



2022 Whitefish Area Community Housing Needs Assessment Update



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I. Report Organization

This report updates the 2016 Whitefish Area Workforce Housing Needs Assessment. The information presents trends and progress over the past six years, along with updated community housing needs estimates through 2030.

The report is divided into five sections, as follows:



Resident Income Distribution and Attainable Prices – which illustrates the income profile of households that call the Whitefish Area home and the purchase prices and rents that households making their living in the area can afford. Understanding the primary price points needed by the community, but that are not being supplied by the housing market, is necessary to focus community housing resources and efforts.



Housing Inventory – which identifies several trends related to the available inventory of homes in the Whitefish Area since 2016. This includes new housing development, both market rate and community housing units; changes in local resident occupancy and ownership of homes; increased short-term rental inventory; known loss of units to redevelopment and expiring community housing restrictions; and planned/pending residential development in the pipeline.



Jobs and Seasonality – which presents job growth since 2016, projected job growth through 2030, seasonality of employment, change in wages, unemployment trends, and employee commuting patterns, all of which affect and are affected by the availability of housing in the area.



Housing Market and Availability – which details the conditions around homeownership and the rental housing market in the Whitefish Area. This section identifies changes in home sale prices, monthly rents, and currently available inventory for both. This is used to understand at which price points homes are being undersupplied by the for-sale and for-rent market.



Community Housing Needs Estimate – which calculates current and future community housing needs in the Whitefish Area through 2030. This section uses information from each of the above sections, plus data and assumptions presented in the 2016 Housing Needs Assessment. Results are presented for both ownership and rental housing and by income level, as done in the 2016 study.

2. Definitions

The following terms are used in this report help readers better understand the content.

Attainable or Affordable Housing – When rent or homeowner payments equal no more than 30% of gross household income regardless of the income level of occupants. Attainable housing is often synonymous with affordable housing.

Community Housing – Housing that is affordable for community members that live and work in the Whitefish Area that is not being provided by the housing market. Refers to a range of household income levels for which market priced housing is unattainable, including low-income, middle income, and, in Whitefish, upper middle income households.

Deed Restricted Housing – Residential units that have occupancy limits, and often income and price caps. Limits are imposed through deeds, especially for ownership, but may also be placed on properties through financing agreements and other types of covenants.

Market Rate Housing – Housing that is not protected by any covenant for community housing needs and rents or sales prices are based on market conditions.

Strategies – Tools become strategies when unique community issues, opportunities and constraints are considered, and a plan of action is created for implementation.

Tools – Approaches used by communities to provide housing. They vary widely from incentives to funding.

Workforce Housing – Units deed restricted for occupancy by households that include at least one local employee. Homes in which employees reside but are not deed restricted are part of the free market.

3. Executive Summary

Purpose of this Assessment

The purpose of the 2022 Community Housing Needs Assessment is to present an understanding of the community housing problem – how much housing is needed by local residents and employees, at what price points, and by whom – and illustrate its importance in retaining a diverse and vibrant community and thriving economy. This Assessment is part one of a two-part Community Housing Refresh process being conducted in the Whitefish Area, funded by the city of Whitefish.

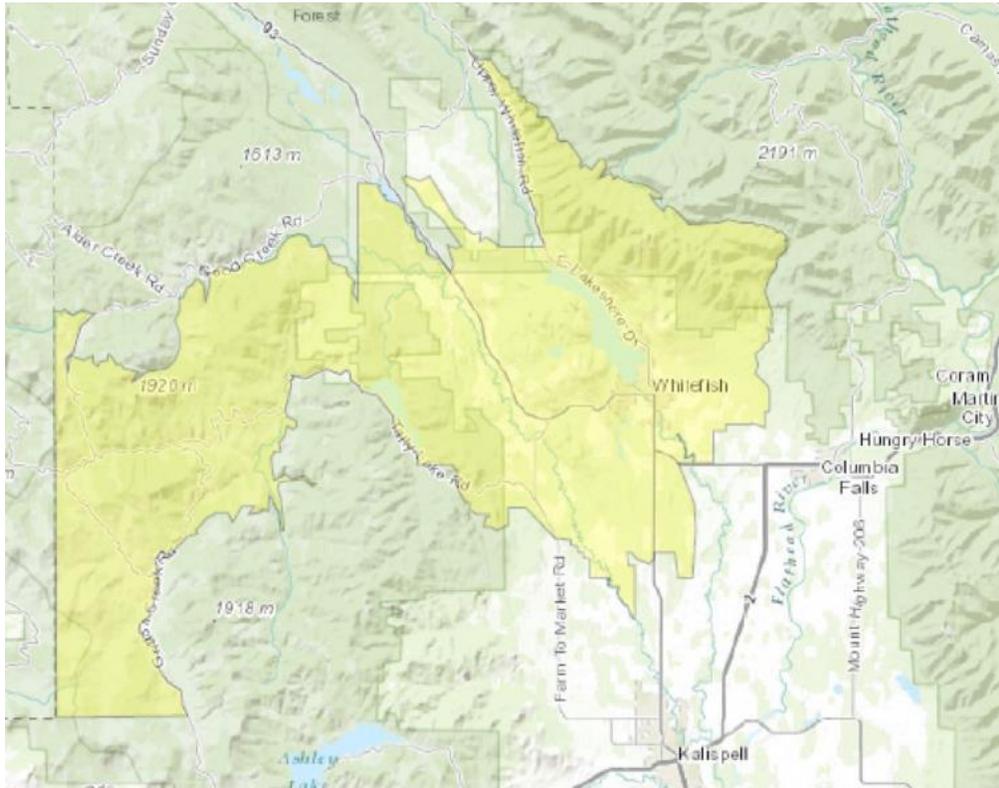
The second part of the Housing Refresh process includes a six-month, collaborative process to update and evolve the 2017 Whitefish Strategic Housing Plan. Data from the Assessment will be used to ground the update in an understanding of what is needed to plan an effective path forward. The outcome will be an updated community housing strategy road map based on a partnership framework and rooted in data, research, and community input.



Area of Study

This assessment covers the 59937 zip code area, which includes the city of Whitefish and neighboring unincorporated area. Throughout this report, the term “Whitefish Area” is used to indicate the zip code area. This area is highlighted in yellow in the below map.

Figure 1. Whitefish Zip Code 59937 ("Whitefish Area")



Source: Google Maps

Community Housing Needs in the Whitefish Area

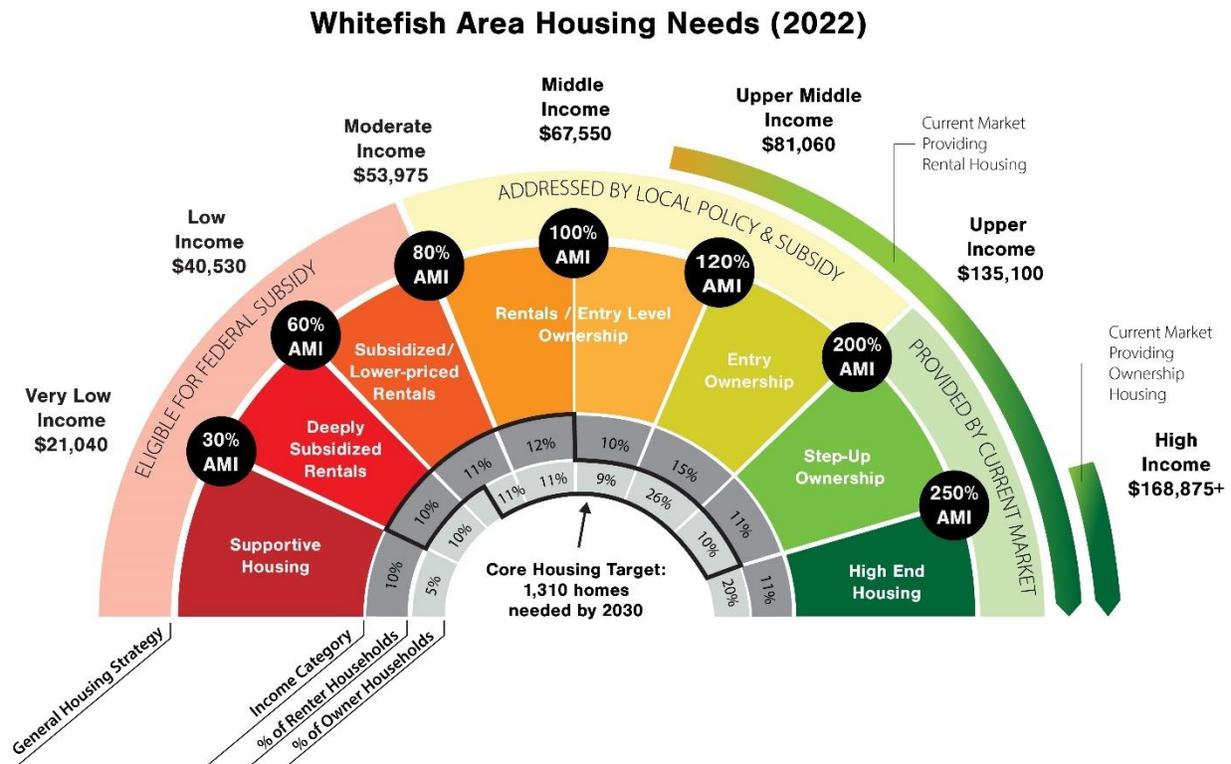
The housing bridge below illustrates what the housing opportunities for residents and workforce in the Whitefish area should look like. The bridge portrays a spectrum of housing that is affordable and most likely to be sought by households in different income groups. It indicates the percentage of households earning incomes in each income range and the type of housing likely to be needed at the different income levels. The bridge represents what may be ideal for most communities – the availability of housing that is affordable to households at all income levels and provides options for changing life circumstances.

It is from this perspective that the housing needs assessment was conducted. The housing bridge illustrates the mix of housing needed by residents making their living in the Whitefish Area and at which income level. It shows where the market is providing housing and where it is not; and how much additional housing is needed to address current shortfalls and keep up with future job growth.

More specifically:

- The housing rental market for residents and local employees searching for homes is expensive and scarce. A three-person household earning about \$75,000 per year coming to Whitefish may find housing that would be defined as affordable in the market.
- Households making their living locally are mostly priced out of market rate ownership housing – it has simply gotten too expensive. This includes condominiums, townhomes, and single-family homes, alike. Homes priced under \$500,000 are scarce not only in the Whitefish Area, but in neighboring communities as well.
- To address the current housing shortfall and keep up with future job growth, **at least 75% of the 1,310 homes needed to support local residents and employees by 2030 in the Whitefish Area will need to be priced below market.** Addressing housing needs will require local policies, subsidies, and creative partnerships, building upon the existing achievements of the city, local organizations, employers, developers, and community in this regard.

Figure 2. Whitefish Area Housing Needs Bridge, 2022



Source: Ribbon Demographics, LLC, US Department of Housing and Urban Development (HUD), Consultant team

Why Is There a Community Housing Problem?

Housing market dynamics are complicated; if they were simple, then there would not be a community housing problem. There are a few key trends, however, that illustrate the underlying

challenge of housing affordability and availability for local residents and employees in the Whitefish Area.

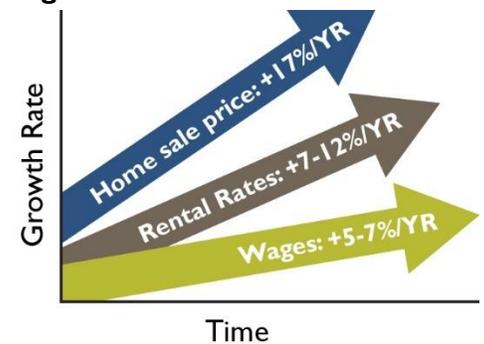
1. Wages are not keeping up with rising home prices and rents.
2. Regional home prices are rising, affecting the ability to commute.
3. Job growth and housing development are not aligned.
4. Community housing is being lost.

The following subsection describes these key trends in more detail.

I: Wages are not keeping up with rising home prices and rents.

