



MISSOULA'S DOWNTOWN MASTER PLAN

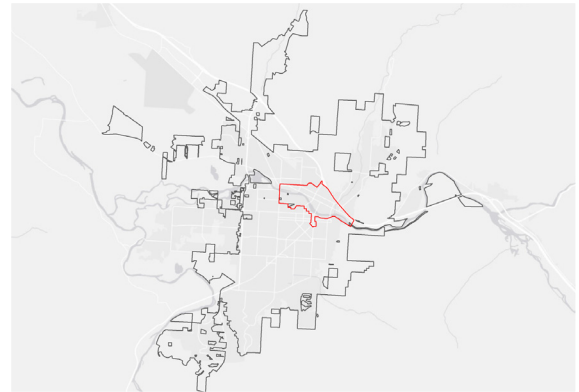
Housing Appendix



Cascadia Appendix

The Decade of Downtown

The past decade has seen more investment in Downtown Missoula than most can remember in a generation. As new businesses have flourished, many sidewalks, streets, and storefronts have received major upgrades. The recent public and private-sector investments in Downtown Missoula have shifted attention toward the future of Downtown and how it fits into a growing region.

As we look to the next twenty years, it will be important to understand whether the last ten are an indication of what is to come or just a flash in the pan. In this section, we will explore what Downtown's growth in the last decade actually means in terms of dollars spent and buildings built. We will also explore a range of future "scenarios" for the region to see how Downtown's success could impact the quality of life for everyone in the Missoula Valley.



-  City Limits
-  Downtown Boundary

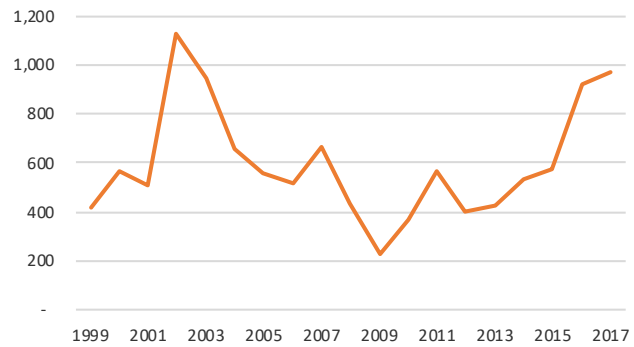


Missoula's Housing Crunch

Missoula's housing market activity has been on a steady upward trajectory since the late 2000s. During the recession of 2008 - 2013, Missoula experienced a slow-down in housing construction much like many communities across the country.

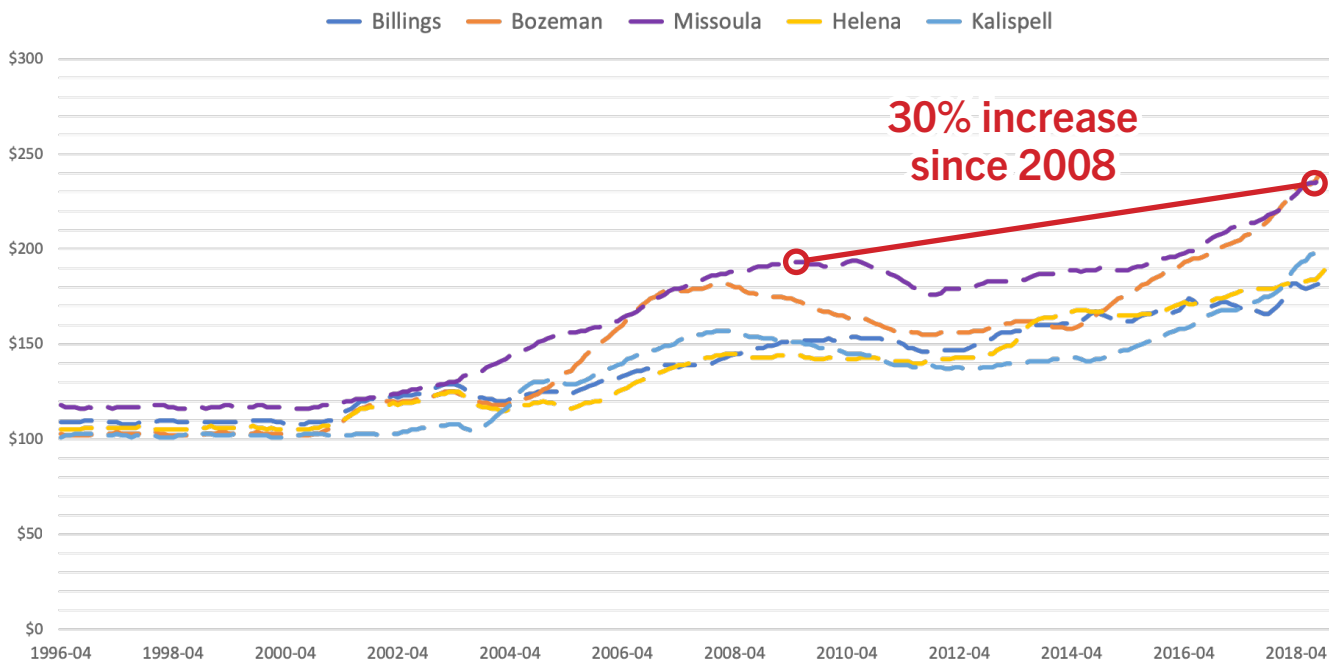
Housing production in Missoula over the past decade was strong, but not strong enough to keep up with demand. While new housing construction has largely recovered to pre-recession levels, median home values in Missoula have increased by roughly 30% since the start of the recession (2008).

Annual Permitted Housing Units Missoula County, MT



Source: St. Louis Federal Reserve

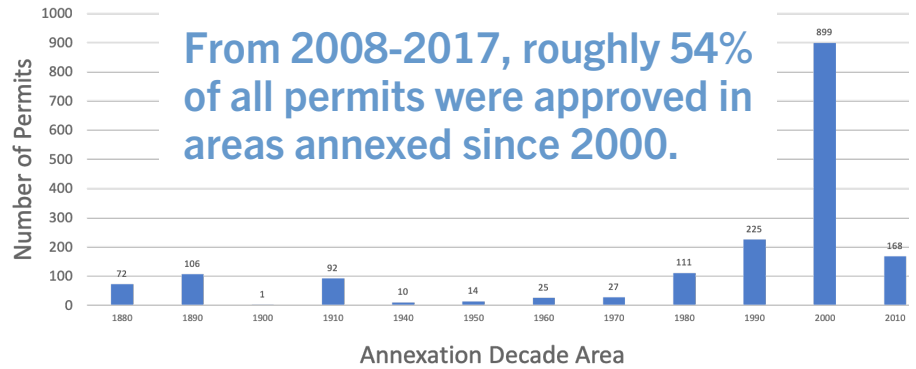
Median Home Value per Square Foot (1996 - 2018)



