ACCELERATING PRODUCTION OF ATTAINABLE HOUSING

NOVEMBER 2024

RECOMMENDATIONS BY

THE CRE CONSULTING CORPS
TO BILLINGS-AREA STAKEHOLDERS

BILLINGS ASSOCIATION OF REALTORS® · CRE® THE COUNSELORS OF REAL ESTATE® · CITY OF Billings

Contents

Executive Summary

Housing costs are a huge issue across Montana. Between 2018 and 2023, the state's median home sale price increased by 89.6%, rising from $266,473 to $505,419. During that same time frame, U.S. Census data indicates Montana median household income only saw a 27.9% increase from $55,328 to $70,804.

While Billings is often considered relatively affordable, the gap between typical salary and typical home price has also increased dramatically in recent years. The median home sale price in Billings rose by 50.9% between 2018 and 2023, increasing from $248,500 to $375,000. Stated another way, the number of homes selling at $201,000 to $299,000 has dropped by 75% during this five-year time period. Furthermore, the number of homes priced under $200,000 is down by 84% over the same timeframe. The Billings Association of REALTORS® estimates an annual deficit of as many as 1,300 units and a current shortage of close to 10,000 units. That translates to a dramatic shortage of affordable, workforce, and family housing. No financeable housing stock exists at the price point needed to achieve first-time home ownership.

The lack of supply is impeding economic development as private and public employers struggle to recruit and retain a workforce.

The Counselors of Real Estate® Consulting Corps was asked to analyze the housing situation in Billings and recommend action steps that could assist the City of Billings and area stakeholders in fostering increased production of housing that would meet the needs of working families. The Counselors of Real Estate (CRE) Consulting Corps, a public service program of The Counselors of Real Estate, provides real estate analysis, strategies, and action plans. The Consulting Corps team visited Billings in August 2024 and interviewed more than 40 stakeholders, including city staff and elected officials, developers and industry experts, and major employers.

A repeated theme heard by the Consulting Corps team was that Billings offers a good quality of life for all generations. However, quality of place has been affected by the shortage of attainable housing. Housing options priced for early career workers and first-time homebuyers are severely lacking. Additionally, four of the top five occupations in Billings (approximately 29,000 people) do not provide enough income to buy a median priced home, which is now close to $400,000. Because the trajectory of lack of affordable supply continues to widen the affordability gap, there must be an accelerated housing plan for consistent, sustainable delivery to maintain, if not grow, the economic base of Greater Billings.

Billings can accelerate housing initiatives by capitalizing on state programs and particularly embracing the comprehensive approach outlined in the Governor's Housing Task Force recommendations of June 2024. Now is great timing for Billings to proactively implement a local plan that mirrors the state recommendations. An approach that builds collaborations and incorporates public private partnerships is essential for implementation success. The private market alone cannot solve this problem.

The Consulting Corps recommends the following immediate action steps:

1. Deploy new state workforce housing matching funds. Passage of HB 819 authorizes housing funds to the counties; the state funds, matched by local resources, totals $17 million for Yellowstone County.
2. Define and promote infill site opportunities.
3. Facilitate infill development.
4. Speed up the development review process.
5. Establish a starter home program with well-advertised outreach.
6. Empower small scale activity with design-build toolkits, rehab programs, and pipeline to multiple developers.
7. Engage stakeholders in strategic planning.
8. Consider hiring a housing director to coordinate and source available sites, developers, and public funding sources.
9. Define goals and track outcomes.

Actions speak louder than words. A collaborative effort that leverages the commitment of the broad range of dedicated stakeholders, clarifies community vision, and builds on this community's pride and identity can yield meaningful outcomes. A clear identity and commitment to housing will attract new sponsors (developers and home builders), investors (healthcare and mining), and new business. Housing is economic development. Providing increased housing options for local residents and workers will continue to foster economic stability and growth in Greater Billings. This call to action must be navigated with dedicated leadership organized for long-term sustainability. The time is NOW.

Introduction

Prologue

The current housing situation in Billings and greater Yellowstone County is not unlike that of communities around the country, with a dramatic shortage of affordable, workforce, and family housing. The national shortage of more than four million housing units may be impossible to resolve and will keep growing annually as the supply gap continues to expand. In Montana, Census data from 2020-2022 reports 40,000 new residents and only 8,700 new housing units. The Billings area's deficit is at least 1,300 units annually, and less than half of that demand is being delivered. No financeable housing stock exists at the price point needed to achieve first-time home ownership. The lack of supply is impeding economic development as private and public employers struggle to recruit and retain a workforce.

Billings does not have a scarcity of land geographically, but it does have a scarcity of readily available land with access to City water and sewer and zoning that allows higher density residential development. There also seems to be a lack of motivated land sellers. The greater Billings area has good population and employment growth and is more affordable than peer communities in Montana. There is good quality existing stock that demonstrates innovation with smaller homes on smaller lots and demonstrated feasible construction practices. Four modular home manufacturers have expanded or relocated to Montana over the last decade, positive factors which suggest the potential for higher volume delivery. Scattered site redevelopment is occurring, which can stabilize neighborhoods and catalyze further activity.

Billings has an excellent physical, educational, and cultural infrastructure. Streets, utilities, and parks are generally in good condition. Education is well-funded and utilized and offers strong training programs. The Billings community benefits from many cultural and recreational offerings, including Yellowstone National Park less than two hours away.

The Counselors of Real Estate® Consulting Corps Process

The Counselors of Real Estate® Consulting Corps was asked to analyze the housing situation in Billings and recommend action steps that could assist the City of Billings and area stakeholders in fostering

increased production of housing that would meet the needs of working families. The Counselors of Real Estate (CRE) Consulting Corps, a public service program of The Counselors of Real Estate, provides real estate analysis, strategies, and other action plans to address a real estate challenge. Through Transforming Neighborhoods, the National Association of REALTORS® (NAR) partnered with the Counselors of Real Estate Consulting Corps to deliver strategic real estate problem solving to select projects referred by a local REALTOR® association in collaboration with key public and private stakeholders. NAR issued a call for applications and submitted them for review by the Consulting Corps. The proposal submitted by the Billings Association of REALTORS® was selected.

The Consulting Corps team reviewed existing data, plans, and background before and during the site visit from August 4-9, 2024, when the team toured the city and county and viewed potential development sites. The team interviewed more than 40 stakeholders to determine best practices for recommendations and an implementation plan. The stakeholders include the City of Billings, Yellowstone County, business leaders, economic development professionals, community groups, the Billings Association of REALTORS®, developers and home builders, and community land trusts.



Economic and Demographic Dashboard of Billings, Yellowstone County, and Trade Area

Yellowstone County and Billings City has the largest metropolitan trade area within 500 miles, serving a population of more than 125,000 people. A significant highway and transportation corridor, as well as a robust fiber network, support it. It has a diverse economy built upon agriculture, healthcare, refining, mining, and retail that fuels consistent annual growth in population and GDP.

Multiple generations live in this area, some leaving for education or vocational opportunities, but often returning, showing strength and pride of family and community. Quality of life is a high priority and generally sustainable. Outdoor offerings and accessibility are world recognized and a priority for all generations.

Billings and Yellowstone County can boast of many successes. Downtown Billings has an impressive foundational physical, social, and economic infrastructure demonstrating the "good bones" the area enjoys. Major downtown projects, anchored by the proposed new hospital, will be catalytic and fortify the major regional medical center brand.

The Billings MSA is situated in the south-central part of Montana. Due to its centralized location—between the Continental Divide, Northern Wyoming, and South Dakota—the Billings MSA makes up one of the largest trade areas in the U.S. Although relatively sparsely populated, this vast area has a diverse and dynamic economy. The MSA includes Carbon, Stillwater and Yellowstone Counties. Billings is the Yellowstone County seat.

Economic Overview

The greater Billings area has a diversified and stable economy based on regional medical servicing, education, banking, agriculture, transportation, and energy/mining extraction and refining.

Billings medical care delivery provides primary and support services for a population of more than 600 square miles. Two significant health care facilities and organizations provide health care for this 600+ mile regional geography, including psychiatric and critical care. The Billings Clinic, which recently integrated with Logan Health, includes more than twenty critical health hospitals and employs more than 4,600, 3,600 of whom are full-time employees. The Billings Clinic remains the largest single employer in Billings.

Likewise, Intermountain Health St. Vincent Regional Hospital is a significant regional health care facility and regional employer. IHSV has announced plans for a new $900mm facility next to its existing hospital, to be completed within the next 5 years.

Supporting the region's population, as well as the medical facilities noted, include Montana State University-Billings (795 degrees awarded in 2022) and Rocky Mountain College (274 degrees awarded in 2022). Billings has three K-12 (unified), four high schools, and 13 elementary school districts.

Rocky Vista University, Montana Campus, is a health sciences College of Osteopathic Medicine, accredited by the Medical Higher Learning Commission and Institutional Actions Council. Degrees granted at Rocky Vista include Doctor of Osteopathic Medicine (DO), Doctor of Nurse Anesthesia Practice, Master of Physician Assistant Studies, Master of Science in Biomedical Sciences, and Master of Medical Sciences.

International and community banking in the area provide excellent mortgage financing, financial servicing, credit, and investment services. All government and private mortgage consolidators and insurers are active in this market. All typical personal, business, and mortgage financing options are also available. Nationwide banks active in this market include Chase, Wells Fargo, Bank of America, USBank, and First Interstate. More local/regional banks include, but are not limited to, Yellowstone, Stockman, and Opportunity Bank of Montana.

The Montana Department of Agriculture is active in the region. The Agriculture Development Division is responsible for administering programs that promote and enhance Montana agriculture. Within the division are three bureaus: the Wheat and Barley Bureau; the Ag Finance, Trade & Development Bureau; and the Montana State Grain Laboratory Bureau. The Intertribal Agriculture Council is also located in Billings. Founded in 1987, the Intertribal Agriculture Council's (IAC) mission is to pursue and promote the conservation, development, and sustainable use of agricultural resources for the betterment of its people. With a goal of promoting positive change in Indian agriculture, IAC engages in a wide range of programs that aim to enhance the livelihoods and well-being of indigenous people. In collaboration with USDA and other partners, IAC advocates for the Indian use of Indian resources to ensure that tribes and tribal producers have equitable access to resources. Through its work, the IAC is committed to empowering producers and fostering the growth of resilient and thriving agricultural practices across Indian Country.

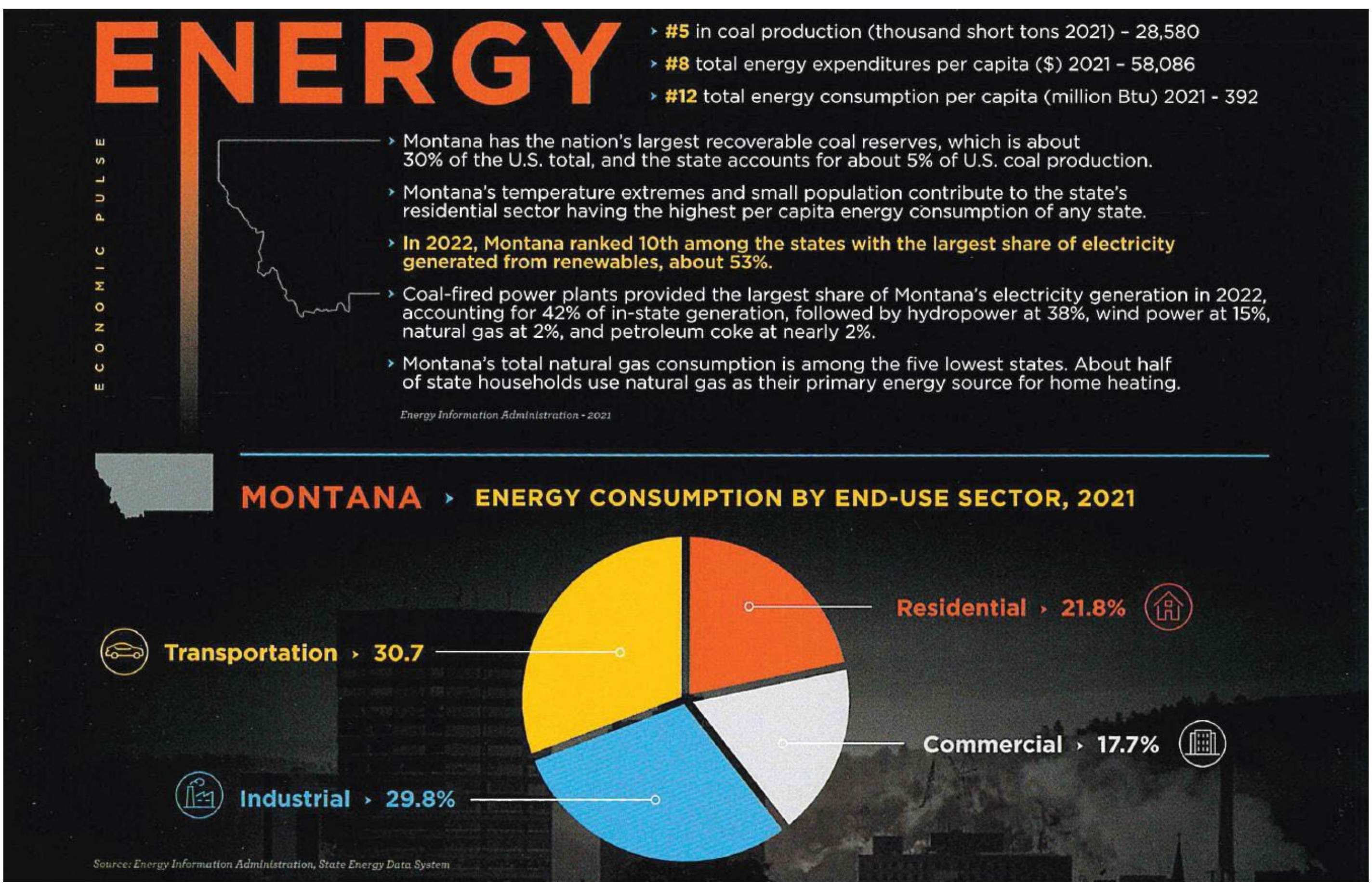
The Billings Logan International Airport (BIL) is located minutes from downtown. Six passenger airlines provide non-stop daily, weekly, and seasonal flights to thousands of cities. Multiple cargo/mail carrier airlines are also servicing the region through BIL. The airport provides more than 700 jobs in Billings with an estimated local financial impact of over $410,000,000 annually. The City of Billings Aviation Division is a self-supporting enterprise. The costs of the operation are recaptured through user/tenant rates and charges. No City General Fund (i.e., tax fund) support has been received since 1975.

Major highways in Billings include I-90, I-90 BL, US-87, US-212, US-310, MT-3, MT-47 and S-302. According to 2022 data, Billings has a metropolitan transit system (MET) that includes seven buses with approximately 2,000 daily riders. Railroad accessibility is also a hallmark of the community transportation corridor and is heavily utilized in this region.

Natural resources, including oil, are plentiful in the region. Billings refinery, which started operations in 1949, was recently sold by ExxonMobil to Par Pacific. Its location reportedly was originally chosen due to proximity to water (Yellowstone River), as well as transportation and pipeline corridors.

Mines are located nearby, producing 78% palladium and 22% platinum. Stillwater has a mine life through 2046, which is expected to increase beyond 2055 with the reserves from Blitz. The estimated economic life of the mine of East Boulder is expected to last through 2056.

According to Big Sky Economic Development 2024, Montana reportedly has approximately 30% of the nation's recoverable coal reserves, the highest per capita energy consumption (generally due to temperature extremes and limited population), and the 10th largest share of electricity generated from renewables (approximately 53%). The state generates 42% of energy consumed from coal-fired plants, and natural gas consumption is among the lowest in the country as a primary source of home heating.



According to Big Sky Economic Development, in 2024, Yellowstone County's top seven industries are:

1. Healthcare and Social Assistance.
2. Retail Trade.
3. Accommodation and Food Service.
4. Construction.
5. Wholesale Trade.
6. Professional, Scientific, and Technical Services.
7. Educational Services.

Billings major employers include:

- Billings Clinic.
- Intermountain Health St. Vincent Hospital.
- Wal-Mart.
- Albertsons.
- Cenex.
- First Interstate Bank.
- SCL Health Medical Group.
- St. Johns United.
- Wells Fargo.
- Costco.

According to Data USA, in 2022, Billings reported 60,100 employed with the largest industries being health care and social assistance (11,062), retail trade (7,645), and accommodation and food service (5,014). The highest paying industries are utilities ($93,902), management of companies and enterprises ($90,800), and mining, quarrying, and oil and gas extraction ($86,985). From 2021 to 2022, employment in Billings grew at a rate of 2.56%.

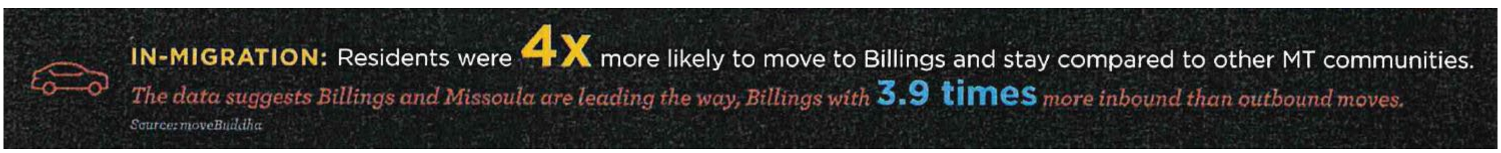
Yellowstone County reportedly includes 2,649 square miles, with 16 square miles of water. It includes the cities of Billings and Laurel, as well as the town of Broadview and the unincorporated communities of Anita, Billings Heights, Bull Mountain, Comanche, Hesper, Homewood Park, Indian Arrow, Newton, Osborn, and Yegen Yellowstone County was reportedly founded in 1883 and named after the Yellowstone River.

The population density in Yellowstone County is approximately 65/square mile, with an approximate 2022 population of 170,000. MetraPark is the region's multi-purpose arena in Billings used for ice hockey, arena football, basketball, and concerts. It is situated on the Yellowstone County Fairgrounds in Billings and was built in 1975. It went under a $27mm renovation after tornado damage in 2010. This arena seats 700-12,000, depending on the event being held.

Billings was initially known as the "Magic City" due to its rapid growth as a railroad town in 1882; named after Frederick H. Billings, President of the Northern Pacific Railroad. Billings provides most of the retail opportunities for the area.

The Billings City Council is made up of the mayor and ten members within five wards (districts). The City Administrator is responsible for executing City Council policies and managing the affairs of the city consistent with the City Charter. The Department of Administration is responsible and accountable to the Council. There are other Boards and Commissions, City Clerk, and 19 departments within Billings.

Billings has not experienced the out of state in-migration like many Montana cities that are traditional state tourist destinations. Inter-Montana relocations to Billings are reported, due to socio-political, economic, and housing cost dynamic changes in other parts of the state. This in-migration is the result of nationwide relocation into those cities losing residents. According to Big Sky Economic Development 2024, Montana residents are four times more likely to move to and stay in Billings.



Politics reportedly remain more conservative in Billings compared to other parts of Montana.

Key Economic Development Participants

The greater Billings area includes a robust economic development effort from many boards, chambers, and partnerships, as well as professional and trade organizations, and individual community supporters. Some of the economic development community participants include Big Sky Economic Development, Billings Chamber of Commerce, Downtown Billings Partnership, and the Billings Association of REALTORS®.

Participants are motivated and engaged in small projects scattered throughout the community. A desire for well-conceived and managed community growth is evident in this vibrant community; however, individual efforts are often unilaterally initiated, and some have faltered due to lack of momentum. When the CRE team met with these stakeholders, the following issues were identified as priorities:

Big Sky Economic Development

- Affordable housing.
- Office sharing.
- Recruiting talent.

Billings Chamber of Commerce

- Employees in four of the top five occupations are unable to afford median priced housing.
- Renting or buying costs the same at the lower end of the market.
- Zoning limitations.

Downtown Billings Partnership

- Affordable housing.
- Prioritizing mixed-use construction; current waiting list.
- Land assemblage is the largest developer challenge.

Billings Association of REALTORS®

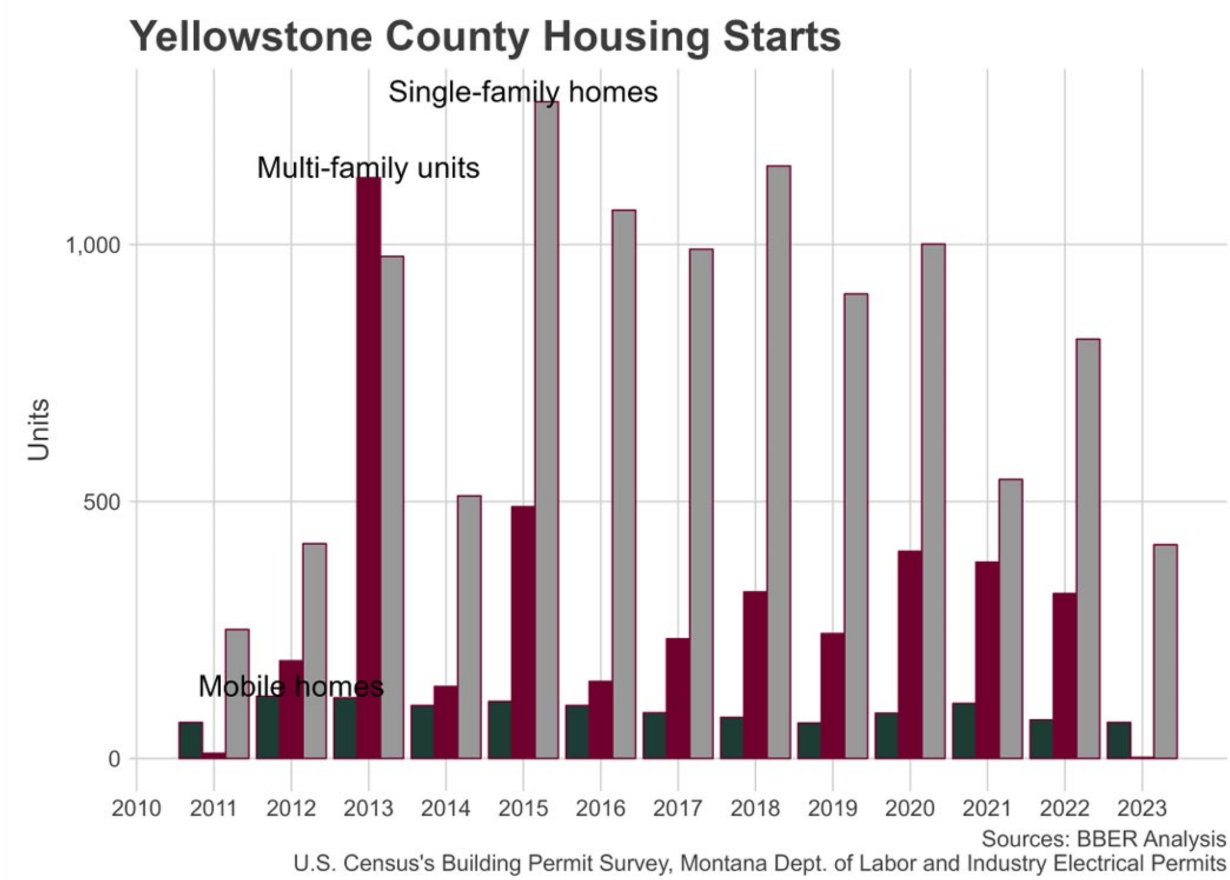
- Affordable housing.
- Construction of affordable housing.

