

CHAPTER 4

HOUSING

INTRODUCTION

Housing is a basic human need. For Helena to grow and prosper there must be a place for all of its citizens. One of the challenges for effective planning in Helena is ensuring a full range of housing opportunities for its citizens near places of employment and desired services, facilities, and amenities. The location, design, and affordability of housing affect many

aspects of the community, including its transportation system, public safety, efficiency, cultural diversity, and schools. Proper planning will help to make certain that the people of Helena continue to have a livable and sustainable community to call home.

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This chapter presents existing trends and future projections regarding various aspects of housing for Helena. Helena’s Growth Policy considers housing because:

- Housing development patterns affect energy consumption and environmental quality for the future. Lower density housing patterns increase transportation costs for the homeowner and consume farm and ranch land.
- Higher density housing in cities and towns has been perceived as affecting the quality of life in neighborhoods.
- Housing shortages hamper economic development, community safety and cohesion. The shortage of housing affordable to prospective employees may affect local employers and area businesses.
- Housing development patterns affect the use of public resources now and for the future.

GENERAL OVERVIEW

While the City of Helena has become a desirable location for many, including retirees, a segment of the population working in the City needs affordable housing. According to the US Department of Housing and Urban Development (HUD), housing is affordable if it costs the occupant no more than 30% of their income for gross housing costs, including utilities. A portion of the aging population will need affordable or moderately priced

“Local communities have the opportunity to chart a course for the future, but to do so wisely requires full understanding of the costs, tradeoffs, and responsibilities communities face in meeting the housing needs of all local

housing. More assisted living, group homes, and other community residential facilities will also need to be built to accommodate persons with special needs. The community has seen an increase in homeless persons and a rise in demand for emergency and transitional housing. Any decisions regarding housing will affect all of Helena’s citizens.

It can be expected that single-family attached homes and a variety of multi-family homes will be developed at an increasing rate in the future. As the population changes, there will be demand by smaller, nontraditional households for lower-cost, more convenient, and easier-to maintain

housing that is also more energy efficient. Average wages have not kept pace with the local cost of living. As transportation costs increase, wells and septic systems fail, and traffic impacts intensify, more and more people may choose to live within the city. It is the responsibility of local government, financial institutions, private and public organizations, and the general public to work together to understand the housing needs of all residents and to ensure that everyone in the community has the opportunity to live in safe, affordable housing.

A primary objective of managing growth is to achieve the overall mix and placement of housing needed to support a community that is rich in social, cultural, historic, and economic diversity, and an environment rich in natural resources. This Growth Policy contains goals and objectives designed to guide development and ensure that all the housing needs of the community are met.

HOUSING PROFILE

An inventory of existing housing stock and general age and condition is useful in determining a community’s need for new housing. It also identifies the need for programs or efforts to protect and preserve existing housing.

NUMBER AND TYPES OF HOUSING UNITS

Helena has a mixture of owner-occupied and renter-occupied housing. More people live in single family homes than any other type of structure. Single family homes account for 54.3% of the city’s housing units. Other prevalent housing types include duplexes, homes converted to apartments, or other small apartment buildings (19.8%), large apartment complexes or multi-family apartments (15.8%), mobile homes or trailers (6.1%), and a few row houses and other attached homes (4.0%).

The percentage of duplexes and manufactured homes as a percentage of the total housing stock has increased since 1980, while the percentage of larger multi-family complexes has decreased.

Number of Units by Type of Structure

Units In Structure	1980		1990		2000	
Total Units	10231		11053		12118	
1 unit detached	5648	55.20%	6124	55.41%	6583	54.32%
1 unit attached	101	0.99%	294	2.66%	488	4.03%
2 to 4 units	2085	20.38%	2266	20.50%	2398	19.79%
5 to 9 units	1962	19.18%	635	5.75%	586	4.84%
10 or more	Included above		1067	9.65%	1326	10.94%
Mobile Home etc	435	4.25%	667	6.03%	737	6.08%

Source: U.S. Census Data 1980, 1990, 2000

A review of City building permits indicates that a mix of housing unit types is being constructed. The trend of remodeling or expanding existing structures has been increasing in Helena—a typical occurrence during a recession.

