

# WHITEFISH STRATEGIC HOUSING PLAN STEERING COMMITTEE AGENDA



**Thursday, October 8, 2020 at 6:00 p.m.**  
**Remote via WebEx**

The City Council Approved Emergency Ordinance No. 20-14 to provide for remote meetings of the City Council, City Boards and Committees to protect the health and wellbeing of all attendees, practice social distancing and to continue to have public meetings to serve the community during the Covid-19 pandemic.

To register to attend the Meeting, and provide live comment via WebEx on your computer, tablet or smartphone, residents and other attendees should go to the following web address and register.

<https://cityofwhitefish.webex.com/cityofwhitefish/onstage/g.php?MTID=eb9c43d69732d30c55d379e9ec626d99f>

**Event Number: 146 167 8777**

Once registered, you will receive a calendar invite; in most cases it will automatically be added to your email calendar. The calendar invite contains the information to join the meeting via WebEx on your smartphone or computer. Attendees will not be able to join the meeting until approximately 5 minutes prior to the meeting time. OR

**For the Audio Conference Call option:** call the number below and enter the access code.

United States Toll: +1-408-418-9388

United States Toll Free: (From a land line phone) +1-844-992-4726

Access code: 146 167 8777

**For the Audio Conference Call Back option:** register your phone number to receive a WebEx system call back when the meeting is set to begin, you will need to provide your phone number when you join the event, or call the number below and enter the access code.

United States Toll call-in number: +1-408-418-9388

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We encourage individuals to provide written public comment. You may either send an email to City Manager Dana Smith at [dsmith@cityofwhitefish.org](mailto:dsmith@cityofwhitefish.org) or deliver a letter by 4:30 p.m. on October 8<sup>th</sup> in the Utility Drop Box at City Hall. Written comments should include name, address, details of comments including support or opposition, should be short and concise, courteous, and polite. All written comments received by 4:30 p.m. will be provided to the Committee and will be appended to the packet following the meeting. At the end of "live" comment, the City Manager will read the name and address of each individual providing written comments and state whether they support or oppose the proposal before the Committee.

## 1. CALL TO ORDER

## 2. APPROVAL OF MINUTES FROM SEPTEMBER 10, 2020 MEETING

## 3. PUBLIC COMMENT

- 4. SNOW LOT UPDATE AND DISCUSSION**
- 5. REVIEW AND RECOMMENDATION OF THE 2020 ANNUAL HOUSING REPORT**
- 6. REVIEW AND RECOMMENDATION OF THE LEGACY HOMES PROGRAM UPDATES**
- 7. FUNDING UPDATE**
- 8. PUBLIC COMMENT**
- 9. NEXT COMMITTEE MEETING**
  - a. November 12, 2020
- 10. ADJOURN**

# WHITEFISH STRATEGIC HOUSING PLAN STEERING COMMITTEE

## MINUTES

September 10, 2020 at 6:00 p.m.

### 1. Call to order:

The meeting was called to order at 6:05 p.m.

Present: Wendy Compton-Ring, Ben Davis, Rhonda Fitzgerald, Kevin Gartland, Bob Horne, Dana Smith

Absent: Addie Brown-Testa, Rebecca Norton, John Muhlfeld,

Others:

### 2. Approval of Minutes from the July 9, 2020 meeting:

Compton-Ring/Smith moved to approve the July 9, 2020 meeting minutes. Passed unanimously.

### 3. Cash in Lieu of Affordable Housing Update and Discussion:

Dana Smith provided an update of the changing the pricing of housing/rentals and the fee in lieu. Council approved it unanimously. There were questions about the effects of the pricing and Covid-19. Dana spoke with the news reporter regarding housing prices and the story she wanted to do.

#### **NEXT STEPS:**

1. Confirm the Administrative Procedures direct us to review the housing/rental prices and fee in lieu annually

### 4. Snow Lot Update and Discussion:

Dana Smith provided an update of the snow lot. The contract with the WHA. Staff provided an overview of the development review process at the City. WHA is putting together an RFP and trying to figure out which route to take whether it be an owner's rep or engineering firm or a landscape architect. The contract is for 3 years. Dana described the funding. The city does a plan to send a letter to the neighbors for an update – who's

doing the development, what the plan, 24 townhouses and public process. Lori Collins is the point person on the project, but Dana can also answer question.

