

West Yellowstone, Montana

Housing Needs Assessment



November 2023

Produced by Human Resource Development Council of District IX (HRDC), on behalf of the West Yellowstone Community Foundation.

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Purpose of Housing Needs Assessment

The purpose of this housing needs assessment (HNA) is to help West Yellowstone residents and local leaders make thoughtful decisions about housing planning and policy that are informed by local population characteristics, such as household size, employment, and income, current market conditions, and perspectives from residents. These decisions are particularly consequential, given the limited available land for future development and pressing infrastructure demands.

Interest in and need for local solutions to the community's housing challenges are long standing. Open Window Consulting completed the Town of West Yellowstone Housing Market Data and Analysis report in 2015, generally finding that the community's housing affordability challenge is driven by the prevalence of low income households and complicated by seasonal swings in housing demand. Two years later, West Yellowstone's guiding document for future development, West Yellowstone, Montana Growth Policy Update 2017 (Growth Policy), identified housing affordability and availability as a "key issue" and sets a supporting goal of "increas[ing the] supply of affordable and workforce housing." Most recently, the West Yellowstone Housing Coalition set goals calling for an updated assessment of the community's current and future housing needs.

This HNA is intended to be a tool used to lead a future process to develop a local housing strategy. The strategy provides community members with the opportunity to review housing needs, prioritize needs, review successful strategies implemented by peer communities, select strategies for meeting community needs, develop an implementation strategy, assign roles and responsibilities, and create a mechanism for measuring progress toward identified desired outcomes.

The process for developing a local housing strategy will kick off during the winter of 2023-2024 through a series of events hosted by the West Yellowstone Foundation and HRDC. At these events, attendees will first have the opportunity to review the HNA and respond to its findings. Subsequent sessions will be held to prioritize needs, learn about successful housing strategies in other communities, and develop West Yellowstone's plan. Local government officials, WYHC members, community members, and other interested stakeholders will participate in the action planning process. Once a plan is developed, it will be presented to the Town of West Yellowstone for adoption and implementation.

Methodology

This assessment covers the incorporated area of the Town of West Yellowstone, Montana. The assessment team used mixed methods research approach, supplementing quantitative data collection and analysis with qualitative data. The insights and nuance shared via qualitative methods allowed for more accurate interpretation of quantitative data. This was particularly important for the analysis and interpretation of American Community Survey data, which

frequently exhibited high margins of error.

This needs assessment leverages available Federal demographic, housing, and labor data from the U.S. Decennial Census, American Community Survey, Bureau of Labor and Statistics, and the U.S. Department of Housing and Urban Development (HUD). Rental and ownership market data was collected from the Big Sky Country MLS, Realtor.com, AirBnB.com, and local real estate professionals. Supplemental information was collected from two Town of West Yellowstone adopted plans: *West Yellowstone, Montana Growth Policy Update 2017* and *80-Acre Expansion Report: Creating a Place for All*. HRDC staff interviewed and sought feedback from individuals working in local government, real estate, and the nonprofit sector, as well as local business owners.

Executive Summary

Stable population since 2010. Residents living in small households.

West Yellowstone had 1,272 residents in 2020, an insignificant increase from 2010. The lack of population growth in West Yellowstone may be related to the lack of housing availability. West Yellowstone’s average household size is about 2.3 people. However, the most common household size was one (39% of all households), followed by two-person households (27%).

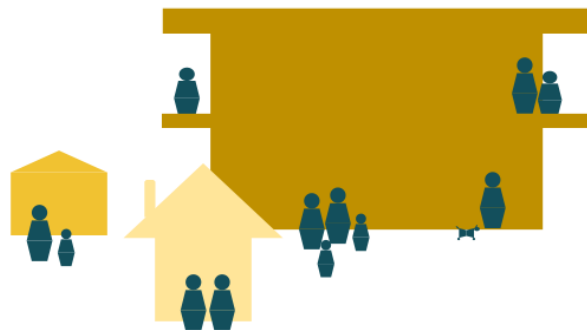


One in three homes vacant; one in five for “seasonal, recreational, or occasional use”

In 2020, 36.2% of West Yellowstone’s 849 homes were vacant, far exceeding the share of vacant homes across the state (13%) and nation (9.7%). How homes are used in West Yellowstone likely contributes to this difference; 165 dwellings (19.4%) were identified as “for seasonal, recreational, or occasional use,” a significantly higher share than throughout the state (6.4%) and nation (3.1%). Correspondingly, AirBnB listed 144 short-term rentals within the Town of West Yellowstone as of August 2023.

Mix of home types, most of which were built after 1980 and are sized to accommodate smaller households.

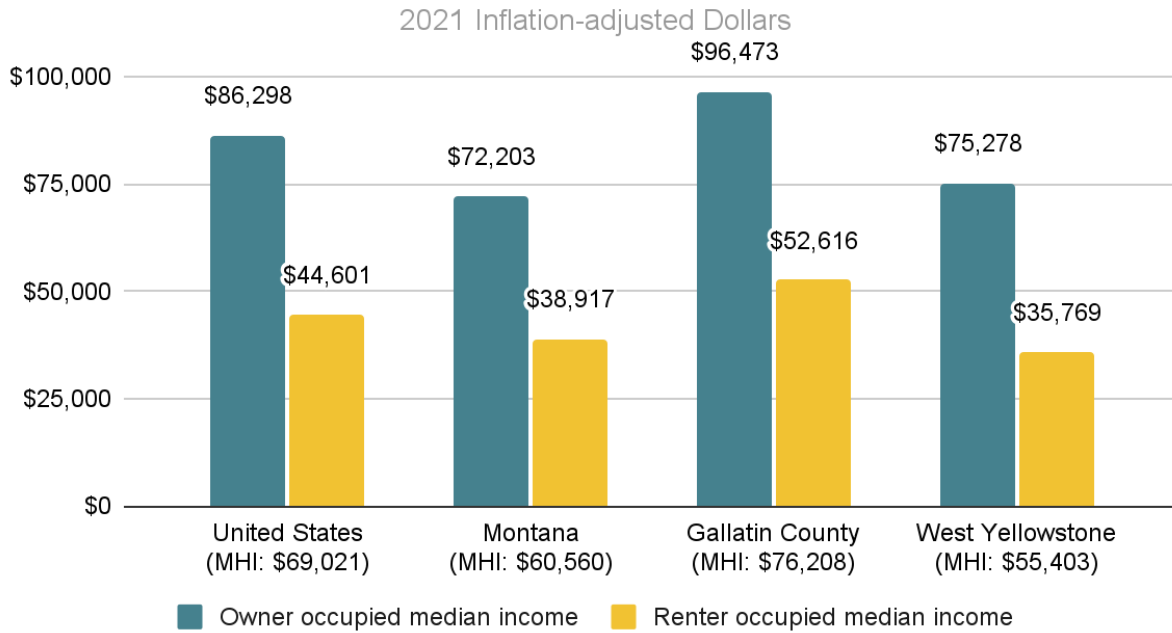
About 58% of the town’s homes were built since 1980, after local adoption of building codes and nationwide prohibitions on hazardous materials like asbestos. Detached, single-family homes were the most common type of home, making up 42% of the community’s housing stock. More than 20 mobile home communities comprise about one sixth (16.5%) of the housing stock.



Households with five or more people comprised more than 10% of all West Yellowstone households in 2020. Only about 1% of West Yellowstone’s homes had five or more bedrooms in 2021. The lack of housing built for larger households, as well as the seasonal influx of residents, could explain data that suggests that nearly one fifth (19.1%) of all occupied homes were experiencing some degree of crowding.

Median household income is lower than that of the nation, state, and county. Significant income disparity between homeowners and renters.