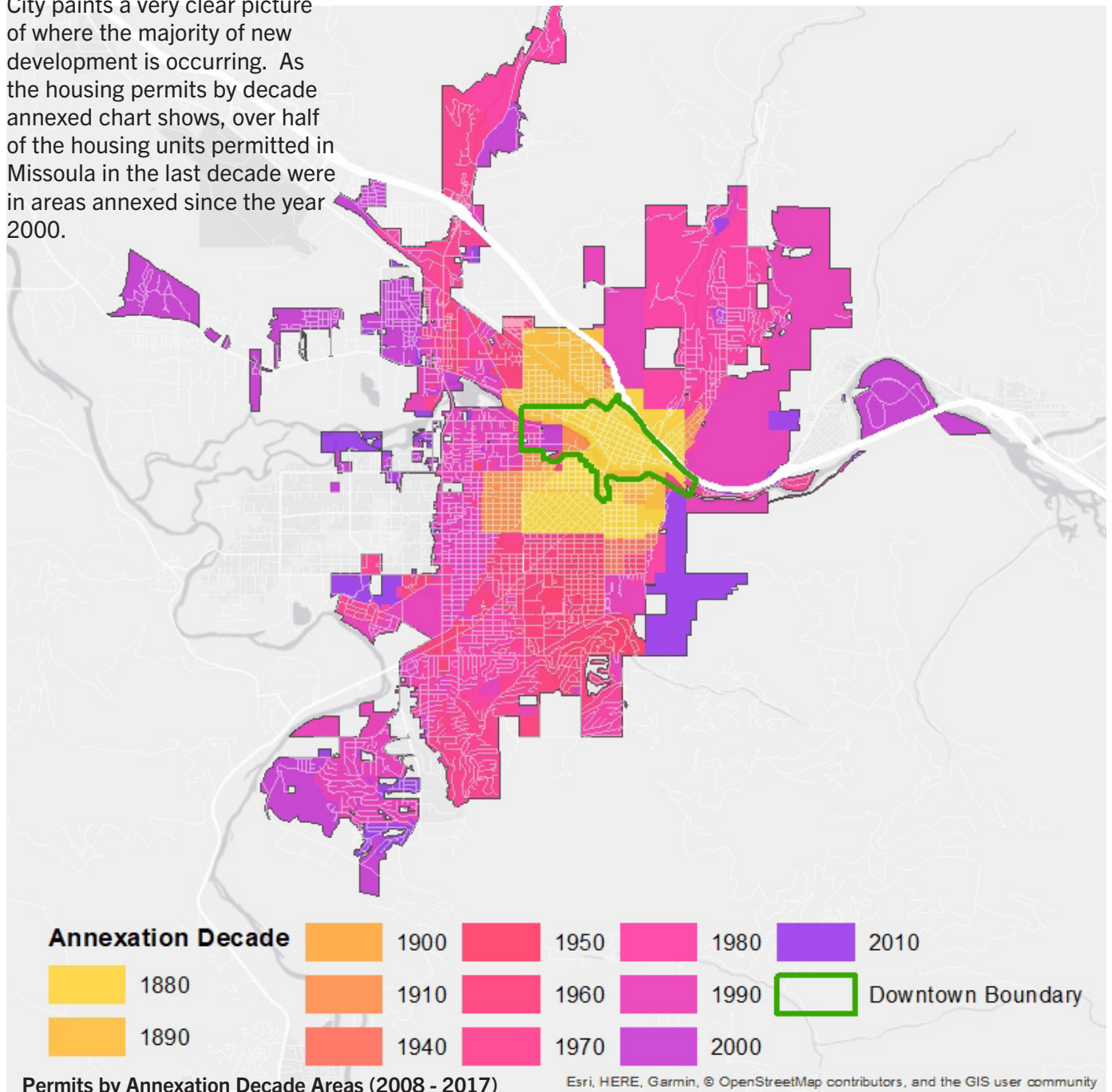
Source: Zillow

Growing Out, Not Up

With the exception of the area covering the Sawmill District and Wyoming Street area, most of Downtown Missoula was part of the original 19th century town boundary. The map to the right shows areas of Missoula color-coded by the decade in which they were annexed.



Permit data compiled by the City paints a very clear picture of where the majority of new development is occurring. As the housing permits by decade annexed chart shows, over half of the housing units permitted in Missoula in the last decade were in areas annexed since the year 2000.



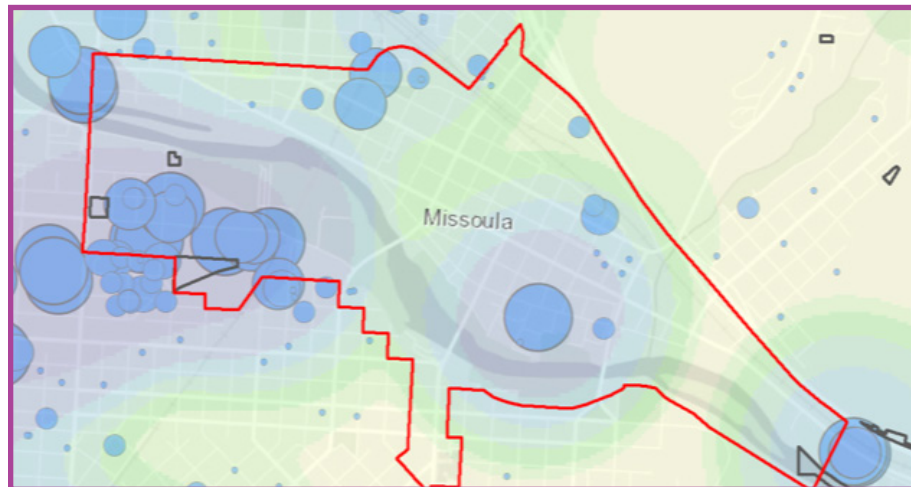
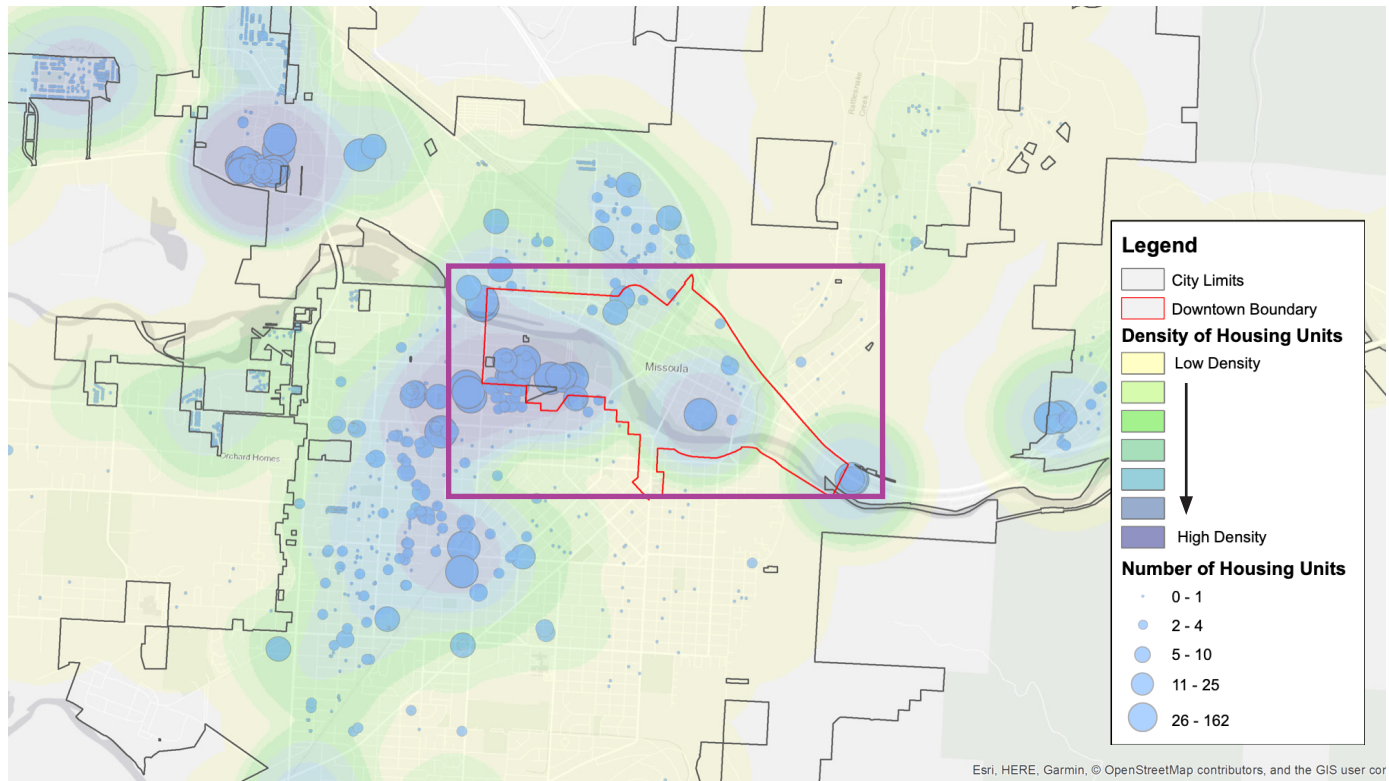
Permits by Annexation Decade Areas (2008 - 2017)