*Public Comment* - Jon Carlson, neighbor on Somers Avenue. Not against the project. Had questions about rental and ownership, ownership of the property, deed restrictions, price points.

**NEXT STEPS:**

1. The WHA will be taking the lead on this development.

**5. Annual Report Update and Discussion:**

Dana provided the group with an update on the lawsuit from Mayre Flowers. We held off on the annual report because the settlement agreement dictated what was going to be included in an annual report. The settlement agreement didn't approved so we are proceeding with the annual report as we see fit. Dana described what the annual report might look like. We'll also include a list of the different items for updates to the program.

**NEXT STEPS:**

1. Staff will send the draft to the Committee a week beforehand and ready for the October meeting.

**6. Funding Update:**

The group discussed the Great Fish, grants, down payment assistance. The resort tax is not going to happen – Council wants to keep it the same as it is currently. Impact fees waiver – Dana will work with the League of Cities and Towns to allow cities to be able to waive impact fees for deed restricted affordable houses and get a bill passes. Dave Fern is willing to sponsor the bill once drafted for the current legislative session.

**NEXT STEPS:**

1. Dana will be working with both Dave Fern and League of Cities and Towns to draft a bill for the next legislative session.

**7. Public comment:** See comments above on the Snow Lot

**8. Next Committee Meeting:** October 8, 2020

**9. Adjourn:** The meeting adjourned at 7:07 p.m.

# 2020

## Annual Housing Report June 30, 2020



*Trailview Subdivision*





*Riverview Meadows*



*Trailview*

# LEGACY HOMES PROGRAM

In the twelve months since the Whitefish Legacy Homes Program (LHP) went into effect, both city staff and developers have worked on its implementation. City staff established a separate Legacy Homes webpage under Planning & Building with all current information and applicable documents. Developers have been working on implementing these new requirements into their projects. It has been a slower year for new residential development, as a number of residential developments were approved prior to the effective date of the LHP. While those projects are being built out, staff expects to see an uptick in new residential development in the coming years. The demand is based on the rising cost of residential homes, diminished supply of available land and the volume of calls our office receives from members of the public looking for places to build.

The July 2019 LHP focus is to provide housing for the Whitefish workforce making 60-120% of Area Median Income (AMI), as defined by the US Department of Housing and Urban Development (HUD) for Flathead County. The program identifies an AMI between 60-80% for rentals and 80-120% for ownership. The AMI numbers are updated annually by HUD.

## *Legacy Home Program Project*

In the first 12 months of the LHP, the City Council approved the following project:

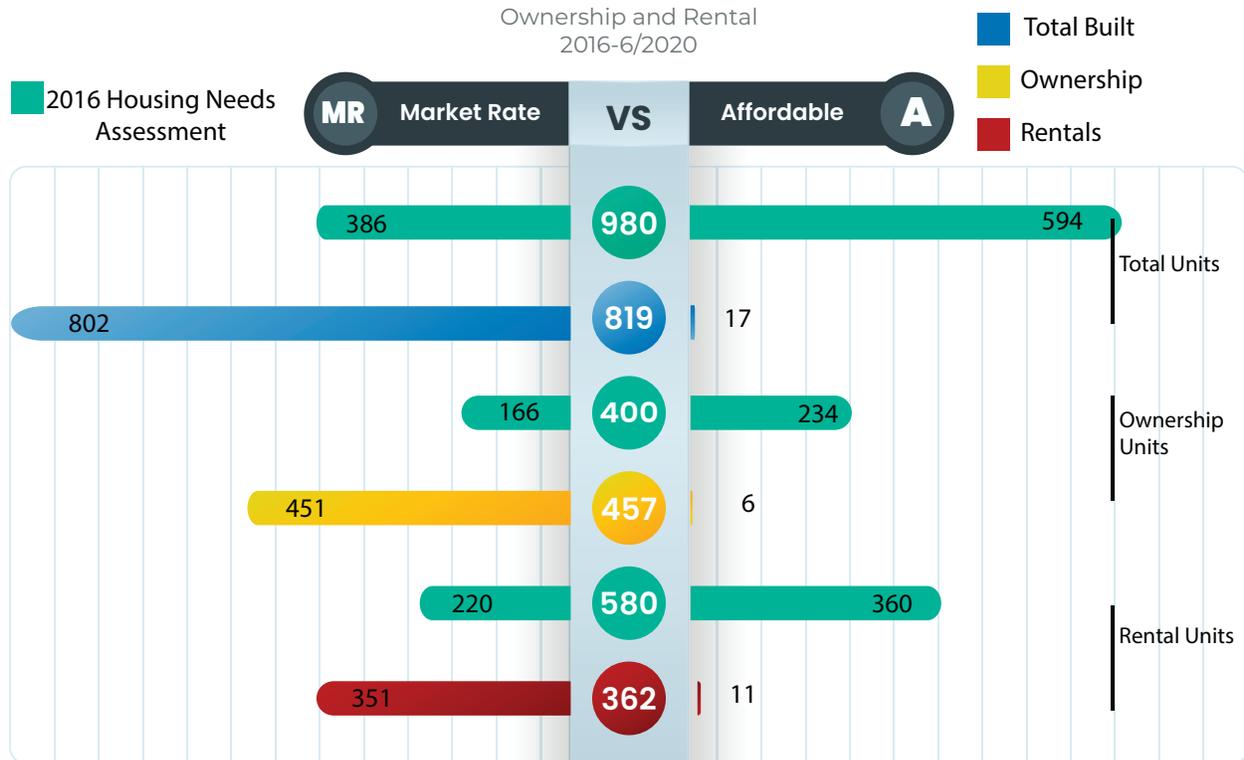
- **Kyle Project:** 1515 Hwy 93 W, 52 Total Units, 10.4 Legacy Homes Required. The project was approved with a condition to pay a Fee in Lieu of providing units. This fee will be due at the time of building permit.

## *2021 Work Program*

During Fiscal Year 2021, staff and the Steering Committee will continue to implement the Whitefish Strategic Housing Plan including:

- **Accessory Dwelling Units** - recommend policy changes for this to be viable affordable housing
- **Annexation Policy** - recommend policy changes to ensure future annexations reflect existing housing mix with 75-80% of homes for local residences
- **Housing Needs Assessment Update** with 2020 Census Information
- **Legacy Homes Program Updates**, as needed
- **Deed Restriction Updates**, as needed
- **Tier 2 Implementation** of the 2017 Strategic Housing Plan

# Housing Needs v Construction



## Overall Construction and Population Trends

Since the 2016 Housing Needs Assessment (HNA), construction of residential units has continued at a rapid pace. During that timeframe, the City has added 457 single family residential units and 362 multi-family units. However, very few of these units are deed restricted and few could be considered affordable for the Whitefish workforce. Of the 457 single family ownership units, which includes townhouses, a mere six building permits for deed restricted single family homes were issued. Of the 362 multi-family rental units, only eleven units have a deed restriction.

The 2016 HNA concluded the City would, by the end of 2020, need an additional 400 single family ownership units with 234 of these units priced affordably and 580 rentals with 360 of these priced affordably. As described in the HNA report, the 2020 housing needs were based on interviews with local businesses to address the current short-fall in housing and to keep up with future demand for a broad range of jobs with a variety of wages in our community.

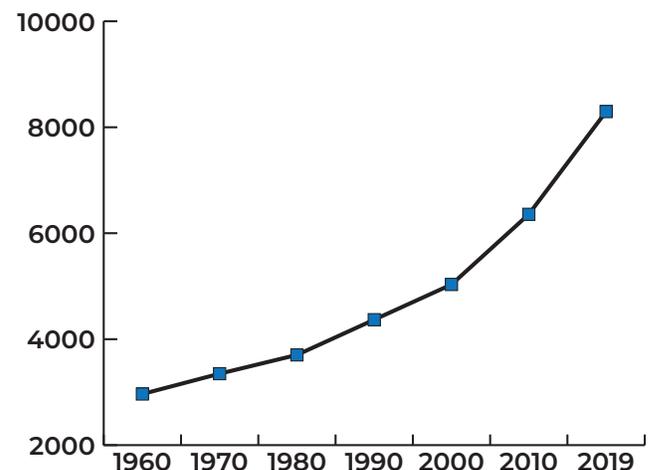
On the next page, all planned, approved, under construction and constructed affordable home projects are identified. This includes projects