Building Activity

Type of Permit	2004	2005	2006	2007	2008	2009	6/10
New Townhouse	14	16	8	6	6	4	2
New Single Family	81	84	90	55	41	72	66
New Duplex	4	4	5	7	5	4	5
New 3 & 4 family bldg	6	6	18	11	4	6	10
New 5 or more bldg	22	1	1	3	1	0	3
Remodel/Alteration	57	63	54	92	93	99	75
Total	184	174	176	174	150	185	161

Source: City of Helena Building Permit Statistics (2004-2010)

Some newer subdivisions feature more townhouses and condominium complexes as alternatives to traditional single family homes. The City Building Department does not track the number of mobile homes and manufactured homes.

AGE AND CONDITION OF HOUSING

The ages of Helena's housing units closely correspond to changes in city limits. More than 25% of existing stock was built before 1939, while another 25% is less than 25 years old. Many older homes were built on small lots close to the downtown, while large homes tend to be located in the upper west side in the community's mansion district. From the 1940s through the 1960s, homes were built on larger urban lots. In the 1970s

this trend continued, but the community also saw more multi-family and rental units. Renter-occupied units accounted for more than 50% of the housing stock created in that era. Most of the older homes are in the central parts of town as is common in most communities.

One quarter of Helena's housing stock is less than 25 years old. Most of the older homes are in the central parts of town as is common in most communities. The City had building boom of sorts in the 1960's through the 1970's, with almost 30% of the housing units being built in that era. To date, most of the new construction is occurring on the edges of the City; with very little infill development for new construction. (See [Helena Housing Construction Timeline map](#) - electronic link or map at the end of this Chapter)

Age of Housing Units

Year	Owner Occupied	Renter Occupied	All Units	Percent of Total
1939 or earlier	1740	1393	3375	26.40%
1940-1949	393	361	802	6.27%
1950-1959	846	492	1419	11.10%
1960-1969	833	489	1389	10.86%
1970-1979	1215	1261	2537	19.84%
1980-1989	734	551	1329	10.39%
1990-1999	805	407	1297	10.14%
2000 thru current	n/a	n/a	637	4.98%
Total	6566	4954	12785	

Source: US Census Data, City of Helena Building Permits (2000-2010)

The number of housing units being built in Helena and the surrounding area increased from the mid-1990s through the 2007-2008 building season. Most building activity occurred outside the city limits. Even though Helena and the surrounding area have not suffered as much as some other areas in the western states, the number of local permits issued for single-family homes has declined since the beginning of the current recession. In 2009 there was an increase in the number of single family permits both in the city and the surrounding area. During this time period, the federal government offered tax incentives for first time homebuyers and in some case other homebuyers. This program expired in spring of 2010. This program directly resulted in the increase in new home construction, according to many financial and housing experts.

Number of Residential Building Starts

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Helena	24	39	38	40	53	48	53	93	100	103	105	70	100
L & C County	177	208	203	190	231	266	277	303	309	396	306	255	322
Jefferson Co	70	95	73	64	86	74	82	78	104	101	91	87	43
TOTAL	271	342	314	294	370	388	412	474	513	600	502	422	465

Source: Montana Department of Labor and Industry (2010) based on electrical permits

The condition of Helena’s housing stock is generally positive, with more than 95% of housing units found to be in average to very good condition. One hundred thirty-one housing units lacked either plumbing or a kitchen.

Montana Department of Commerce Housing Condition Ratings:

Unsound – the dwelling is structurally unsound and practically unfit for use.

Very poor – the dwelling is structurally unsound and is approaching abandonment or major reconstruction.