Esri, HERE, Garmin, © OpenStreetMap contributors, and the GIS user community

Housing and Downtown Missoula

Given that more than half of the new housing construction in Missoula has taken place in newly annexed areas, what has been Downtown’s share of housing growth in Missoula? Between 2008 and 2017, over 4,800 units were permitted within Missoula city limits. Of those, just under 600 (12%) were located in Downtown Missoula. Further, over 70% of the housing built in Downtown over that time period was either in the Sawmill District or part of a student housing development.

Density of Housing Building Permits and Housing Units (2008 - 2017)



Missoula’s housing market continues to be driven by growth at the urban edge, rather than the downtown core. While Downtown has done a good job of attracting student housing, it has not yet succeeded in drawing workforce housing, particularly in its historic core.

Growth Scenarios

Downtown's Impact on the Region's Future

The Missoula Valley has experienced tremendous growth and prosperity in recent years. In order for that success to continue, Downtown needs to continue to flourish as well. This is a two-way relationship: as much as the region's success is tied to Downtown, its future is tied to the region's growth policies. What happens downtown does not happen in a vacuum. In order to understand the implications of downtown-focused policies, we need to model them on a larger scale to see how they impact all of Missoula's residents and employees.

Scenario planning provides a vehicle to help us answer these complex regional questions. While not a "crystal ball," scenarios provide quick answers to "what if" questions. For the Missoula Downtown Master Plan update, a series of three regional scenarios were developed using a free and open-source scenario planning tool called Envision Tomorrow. The purpose of these scenarios was to shed light on the implications of Downtown's success for the region.



Envision Tomorrow (ET) is an open-access scenario planning package that allows users to analyze how their community's current growth pattern and future decisions impacting growth will impact a range of measures from public health, fiscal resiliency and environmental sustainability.

For more information about ET, visit www.EnvisionTomorrow.org



Regional Scenarios for Missoula Downtown Master Plan

1

TREND

Growth at the edge with less than 1% of overall development in Downtown Missoula.

2

GROWTH POLICY

Growth follows 'Our Missoula' growth policy with 5% of overall development in Downtown Missoula.

3

DOWNTOWN FOCUS

Downtown zoning and incentives encourage roughly 10% of all growth to occur in Downtown Missoula.

4

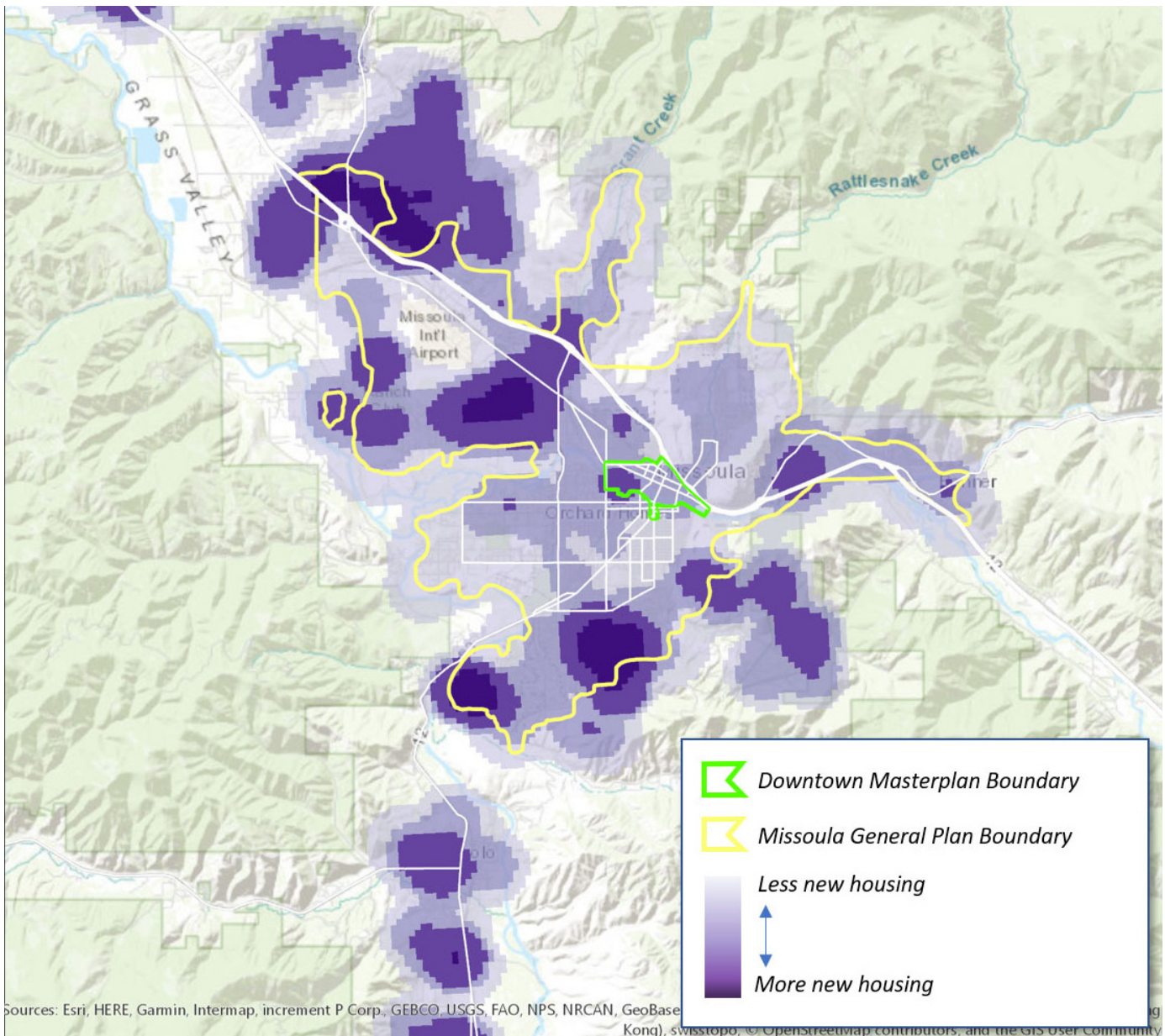
SMART GROWTH

Continue to Implement the Growth Policy while also focusing on the unique opportunity the Downtown offers. Downtown zoning and incentives encourage roughly 8% of all growth to occur in Downtown Missoula.