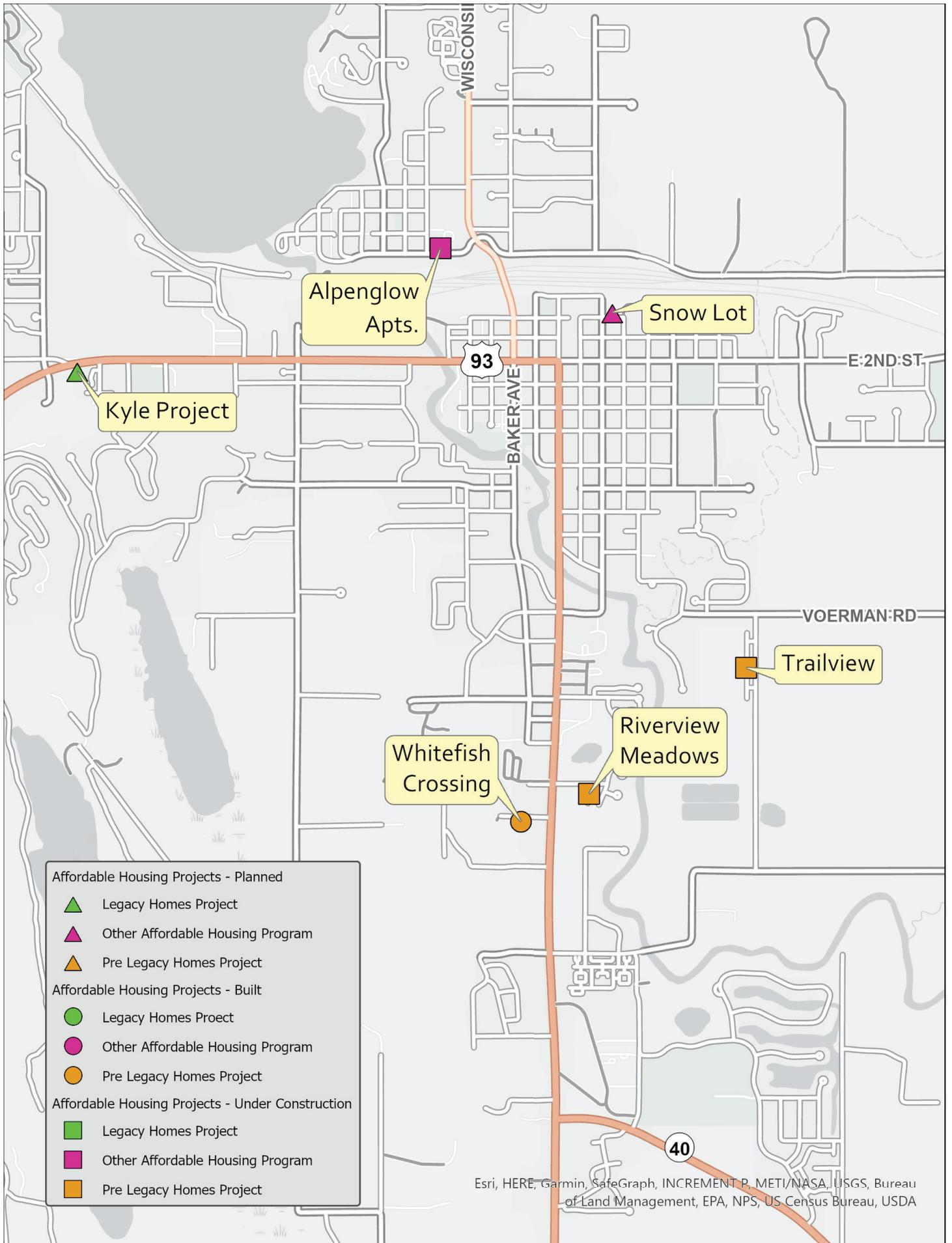
before the adoption of the LHP but since the 2016 HNA.