The balance between household income and what housing costs is a struggle in the Whitefish Area. The increase in home sale prices and rents has been far outpacing the rise in wages, meaning that homes are becoming more unaffordable for people earning their living locally. This is not new; this same trend was apparent in 2016. At this point, **average wages need to more than double** to bring current housing prices within the affordable range for households making their living in the area. The problem cannot be solved by increasing wages alone. (See *Housing Market and Availability* and *Jobs and Seasonality – Average Wage* sections of the report.)

Figure 3. Whitefish Area Growth



2: Rising regional home prices impacts commuting as an option.

The supply of homes priced under \$500,000 in Whitefish and under \$400,000 in neighboring communities has drastically declined. As the ability for employees to find homes they can afford in neighboring communities diminish, commuting becomes less of an option. This should be of particular concern given that the majority of jobs (57%) are filled by workers that commute into the Whitefish Area for work. **When commuting no longer offers employees an affordable option, it becomes even more important to provide housing opportunities locally.** (See *Housing Market and Availability* and *Jobs and Seasonality – Commuting Trends* sections of the report.)

Table 1. Median Residential Sale Prices by Community, 2015/2016 to June 2022

	Median Residential Sale Price (June 2022)	Percent Increase since 2015/2016
Whitefish (city)	\$950,000	197%
Kalispell (city)	\$650,000	243%
Columbia Falls	\$575,000	174%
Bigfork	\$850,000	206%
County Total	\$697,000	188%

Source: Montana Regional MLS 2015/2016, 2021/2022

3: Job growth and housing development are not aligned.

Since 2016, there were more housing units built in the Whitefish Area than needed to keep up with job growth and address estimated community housing deficiencies. Between 2016 and 2021, an estimated 980 housing units were needed and 1,067 housing units were built. Despite this, home prices and rents rose at historically high rates, availability dropped, and local residents and employees struggle more than ever to afford and find homes.

Addressing community housing needs is more than just adding supply – it is adding supply at the right price to support the resident and employee community. Of the 980 housing units needed, over 60% needed to be priced below market to meet the growing needs of local residents and employees; instead 93% were built at market rate. In a community where 40% of residences are owned by out-of-area homeowners and investors and 30% of homes are used as second homes and vacation use, the traditional supply-demand approach needs help. **A dedicated supply of community housing for local households that live and work in the area allows local workers to compete against the strong outside demand for housing**, helping to sustain local businesses, ensure quality resident and visitor services, and retain a diverse and economically vibrant community. (See *Housing Inventory – Housing Built Since 2016, Housing Market and Availability*, and *Community Housing Needs Estimate* sections).

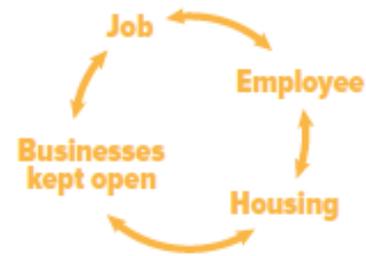


Figure 4. Housing Needs and Total Housing Built Between 2016-2021



Source: 2016 Whitefish Area Workforce Housing Needs Assessment, Flathead County Assessor data, city of Whitefish

4: Community housing is being lost.

In scarce housing markets, protecting the supply of homes that exist needs to be part of the equation. Multiple factors have contributed to the loss of housing for the local community in recent years, not the least of which includes:

- The growing prevalence of short-term vacation rentals and consequent rise in investment buyers (160% growth in short-term rentals in the Whitefish Area since 2016) (*see Housing Inventory – Short-Term Rental Inventory* section),
- Redevelopment (loss of 20 apartments downtown due to a pending hotel development) (*see Housing Inventory – Pending Development* section), and
- The conversion of community housing units to market rate (loss of 37 community housing apartments). (*See Housing Inventory – Community Housing Inventory* section.)
- Denial of 137 proposed community housing units since 2016. While technically not a “loss of units,” every project that is denied is a message to developers to not “risk” using incentives, discourages public support, and hurts the ability to raise financing for housing.

These factors are not unique to Whitefish, but tracking their impact and implementing creative programs to reduce, if not prevent, the loss of units needs to be part of any effective community housing program. (*See Housing Inventory – Community Housing Inventory.*)

Moving Forward

While there are many challenges to addressing community housing in the Whitefish Area, it is important to note that there are also several positive trends:

- The rate of community housing development increased since 2016, and proposed residential development is primed to continue this trend. (*See Housing Inventory – Housing Built Since 2016* section)
- Multi-family development has increased substantially in recent years, providing more diversity of housing options for renters and homeowners alike. (*See Housing Inventory – Housing Built Since 2016* section)
- The community has been more active in addressing community housing issues in recent years. This is reflected in new city policies, increased staffing, rising community housing development, new and more active organizations involved in housing, employer activity and partnerships, and widespread public, private, philanthropic, and non-profit community involvement in the issue.

The second phase of this work - the evolution of the Whitefish Area Community Housing Roadmap – will use the community housing needs and challenges presented in this Assessment to inform a successful path forward. By building upon existing momentum and exploring new partnerships and opportunities, the Roadmap will define a partnership framework, with roles, responsibilities, and strategies, to address community housing needs and take important strides in retaining a diverse and vibrant Whitefish Area community and thriving economy.

4. Resident Income Distribution and Attainable Prices



What Home Prices are Attainable for Whitefish Area Households?

This Assessment centers on building an understanding of what households can afford for housing in the Whitefish Area, and explores where needs are being met, and where there are gaps. The term “affordable” may often be associated with low-income housing. In the Whitefish Area, however, affordability is a problem for a broad range of income levels; not just low-income. The term we are using to describe housing needs across the full spectrum of income levels for which market rate housing is unattainable is community housing.

For purposes of this report, rental housing is “affordable” when the rent does not exceed 30% of a household’s gross income. Ownership housing is “affordable” when the housing payment (mortgage, insurance, HOA, taxes) does not exceed 30% of a household’s gross income. The 30% standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

Federal and state housing programs that help create or subsidize community housing categorize housing “affordable” for various income levels as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each county and varies by household size. Many of the income- and deed-restricted housing units in the Whitefish Area use AMI to qualify households for occupancy and establish affordable prices.

The AMI for Flathead County in 2022 is \$80,300, or about 33% higher than in 2016 (\$60,400). The 2022 AMI levels for Flathead County for various household sizes is shown below.

Table 2. Flathead County AMI by Household Size: 2022

AMI Level	1-person	2-person	3-person	4-person
30%	\$16,700	\$19,050	\$23,030	\$27,750
60%	\$33,360	\$38,160	\$42,900	\$47,640
80%	\$44,450	\$50,800	\$57,150	\$63,500
100%	\$55,600	\$63,600	\$71,500	\$79,400
120%	\$66,720	\$76,320	\$85,800	\$95,280
150%	\$83,400	\$95,400	\$107,250	\$119,100
200%	\$111,200	\$127,200	\$143,000	\$158,800
250%	\$139,000	\$159,000	\$178,750	\$198,500

Source: Montana Board of Housing; US Dept. of Housing and Urban Development (HUD)

The average household size in the Whitefish Area is about 2.5-persons. The below table shows the affordable rents and home purchase prices at various household incomes and the respective AMI level for an average-sized 2.5-person household.

Table 3. Maximum Affordable Housing Costs

AMI Equivalent*	Household Income	Max Rent	Max Purchase Price**
30%	\$21,040	\$525	\$64,900
60%	\$40,530	\$1,015	\$125,000
80%	\$53,975	\$1,350	\$166,500
100%	\$67,550	\$1,690	\$208,400
120%	\$81,060	\$2,025	\$250,100
150%	\$101,325	\$2,535	\$312,600
200%	\$135,100	\$3,380	\$416,800
250%	\$168,875	\$4,220	\$521,000

Source: Consultant team

*AMI for the average sized 2.5-person household earning the respective income.

**Assumes 30-year mortgage, 7.0% interest rate, 5% down payment, and 20% of monthly payment for taxes, insurance and HOA fees.

Interest rates affect the borrowing power of buyers, impacting the price of home they can afford. Affordable purchase prices in the above table assume an average mortgage interest rate of 7.0%, which is slightly above the current rate. For every 1% rise in interest rate, the purchasing power of a household decreases by about 10%. The rising interest rate environment needs to be considered when evaluating the affordability of housing and establishing prices for community housing.

Interest rates significantly affect the purchasing power of buyers.

Whitefish Area Spectrum of Housing Needs

The distribution of households in the Whitefish Area by the 2022 AMI for Flathead County is important because it illustrates the percentage of households that can benefit from community housing opportunities targeted at various price points. Ideally, community housing should be priced proportionate to household income distributions. Based on existing distributions, this means that:

- About 55% of rentals should be priced affordable for households earning under 100% AMI.
- About 55% of ownership housing should have sales prices that are affordable for households earning between 80% and 250% AMI.

Table 4. Whitefish Area Households by AMI Percentage: Owners and Renters 2022

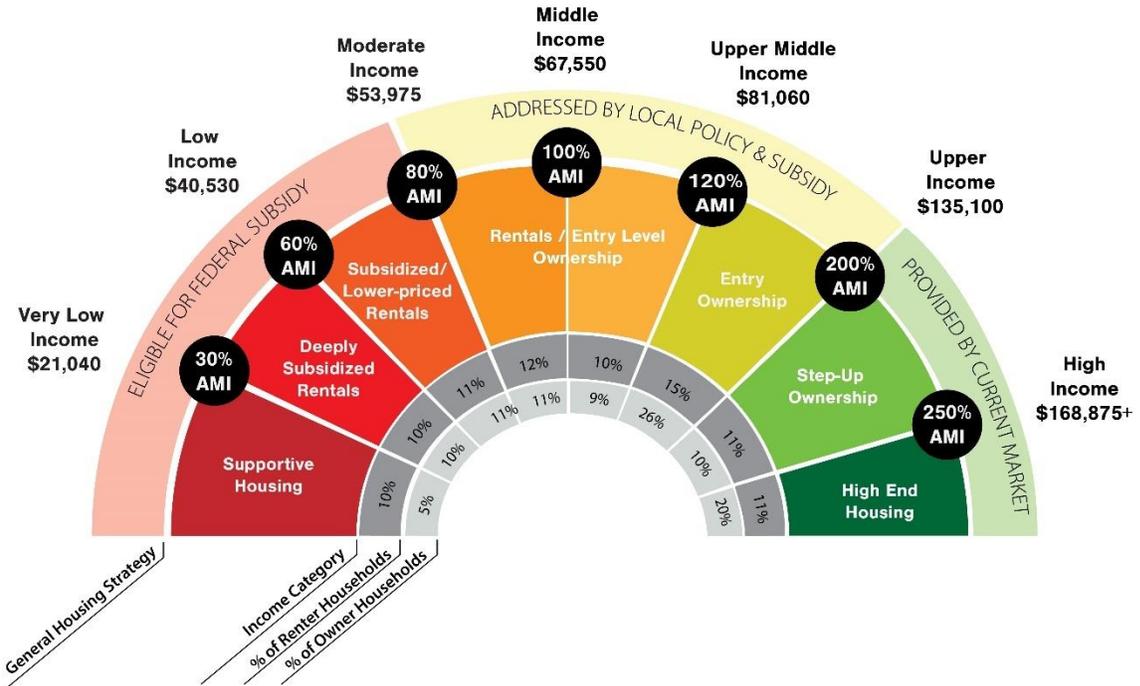
	Owners	Renters	Total
<30%	5%	10%	7%
30.1-60%	10%	22%	14%
60.1-80%	11%	11%	11%
80.1-100%	11%	12%	11%
100.1-120%	9%	10%	9%
120.1-150%	12%	8%	10%
150.1-200%	13%	7%	11%
200.1-250%	10%	11%	10%
>250%	20%	11%	17%
TOTAL %	100%	100%	100%
Total Households	4,634	2,020	6,654

Source: Ribbon Demographics, LLC; HUD 2022; Consultant team

Housing for Whitefish Area residents and workforce should accommodate a wide range of incomes. This includes households on fixed incomes, entry-level service employees making \$18 or less per hour, up to business managers making \$100,000 or more per year. It must also provide options for households at various life stages to buy or rent – from new school graduates, to young families, to empty-nesters. Providing a range of ownership and rental housing allows households to grow and change within a community, thus supporting a diverse and vibrant community and economy.