Median Household Income in the Past 12 Months by Tenure



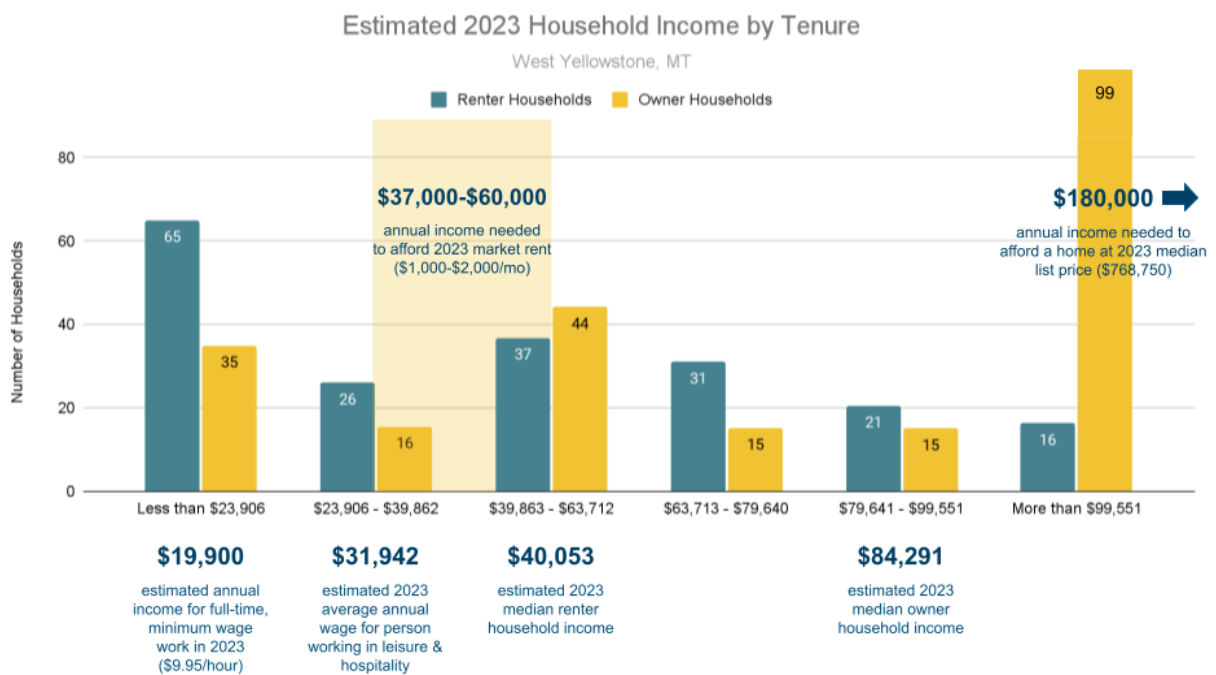
West Yellowstone’s median household income in 2021 was \$55,403, lower than the median in the state, the nation, and in Gallatin County. When the median household income is broken out according to tenure, a significant disparity between renters and owners is evident. The median income of renting households is less than half that of households who own their homes. This is particularly important given that nearly 2/3 of West Yellowstone households rent their homes.

Market-rate homes for rent or for sale are largely unaffordable to residents.

	Renter	Owner
Share of Occupied Homes in West Yellowstone	60.7%	39.3%
Share of Low, Very Low, and Extremely Low Income Households Among Renting & Owning Households	65%	42%
2023 Median Household Income (2021 income, adjusted for inflation)	\$40,052	\$84,291
Maximum Affordable Housing Cost for Median Income Household	\$1,001/mo rent without utilities	\$2,318/ mo mortgage + utilities
Approximate 2023 Monthly Market-Rate Housing Costs	\$1,000 - \$2,000 for rent and utilities	\$5,000 for mortgage

The community’s least expensive market-rate rentals are unaffordable for nearly half of renting households. About 65% of renting households are considered low, very low, or extremely low income, according to standards set by HUD (see Appendix B for more information on this). The community’s 59 affordable rental homes within the South Lake and Madison Apartments are potentially at risk of being transitioned out of the community’s stock of below-market rentals within the coming decade. All of these homes are currently intended to house families.

High sales prices, high interest rates, and low inventory keep homeownership out of reach for the majority of households. From August 2022 to August 2023 in West Yellowstone, median home sales price increased 2.6%, to \$768,750; the median length of a residential listing was 3 days; and 30-year mortgage rates increased more than 2%, from about 5.5% to about 7.8%.



Context: Development Challenges and Opportunities

Limited Development Capacity Requires Thoughtful Planning

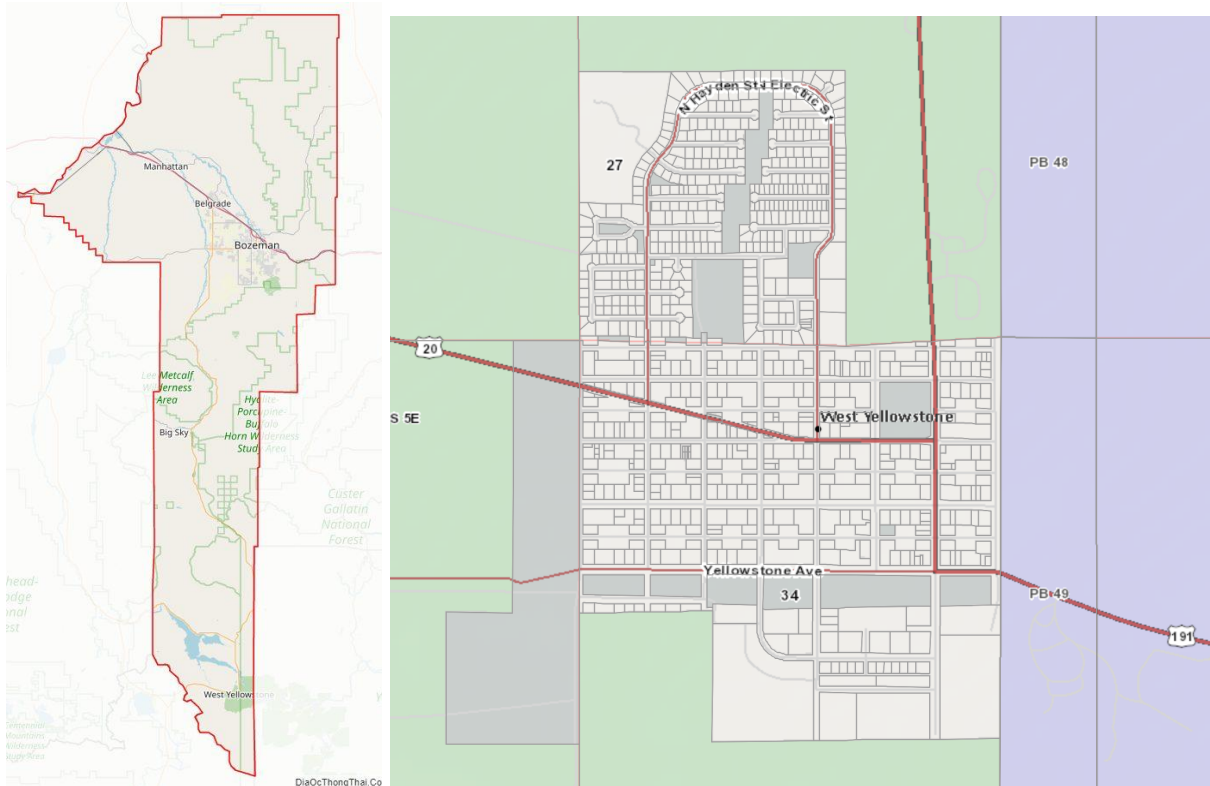


Figure 1. Map of Gallatin County depicting population centers and map of the Town of West Yellowstone. Sourced from: <https://diaochongthai.com/> and <https://ceic.mt.gov/People-and-Housing/index>.

The Town of West Yellowstone lies at the southern end of Gallatin County, Montana, in the southwest part of the state. The town's current boundaries encompass an area just under one square mile (0.91 square miles), with limited opportunities for outward expansion. Housing development is tightly constrained by both the amenities that drive the community's tourism- and recreation- based economy and the town's limited capacity of the community's water and sewer infrastructure.

West Yellowstone famously serves as the western gateway to Yellowstone National Park, whose protected habitat extends east of the town's aptly-named Boundary Street. All of the remaining land to the north, south, and west of West Yellowstone is part of the Custer Gallatin National Forest, and is therefore federally owned and managed by the United States Forest Service.

The Forest Service has limited authority to convey National Forest System lands. Under the Townsite Act of July 31, 1958, as amended by the Act of October 21, 1976, National Forest System lands needed by a community *may be sold for fair market value*, if those lands would serve community objectives that outweigh the public objectives and values of retaining the lands

in Federal ownership.

Opportunity: Undeveloped 80 Acres

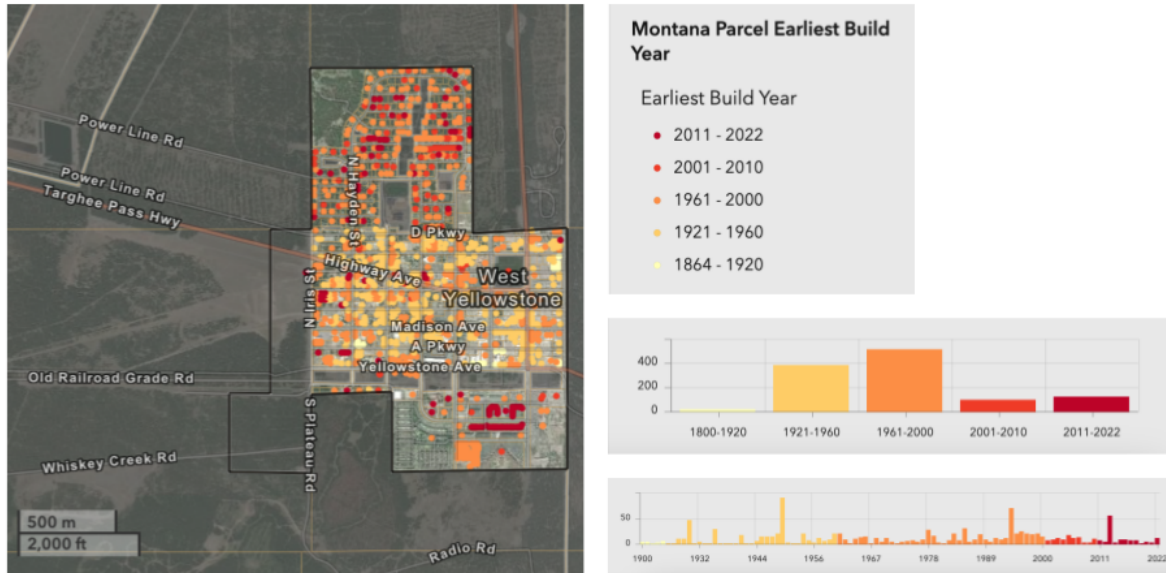


Figure 2. West Yellowstone parcels are categorized by earliest build year. Map and charts retrieved from the Montana Census and Economic Information Center via <https://ceic.mt.gov/People-and-Housing/Housing>.