Home Builders Association of Billings

- Affordable housing construction without onerous regulatory limitations & requirements.
- Builders are eager to identify and overcome obstacles.

Billings Housing Trends

The following chart shows the number of permits pulled for home starts for manufactured homes, multi-family units, and single family homes over the last decade (per Census data). The data shows an overall downward trend for all Yellowstone County residential building types in recent years.



Billings makes up the largest portion of Yellowstone County's housing market. Like most metropolitan U.S. housing markets – large and small - multiple home purchase offers and historically high sales volumes in Billings have been tempered by the current increased interest rates and inflation. Home seller market exposure times remain short (34 days), and inventory supply is estimated to be only 3.8 months. Unemployment remains low and access to financing is diversified and easily obtainable. The single-family dwelling sold price per foot ratios remain consistent ($183/sf). The Billings housing market remains strong and active.

Also, like most U.S. housing markets, homes at price points attainable to lower-paid workers is in high demand. But viable inventory in this segment currently remains elusive. Although in 2023, as shown in the following table, more than twice as many dwelling units were built (1,122) compared to any of the previous three years, few were priced in that affordable band.

New Dwelling Unit Data

Units finished in calendar years 2020-2023

2020 Dwelling Units Finished

Single Family	262
Two Family	90
Townhouses	21
Multifamily	81
Other	5
Total	**459**

2021 Dwelling Units Finished

Single Family	331
Two Family	70
Townhouses	13
Multifamily	105
Change of Use	29
Other	10
Total	**558**

2022 Dwelling Units Finished

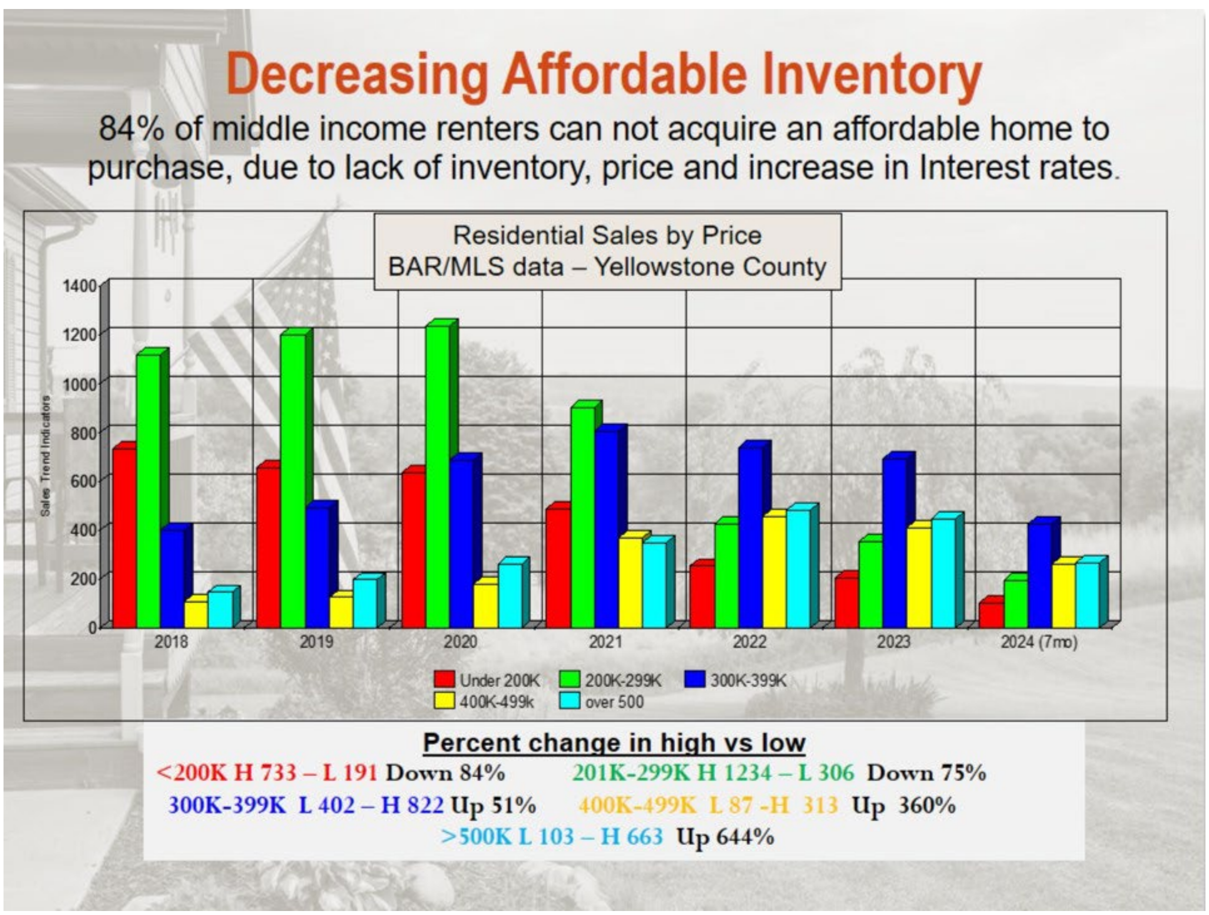
Single Family	327
Two Family	64
Townhouses	51
Multifamily	78
Other	11
Total	**531**

2023 Dwelling Units Finished

Single Family	272
Two Family	94
Townhouses	62
Multifamily	687
Other	7
Total	**1122**

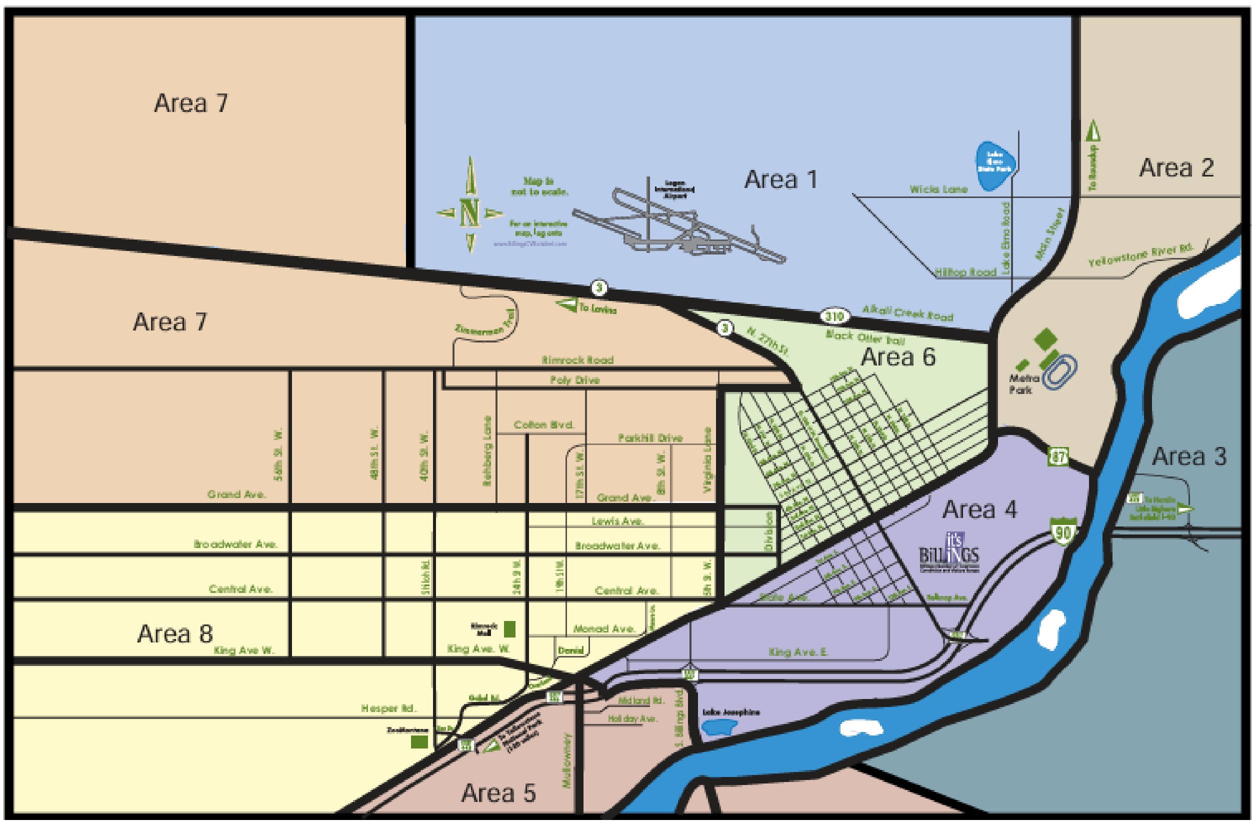
Source: Billings Building Division

Based on the Billings Association of REALTORS® July 2024 Market Review (see p.16), home median sales prices continue to rise ($396,750 median sale price). At 30-year fixed financing (6.5%), the resulting mortgage payment of approximately $2,500, not including property taxes and insurance, disqualifies most of the workforce. According to the following data presented to the CRE Consulting Corps, homes selling for $201k to $299k are down 75% from 2018 to 2023. Homes under $200k are down by 84% over the same period.

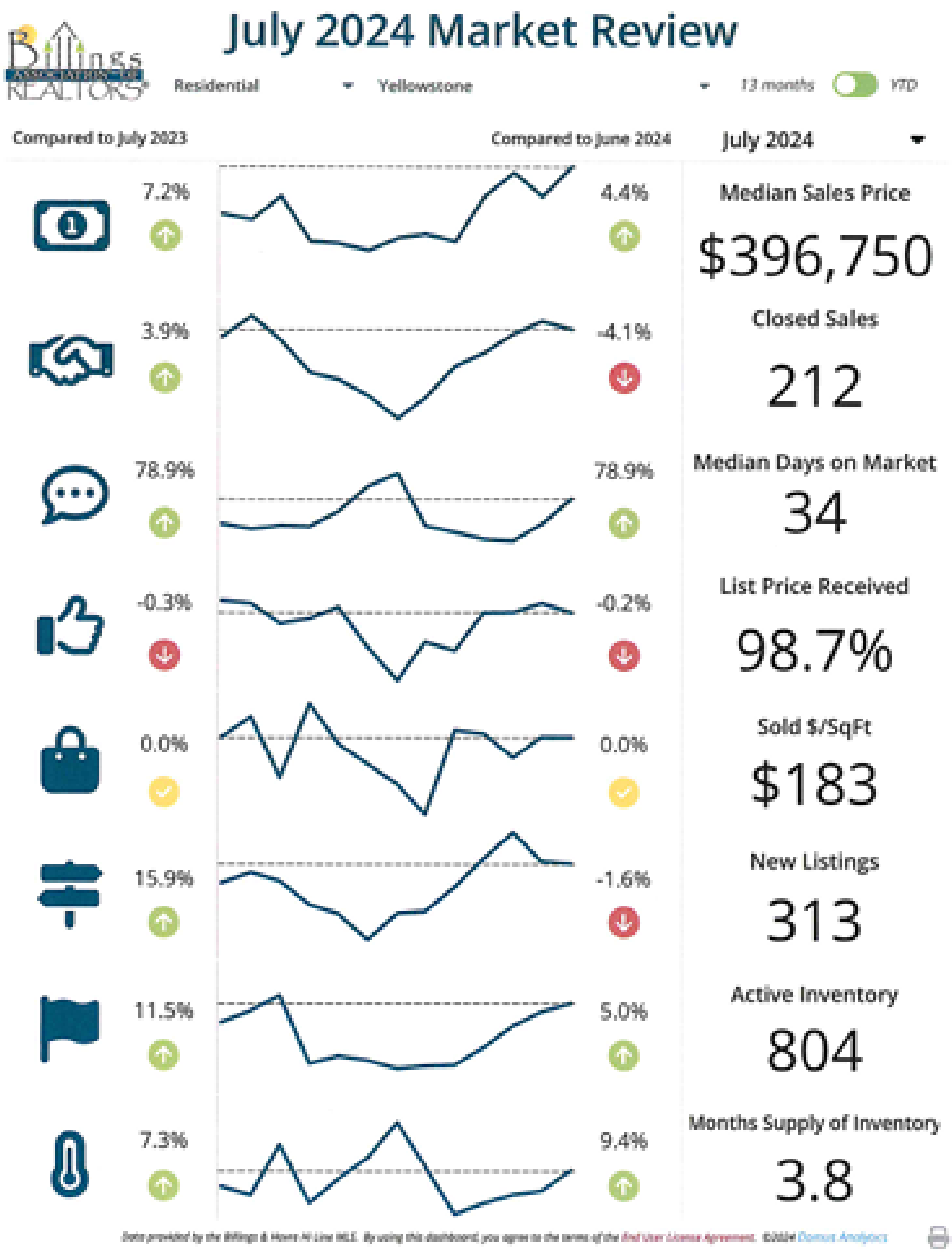


The Billings Association of REALTORS® has delineated eight general neighborhoods or subareas in Billings as shown in the map below with the following average home sale prices in July 2024:

1. Billings Heights-West of Main: $376,400.
2. Billings Heights-East of Main: $350,000.
3. Lockwood-Emerald Hills: $72,700. (This statistic is an anomaly due to the lack of sales in this neighborhood.)
4. South Billings: $242,900.
5. Southwest Billings-Blue Creek-Duck Creek: $401,750.
6. Downtown: $304,500.
7. Northwest Billings: $475,000.
8. West Billings: $375,000.



July 2024 Billings Association of REALTORS® overall data does not indicate any positive movement on the workforce housing front. Instead, overall sale prices continue to increase. Other than slightly fewer year-over-year home sales, the percentage of listing prices received and numbers of new listings indicate an upward trajectory.



THE COUNSELORS OF REAL ESTATE®

How Does This Community Reach Its Potential to Enhance Quality of Life?

It is vital to coalesce all workforce housing and economic development efforts with the next generations to engage broader community involvement and advance successful outcomes. All participants should have a voice and participate in strategic plan creation, implementation, and oversight. Multi-generational stability requires continuing vested responsibility.

A collaborative approach that includes public and private leaders should be sought and patiently nurtured. Long-term success depends on the aligning sound minds, patient negotiation and debate, and outcome support.

Community housing priorities must be identified for each neighborhood. Potential solutions that may work in some areas may not work in others. Objectivity, honesty, and integrity among all stakeholders will be required for success. Careful analyses, agreed upon solutions, and continued efforts and confidence in decision-making can ensure positive outcomes.

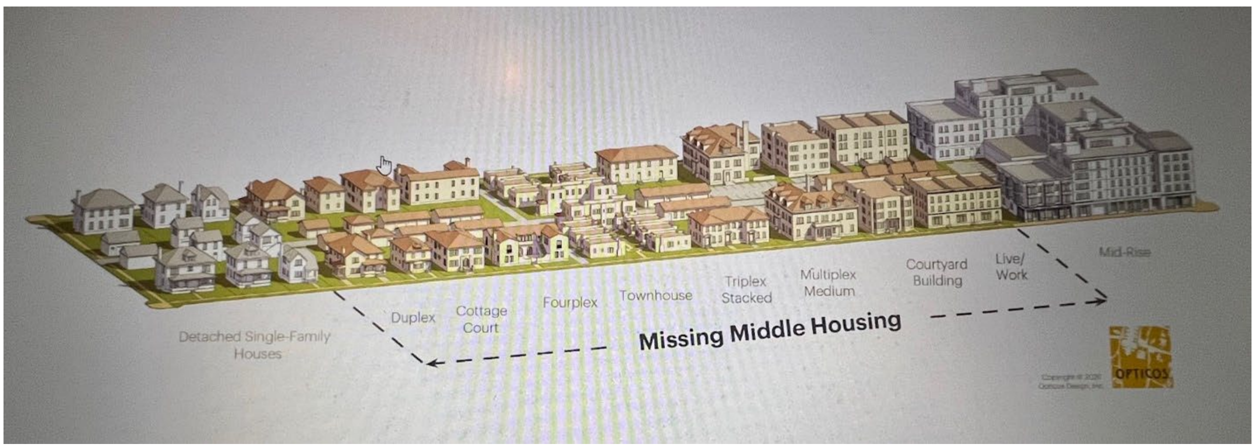
This community has an opportunity, unlike many, to embrace solutions for workforce housing. Existing downtown site options are readily available for mixed-use housing development. The best pathway options are sometimes obvious, sometimes unclear; however, objectivity by a newly formed coalition can successfully change long-held perceptions.

What is Affordable Housing

Affordable housing is rental or ownership housing that costs no more than 30% of a household's income, whatever that income is.

THE OBJECTIVE

1. Create affordable rental housing for people seeking their first housing away from their parents, as well as for those working in lower-wage jobs.
2. Provide affordable rental and ownership housing for that next step or two up the household income ladder.
3. Create affordable ownership housing for households making 80% - 120% of the area's median income, which for Billings is $70,0000 – that is, a household income range of $56,000 - $84,000 ($27 - $40/hour). Simply stated, these households should not spend more than $16,800 - $25,200 for principal, interest, taxes and insurance to own a home or spend that amount on rent.
4. Create more housing in the "Missing Middle" as shown below.



Source: Missing Middle Housing, Opticos.

IS THIS POSSIBLE?

The answer is "yes." First**,** consider the progression a young person or a young couple makes as they age. This progression is easier to visualize through the concept of The Housing Ladder.

Young adults seeking their first housing away from their parents tend to rent an apartment by themselves or with a roommate(s). Over time, they move up to a bigger and/or better apartment or townhouse, or eliminate the roommate, or rent a small house. The progression to home ownership is a key next step.

The Housing Ladder

Ladder Rung 1 Type of Housing—Largely rental housing

- Apartment
- Accessory Dwelling Unit (400-800sf)
- Small (<1000sf) bungalow (think post WWII era) on small lots
- Townhome
- Single wide manufactured home

EXAMPLE #1: SHELBY COMMONS

Status: Under Construction.

Developers: Project for Pride in Living and Woda Cooper Companies, Inc.

Address: NEC Glenwood Avenue and Lyndale Avenue North, Minneapolis, MN.

Units: 46 units, all affordable for households earning 30% to 80% area median income.

Parking: Underground.

Amenities: Community room, rooftop terrace, playground, community garden, mail/package room, common laundry room, management office, fitness space, children's playroom.

Project Subsidy Sources: The Minneapolis Public Housing Authority will provide 12 project-based vouchers for rental assistance, and Hennepin County will provide five Housing Supports to subsidize rents as well as support services.

Project Financing: Low-Income Housing Tax Credits allocated by the Minnesota Housing Finance Agency and the City of Minneapolis, equity capital from Merchants Capital, first mortgage loan from

Security Bank & Trust and a soft second from Hennepin County Accelerator. Huntington Bank is providing the construction financing.

EXAMPLE #2: BEAUMONT APARTMENTS

Status: under construction.

Developer: Reuter Walton Development, Minneapolis.

Address: 1525 North 14th Avenue, Bozeman, MT 59715.

Units: 155 units at 60% AMI rent and income limits.

Parking: 140 surface parking stalls.

Amenities: Playground, dog run, community room, Wi-Fi lounge, fitness room, on-site staff, storage lockers, package delivery room, in-unit laundry, some walk-in closets, and full kitchen appliance package.

Project Financing Sources:

- Tax-exempt 1st Mortgage.
- Tax Credit Equity such as Low Income Housing Tax Credits (LIHTC).
- NeighborWorks/City of Bozeman Soft Loan.
- Montana Housing—Housing Montana Fund.
- Deferred Developer Fee.
- Letter of Credit.

Ladder Rung 2 Type Housing – Usually rented, some ownership

- Larger apartment, townhouse or row house, manufactured home.
- 2-3 BR, 1-1.5-2BA single family detached homes on small lots.
- Duplex (side by side or stacked).
- Triplex and Fourplex.

These two new homes on Crow Lane in the Heights were built on the front half of a lot.

This is a new side by side duplex on the west side of Billings—great single level, no steps home for seniors. It would also be a good purchase for a young couple or a person/couple who buys both units and lives in one half and rents out the other half.

Ladder Rung 3 Type Move-up Homes – Usually purchased

- 3-4BR, 2-3BA single family detached homes,
- 3BR townhouses or row houses,
- 3BR, 2BA manufactured homes,

3BR/2BA 2,040sf manufactured home with double garage and an upgraded front exterior from Redmond Homes.

The housing ladder also applies to the rental of larger apartments, townhomes, single family homes for rent and a newer category of purposely built-to-rent townhomes, duplexes and multiplexes. These options are new rental homes in well managed and maintained developments, some with common area amenities. See two examples below.