The Housing Bridge, illustrated below, portrays the spectrum of housing that is affordable and most likely to be sought out by households in different income groups. It indicates the number and percentage of households earning different area median incomes and the type of housing likely to be needed at the different income levels. The Housing Bridge depicts what may be ideal for most communities – the availability of housing that is affordable to households at all income levels and provides options for changing life circumstances.

Figure 5. Whitefish Area Housing Needs Bridge, 2022
Whitefish Area Housing Needs (2022)



Source: Ribbon Demographics, LLC, US Department of Housing and Urban Development (HUD), Consultant team

5. Housing Inventory

Housing Units – Total Inventory and Occupancy

The Whitefish Area (59937) has an estimated 9,529 housing units, which equates to just over 17% of the total housing units in Flathead County as a whole. Since 2016, the number of housing units grew by 14.1% in the County and a slightly lower 12.6% in the Whitefish area.

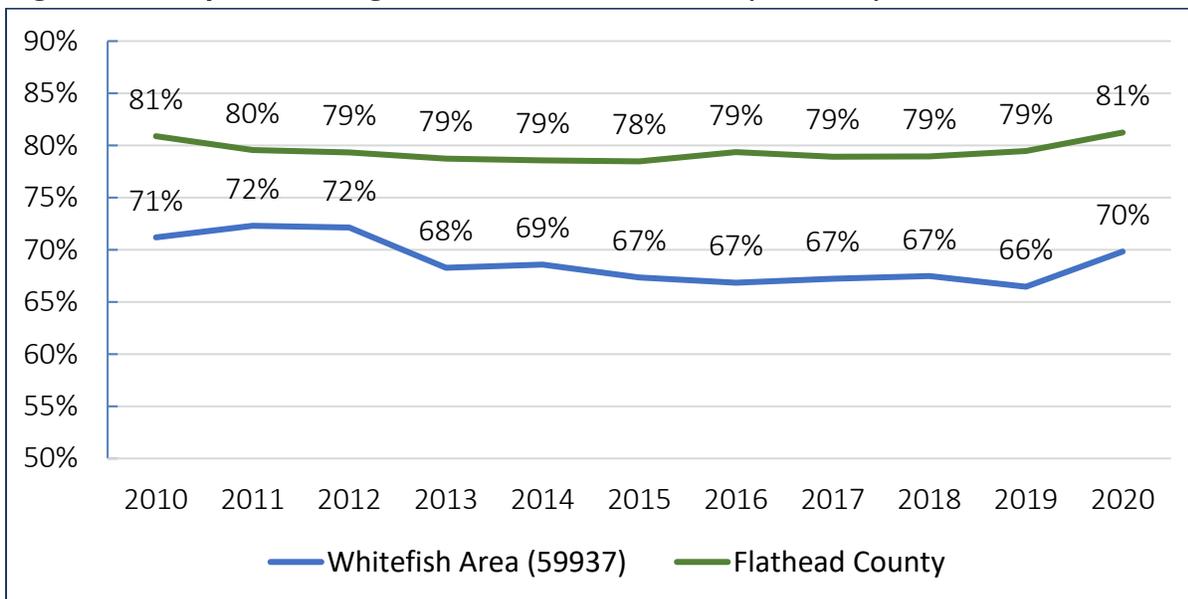
Table 5. Housing Units – Total Inventory and Occupied Units

	Flathead County		Whitefish Area	
	Housing Units	Occupied Units	Housing Units	Occupied Units
2010	46,963	37,504	7,873	5,605
2016 (estimate)	47,808	37,940	8,460	5,655
2022 (estimate)	54,536	44,305	9,529	6,654
% Change 2016-2022	14.1%	16.8%	12.6%	17.7%

Source: 2010 Census, ACS 5-year Estimates 2016-2020, Flathead County Assessor data, Consultant Team

According to 5-year ACS estimates, the percentage of homes in the Whitefish Area (59937) occupied by local residents relative to vacant/second homes had been declining since 2010, until recently. Occupancy of homes dropped below 70% in 2013, dipped to 66% in 2019, but are again about 70% in 2020. Reported changes are largely within the margin of error for the dataset, meaning that time will tell if the recent rise is a positive shift in the trend.

Figure 6. Occupied Housing Unit Trend: 2010 to 2020 (estimate)

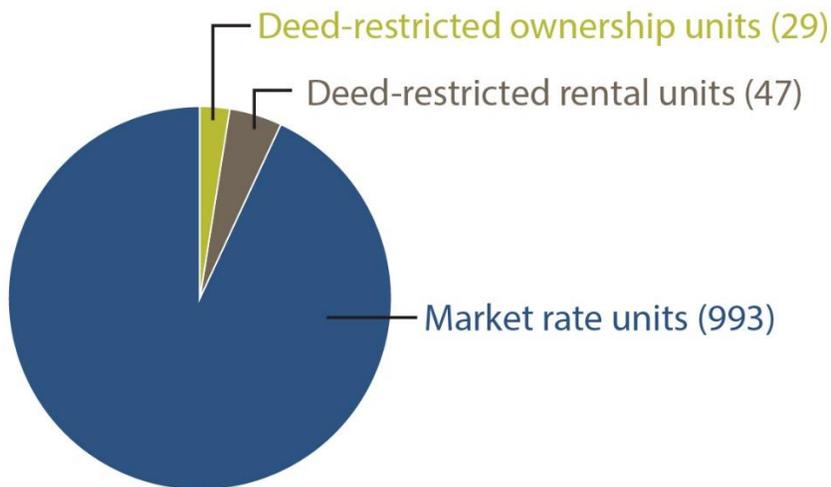


Source: 2010 US Census, ACS 5-year estimates 2011-2020

Housing Built Since 2016

About 1,070 new housing units were constructed in the Whitefish Area between 2016 and 2021. Recent development shows a notable upward trend in the percentage of homes built specifically for local residents. About 2.9% of homes in total in the Whitefish Area are dedicated community housing units, meaning that they are deed-restricted ownership or restricted rental units (income/residency/employment) for residents making their living in the area. In comparison, a much higher 7.1% of homes built since 2016 are dedicated community housing units.

Figure 7. Housing Units Constructed/Permitted: 2016-2021 (Whitefish Area 59937)

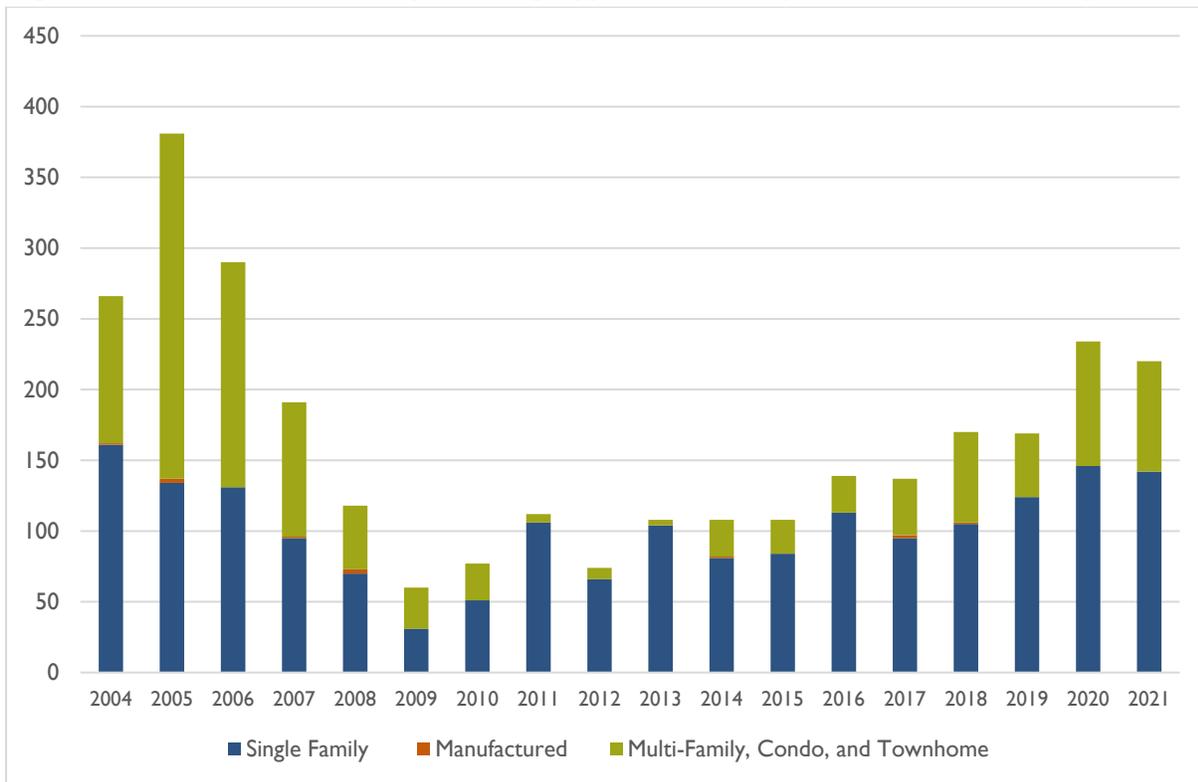


Sources: Flathead County Assessor data, city of Whitefish, Whitefish Housing Authority

The pace of new development has increased significantly over the past five years, but is still below the peak levels seen between 2004 to 2006.

- New construction in 2021 represented a 58% increase since 2016.
- Multi-family construction has also picked up in recent years, increasing the diversity of housing options in the community. About 37% of new units constructed in 2020 and 2021 were multi-family, compared to 28% between 2016 and 2019, and only 12% between 2010 to 2015.

Figure 8. New Construction by Housing Type 2004-2021 (Whitefish Area 59937)



Sources: Flathead County Assessor data, city of Whitefish

Despite these positive development trends:

- A total of 137 deed restricted community housing units were proposed, but not approved, since 2016. Every project that is denied is a message to developers to not “risk” using incentives, discourages public support, and hurts the ability to raise financing for housing. It is important to remedy this trend if the goal is to increase community housing production in the community.
- Another project that would have provided 50 deed restricted community housing units on the former North Valley Hospital site was approved, but in part due to high infrastructure costs, was not constructed. Building community housing is expensive. Finding creative ways to help desired developments move forward, and reducing burdens where possible, will increase desired successes in the future.

Subsidized Community Housing Inventory

The full inventory of deed restricted community housing units is shown in the below tables. Deed restricted community housing units represent approximately 2.9% of the total housing unit inventory in the Whitefish Area. This includes 39 permanently attainable homes for ownership and 276 rentals.

Table 6. Whitefish Area Community Housing Inventory – Ownership

Project	Total Units	1-b	2-b	3-b	Income Level	Year Built	Expiration date
Housing Authority Scattered homes	10 4 townhomes 6 single-family	0	Yes	Yes	<80%AMI	Various	90 years, renewable
Trailview	29 to-date				80-120% AMI	2019/2020	None

Source: Interviews, Whitefish Housing Authority, Consultant Team

Table 7. Whitefish Area Community Housing Inventory – Rentals

Project	Total Units	1-b	2-b	3-b	Income Level	Year Built	Expiration date
Housing Authority BNSF Units	2	2	0	0	<80% AMI	Various	Never; while WHA owns
Mountain View Manor	50	48	2	0	<40% AMI; Senior	1969/1997	Never; contract w/ HUD
Colorado Village Apts	36	4	28	4	<60% AMI	1986	No info
Whitefish Manor	30	30	0	0	<40% AMI; Senior	1988	No info
Stonecreek Apts	41	40	0	1	<60% AMI; Senior	1992	No info
Mountain Apartments	30	6	18	6	50%, 60% AMI	2001/02	Permanently per Mgr
Mountain Senior Apts	30	10	20	0	50%, 60% AMI; Senior	2003	Permanently per Mgr
Hailey Apartments	10	2	6	2	50%, 60% AMI	2004	Permanently per Mgr
Whitefish Crossing (IZ)	6	2	4		<70% AMI	2017	Never
Riverview Trails (IZ)	5	3 (incl. 60% AMI studio)	2		<70% AMI	2021	Never
Alpenglow Apts	36	Y	Y	Y (3 are 3-b TH style with garages)	<60 AMI (LIHTC)	2021	Never
TOTAL Rentals	276	147	80	13	All under 80% AMI	-	

Source: Interviews, Whitefish Housing Authority, HUD Database, Consultant Team

All of the community housing rental units in the Whitefish Area are restricted for households earning 80% or less of the area median income and just under half of the units are restricted to seniors or individuals with disabilities. These projects were constructed with a combination of funding mechanisms, including Low Income Housing Tax Credits (LIHTC), Rural Development funding, Section 515 and Section 202 and other HUD housing supports).