The figure above depicts the earliest date that each parcel within West Yellowstone was developed, with one colored dot per parcel. Not only is the trajectory of the community's expansion visible in this figure, but the density of dots indicates that nearly all land within the municipal boundaries has been developed, a fact confirmed in the Growth Policy¹. The exception is an 80-acre parcel west of Iris Street, which the Town purchased from the Custer Gallatin National Forest in 2016. The sale of 80 acres to the Town of West Yellowstone was completed under Congressional legislation. The legislation provided for the sale of up to 80 acres to the Town, at fair market value for the purpose of the critical community infrastructure/development.

The Town annexed this land in 2021 and Think Tank Design Group produced a report the following year exploring development scenarios for the property that reflect the community's goals of "prioritizing residential use on the 80 acres, providing opportunities for strengthening a local, year-round economy, beautification, and planning for the future needs of the Town."² This

¹ Town of West Yellowstone. (2017). *West Yellowstone, Montana Growth Policy Update 2017*. West Yellowstone, Montana. <http://box2387.temp.domains/~townofwe/wp-content/uploads/2023/03/Adopted-West-Yellowstone-Growth-Policy-12-1-17.pdf>

² Think Tank Design Group. (2019). *80-Acre Expansion Report: Creating a Place for All*. West Yellowstone, Montana.

document was adopted by the Town Council in August of 2021 and will help guide the development of this parcel in the future. Recommendations specific to housing include:

- Create a request for proposals (RFP) for affordable housing developments.
- Amend the R4, R3, and M1 zoning districts to support the development of “more apartments and smaller or attainable dwellings.”
- Zoning portions of the property as R4, R3, or M1

The report also presents 12 strategies to encourage infill development, many of which could also contribute to the creation of housing. These include adopting flexible codes, offering density bonuses in infill locations, and exploring employer-assisted housing.

Challenge: Moratorium on New Sewer Connections & Uses

The community experiences rapid population growth—and corresponding increases in infrastructure demand—characteristic of an economy centered around summer tourism. The off-season population of about 1,200 balloons during summers, when the town hosts a high volume of daily visitors. Yellowstone National Park’s West Gate, which is only accessible via West Yellowstone, is the park’s busiest entrance. In June, July, and August of 2023, more than 140,000 vehicles per month traveled through the West Gate.³ Each of these visitors, West Yellowstone’s residents, and travelers moving through the region without visiting the park, all rely on the town’s wastewater treatment system.

After learning that the existing wastewater system had reached its capacity, the town council passed Resolution 774 prohibiting new connections or uses until additional capacity could be created. The resolution took effect May 18 2022 and was extended until the plant is operational, likely spring of 2026. The effect has been to stall a variety of new construction, including the creation of new homes.

West Yellowstone aims to increase its capacity by transitioning from wastewater lagoons to a mechanical plant. The Town has recently cleared two key hurdles in this process. The first was renegotiating a lease with the Montana Department of Transportation, which owns the land where the existing lagoons sit and where the proposed plant would be installed. The new lease was signed in May of 2023. The second hurdle was getting approval from the Montana Department of Environmental Quality for the plant. The agency is expected to complete its technical review and issue an approval in October of 2023.

Development Guidance from West Yellowstone’s Growth Policy

West Yellowstone’s Growth Policy acknowledges that the community’s geographic constraints contribute to challenges with housing affordability and availability. When combined with

³ Yellowstone National Park Report: Annual Traffic Counts by Month. 2023.
<https://irma.nps.gov/Stats/SSRSReports/Park%20Specific%20Reports/Park%20All%20Months?Park=YE>
[LL](#)

influences from the seasonal economy—including an influx of both summer workers and vacationing residents—those constraints elevate housing affordability and availability to one of the Growth Policy’s “key issues.” The only goal related to this issue is “increase supply of affordable and workforce housing,” which is supported by the following objectives and actions.

Objective 1.1: Support Non-Profit Efforts to Build Affordable Housing

- Action 1.1.1: Support the Human Resource Development Council’s (HRDC), and other non-profits, efforts to build affordable housing units.
- Action 1.1.2: Continue to work with Habitat for Humanity on constructing affordable housing.

To date, only one development project in West Yellowstone has come close to meeting this objective and its related actions. In 2016, HRDC purchased a 0.31-acre parcel on Washburn Circle in the Madison Addition. Three years later, the City of West Yellowstone approved HRDC’s conditional use permit to develop the parcel as a triplex, offering below-market homeownership opportunities through the community land trust model. HRDC deferred development of the project in 2020, after not receiving competitive bids; the subsequent attempt to bid the project in 2022 received no serious applications. In 2022, the West Yellowstone School District expressed interest in leading the development locally to provide rentals for teachers and staff. The following year, HRDC transferred the land and development plans at a below-market rate to the school district; the land came with a deed restriction to provide workforce housing needs to the community.

The School District’s project will consist of three townhomes, two with three bedrooms and one with two bedrooms. School district employees will have the right of first refusal to the rentals. Workers providing essential services to the community through jobs in law enforcement, fire, local government, and similar fields will have the opportunity to rent any unoccupied homes. Washburn Circle is slated to open September 1, 2024.

The Growth Policy notes that both recommended actions have been limited by moratoriums on new construction. Collaboration with non-profit partners will continue to be restricted until West Yellowstone is able to upgrade and expand its wastewater treatment system. Non-profit partners, like private developers, face challenges in developing in West Yellowstone due to land and workforce availability.

Objective 1.2: Increase Use of Assistance & Education Programs

- Action 1.2.1: Work with HRDC on transitioning low-income households to home ownership using down payment assistance.
- Action 1.2.2: Work with HRDC, lenders, and realtors on providing home buyer education classes.

Since 2017, HRDC has engaged 16 West Yellowstone residents in its homebuyer education program. Although many residents are eligible for down payment assistance, none to date have utilized the program. Future outreach and education efforts can focus on continued enrollment

of residents in the homebuyer education program and increasing participation in the down payment assistance program. Furthermore, consideration should be given to expanding access to resources available for renters and/or those that ease housing-related financial burdens, such as the Low Income Home Energy Assistance Program and HRDC's weatherization program.

Objective 1.3: Provide Incentives for Private Construction of Affordable Housing

- Action 1.3.1: Provide density bonuses for developers who agree to construct affordable housing units.
- Action 1.3.2: Waive sewer and water connection fees for developers who agree to construct affordable housing units.

Neither of the actions associated with this objective have been implemented. They can be realized via changes to the West Yellowstone's municipal ordinance.

Objective 1.4: Develop a Regulatory Approach to Constructing Affordable Housing

- Action 1.4.1: Require a minimum percentage of residential development to be affordable – inclusionary zoning.
- Action 1.4.2: Require new large-scale commercial developments to provide workforce housing for employees.

The Montana legislature banned inclusionary zoning in 2021 with the passage of [House Bill 259](#), so implementing Action 1.4.1 is currently prohibited. The bill does not explicitly prohibit the commercial linkage requirement proposed in Action 1.4.2, which has not yet been implemented. Questions remain whether commercial linkage regulations would conflict with the letter and/or spirit of House Bill 259. The Montana Department of Environmental Quality staff contact for the Governor's Housing Task Force recommended that officials representing the Town of West Yellowstone reach out to the bill's sponsor, Representative Sue Vinton, for clarification if they would like to implement this action.

Short-term commercial rentals are the other related key issue identified in West Yellowstone's Growth Policy. The goal for this topic is to "mitigate the adverse impacts of short-term commercial rentals," which is supported by the following two objectives:

- **Objective 2.1: Expand on Processes for Registering Short-Term Commercial Rentals**
 - Action 2.1.1: Require a short-term commercial rental application and fee.
 - Action 2.1.2: Require inspection by the fire department.
- **Objective 2.2: Regulate Short-Term Commercial Rentals Through Zoning**
 - Action 2.2.1: Do not allow short-term commercial rentals in residential districts.
 - Action 2.2.2: Allow short-term commercial rentals in certain commercial and mixed use zoning districts.
 - Action 2.2.3: Require short-term commercial rentals to provide off street parking through zoning.

The Montana legislature has not yet limited the ability of local governments to regulate short-term rentals through zoning, nor are there any prohibitions on requirements for applications, fees, and inspections. All of the supporting administrative and regulatory actions listed below have been implemented by the Town of West Yellowstone.

It is worth noting that the current moratorium on new sewer connections and uses prohibits both the construction of new short-term rentals and the transitioning of a long-term rental to a short-term rental, in the case that the transition would increase the property's single-family equivalent wastewater demand.