The Trend Scenario

We cannot predict the future, but we can use what has happened in the last 10 years as a template for what might happen in the next 20.

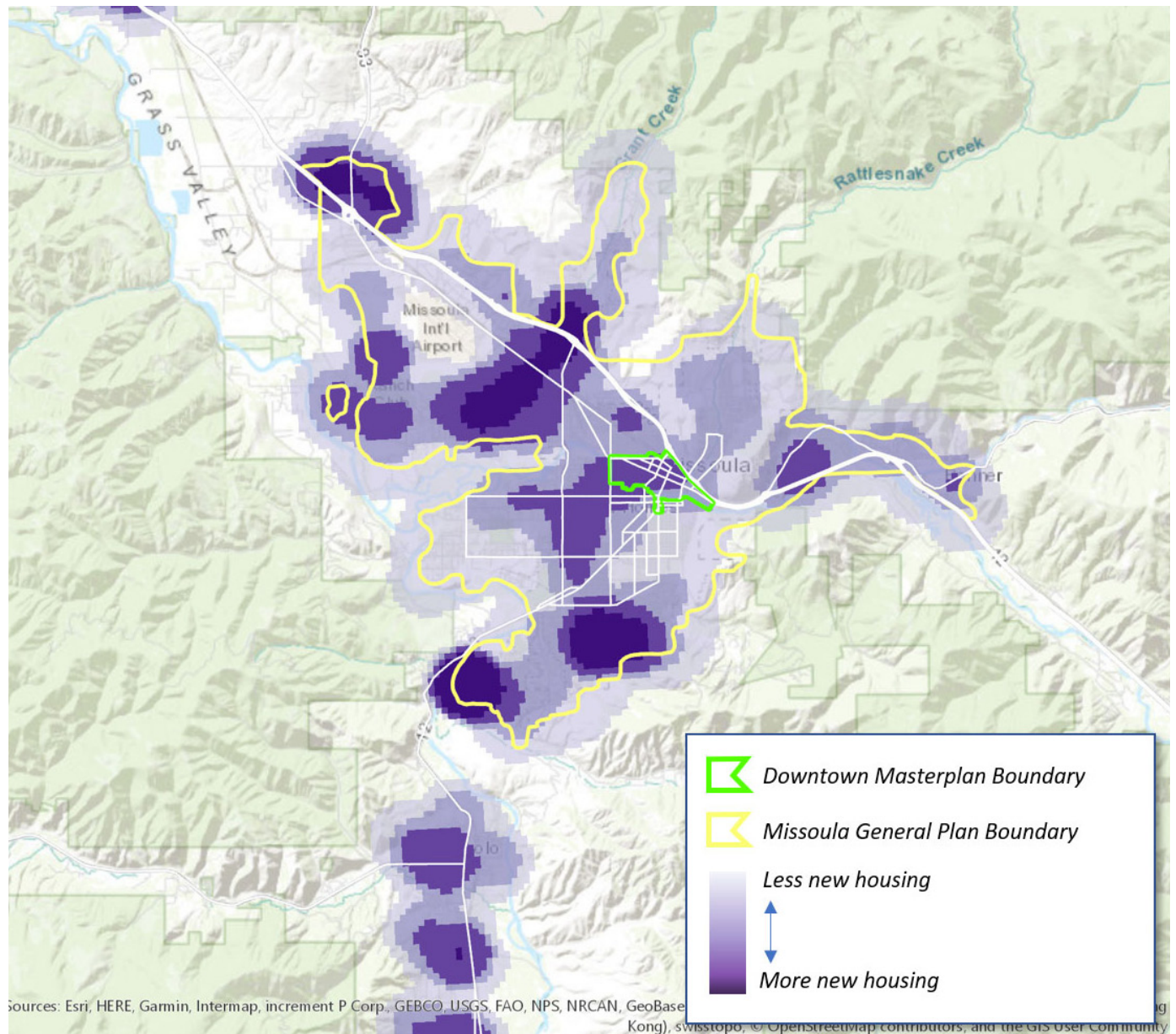
The Trend Scenario uses the location and density of growth in Missoula County over the past 10 years to estimate where growth could occur in the future. While the Sawmill District continues to drive Downtown growth, most housing and employment growth occurs on large vacant parcels on the urban fringe. In this scenario, the growth of shopping centers outside of downtown threaten its ability to support retail and restaurants while the growth of single-family detached housing outside of current city limits reduces demand for housing in central Missoula.



The Growth Policy Scenario

In 2015, the City of Missoula developed the 'Our Missoula' Growth Policy - the fundamental policy document and city-wide vision that guides growth and development in Missoula. The intent of the "Growth Policy" scenario was to model, as closely as possible, the future land use map associated with the 'Our Missoula' Growth Policy.