Poor - definite deterioration is obvious. Property is undesirable and barely usable.

Fair - marked deterioration but is still quite usable. Deferred maintenance is obvious.

Average - normal wear and tear relative to age. Property has average attractiveness and is desirable. All major components are still functional.

Good - minor deterioration is visible. No obvious maintenance is required, but neither is everything new. Appearance is above the standard relative to the property’s age.

Very good – slight evidence of deterioration and a high standard of upkeep relative to age.

Excellent – perfect condition. All items that can be normally repaired or refinished have been recently corrected.

City of Helena Housing Condition Analysis

Physical Condition	Condo	Mobile	Single	Total	% of Total
Unsound	0	0	4	4	<.5%
Very Poor	0	9	7	166	2.14%
Poor	0	8	13	21	0.27%
Fair	0	14	69	83	1.07%
Average	111	569	1870	2550	32.81%
Good	192	1	3204	3397	43.71%
Very Good	145	0	1307	1452	18.68%
Excellent	48	0	50	98	1.26%

Source: MDOC Housing Condition Study 2005

The housing units in older neighborhoods were found to be in good to very good condition, while many of the housing units built in the mid-century were found to be in average to good condition. The ratings indicate that programs and individual efforts to preserve older, historic homes have been successful. (See [Conditions of Structures in Helena Map](#) - electronic link or map at the end of this Chapter)

COST OF HOUSING

Until 2008, home values in Helena had appreciated while home values showed decline in the remainder of the state and the nation. Starting in 2008, there has been a decline in home values in the City. Over 46.5% (46.51%) of the homes in the City of Helena are valued between \$100,000 and \$200,000. In Lewis and Clark County, 50% of the owner-occupied housing units are valued at \$100,000 to \$200,000; 47% of Montana homes and about 33% of U.S. homes have similar values.

Owner-Occupied Home Values				
Value	Helena	Lewis and Clark	Montana	United States
< than \$40,000	7.55%	7.69%	9.53%	6.57%
\$40,000 to \$59,999	2.59%	2.66%	4.97%	5.09%
\$60,000 to \$79,999	3.18%	3.05%	5.61%	6.10%
\$80,000 to \$99,999	4.56%	4.41%	6.68%	7.33%
\$100,000 to \$149,999	23.35%	24.85%	20.47%	18.53%
\$150,000 to \$199,999	23.20%	25.37%	16.85%	14.38%
\$200,000 to \$299,999	22.53%	21.21%	19.46%	17.52%
\$300,000 to \$399,999	6.61%	5.09%	7.16%	9.26%
\$400,000 to \$499,999	3.36%	2.94%	3.58%	5.11%
\$500,000 to \$749,999	1.97%	1.88%	3.11%	5.76%
> than \$800,000	0.59%	0.48%	1.41%	3.52%
Median Home Value	\$151,670	\$151,770	\$168,300	\$183,450
Home Appreciation	-1.61%	-1.68%	-2.37%	-5.1%

Sterling's BestPlaces Housing data 9/2010

The cost of construction has contributed to the increased housing value. The cost per unit of new construction increased by 46% in the past five years for single family dwellings and 68% for multi-family dwellings. The values for calculating building permit fees are another indicator of increased housing costs. Even though the City of Helena increased the minimum value for calculating building permit fees in 2007, the City still has seen a 12.8% increase in the permit values of multi-family structures.

Permit Values Per Unit

Year	Single-Family Units	Total Value	Average Per Unit	Multi-Family Units	Total Value
2005	98	\$17,825,920	\$181,897	70	\$6,320,354
2006	98	\$20,858,097	\$212,838	83	\$11,858,299
2007	63	\$16,621,994	\$263,841	80	\$10,807,283
2008	48	\$2,752,109	\$265,669	29	\$4,421,144
2009	75	\$14,366,040	\$194,135	25	\$3,301,831
2010	68	\$13,723,854	\$201,821	47	\$7,044,552

Source: City of Helena Building Permits (2005 thru 7/10)

The average home in Helena has not always followed national trends in terms of number of bedrooms and square footage. According to the National Association of Home Builders, in 2004, the average size of a home was 2,330 square feet, up from 1,400 square feet in 1970. In 1970, more than half the homes built in Helena were between 2,000 and 3,000 square feet. From 2000 to 2004, only 15% of the homes built fell in that category, while more than half were between 1,000 and 2,000 square feet.