Development Considerations from Growth Policy: Subarctic Climate & Wildfire Risk

West Yellowstone's high elevation of 6,664 feet above sea level contributes to a subarctic climate characterized by cold, snowy winters and short, mild summers.⁴ From December through March, average low temperatures have historically remained below 10°F and average annual snowfall has exceeded 160 inches.⁵ Because of the location's extremes in temperature and precipitation, consideration should be given to insulation, air sealing, snow loading, and snow storage during design and construction of new homes or rehabilitation of existing homes. The Growth Policy also notes that winter accessibility, particularly for pedestrians, is an ongoing challenge.

West Yellowstone is identified in the Gallatin County Fire Community Fire Protection Plan as situated within the wildland urban interface (WUI), due to the fact that the town is surrounded by lodgepole pine forest. WUIs are areas where there is a "risk to life, property, and infrastructure in the event of wildfires," so the Growth Policy has a corresponding goal to "Protect Lives and Property from Wildfire." To meet this goal, the Growth Policy identifies two actions: "wildland fuels treatment around the town's borders" in conjunction with the Custer-Gallatin National Forest and the adoption and implementation of "fire protection and defensible space guidelines and/or regulations." Consideration should be given to neighborhood emergency access and egress, water supply for firefighting, defensible space, ignition-resistant materials, and other guidelines identified by the National Fire Protection Association during the design and construction of new homes and communities and the rehabilitation of existing homes.

⁴ Town of West Yellowstone. (2017). *West Yellowstone, Montana Growth Policy Update 2017*. West Yellowstone, Montana. <http://box2387.temp.domains/~townofwe/wp-content/uploads/2023/03/Adopted-West-Yellowstone-Growth-Policy-12-1-17.pdf>

⁵ Western Regional Climate Center. *Period of Record Monthly Climate Summary: 1/2/1924 to 2/26/2004*. Reno, Nevada. <https://wrcc.dri.edu/cgi-bin/cliMAIN.pl?mtwes>

Demographic Profile

Population Characteristics

Stable Population in the Last Decade

The US Census Bureau counted 1,272 West Yellowstone residents in 2020, an insignificant increase from the 1,271 residents counted during the 2010 Census.⁶ West Yellowstone’s stable population during this period diverges from the broader pattern taking place across Gallatin County, which grew nearly 33% during the same period. In contrast, the state of Montana’s population grew about 9.6%, a rate that exceeds but is closer to the nation’s overall population growth rate of about 7% from 2010-2020. The ability of West Yellowstone to grow its stable year-round population may be constrained by the lack of housing. A population trend unique to West Yellowstone and similar high amenity towns that cannot be easily captured is the seasonal fluctuation in the number of people that reside in town during peak season. This demographic includes: “snowbirds,” Visa workers from around the world, and seasonal workers who move each season for the available work. There is a significant increase in the number of people who call West Yellowstone home during the summer season that are not counted as year-round residents by the US Census.

Growing Shares of Younger and Older Residents

	Median Age		% Under 18		% 65 and Older	
	2010	2020	2010	2020	2010	2020
West Yellowstone	39.0	38.2	20.9	22.7	8.4	13.8
Montana	39.8	40.5	22.6	21.6	14.8	19.9
United States	37.2	38.8	24.3	22.1	13.0	16.8

Table 1. Sources: 2020 and 2010 Census, Tables DP1, P1, P3, P12, and PCT12.

At the time of the 2020 Census, West Yellowstone’s median age of 38.2⁷ was younger than both the national median of 38.8 years and the state median of 40.5. The community’s comparatively low share of residents ages 65 and older (13.8%) contributes to this difference, although that proportion has grown considerably—more than 5%—over the last decade. The share of residents under 18 has also grown during this period to 22.7%, slightly exceeding state and national levels. Overall, West Yellowstone has seen an increase in community members who are more

⁶ The Decennial Census is the most accurate data source for a community of West Yellowstone’s size. All 2020 and 2010 Census population estimates retrieved from Table P1 via <https://data.census.gov/>.

⁷ The 2021 ACS estimate for West Yellowstone’s median age is 34.8, suggesting that the community may be growing younger. However, the estimate’s margin of error (± 4.6 years) exceeds 10% of the estimate and is broad enough to include the 2020 Census median age.

likely to experience transportation- and mobility-related barriers. Accessibility should therefore be a primary consideration in the design and siting of new homes.

More Racially Diverse than Montana Overall

Although West Yellowstone has significantly less racial diversity than the United States, it is more diverse than Montana in some respects.⁸ About 76% of residents identify solely as white, which puts its share of that group between the nation's (62% white) and the state's (85% white). A little more than 10% of residents identify as multiracial (ancestry including two or more races), the same rate at which people identify as multiracial nationwide and greater than the 6.6% who do so in Montana. Residents that identify as Hispanic or Latino (of any race) represented 21% of the population. Residents identifying solely as Asian (1.57%), Black and African American (1.1%), American Indian and Alaska Native (0.31%), or Native Hawaiian and Other Pacific Islander (0.08%), together only comprise about 3% of West Yellowstone's population. The remaining 11% of residents identified as belonging solely to a different racial group.

Researchers have determined that racial and ethnic disparities in housing can be connected to our nation's history of discriminatory laws, policies, and practices and "are perpetuated by a mix of government policies, economic factors, and individual prejudices and preferences."⁹ These disparities can manifest in many ways. For example, people of color are disproportionately likely to reside in substandard quality housing, bear unaffordable housing costs, and lack access to wealth-building opportunities, such as home loans, compared to their white counterparts.¹⁰ These or other disparities may exist in West Yellowstone. However, information on affordability, rates of homeownership, and segregation for the community's racial and ethnic groups was either unavailable or unreliable due to high margins of error. Community input and data collection will be required to determine the type and extent of local racial and ethnic housing disparities.

⁸ U.S. Census Bureau, 2020 Decennial Census, table P1

⁹ O. Minott and A. Winkler, Bipartisan Policy Center, "Understanding and Addressing Racial and Ethnic Disparities In Housing," December 2021. Retrieved from: https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/12/BPC_Racial-Disparities-Brief_RV_2-3.pdf

¹⁰ Opportunity Starts at Home, "Racial Equity Fact Sheet," 2020. Retrieved from: <https://www.opportunityhome.org/wp-content/uploads/2020/10/Final-Racial-Equity-Page-Fact-Sheet.pdf>

Housing Occupancy and Household Characteristics

More than 1/3 of Homes Unoccupied; One in Five Homes for Seasonal, Recreational or Occasional Use

The 2020 Census counted 849 housing units in West Yellowstone.¹¹ More than one third of all housing units were vacant¹² (307 units or 36.2%) at that time, which far exceeded the proportion of vacant homes across the state (13%) and nation (9.7%). How homes are used in West Yellowstone likely contributes to this difference. Nearly one in five of all of the community's homes (165 units, 19.4%) were identified as "for seasonal, recreational, or occasional use," a significantly higher share than throughout the state (6.4%) and nation (3.1%).¹³ While Census Bureau sample data is collected each month, as part of the American Community Survey, to control for seasonal variation, West Yellowstone's severe seasonality may cause an overestimation of rental vacancies due to the Census definition of "vacancy." Based on this definition in the available data, a housing unit that is occupied at the time of the survey entirely by people who will be there for less than three months is included in the estimated number of vacant units, although the unit may not be empty or shuttered.

Majority of Occupied Homes Inhabited by Renters

Renters inhabited the majority of occupied homes (329 units of a total 542, or 60.7%) as of the 2020 Census, rather than the property owners (213 units, 39.3%).¹⁴ These percentages are flipped at the state and national levels, with only 32.7% of Montanans and 36.9% of Americans renting their homes.

One- and Two-Person Households Living With and Without Relatives

At the time of the 2020 Census, the town's approximately 1,272 residents lived in 542 households, which were almost equally split between those composed of "family" members (287), people related by birth, marriage, or adoption, and "nonfamily" members (255), those living alone or with unrelated people.¹⁵ Regardless of household composition, the most common household sizes were one or two people, which made up 39% and 27% of all households, respectively. The average household size is about 2.3 people.

¹¹The U.S. Census Bureau defines a housing unit as "a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters." 2021 ACS 5-Year data from table DP04 estimates the number of housing units at 831, suggesting that the community has lost housing units. However, the estimate's margin of error (± 108 units) exceeds 10% of the estimate and is broad enough to include the 2020 Census count.

¹² The US Census Bureau considers a housing unit to be vacant if no one is living in it at the time of the interview, unless its occupants are only temporarily absent. In addition, a vacant unit may be one which is entirely occupied by persons who have a usual residence elsewhere.

¹³ 2020 Census, table DP1 <https://data.census.gov/>

¹⁴ 2020 Census, table DP1 <https://data.census.gov/>

¹⁵ 2020 Decennial Census, table PCT7 <https://data.census.gov/>

For those in family configurations, two-person households predominate (116 households or 40% of family households), followed by households composed of four people (62 households; 22% of family households) and three people (51 households; 18% of family households). Those in nonfamily configurations overwhelmingly are living alone (211 households or 83% of nonfamily households), followed by two-person households (33 households; 13% of nonfamily households).¹⁶

Low Share of Households That Include Someone with Disabilities

The estimated share of West Yellowstone households with at least one member who has a disability was 9.3% in 2021, significantly lower than those rates throughout the state (26.8%) and nation (26.9%)¹⁷.