Source: https://www.byredwood.com/apartments/oh/batavia/redwood-batavia-tealtown-road/photogallery Homes by Redwood is the developer.

Source: www.excelsiorllc.com - Olive Lane Townhomes. The Excelsior Group is the developer.

Both of these groups raise their equity through private placements with individual investors and obtain construction loans.

Solutions to Develop These Homes

WHAT DOES IT TAKE TO DEVELOP THE AFFORDABLE APARTMENTS DESCRIBED ABOVE?

- Subsidy or subsidies. These can come in various forms, such as free or low-cost land, property tax abatement or tax increment financing, grants, National Housing Trust Fund, low-cost financing, and (usually) Low Income Housing Tax Credits "LIHTC," rent subsidy vouchers.
- Density.
- Efficiently designed units to maximize utility.
- Lower interest rates than are available in August 2024.
- Relaxed parking requirements if located downtown or on a bus line.
- State investment tax credit—future possibility for Montana.
- Attracting developers active in other Montana cities doing large scale projects; introduce them to the opportunities of Billings.
- Other incentives. As an example, since childcare is in such demand, provide an incentive or permanent tax abatement for the childcare space within a development.

WHAT DOES IT TAKE TO DEVELOP AFFORDABLE, MOVE-UP TOWNHOMES, CONDOMINIUMS, TRIPLEXES AND FOURPLEXES, AND AFFORDABLE HOMES TO OWN?

- Rezone to allow smaller lot sizes or smaller minimum lot widths to lower lot costs.
- Allow for smaller, more efficient home designs—see European examples.
- Eliminate the commercial building code requirement for triplexes and fourplexes.
- Modify or eliminate as many regulations as possible that add to the cost of housing.
- Encourage more manufactured housing to be placed on lots. (These units cost up to 20% less than a comparable wood frame single family detached house.)
- Encourage the use of community land trusts when developing homes on leased land to ensure homes are affordable in perpetuity or as long as the ground lease is in place.
- Recommend home builders arrange for a block of home mortgage loan money with buy-down provisions, so they can buy-down the interest rates enough for buyers to qualify for the loans for the homes they want to buy.
- Introduce first time homebuyers to the special types of loans and down payment assistance programs that are available only to them. Promote what's possible!
- Adopt and implement as many as possible of the governor's housing task force recommendations - now. See link to the full task force report in the Appendix.
- Prepare now to take advantage of the upcoming window of opportunity of lower interest rates.
- Take a "Road Trip!!" Key members of planning, zoning, city council, city manager, public works, and economic development should plan a two/three-day trip to a city that is successfully addressing these issues in their city. Tour projects, talk to counterparts, and ask questions?
- Provide an incentive to get vacant infill lots sold to home builders or homeowners who want to build. For example, waive fees and hook-up charges. Get new homes on those lots and paying full taxes. These are primarily the lots people own next to their homes that may look nice but are not helping the undersupply of homes issue.

Finally, lower interest rates make a big a difference in determining affordability. Interest rates affect affordability in two ways: first, by contributing less to the total cost of construction, and second, by allowing more people to qualify for homeownership at various price points. The table below provides a base case of what a Billings median household earning $70,000 can afford at today's 30-year interest rate of 6.50% and at lower rates. While interest rates are outside the control of local government, the following table demonstrates the significant increased buying power which results from lower rates.

AFFORDABLE HOME PRICE FOR A HOUSEHOLD EARNING $70,000 WITH VARYING INTEREST RATES

Interest Rate	6.50%	6.00%	5.50%	5.00%	4.50%
Household Income	$70,000	$70,000	$70,000	$70,000	$70,000
30% Affordability	$21,000	$21,000	$21,000	$21,000	$21,000
Less taxes & insurance	$4,500	$4,600	$4,700	$4,800	$4,900
Available for debt service	$16,500	$16,400	$16,300	$16,200	$16,100
Loan Amount	$217,540	$227,950	$239,232	$251,480	$264,793
Home price @ 80% loan to price	$271,925	$284,935	$299,040	$314,350	$330,991

Development Site Opportunities

The CRE Consulting Team identified several sites where new housing units can be built in Billings. They are outlined below.

1. **City Park Land** on the city's sell list.
    a. Lampman Park—SWC Monad Road and South 30th Street West.
        i. 6 acres.
        ii. On a bus line (Monad Avenue).
        iii. Appropriate for single family detached and attached, apartments, and townhomes.
        iv. Provide a price incentive if affordable units are part of the plan.
        v. Provide for high density, perhaps with a four-story height limitation.
    b. Rocky Village Park—SEC Campus Way and Village Lane.
        i. 1.49 acres and if combined with college land of 1.62 acres results in an attractive site.
        ii. Possible student housing, apartments, middle class homes or executive homes. The latter, while not fitting into the affordable category, adds to the overall housing supply.
2. **Church and School Lands.**
    a. There are numerous churches and schools within the city or adjacent to the city limits with surplus lands.
    b. Many of these institutions are financially stretched and would welcome either a cash infusion from a land sale or long-term income stream from a land lease.
    c. The team recommends these institutions be called upon by an appropriate individual from the city, a discreet real estate agent, or developer to determine motivations and possibilities.
3. **Infill City Land Parcels.**
    a. The City of Billings has a number of sites that are identified as parks but might be available for housing development.
    b. Proactively announce sites as development opportunities.
    c. Provide a price incentive if affordable units are part of the plan.
4. **Downtown Billings—The Economic Center of the City.**
    a. North 27th Avenue between 6th and 7th Avenues North.
    b. Gazette Property.

c. Underutilized sites and buildings (to rehab or repurpose).

i. Strongly encourage mid-rise apartment buildings of six stories (five wood frame over ground floor concrete podium) and high-rise buildings. Push density. See example photo below.

ii. Provide TIF for affordable or low-income developments in the TIF district. Provide TIF for asbestos and other contamination abatement.

iii. While 16-unit buildings are nice, 160+ unit developments make a difference.

iv. North 27th Avenue is the entrance road to the city. Scale and design matter in making a good first impression. Cities are often judged by their downtowns. As examples, Bozeman has a great Main Street, Missoula has a vibrant downtown, and Kalispell is so walkable.

d. Supporting the Health Care Industry (one of the economic engines of Billings and Yellowstone County) with subsidies for affordable housing is a low-cost investment for a magnified return, both quantitative and qualitative. Engage Billings Clinic and Intermountain Health to provide executive leadership and economic support for proposed housing projects and downtown enhancement initiatives.

The photo to the left showcases the Second and Second mixed use retail and market rate apartments project with underground parking in downtown Minneapolis (www.secondandsecond.com).

This type of project, with or without ground floor retail, is recommended for downtown Billings.

5. **Skyview Ridge DNRC Land—268 acres.**

a. Potential for a mix of **900-950** for sale and rental units (including single family detached, manufactured homes, townhomes, duplexes, triplexes, quads, and apartments).

b. Need a master developer and master plan.

c. Need engagement from all city departments, the county, DNRC head, Billings Transit, and perhaps the governor's office. Needs a champion(s) in city hall.

d. 75-year ground lease with extension options. Ground rents in the $400-$600/year/unit range depending on housing unit size/type.

e. Rezoning for smaller lot sizes—35′ minimum lot widths and elimination of zoning for storage uses.

f. Potential to generate $2.5—$3+ million in property taxes based on today's tax rate/calculations.

g. Need an administrator to qualify initial and subsequent buyers, administer land lease payments, and administer re-sale process (cap on appreciation).

h. Skyview Ridge: Calculating Affordability

$300,000 Price	80% Loan to Price	$240,000 Loan
6.00% 30-year amort.	$17,267/year	$1,439/month
Land Rent	$500/year	$42/month
Taxes	$3,470/year	$289/month
Insurance	$1,200/year	$100/month
Totals	$22,437/year	$1,870/month

$22,437 / .30 = $74,790 or 107% of Billings Area Median Income.

If the interest rate is reduced to 5.5%, then the total annual outlay is $16,352 and the necessary income to achieve 30% affordability is $71,741 or 102.5% of AMI. If that $70,000 earning household received a 2.5% raise, their $71,750 income would make this house "affordable."

This newer home in The Heights is a good example of a move-up home that can be built in Skyview Ridge.

Land Use Strategies and Attainable Housing Solutions

As a means of putting the various market and real estate analysis elsewhere in this report to work, the Consulting Corps team developed a matrix of five different scenarios for the development of attainable housing in Billings. Each scenario includes:

- A protagonist (WHO is developing and for WHOM).
- A brief description of the typology of the solution (WHAT).
- The type of land and funding (HOW).
- WHERE in Billings the scenario is best situated and likely to succeed.
- A rough estimate of how long that scenario would likely take to implement (WHEN).

While there are invariably additional scenarios, including some which might be hybrids of those shown in the table, the ones illustrated are included as clear and distinct examples that, based upon the team's overall analysis, seem particularly suited to market and demographic conditions in Billings at this time. Case studies of examples, both domestic and international, have been included as "best practices" in design related to each housing typology.

It should be noted that all of the following recommend development of previously but underutilized land—"grayfields" rather than "greenfields" at the urban fringe. This is for two reasons: first, access to and availability of existing infrastructure is infinitely more cost effective than investment in costly new infrastructure that will only keep sales/rental costs to consumers out of reach. Second, building within the existing metro area will ensure that Billings remains the best version of itself and avoids the sprawling future being seen in countless other second and third tier cities, making them look increasingly the same and losing their unique sense of place. It will also ensure that the ease of access to the multiple opportunities for recreation that exist just outside the city (and that attract so many to live in the Billings region) actually stays that way for future generations, and that it will continue to draw others both to live, and, as importantly, to stay. Finally, new greenfield development is unsustainable environmentally and economically. It may look like it increases the tax base, but in reality, it taxes city infrastructure and services even more: beyond its capacity, straining municipal budgets and reducing the quality of life the city can provide, including but not limited to essential services such as fire, police, education, traffic.

Scenario	Who (by)	Who (for)	What (product/typology)	How (funding, land)	When (time to deliver)	Where
1	Billings Clinic/ Intermountain (Private Employer-driven)	**Tech Staff (singles, Double Income No Kids (DINKs))**	Townhomes/infill (1 BD/ 2-story/ 650 SF/ 1 car garage) Duplex, Triplex, Fourplexes	Employer-owned land City- or privately-owned land Developer build-to-suit	3-5 years (to coincide with new health care facility)	Downtown core, Med-plex adjacent
2	Billings Unified School District (Public Employer-driven)	**Teachers (singles, DINKs)** **Vocational students/ interns**	Townhomes w ADUs (1 BD/ 1-story/ 450 sf) Shared parking	Billings USD land, lease or sale State funds P3: developer build-to-suit If rental, 10-year master lease	4 years, including transaction	Scattered Billings USD sites Backyards of existing homes
3	Community Land Trust	**Young families** **Seniors**	Small homes/lots, with ADUs (3 BD/ 2-story/ 800 sf) Work from home capacity	Church-owned land Scattered sites Private developer/building partnership with CLT	3 years, including transaction	Mid-City core (1-mile radius) Scattered sites
4	Spec Developer (for profit)	**Singles, DINKs** **Seniors**	Coop (not condo), 3-4 story infill (450 sf) Mixed use, incl possible childcare WFH capacity No parking	P3: leased city-owned property Leased private property partner w landowner Leased church-owned land	3 years, including transaction	Downtown Core Mid-city: east-west arterials
5	Nonprofit Developer	**Singles** **Seniors**	Co-housing, triplex, 4-plex. 1-4 family	Leased Private property, Leased church-owned land	3 years, including transaction	Mid-city core (1 mi radius)

Scenario 1: Private Employer-driven Model

Scenario 1 imagines a private employer-driven model of development—as an example, in this case consider Billings Clinic or Intermountain Health—to provide housing at a price point that would be attainable for tech staff, either single individuals or couples with no kids (dual income no kids aka DINKs). The motive is to improve employee retention as well as to attract prospective employees. This model would likely, but not necessarily, require the engagement of a developer to manage the project in exchange for a fee for service. With a minimum 10-year lease from an employer, the developer would have a much easier time securing bank financing than they would by building purely "on spec," and would additionally be incentivized to design a project that more closely addresses the particular needs of these employees/tenants.

The housing typology imagined in this scenario would likely be located fairly proximate to the residents' place of employment, or within walking distance of public transit, such as in the Downtown Core. This scenario would likely translate to urban infill sites—in the form of multi-tenant townhouses such as duplexes, triplexes and fourplexes, with one car/unit. To achieve affordability, most units would be 1 BD and a maximum of 650 SF, possibly less. The land could come from a variety of sources: employer-owned, city-owned (possibly on a long-term lease deal), or privately-owned land—owned either by the developer or jointly with a landowner with underutilized land who is seeking a higher return on his property while retaining ownership longer-term. Such a project would realistically require 3-5 years to complete, coinciding with the completion of the Intermountain project.

An example of a Scenario 1 project type is The Formosa 1140 (figs 1a,b,c), an 11-unit, 3-story townhouse development in West Hollywood, California. What distinguishes this project is its unique land use strategy, in which the developer set aside one-third of the site (4,600 SF) in a P3 arrangement with the city to create a city-managed community pocket park in exchange for an increased density allowance. This arrangement proved to be an asset in gaining neighborhood support, as well as increasing the desirability of the units, which are oriented upon the newly-created open space—one of only three such parks in the city.

Figure 1a Ground floor, looking onto park

SCENARIO 1 EXAMPLE: THE FORMOSA 1140

Figure 1b

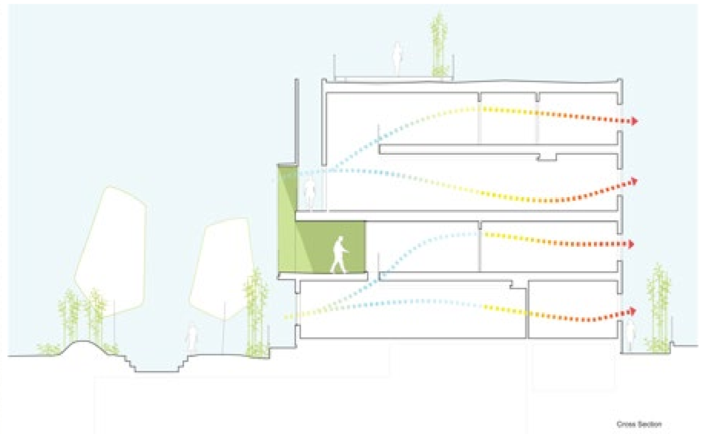


Figure 1c

A second precedent, Horatio West Court (figs 2a,b,c) in Santa Monica, California, consists of four 2-story townhome units on fee simple lots, which subdivide a 10,000 SF parcel, equating to a density of roughly 16 units/acre. There is common open space between the units, providing a generous sense of privacy while achieving an efficient use of land.

Figure 2a

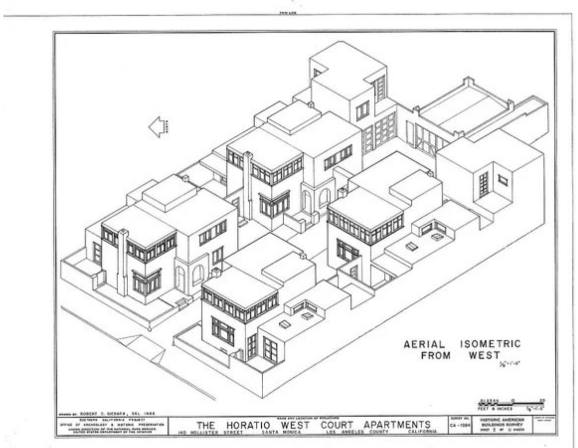


Figure 2b

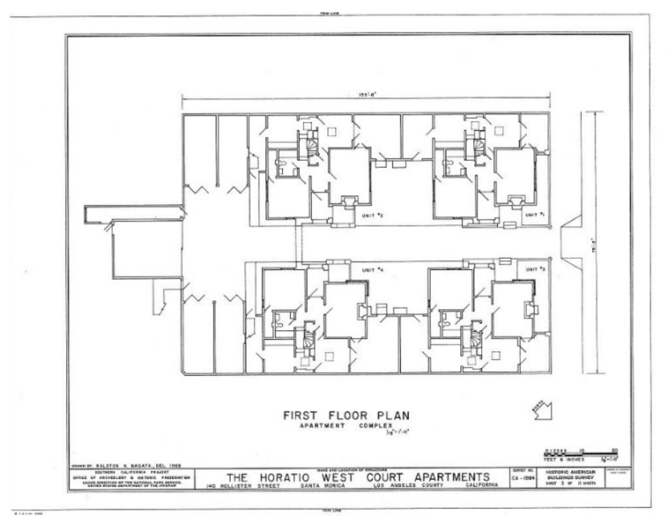


Figure 2c

A larger development, Ypenburg (figs 3a,b,c,d) in the Hague, Netherlands, also works at a similar density to the other two, consisting of 497 dwellings, including 155 apartments in various price categories, housed in an assortment of 2-story duplex, triplex and fourplex buildings. Parking is accommodated around the perimeter, freeing the space between homes to be car-free, and subdivided into both semi-public and semi-private spaces that range from yards to greenhouse gardens and playgrounds.

Figure 3a

Figure 3b

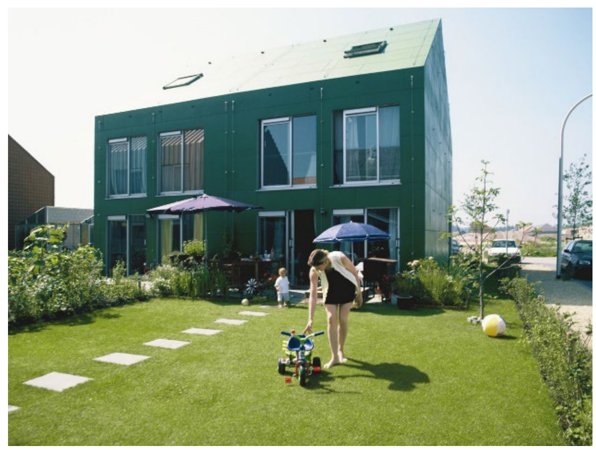


Figure 3c

Figure 3d

Scenario 2: Public Employer-driven Model

Scenario 2 involves a public employer as the driver of development—such as the Billings Unified School District (USD), which also happens to own a noteworthy amount of surplus land in the City. As with Billings Clinic/Intermountain Health, it has a strong incentive and need to retain and attract employees (faculty and staff), whose salaries are no longer commensurate with rising home prices, exacerbated if they wish to grow a family. For these groups, the creation of more housing on less land translates to greater affordability, in the form of townhomes with ADUs, either attached or in the rear yard, to assist in subsidizing the mortgage payments. In this scenario, parking potentially could be shared (less than one car per household if transit-adjacent or in tandem with a carpooling network), and 1 BD units could be nicely designed in as little as 450 SF.

Similar to Scenario 1, this housing could be developed on District-owned land, under a long-term lease agreement. In addition, a separate accessory dwelling units (ADU) program, potentially conducted in concert with the USD's own job training program, could be instituted on scattered privately-owned infill sites throughout the city to offer existing homeowners the opportunity for rental revenue to assist with their own mortgage payments on properties that are often larger than needed. Billings USD's vocational education and internship program is an underappreciated and underutilized asset; it is helping to grow the needed workforce in construction trades. As a training program, it can also be leveraged to build ADUs as part of its hands-on training and development program.

Delivery would similarly be provided by engagement of a developer as project manager, in a fee-for-service arrangement, whose financing would be greatly aided by a long-term lease contract with the Billings USD. Furthermore, state or federal funds may be available to assist with a housing program for public employees may. As with Scenario 1, this scenario would require 3-5 years to complete, depending on the size and complexity of the land transaction.

Figure 1a

A project related to the Scenario 2 accessory dwelling unit strategy is *GrowHome* (Gensler; figs 1a,b,c,d,e,f), a micro-development strategy aimed at better utilizing single family lots in R-1 zones with rear alleys. It calls for the subdivision of a single 7,500 sf lot into three lots. One, comprised of the front half of the parcel (3,750 sf), contains the existing house, driveway and garage. The back half of the original lot is subdivided into two smaller lots (1,875 sf apiece), each of which is accessed from the alley.

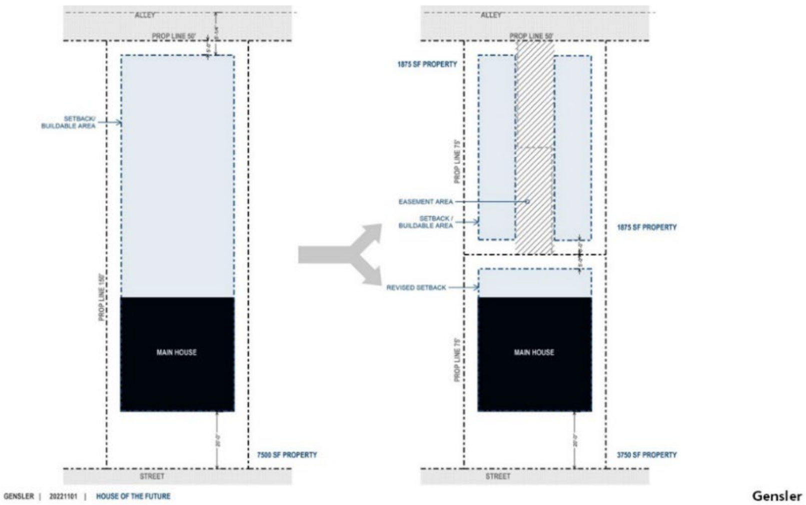


Figure 1b

Their 25′ frontage and 75′ depth enables each home to fit 800 sf into a 2 BD home of 2 stories. At 14′ in width, this home includes a bedroom and bath and living/dining/kitchen area, with walled courtyard that can later be converted into an additional bedroom and bath. The lower floor accommodates the second bedroom and bath but is large enough to be designed as a separate unit (with separate kitchen and dining area) for extended family or as an attached ADU. The 13′ easement between the two homes is reserved for private open space.