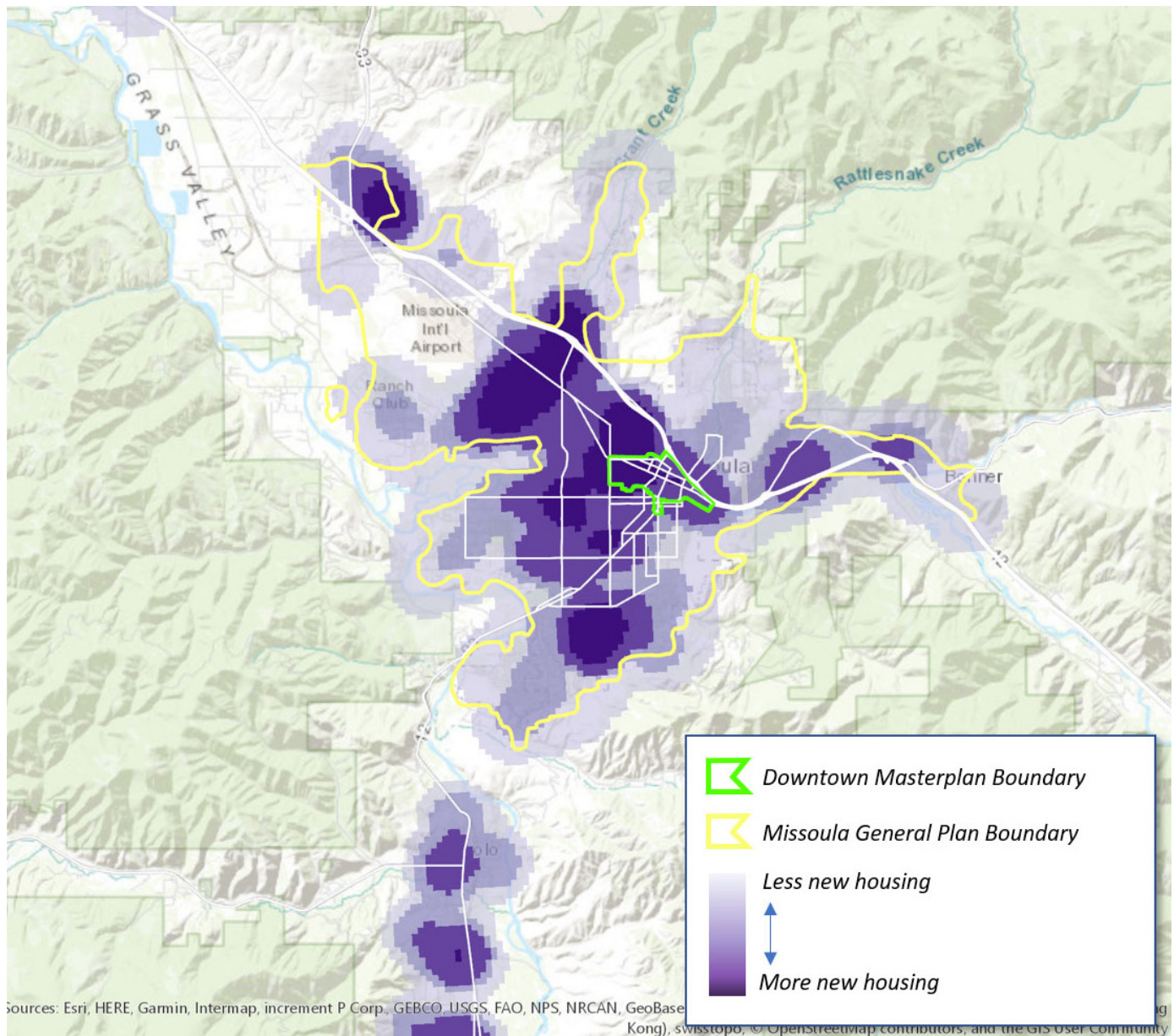
As a representation of a plan that sought to balance a range of community objectives, the "Growth Policy" scenario includes more development in Downtown Missoula than the "Trend" scenario, but also reflects some continuation of recent trends. This includes development in recently annexed areas as well as areas that are outside existing city limits.



The Downtown Focus Scenario

The “Downtown Focus” scenario is intended to represent a future where Downtown Missoula becomes the engine for growth in the region.

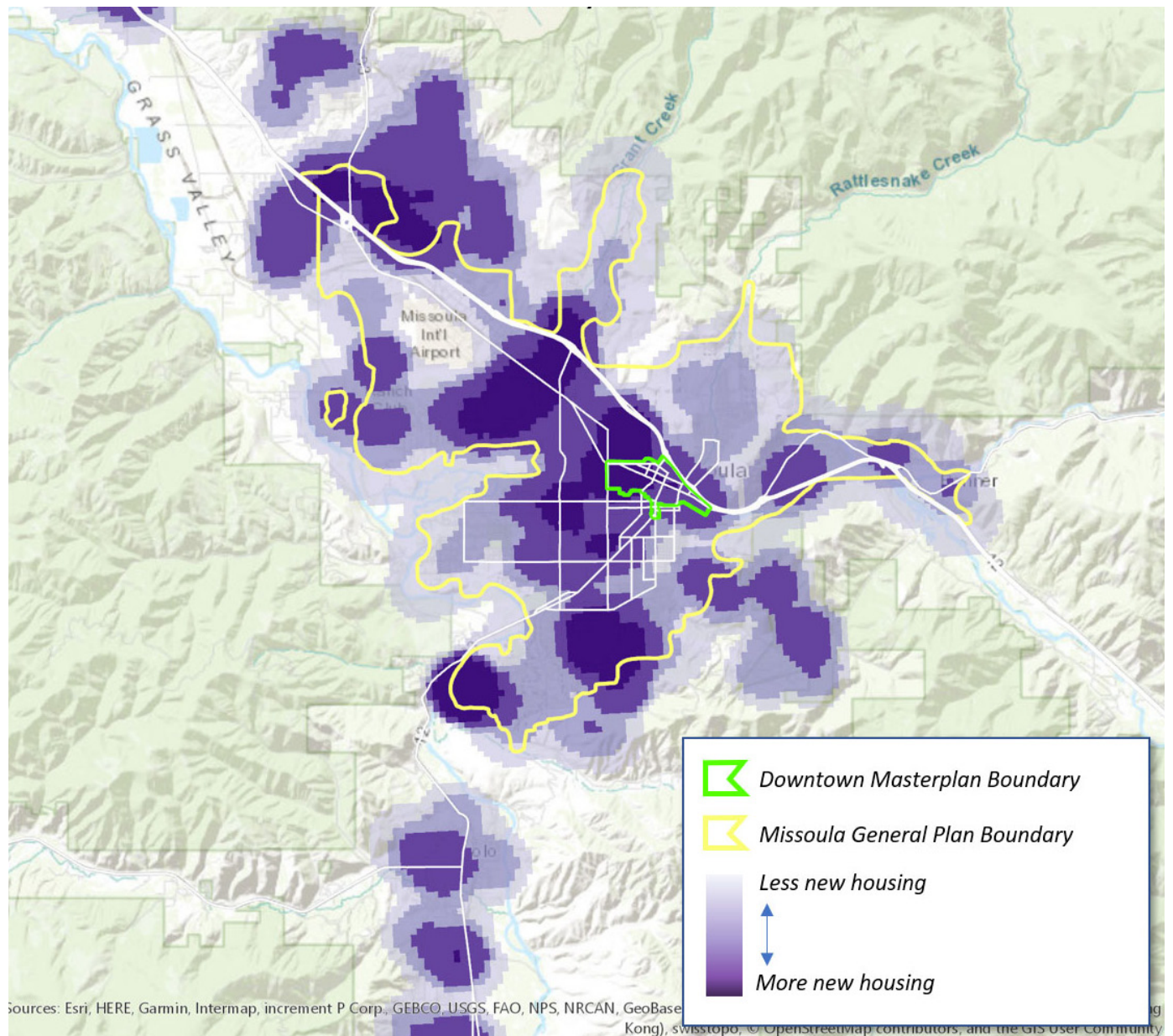
The “Trend” and “Growth Policy” scenarios assume that 1% and 5% of regional growth will occur in Downtown, respectively. The “Downtown Focus” is assumed to capture 10% of future regional growth. The scenario achieves this goal by assuming public investments, local regulations, and incentives are aligned to make Downtown development as economically viable as possible.



The Smart Growth Scenario

The “Smart Growth” scenario is intended to represent a future where both the Growth Policy Scenario and a Downtown focus are pursued.

The “Smart Growth” scenario assumed to capture 8% of future regional growth. The scenario achieves this goal by assuming public investments, local regulations, and incentives are aligned to make Downtown development as economically viable as possible while also pursuing Smart Growth principles according to the ‘Our Missoula’ Growth Policy.