Housing projects have also been developed since the 2016 assessment with the intention to provide more affordable community housing options, but that are not deed restricted. This includes, for example, Aspen Apartments (2019), which was designed with smaller units to provide more affordable studios and one-bedrooms (starting at \$1,000 per month) for live-alone options and lower priced 2-bedrooms (starting at \$1,600 per month). Because these units are subject to market price changes and competition, the units may or may not house residents making their living in the area and may or may not continue to be affordable over time. Such products do, however, expand housing options and provide lower-priced market housing opportunities.

Expired Community Rental Units

Since 2016, one previously affordable housing rental property is known to have converted to market rate, resulting in a loss of 37 community housing rentals.

Table 8. Expired Community Rental Units

Project	Total Units	1-b	2-b	3-b	Income Level	Year Built	Expiration date
Big Mountain Apts	37	0	37	0	Was <60% AMI (expired)	1977	Market rate

Source: City of Whitefish

Apartments constructed with the tax-credit (LIHTC) program, including Stonecreek, Mountain, Mountain Senior, and Hailey Apartments must remain affordable for 30 years, after which property owners can rent units at prices the market will bear. The LIHTC program was created in 1986 and made permanent in 1993, meaning that many of the first LIHTC units are beginning to see the 30-year affordability restrictions expire.

In Whitefish, Stonecreek Apartments is the only tax-credit-funded housing that may be approaching expiration, meaning that efforts to preserve the community housing status may be needed in the near term. Colorado Village Apartments and Whitefish Manor have unknown expiration dates (if any).

Ownership by Residency Status

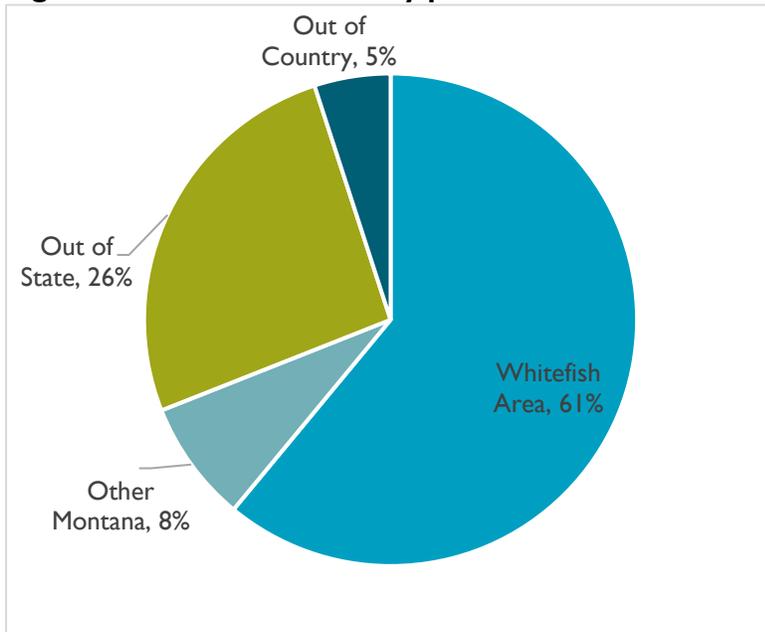
The percentage of homes that are owned by persons or entities with out-of-area addresses illustrates the extent to which outside investment interests demand and compete for homes in the Whitefish Area. In high-amenity mountain communities, out-of-area demand for housing reduces the inventory of homes available for local residents and increases the price of home entry due to

competition with higher wage households and investors, complicating the standard supply-demand relationship. A dedicated supply of community housing for local households that live and work in the area allows local workers to compete against the strong outside demand for housing, helping to sustain local businesses, ensure quality resident and visitor services, and retain a diverse and economically vibrant community.

In the Whitefish Area:

- About 61% of housing units are owned by persons or entities with a local address based on County Assessor ownership records; meaning that near 40% of housing units are owned by persons or entities that are located outside of the Whitefish Area. Ratios were similar in 2016.
- Of the homes that are owned by individuals outside of the Whitefish Area, most are owned by persons residing outside of Montana. The vast majority of out-of-country owners reside in Canada.

Figure 9. Estimated owners by place of residence – Whitefish Area 2021

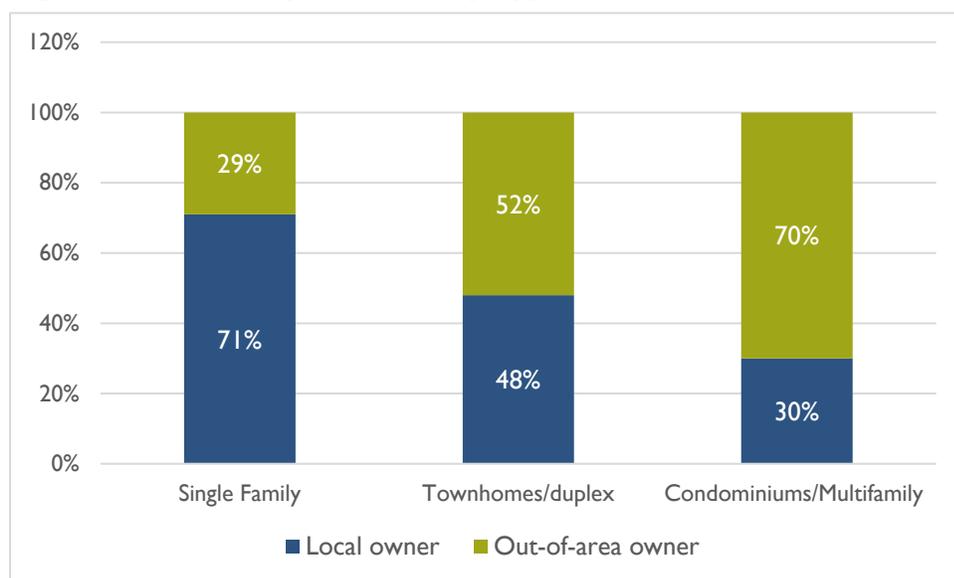


Source: Flathead County GIS Department, Flathead County Assessor data

The ownership pattern varies by type of unit.

- About 71% of single-family homes are owned by local residents.
- Out-of-area ownership is higher for multifamily units (townhomes and duplexes). Since 2016, there has been a slight rise in the percentage of townhome/duplex units owned by local owners (up to 48% from 42%).

Figure 10. Ownership of Homes by Type of Unit: 2021



Source: Flathead County GIS Department, Flathead County Assessor data

Housing Tenure

The proportion of renter occupied housing units has been relatively stable since 2016 (about 30%), after showing a slight decline since 2010 (about 35%). Increased development of multi-family rentals that are prohibited from being rented short-term (i.e., less than 30-days) will help boost rental inventory and availability for residents.

Table 9. Owner- and renter-occupied housing

Whitefish Area (59937)	2010	2016 (est)	2020 (est)
Owner-Occupied	65%	69%	70%
Renter-Occupied	35%	31%	30%

Source: 2010 U.S. Census, ACS 5-year estimates (2016, 2020).

Short-Term Rental Inventory

The purchase of homes for short-term rental purposes by investment buyers or second home owners increases home prices and reduces the potential availability of homes for long-term rentals and/or for purchase by local residents.

Short-term rental listings in the Whitefish Area on Airbnb and VRBO increased 160% since 2016: from 520 listings in 2016 to 1,422 in the second quarter of 2022. This comprises about 18% of total housing units in the Whitefish Area. AirDNA reports that about 97% of rentals are listed as entire home rentals and 3% are listed as a private room.

Table 10. Active Short-Term Rentals in the Whitefish Area (59937) 2019-2022

Listing Date	2019 Q2	2020 Q2	2021 Q2	2022 Q2
No. of active listings	740	949	1,248	1,422

Source: AirDNA, Quarterly Averages of available rentals 2019-2022

Of the 1,422 listings in the Whitefish Area, about 598 are within the city, 97% of which are entire home rentals. Potential monthly revenue is reported to be nearly \$8,000 per month – far exceeding monthly rents for long-term rentals (see *Housing Market and Availability* section).

Short-term rentals in the Whitefish Area can demand higher prices in the summer months when tourism is at its peak. This has culminated in a trend noted by property managers and lenders of some properties being rented to Whitefish employees in the winter months, but then converting to short-term vacation rentals or substantially raising rent (e.g., 50% or more) in the summer months, requiring the local occupant to find another home. A handful of properties that were advertised for rent in June 2022 exhibited this trend.

Licensed short-term rentals: City of Whitefish

The city of Whitefish began requiring permits for short-term rental units in 2013. Proprietors must acquire a business license, pay a fee, and units must pass inspections from the fire and health departments. Listings also require a State of Montana Public Accommodation license to operate. The city of Whitefish currently restricts short-term rentals to specific zones within the city.

The number of registered short-term rentals in the city has grown over 10-fold in the past six (6) years, from 21 in 2016 to 325 in 2022. The city recognizes that advertised short-term rentals exceed registered rentals and is adding a staff position to increase enforcement of illegally operating short-term rentals.

Licensed tourist homes: Flathead County

The Flathead County Department of Environmental Health reported 1,060 licensed tourist homes in Flathead County in July 2022. Licenses are either procured by the owner or collected when the department receives a publicly submitted complaint. The department is not as active as the city in searching for non-complying rentals.

Proposed and Pending Development

Residential Development

As of July 2022, there are 17 new residential developments that are currently proposed or under construction in the city of Whitefish.

- Proposed projects represent up to 313 new housing units, with at least 60% proposed to be multi-family housing, continuing the trend of increased unit diversity in the city.
- Just over 10% (about 40 units) are proposed to be permanently deed restricted for ownership by households earning 120% AMI or less, continuing the rising trend in community housing production.
- About 47% of potential new units are located within the zone that permits short-term rentals, meaning that a portion of these units could end up serving the short-term rental market as opposed to rentals for residents or owner-occupied units.

Table 11. Under Construction and Pending Approvals (Residential) – Whitefish 2022

Project	Type of Units	# of units	Price Point	In STR Zone?
Quarry III – 900 Wisconsin Ave	Multi-family – condo	36-unit	Market Rate	Yes
406 Standard – 1515 Hwy 93 S	Multi-Family – condo	52-units	Market Rate	Yes
736 Wisconsin Avenue – preliminary plat	4-8 units (lots size for either SF or 2-unit bldg.)	4-lot subdivision	Market Rate	No
406 Standard, Part II – 1625 Highway 93 S	Detached condo	6	Market Rate	No
4 & 8 Miles Ave	Multi-family – condo	10-units	Market Rate	No
Little Bear	SFR, T/H, Multi-family – condo	Up to 53 units	Market Rate	Yes
Davis-Hartline	SFR or 2-unit	Up to 2	Market Rate	No
444 Central Ave	Multi-family – condo	4-units	Market Rate	No
Vanee – Bay Pt & Dakota	Townhomes	4-units	Market Rate	Yes
Fulkerson – O’Brien & Sawtooth	SFR & Townhomes	Up to 5-units	Market Rate	No
235 O’Brien	Mixed Use	3-units	Market Rate	Yes
Bear Paw – State Park Rd.	SFR	4-units	Market Rate	No
95 Karrow	Mixed-use project (including a hotel) with Multi-family – condo	74-units	Market Rate	No
93 LLC	Single Family and Multi-Family – condo	52-units (22 SFR, 30 condo)	Market Rate	No
Rice subdivision	SFR or 2-unit	2-4 units	Market Rate	No
Snow Lot (not yet submitted)	Townhouses	22	Community Housing <120% AMI	No
Trailview Homes	SFR	29 total, est. 19 will be deed restricted	Community Housing <120% AMI & market rate	No

Source: City of Whitefish

Abbreviations: SFR = single family residential; AMI = area median income

More detail on the two pending community housing projects, as well as additional community housing projects that are in preliminary planning stages, are summarized below:

Snow Lot: The Whitefish Housing Authority (WHA) was given the 1.64-acre Snow Lot property by the city of Whitefish in June of 2020. Twenty-two (22) townhomes permanently deed restricted for households earning from 80% to 120% AMI are anticipated on the property. Donated land, city tax increment financing, American Rescue Plan Act funding, and payment in lieu monies from the now voluntary Legacy Homes program are all anticipated to help finance the development. Planning is underway.