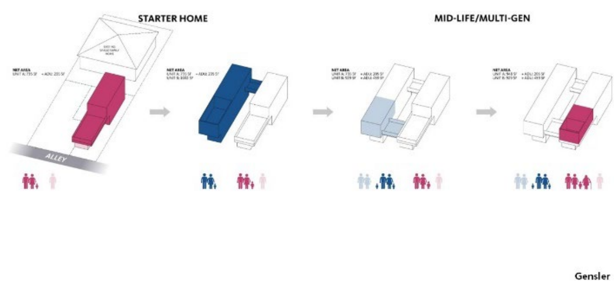


Figure 1c

Figure 1d

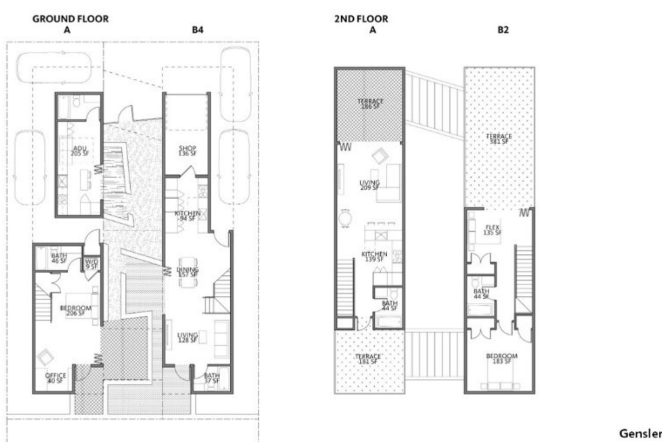


Figure e

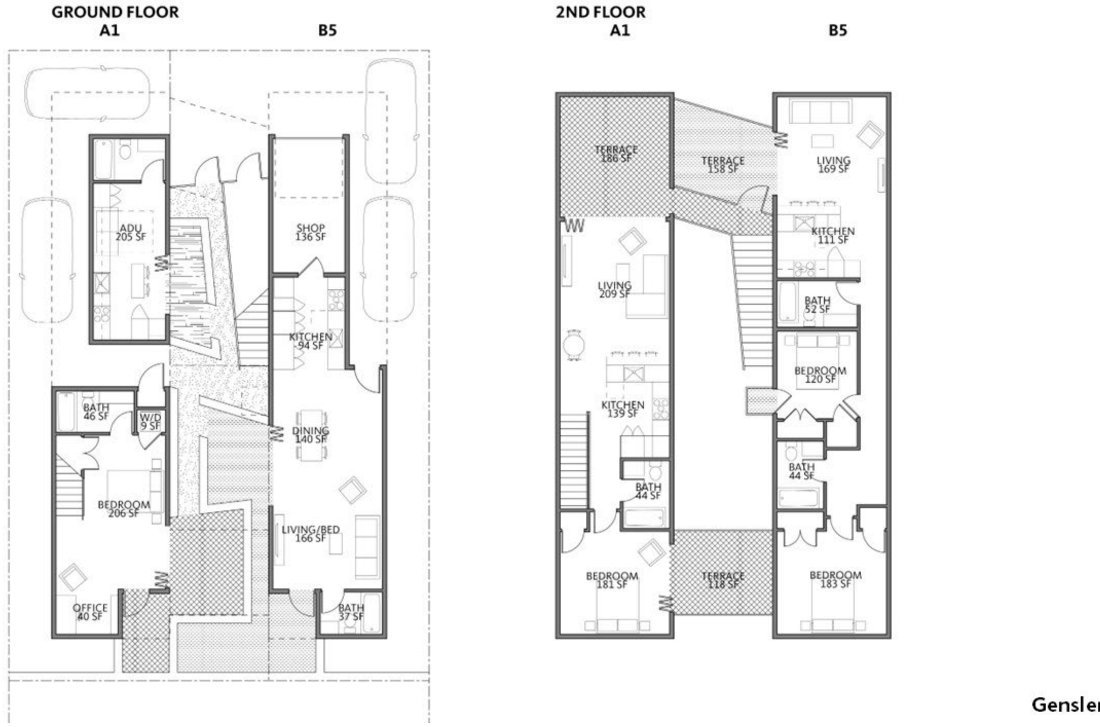


Figure 1f

The logic of this project lies in the concept that as homeowners age, their need for backyard space for their younger children gives way to the realization that this land might be sold to generate equity to fund retirement or their children's college education, for example. The owners' motive to sell is coincident with that of first-time buyers for affordable, smaller for-sale properties that provide an entry to homeownership and the opportunity to build equity, as well as the flexibility to adapt to a growing household.

Figure 2a

A second case study is the *Frogtown Foursquare* development by Bestor Architecture (figs 2a,b,c), in which the rear yard of an existing single-family home is developed by the owner as the site of a 3-story, multi-family backyard home, comprised of a set of four adjoining rental units. Apportioned as interlocking townhouses, each with its own separate entry, these units are of a unique configuration and vary in size between 2 and 3 bedrooms and/or an office to work from home. Ideally sited on parcels with rear alley access, *Foursquare,* like *GrowHome,* also accommodates a single covered parking space for each unit. Pedestrian/guest access is from the street, along the side of the front/existing home; trash pickup would be in the alley, along with that of the main house.

Figure 2b

Figure 2c

The economy/affordability of this project is produced by its consolidated footprint and density, limiting additional costs of underground utilities and increased building envelope associated with detached units, while still maintaining separate metering.

Scenario 3: Community Land Trust Model

Scenario 3 calls for the involvement of a Community Land Trust (CLT) instead of a traditional real estate developer as the catalyst—and operator—of the project. The primary benefit of a CLT is that its mission is to manage the appreciation of property values in perpetuity, preserving affordability into the future while simultaneously allowing for a reasonable opportunity for homeowners to build wealth. It could offer an alternative strategy for employers like Billings USD to attract and retain employees by helping employees access attainable housing.

CLTs are adaptable to a range of different types of properties, ranging from scattered sites to church-owned land. They are most often associated with development of fee-simple parcels that keep ownership lines clear of complicated legal arrangements such as condominiums. For this reason, we are showing this example as likely consisting of small (2 BD/ 800 SF), 2-story homes on small lots, with an attached 1 BD ADU that has either work from home (WFH), sublease or multi-generational use potential. Some CLTs may lack a deep track record of performance or financial capacity, they frequently will partner with a private or non-profit developer to project manage and assist with obtaining project funding, while bringing the benefit of qualifying for grants and/or public subsidies to which the latter might not otherwise have access. With a time-to-delivery duration of 3 years, the team recommends that properties within the mid-City area (1-mile radius of Downtown) are most suitable for a project of this scale, whether on a single site or scattered ones.

Figure 1a

The *GrowHome* typology outlined under Scenario 2 was additionally extrapolated into a medium density planned unit development (PUD), a master planning strategy for larger subdivisions (Figs 1a,b). In the particular case study shown, a site of 5 acres contains 86 units (17.2 units/acre). At a cost per unit estimated to be at or within the accepted definition of affordability (< 100% AMI), this project is an ideal template for a Community Land Trust development, which would also be the entity responsible for managing common spaces such as dog and pocket parks, private drives, and rights-of-way. The standardized home style facilitates the consistency of home sales/purchase price, at least until such time as individual homeowners begin the anticipated process of building out additional square footage within their home, or adding value-added features such as photovoltaic panels, etc.

Figure 1b

Scenario 4: Traditional Model with Efficient Land Use

Scenario 4 hews closest to the traditional model of real estate development, namely private developers. Aimed at creating "starter" homes for younger singles, DINKs, and older singles—or even less conventional households of unmarried individuals opting for co-living—this model takes the form of multi-unit coops in the urban core (downtown Billings), either via adaptive reuse or new construction. By using less land more efficiently, the home prices can be lowered, increasing affordability.

These units are primarily 1 and 2 BD, but designed with the capacity for work from home, ranging from 450 to 600 SF, respectively, and three to four stories in height. What these units may lack in outdoor space (though they may still possess terraces or balconies) is made up for in amenities and convenience. They might offer childcare and a mix of other uses on their ground floor, while saving their tenants a significant amount of money by eschewing the need for costly private parking onsite.

The innovative nature of this product requires creativity in its deal structure: properties that until now may not have been considered in play can open up opportunities for "P3" or "P4" (public-private partnerships), such as the leasing of surplus or underutilized publicly owned or church properties bringing unforeseen but welcome revenue while enabling the landowner to retain long-term ownership.

Private property owners often can be persuaded to partner when presented with the financial analysis demonstrating that they are currently leaving money on the table and do not have to forfeit the potential long-term gain. With a 3-year window to realization beyond the time required to strike a deal between parties, the Consulting Corps team believes that the Downtown core and mid-City area, particularly along its east-west arterials, offers the best potential in this vein given availability of on-street parking and easy access to public transit.

Figure 1a

One case study that illustrates the potential of Scenario 4 is Confianza (Gensler; figs 1a,b,c,d), comprised of 64 studio units, grouped into 5 four-story blocks interconnected by bridges, in an effort to reduce its scale to be more compatible with the surrounding neighborhood. The bridges enable the project to require only 2 exit stairs and one elevator, despite being less monolithic. All units, sized at around 350 sf and containing their own bathrooms and kitchens, are identical except for a changing window location. This configuration enables them to be prefabricated (saving money) without looking overly repetitive. The changing material treatment on the facades of each block also adds to a more differentiated appearance.

Figure 1b

Figure 1c

Figure 1d

Another set of developments, called *Treehouse*, by a developer of the same name, brings higher density to the urban core using a co-living approach. Affordability is achieved through a combination of high land utilization (5 stories/40 units on 0.25 acre), no-larger-than-necessary studio apartments that include private bathrooms and kitchenettes, and the sharing of dining, living and work areas, promoting sociability and community to mostly young professionals seeking connection as often new arrivals to the city. Kitchens are also shared, as is an in-house café, laundry room/art studio, Japanese-themed bar/screening room, 2-story library, and rooftop garden/deck. A majority of units is priced for the workforce market (100% AMI), subsidizing 10% allocated for low-income residents.

Scenario 5: Non-profit Developer Model

Scenario 5 outlines the role that a non-profit developer might play in producing affordable housing (likely rentals) for singles and seniors. Partnering either with private landowners or with faith-based landowners, the leasing of their property can serve as collateral to incentivize lenders and investors to finance the project. The scenario envisions the development of co-housing (multiple parties renting and living in the same unit together) for singles or seniors, in units that are three or even four bedrooms in size, each with their own bathroom, while sharing and reaping the resulting economic benefits of common kitchen, living and dining spaces.

These units would be housed in triplex or fourplex houses or townhouses on small sites or scattered sites around the City, within the mid-City area in a 1-mile radius of Downtown, commensurate with the non-profit's smaller development capacity. Characteristic of most non-profits, the projects would likely require the use of LIHTC (tax credits) and Section 8 vouchers—public subsidies that often increase the delivery time for the project from 3 or 4 years to 5 or 6. But in this model, Montana offers the advantage of being a less competitive environment for application and receipt of these forms of support than other states.

Tenant eligibility for these units is often determined by the funding sources' rules and regulations. In many states, for-profit market-rate or workforce housing developers create their own non-profit arm as a means of reaping certain tax benefits that come with that status, as well as to meet their mission of providing for the more deeply affordable need in the communities in which they do business.

Figure 1a

The three projects below demonstrate a wide range of solutions that might be realized under Scenario 5. The first is a small (7,500 sf) lot, high-density apartment building prototype for United Way of Los Angeles (figs 1a,b,c,d). It illustrates an innovative way of maximizing use of smaller, often more plentiful lots that are zoned multi-family. In the case of the 7500-sf lot, a 4-story apartment block consists of two 4-BD units per floor, with communal spaces on the ground level. While on the surface only 6 units, it contains 24 self-sufficient bedrooms, each with its own bath and kitchenette. This configuration is achieved by structuring each unit around a common outdoor vestibule/patio, allowing independent access to each of the bedrooms. This set-up enables the lessee to either use as a single-family unit for a larger household or alternatively sublease each as what the code terms a "guest room" to help cover the rent.

Figure 1b

Figure 1c

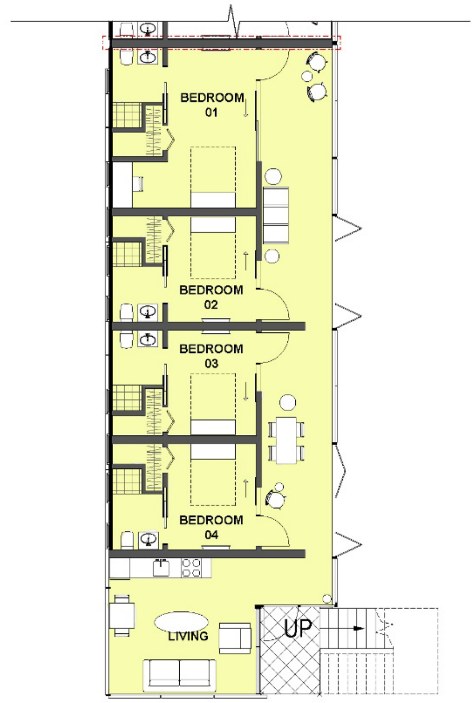


Figure 1d

Also of note in this approach is the innovative, cost-effective approach to egress. Because there are only two units per floor, each unit only needs to be accessed by one stairwell, off of which each unit is entered. This translates to the lack of necessity for both an elevator or a connecting hallway, saving both square footage and enabling each room to benefit from natural cross-ventilation.

Figure 2a

A second project, *Blackbirds* (*figs 2a,b,c,d*) by Bestor Architecture, achieves what it calls "stealth density" within a single-family neighborhood through the creation of a community of eighteen 3-story, for-sale townhomes on an .82-acre site. Organized informally along what the Dutch call a *woonerf*, or "living street," which serves both as parking court and community space, the units vary in size between 2 and 3 bedrooms and differ in their exterior veneer to create a sense of individualized units.

Both attached and detached, the design creates a thoughtful blend of private, semi-private, and semi-public space, and promotes connections between neighbors and community, encouraging interaction and exchange.

Figure 2b

Figure 2c

Recommendation. It is the recommendation of the CRE Consulting Corps team, that an action-oriented Housing Task Force be formed, perhaps created by Big Sky Economic Development, with major stakeholders that include the City of Billings, major employers such as the Billings USD and Billings Clinic/Intermountain Health; and other large landowners such as faith-based organizations and private landowners with property in the Downtown Core and mid-City area. The purpose of the task force would be to seek out and form partnerships with developers, both local and out-of-town, using the levers of prospective tenancy (lease commitments) and land leasing as incentives for investment in affordable housing according to scenarios such as those outlined above.

Figure 2d

Financing Tools

Public Private Partnerships

PURPOSE AND VALUE OF ENGAGING IN A PUBLIC PRIVATE PARTNERSHIP JOINT VENTURE

A public private partnership is a useful mechanism to advance development objectives. Public Private Partnerships (PPP) are usually initiated, organized and established for the purpose of communicating, clarifying and aligning the interests and expectations of a privately motivated developer with that of a public entity sponsor. PPP developers often seek out and enjoy the benefit of a close working relationship with community leaders and often benefit from a more deliberate community-based entitlement process. One of the first steps in initiating and forming a PPP venture is to commence the process of scoping out and organizing a preliminary description of potential PPP project elements. A very helpful next step is for the public entity to develop internal consensus on the scope, critical path and overall goals and objectives of a prospective collaborative partnership. Usually, the more advanced the preparation that goes into outlining the PPP scope and requisite supporting documents, the more attractive and easier it should be to identify highly suitable candidate partner prospects. It usually also provides for a more orderly, efficient, and productive selection process to identify the most suitable private developer partner. The ultimate objective of investing considerable time and effort into organizing the scope of the PPP is to eliminate as much confusion, uncertainty, and perceived risk as possible for the prospective PPP developer partner. This often saves both parties time while also potentially attracting more and better qualified applicants. The more effort that is put into pre-qualifying prospects and designing a thoughtful solicitation process, the higher the likelihood the public entity will secure an ideal and well-suited partner.

PREPARING A WELL-ORGANIZED PUBLIC PRIVATE PARTNERSHIP RFP

It is recommended that the public entity sponsor provide the prospective RFP respondents with a customized blank form to be filled out by the applicant to help assure consistency in the organization and content across all applicant responses. The public entity sponsor should also set up a website as a platform to provide supplementary materials and additional background information that may become available after the RFP has been issued and distributed to prospects. The website can also be used as a general notice and communication platform for various information dissemination, such as widely sharing answers to applicant queries for the benefit of all applicants.

At a minimum the PPP RFP document should include the following descriptive sections:

- An overview of any ongoing or proposed projects that would add additional context or insight into the potentially evolving role of the PPP.
- A list of essential submission requirements including:

- A full description of the proposed PPP project.
- Information on any other private entities whose cooperation of coordination might be necessary during the expected term of the PPP engagement.
- Background on any other public projects that might impact the outcome of the PPP.
- Propose several appropriate legal structures for the PPP JV.
- Outline the key milestones and time schedule for the selection process.
- Specify basic submission requirements such as the number of copies provided.
- Provide an understanding of the next steps facing a selected PPP JV candidate.
- Ask the RFP applicant to clearly describe and identify key individuals who would be part of the PPP private entity as well as the background experience and any collateral materials the applicant has available for its ongoing marketing efforts.
- Have the RFP applicant highlight particularly relevant development experience demonstrating its capacity to successfully undertake the PPP project.
- Have the PPP applicant provide evidence of insurance coverage for its JV activities.
- Request the applicant to disclose any prior or ongoing relationships with public officials having ties to the public entity sponsor or any officials that may be involved in an advisory capacity in selecting the preferred PPP private entity candidate.
- Have the PPP candidate outline their private venture entity financial strength.
- Require the applicant to outline the organizational structure and key personnel credentials of the venture private entity.
- Attach exhibits to the RFP document to include such items as follows:
    - Aerial photos of the site or subject district.
    - Include any renderings available of any buildout that will be part of the overall project activity.
    - Site plans covering any components of the proposed project area.
    - Floorplates of any proposed structures that may be included or integrated into the PPP project scope.
    - Any master plans or other government documents that have direct or indirect bearing on the prospective development opportunities and constraints associated with the proposed PPP project elements.
    - Provide any directly relevant reports that are publicly available that provide insight for applicants as they prepare the PPP RFP response or would find helpful in better understanding the development challenges or other complexities associated with development within or proximate to the PPP project subject site.

In conclusion, a PPP:

- Helps align public agency actions with community aspirations.
- Helps facilitate and expedite cost-effective development and redevelopment of defined districts.
- Outcomes of PPP generate a more economically vibrant, safe, well-designed and community-compatible landscape.
- Helps identify and align public government expectations with those of private developer.
- Helps assure public that private partner has capacity to execute and complete its developer role.
- Helps establish broad-based public support and trust in the mission and progress of the PPP.
- Well organized, managed and financially supported PPP helps ensure its success.
- To that end, PPP establish mutual trust by doing the following:
    - Clearly outlining a vision for the project and expectations of the development process.
    - Reflecting and respecting traditional core values and collective vision of the community.
    - Outcome reflects the "best interests" of the public, civic and private stakeholders.
    - Well-designed PPP's meet both immediate and longer-term community aspirations and needs.

SAMPLE PPP RFP AND APPLICANT RESPONSE

An example of a PPP RFP is included in the Appendix in order to illustrate how a PPP RFP might be presented, as well as offering sample project narrative and examples of information to be solicited. Also appended is a sample response from a team member of a PPP private developer venture. This second document is intended to provide an idea of the response content and quality one might ultimately attract through the PPP RFP solicitation process.

Development Capital Providers

Who are the development capital providers?

- Equity Providers
    - Investors (development sponsors and limited partners).
    - The State of Montana via legislative programs, e.g. HB 819.
    - Private entities that buy Low-Income Housing (LIHTC) Tax Credits.
    - Non-Profit charitable support.
    - Below-Market conveyances (partial gifts of land).
    - Civic-minded landowners providing deeply discounted long-term leaseholds.
- Debt Providers
    - Banks (federally insured): construction and permanent financing.
    - Non-bank banks (use of these private funds administered same as banks).
    - Locally based large corporations committed to the welfare of Billings.
    - Civic-minded and motivated private and non-profit entities.

  - Local public entities issuing bonds funding infrastructure and other site/offsite needs.
- Community Land Trust
  - A community land trust is a nonprofit organization that enables homeownership with lasting affordability. The community land trust owns the land on which the house sits, and the homeowner owns the house, with the land leased to the homeowner by the land trust. A community land trust is typically structured as nonprofit with a board of directors; the mission is to create and preserve long-term affordable homeownership opportunities. CLT homeownership removes the land cost from the upfront purchase price, thereby increasing affordability for the buyer.
  - The community land trust and the homeowner agree to a long-term ground lease agreement. The lease includes the resale formula which is intended to balance the goals of enabling the homeowner to benefit from wealth accumulation and allowing the community to assist future households to access homeownership. The CLT responsibilities include education, stewardship.
  - As discussed above, subsidy is required to enhance access to homeownership, particularly as home sale prices have increased so dramatically in recent years. By separating the value of the land from the house, this mechanism enables the community to preserve and recycle a subsidy so that assistance benefits future homeowners, in addition to the initial homebuyer.