Housing Size by Construction Era Built

Year Built	Total Square Feet					Total DU
	1000 or less	1001 – 2000	2001 – 3000	3001 – 4000	Over 4000	
1959 and earlier	488 du, 12.6%	1703 du, 44.2%	1286 du, 33.4%	258 du, 6.7%	115 du, 2.9%	3850
1960-1969	42 du, 5.2%	189 du, 23.6%	490 du, 61.2%	70 du, 8.7%	9 du, 1.1%	800
1970-1979	216 du, 16.6%	313 du, 24.1%	612 du, 47.5%	129 du, 10.0%	25 du, 1.9%	1295
1980-1989	132 du, 18.7%	247 du, 35.0%	215 du, 30.4%	91 du, 12.9%	20 du, 2.8%	705
1990-1999	26 du, 3.5%	380 du, 51.8%	193 du, 26.0%	98 du, 13.2%	44 du, 5.9%	741
2000-2004	6 du, 2.6%	135 du, 58.7%	36 du, 15.6%	36 du, 15.6%	16 du, 7.0%	230
du – dwelling units						

Source: Montana Department of Commerce Housing Condition Study 2005

ISSUES RELATED TO HOUSING

HOUSING AFFORDABILITY

As recently as the mid-1970s, economists noted that the vast majority of households in the United States paid no more than 25% of their household incomes for housing costs. By the early 1980s, the ratio rose to 30% or more of household income. In 2006 in Lewis and Clark County, average wage earners who were renting paid 24.2% of their income in rent, while senior citizens on Social Security Income (SSI) who were renting paid 62.7% of their income in rent. By 2020, it is projected that average wage earners will pay about 40.7% of their income in rent, while senior citizens on SSI will pay 69.7%.

Factors Affecting Housing Affordability

- Lack of workforce housing
- Housing costs not in line with wages
- Decrease in affordable lots in the City
- Increased cost of construction
- Increased cost of energy
- Increased cost of regulations

Helena Growth Policy Housing Focus Group 2008

The average working American family spends nearly 60 percent of its budget on housing and transportation costs. Americans traditionally consider housing affordable if it costs 30 percent or less of their income. The Center for Neighborhood Technology developed the Housing + Transportation Affordability Index to identify the true cost of housing based on its location by measuring the transportation costs associated with place. Based on that index, it is estimated that only 39 percent of U.S. communities are affordable for typical households when the cost of transportation is included in the calculation of housing costs.

The recent increase in oil prices has focused more attention to the crucial role the location of housing plays in transportation costs for individuals and communities. Distance from employment centers and lower density housing patterns (such as one acre or more per dwelling unit) lead to higher transportation costs for the homeowner. On the other hand, some believe that higher density housing will affect the quality of life in neighborhoods. Factors that can help people control transportation costs include walkable neighborhood streets, access to public transit, and nearby employment and retail. To better plan for a community, it is necessary to have a full understanding of the costs, tradeoffs, and responsibilities communities face in meeting the housing needs of all local residents in light of rising energy and other transportation-related needs.

Helena has taken steps to address affordability. The City recently updated its zoning ordinance to provide more flexibility for infill opportunities. The minimum lot and the minimum building sizes were eliminated as part of the ordinance. More flexibility for housing was accommodated in the commercial zoning districts where multi-family housing is allowed by right and single-family units are allowed by right when located above a commercial business. The City has donated surplus lots to both Helena Area Habitat for Humanity and to the Montana Youth Homes for the new construction of affordable housing. Helena frequently partners with nonprofit organizations and others to apply for federal grants and loans to create more affordable housing in the community, including several low-income, multi-family complexes in the northern parts and eastern parts of the city.