Trailview Homes: The Trailview development is privately funded and was designed to provide single family homes for the people who live and work in the Whitefish Area. One-half of the homes were originally proposed to be deed restricted for households earning less than 120% AMI and one-half reserved for local workers. The development broke ground in 2019. Twenty-nine (29) of the homes have been constructed. Prices currently range from \$290,000 for a 1-bedroom home to \$360,000 for a 3-bedroom home.

Another 29 units remain to be constructed. To account for increased construction materials and labor cost, supply chain delays, and material shortages, council recently approved the developer's request to sell ten (10) homes at market rate, which will occur if the developer cannot find financing to fill the price gap. Construction of the remaining homes is expected to be completed within two years.

Monegan Road: Discussions regarding development of the city owned land on Monegan Road with potentially 100 community housing units are occurring. Some funding has been secured through the Whitefish Community Foundation to explore project feasibility. No date for project initiation has been set.

Alpenglow II: In 2021, the 36-unit Alpenglow Low Income Housing Tax Credit apartment complex was completed and fully leased. The WHA partnered with Homeword to win a Low-Income Housing Tax Fund grant through the state of Montana. There were only 4 of 22 applications awarded for that year. The WHA has land for a second phase to this project, although product and pricing planning has yet to occur.

Commercial Development

The city also has three commercial hotel projects that are under construction or pending approval. Commercial development impacts community housing needs; employees filling jobs need housing. In addition, the Larch House Hotel includes redevelopment of an existing site in the Railway District downtown, which will result in the loss of 20 existing apartment units.

Table 12. Under Construction and Pending Approvals (Commercial) – Whitefish 2022

Project	Commercial type
Larch House Hotel	Hotel – 32 rooms Restaurant
Downtown North Hotel	Hotel – 21 suites Restaurant Retail space
38 Central Hotel	Hotel – 40 rooms Dining and retail space

Source: City of Whitefish

Rezone Requests

Several rezone applications have been approved or are pending, with the intent to facilitate housing at each location. Rezones, if approved, would allow for additional market rate and community housing to be developed.

Table 13. Rezone Applications – Whitefish 2022 2022

Project	Size	Rezone request
Pheasant Run	7-acres, recently annexed	Two-family residential and secondary business
Upper Cut and Eagle properties	31-acres, recently annexed	WCR (County residential, single family, 2.5-ac lot min)
90 Edgewood PUD	3 annexed parcels; 3.4-acres for rezone	Two-family residential as part of PUD to permit development of 30 apartments, including 6 deed restricted community housing rentals

Source: City of Whitefish

6. Jobs and Seasonality

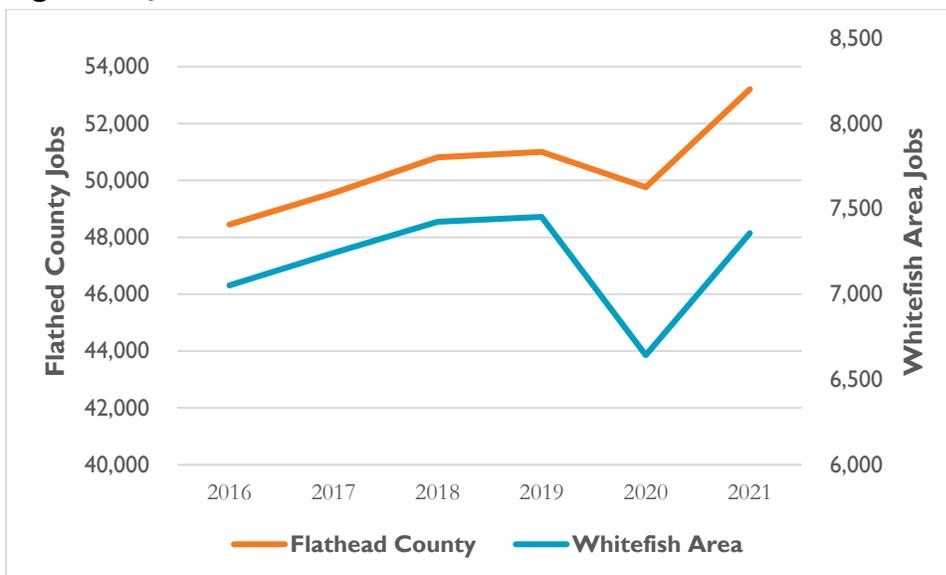


Jobs Estimates and Projections

In 2021, there were about 53,205 jobs in Flathead County, of which about 14% (7,360 jobs) were located in the Whitefish Area. Changes in jobs since 2016 show that:

- Jobs grew at about one-half the rate in the Whitefish Area than in Flathead County since 2016, precipitated by job losses experienced in 2020 due to the COVID-pandemic.
- Jobs fell about 2% in the county between 2019 and 2020, compared to a much higher 10% decline in the Whitefish Area. The pandemic hit accommodations, food service, retail, and personal services the hardest, which comprise a larger percentage of jobs in the Whitefish Area.
- Jobs in the county recovered to pre-pandemic levels in 2021 and jobs in the Whitefish Area are expected to fully recover in 2022.

Figure 11. Jobs Estimates: 2016 to 2021



Source: QCEW County and Zip Code files, Montana Dept. of Labor and Industry

Job growth estimates are used to project how many housing units will be needed to house workers filling new jobs. In the 2016 Housing Needs Assessment it was estimated that about 395 new jobs would be created in the Whitefish Area by 2020. Instead, job losses due to the COVID pandemic slowed anticipated growth, resulting in 310 jobs being added through 2021.

Looking ahead, job projections reported by the Montana Dept. of Labor and Industry for the northwest region, which includes Flathead County, project modest job growth at an average of 1.2% per year through 2030. More specifically:

- Projections anticipate higher than normal growth through 2022 due to recovery of employment losses in the base year of 2020 and stimulus spending from the American Recovery Act.
- Growth is expected to slow after 2022 due to a constrained worker supply.

Applying the same state estimates and assumptions to the Whitefish Area means that growth is anticipated to occur at a slightly faster rate in the Whitefish Area (1.8% per year) than the county (1.2% per year) through 2030, in large part because jobs in the Whitefish Area are still recovering from pre-pandemic levels. An estimated 1,280 jobs will be added in 2022 through 2030.

Table 14. Jobs Estimates and Projections: 2016 to 2030

	2016	2020	2021	2030 Projection	Yearly % change (2016-2021)	Est. yearly % change (2021-2030)
Flathead County	48,450	49,760	53,205	59,355	1.6%	1.2%
Whitefish Area	7,050	6,645	7,360	8,640	0.7%	1.8%

Source: QCEW County and Zip Code files, Montana Dept. of Labor and Industry

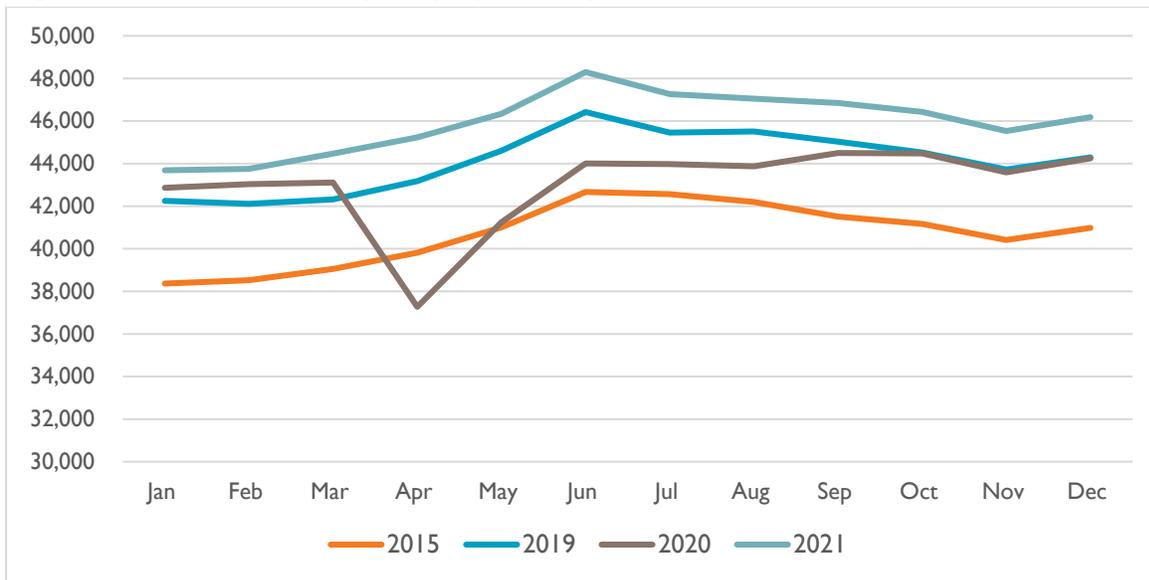
Seasonality of Jobs

Employment in Flathead County and the Whitefish Area are highest in the summer months when tourism and seasonal economic activity are most prominent. In 2021, the labor force in Flathead County grew by about 4,600 workers between the seasonal low in January and the peak summer employment in June, returning back to pre-COVID employment patterns.

The Whitefish Area also has a winter seasonal job peak (November through April), albeit slightly lower than in the summer (June through September). This has several advantages from a seasonal housing standpoint over communities with distinct summer- or winter-only peaks.

- Similar summer and winter peaks mean that employees may be able to live in the area year-round by holding summer and winter seasonal jobs. This reduces the need for local businesses to recruit and train new employees each season, helping the employer and improving the quality of service to the visitor. Year-round housing opportunities need to be available, however.
- Similar summer and winter peaks also provides opportunities for shared seasonal housing partnerships among employers. A significant barrier to providing solely summer or winter seasonal housing is that it sits vacant for one-half of the year. With similar summer and winter seasonal peaks, opportunities are available to ensure many beds are filled most of the year.

Figure 12. Flathead County Employment by Month 2016 and 2021



Source: Quarterly Census of Employment and Wages (QCEW)

Average Wage

The average annual wage in Flathead County was just over \$49,000 in 2021. Wages in the Whitefish Area average about 10% lower than the county overall, in large part due to the significant service economy.

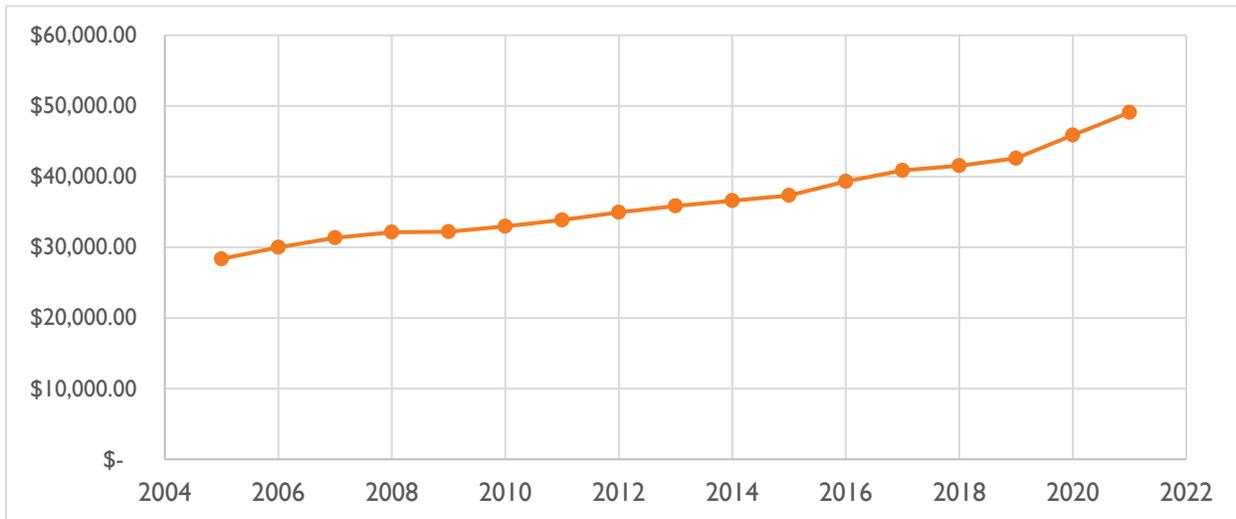
Wages increased an average of 4.7% per year since 2015, including 3.3% per year prior to 2019 and over 7% per year in 2020 and 2021. Despite the recent faster rise, wage increases were still far below changes in housing prices (*see Housing Market and Availability section*). Preliminary 2022 wage data indicates growth will continue.