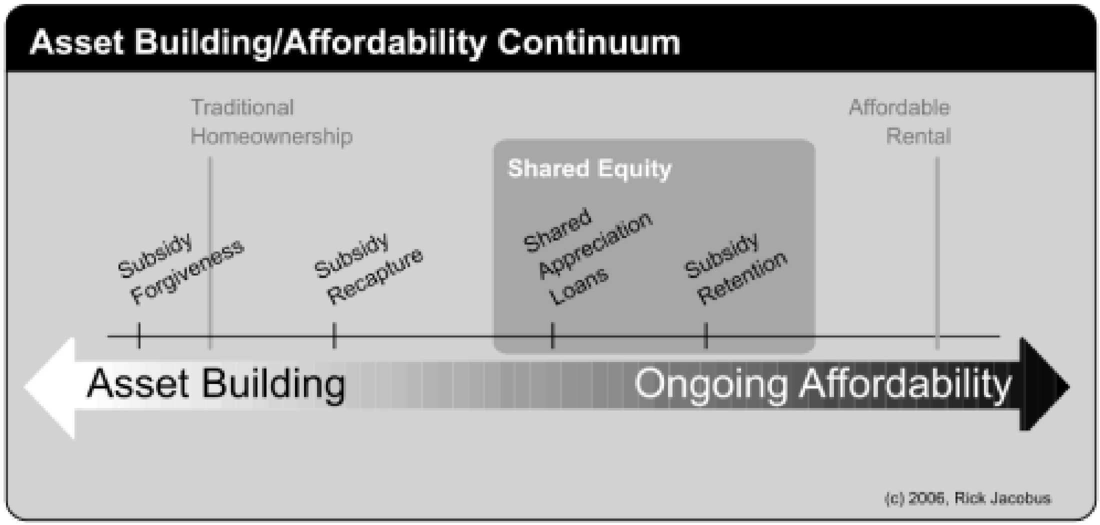
"Community land trusts create and preserve affordable homeownership opportunities by retaining ownership of land and leasing it under a long-term ground lease to homebuyers who purchase the improvements on the land (typically, houses) at prices below market rates." – Freddie Mac

TABLE 1
Performance of Alternative Subsidies Over Time

Initial Sale	**Homebuyer Loan (No Interest)**	**CLT Model (AMI Index)**
Initial market value	$250,000	$250,000
Subsidy	50,000	50,000
Initial sale price	250,000	200,000
Resale in Year 7		
Sale price	375,000	245,000
Repay first mortgage	(174,051)	(174,051)
Repay public subsidy	(50,000)	0
Sales costs (6%)	(22,500)	(14,700)
Seller's net proceeds	**128,449**	**56,249**
Affordable price to next buyer	245,000	245,000
Recaptured subsidy	50,000	0
Additional subsidy required	**80,000**	**0**
Total subsidy for next buyer	130,000	0
Resale in Year 14		
Sale price	565,000	303,000
Additional subsidy required	**132,000**	**0**
Resale in Year 21		
Sale price	850,000	372,000
Additional subsidy required	**216,000**	**0**
Resale in Year 28		
Sale price	1,278,000	458,000
Additional subsidy required	**342,000**	0
Total subsidy invested over 30 years for 5 families	**$820,000**	**$50,000**

Source: Jacobus and Lubbell

- Asset Building/Affordability Continuum



- Community land trusts have been in existence for decades. There are more than 200 active community land trusts in the U.S., including 6 active community land trusts in Montana. Fannie Mae and Freddie Mac provide financing for borrowers purchasing homes in which the land remains owned by the community land trust.

Implementation Game Plan to Deliver Workforce Housing

The CRE Consulting Corps met with numerous stakeholders from both the private and public sectors, thanks to scheduling and coordination organized by the Billings Association of Realtors® and City staff. Comments by interviewees demonstrated significant pride in the Billings area as a place to live, with high quality of life. The interviewees also consistently highlighted concerns about lack of housing availability, escalating home prices, and the particular shortage of diverse home options for first-time buyers and early career workers. To build on success and maintain and enhance quality of life, it is the right time to address this housing need. Following is a game plan with nine recommended action steps that – with involvement of all stakeholders - can be accomplished in one to two years. A longer-term game plan is also outlined below.

Deploy New State Workforce Housing Matching Funds. With housing challenges top of mind statewide, efforts at the state level are taking aim at local regulations impeding development; the state is also providing resources to assist buyers purchase homes and developers build homes. Governor Greg Gianforte appointed a bipartisan housing task force to identify housing policy opportunities; these actions are attracting national attention and are being referred to as "the Montana miracle." The legislature passed Montana House Bill 819, which authorized $225 million in funding. It bundled several housing proposals into a single bill that was passed and signed into law on June 13, 2023. With total funding of $225 million, $175 million goes toward housing initiatives and another $50 million was authorized for low-interest loans to developers who build rent-restricted apartments. HB 819 created a Community Reinvestment program, through which the state funds will be distributed to Community Reinvestment Organizations operating in each of Montana's 56 counties. Allocations will be made based on population. The state dollars require a local match. Yellowstone County, the largest county, will receive an allocation of $8.445 million, thereby totaling $17 million with the match.

LiveAble Construction and Development Company, based in Missoula, has secured matching funds to leverage the state dollars. The CRE team understands LiveAble intends to work with HomeFront on Billings locations with SkyView in Billings Heights at the forefront. HomeFront has applied to the state for certification as the Community Reinvestment Organization (CRO), with the support of Yellowstone County; approval is expected in October. These funds will assist homebuyers with incomes between 60 and 140% of Median Household Income; the home purchased will be deed restricted, ensuring the subsidy remains in the home and provides long-term affordability for working families. The assistance provided to individual homebuyers could be sizeable and create a compelling incentive for underwriting workforce affordability, including first time buyers.

These funds can be allocated and deployed immediately. Yellowstone County and the City of Billings must work cooperatively to develop and implement an action plan for workforce housing delivery to the households most burdened.

Define and Promote Infill Site Opportunities. Yellowstone County, and particularly the incorporated boundaries of the City of Billings, offer significant land availability. These infill or assemblage parcels should be showcased on a public database for marketing to the local, regional, and national development community. The best go-to entity for sourcing developers is the Home Builders Association of Billings; other associations in Montana and neighboring states can also yield developers. A pipeline of both small-scale and large-scale land developers, homebuilders, and mixed-use developers interested in the Billings area is as essential as the knowledge and monitoring of land opportunities.

Facilitate Infill Development. The most important consideration to land and specific site development is entitlement. How close is this ground to "shovel ready?" Site valuation is maximized when there is a ready path to highest and best use, i.e. physically possible, legally permissive, financially feasible, and maximally productive. In addition, loans for land development and construction are key factors; the team recommends increased engagement with the local lending community to promote ready funding terms for land development loans and construction loans. While financial institutions are eager to play their part in promoting economic development, banks are not seeing enough demand from the building community for new loans.

Speed Up Development Review Process. Many stakeholders highlighted as an obstacle the length of time required for zoning/land use and site plan application reviews and approvals. An opportunity exists to improve the coordination and cooperation of the city and county departments which play roles in housing reviews and approvals. A point person, department or agency should "quarterback" the process and assist applicants through all needed approvals. Developers active elsewhere hesitate to invest predevelopment capital in the Billings area due to the delays in project approvals. The timeline is a deterrent.

Staff reporting and recommendations are not consistently relied upon by elected officials at Yellowstone County or the City of Billings. It would be a good exercise for both the County and City to review the scope of review requirements for both staff and elected officials so there is a clearer understanding of administrative review scope and authority. Again, clarification in this process will enhance timeliness of approvals and encourage development activity.

To further enhance the efficiency and expeditiousness of development review, the team recommends that Billings consider forming a coalition to track with the Governor's Housing Task Force. With a proactive and cohesive view prioritizing the acceleration of housing production, implementation can become more effective.

Establish a Starter Home Program with Well-Advertised Outreach. The most stunning demographic statistic in the Billings area is that 4 of the top 5 occupations do not compensate employees with enough income to qualify to purchase a home at the July 2024 median sales price of $396,750. Households that do qualify usually have dual incomes or accumulated equity from a prior home purchase. Those in healthcare and social services, as well as teachers, police and fire workers, food service, retail, and hospitality are among the workers whose incomes prevent them from buying homes. Finding affordable rental options is also difficult for many in these income groups.

First time home buyers are the most challenged due to lack of inventory and affordability. Billings and Yellowstone County should work together to establish a first-time home buyer program and provide down payment and closing cost assistance. There are many successful programs nationally with proven results that can serve as a model. A good example in Montana is the program run by NeighborWorks Great Falls (nwgf.org). NWGF has helped first time homebuyers with all aspects of planning, purchasing or building, and educating them on financial options. This organization has local lending partners and other community partners that provide funding. Great Falls is a member of the National NeighborWorks Network and one of over 200 community-based not-for-profits dedicated to creating healthy communities. They have assisted more than 4,000 families with first time home ownership since their inception over 40 years ago.

Local lenders and mortgage brokers in the greater Billings area expressed interest in more involvement in the affordable lending market. Federally insured loan programs such as FHA and VA have downpayment requirements as low as 3%. Fannie Mae's insured lending limit here is $766,000, enabling many homebuyers with the required 20% downpayment to obtain attractive rates and amortization terms. Interest rates are expected to trend down into the 5% to 6% range which will improve affordability and increase buying power.

Empower Small Scale Activity with Design-Build Toolkits, Rehab Programs, and Pipeline to Multiple Developers. Small-scale developers and homebuilders, including small rehabbers, can provide a continuing pipeline of housing inventory if the predevelopment costs and timeline are addressed. A design-build toolkit can provide technical assistance regarding materials and methods, as well as energy efficiency which can make a meaningful impact on monthly housing/utility costs. Offering pre-approved house model plans that only require specific site design and infrastructure fitting would be very useful.

Billings' existing single-family residential housing stock is an important asset in well-established neighborhoods. Rehabbing older homes can make a significant impact on expanding inventory and upgrading quality. Upfront incentives such as reduced fees can affect the cost of renovations. There is precedent in the communities for a streamlined rehab loan program that could utilize a local lender for application, administration, and loan servicing.

The inventory of finished residential (1 to 4 family) lots in Billings is quite low and has been for quite some time. Developed lot cost for 3,500 to 4,500 square feet (about the area of a basketball court) ranges from $50,000 to $70,000. If a land developer maximizes density and improves the land with all required infrastructure, selling to multiple small-scale homebuilders increases velocity and community building. This master developer approach to pipelining new homes with multiple homebuilders can provide pricing in the range of $250,000 to $400,000 which stays under the current median price levels.

Engage Stakeholders in Strategic Planning. One of the most significant assets of the greater Billings area is the multigenerational commitment to the community. Much of the local home-grown population remains in or returns to the region, with generations of the same family established and rooted to – and invested in - their local land and property ownership. These owners are key stakeholders and should play an active role in strategic planning for future growth of the downtown, the broader area, and key districts such as the Heights.

A vibrant downtown is essential for a city at the core of a metropolitan area. Billings benefits from a number of strong, dedicated, strategic organizations such as Big Sky Economic Development, Downtown Billings Partnership, and the Billings Chamber of Commerce. These organizations are key to implementing strategic planning and should align their priorities via a unified strategic planning process. They have dynamic leadership that can work with key stakeholders on a Strategic Plan to address housing and placemaking – alongside economic development - objectives. The Strategic Plan process can be facilitated and delivered by a professional consultant and funded by these stakeholders. Increased buy-in of these parties can produce implementation and risk-taking by multiple funders and ensure ongoing investment and long-term commitment, investment, and ownership of process and outcomes.

Consider Hiring a Housing Director to Coordinate and Source Housing Delivery. Yellowstone County and the City of Billings should consider a staff hire devoted to increasing housing options to meet the needs of working families. This hire can interface with HomeFront, the city-county Planning Departments, and others working to address housing needs. External groups such as Habitat for Humanity, the Home Builders Association, and Billings Association of REALTORS®, just to name a few, are also important to implementing strategic initiatives. A Housing Director should coordinate housing delivery participants, source opportunities, seek funding, and be tuned into all the housing initiatives at the state Commerce Housing Team.

Define Goals and Track Outcomes. The CRE Consulting Corps' nine recommendations for immediate action can be implemented in the short term. They can be considered now and organized within the existing public and private decision-making organizational framework already in place. As the action plan is set up and implemented, leaders should establish a method for accountability – track measures of success. A specific housing plan should identify metrics such as number of units per year, typology of units, and price range of units. Housing delivery should be monitored, tracking the pipeline of permits issued and turnkey completions. A quarterly housing development review can be presented to the City Council and County Board. It is also important to stay connected to neighborhoods and invite them to share their needs at regular housing forums.

Longer Term Recommendations to Effectively Meet Future Housing Demand. A longer-term action item is to assess growth opportunities that would be best accomplished by annexation. The City should engage in comprehensive planning for the future that considers growth by annexation. Perhaps the annexation to consider is from the spine of the main east-west arterials such as Central, King, Hesper, or Neibauer. Transportation bonds could reconstruct or enlarge these arterials and extend utilities starting with water rights. Existing landowners in this planned growth area would likely be more motivated to sell or develop their properties if there was a clear path to city services. An east-west expansion could also lead to enlarging the north-south arterial connections such as West 56th or West 64th Streets. This may lead to a new I-90 interchange. A comprehensive master plan would allow the city of Billings to direct its destiny proactively rather than reactively. An expanded highway network would definitely serve as a housing accelerator.

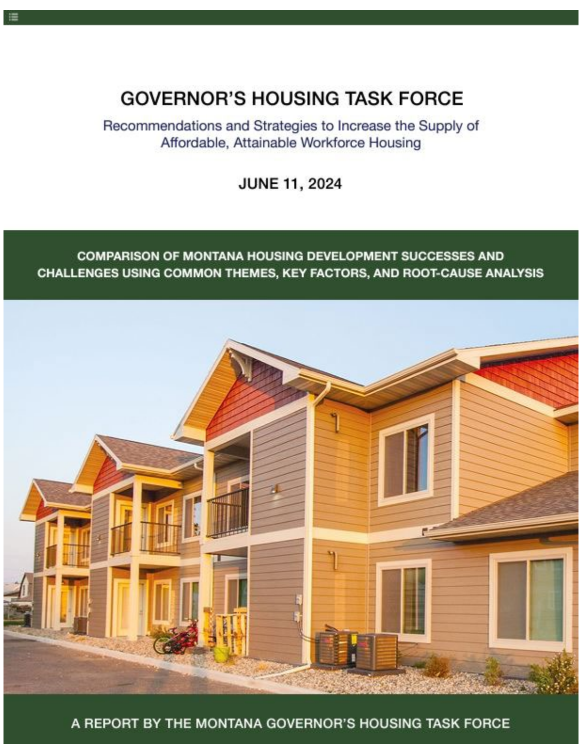
The City of Billings should also identify all privately owned and residentially zoned land and conceptually determine what types of housing could be developed. With owner involvement these parcels can be positioned for entitlement and ultimate subdividing to extend the opportunity among multiple owners. The team observed many homes with empty lots next to them which appear to offer a good infill opportunity.

Deeper and broader employer leadership in all civic matters would be helpful. Specifically, business leaders need to weigh in on the housing initiatives and impacts of economic development to neighborhoods, clarifying their needs at regular housing forums.

Conclusion

The Greater Billings area needs to act proactively to address the need for housing. Over the last five years, home prices statewide and in Billings have increased dramatically. As noted above, median home prices in the state were $505,419 in 2023, an increase of 89.6% from 2018 when they were $266,473. During that same time frame, U.S. Census data indicates Montana median household income only saw a 27.9% increase from $55,328 to $70,804. Billings median prices also increased 50.9% in this five-year period. Wage increases are unlikely to catch up with price increases due to the shortage of housing units that meet the needs of working families. The Billings Association of REALTORS® estimates an annual deficit of as many as 1,300 units. Housing production must be accelerated, and this cannot be accomplished without a vision that informs a plan of immediate action.

Public policy must align with a community vision to implement an action plan. Both public and private interests will have to come together to adopt a proactive approach to economic development centered around workforce housing innovations for affordability. This generally means new construction and/or higher density development with quality placemaking. A good framing could be **Public Private Partnership Placemaking.**



The Governor's Housing Task Force recommendations provide an excellent guide to follow locally. Billings and Yellowstone County should form a Housing Task Force including different agencies with varying skill sets, roles and purposes. Major employers should be engaged to contribute their leadership as they generate the significant need for workforce housing for their employees. There should also be multi-generational representation to ensure input from younger age brackets, in addition to long-time leaders. The Consulting Corps team recommends that this Housing Task Force report directly to the Billings Mayor and/or City Council and County Commissioners.

Follow the lead of the state to address workforce housing need. Start by utilizing the $17 million made available by the state with local matching funds. The City of Billings has an Infill Policy; it just needs to be implemented. Many stakeholders have indicated interest in participating in this effort: Big Sky Economic Development, Billings Chamber of Commerce, HomeFront, Downtown Billings Partnership, Home Builders Association of Billings, and the Billings Association of REALTORS® are key economic development players to work side by side with

Yellowstone County and the City of Billings staff and elected officials. A cooperative effort to ensure housing delivery means streamlined decision making for review and entitlement, as well as requiring constant outreach and promotion.

The recent publication, *Accelerating Production of Attainable Housing* (see Appendix for link), provides numerous examples from around the country which can offer replicable models. Building a collaborative approach with alignment of public and private visionaries is essential and will ensure sustainability of these efforts. This broad-based effort will produce tangible results with homes in neighborhoods. **Make deals happen** is an appropriate mantra to produce quality placemaking and attainable housing options that meet the needs of Billings residents and workers. The time is NOW.

Appendix

Appendix I – Demographic Analysis of the Billings Region

Analytical Approach Used in This Demographic Analysis

This demographic analysis divides the Billings region into four overlapping geographic areas as follows:

1. The City of Billings (Map #1)
2. Yellowstone County (Map #2)
3. The Subregion of Yellowstone County that Lies Outside the Billings City Limits
4. The Billings Metropolitan Statistical Area (Map #3)

This demographic analysis and accompanying Exhibits 1, 2, 3A, 3B, 4A, 4B, and 4C rely largely on ESRI data and U.S. Census data. The data shown are presented with the intent of providing demographic trends and economic findings to complement other analyses and anecdotal observations presented elsewhere in this report. Most of the data compiled in these exhibits present demographic time series and trends for the period 2010 to present (2024) and also includes ESRI forecasted data through the next five years to 2029.

Household Population & Occupancy: 2000 - 2024

According to ESRI compiled demographic data, which is presented in Exhibit 1, the Billings region has experienced compounded annual population growth over the past 20-year period, 2000 to 2020, of roughly 1.0% per year. More recently, during 2020 to 2024, the region experienced accelerated growth during the onset and sustained 3-year impact of the Covid Pandemic. Most of that increased rate of population growth was experienced within the geographic area of Yellowstone County that lies outside of the Billings city limits. Specifically, that ex-urban area of Yellowstone County which had experienced a 2010 to 2020 average net population increase during that decade of 427 new individuals annually accelerated to 772 new residents per year during the subsequent period 2020 to 2024 which equated to an 80% increase in the rate of growth relative to the previous decade.

To the likely disappointment and frustration of prospective homebuyers during the recent period 2020 to 2024, many household renters seeking to purchase a home during this period faced rising interest rates, a steep decline in available inventory of homes for sale and a consequent very significant increase in home prices. All three dynamics resulted in an intensifying shortage of housing units for sale within price ranges that were affordable for entry level new home buyers. To further complicate matters for prospective home buyers during the recent 2020 to 2024 period, there was only a modest uptick in new home construction in terms of both the volume of new units as well as homes at price points attainable for first time home buyers from within the region looking to buy a home they could afford.

As shown in Exhibit 1, the average annual growth rate of new housing units across Yellowstone County declined during the period 2000 to 2024 (from 1.2% annually during 2000 to 2020, edging down to 1.0% annually during the past four years, 2020 to 2024), despite the accelerating annual net increase in population during the past 14 year period (1,676 additional residents per year during 2010 to 2020 increasing to an average of 1825 new residents annually during the most recent four year period, 2020 to 2024). This shortfall in new housing unit construction is likely a significant contributor to rising home prices.

Approximately 75% of the county population increase during the decade 2010 to 2020 occurred within the City limits, though Billings's respective share of the of population growth within the county since 2020 declined to 65% because the rate of housing growth outside the Billings city limits increased at a relatively faster rate. Both the population growth rate and the housing growth rate decelerated within the Billings city limits from 1.2% (during 2010-2020 annually) to 1.0% (during 2020-2024 annually) and from 1.3% (during 2010 to 2020 annually) to 1.1% (during 2020-2024 annually), respectively.

Given the City of Billings' shrinking household size, from 2010 to 2024, combined with the more rapid deceleration in the annual residential unit growth rate (1.3% during 2010-2020, declining to 1.1% during 2020-2024 annually) relative to the deceleration in the population annual growth rate (1.2% during 2010-2020 declining to 1.0% during 2020 to 2024 annually), it was not surprising to observe that the housing vacancy rate tightened from 6.1% in 2020 to 5.5% by 2024.

In contrast, the Yellowstone County area outside of Billings' city limits experienced an acceleration in both the population growth rate (0.7% during 2010-2020 increasing to 1.1% during 2020 to 2024 annually) and the housing growth rate (0.9% during 2010-2020 increasing to 1.2% annually). Once again, given the faster acceleration in population growth (427 residents added annually from 2010 to 2020 increasing to 772 annually during 2020-2024) relative to the accelerating increase in housing unit production (163 units added annually during 2010-2020 increasing to only 243 units annually during 2020-2024) it was not surprising also to see the unit vacancy rate declining and the housing inventory tighten in ex-urban Yellowstone County over the last four years, 2020 to 2024.

One of the other distinguishing demographic characteristics of Yellowstone County outside the Billings city limits is this area's consistently larger average household size. Specifically, the average size of households outside the city limits is currently 3.67 (2024) versus an average of 2.28 household members currently among the housing units within the Billings city limits. This notable difference has remained essentially constant over the past 15 years. The average household size within Billings city limits was relatively level at 2.29 household members in 2010, while the average household size in Yellowstone County outside the City of Billings was also relatively level during the prior decade at 3.77 in 2010 as recorded by the census that same year.

Trends in Household Occupancy and Home Ownership

The ESRI household data in Exhibit 2 is broken out within the four geographic areas by bracketed age segments and occupancy status (i.e. rental versus owner-occupied residential status). The key trends (highlighted in yellow) are rather striking and clearly show that households in the Billings region typically transition from renting to owning a home during the progression of householder age from 24 to 44 years old.