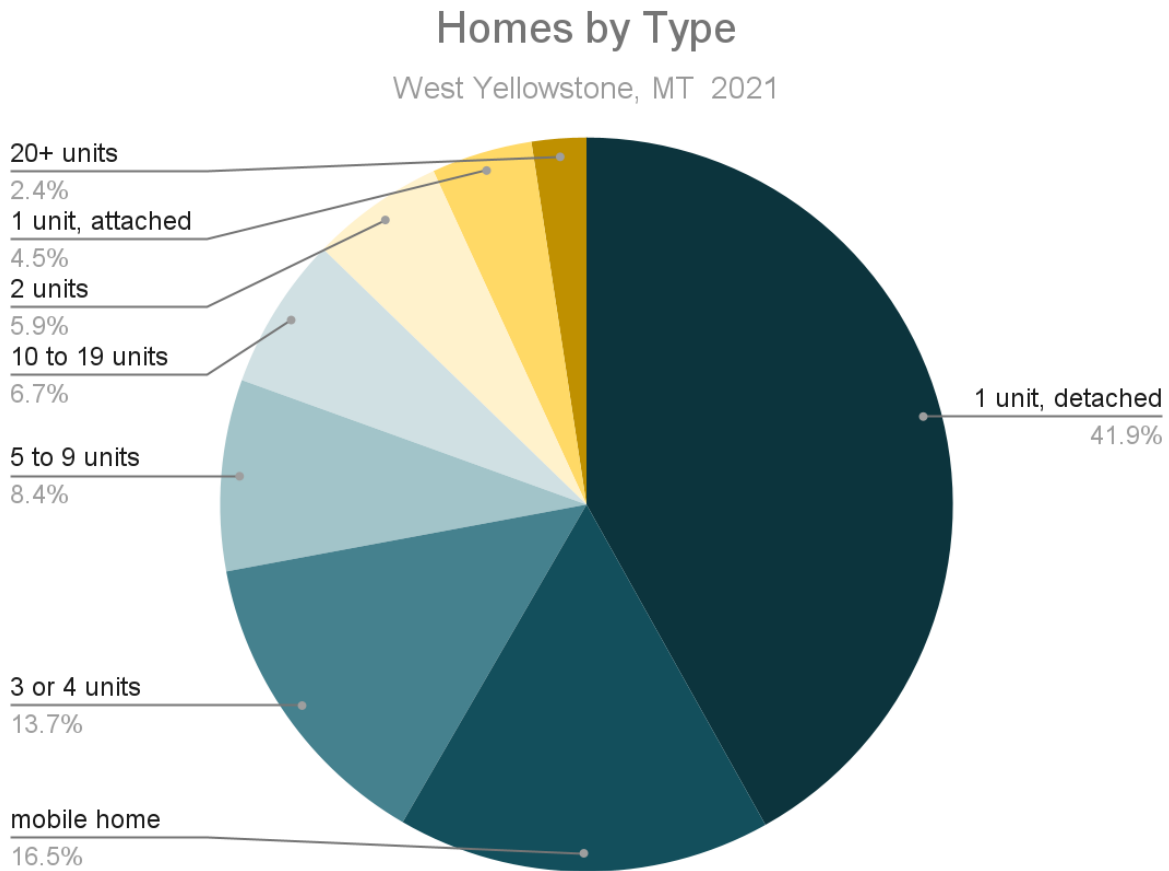
¹⁶ 2020 Decennial Census, table PCT7 <https://data.census.gov/>

¹⁷ ACS 2021 5-Year, table B22010

Housing Profile

Housing Characteristics and Conditions

Diverse Housing Stock Includes Medium-Density Multifamily Dwellings and Mobile Homes

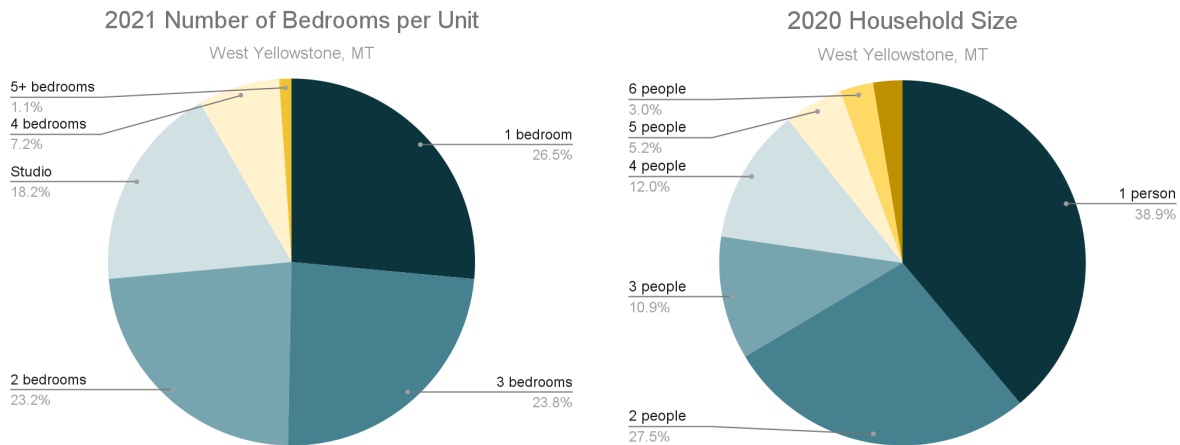


West Yellowstone differs considerably from other places in the composition of its housing stock. Less than half are estimated to be single-family dwellings, about a quarter are medium-density, multi-family dwellings (those with 3-9 units), and about a sixth are mobile homes. Single-family, detached homes are the most common housing type in West Yellowstone, comprising an estimated 42% of the town's housing stock.¹⁸ This share of single-family residences is remarkably low, compared to both Gallatin County (approximately 62%, which mirrors the nation) and the state (71%). The Montana Department of Commerce Census and Economic Information Center has identified more than 20 mobile home communities within West

¹⁸ 2021 ACS 5-Year, table DP04

Yellowstone.¹⁹ Correspondingly, mobile homes are the next most common housing type (16.5%), followed by multi-family dwellings containing 3 or 4 units (13.7%) and 5 to 9 units (8.4%).

Homes Sized for Smaller Households



According to the available data, West Yellowstone’s housing stock appears to meet the needs of most of its residents in terms of bedrooms to household size. However, despite Census numbers that represent there is a large housing stock related to population, many units are held by private business owners for seasonal needs and unavailable for year-round residents. It is unique in offering nearly equal shares of one-, two-, and three-bedroom homes—each of which comprises about a quarter of all dwellings—along with a comparatively high share of studio-style homes (e.g., those without a dedicated bedroom).²⁰ This differs from a pattern seen across Gallatin County, the state, and the nation, where there are significantly fewer one-bedroom and studio homes, and significantly more three-bedroom homes.²¹

The community’s high share of studio and one-bedroom homes (about 44%) corresponds with its high share of single-person households (39%), indicating that the existing housing stock is likely meeting the needs of those living in the most common household size. This also appears to be true in terms of the number of actual homes. The approximately 211 one-person households have an estimated 371 studio and one-bedroom homes (± 155 homes) to choose from.

The community’s next most common household size is two, a group that represents a 28% share of all households. This group also appears to be fairly well served in terms of space, with access to one-bedroom homes and two-bedroom homes making up about 23% of all dwellings.

¹⁹ Retrieved from <https://mtdoc.maps.arcgis.com/apps/instant/basic/index.html?appid=f218ae41c0654cb49398f272e466e8d8&locale=en-US>