Table 15. Average Annual Wages, All Industries – Flathead County and the Whitefish Area

Average Annual Wage	2015	2021
Flathead County	\$37,340	\$49,088
Whitefish Area	\$33,933	\$45,226

Source: QCEW 2015 and 2021 Industry and Wage data, Montana Dept. of Labor and Industry

Figure 13. Average Annual Wage: Flathead County 2005 to 2021



Source: QCEW Industry and Wage data, Montana Dept. of Labor and Industry

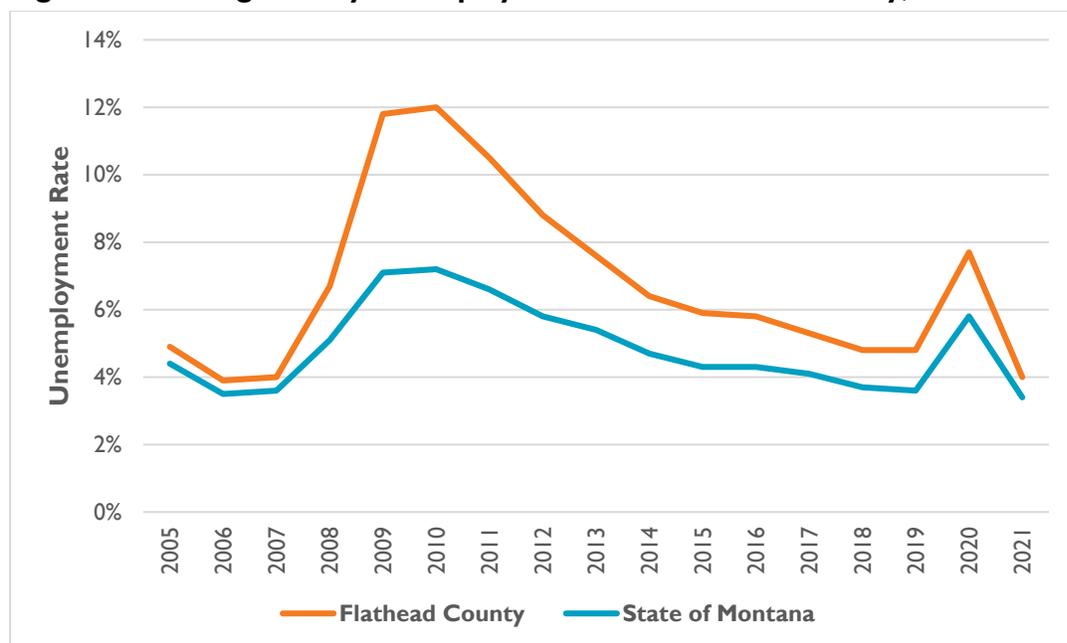
Unemployment Rate

In 2016, the unemployment rate in Flathead County averaged 5.8% for the year. Unemployment has generally been falling since that time, with the exception of the spike in unemployment during the COVID pandemic in 2020. This spike correlates with record high unemployment numbers nationwide caused by COVID-19 restrictions and temporary business closures.

With rapid job recovery post-COVID, unemployment is now at its lowest point since before the 2008 recession. Unemployment in June 2022 is 3.1%. When unemployment is this low, businesses encounter several problems:

- The remaining labor pool often does not have the requisite skills needed for many jobs;
- Employers compete with each other for the same skilled labor force. This results in wage wars and simply moves vacant positions around; and
- Businesses must attract employees from outside the area to fill jobs and most will need to find housing. With an expensive and tight housing market, the ability to attract employees is extremely difficult. Housing availability is a competitive advantage in tight labor markets.

Figure 14. Average Yearly Unemployment Rate: Flathead County, 2005-2021



Source: Montana Department of Labor and Industry

Commuting Trends

The majority of employees in the Whitefish Area commute in for work from homes in neighboring communities. About 43% of jobs are filled by employees living within the zip code area. The remaining 57% (about 3,500 employees) commute into the Whitefish Area for work, predominately from Kalispell, Columbia Falls, Hungry Horse, and West Glacier. Commute patterns show little change since 2016.

The recent rapid rise in housing prices has affected not only Whitefish, but also neighboring communities from which many workers commute (*see Housing Market and Availability section*). As the ability for employees to find homes they can afford in neighboring communities diminish, commuting becomes less of an option. This should be of particular concern in communities, such as Whitefish, in which the majority of jobs are filled by in-commuters. As commuting becomes less of an option, it becomes even more important to provide housing opportunities locally.

Table 16. Where Whitefish Area Workers Live 2016 and 2019

	% of workers living locally - in the 59937 ZIP code	% of workers living outside of the 59937 ZIP code	Total workers filling jobs
2016	41.2%	58.8%	5,840
2019	43.3%	56.7%	6,200
TOTAL %	100%	100%	-

Source: U.S. Census Bureau, Center for Economic Studies, LEHD.

Commuting results in significant costs and vehicle miles traveled for in-commuters. Over the course of a year, in-commuters will travel an average of 8,933 miles to commute to work, which translates to an annual commute cost of \$5,583 or \$465 monthly.

Table 17. Whitefish Area In-Commute Mileage and Expenses

	Kalispell	Columbia Falls	West Glacier	Average in-commuter
Mean miles commuted one way (Distance from Whitefish)	15.6	10.1	27.9	17.8
Days per Week commuters drive	5	5	5	5
Round trip miles per week	156	101	279	178
Miles per year (assuming 50 weeks of commuting)	7,800	5,050	13,950	8,933
Cost per mile (Federal IRS rate)	\$0.63	\$0.63	\$0.63	\$0.63
Cost per year	\$4,875	\$3,156	\$8,719	\$5,583
Cost per month	\$406	\$263	\$727	\$465

Source: Consultant Team, IRS.gov

7. Housing Market and Availability



For-Sale Market

This section evaluates how much home sale prices have changed since 2016 to understand the extent to which homes may have become more or less affordable to local residents and employees. It also summarizes units currently advertised for sale compared to units available in 2016 to illustrate changes in the availability of homes.

Home Sales

Residential sale prices for the Whitefish Area have more than doubled over the past six years. This equates to an average yearly increase of about 17% per year. The median residential sale price was \$825,000 for homes sold between January and May 2022.

Table 18. Median Home Sale Price – Whitefish Area, 2015/16 to 2022 (Jan-May)

	July 2015 - June 2016	2022 (Jan – May)	% Change
All Residential			
Median sold price	\$326,250	\$825,000	153%
Median sold price per sq. ft.	\$186	\$478	157%
Single Family			
Median sold price	\$379,750	\$1,025,000	170%
Median sold price per sq. ft.	\$180	\$510	183%
Attached (condo/townhome)			
Median sold price	\$255,000	\$565,000	122%
Median sold price per sq. ft.	\$203	\$452	123%

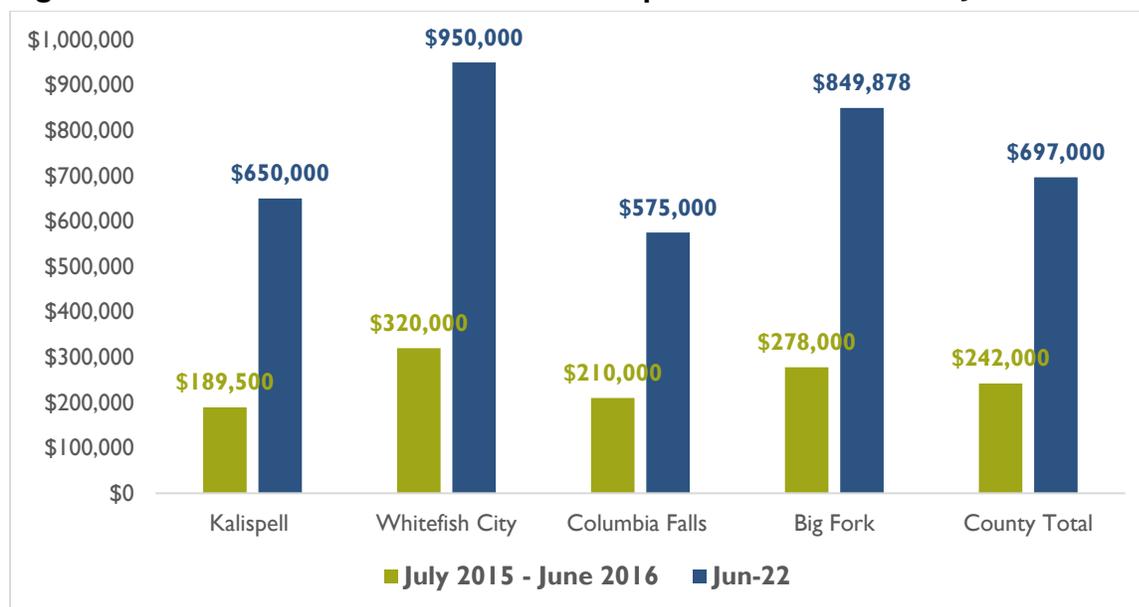
Source: Montana Regional MLS 2015/2016, 2021/2022

Home sale prices have shown a drastic increase not only in the Whitefish Area, but also throughout neighboring communities. Whitefish Area residents and employees used to find homes priced below \$400,000 in neighboring communities, including Kalispell, Columbia Falls, and Bigfork; however, this option is disappearing.

- All communities in the region have experienced an increase in median home values, with Kalispell showing the greatest percent increase at 243% since 2015.
- As of June 2022, the median sale price of residences exceed 200% AMI in all markets, meaning that households earning in excess of \$150,000 have trouble finding homes they can buy.
- The median sale price of residences in Flathead County was near \$700,000 in June 2022, up from \$242,000 in just six years.

As housing options for Whitefish Area residents and employees throughout the region diminish, it becomes even more important to provide opportunities locally.

Figure 15. Median Residential Sales Price Comparison: 2015/2016 and June 2022



Source: Kelly Appraisal (2015), Montana Regional MLS 2021/2022

Table 19. Change in Median Home Sale Prices by Community, 2015/2016 to June 2022

Percent Increase	
Whitefish (city)	197%
Kalispell (city)	243%
Columbia Falls	174%
Bigfork	206%
County Total	188%

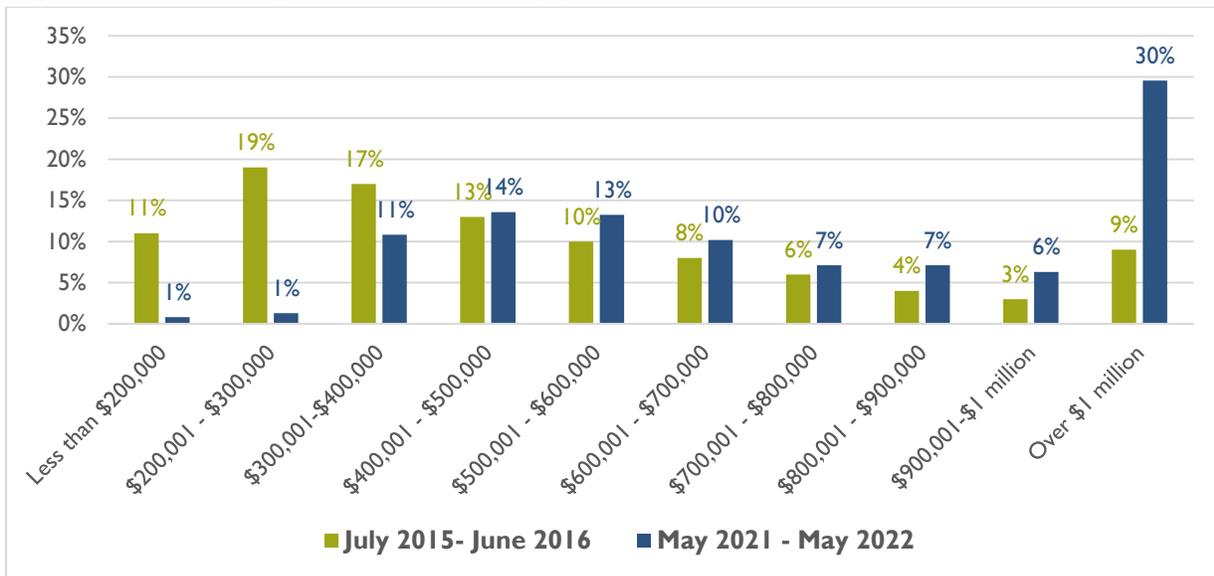
Source: Kelly Appraisal (2015), Montana Regional MLS 2021/2022

The substantial rise in home sale prices since 2015/16 is apparent in the inventory of homes sold by price bracket.