PRESERVATION OF EXISTING HOUSING STOCK AND EXISTING NEIGHBORHOODS

There is strong public support for the preservation of existing neighborhoods, including the strengthening and support of existing neighborhoods through adequate infrastructure, maintenance, and consideration of design standards to preserve the unique qualities of the neighborhood. Efforts should continue to be made to protect and improve existing neighborhoods, which by their history and unique character offer unique, socially interactive settings for all residents. Increased pedestrian access and walkability in existing neighborhoods has been cited as a way to increase the desirability of the older parts of the community and to offset some of the costs associated with living in older neighborhoods.

It is important to involve the property owners in any discussion of design standards and major projects that may affect the neighborhood. Their input and insight on how the neighborhood functions is important to the process. However the implementation of design standards and other regulatory tools is a process that should involve the whole community because of the mutual benefit to all citizens.

In the last three years, the City of Helena has seen an increase in the number of permits to remodel existing homes. However, the cost of remodeling and maintaining existing homes continues to rise. This trend could have an impact on the preservation of older neighborhoods.

About 1,600 city residents live in mobile homes and manufactured homes, many of which are in mobile home courts. As land values increase, mobile home courts are being converted to other uses. At least one mobile home court in the community has explored converting to commercial enterprise and multi-family housing. Many mobile homes were built prior to 1976, before basic safety and construction requirements were put into place. It is likely that most of these units do not meet these requirements and may need to be replaced. Because of their age and condition, many of these units could not be relocated to another mobile home court.

CHANGING DEMOGRAPHICS

The portion of the population living in poverty is increasing. Poverty rates in Lewis and Clark County have increased by an estimated 10.9% of county residents living in poverty in 2000 compared to 11.9% of its residents in 2009. This compares to 14.6% of Montana residents living in poverty in 2009. (*2009 Leading Public Health Indicators* compiled by the Lewis and Clark County Health Department.). Housing for this population often requires subsidies. Lewis and Clark County has about 1110 units of housing with subsidized rents that are intended to serve not only households below the poverty line, but also working families with low-income wage earners.

Homelessness is increasing, and its face is changing. Families with children constituted more than half of the homeless in the United States for the first time in 2007, challenging the traditional notion that homeless persons are usually single males. A 2009 Homeless Count survey in the City identified 376 homeless individuals, a number

that has increased steadily since the survey began. Many of the area's emergency and transitional shelters report that they are often filled to capacity. Homelessness imposes costs on communities far beyond the costs of shelters. A recent study in Billings found that the community spent \$31,000,000 to deal with homelessness in one year, at a cost of about \$13,000 per person. More permanent solutions to the problem of homelessness need to be identified.

ENERGY COSTS AND CONSERVATION

Rising energy costs are affecting almost every household in Montana. The Montana Department of Commerce's *Housing in Montana the White Paper* reports that the gap between what the average low income family could afford for energy rose from \$426 in 2002 to \$1354 in 2007. The costs have risen even higher since that time. Many homeowners are looking at either remodeling to increase the energy efficiency of their existing home or asking their builder to incorporate newer *green building* techniques when newly constructing their home.

Since the city of Helena is a *Certified City* for building code enforcement, all renovations and new construction would fall under the most currently adopted Energy Code. The Energy codes are designed to increase the energy efficiency in both residential and commercial construction. While a homeowner can ask a contractor to increase the efficiency of their home through more stringent construction techniques than are found in the Energy Code, the City cannot require that this construction exceed the adopted code.