### Population Trends

The most recent estimated population from the State of Montana Department of Commerce for Whitefish, July 1, 2019, is 8,295, which is a 3% annual increase since the 2010 Census. Data for the 2020 Census is still in progress. Generally, the Census helps to bring estimates into better alignment with actual full-time residents.

## Whitefish Population Growth





# OTHER AFFORDABLE HOUSING INITIATIVES

## Alpenglow Apartments

The Alpenglow Apartments are a Low Income Housing Tax Credit (LIHTC) project set to open Fall 2020. Homeward, the developer of the project, was awarded a Low Income Housing Tax Credit from the Montana Board of Housing in November 2018 for this project. The award of \$6.7 million will provide rental housing for Whitefish residents with an Area Median Income of 60% or less. Whitefish was one of nineteen applications and only five projects were awarded across the state of Montana. Securing a LIHTC project was a Tier One strategy from the 2017 Strategic Housing Plan.



*Alpenglow Apartments*

The Alpenglow Apartments have 38 rental units in three buildings along with a playground. There is an additional parcel to the northeast of the project for a future phase of up to 14 rental units.

Tamarack Property Management Company is the property manager for the project. They have launched a webpage for prospective renters: <https://alpenglow.tamarackpm.com/> Applications for perspective renters are under review with an anticipated move-in date of mid to late November 2020.



## Snow Lot

The Snow Lot, located on the north side of Railway Street between Columbia and Somers Avenues, was identified as a Tier One project in the Strategic Housing Plan as a workforce rental and/or ownership project. Since that time, the City has initiated a number of steps in order to bring this project to fruition:

- Amended the 2015 Downtown Master Plan to Remove a Parking Designation.
- Rezoned the Property to WR-4 (High-Density Residential District).
- Amended the Tax Increment Financing District boundaries to include this lot.
- Hosted a Neighborhood Design Charrette over two-days with 40 neighbors participating to establish a neighborhood sensitive project. Out of the charrette process a mixture of 22 rentals and 12 townhouse ownership units was identified.
- Pivoted to 100% ownership project with a maximum of 24 townhouses, based on financial feasibility.

- Donated the land to the Whitefish Housing Authority (WHA) and entered into a development agreement between the City and WHA to develop up to 24 townhouse ownership units.

Currently, the WHA is in the process of developing an Request for Proposal to hire a construction cost estimator/manager in order to assist the WHA through the development process.



*2018 Neighborhood Design Charrette*



Date: October 13, 2020  
To: Honorable Mayor and City Councilors  
From: Strategic Housing Steering Committee  
Subject: Legacy Home Program Updates

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As we worked through our first year of the Legacy Home Program a few items emerged for consideration for amendments. Below, please find issues identified with possible solutions.

- 1. Timing for Payment of Fee in Lieu.** A fee in lieu is an alternative method of complying with the Legacy Home Program when a project has high property taxes, high homeowners association dues, a predominance of short-term rentals, on-site development consisting of condominiums and location far from schools, transit or shopping. Alternatives are approved at the discretion of the City Council. According to the Administrative Procedures (Legacy Homes Program Requirements, Section 4.b., page 6), the fee is due prior to the issuance of building permit or at the time of final plat; however, the applicant can request an alternative timing of payment subject to the approval of the City Council. The Legacy Home regulations are silent on actual timing of fees in lieu.

*ISSUE:* This issue came up with the Kyle project (1515 Hwy 93 W). The applicants intended to build the shell of the three structures before constructing the actual units. The applicant requested the opportunity to pay at the time of Certificate of Occupancy and was also amenable to payment at the time of building permit for the individual units. They noted, similar to an impact fee, the impact on affordability would not occur until the residential units were built. In addition, as noted by City staff, the fees could not be used for housing until the actual residential units were constructed and will need to remain untouched until the actual units were constructed.