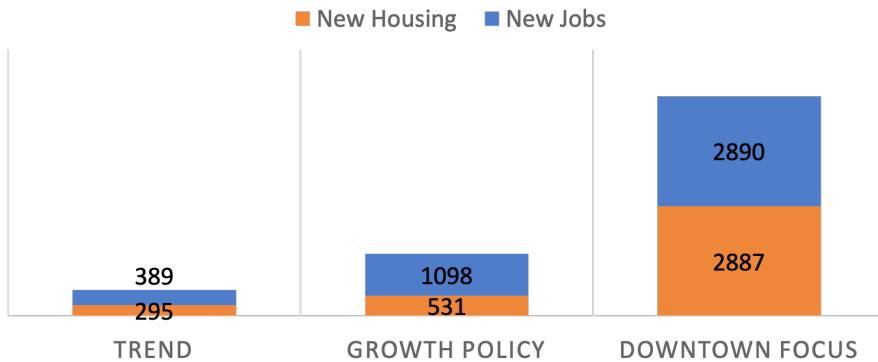


Scenario Performance Measures

Urban Form

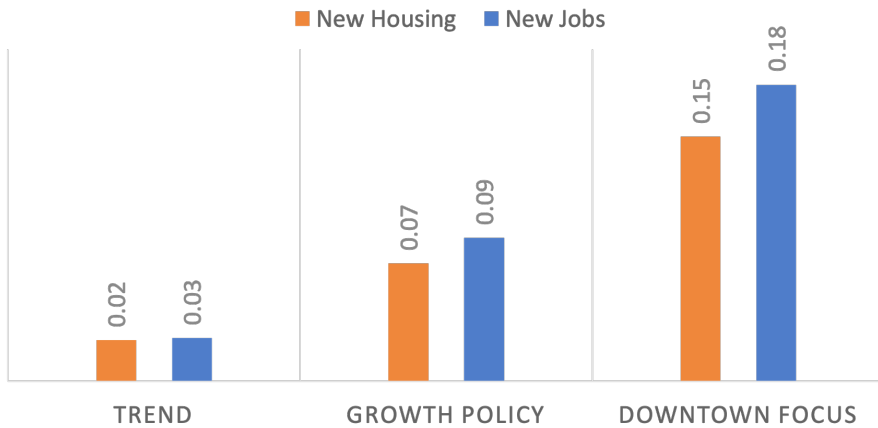
Urban form, sometimes called the built environment, determines how cities look, feel, and function. The concentration and mix of jobs and housing determines the types of neighborhoods we live in and how we get around.

DOWNTOWN HOUSING AND EMPLOYMENT GROWTH



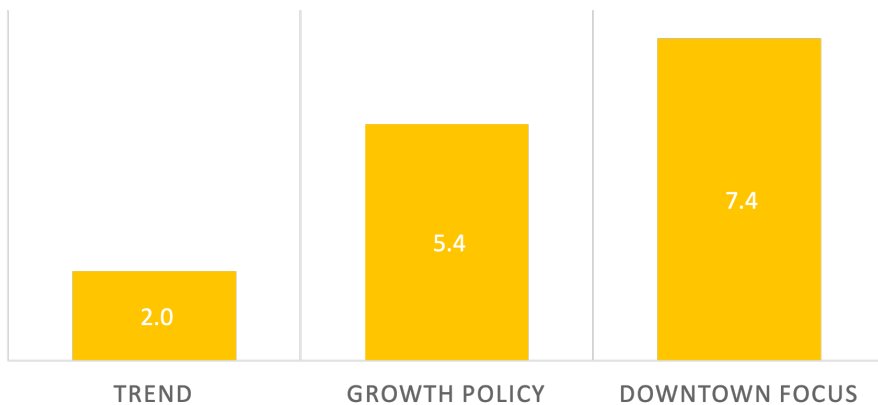
Not surprisingly, the “Downtown Focus” scenario’s job and housing-friendly strategies make more development possible in Downtown Missoula.

WALK AND TRANSIT FRIENDLINESS (0-1 SCALE)



A mix of housing and jobs downtown and in Missoula’s commercial corridors will make those areas more walkable and transit friendly.

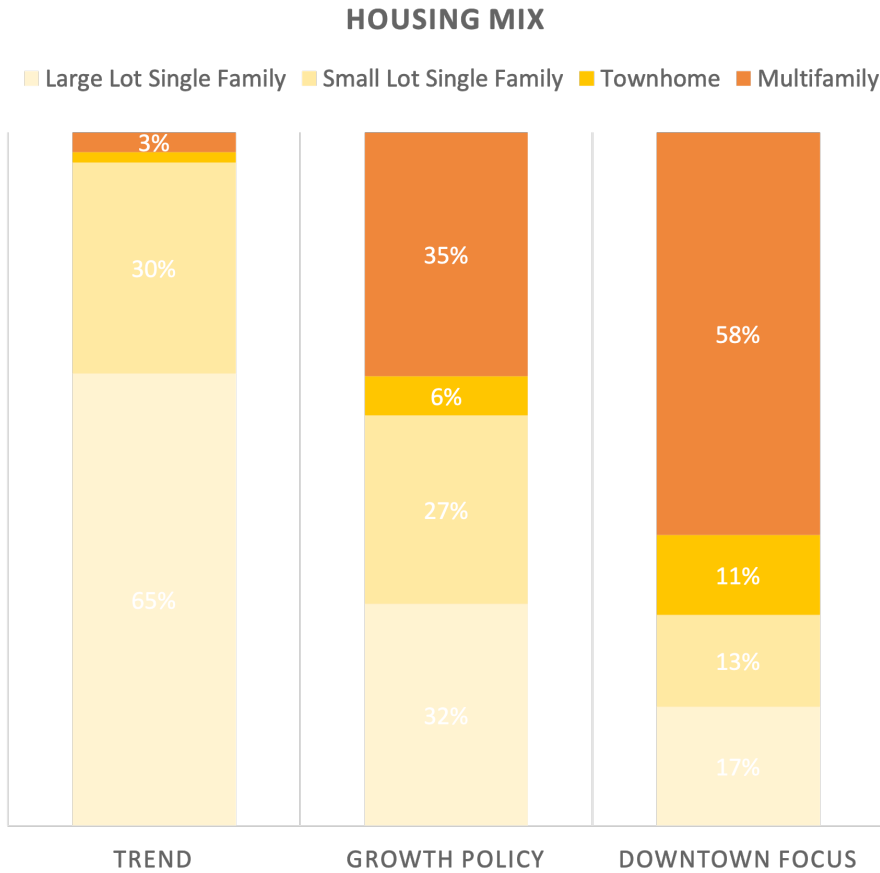
HOUSING UNITS PER NET RESIDENTIAL ACRE



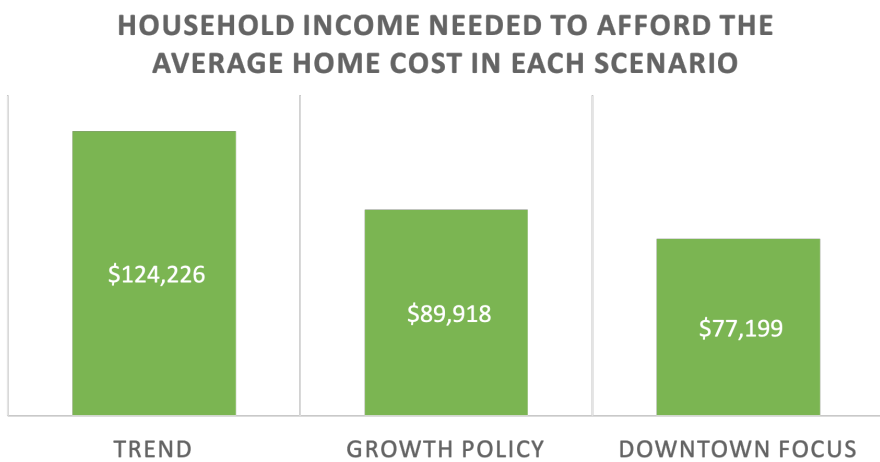
Housing-friendly policies extend beyond Downtown in the “Downtown Focus” scenario to create more compact development patterns throughout Missoula.