If the City chooses to encourage greater energy efficiency in new construction and in retrofitting existing businesses, a program of incentives could be developed through the zoning ordinance or design standards. In addition, the State of Montana and the local utility company, Northwestern Power, offer tax incentives and rebates to encourage energy conservation. When possible, the City partners with these organizations to promote energy conservation and provide education to both private individuals and to contractors. In 2010 the City partnered with Northwestern Energy on the pilot project known as the *Green Blocks Pilot Program*. Through the program 109 homes were audited, 47 homes received insulation and other energy conservation improvements free of charge.

REGULATIONS

While regulations are necessary for ensuring public health and safety of individuals and communities, they can sometimes present obstacles. The purpose of zoning and subdivision regulations is to guide development in communities, while building codes ensure that all construction is safe. The cost of complying with these regulations is often cited as a reason for the high cost of housing. A study done for the Missoula Realtors® Association and the Missoula Building Industry analyzed the cost of regulating subdivisions, obtaining permits, and paying fees. The cost of permits rose by 87% while the overall cost of construction rose by only 64% from 1996 to 2006, rising from \$5,850 to \$10,949 per lot, and from 5.6% to 6.4% of the total cost of a new home, excluding the costs of infrastructure.

The City of Helena has made some changes to its Zoning Ordinance to provide more flexibility and opportunity for development, such as:

- Elimination of minimum lot sizes
- Elimination of minimum dwelling size (except for multi-family in the R-3 and R-4 zoning districts)
- Elimination of minimum lot width
- Allowing mixed uses to enable additional housing in commercial areas
- Allowing manufactured housing and modular within all residential areas
- Allowing two dwelling units by right in R-1 and R-2 districts to accommodate uses such as accessory dwelling unit.

The City also is considering amendments to the Parking Ordinance to allow flexibility in parking requirements and is considering changes in the Subdivision Regulations to encourage increased pedestrian access in new developments, and adoption of Design Review Standards for residential and commercial development.

Infrastructure regulations also can contribute to increased housing prices. Local governments set standards for some infrastructure, such as streets, curbs, parking, and sidewalks. The high cost of infrastructure raises a critical question of who should pay the cost of upgrading and installing additional infrastructure. The adoption of impact fees is an alternative available to local governments for generating the revenue necessary to accommodate new development.

DEVELOPMENT PATTERNS AND IMPACTS ON HOUSING

Much discussion has occurred concerning the effect of development patterns and practices on the quantity and quality of housing in the community, particularly on lower income households. The connection between housing affordability and transportation costs is cited as one of the more measurable factors. These costs are discussed in another section of this chapter. Housing that is located near sensitive wildlife areas or wetlands may have negative impacts if not properly mitigated. Locating housing near existing employment centers, schools, and other services lessens the cost burden on the homeowner and promotes infill development and redevelopment of underutilized properties. Encouraging mixed use areas will also provide flexibility to a community. If designed properly, it may allow existing neighborhoods to adapt to changes in housing needs or demographics, while still keeping neighborhood character.

HOUSING GOALS AND OBJECTIVES

Goal:

Housing that is safe, available, accessible, and affordable for all sectors of the population.

Objectives:

1. Support and expand the supply of housing for all residents, especially lower income, senior citizens, persons with disabilities, homeless, and others with special needs.
2. Encourage the preservation and rehabilitation of the existing housing stock.
3. Work with nonprofit agencies to maximize housing resources for low- and moderate-income residents.
4. Promote energy efficiency in new and existing housing.
5. Support infill development of additional housing that harmonizes with the character of existing neighborhoods.
6. Maintain a regulatory environment that protects the health, safety, and welfare of citizens while minimizing barriers for new or existing housing.
7. Conserve and enhance the character, quality, and livability of the community by preserving and improving distinctive neighborhoods that offer diverse housing opportunities.
8. Encourage the development of housing located in proximity to physical, technological, social, and economic infrastructure.
9. Develop and preserve housing to minimize impacts on natural resources and the physical environment and to maximize social resources while meeting emerging needs.
10. Maximize constructive neighborhood involvement in housing development and design.