*POSSIBLE SOLUTIONS:* This type of residential project is unusual, but due to the extensive infrastructure necessary for the project with the underground parking, phasing was a necessary component of the project. As property values increase, we could see more of these types of projects. An option would be to permit one to bond for the fee in lieu at 125% of the total. This would give the City the financial assurance within a defined timeframe while

allowing a project to move forward. Perhaps it would only be an option for multi-family projects that are not subdividing property. We are not certain how many developers would take this option. **OTHER IDEAS?**

2. **Deviation to the Minimum Square Footage.** The Administrative Procedures identify the minimum square footage and minimum average square footage for the various types of units from rentals to ownership depending on bedroom count. Below are the square footage requirements:

| <b>Rental</b>    | <b>Minimum SF</b> | <b>Minimum Average SF</b> |
|------------------|-------------------|---------------------------|
| Studio           | 350               | 450                       |
| 1 Bedroom        | 550               | 650                       |
| 2 Bedrooms       | 725               | 825                       |
| 3 Bedrooms       | 900               | 1000                      |
|                  |                   |                           |
| <b>Ownership</b> | <b>Minimum SF</b> | <b>Minimum Average SF</b> |
| Studio           | 400               | 500                       |
| 1 Bedroom        | 700               | 1,000                     |
| 2 Bedrooms       | 800               | 1,150                     |
| 3 Bedrooms       | 1,100             | 1,300                     |

While there are some zoning deviations permitted (such as lot size, density, etc.), there are no provisions to change the minimum development standards found within the Administrative Procedures, such as square footage. Since these standards are adopted by Resolution, one cannot vary the design standards through a PUD. The reason for the minimum square footage was to ensure residents have sufficient livable space and the City does not end up with substandard housing for the Legacy Homes Program. This was an important detail our consultants insisted on and the WHA did not want to be put in the position of negotiating every project.

*ISSUE:* This issue has come up at the request of a developer who built some apartments recently and would like to replicate the building, but because it was designed and built before the Legacy Homes program, the minimum square footage for the 1-bedrooms is less than 550 square feet. When this question came up, staff contacted a few architects about the size of the apartments, and they were not concerned with their size and felt they fell within the norm for this type of housing. When this issue was first brought up, the Housing Steering Committee was not inclined to change the square footage requirements.

*POSSIBLE SOLUTION:* **Is this something the City should do? How do we/WHA/City Council determine what's too small? The Alpenglow 1-bedroom units exceed this size. The Committee should invite Judah to a meeting to hear his perspective and any feedback from his current tenants.**

- 3. Level of Detail Required at Time of Land Use Application.** The Administrative Procedures require a considerable amount of construction details when one submits a land use application, such as a Conditional Use Permit, Planned Unit Development or Preliminary Plat. These items include: the exact square footage of units – both market rate and deed restricted units, the amenities provided within the development, the heating systems and estimated utility costs, the Homeowners Association structure and fees, if applicable, and the unit designs.

The purpose for many of these items is ensure the deed restricted units are similar to the market rate units, meet some minimum requirements for size, are efficiently built so utility costs are not extreme, the HOA dues are not excessive to maintain affordability, and all units have equal access to all amenities.

*ISSUE:* The issue is the difficulty with level of detail at the time of land use permits. Many applicants have a pretty good idea of the size of units – especially projects with multi-family units and, for rentals, whether or not utilities will be included. However, information on the exact HOA dues or the utility costs or the HVAC equipment are generally not available until they are designing the structures which is well after the land use projects are approved.

*POSSIBLE SOLUTION:* Perhaps the City and the WHA reviews these details prior to recording the deed restrictions? Or the deed restriction indicates the units will be built to meet all current energy code requirements and just leave it at that with someone reviewing those details.

- 4. Adding Multi-Family Unit to an Existing Multi-Family Structure.** As part of the LHP, a minimum number of units in the different zoning districts when the LHP would apply, but we didn't include a process for additions to the existing multi-family projects and how the LHP would apply. We often field questions about buildings in the downtown that want to convert commercial space to residential units or additions to existing apartment buildings. Of course, these projects need to meet all the zoning regulations (parking, setbacks, height, etc.), but clarity for the LHP would also be helpful.