Housing

Missoula, like most communities in this country, is in a housing crisis. Downtown, as the part of the region with the most permissive zoning, can play a major role in alleviating Missoula’s housing shortage.



The “Downtown Focus” scenario features a diverse mix of single family, townhome, and multifamily units at a range of sizes and price points.

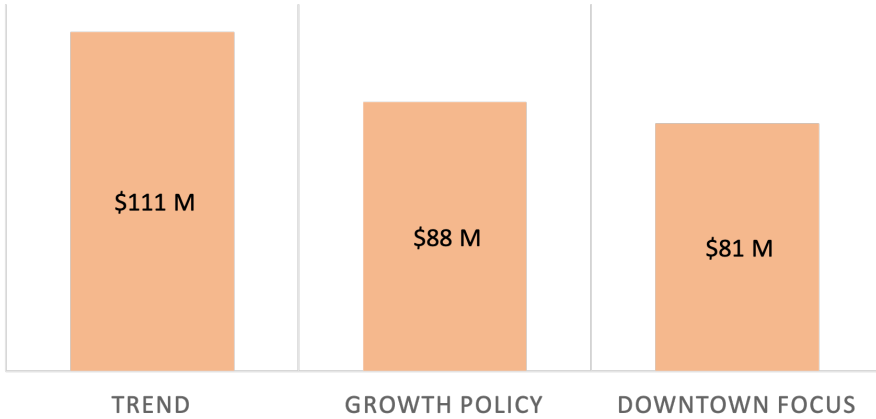


Because of the range of housing options and the smaller average unit size, housing costs are lowest in the “Downtown Focus” scenario.

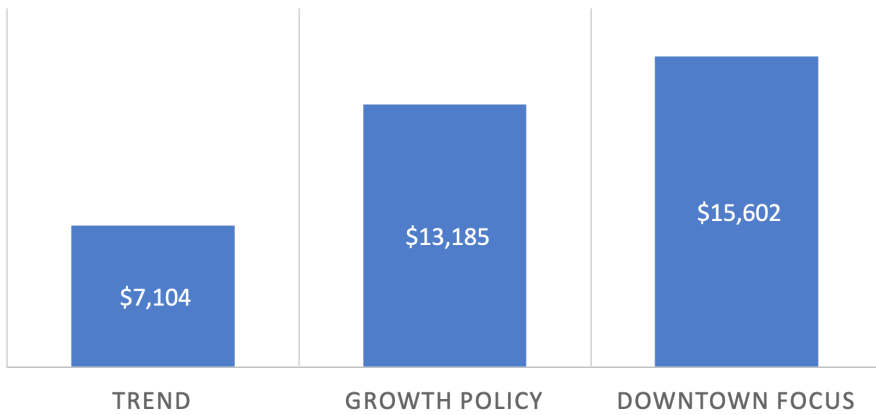
Fiscal Impact

It is well known that not all development pays for itself. As these metrics show, how we grow plays a large role in how much infrastructure we need and how much revenue is generated.

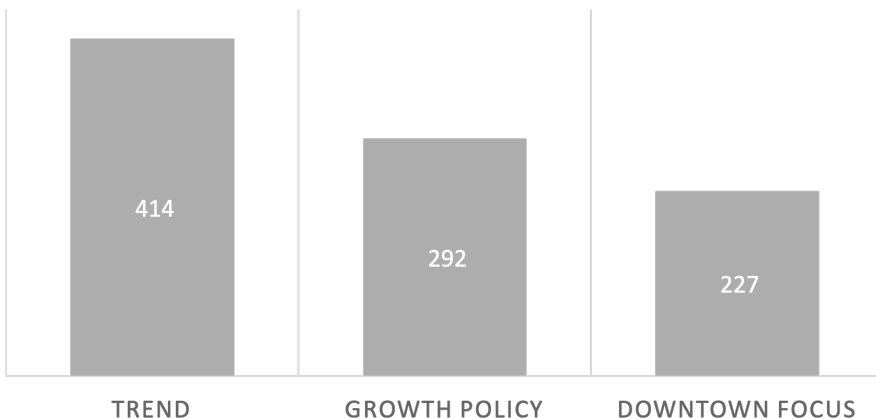
TOTAL PROPERTY TAX REVENUE



PROPERTY TAX REVENUE PER ACRE



NEW ROAD LANE MILES



While the “Trend” scenario delivers the most tax revenue overall, property tax revenue per acre is highest in the “Downtown Focus” scenario.

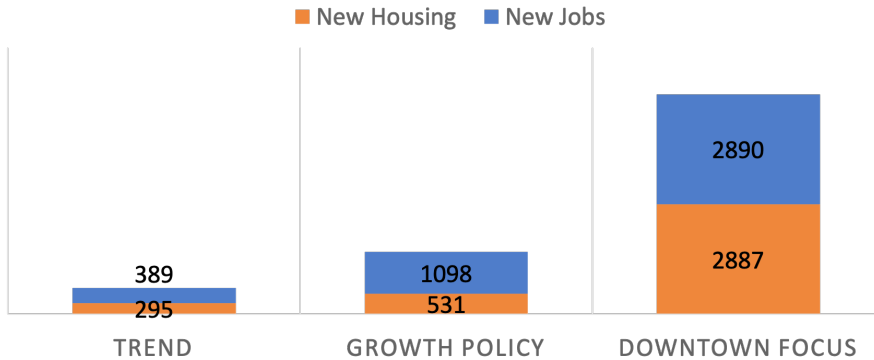
Why the difference? Measuring total property tax revenue is like measuring a car’s fuel efficiency in miles per tank. Not all gas tanks are the same size therefore miles per gallon (and revenue per acre) are better measures of “efficiency.”

The “Trend” scenario requires the most new lane miles of road because it features more “greenfield” development than other scenarios. Not only is the “trend” less efficient from a revenue perspective, all that dispersed growth would need a lot of new infrastructure to function.