²⁰ 2020 Census, table PCT7 and 2021 ACS 5-Year, table DPO4

²¹ 2021 ACS 1-Year, table DP04

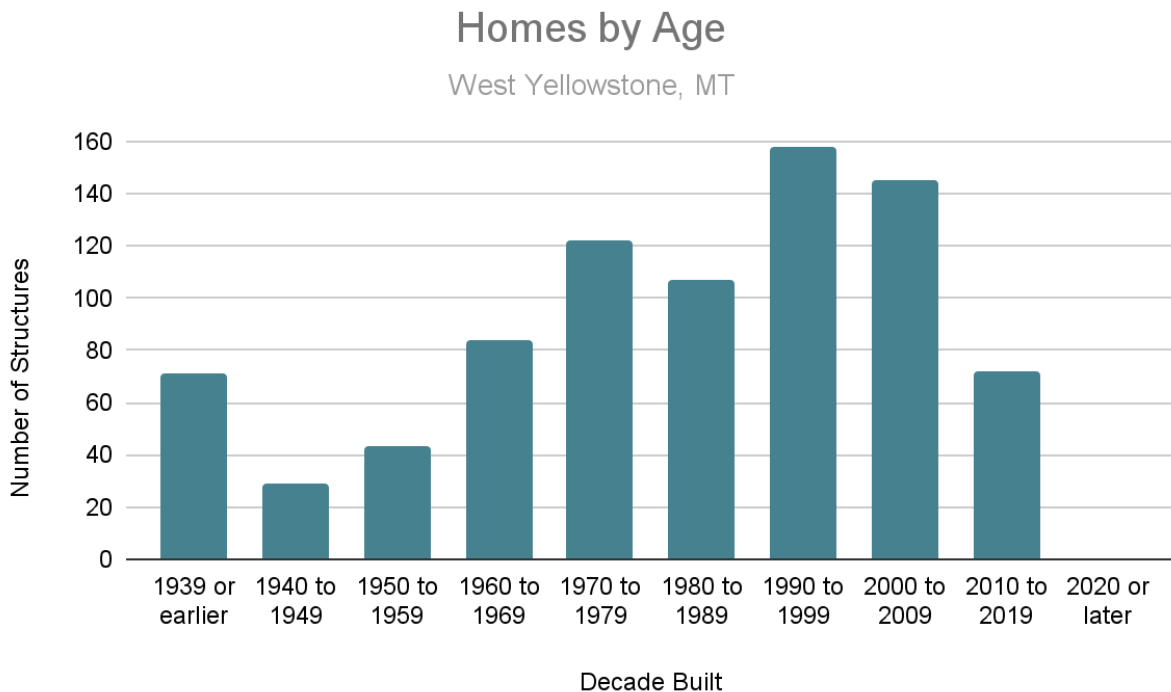
Barring financial constraints, the existing housing stock appears to provide two-person households opportunities to filter both into smaller or larger dwellings without putting excessive pressure on smaller and larger households. Continued development of two-bedroom dwellings will help ensure this balance is maintained.

Households with five or more people appear to be under-served by West Yellowstone's current housing stock. These larger households comprised more than 10% of all households in 2020, but only an estimated 1.1% of homes had five or more bedrooms in 2021. Households of this size were all families; homes built to meet the needs of this group should be designed for people of all ages.

The lack of housing stock built to accommodate larger households could explain 2021 ACS data that suggests that nearly one fifth (19.1%) of all occupied homes were experiencing some degree of crowding²². An estimated 12.9% of all occupied homes were crowded, while an additional 6.2% were severely crowded. Initial conversations with community members suggest employer-linked housing, as well as the influx of seasonal residents, is potentially a source of crowding. These conversations suggest much of the crowding occurs in the smaller studio and 1-bedroom units. Additional research, including continued discussions with community members, will be necessary to determine the true extent of and factors that lead to crowding in West Yellowstone.

²² ACS 2021 5-Year, DP04. HUD and the U.S. Census consider a home crowded if there is more than one person per room, and severely crowded if more than 1.5 people share a room (excluding kitchens and bathrooms).

Majority of Homes Built Since 1980



West Yellowstone experienced three waves of development. The first occurred prior to 1939, when the town was becoming established as a hub for visitors accessing Yellowstone National Park via its western entrance. A second wave of homes was built following the incorporation of the town in the mid 1960s. Community members report that the town’s streets were paved and two subdivisions—the Madison and the Grizzly Additions—were platted in the late 1980s and early 1990s, ushering in the last significant phase of development. A third of the community’s homes were built during this 20-year period from 1990 to 2009. West Yellowstone’s home construction slowed in the decade following the 2008 Great Recession. More recent home construction has been prevented by two moratoriums: a 2017 moratorium on new buildings due to insufficient water supply and the 2022 moratorium on new sewer connections and uses discussed earlier in this report.

A key takeaway from West Yellowstone’s development history is that its housing stock is relatively new, with the majority of homes (58%) built since 1980.²³ These homes are less likely to have been constructed or renovated with hazardous materials, like asbestos and lead, and would have been subject to building codes, which the town implemented in 1984. Local building codes are now updated regularly via administrative action; the Town currently relies on the 2021 International Building Code.

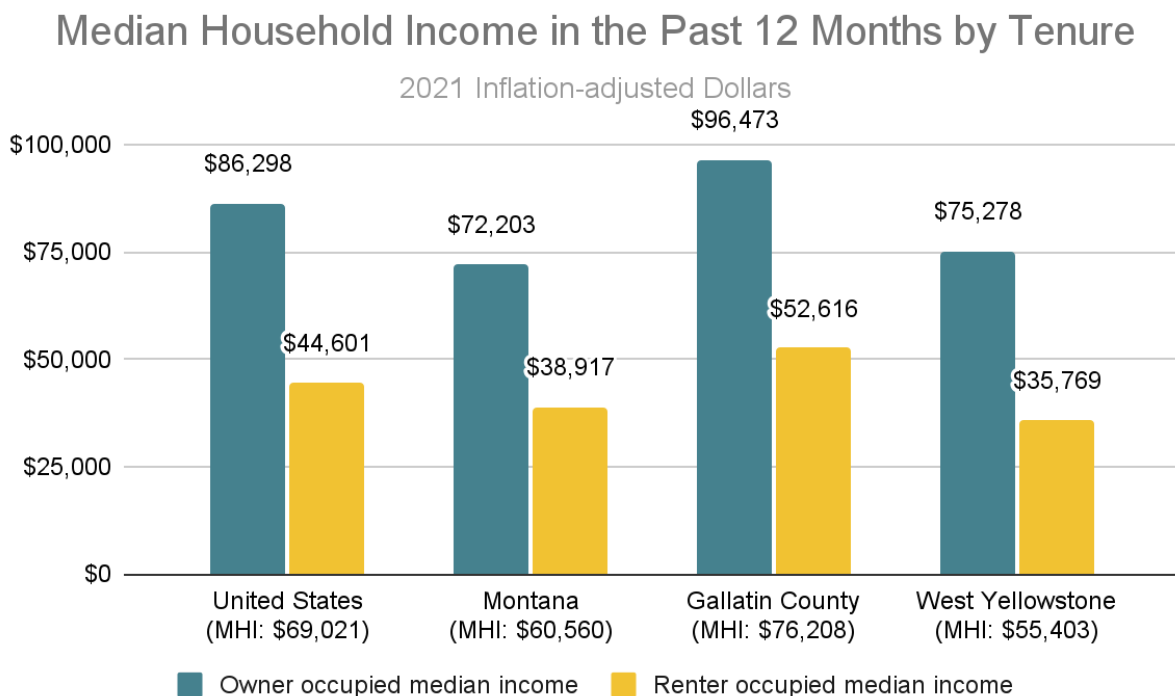
This is evident in a few measures of quality of local housing stock. All occupied homes were

²³ 2021 ACS 5-Year, table DP04

estimated to include complete kitchen and plumbing facilities in 2021²⁴. Still, there remains an estimated 8.5% of homes built prior to 1939 that will very likely require some repair, restoration, or modernization. Furthermore, it is possible that homes built within the last 40 years have not been adequately maintained. Additional research into the condition of local housing stock will be required to determine the need for rehabilitation and weatherization programs.

Income and Employment

Low Median Income and Significant Income Disparity Between Renters and Owners



The median household income in West Yellowstone was estimated at \$55,403 for 2021. This figure is significantly lower than the estimated median household incomes in Gallatin County (\$76,208) and the nation (\$69,012), although it was somewhat closer to the state’s (\$60,560).²⁵ Despite its divergence in terms of the total amount of household income, West Yellowstone exhibits a pattern of income disparity evident at all other geographic levels: renting households have significantly lower incomes than their home owning counterparts. This inequality is particularly acute in West Yellowstone, where the estimated median income for households living in homes they own (\$75,278) is more than twice the estimated median income of those who are renting their homes (\$35,769).

²⁴ 2021 ACS 5-Year, table DP04

²⁵ U.S. Census Bureau, 2021 ACS 5-Year, table B25119

Household Income Sources

Household Income Sources, West Yellowstone, 2021*

Labor earnings ²⁶	93.3%
Interest, dividends, or net rental income ²⁷	37.6%
Social Security ²⁸	18.3%
Retirement income ²⁹	12.6%
Cash public assistance or SNAP ³⁰	8.8%
Supplemental Security Income ³¹	0%

* Total will exceed 100% due to households with multiple income sources

Nearly all households in West Yellowstone are estimated to receive labor earnings, which includes self-employment income and wages or a salary paid by an employer. The community has a significantly higher share of households that are actively earning income than those across the state (76.1%) and nation (77.8%). However, its proportion is slightly closer to that of Gallatin County (85.4%).

More than one third of households in West Yellowstone received “passive” income in 2021, that is income from interest, dividends, or rentals. Again, the community’s share of households who receive this type of income is significantly higher than throughout the state (27.3%) and nation (20.2%), but is more closely aligned with Gallatin County (32.6%).

Relatively low shares of West Yellowstone households received Social Security payments (18.3%) and retirement income (12.6%) in 2021, when compared to other localities. This makes sense, given the community’s relatively low proportion of residents ages 65 and older. About 9% of West Yellowstone’s residents are estimated to receive cash public assistance or the supplemental nutrition assistance program.

