1,478	1,478	2,956	269
Multifamily	<u>35.0%</u>	<u>1,724</u>	<u>1,724</u>	<u>3,448</u>	<u>345</u>
Total	100.0%	4,926	4,926	9,852	985

⁽¹⁾ Mobile homes and other miscellaneous housing types are not included

Source: Economic & Planning Systems

Affordable Housing Needs

- 55.4% of Bozeman households rent
- Bozeman / Belgrade Census County Divisions
 - 16,600 total renter households
 - 7,400 Renter households at or below 60% area median income (AMI)
 - 1,517 units of income restricted housing
 - 20.4% of qualifying population served by current supply

60% AMI Rents		
1 person HH	Studio/ Efficiency	\$1,145
2 person HH	1 bedroom	\$1,309
3 person HH	2 bedroom	\$1,473
4 person HH	3 bedroom	\$1,635

HUD AMI and MFI Comparison

80% AMI Income and Rents				
Year	Unit Size	MFI (AMI)	Income Limit	Rent
2021	2 bedroom	\$88,900	\$64,000	\$1,600
2022	2 bedroom	\$104,700	\$71,500	\$1,590
2023	2 bedroom	\$126,250	\$75,750	\$1,894
2024	2 bedroom	\$109,000	\$78,500	\$1,963

60% AMI Income and Rents				
Year	Unit Size	MFI (AMI)	Income Limit	Rent
2021	2 bedroom	\$88,900	\$48,060	\$1,202
2022	2 bedroom	\$104,700	\$53,700	\$1,343
2023	2 bedroom	\$126,250	\$56,800	\$1,420
2024	2 bedroom	\$109,000	\$58,900	\$1,473

Shallow AHO Incentives

- Reduced minimum lot sizes
- 1 space per unit parking requirement
- Additional Height
 - 1 story of height:
 - RS, R-1, R-2, R-3, RMH, R-4, R-5, R-O, NEHMU, and B-1
 - 2 stories of height:
 - UMU, REMU, B-2, B-2M, and B-3

SHALLOW INCENTIVES

Shallow incentives are intended to promote affordable homes mixed into neighborhoods and buildings in exchange for predetermined adjustments to code requirements.

5%

This is the minimum percentage of homes that must be affordable to qualify for shallow incentives.

30 YEARS

This is the minimum duration that the homes need to remain affordable

RENT

80% AMI

Rents must be affordable to those making no more than 80% AMI

OWN

120% AMI

Sales prices must be affordable to those making no more than 120% AMI

INCENTIVES

- Reduced parking requirements
- 1-2 additional stories (depending on zoning)
- Reduced minimum lot sizes
- Expanded uses in lower density districts

Shallow Incentive

Commission Directed Revision

- AMI Income Limit Market Adjustment
 - 60 % AMI for 5% of units
 - Or 80% AMI for 8% of units
- Increase affordability term to 50 years.

Shallow Incentive Policy Addition 1

- A. 80% of private open space can be provided on private balconies
- B. Shared roof deck support structures are exempt from maximum building height restrictions
- C. Allow off-site parking 1000 ft from entrance
- D. Allow concurrent construction of infrastructure

Shallow Incentive Policy Addition 2

4 plex / Townhome / Rowhome

- Any townhouse, rowhouse, or 4 plex with units that are 1500 SF or smaller is exempt from:
 - minimum lot size,
 - lot coverage
 - floor area ratio
 - lot area per dwelling unit
 - lot width
 - minimum parking requirement



Daybreak Micro-townhomes, West Jordan Utah

Existing AHO Deep Incentives

- Reduced parking requirements
- Additional Height
- Reduced minimum lot sizes
- Expanded uses in lower density districts
- Concurrent construction
- Reduced required right-of-way (yield streets)
- Relaxed design standards.

DEEP INCENTIVES

Deep incentives allow more significant code adjustments in exchange for a higher percentage of affordable homes. Typical examples include Low Income Tax Housing Credit (LITHC) or Land Trust projects.

50%

This is the minimum percentage of homes that must be affordable to qualify for deep incentives.

30 YEARS

This is the minimum duration that the homes need to remain affordable

RENT

80% AMI

Rents must be affordable to those making no more than 80% AMI

OWN

120% AMI

Sales prices must be affordable to those making no more than 120% AMI

INCENTIVES

- Reduced parking requirements
- 1-4 additional stories (depending on zoning)
- Reduced minimum lot sizes: no min lot widths
- Expanded uses in lower density districts
- Concurrent construction
- Use of Yield Streets (reduced right-of-way)
- Relaxed design standards (frontage, materials, details, modulation, etc.)

Class B and Class C Incentives

Replacements for Existing Deep Incentives

- AMI Income Limit Market Adjustment
 - 60% AMI with income averaging
- Increase affordability term to 50 years.

Class B Incentives

Replacement for Deep Incentives (formerly Deep Incentives Silver Option)

- 50% of units must be affordable at 60% AMI with income averaging
- No minimum parking requirement
- No height bonus
 - **Height is limited** to the allowance for the base zoning district or 4 stories, whichever is less.

Class C Incentives

Replacement for Deep Incentives (formerly Deep Incentives Gold Option)

- 50% of units must be affordable at 60% AMI with income averaging
- No minimum parking requirement
- Allows existing deep incentive height bonuses
 - 1 story of height: R-S, R-1, R-2, R-3
 - 2 stories of height: R-4, R-5, R-O, NEHMU, and B-1
 - 4 stories of height: UMU, REMU, B-2, B-2M, and B-3

Class B Incentive Option

Historical Precedent



Class B Incentive Option

Historical Precedent



Deep Incentive Options

Presented to the City Commission in August

	Class B (Gold)	Class C (Silver)
Percentage Affordable	50%	50%
Height	4 stories or less	1-4 story bonus
Parking	None required	None required

Class C Height Bonuses

1 story of height: R-S, R-1, R-2, R-3

2 stories of height: R-4, R-5, R-O, NEHMU, and B-1

4 stories of height: UMU, REMU, B-2, B-2M, and B-3

Key Meetings

- Community Development Board, August 5, 2024
- Economic Vitality Board, August 7, 2024
- Inter-Neighborhood Council, August 8, 2024
- Community Development Board Special Meeting, August 12, 2024
- City Commission Work Session, August 2024
- Open House, November 21, 2024
- Economic Vitality Board, December 4, 2024
- Community Development Board, January 2025
- City Commission, January 2025