Sustainability

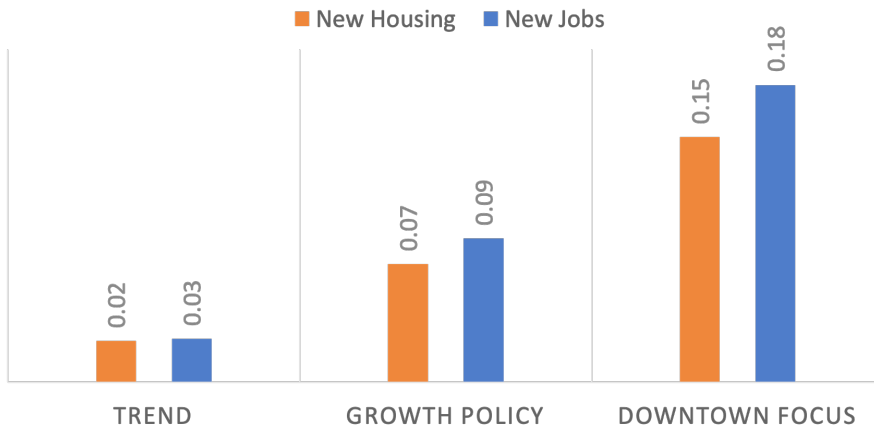
Whether Missoula continues to sprawl or chooses to grow inward will determine our climate future. With more compact development comes many benefits in the form of reduced carbon emissions and water use.

DOWNTOWN HOUSING AND EMPLOYMENT GROWTH



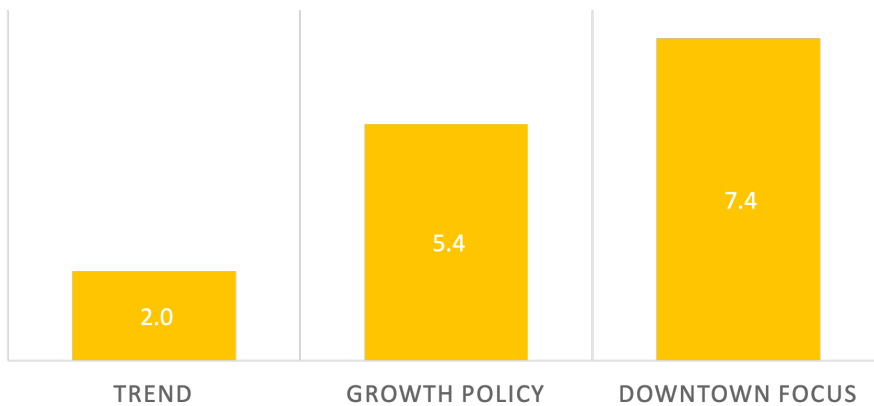
Household energy efficiency is tied in large part to the size and types of housing units we inhabit. With more condos, apartments, and townhomes, the “Downtown Focus” scenario produces the most energy efficient housing.

WALK AND TRANSIT FRIENDLINESS (0-1 SCALE)



Household-generated CO₂ emissions are a large contributor to climate change. With smaller units in more compact neighborhoods, the “Downtown Focus” scenario delivers the lowest emissions per household.

HOUSING UNITS PER NET RESIDENTIAL ACRE



Dispersed, large-lot neighborhoods use up to 10 times more water than more compact neighborhoods with less landscaping.

Implementation

Fine-Tuning the Downtown Growth Engine

If Downtown becomes Missoula’s “growth engine,” the entire region stands to benefit. With the 2009 Downtown Master Plan, Missoula has already made significant progress toward becoming the focus of regional growth. The engine is up and running, but continuing this progress over the next 20 years will require dedication and willingness to try new things - a fine-tuning of sorts. The following recommendations are intended to build upon and extend the success of the last 10 years, but is by no means an exhaustive list.

Off-Street Parking

Parking is a major determinant of how a building looks and whether it is economically viable. Downtown’s CBD zone already waives parking minimums for new development, but other downtown zones do not. Particularly for smaller projects, parking can make or break a developer’s bottom line. Missoula should consider setting parking minimums to zero in all downtown zones so the market can decide how much parking to provide.

Tax Increment Financing (TIF)

The Missoula Redevelopment Agency (MRA) already manages six urban renewal districts, some of which cover portions of Downtown. Going forward, prioritization of TIF spending should consider how projects could positively impact development feasibility in Downtown Missoula.

Property Tax Abatements

As a state without a sales tax, Montana’s cities have typically found incentives such as property tax abatements difficult to implement, however state law does allow abatements for expanded, remodeled or reconstructed structures, for example.

Empowerment Zone Credit

Montana Empowerment Zone Credit is a program intended to encourage job creation through business income tax reductions in locally-designated geographic areas.

Affordable Housing Trust Fund

The largest source of affordable housing in most cities is older apartments. These properties are also often the first to be redeveloped when demand for real estate increases. Such apartments in Downtown Missoula should be of particular concern as they are ideally located for low-income residents. The City of Missoula should consider developing a reserve fund for purchasing strategically located multifamily properties before they are redeveloped with the goal of providing long-term affordable housing.

Land Banking

The City of Missoula should begin proactively acquiring and preserving locations for affordable housing before land speculation leads to higher prices, particularly outside the CBD zoned areas of Downtown. In Denver, the Urban Land Conservancy (ULC) is using this approach to preserve affordable housing in urban areas to ensure their continued benefit to the community.

Scenario Analysis Assumptions

Cascadia Partners, as part of the Dover Kohl consultant team, was retained to develop a series of three regional growth scenarios for Missoula. The purpose of these scenarios was to shed light on the implications of Downtown's success for the region. The following describes the assumptions governing each scenario.

Environmental Constraints

Envision Tomorrow provides the ability to net out environmental constraints so they are not part of buildable land capacity. The Missoula scenario analysis took the following environmental constraints into account:

- FEMA Floodplains
- Water bodies
- Wetlands
- Slopes greater than 30%

Control Totals

Control totals were pulled from the Activate Missoula 2045 MPO Travel Demand Model Documentation. We controlled our base canvas (existing condition) to 2015 numbers referenced in that report and attempted to meet the 2045 control totals for each scenario. For the "Growth Concept" scenario, it was assumed that Missoula's "Urban Services Area" is roughly analogous to the "Growth Concept" boundary referenced in the City of Missoula Growth Concept. For that scenario only, the split between non-URSA and URSA population and employment was adhered to. For all other scenarios, that ratio could fluctuate. For example, the "Trend Scenario" had a lot more growth outside the "Growth Concept" boundary while the "Downtown Focus" scenario featured a lot more growth within.

Growth Concept Scenario

The "Growth Concept" scenario was the first scenario that was created because it had the most specific parameters. Other scenarios used the "Growth Concept" as a starting point and deviated based on the theme of the scenario.

Parcels were coded based on their growth concept land use. Envision Tomorrow development types were created to match the densities and mix of uses described in the Missoula Growth Concept. Development types were applied (painted) to parcels based on growth concept land use and the following factors until control totals were reached:

- Step 1: Develop on vacant land
- Step 2: Develop on low FAR parcels (<.25)
- Step 3: Develop on parcels that appeared vacant or underutilized based on aerial imagery

Trend Scenario

Development types (same as Growth Policy) were applied (painted) to parcels based on the following factors until control totals were reached:

- Vacant land, residential rural outside GPB, residential low within GPB
- Parcels that appeared vacant or underutilized based on aerial imagery
- Large contiguous agricultural parcels <25% environmentally constrained
- Development was removed from downtown until 1% of overall jobs and housing growth was contained in that area.

Downtown Focus

Development types (same as Growth Policy) were applied (painted) to parcels based on the following factors until control totals were reached:

- Vacant land, mix of community and neighborhood mixed use along commercial corridors, residential medium on infill residential lots
- Parcels that appeared to be surface parking lots or underutilized based on aerial imagery
- Low FAR parcels (<.4 in downtown, <.25 commercial corridors)