²⁶ 2021 ACS 5-Year, table B19051

²⁷ 2021 ACS 5-Year, table B19054

²⁸ 2021 ACS 5-Year, table B19055

²⁹ 2021 ACS 5-Year, table B19059

³⁰ 2021 ACS 5-Year, table B19058

³¹ 2021 ACS 5-Year, table B19056

2021 Employment and Average Annual Wage by Sector

Sector	West Yellowstone Share of Jobs ³²	Gallatin County Average Annual Wages ³³
Leisure and Hospitality	47.7%	\$28,526
Retail Trade	21.2%	\$41,235
Construction	5.9%	\$65,210
Other Services (except public administration)	4.7%	\$42,066
Transportation and Warehousing, and Utilities	3.9%	\$47,785
Agriculture, Forestry, Fishing and Hunting, and Mining	3.7%	\$54,829
Public Administration	3.3%	data unavailable
Educational Services, and Health Care and Social Assistance	3.1%	\$52,049
Wholesale Trade	1.8%	\$74,719
Information	1.8%	\$150,715
Armed Forces	1.6%	data unavailable
Finance and Insurance, Real Estate and Rental and Leasing	1.0%	\$86,773
Manufacturing	0.3%	\$56,957

West Yellowstone’s reliance on tourism is evident in the overwhelming share of jobs—estimated at nearly 70%—in related industries. Workers are most commonly employed in leisure and hospitality (47.7%), which includes arts, entertainment, and recreation and accommodation and food services, followed by retail (21.2%). None of the remaining employment sectors are estimated to provide more than 6% of the community’s jobs.

Average annual wages in both leisure and hospitality (\$28,526) and retail (\$41,235) fell well below the estimated 2021 median income for a household in West Yellowstone of \$55,403; the median income for renters (\$35,769) was close to the average of these two wages. Based on these wages, someone working in leisure and hospitality would be able to afford no more than \$785 in monthly housing costs, while a retail worker would be able to afford no more than \$1,134. When considering these costs, it is important to remember that 39% of West Yellowstone households live alone, so their housing budgets are not augmented by the incomes of other householders.

³² 2021 ACS 5-Year, table B08126

³³ 2021 Bureau of Labor Statistics, Annual Averages, Quarterly Census of Employment and Wages

Housing Needs and Market Conditions

Affordability

Housing affordability is based on the ability to pay, which is a function of costs and income. A common convention is that rental housing is affordable when a household spends no more than 30% of its gross monthly income on housing costs, or no more than 33% including utilities. This report considers renter households paying more than these percentages to be cost burdened. This report adopts an affordability standard of 33% of income for homeowners as the percentage of income toward principal, interest, taxes, and insurance. The figure for homeowners does not count utilities since owners are building equity in their homes.

The level of demand for affordable housing is complicated by the significant but unquantified seasonality of the population and employment in West Yellowstone. Because Census Bureau data is seasonally adjusted, it will not fully capture the peaks and troughs in housing occupancy. However, this seasonality is a known fact and is driven by seasonal tourism, which is the cornerstone of the local economy. Assessing the supply of rental housing is complicated significantly by the legacy of various ad hoc solutions used by employers and employees. It has become common for employers to provide housing for some of their employees, and this housing is provided in a number of different ways – “free” housing that is offset by lower wages or deducted from wages; housing reserved for employees and offered at a significantly discounted rent; housing reserved for employees and offered at rents approximating the market; and mobile home or RV sites offered free, at a reduced rate, or at a market rate.

Rental and Ownership Affordability and Availability for Two-Person Households 2021 West Yellowstone, MT

	Household Income	HUD AMI Range*	Renting HHs	Owning HHs	Affordable Rent*	Affordable Purchase Price*	Availability
Households earning >80% AMI can afford market-rate rentals, but not necessarily ownership	\$88,906 or more	> 125%	16	99	\$2,223 or more	\$231,341 or more	market rentals, limited home ownership
	\$71,125 to \$88,906	100-125%	21	15	\$1,778 to \$2,223	\$185,074 to \$231,341	market rentals
	\$56,900 to \$71,125	80-100%	31	15	\$1,423 to \$1,778	\$148,059 to \$185,074	market rentals
Households earning <80% AMI are designated "low income" by HUD	\$35,600 to \$56,900	50-80%	37	44	\$890 to \$1,423	\$92,634 to \$148,059	rent-restricted, entry-level, and market-rate rentals

	\$21,350 to \$35,600	30-50%	26	16	\$533 to \$890	\$55,555 to \$92,634	eligible for housing-choice vouchers
	Less than \$21,350	< 30%	65	35	\$533 or less	\$55,555 or less	eligible for housing-choice vouchers

Data from: 2021 ACS 5-Year, table B25118 and HUD's 2021 income limits.

See Appendix B for a discussion of HUD income limits.

*No more than 30% of gross monthly income is spent on housing costs, including utilities.

*Estimated using Calculator.net's house affordability calculator: <https://www.calculator.net/house-affordability-calculator.html>

Estimate assumes a 5% down payment, 7.9% interest rate, and a conventional loan.

Homes to Rent

More than 60% of occupied homes in West Yellowstone are rentals, totaling 329 units. The rental market is dominated by local employers and a handful of property management companies; the assessment team spoke with local employers who manage tens of the community's long-term rentals. For a person seeking housing in the area, working with employers, word-of-mouth, or posting requests on one of two community Facebook pages are the primary strategies for securing a rental home. Employer-sponsored rental housing ranges from tiny homes and RVs to dormitories and converted motels. When someone is unable to find housing through these channels, community members report that they seek housing outside in the municipality, either in the resort communities around Hebgen Lake or in neighboring Idaho. Some travel from as far as Island Park, Idaho, which is nearly 30 miles away. When these efforts are unsuccessful, plans to move to the community are scrapped and current residents depart. As one person put it, "You can't be homeless in this town. There's nowhere for [people without housing] to lay their heads."

Market Rate Rentals

Most market-rate rentals in the area range from \$1,000 for one-bedroom homes with utilities included to around \$2,000 for four-bedroom homes. These homes are affordable to households earning between \$37,000 and \$60,000 annually. The median 2023 rental income in West Yellowstone is \$40,052³⁴, which means that half of the community's renting households earn less than that figure. These households are likely to be burdened with unaffordable housing costs, unless they are able to access either informal or formal subsidized housing described in the following section.

For households earning more than \$60,000 annually, affordability is less of an issue than availability and supply. Vacancy rates for long-term rentals within town are near zero, and

³⁴ Based on ACS 2021 estimate of median renter income, adjusted for inflation using the Bureau of Labor Statistics' CPI Inflation Calculator

available homes are quickly rented. Furthermore, some homes are rented long-term only during the winter, either for the entire season or on a monthly basis, reflecting the economic incentives available to those who rent their homes on a short-term basis to visitors.

Below Market Rentals

Limited options exist for low-income renters in West Yellowstone. HUD defines “low income” as 80% of median household income for the area and “very low income” as 50% of median family income for the area. See Appendix B for a more in-depth discussion of HUD’s income limits.

The ACS estimates median monthly housing cost for renters in West Yellowstone at \$641. This figure is significantly below the market rates reported by locals and evident from active listings. In interviews, local business owners and rental property managers describe either entirely paying for or heavily subsidizing rent for their employees, which could help explain the ACS’s low median monthly rental housing cost estimate. Employer-linked housing is often subsidized by the employer to their employee, however is not freely available to year-round residents like traditional below-market rentals.

Two types of affordable rental units have legal limits on rent prices: subsidized and rent-restricted housing. Subsidized rentals provide housing at monthly rent adjusted to 30% of the income of the qualified tenant. The funding sources used to construct these types of developments are no longer available, so no new subsidized rentals can be built. Rent-restricted housing is priced to be affordable to an income target, but is not adjusted for the tenant. Limited funding is available for these types of projects.

According to the National Housing Preservation Database, there are 59 rent-restricted or subsidized rental homes in West Yellowstone, all of which are aimed at housing families. Both properties are privately owned and are potentially at risk of being transitioned out of the community’s stock of below-market rentals within the coming decade.

- South Lake Apartments have 20 subsidized rental homes (12 one-bedroom and 8 two-bedroom) whose affordability is preserved through April 16, 2033.
- The Madison Apartments is listed as having 39 rent-restricted rental homes (14 one-bedroom and 25 two-bedroom) whose affordability is preserved through January 23, 2025.

Short-Term Rentals

Short-term rentals in Montana are defined as lasting fewer than 30 consecutive days. Short-term rentals are required to register with the Montana Department of Revenue and are subject to lodging, bed and resort taxes.

AirBnB listed 144 short-term rentals within the Town of West Yellowstone as of August 2023. This corresponds with findings from the 2020 Census that nearly one in five of all of the community’s homes (165 units) were identified as “for seasonal, recreational, or occasional use.

Style and cost of accommodations ranged from a yurt available for \$1,512 per month to a handful of condos, cabins, and townhomes for about \$14,500 a month.

Homes to Own

Market Rate

According to Andie Withner of Montana Territorial Land Company, for sale home prices have been increasing and began to accelerate over the last three years, as more people sought vacation properties in West Yellowstone and nearby communities around Hebgen Lake. Ms. Withner provided data from the Big Sky Country MLS system via Domus Analytics, which does not include any transactions made outside of the MLS. The data include only residential listings and sales, not vacant land listings, commercial listings, or raw land with a structure. Residential listings include single-family homes, townhomes, condominiums, and manufactured homes that are de-titled. Active and pending listings are properties currently for sale or under contract to be sold.