- Between July 2015 and June 2016, 30% of homes sold for under \$300,000, compared to only 2% of homes sold between May 2021 and May 2022.
- Conversely, only 9% of homes sold in 2015/16 were priced over \$1 million, compared to 30% of homes in 2021/22.

This shift in market price reveals that there are very few attainable homes for sale on the market. The majority of Whitefish Area residents and employees need homes priced below \$500,000. Only one-in-four sales between May 2021 and May 2022 met this price point.

Figure 16. Percentage of Sold Homes by price: 2015/2016 and 2021/2022



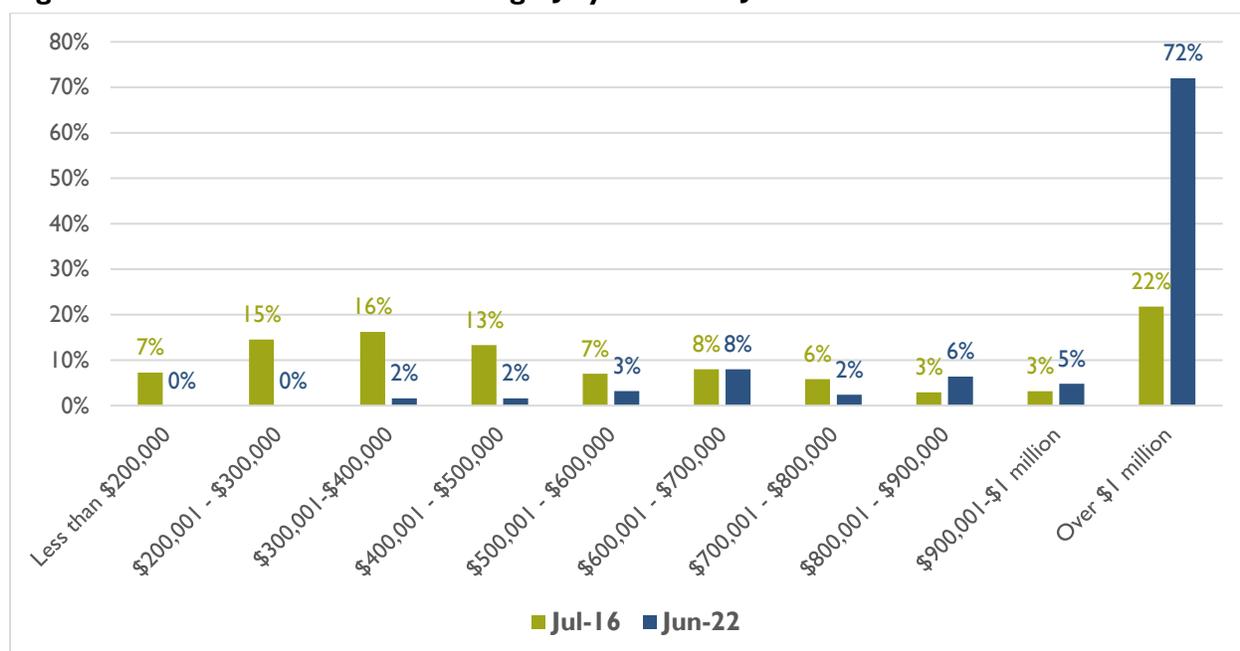
Source: Land Title Group 2015 and Montana Regional MLS 2021/2022

Current Availability

There is a much lower inventory of homes for sale in the current market than in 2016 and homes listed for sale are much more expensive.

- The number of listings on June 6, 2022 (125) is 70% lower than in July 2016 (413);
- About 22% of listings in 2016 were priced over \$1 million compared to 72% in 2022;
- About 50% of listings in 2016 were priced under \$500,000 (212 units) compared to only 3% in 2022 (4 units); and
- Based on sales between May 2021 through May 2022, there is a less than one-month supply of homes for sale below \$500,000. Conversely, there is a 6-month supply of homes priced over \$1 million.

Figure 17. Residential For-Sale Listings: July 2016 and June 2022



Source: Land Title Group 2015 and Montana Regional MLS June 6, 2022

All homes listed for sale, regardless of type of product, are predominately priced over \$1 million.

Table 20. Whitefish Area (59937) For Sale Listings by Type and Price, June 2022

	Single Family Residential	Condominiums	Townhomes	Total
Less than \$200,000	0	0	0	0
\$200,001 - \$300,000	0	0	0	0
\$300,001 - \$400,000	1	1	0	2
\$400,001 - \$500,000	1	1	0	2
\$500,001 - \$600,000	2	2	0	4
\$600,001 - \$700,000	3	7	0	10
\$700,001 - \$800,000	1	1	2	4
\$800,001 - \$900,000	5	1	1	7
\$900,001 - \$1 million	3	3	0	6
Over \$1 million	53	27	10	90
Total	69	43	13	125
Median list Price	\$1,950,000	\$1,414,500	\$1,850,000	\$1,695,000
Average list Price	\$3,217,929	\$1,666,886	\$1,848,428	\$2,543,394

Source: Montana Regional MLS June 2022

In 2016, there was a shortage of homes available priced for households earning under \$75,000 (150% AMI). In 2022, there is currently a deficit of homes priced under about \$500,000, which are affordable for households earning about \$160,000 per year (about 250% AMI).

Homes affordable for households earning under \$40,000 per year are also undersupplied; however, producing homes at this price will not occur without substantial subsidies or programs such as Habitat for Humanity. These households also often have trouble qualifying for loans and meeting down payment purchase requirements.

Table 21. Homeowner Income Distribution Compared to For-Sale Availability

AMI Level	Income (2.5-person household)	Maximum Affordable Purchase Price*	Owner income distribution	For sale listings (June 2022)
<60%	\$40,530	\$125,000	15%	0%
60.1-80%	\$53,975	\$166,500	11%	0%
80.1-120%	\$67,550	\$250,100	20%	0%
120.1-150%	\$81,060	\$312,600	12%	0%
150.1-200%	\$135,100	\$416,800	13%	2%
200.1-250%	\$168,875	\$521,000	10%	2%
>250%	>\$168,875	>\$521,000	20%	97%
TOTAL	-	-	100%	125

NOTE: Shading indicates where there is a shortage of housing supply for the workforce.

*Assumes 30-year mortgage, 7.0% interest rate, 5% down payment, and 20% of monthly payment for taxes, insurance and HOA fees.

For-Rent Market

This section provides information about the existing rental market in the Whitefish Area and changes seen since the 2016 Housing Needs Assessment. This data provides insight into the current affordability and availability of rental units for local residents and employees in the Whitefish Area.

Availability and Market Rents

At the time of the 2016 Housing Needs Assessment, it was found that the rental market rebounded strongly after the Great Recession. Vacancies dropped sharply and rents increased significantly beginning in 2014. More specifically:

- Availability was extremely low – vacancy rates were below 2%.
- Market rents had risen exceed pre-recession levels, showing 10% gains per year; and
- The average rent in the Whitefish Area (\$1,240) was affordable to a household earning over \$50,000 per year (about 100% AMI). Of units available for rent, the asking rent averaged over \$1,500.
- Turnover was very low; meaning that renters new to the area had difficulty finding homes and renters in unsuitable housing had so few choices that they were unable to move.

Current conditions show that trends observed in 2016 have continued:

- Vacancies are still very low. The 50 units advertised for long-term rent in June 2022 equates to a 2% vacancy rate. Only 16 of these properties, however, were priced under \$2,000 per

month, which is the primary price point needed for local residents and workers. This would be affordable for households earning \$80,000 per year, or about 120% AMI for an average sized 2.5-person household.

- Property managers of year round rentals for residents reported that unit turnover has declined in recent years. One manager used to have 6 to 10 properties vacate each year, which declined to only 3 or 4 vacated in the past couple of years.
- Owners selling rentals has reduced inventory for local residents. One manager lost 42 units since 2016 due to rentals being sold.

Due to the shortage of units, rents have continued to increase:

- In recent years, landlords raising rents in excess of \$500/month was not uncommon. To retain good tenants, some property managers recommended increases of no more than \$200. Property managers report that rents increased just over 7% per year since 2016.

Table 22. Market Rents of Managed Long-Term Rentals by Bedroom Size, June 2016 vs. June 2022

	Average Rent		Average Yearly % change
	2016 (est)	2022 (est)	
1 Bedroom	\$775	\$1,170	7.1%
2 Bedroom	\$1,275	\$1,845	6.4%
3+ Bedroom	\$1,680	\$2,815	9.0%
Overall Average	\$1,240	\$1,890	7.3%

Source: Property Manager focus group (2016), interviews

- Since 2016, advertised rents have increased an average of 12% per year. It is common for advertised rents to be higher than rents reported by property managers. This is largely because most managed rentals are filled by word of mouth and are never advertised. The units listed, therefore, tend to be higher priced homes that local employees cannot afford. These are the units that new employees coming to the area will find, however.
- The median rent for advertised rentals was \$3,000 per month. This is affordable for a household earning about \$140,000 (180% AMI). By bedroom size, advertised rents are affordable for households earning between about 75% to 200% AMI.

Table 23. Market Rents of Vacant Units by Bedroom Size: Whitefish Area (59937), June 2022

	Units	Median Rent	AMI Affordability
Studio/1BR	9	\$1,175	75%-85% AMI
2 BR	15	\$2,700	150% - 170% AMI
3+ BR	26	\$3,500	180% - 200% AMI
Total Listings	50	\$3,000	180% AMI

Source: June 2022 Active Listings on Zillow, Five Star Rentals, Craigslist, homes.com, Crown Property Management, Whitefishapartmenthomes.com

*AMI ranges assume 1- or 2-person households in 0/1-bedroom units, 2- or 3-persons in 2-bedrooms; and 3-or-more persons in larger units.

The current rental market is underserving households with incomes at or below 120% AMI (\$80,000 per year for an average 2.5-person household), which includes the core local resident and employee rental market in Whitefish. The majority of available listings (66%) were priced for households earning above 120% AMI.

Table 24. Market Rents of Vacant Units by AMI: Whitefish Area, June 2022

	Studio/1-bdrm	2-bdrm	3+-bdrm	Total listings	% listings
<60%	4	0	0	4	8%
60.1-80%	4	1	1	6	12%
80.1-100%	0	3	0	3	6%
100.1-120%	2	1	1	4	8%
>120%	2	10	21	33	66%
Total	12	15	23	50	100%

Sources: June 2022 Active Listings on Zillow, Five Star Rentals, Craigslist, homes.com, Crown Property Management, Whitefishapartmenthomes.com

In 2016, there was a shortage of rentals available priced for households earning under \$40,000 (80% AMI). In 2022, there is a significant deficit of rentals that households earning up to \$70,000 can afford (100% AMI). More 2- and 3-bedroom rentals priced around \$2,000 per month are also needed.