Also notable is the magnitude of that significant transition even during the first 10 years (age 34 to 44) of that 20-year span in advancing householder age. The 20-24 age bracket home ownership rate in the Billings region typically falls within the relatively modest narrow range of 15-19%. The one exception is the Yellowstone County Region outside the Billings city limits where home ownership levels for the 20-24 age bracket have already reached 35%. Interestingly, the population growth rate in that 20-24 age bracket for Yellowstone County outside Billings city limits, according to ESRI projections, is forecasted to slow from its recent pace of 600 new householders during the recent period, 2020-2024, to a net increase of only 283 of new householders forecasted for the next four years, 2025-2029.

Also evident from the yellow-highlighted ESRI forecast data for the three overlapping regions: the City of Billings, Yellowstone County and the Billings MSA is the resurgent population increase in the 35 to 44 age bracket forecasted for the next four years (2025 to 2029). During the next four years (2025-2029), the City of Billings, according to the ESRI forecast, is expected to experience a surge of 768 householders in the 35-44 age bracket. This follows an already sizeable net increase of 1,423 new householders within that same age bracket during the past four years, 2020 to 2024. This forecasted population net increase in 35–44-year-old home buyers points to a potentially intensifying shortfall in new housing supply over the next four years. This shortfall is likely to intensify even further due to the growing magnitude of deferred home purchases tied to tight inventory, rising home prices and a precipitous increase in mortgage interest rates confronting householders of prime age to purchase a home that are reluctantly still renting.

It should also be noted that demand for new homes in ex-urban Yellowstone County outside Billings's city limits, according to the ESRI 2025-2029 forecast (also highlighted in yellow in Exhibit 2) appears likely to be robust on a sustained basis despite the region's already relatively high current levels of homeownership. This is primarily due to the forecasted net increase of 605 additional householders in the 25-34 age bracket, who are prime candidates to purchase homes over the next four years. Additional demand for new homes in this region is likely to intensify even further as a result of the local hospital merger currently underway in Billings, as well as other economic development-related job growth initiatives currently being promoted for the region.

Exhibit 2 data points to some other significant housing demand trends in the City of Billings over the next four years (2025-2029). According to the ESRI forecast for 2025 to 2029, the population of 20-24 and 25-34 age bracket householders is expected to decline precipitously over the next four years (2025-2029). Current pent-up demand among homebuyers who have been forced to defer their purchases may substantially offset that projected decline. This deferred home purchasing activity likely explains the lagging home ownership levels in the City of Billings of only 46% and 65% for the age brackets 25-34 and 35-44, respectively. Billings home ownership levels among these two prime age brackets are substantially lower than those found in the Yellowstone County area outside of the City of Billings. Specifically, as of 2020, this ex-urban area of Yellowstone County had already attained home ownership levels for these two age brackets of 64% and 78%, respectively.

Another very noticeable difference in portion of Yellowstone County outside the City of Billings, when compared with the three other overlapping regions within the Billings MSA, is its younger household population's early transition from renting to owning their homes. Specifically, 35% of the age 20 to 24 residents in this geographic area is already homeowners and this relatively higher level of home ownership continues through to the age 45 to 54 age bracket at which point the rate of ex-urban Yellowstone County homeownership plateaus in excess of 80%.

Household Income and Age Bracket Data

Exhibits 3A and 3B profile ESRI current (2024) and forecasted (2029) household income and age bracket data and compare it to average home values for the four respective regions (city, county, county excluding the city, and MSA). Average home value in the City of Billings is approximately $420,760; Yellowstone County is $440,500; and the Billings MSA is $448,580. The most populous household age bracket among all four geographic regions within the Billings MSA is age 35-44. That is expected to remain the case among three of the four geographic regions over the next 5 years through 2029. The one exception is the ex-urban portion of Yellowstone County that lies outside the Billings city limits where the age bracket 45-54 is forecasted to be the largest population age bracket as of 2029.

In the City of Billings the most prevalent income bracket among its residents below the age of 25 is $50,000 to 75,000, with 481 households falling within that income bracket. The older household population age brackets (e.g. 25-34; 35-44; and 45-54) have a greater proportion of their total population in the relatively high income bracket $100,000 - $150,000. In general, Yellowstone County and Billings MSA have a greater percentage of their population in higher age brackets as well as a higher percentage of their population in the higher income brackets than the City of Billings.

One of the more significant conclusions that can be drawn from the household income bracket data is the fact that given the substantial increase in the average price of a home in the region, combined with substantially higher interest rates that are still close to their 2024 peak, a large portion of the 20 to 45 year old residents in the Billings region do not have sufficient incomes to purchase their first home. In addition, most residents who currently own homes have little incentive to sell or trade up their homes until interest rates decline another 150 to 200 basis points. Consequently, inventory is expected to remain tight and homes effectively unaffordable for most buyers until significant interest reductions take place.

Profiles of the Region's Housing Stock, Housing Types & Duration of Occupancy Patterns

Exhibit 4A provides insight with respect to the construction timeline and relative levels of post-World War II housing construction activity in each of the four overlapping geographic areas of the Billings MSA. Less than 10% of the total housing stock located within each of these four overlapping regions was constructed prior to 1940. Housing unit construction volume in the eight decades since 1940 in the City of Billings ranged from a low of 2,860 units during the 1940s to a peak volume of new units delivered during the decade of the 1970s. Unit construction volume over the eight decades since 1940 has averaged roughly 5,950 units per decade. The unit volume of new residential construction in the City of Billings has consistently declined in each of the decades since 1970, except for the 1980's when unit construction volume decreased over 33% and then recovered in the 1990s.

The Yellowstone County area outside of the Billings city limits has experienced significant variations in housing unit construction volume throughout the past 80 years. The decade of peak unit construction activity occurred during the 1970s at 3,816 units during that decade. New unit construction volumes comparable to the 1970s occurred during the two consecutive decades from 2000 to 2020 during which more than 3,000 units were constructed in each of those two decades.

Exhibit 4B provides a profile of housing types for each of the four geographic areas within the Billings MSA. 64% of the housing units in the City of Billings are single family homes as compared to 66% for Yellowstone County, 70% in Yellowstone County outside of the Billings city limits, and 68% of the units of the Billings MSA overall. The largest percentage of multifamily units is located in 2–4-unit buildings. The next most common residential product type by unit volume across all four geographic regions is the townhouse which ranges from 2.7% of total units within the ex-urban area outside the Billings city limits to 7.1% of total units in the City of Billings. The percentage of units in 50+ unit buildings ranges from 1.3% in the ex-urban area of Yellowstone County to 4.2% of total units in the City of Billings. Mobile homes make up 10.1% of all residential units across the Billings MSA.

Exhibit 4C The City of Billings has 48,971 residential units, of which 32,453 (66%) are owner-occupied and 16.518 (34%) are rentals. The area of Yellowstone County outside the City of Billings city limits has 18,926 residential units, of which 14,757 (78%) are owner-occupied homes and 4,169 (22%) are rental units. The largest cohort of homeowner occupants in the City of Billings (11,157) acquired their homes during the seven-year period 2010 to 2017. The largest cohort of renters (6,733) started occupying their units during the short two-year period 2018 to 2020. The next largest cohort by time period of initial occupancy (6,497) is the seven-year period 2010 to 2017.

EXHIBIT 1

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 1 - Trends in Population and Residential Household Occupancy: 2010, 2020, & 2024

2010 - 2024 Time Series Analysis: Population, Household, Housing Unit and Housing Occupancy Data Broken Out By Regional Areas

City of Billings (CofB) [44.78 Sq. Mi. (A)]				Compounded Annual Growth Rates (B)		
	2010	2020	2024	2000-2020	2010-2020	2020-2024
Population	104,392	117,125	122,177	1.2%	1.2%	1.0%
Population Density (Pop./Sq.Mi.)	2269.4	2570.1	2681			
Avg. Household Size	2.29	2.30	2.28			
Households	44,037	49,433	52,050	1.3%	1.6%	1.2%
Housing Units	46,418	52,646	55,108	1.4%	1.3%	1.1%
Units Vacant	2,381	3,203	3,058	2.9%	3.0%	-1.1%
Unit Vacancy	5.1%	6.1%	5.5%			
Nominal Net Increase/Yr in Population					1,273	1,263
Nominal Net Increase/Yr in Housing Units					623	616
Nominal Net Increase/Yr in Households					540	654

Yellowstone County (YC) [2,633.3 Sq. Mi. (A)]				Compounded Annual Growth Rates (B)		
	2010	2020	2024	2000-2020	2010-2020	2020-2024
Population	147,972	164,731	172,032	1.2%	1.1%	1.0%
Population Density (Pop./Sq.Mi.)	56.2	62.6	65.3			
Avg. Household Size	2.38	2.38	2.36			
Households	60,672	67,578	71,148	1.4%	1.1%	1.2%
Housing Units	63,943	71,804	75,238	1.4%	1.2%	1.1%
Units Vacant	3,271	4,226	4,090	2.7%	2.6%	-0.8%
Unit Vacancy	5.1%	5.9%	5.4%			
Nominal Net Increase/Yr in Population					1,676	1,825
Nominal Net Increase/Yr in Housing Units					786	859
Nominal Net Increase/Yr in Households					691	893

Yellowstone County Area Outside Billings City Limits (YCAOBCL) [2,588.5 Sq. Mi.(A)]				Compounded Annual Growth Rates (B)		
	2010	2020	2024	2000-2020	2010-2020	2020-2024
Population	62,775	67,042	70,128		0.7%	1.1%
Population Density (C)	24.3	25.9	27.1			
Pctg. County Pop. Outside City of Billings	42%	41%	41%			
Avg. Household Size (D)	3.77	3.69	3.67			
Households	16,635	18,145	19,098		0.9%	1.3%
Housing Units	17,525	19,158	20,130		0.9%	1.2%
Units Vacant	890	1,023	1,032		1.4%	0.2%
Unit Vacancy	5.1%	5.3%	5.1%			
Pctg. County Units Outside City of Billings	27.4%	26.7%	26.8%			
Nominal Net Increase/Yr in Population					427	772
Nominal Net Increase/Yr in Housing Units					163	243
Nominal Net Increase/Yr in Households					151	238

Billings MSA (BMSA) [6,484 Sq. Mi. (A)]				Annual Growth Rate -Compounded (B)		
	2010	2020	2024	2000-2020	2010-2020	2020-2024
Population	167,167	184,167	192,305	1.1%	1.0%	1.0%
Population Density (Pop./Sq.Mi.)	25.8	28.4	29.7			
Avg. Household Size	2.37	2.37	2.35			
Households	69,039	76,049	80,024	1.2%	1.0%	1.2%
Housing Units	75,185	82,822	86,674	1.3%	1.0%	1.1%
Units Vacant	6,146	6,773	6,650	1.9%	1.0%	-0.4%
Unit Vacancy	8.2%	8.2%	7.7%			
Nominal Net Increase/Yr in Population					1,700	2,035
Nominal Net Increase/Yr in Housing Units					764	963
Nominal Net Increase/Yr in Households					701	994

Endnotes:
(A)Square mile area figures sourced from U.S. Census Bureau "Quick Facts" about the Billings region and from ESRI geographic data.
(B)Compounded annual growth rate over term, except for nominal data based simply on average annual increments of change.
(C)Population Density for this delineated region "derived" internally from tabular data as follows: Population/2,585.9 Sq. Mi.
(D)Average Household Size for this delineated region "derived" internally from tabular data as follows: Population/Households
Sources:
ESRI; U.S. Census Bureau, U.S. Census Bureau 2020 decenial Census Data

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 2 - Household Residential Occupancy: 2020, 2024 & 2029 (A)

2020, 2024 & 2029 Age Class Population Data By Region and By Occupancy Status (Rental vs.Owner-Occupied)

City of Billings (CofB)

	2020 Head of Household Population By Age Class					Population By Age Bracket			Forecast	Forecast
	Total	Rental	Owner	% Rental	% Owner	(Actual)	(Forecast)	(Forecast)	Net Incr.	Net Incr.
Age Bracket	Occupied	Occupied	Occupied	Occupied	Occupied	2020	2024	2029	2020-2024	2025-2029
20-24	2,594	2,200	394	85%	15%	7,597	7,895	7,949	298	54
25-34	8,554	4,953	3,601	58%	42%	17,168	17,388	16,727	220	(661)
35-44	8,370	3,367	5,003	40%	60%	15,253	16,676	17,444	1,423	768
45-54	7,223	2,474	4,749	34%	66%	12,372	13,295	14,809	923	1,514
55-64	8,950	2,585	6,365	29%	71%	14,656	13,704	12,729	(952)	(975)

Yellowstone County (YC)

	2020 Head of Household Population By Age Class					Age Class Population			Forecast	Forecast
	Total	Rental	Owner	% Rental	% Owner	Actual	Forecast	Forecast	Net Incr.	Net Incr.
Age Bracket	Occupied	Occupied	Occupied	Occupied	Occupied	2020	2024	2029	2020-2024	2025-2029
20-24	3,043	2,494	549	82%	18%	9,658	10,556	10,893	898	337
25-34	10,702	5,730	4,972	54%	46%	22,080	22,838	22,782	758	(56)
35-44	11,495	4,052	7,443	35%	65%	22,394	23,376	24,214	982	838
45-54	10,549	3,027	7,522	29%	71%	18,452	19,566	21,474	1,114	1,908
55-64	13,032	3,140	9,892	24%	76%	21,866	20,080	17,957	(1,786)	(2,123)

Yellowstone County Area Outside Billings City Limits (YCAOBCL)

	2020 Heads of Household Population By Age Class					Age Class Population			Forecast	Forecast
	Total	Rental	Owner	% Rental	% Owner	Actual	Forecast	Forecast	Net Incr.	Net Incr.
Age Bracket	Occupied	Occupied	Occupied	Occupied	Occupied	2020	2024	2029	2020-2024	2025-2029
20-24	449	294	155	65%	35%	2,061	2,661	2,944	600	283
25-34	2,148	777	1,371	36%	64%	4,912	5,450	6,055	538	605
35-44	3,125	685	2,440	22%	78%	7,141	6,700	6,770	(441)	70
45-54	3,326	553	2,773	17%	83%	6,080	6,271	6,665	191	394
55-64	4,082	555	3,527	14%	86%	7,210	6,376	5,228	(834)	(1,148)

Billings Metropolitan Statistical Area (BMSA)

	2020 Heads of Household Population By Age Class					Age Class Population			Forecast	Forecast
	Total	Rental	Owner	% Rental	% Owner	Actual	Forecast	Forecast	Net Incr.	Net Incr.
Age Bracket	Occupied	Occupied	Occupied	Occupied	Occupied	2020	2024	2029	2020-2024	2025-2029
20-24	3,216	2,604	612	81%	19%	10,280	11,394	11,765	1,114	371
25-34	11,469	6,062	5,407	53%	47%	23,732	24,465	24,553	733	88
35-44	12,629	4,391	8,238	35%	65%	23,613	25,719	26,563	2,106	844
45-54	11,869	3,300	8,569	28%	72%	20,789	22,016	24,064	1,227	2,048
55-64	15,094	3,475	11,619	23%	77%	25,397	23,212	21,870	(2,185)	(1,342)

(A) Sources: ESRI forecasts for 2024 and 2029; U.S. Census Bureau 2020 decennial Census Data

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 3A

2024 Forecast Avg. Home Val.($) for Areas Listed Below:			
CofB	YC	YCAOBCL	BMSA
$ 420,759	$ 440,504	N/A	$ 448,582

City of Billings (CofB)

Age Bracket of Householders		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
2024 Total Households By Bracket		2,488		8,757		9,153		7,718		23,934	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	258	10.4%	438	5.0%	333	3.6%	279	3.6%	1,531	6.4%
	$15.0 - $24.9	201	8.1%	361	4.1%	270	2.9%	222	2.9%	2,023	8.5%
	$25.0 - $34.9	307	12.3%	678	7.7%	404	4.4%	314	4.1%	2,228	9.3%
	$35.0 - $44.9	407	16.4%	1,014	11.6%	666	7.3%	652	8.4%	3,516	14.7%
	$50.0 - $74.9	475	19.1%	1,455	16.6%	1,101	12.0%	963	12.5%	3,496	14.6%
	$75.0 - $99.0	424	17.0%	1,646	18.8%	1,727	18.9%	1,398	18.1%	4,097	17.1%
	$100.0 - $149	323	13.0%	1,961	22.4%	2,534	27.7%	1,971	25.5%	3,475	14.5%
	$150.0 - $199	53	2.1%	601	6.9%	879	9.6%	835	10.8%	1,674	7.0%
	$200.0+	40	1.6%	603	6.9%	1,239	13.5%	1,084	14.0%	1,894	7.9%

Yellowstone County (YC)

Age Bracket of Householders		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
2024 Total Households By Bracket		3,066		11,183		12,599		11,155		33,145	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	297	9.7%	508	4.5%	404	3.2%	344	3.1%	2,029	6.1%
	$15.0 - $24.9	243	7.9%	450	4.0%	356	2.8%	308	2.8%	2,679	8.1%
	$25.0 - $34.9	375	12.2%	842	7.5%	546	4.3%	431	3.9%	3,079	9.3%
	$35.0 - $44.9	472	15.4%	1,166	10.4%	815	6.5%	809	7.3%	4,539	13.7%
	$50.0 - $74.9	580	18.9%	1,766	15.8%	1,484	11.8%	1,308	11.7%	4,768	14.4%
	$75.0 - $99.0	559	18.2%	2,156	19.3%	2,387	18.9%	2,048	18.4%	5,786	17.5%
	$100.0 - $149	414	13.5%	2,633	23.5%	3,516	27.9%	3,056	27.4%	5,269	15.9%
	$150.0 - $199	76	2.5%	817	7.3%	1,269	10.1%	1,239	11.1%	2,368	7.1%
	$200.0+	50	1.6%	845	7.6%	1,822	14.5%	1,612	14.5%	2,628	7.9%

Yellowstone County Area Outside Billings City Limits (YCAOBCL)

Age Bracket of Householders		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
2024 Total Households By Bracket		578		2,426		3,446		3,437		9,211	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	39	6.7%	70	2.9%	71	2.1%	65	1.9%	498	5.4%
	$15.0 - $24.9	42	7.3%	89	3.7%	86	2.5%	86	2.5%	656	7.1%
	$25.0 - $34.9	68	11.8%	164	6.8%	142	4.1%	117	3.4%	851	9.2%
	$35.0 - $44.9	65	11.2%	152	6.3%	149	4.3%	157	4.6%	1,023	11.1%
	$50.0 - $74.9	105	18.2%	311	12.8%	383	11.1%	345	10.0%	1,272	13.8%
	$75.0 - $99.0	135	23.4%	510	21.0%	660	19.2%	650	18.9%	1,689	18.3%
	$100.0 - $149	91	15.7%	672	27.7%	982	28.5%	1,085	31.6%	1,794	19.5%
	$150.0 - $199	23	4.0%	216	8.9%	390	11.3%	404	11.8%	694	7.5%
	$200.0+	10	1.7%	242	10.0%	583	16.9%	528	15.4%	734	8.0%

Billings Metropolitan Statistical Area (BMSA)

Age Bracket of Householders		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
2024 Total Households By Bracket		3,262		11,938		13,796		12,538		38,490	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	317	9.7%	545	4.6%	443	3.2%	408	3.3%	2,402	6.2%
	$15.0 - $24.9	262	8.0%	486	4.1%	417	3.0%	356	2.8%	3,216	8.4%
	$25.0 - $34.9	396	12.1%	908	7.6%	587	4.3%	491	3.9%	1,975	5.1%
	$35.0 - $44.9	504	15.5%	1,222	10.2%	881	6.4%	897	7.2%	5,225	13.6%
	$50.0 - $74.9	622	19.1%	1,899	15.9%	1,663	12.1%	1,519	12.1%	19,661	51.1%
	$75.0 - $99.0	589	18.1%	2,304	19.3%	2,637	19.1%	2,288	18.2%	6,675	17.3%
	$100.0 - $149	435	13.3%	2,783	23.3%	3,794	27.5%	3,398	27.1%	5,963	15.5%
	$150.0 - $199	83	2.5%	891	7.5%	1,409	10.2%	1,428	11.4%	2,772	7.2%
	$200.0+	54	1.7%	900	7.5%	1,965	14.2%	1,753	14.0%	3,023	7.9%

(A) Sources: ESRI Forecasts for 2024 & 2029; U.S. Census Bureau 2000 & 2010 decennial Census data converted by ESRI in 2020 geeography.