*ISSUE:* Projects constructed before the LHP and projects have been built since the LHP. How do we calculate the amount of affordable housing required for an addition?

*POSSIBLE SOLUTION:* If an addition project requires a CUP because the total number of units then only the new unit(s) should count toward the LHP. For example, if someone adds a fourth unit to an existing 3-unit building in the downtown, only the new unit would be used to calculate for the program ( $1 \times 0.20 = 0.20$ ). In this case, the developer would pay a fee in lieu for a 0.20

partial unit. For addition projects built after the LHP, the obligation would only be with the additional unit.

Page 4, Subsection 1.: Add 2nd paragraph

The 20% Legacy Home calculation for projects proposing to add new units to an existing structure will be based only on the new units.

5. **Priority to City Limits, 59937 and then Others for Ownership.** The Administrative Procedures under **eligible renters** (page 9), the priority for units is first those living in city limits, then those living in the 59937-zip code and finally everyone else. However, this same language is not under the **eligible ownership** section (page 11). We believe this was simply an oversight and they should be the same. It should be noted this language is already in the WHA Legacy Home Implementation Plan. The distinction in this Plan is the priorities only kick in if there are multiple people interested in a single home.

*ISSUE:* The priority for housing has always been to first house the workforce in city limits then those living in the 59937-zip code. Finally, if no one was available in those first two group, not wanting deed restricted units to remain empty, then housing would open up those outside the city and 59937-zip code. The Committee recognized an empty home is not serving anyone and even if someone had a job outside the city, they still would be a member of our community and may even be able to find a job in the city someday.

*POSSIBLE SOLUTION:* Add the same rental language to ownership eligibility.

Page 10, Subsection 1.:

Following are general eligibility criteria for purchasers of Ownership Housing, although further program eligibility criteria may be established or modified by WHA. Ownership Legacy Homes created through the Legacy Homes Program will be sold to and occupied by an eligible owner-occupant household. An eligible owner-occupant household will be certified by the WHA no more than 90 days prior to a purchase contract being executed for a Legacy Home. Such certification is valid for 12 months following the execution of the purchase contract. If the 12 months elapses before closing of the unit for which the Legacy Home buyer is under contract, the household's eligibility will be re-certified and valid for an additional 90-day period. Priority will be given to households with at least one household member who is employed in the City of Whitefish, then to those with members employed within the 59937-zip code area, and finally to those with employment outside the 59937-zip code area. Further program eligibility criteria may be established or modified by WHA.

6. **Prices and Fees In Lieu for Phased Projects.** Annually, the home prices, rental prices and fees in lieu will be adjusted to keep pace with changing incomes and the housing market. How are these changing rates applied for a phased project?

*ISSUE:* It seems the home and rental pricing should be established at the time the deed restrictions are recorded. For a phased project, this could be a number of years out.

*POSSIBLE SOLUTION:* The rates and fees could be applied/calculated at the time of deed restriction recording – this would be before a building permit and/or a final plat. The advantage of this approach would be the home/rentals would reflect the current market at the time of construction. Projects could be conditioned at the project time with specific rates and fees. The advantage to this approach is the units would be at an even lower rate, but it would be a predictable rate/fee that one could use for planning purposes. Staff would be more supportive of calculating fees and rates at the time of building permit and/or final plat which is consistent with how staff calculates cash in lieu of parkland dedication.

Page 4, Subsection 2., 3rd Paragraph

The ILFs are not and will not be used as an alternate means of compliance, except as outlined below in *Alternatives That May Be Considered*. The fees are calculated and must be paid prior to issuance of a building permit or recording of a final subdivision plat. The proceeds of the fee will be credited to the Whitefish Housing Authority (WHA) Affordable Housing Fund approved by the City Council.

Page 6, Subsection 4.b., 3rd paragraph

The ILF is calculated and due ~~upon approval of the development request and~~ prior to the issuance of a building permit or at the time of final plat. An applicant may propose an alternative to this timing requirement, subject to the Council's approval.