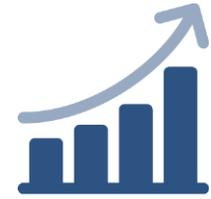
Table 25. Renter Income Distribution Compared to For-Rent Availability

AMI Level	Maximum Income (2.5-person household)	Maximum Affordable Rent	Renter Income Distribution	% listings
<60%	\$40,530	\$1,015	32%	8%
60.1-80%	\$53,975	\$1,350	11%	12%
80.1-100%	\$67,550	\$1,690	12%	6%
100.1-120%	\$81,060	\$2,025	10%	8%
>120%	>\$81,060	>\$2,025	35%	66%
Total	-	-	100%	50

*Available rentals include rentals available in the Whitefish Area in June 2022.

NOTE: Shading indicates where there is a shortage of housing supply for employees. Community housing units provided in the lighter shaded price points should be 2- and 3-bedroom units.

8. Community Housing Needs Estimate



This section updates the current and future community housing needs in the Whitefish Area through 2030. The goal of this section is to estimate the amount, price, and type of housing needed by residents and employees that call the Whitefish Area home to support the community, businesses, and the economy. As such, estimates do not represent total demand, but rather focus on housing needed by employees to fill current and future jobs and increase housing opportunities for local residents and area workers. The estimate includes housing that may be provided by the market, and gaps where the market is unlikely to provide housing needed to support the local workforce.

This section:

- Updates the 2016 Housing Needs Assessment projections of total needs for 2016 through 2021;
- Identifies how many community housing units are known to have been lost during this time;
- Identifies how many community housing units have been constructed or approved during this time;
- Calculates how many units are still needed to address the housing deficit identified in 2016 (e.g., total needs minus the number of community housing units provided or to be built by 2021); and
- Projects how many units will be needed to keep up with job growth and retiring employees, utilizing the same assumptions from the 2016 study, where applicable.

Estimates do not include additional components of demand, such as homes desired by out-of-area buyers, second homeowners, and investors, given that the market is providing homes for these sectors. Meeting the housing needs of local residents and employees estimated in this section, however, is necessary to retain the vibrant community and quality services that make the Whitefish Area so attractive to residents, visitors, and investors alike.

Results are presented for both ownership and rental housing and by AMI level, as done in the 2016 study. The prior study should be referenced for more detail on utilized assumptions.

Catch-Up Needs (2021)

Catch up in 2021 refers to the number of units needed to catch up to meet current community housing needs that are in short supply.

For the purposes of this update, catch-up is calculated by:

- Updating the total housing needs calculated in the 2016 Housing Needs Assessment for the time period between 2016 and 2021.
- Subtracting the number of community housing units constructed or approved since the 2016 study from total needs.

Updated 2016 Study Estimates

The 2016 study projected housing needs through 2020. This included two estimates:

- Housing units needed to catch-up with current deficits by providing housing units for employees needed to fill unfilled jobs and in-commuting employees who want to live in the Whitefish Area.
- Housing units needed to keep-up with future demand for housing based on projected employment and jobs vacated by retiring employees.

Updated estimates are based on:

- A five-year, rather than 4-year, need. Estimates presented in the 2016 study covered from 2016 to 2020. Revised estimates show needs from 2016 through 2021;
- Updated actual and estimated job growth between 2016 and 2021 from the Montana Department of Labor and Industry, showing that a total of 310 jobs have been added. This is lower than the anticipated addition of 395 jobs between 2016 and 2020; and
- Known estimates of community housing units lost. Big Mountain apartments (37-units) converted from income-restricted community housing rentals to market rate since 2016.

These estimates do not include resident housing lost due to conversion to short-term or mid-term rentals, a topic of concern in the Whitefish Area, and should, therefore, be considered conservative. Insufficient data is available to be able to provide these estimates.

Table 26. Update of Housing Needs: Whitefish Area, 2016 to 2021

	2016 Study 2016 to 2020 (est)	Updated 2016 to 2021 (est)
Time Period:	2016 – 2020	2016 – 2021
In-commuters that want to move (34%)	555	555
Unfilled jobs (3.8% in 2016)	115	115
Retiring employees (next 5 years)	180	180
New jobs (job growth)	130	100
Lost Community Housing units*	-	37
TOTAL	980	987
Community Housing (below-market)	605	609
Market Rate	375	378

*Big Mountain Rentals converted from income-/rent-restricted to market-rate rentals. See Housing Inventory section for more information.

Community Housing Produced Since 2016

Revised estimates of need for 2016 to 2021 show that about 987 housing units were needed for local residents and employees to address deficiencies in 2016 and keep up with job growth, retiring employees, and replenish lost community housing units. Most of these units needed to be priced below market (609 units). As shown below:

- Market rate development exceeded estimated local resident and employee housing needs;
- Community housing, while comprising 7% of units built and 13% of planned development, fell short of needs. About 490 units are still needed to address the back-log of community housing needs.¹

Table 27. Estimated Remaining Community Housing Needs: 2016-2021

	Total need	Built 2016 - 2021	Pending (by 2025)	Remaining need
Below Market (total)	609	76	41	492
Ownership (below 150% AMI)	248	29	41	178
Rental (below 80% AMI)	361	47	0	314
Market Rate*	378	993	272	-
Ownership	155	891	92	-
Rental	223	102	180	-

NOTE: Differences are due to rounding

Keep Up Needs (2021 to 2030)

It is estimated that about 820 community housing units are needed to keep up with changes through 2030. As done in the 2016 study, the need for community housing units through 2030 is based on:

- Projected job growth. The Montana Dept. of Labor and Industry estimates about 1,280 jobs will be added through 2030; and
- The need to fill jobs vacated by retirees. In 2016, employers reported that employees will retire from about 1.3% of jobs each year, equating to about 90 jobs per year through 2030.

Assumptions regarding the mix of units by ownership and rental are the same as those used in the 2016 Housing Needs Assessment, which can be referenced for more detail. This includes:

- About 40% of new units should be for ownership and 60% for rent. This takes into account that most in-commuters that would move are renters, as are the majority of new workers to the area initially (an estimated 70%). It is also in line with the rental shortage experienced in the Whitefish Area (under 2% vacancy rate).

The precise ratio, however, is somewhat dependent upon the Area's desired direction and housing policy. While the rental market is very tight and rentals are needed to help fill jobs

¹ See Housing Inventory section for more detail on built and pending projects.

and allow employees to enter the community, ownership is needed long term to reduce housing stress and build stability, security, and satisfaction among residents making their living in the region.

Table 28. Keep Up Needs: 2021-2030

Keep Up Needs: 2021 to 2030	
Retiring employees	410
New jobs	410
Total Keep Up Needs	820
Ownership	335
Rentals	485

Total Needs (2021 to 2030)

About 1,310 catch-up and keep-up units are needed in the Whitefish Area through 2030 to provide housing opportunities for local residents and employees. About 75% of needed homes should be community housing units that are priced below-market. This means below 250% AMI for ownership and below 100% AMI for rentals. This will allow the Whitefish Area to address both current housing needs and keep up with annual average job growth and retiring employees through 2030.

Table 29. Total Needs: Catch-Up Plus Keep-Up: 2021 – 2030

	Total	Ownership	Rental
Catch-up (2021)	492	178	314
Keep-Up (2021 – 2030)	820	335	485
TOTAL Housing Units	1,310	515	800
Community Housing (below-market)	975	400	580
Market rate	335	115	220

NOTE: Differences are due to rounding

Community housing units are needed for owners earning under 250% AMI and renters earning under 100% AMI due to continued rising housing costs and scarce supply since the 2016 Housing Needs Assessment.

- Home purchase prices for locals should range as low as about \$170,000 up to about \$520,000. This would provide ownership opportunities for households earning between \$55,000 through \$165,000 per year (between about 80% and 250% AMI). The for-sale market is not providing a sufficient supply of homes in this price range.
- Homes affordable for households earning under \$50,000 per year to purchase are also undersupplied; however, producing homes at this price will not occur without substantial subsidies or programs such as Habitat for Humanity. These households also often have trouble qualifying for loans and meeting down payment purchase requirements.

- New rentals should be mostly priced for households earning under \$65,000 (or about 100% AMI). There is also a shortage of rentals priced up to about \$2,000 for two- and three-bedroom units in the Whitefish Area.

Table 30. Total Needs by Tenure and Price: 2021 - 2030

AMI Range	Max Household Income (2.5-person household)	Max Affordable Home Price or Rent	# of Units	% of Units
OWNERSHIP				
<=60%	\$40,530	\$125,000	75	15%
60.1-80%	\$53,975	\$166,500	55	11%
80.1 - 120%	\$81,060	\$250,100	105	20%
120.1 - 150%	\$101,325	\$312,600	60	12%
150.1 - 200%	\$135,100	\$416,800	65	13%
200.1 - 250%	\$168,875	\$521,000	50	10%
>250% (market rate)	>\$168,875	>\$521,000	105	20%
TOTAL	-	-	515	100%
RENTALS				
<=30%	\$21,040	\$525	80	10%
30.1-60%	\$40,530	\$1,015	175	22%
60.1-80%	\$53,975	\$1,350	90	11%
80.1-100%	\$67,550	\$1,690	95	12%
100.1 - 120%	\$81,060	\$2,025	80	10%
>120% (market rate)	>\$81,060	>\$2,025	280	35%
TOTAL	-	-	800	100%

NOTE 1: Shading indicates where there is a shortage of community housing supply. Special note for rentals provided in the lighter shaded price point:

- <30% - rentals at this price assist fixed income/special needs population; employees typically earn too much to qualify at this level.
- 100.1 – 120% should be 2- and 3-bedroom units.

NOTE 2: Differences are due to rounding

Appendix A – City and Zip Code Area Data

Table 31. City of Whitefish and Zip Code 59937 Comparison

	City of Whitefish	Zip Code (59937)
Housing units and occupancy: (2020 5-yr ACS; Flathead County Assessor data)		
Total Housing units (2022 est.)	5,588	9,529
Occupied housing (total households)	3,971	6,654
Occupancy rate	71%	70%
Housing Tenure: (2020 5-yr ACS)		
Owners (%)	60%	70%
Renters (%)	40%	30%
Household type: (2020 5-yr ACS)		
Family households (%)	54%	59%
Non-family households (%)	46%	41%
Mean income: (2020 5-yr ACS)		
Mean household income	\$96,966	\$99,709
Mean family income	\$134,724	\$129,446
Mean per capita income	\$45,597	\$45,077
Median income: (2020 5-yr ACS)		
Median Household income	\$51,821	\$63,039
Median family income	\$95,183	\$97,433
Median non-family income	\$37,243	\$38,864
Commuting and Jobs (LEHD, QCEW, MT Dept. of Labor and Industry)		
Total jobs (2021 est)	4,569	7,360
% employees that commute in for work	75%	57%
% employees that live local	25%	43%
Estimated housing needs (through 2030)		
Total housing needed (62% in city)	815	1,310
Community housing (below market)	605	975
Market rate	210	335

Table 32. Households by AMI Percentage: Owners and Renters 2022

Households by AMI level	City of Whitefish		Zip Code (59937)	
	Own	Rent	Own	Rent
<30%	5%	10%	5%	10%
30.1 - 60%	9%	21%	10%	22%
60.1 - 80%	13%	12%	11%	11%
80.1 - 120%	19%	22%	19%	21%
120.1 - 150%	12%	8%	12%	8%
150.1 - 200%	13%	6%	13%	7%
>200%	30%	20%	30%	21%

Source: Ribbon Demographics, LLC; HUD 2022; Consultant team

Table 33. Housing Cost-Burden*: Owners and Renters, 2020 est.

	City of Whitefish		Zip Code (59937)	
	Own	Rent	Own	Rent
Percentage of income paid for housing costs (2020 5-yr ACS)				
<30%	74%	43%	76%	44%
30% or more	26%	57%	24%	57%
% of households that are cost-burdened* by income level (2020 5-yr ACS)				
<\$50,000	51%	79%	50%	81%
\$50,000 or more	11%	20%	11%	22%

*Cost-burden means that the household pays 30% or more of gross income for housing

Appendix B – Acknowledgements

We would like to thank everyone who gave their time, assistance, knowledge, and expertise to this process. Information in this report relied on participation from many individuals and organizations through interviews, data sharing, outreach, etc. We are grateful for the time given by everyone we reached out to. We would like to give particular thanks to the Housing Refresh Team, who were instrumental in this entire process.

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