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 3B - 2029 Household Income By Region and Age Segment (A)

2029 Forecast Avg. Home Val.($) for Areas Below:			
CofB	YC	YCAOBCL	BMSA
$ 420,759	$ 440,504	N/A	$ 448,582

City of Billings (CofB)

2029 Total Households By Bracket		2,438		8,347		9,578		8,569		25,347	
Age Bracket of Householder		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	217	8.9%	277	3.3%	246	2.6%	217	2.5%	1,270	5.0%
	$15.0 - $24.9	125	5.1%	206	2.5%	154	1.6%	147	1.7%	1,446	5.7%
	$25.0 - $34.9	259	10.6%	478	5.7%	311	3.2%	251	2.9%	1,935	7.6%
	$35.0 - $44.9	367	15.1%	805	9.6%	571	6.0%	591	6.9%	3,458	13.6%
	$50.0 - $74.9	448	18.4%	1,154	13.8%	942	9.8%	832	9.7%	3,424	13.5%
	$75.0 - $99.0	481	19.7%	1,635	19.6%	1,812	18.9%	1,511	17.6%	4,603	18.2%
	$100.0 - $149	421	17.3%	2,253	27.0%	2,932	30.6%	2,470	28.8%	3,607	14.2%
	$150.0 - $199	78	3.2%	790	9.5%	1,141	11.9%	1,149	13.4%	2,424	9.6%
	$200.0+	42	1.7%	749	9.0%	1,469	15.3%	1,401	16.3%	2,480	9.8%

Yellowstone County (YC)

2029 Total Households By Bracket		3,016		11,030		12,999		12,176		35,313	
Age Bracket of Householder		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	254	8.4%	334	3.0%	296	2.3%	265	2.2%	1,640	4.6%
	$15.0 - $24.9	151	5.0%	259	2.3%	196	1.5%	194	1.6%	1,899	5.4%
	$25.0 - $34.9	302	10.0%	600	5.4%	405	3.1%	321	2.6%	2,628	7.4%
	$35.0 - $44.9	424	14.1%	956	8.7%	688	5.3%	723	5.9%	4,422	12.5%
	$50.0 - $74.9	539	17.9%	1,435	13.0%	1,217	9.4%	10,898	89.5%	4,637	13.1%
	$75.0 - $99.0	626	20.8%	2,155	19.5%	2,414	18.6%	2,098	17.2%	6,441	18.2%
	$100.0 - $149	545	18.1%	3,078	27.9%	3,983	30.6%	3,648	30.0%	6,564	18.6%
	$150.0 - $199	115	3.8%	1,123	10.2%	1,633	12.6%	1,734	14.2%	3,550	10.1%
	$200.0+	60	2.0%	1,090	9.9%	2,167	16.7%	2,104	17.3%	3,532	10.0%

Yellowstone County Area Outside Billings City Limits (YCAOBC)

2029 Total Households By Bracket		578		2,683		3,421		3,607		9,966	
Age Bracket of Householder		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	37	6.4%	57	2.1%	50	1.5%	48	1.3%	370	3.7%
	$15.0 - $24.9	26	4.5%	53	2.0%	42	1.2%	47	1.3%	453	4.5%
	$25.0 - $34.9	43	7.4%	122	4.5%	94	2.7%	70	1.9%	693	7.0%
	$35.0 - $44.9	57	9.9%	151	5.6%	117	3.4%	132	3.7%	964	9.7%
	$50.0 - $74.9	91	15.7%	281	10.5%	275	8.0%	10,066	279.1%	1,213	12.2%
	$75.0 - $99.0	145	25.1%	520	19.4%	602	17.6%	587	16.3%	1,838	18.4%
	$100.0 - $149	124	21.5%	825	30.7%	1,051	30.7%	1,178	32.7%	2,957	29.7%
	$150.0 - $199	37	6.4%	333	12.4%	492	14.4%	585	16.2%	1,126	11.3%
	$200.0+	18	3.1%	341	12.7%	698	20.4%	703	19.5%	1,052	10.6%

Billings Metropolitan Statistical Area (BMSA)

2029 Total Households By Bracket		3,203		11,851		14,173		13,621		40,883	
Age Bracket of Householder		Age: < 25		Age: 25-34		Age: 35-44		Age: 45-54		Age: 55+	
		Number	% Total	Number	% Total	Number	% Total	Number	% Total	Number	% Total
Income Bracket (000):	< $15.0	271	8.5%	362	3.1%	322	2.3%	315	2.3%	1,941	4.7%
	$15.0 - $24.9	164	5.1%	279	2.4%	234	1.7%	222	1.6%	2,272	5.6%
	$25.0 - $34.9	320	10.0%	653	5.5%	436	3.1%	366	2.7%	3,032	7.4%
	$35.0 - $44.9	451	14.1%	1,015	8.6%	745	5.3%	793	5.8%	5,077	12.4%
	$50.0 - $74.9	579	18.1%	1,557	13.1%	1,351	9.5%	1,265	9.3%	5,500	13.5%
	$75.0 - $99.0	657	20.5%	2,320	19.6%	2,653	18.7%	2,341	17.2%	7,434	18.2%
	$100.0 - $149	570	17.8%	3,273	27.6%	4,285	30.2%	4,045	29.7%	7,430	18.2%
	$150.0 - $199	125	3.9%	1,227	10.4%	1,809	12.8%	1,986	14.6%	4,151	10.2%
	$200.0+	66	2.1%	1,165	9.8%	2,338	16.5%	2,288	16.8%	4,046	9.9%

(A) Sources: ESRI Forecasts for 2024 & 2029; U.S. Census Bureau 2000 & 2010 decennial Census data converted by ESRI in 2020 geography.

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 4A - Housing Units Across the Region By Year Structure Built
Exhibit 4B - Unit Count by Type of Residence: Single Family vs Multifamily Types
Exhibit 4C - Occupied Units Across Region By Year Household Moved Into Unit

Area Within MSA Region	City of Billings		Yellowstone County		County Outside Billings		Billings MSA	
Total Housing Units By Region	52,357		72,252		19,895		83,308	
Exhibit 4A:								
Units by Year Unit Buit	Units (#)	Units (%)	Units (#)	Units (%)	Units (#)	Units (%)	Units (#)	Units (%)
2020 or Later	567	1.1%	1,066	1.5%	499	2.5%	1,142	1.4%
2010 to 2019	5,568	10.6%	8,631	11.9%	3,063	15.4%	9,531	11.4%
2000 to 2009	6,078	11.6%	9,486	13.1%	3,408	17.1%	11,241	13.5%
1990 to 1999	6,663	12.7%	9,608	13.3%	2,945	14.8%	11,106	13.3%
1980 to 1989	5,866	11.2%	8,180	11.3%	2,314	11.6%	9,542	11.5%
1970 to 1979	8,962	17.1%	12,778	17.7%	3,816	19.2%	14,421	17.3%
1960 to 1969	4,555	8.7%	5,395	7.5%	840	4.2%	6,106	7.3%
1950 to 1959	7,058	13.5%	8,163	11.3%	1,105	5.6%	8,819	10.6%
1940 to 1949	2,860	5.5%	3,241	4.5%	381	1.9%	3,715	4.5%
Pre-1940	4,181	8.0%	5,704	7.9%	1,523	7.7%	7,685	9.2%
Units By Type of Residence								
Exhibit 4B:								
Detached - Single Family	**33,379**	**64%**	**47,374**	**66%**	**13,995**	**70%**	**56,454**	**68%**
Attached	**15,571**	**30%**	**17,481**	**24%**	**1,910**	**10%**	**20,317**	**24%**
Townhouses	3,700	7.1%	4,246	5.9%	546	2.7%	4,496	5.4%
2 - 4 Units	4,703	9.0%	5,261	7.3%	558	2.8%	5,575	6.7%
5 - 9 Units	1,939	3.7%	2,272	3.1%	333	1.7%	4,447	5.3%
10 - 19 Units	1,744	3.3%	1,863	2.6%	119	0.6%	1,869	2.2%
20 - 49 Units	1,262	2.4%	1,350	1.9%	88	0.4%	1,426	1.7%
50 + Units	2,223	4.2%	2,489	3.4%	266	1.3%	2,504	3.0%
Other	**3,409**	**7%**	**7,397**	**10%**	**3,988**	**20%**	**8,537**	**10%**
Mobile Homes	3,387	6.5%	7,330	10.1%	3,943	19.8%	8,454	10.1%
Boat, RV, Van	22	0.0%	67	0.1%	45	0.2%	83	0.1%

Area Within MSA Region	City of Billings		Yellowstone County		County Outside Billings		Billings MSA	
Total Occupied Units By Region	48,971		67,897		18,926		76,348	
Exhibit 4C:								
Units By Year Household Moved In								
Owner Occup. - Yr. Moved In	**32,453**	**66%**	**47,210**	**70%**	**14,757**	**78%**	**53,824**	**70%**
2021 or Later	960	2.0%	1,500	2.2%	540	2.9%	1,640	2.1%
2018 - 2020	4,781	9.8%	6,805	10.0%	2,024	10.7%	7,615	10.0%
2010 - 2017	11,157	22.8%	15,365	22.6%	4,208	22.2%	17,483	22.9%
2000 - 2009	7,165	14.6%	10,985	16.2%	3,820	20.2%	12,685	16.6%
1990 - 1999	4,270	8.7%	6,471	9.5%	2,201	11.6%	7,509	9.8%
Year < 1990	4,120	8.4%	6,084	9.0%	1,964	10.4%	6,892	9.0%
Renter Occupied - Yr. Moved In	**16,518**	**34%**	**20,687**	**30%**	**4,169**	**22%**	**22,524**	**30%**
2021 or Later	1,755	3.6%	2,287	3.4%	532	2.8%	2,350	3.1%
2018 - 2020	6,733	13.7%	8,227	12.1%	1,494	7.9%	8,840	11.6%
2010 - 2017	6,497	13.3%	8,036	11.8%	1,539	8.1%	8,752	11.5%
2000 - 2009	1,132	2.3%	1,640	2.4%	508	2.7%	1,951	2.6%
1990 - 1999	272	0.6%	326	0.5%	54	0.3%	370	0.5%
Year < 1990	129	0.3%	171	0.3%	42	0.2%	261	0.3%

Source: U.S. Census Bureau, 2018-2022 American Community Survey

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 4 -Mortgage Rates in Billings, MT (as of October 10, 2024)

30 Year Fixed	6.46%
15 Year Fixed	5.96%
5 Year Adjustable-Rate Mortgage (ARM)	7.67%

The CRE Consulting Corps - Billings, MT
Accelerating Production of Attainable Housing
Exhibit 5 - Minimum Income Required To Finance Purchase an Average Priced Home in Billings, MT Region

Billings, Montana

Maps of Geographic Areas Associated with Demographic Analysis

Map #1 – City of Billings

Map #2 – Yellowstone County

Map #3 – Billings MSA

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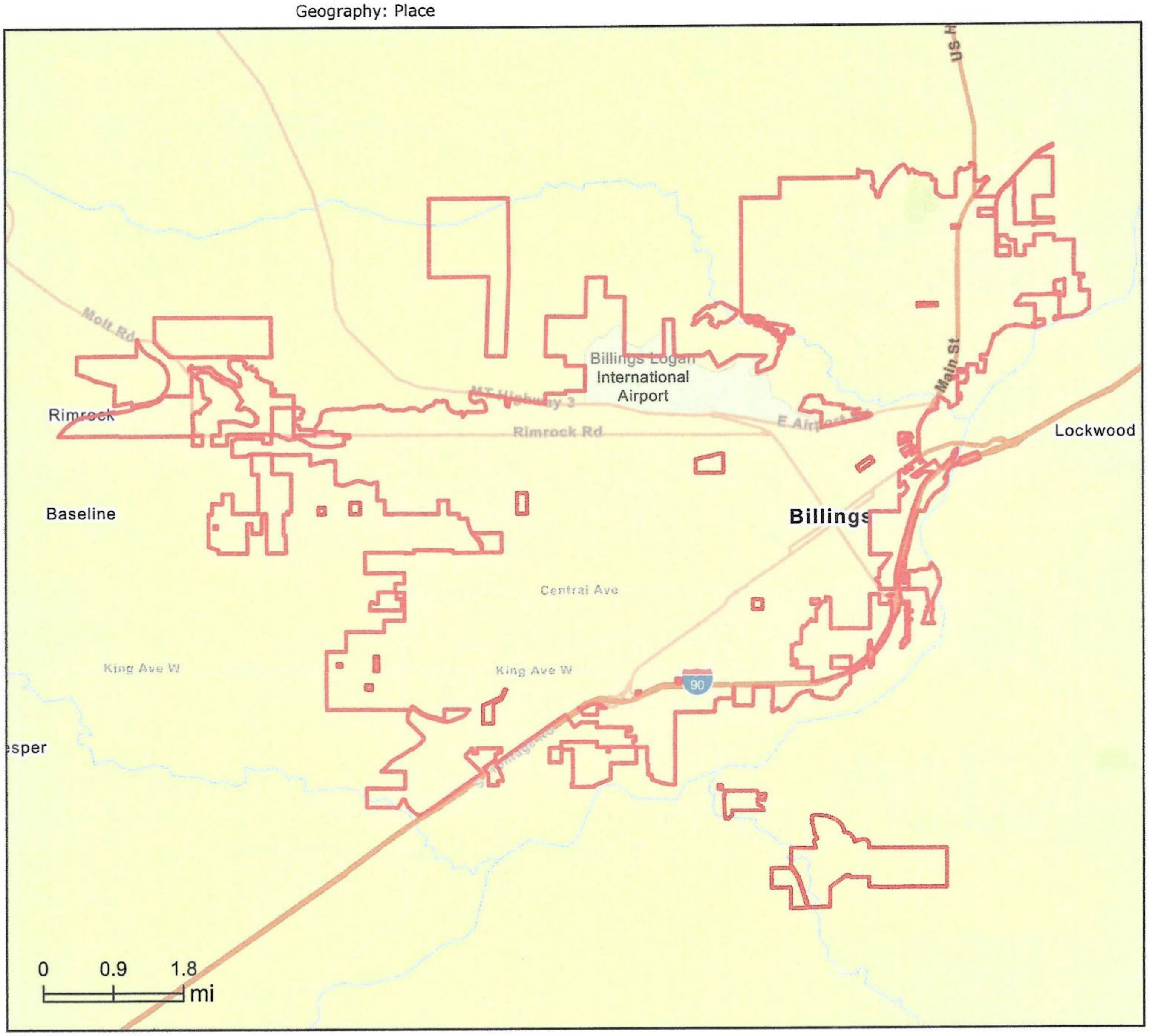
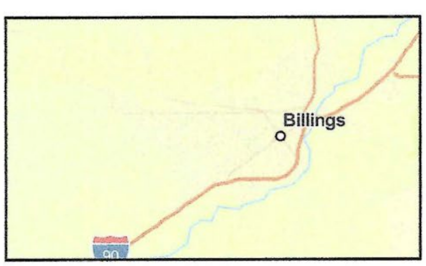
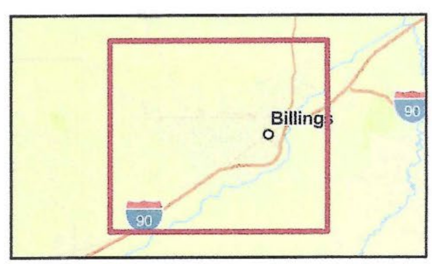
Site Map

Billings city, MT (3006550)
Billings city, MT (3006550)
Geography: Place







October 07, 2024

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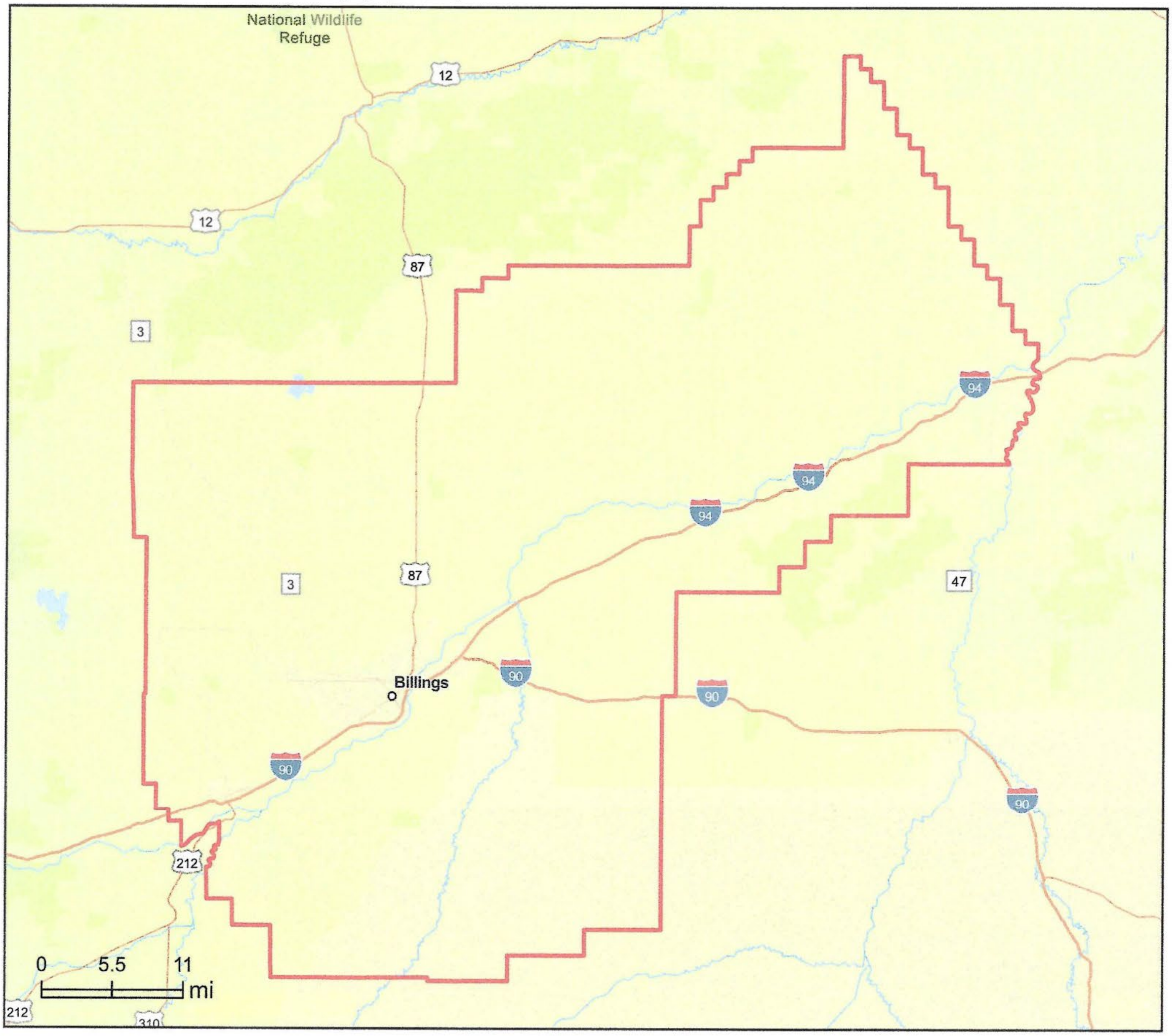
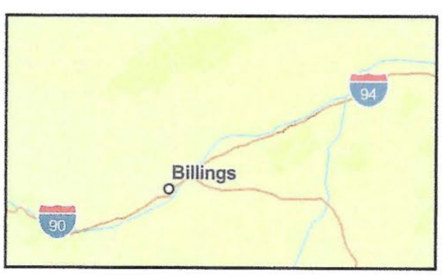
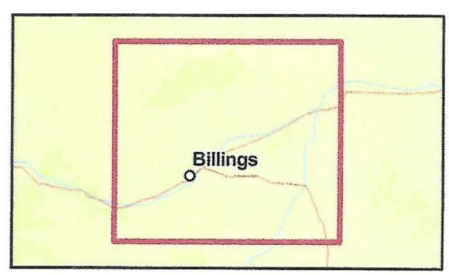
Site Map

Yellowstone County, MT (30111)
Yellowstone County, MT (30111)
Geography: County





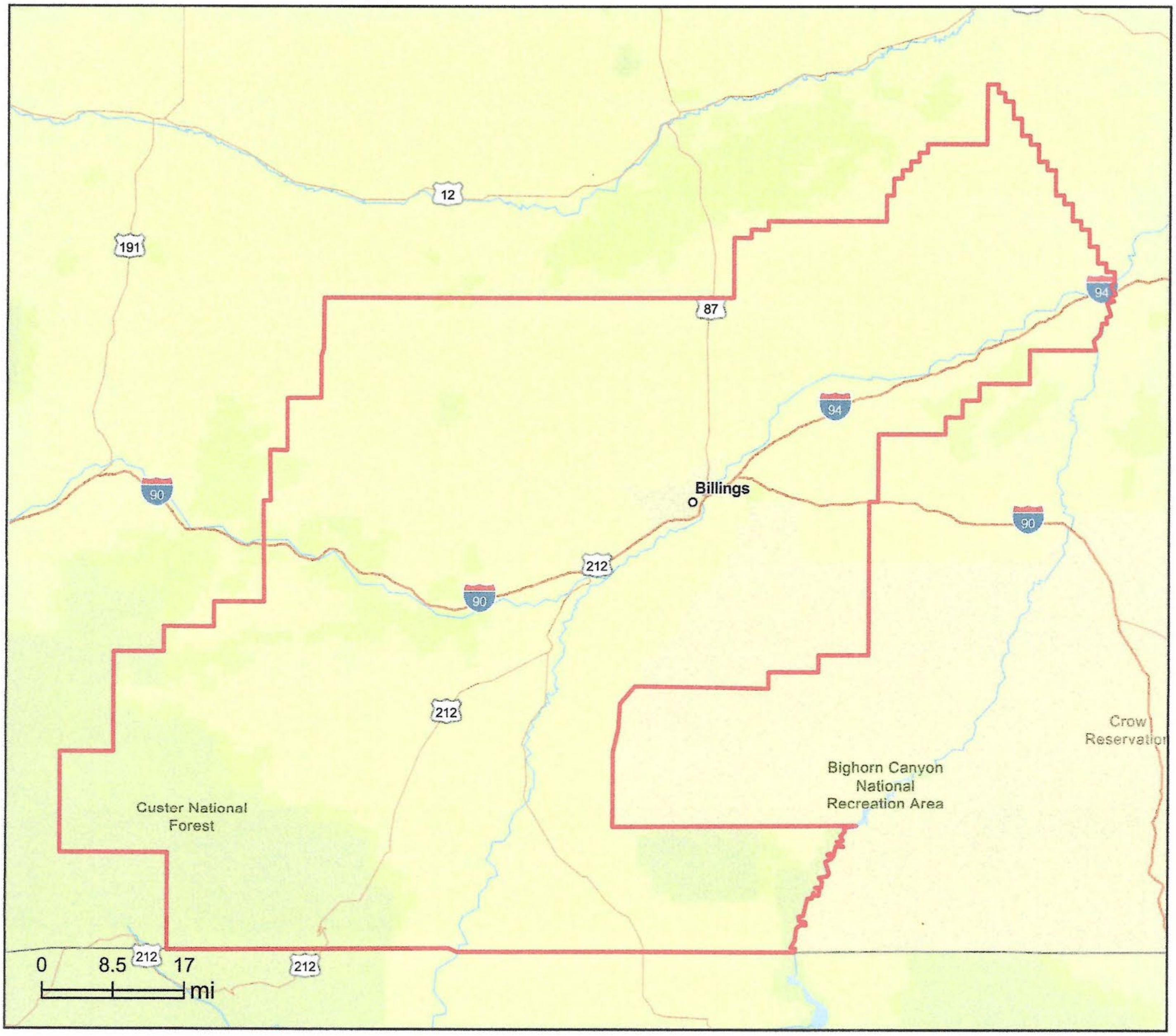


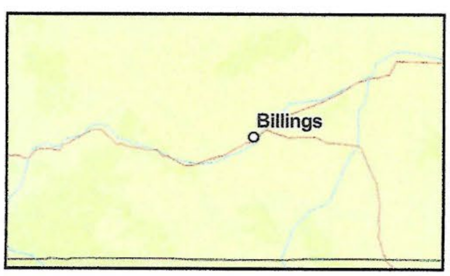
October 07, 2024

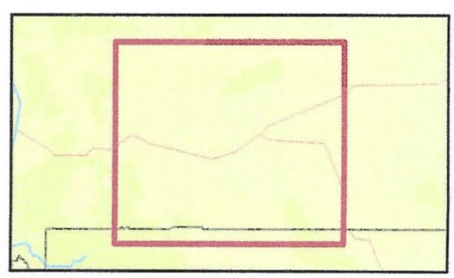
CRE® THE COUNSELORS OF REAL ESTATE®

Site Map

Billings, MT Metropolitan Statistical Area (13740)
Billings, MT Metropolitan Statistical Area (13740)
Geography: CBSA







September 21, 2024

Appendix II – Publicly Driven Housing Development Examples

Publicly Driven Development and Ownership: A Scan of Models in the U.S. and Abroad: Interim Report Phase 1 (June 2024)
NYUFurman_PubliclyDrivenDevelopment_InterimReport_6-20-24.pdf (rihousing.com)

This report was commissioned by the State of Rhode Island and the Rhode Island Housing and Mortgage Finance Corporation (RIHousing) and was completed in consultation with the Rhode Island Department of Housing and RIHousing. The report responds to a specific set of questions and is part of a larger study whose second phase will be completed in August 2024.

This report examines models of publicly driven development and ownership. The below case studies (from pages 25-27) were selected for their relevance to Billings.

Dakota County, Minnesota

The Dakota County Community Development Agency (CDA) was created in 1971 as an independent legal entity and is now a recognized and respected affordable housing developer in the communities it serves. During the first 20 years of the CDA's senior housing program, the Dakota County Board, which is elected, appointed the CDA's Board of Directors. In approximately 2010, however, members of the County's board appointed themselves to serve as the CDA's board. This has the effect of holding the CDA directly accountable to county residents for high-quality development and fiscal responsibility.

When planning a new development, the CDA's typical practice is to look for underused sites in the county. Occasionally these sites are publicly owned, but that is not the norm. They work closely with municipalities within Dakota County to identify ideal sites, especially redevelopment opportunities. The CDA has two distinct housing programs: publicly owned senior housing and workforce housing (typically townhomes for families with children). All of the CDA's projects have an affordability component. Its workforce housing utilizes LIHTC and sets affordability levels accordingly, while the senior housing program targets households with incomes at or below 80 percent of AMI.

The CDA's senior housing program constitutes true public development and ownership according to our definition. Minnesota state statute allows the CDA to issue tax-exempt "essential function" bonds, which are credit enhanced with a general obligations pledge from Dakota County, to finance new senior housing developments. Each new bond issuance is amended to join one, large common bond, which allows the CDA to pool revenue from across its developments to service the debt.[1] Aggregating all operating revenue and costs also allows the CDA to spread out the cost of any major repairs such as new roofs, windows, and siding – something that is increasingly important as its earlier projects turn thirty and forty years old. Importantly, in addition to its rent revenue, the CDA relies on a special property tax levy authorized by the Minnesota legislature in 1999 to help service its bond debt.[2] This allows Dakota County's backing of the bonds to remain strictly a credit enhancement; it does not use its own tax receipts to service the bond.

Typically, the CDA begins construction on a new senior housing development immediately after floating a new bond, without the need for separate construction loans. The CDA generally hires a general contractor through a public bidding process (it does not negotiate) and simply draws down the funds needed to make each month's construction payment. The agency pays a sales tax on the construction contract but can obtain a rebate on construction materials from the state at the end of construction. Another important aspect of the development package is that the CDA is exempted from property taxes (though it does pay a PILOT in order to help pay for public services for their affordable senior projects). The CDA chooses to pay prevailing wages for the construction of all its senior housing developments, even though they are typically not using any federal financing that triggers Davis Bacon laws.

The common bond structure serves as a safety net across the properties and underlines the advantage of building up a larger portfolio. Today, the CDA owns and operates more than 1,700 senior units in nearly 30 properties. The ability to issue the tax-exempt bonds to fund development is reflected in the rent structure. Initially, the CDA set a minimum and maximum rent for each building and residents paid 30 percent of their income towards rent within that range. More recently (for the newest 10-12 buildings), the agency has transitioned to a flat rent structure. Because most of its projects are small (the CDA now aims for ~65-unit buildings), cross-subsidization is less feasible, and the agency has not pursued a mixed-income approach to date.

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[1] Dakota County Community Development Agency (CDA). Senior Housing Development Program. Presentation. Shared with the research team via private email.

[2] Office of the Revisor of Statutes. 1999. Chapter 238, S.F. no 1876. Minnesota Legislature. https://www.revisor.mn.gov/laws/1999/0/248/#laws.0.3.0

CDA senior housing is high quality, but the agency has deliberately chosen not to include expensive amenities such as dishwashers, in-unit washers and dryers, and common areas in order to maximize affordability for its residents. This has not appeared to deter interest in the developments. The CDA has the freedom to make this choice, as well as greater flexibility with rent structures, because the essential function bond and county-level tax levy come with few strings attached compared to using LIHTC. The CDA also has its own maintenance staff and conducts all property management in-house.

Idaho

The Idaho Housing Finance Association (IHFA) is the state's self-sufficient housing finance agency, operating much like a nonprofit. Its core responsibilities include administering housing tax credits and overseeing the state's HUD-insured developments. In 1992, in response to the underutilization of LIHTC in the state, the IHFA created The Housing Company (THC) to be a 501(c)(3) nonprofit development and property management organization. THC's Board of Directors consists of 50 percent independent members and 50 percent IHFA-appointees—a structure that HUD accepted. As a nonprofit developer that uses LIHTC, THC does not meet our criteria for public development and ownership. Nevertheless, its public mission and relationship with IHFA makes it relevant for this report.

THC typically coordinates with municipalities to identify new development opportunities, sometimes drawing on the considerable surplus of public land throughout the state. Alternatively, sometimes land is donated to THC, although this occurs less frequently. In terms of financing, THC acts much like a typical affordable housing developer. It commonly relies on LIHTC – both the 4 percent and 9 percent credits. THC projects also use CDBG funding when it is available. THC has used HOME funding for several of its rural projects which are usually smaller in size, from six to 15 units per project. THC also sometimes receives philanthropic donations to subsidize its developments, including for single-family homes with deed restrictions to ensure long-term affordability or with a shared-equity model. In recent years, THC successfully accessed $50 million of ARPA funds, used in combination with 4 percent credits, to create approximately 1,200 workforce units. This is a model that THC would like to replicate with future funds from the state.

THC manages, and to some extent owns, all of its properties. With tax credit projects, the investor LLC holds majority ownership in the project while THC only owns a small stake, but THC includes a provision that passes full ownership to the organization after the compliance period. By serving as a property manager, THC can and does exercise the option to raise rents more slowly than the market would merit, thereby keeping units as affordable as possible. All of THC's projects have some affordability component, and they typically establish a preference for voucher holders.

THC is now recognized for its long history as a successful developer. This reputation, combined with the rules established to clearly distinguish THC from IHFA and the straightforward and transparent nature of the state's QAP, is key in protecting THC from a perception of a conflict of interest due to its relationship to IHFA. Experts in Idaho expect that this model may be hard to replicate today because developers may view a similar entity as a competitor with an unfair advantage for receiving tax credits.

Appendix III – Resources

Montana Governor's Housing Task Force Draft Final Report (June 11, 2024)

https://deq.mt.gov/files/About/Housing/HTF_Draft%20Final%20Report_2024.pdf

Housing Supply Accelerator Playbook https://www.planning.org/housing-supply-accelerator/

A partnership between the American Planning Association (APA) and the National League of Cities (NLC), the **Housing Supply Accelerator** is a national campaign to improve local capacity, identify critical solutions, and speed reforms that enable communities and developers to work together to produce, preserve and provide a diverse range of quality housing by realigning the efforts of public and private stakeholders in the housing sector to meet housing needs at the local level.

Missing Middle Handbook: Thinking Big and Building Small to Respond to Today's Housing Crisis by Daniel Parolek, 2020.

- https://islandpress.org/books/missing-middle-housing#events:~:text=Missing%20Middle%20Housing,Daniel%20G.%20Parolek
- Provides great examples of various types of housing in between the single family detached house and typical apartment building
- www.missingmiddlehousing.com

Knoxville, TN, Middle Housing Plan

NeighborWorks Montana

NeighborWorks Montana strengthens communities by providing education and financing that gives every Montanan the opportunity to live in a home where they can thrive. Through a network of HUD-approved counseling agencies we provide housing education and counseling across Montana. Our lending products are tailored to make homeownership affordable for individual homebuyers, while also offering financing for affordable housing developers. We also help homeowners purchase and successfully manage their mobile home parks through our Resident Owned Community program. NeighborWorks Montana is funded in part by the Montana Board of Housing, which provides a special pool of funds for first and second mortgages and funding for homebuyer education and housing counseling. Other funding includes Fannie Mae, U.S. Department of Housing and Urban Development (HUD), Rural Development and NeighborWorks America and individual donations. The legal name of NeighborWorks Montana is the Montana Homeownership Network, Inc.

Website https://www.nwmt.org/

Phone 406-604-4540

Industry Individual and Family Services

Company size 11-50 employees

Headquarters Great Falls, Montana

Founded 1998

Specialties

Homebuyer Education, Homeownership Planning, Financial Counseling, Pre-purchase Counseling, Lending Products, Down Payment Assistance, Closing Cost Assistance, Resident Owned Community Program, and Redevelopment & Acquisition Funding

Appendix IV – Community Land Trust Resources

Grounded Solutions Network – a national nonprofit membership organization. Members include community land trusts and other organizations dedicated to housing affordability. Grounded Solutions Network provides training, technical assistance, program design, and other resources, including a community land trust manual.

Balancing Durable Affordability and Wealth Creation: Responding to Concerns about Shared Equity Homeownership. Prepared for the Annie E. Casey Foundation by the Center for Housing Policy. Rick Jacobus and Ryan Sherriff. June 2009

Fannie Mae Community Land Trust Frequently Asked Questions

Freddie Mac Community Land Trust Mortgages

The 2022 Census of Community Land Trusts and Shared Equity Entities in the United States: Prevalence, Practice and Impact Working Paper WP23RW1 by Lincoln Land Institute

Community Land Trusts: A Guide for Local Governments - report from the National League of Cities and Grounded Solutions Network

Appendix V - Resources Available to REALTOR® Associations

NAR has several resources available to state and local REALTOR® associations through the REALTOR® Party that might be useful in keeping the momentum going once the Counselors of Real Estate's Consulting Corps final report is received. The goal of these resources is to enable REALTORS® to strengthen ties with their community, to develop relationships with public officials, and to spur economic growth and development.

- Smart Growth Grants. Smart Growth Grants support state and local REALTOR® Associations' efforts to advance programs, policies and initiatives aligned with one or more of the 10 Smart Growth Principles. Applications generally open in January, running until commitment levels reach 100%.
- Housing Opportunity Grants. Housing Opportunity Grants support state and local REALTOR® Associations' activities that create or improve systems, programs, and policies that expand access to housing that is affordable. The goal of the program is to position REALTORS® as leaders in improving their communities by creating affordable housing opportunities. Applications generally open in January, running until commitment levels reach 100%.
- Placemaking Grants. Placemaking Grants fund state and local REALTOR® association led projects that create new, outdoor public spaces and destinations in a community on unused or underused sites and create new public gathering places. Support for benches, playground equipment, and signs within existing public spaces is permitted. Applications generally open in January, running until commitment levels reach 100%.
- Growth Polling on land use and transportation issues. The State and Local Growth Polling program offers REALTOR® Associations the opportunity to conduct polling on growth-related issues in their areas. The program connects state and local associations to NAR's public opinion firm to perform a survey on the opinions of the local or state residents concerning land use and transportation issues. The surveys, generally of 400 registered voters living in the defined area, can be used as a powerful tool to focus the opinions of your community for local and state government officials. Other resources may be used to boost the number of respondents by 300 for a total of 700.

Appendix VI - Acknowledgements

We thank the National Association of REALTORS® for their support of the CRE Consulting Corps through the Transforming Neighborhoods program, and tremendous gratitude to Steve Simonson and the Billings Association of REALTORS® for the warm welcome and open and frank discussions. The CRE Consulting Corps team was privileged to talk to a wide variety of stakeholders while onsite in Billings. Some of those people are listed below, and we thank them for their time.

- Steve Arveschoug, Big Sky Economic Development Authority
- Mike Boyett, City Council
- Beki Brandborg, GL Properties
- Rep. Tony Brockman, Montana Legislature
- Dan Brooks, Chamber of Commerce
- Bo Bruinsma, Billings Public Schools
- Mehmet Casey, Downtown Billings Association
- Cheryl Cohen, Montana Department of Commerce
- Bill Cole, City of Billings
- Dawn Conklin, Trust Montana
- Dennis Cook, Yellowstone County
- Nicole Cromwell, Billings-Yellowstone County
- Spencer Frederick, Stockman Bank
- Wyeth Friday, City/County Planning
- Dr. Erwin Garcia, Superintendent, Billings Public Schools
- Maria Gnecco, Billings Clinic
- Dave Goodridge, Good Ridge Real Estate
- Paul Green, Montana Department of Commerce
- Chris Hertz, City of Billings
- Jack Jennaway, Chamber of Commerce
- Don Jones, Yellowstone County
- Chris Kukulski, City of Billings
- Bob Leach, Real Estate Services
- Dianne Lehm, Big Sky Economic Development Association
- Tom Llewellyn, Midland Empire Land Trust/Realtor
- Rodrigo Lobo, PhD, Montana State University-Billings, College of Business
- Greg McCall, McCall Homes/McCall Development
- Deb Meling, City of Billings
- Tracy Neary, Intermountain Health
- Jennifer Owen, Billings City Council
- Amber Parish, Billings Association of REALTORS®
- Gerele Pelton, Billings Clinic
- Mike Pigg, City of Billings
- Monica Plecker, Yellowstone County
- Mandy Rambo, Montana Department of Commerce
- Tom Rupsis, Billings City Council
- Don Sterhan, CR Builders
- Teresa, Conrad, Genevieve, and Chalice Stroebe
- Brandon Treese, Berkshire Hathaway Floberg Real Estate
- Anna Vickers, City/County Planning
- Kimberly Welzenbach, Home Builders Association of Billings, Inc.
- Jim Woolyhand, Habitat for Humanity

Appendix VII - The Counselors of Real Estate

The Counselors of Real Estate® is an international organization of commercial property professionals from leading real estate, financial, law, valuation, and business advisory firms, as well as real property experts in academia and government.

Counselors have created and endowed the MIT Center for Real Estate, resolved the dispute between the developer of the World Trade Center and its insurers post-September 11, 2001; led the privatization of U.S. Army Housing; developed a multi-billion-dollar, 10-year master plan for Philadelphia Public Schools, and valued both the Grand Canyon and Yale University.

Counselors practice in 22 countries and U.S. territories, with only 1,000 professionals holding the CRE® credential worldwide. Thought Leadership is a core competency of the CRE organization as exemplified by the peer reviewed journal, Real Estate Issues, and presentation of major real estate symposia in partnership with Harvard and Stanford Universities.

CRE Members. Membership in The Counselors of Real Estate is selective and extended by invitation to commercial real estate practitioners with at least 10 years of proven experience. The stringent membership criteria ensure CRE members possess:

- Recognized records of accomplishment
- Commitment to excellence
- Uncompromising adherence to high standards of professional conduct
- Visionary, yet practical approaches, to real estate issues

CRE Consulting Corps. The CRE Consulting Corps, a public service program of The Counselors of Real Estate, provides real estate analysis and action plans for municipalities, not-for-profit organizations, educational institutions, and government agencies that address their clients' real estate dilemmas and often enhance the performance of a property or a portfolio. Each Consulting Corps project is conducted by a small group of volunteer members selected for their experience and skillsets to specifically address the client's needs. The extensive talent base available within the CRE community ensures that teams can provide expertise on virtually any real estate issue, providing:

- Feasible, achievable solutions from experienced professionals.
- Non-partisan, objective advice.
- Extremely cost-effective service.
- Advice and recommendations provided quickly on site.

Finding the Right CRE. Members of The Counselors of Real Estate, awarded the CRE credential, are available to assist with your real estate challenge. Visit the CRE website to find the right CRE https://cre.org/find-a-cre-search/ or contact CRE staff for assistance in identifying Counselors with the right skill sets and experience to address your need.

Appendix VIII – The CRE Consulting Corps Team

Wendy Timm, CRE—Team Leader
Owner
Timm Real Estate Consultants
Keystone, Colorado

Wendy Timm, CRE, is a real estate industry leader with advanced expertise in owner representation and advocacy from start to finish and in all aspects of real estate ownership and investing, including asset acquisition and development, partnership structure and management, designing and procuring debt and equity financing, valuations and appraisals. Her professional experience extends to advisory and consulting services, as well as brokerage and transaction services.

Prior to joining Enhanced Value Strategies and Colliers International in 2011, Ms. Timm was the COO/CFO and Principal for Conrad Properties Corporation where she led finance, investment and sales activities. She was instrumental in developing several urban infill developments, primarily high-rise residential condominiums and apartments, mid-rise office parks, and mixed-use office and commercial developments. Ms. Timm is currently a development consultant in mixed-use and age-in place housing for seniors. Total career development, financing, investment and brokerage transactions exceed $1.2 billion. She has served in advisory or board roles with Enterprise Bank & Trust, St. Louis Development Corporation, and others. She has a BS in Finance from the University of Illinois with emphasis in Real Estate and Urban Economics.

Michael Christensen, CRE
President
Michael H. Christensen & Associates
Salt Lake City, Utah

Michael Christensen is a real estate appraiser with national and international valuation experience and is president off a full-service real estate valuation and counseling firm.

He is a two-time governor's appointee and past Chair of the Utah Appraiser Licensing and Certification Board, has served on The Appraisal Foundation Board of Trustees, and has experience as an FDIC insured bank board member. Although real estate valuation is his foundational profession, Mr. Christensen has more than 30 years of executive experience in innovative client and public relations, market and product development, contract negotiation, and operations management. He has served on numerous public, private, and industry boards, committees, and panels. Mr. Christensen is qualified as an expert witness in Utah District and Federal Bankruptcy Courts.

Mark Reiling, CRE
President
Towle Properties, Inc.
Minneapolis, Minnesota

Mark Reiling, CRE, SIOR, has acquired, renovated and developed more than $300 million of land, office, industrial, retail, parking and condominium properties. At Towle Properties, Inc., he oversees his own property portfolio, and provides third party asset management and consulting services.

Prior roles include President, SR Realty Trust, Inc., where he doubled the REIT's size and led expansion into industrial properties and the Kansas City market. As Executive Vice President – Chief Investment Officer at Investors Real Estate Trust (NYSE: IRET, now CSR), he oversaw a $2 billion diversified real estate portfolio with 258 properties in 12 states. At Cassidy Turley and predecessor companies Colliers Turley Martin Tucker and Colliers Towle Real Estate Company, he was President/managing principal from 1987 – 2004 and Owner from 1994–2003.

Board/advisory service includes The Goodman Group, University of Montana Wildlife Biology Leadership Council, Catholic Charities (Real Estate Committee), and Hennepin County, MN Condemnation Commissioner. Mark was awarded the SIOR Robert Boblett Award (2020), NAIOP Minnesota Chapter President's Award (2013), Montana Wildlife Federation, Special Landowner Award (2011) and City Business 40 under 40 Award (1996). He earned a BBA-Finance from the University of Notre Dame.

Dana Rowan, CRE
Managing Partner
The Exeter Companies
Boston, Massachusetts

Dana Rowan, CRE, has more than 40 years of real estate experience working on investment, development and advisory projects. He has particular expertise repositioning value-add properties, master planning and developing large urban and exurban land assemblages, restoring and creatively redeveloping select historic properties, and developing attractive waterfront projects in aging / obsolete maritime industrial districts. Dana has extensive experience restructuring distressed real estate assets of all product types and acquiring medium to large commercial assets; leading the asset management operation and portfolio strategy of multi-billion real estate private equity funds and running disposition programs for portfolio assets that have achieved their investment objectives.

Prior roles include heading asset management and dispositions for New Boston Fund and real estate workout and restructuring for both Resolution Capital Corporation and The Recovery Group (now operating as CRG/Deloitte). He worked out and disposed of $3.5 billion of distressed assets. Leadership involvements include NAIOP (Commercial Real Estate Development Association), Urban Land Institute, and others. He holds a BA from Dartmouth College, an MPP from the Harvard Kennedy School and an Executive MBA from Boston University.

Roger Sherman, CRE
Design Director
Gensler
Los Angeles, California

Roger Sherman leads the Stone Soup Group at Gensler—LA, which researches and incubates design strategies and solutions to address problems of urbanization: parrticularly how to manage change and achieve resilience. Thematics include the nexus of digital technology and public space; new and expanded forms of community; and housing equity and affordability, and off-the-grid infrastructural planning, amongst others. Projects include an Infrastructure/Development Plan for NE Haiti; two riverfront parks in Wuhan, China; a pilot street furniture installation for the LA Department of Transportation; a Community Resilience Hub in Compton; a new downtown campus center for UCSD; a distance learning center for sustainability in Cameroon; and a master plan for AltaSea at the Port of LA. In 2006, Sherman co-founded cityLAB, an urban "do-tank" at UCLA, where he is an Adjunct Professor. He has taught and lectured widely, including at Harvard, Princeton and UC Berkeley.

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