This data reveals a market with limited inventory and high prices. Within the Town of West Yellowstone from August 2022 to August 2023:

- Home values appreciated more than 10%.
- Median sales price increased 2.6%, to \$768,750.
- The median length of a residential listing was 3 days.
- 11 homes were listed for sale.
- Month's supply of inventory increased from 0 to 4.98³⁵.

Rising interest rates pose further challenges to potential home owners. Monthly payments on home purchased for the median list price of \$768,750 are estimated to exceed \$5,000 with a 30-year fixed-rate mortgage at 7.63%³⁶. A prospective buyer would need to earn more than \$180,000 annually for those payments to be affordable, more than double the estimated 2023 median owner household income of \$84,291³⁷. Furthermore, they would have needed more than \$150,000 available for a down payment to avoid additional cost of mortgage insurance.

³⁵ Typically, a six-month supply of inventory indicates a healthy housing market that is neither skewed towards buyers nor sellers. Ms. Withner considers the 4.98-month inventory estimate to overstate the availability of homes within West Yellowstone. She estimates less than a 4-month supply.

³⁶ Estimate provided by Zillow's mortgage calculator. <https://www.zillow.com/mortgage-calculator/>

³⁷ 2021 ACS estimate adjusted for inflation using the Bureau of Labor Statistics CPI Inflation Calculator

Appendix A: Glossary

Affordable housing or "homes residents can afford"	Affordable housing is relative to household income. This assessment uses the standard of the monthly housing costs being equal to or less than 30% of gross household income (before taxes) for renters and less than 33% including utilities. For owners, payments for PITI (principal, interest, taxes, and insurance) should not exceed 33%.
American Community Survey (ACS)	The ACS is part of the Decennial Census Program of the US Census. The survey was fully implemented in 2005, replacing the decennial Census long-form, and has been administered annually since. Typically, ACS data for localities represent the aggregate results of five years of responses; for example, the 2021 ACS cited in this report reflects data collected between 2017 and 2021. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error.
Area median income (AMI)	The AMI is the midpoint of a region's income distribution, meaning that half of the households in a region earn more than the median and half earn less.
Community land trust (CLT)	CLT is a community-based organization established to serve as the long-term steward of the land and to protect long-term affordability and access to housing for the community.
Cost burdened	When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation, or other necessary costs depending upon its application.
Housing choice voucher	The housing choice voucher program is the federal government's largest rental assistance program for assisting very low-income families, the elderly, and people with disabilities to afford decent, safe, and sanitary housing in the private market. Since housing assistance through the housing choice voucher program is provided on behalf of a family or

individual directly to the owner of a rental unit of their choice, participants can find their own housing, including single-family homes, townhouses, and apartments.

Low-Income Housing Tax Credit (LIHTC)

The LIHTC is the largest federal subsidy program for the development of affordable rental housing through new construction and substantial rehabilitation. Generally allocated by state housing finance agencies, it subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.

Market rate

Housing with no restrictions; property owners or sellers are free to set prices.

Rent restricted housing

A low or moderate-income housing that rents below market to households earning a certain percentage of the area median income.

Resident-owned cooperative (ROC)

In resident-owned manufactured home cooperatives, the lot rent goes to the resident cooperative and is managed to meet community needs and maintain affordability. NeighborWorks Montana provides the ROC program as part of the ROC USA® Network, which includes over 250 cooperatives across the nation.

Short-term rental

Short-term rentals in Montana are defined as lasting fewer than 30 consecutive days.

Subsidized housing

A low-income housing unit where a qualified tenant pays a fixed share of their income toward rent.

Temporary vs. chronic homelessness

Homelessness refers to an individual or family that is living in a space not meant for human habitation or an emergency shelter. Chronic homelessness refers to an individual or family that has experienced homelessness for at least 12 months or has experienced homelessness four times or more in the previous three-year period.

Vacant

Vacant units include housing units with no one living in them at the time of the Census unless its occupants are only temporarily absent. This assessment uses Census data, which counts a home as vacant if occupied by a visitor who does not live in the home, including vacation rentals. New construction that is not yet occupied will also be included in the Census count of vacant homes.

Appendix B: HUD Income Limits

Income Distribution and HUD Household Income Limits

HUD FY 2023 Income Limits Summary for Gallatin County, MT³⁸

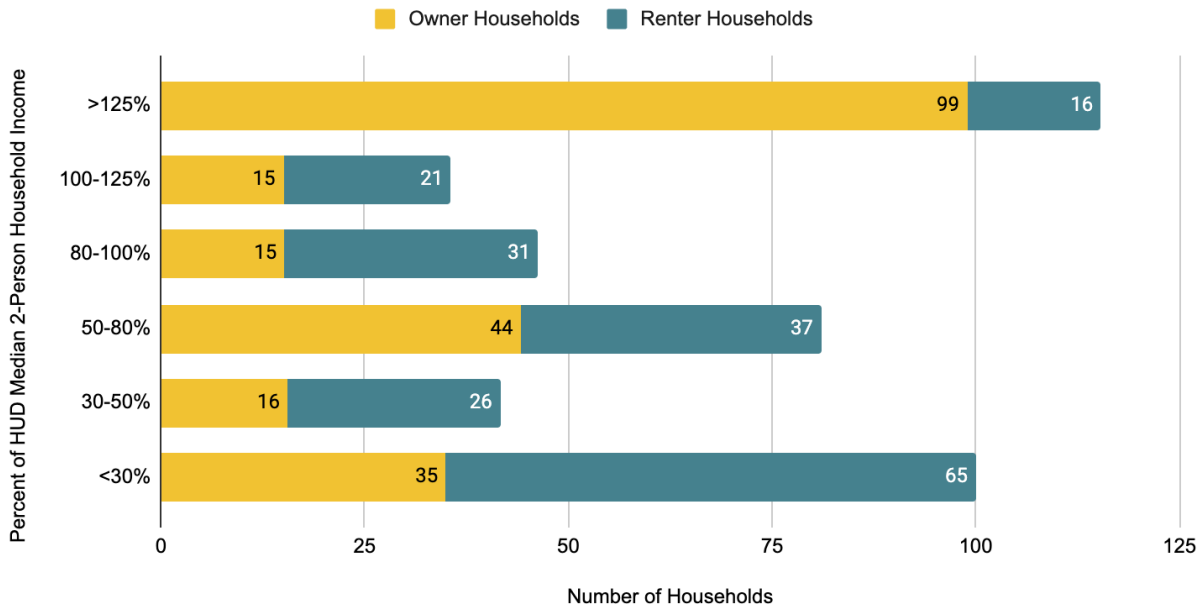
Median Household Income (household of 4)	Income Limit Category	Persons in Household							
		1	2	3	4	5	6	7	8
\$126,400	30% MHI Extremely Low Income	\$22,100	\$25,250	\$28,400	\$31,550	\$35,140	\$40,280	\$45,420	\$50,560
	50% MHI Very Low Income	\$36,850	\$42,100	\$47,350	\$52,600	\$56,850	\$61,050	\$65,250	\$69,450
	80% MHI Low Income	\$58,950	\$67,350	\$75,750	\$84,150	\$90,900	\$97,650	\$104,350	\$111,100

The U.S. Department of Housing and Urban Development (HUD) uses an area’s median gross income to set annual household income limitations. These limits are then used to determine an individual or household’s eligibility for certain housing programs, such as housing choice vouchers, or a program or project’s eligibility for federal funding, such as HOME Investment Partnerships Program grants and Low-Income Housing Tax Credits.

³⁸ Retrieved from: https://www.huduser.gov/portal/datasets/il/il2023/2023summary.odn?STATES=30.0&INPUTNAME=NCNTY30031N30031*3003199999%2BGallatin+County&stalist=&stname=Montana&wherefrom=%24wherefrom%24&statefp=30&year=2023&ne_flag=&selection_type=county&incpath=%24incpath%24&data=2023&SubmitButton=View+County+Calculations

Household Income by Tenure and HUD Income Limits

West Yellowstone, 2021



The chart above groups the 2021 incomes of renting and owning households in West Yellowstone³⁹ according to HUD’s 2021 income limits for two-person households, which corresponds with the community’s average household size. These data continue to show a pattern in which renting households have lower incomes than those who own their homes. Approximately 46% of renter-occupied households had estimated incomes below \$35,600 (50% AMI); nearly a third of renters had incomes below \$21,350 (30% AMI). In stark contrast, about 44% of owner-occupied households had estimated incomes exceeding \$88,906, or more than 125% of the median income for a two-person household.

Household incomes in West Yellowstone are generally lower than in Gallatin County overall, regardless of ownership status.⁴⁰ This is evident in both the differences in estimated 2021 median income for these geographies shown earlier, as well as the fact that nearly two thirds of all West Yellowstone’s households (64%) had estimated incomes below \$71,125, HUD’s median income for a household of two people in 2021. The 2020 Decennial Census revealed that 39% percent of West Yellowstone’s households were living alone. If that proportion of the population remained the same or increased, it may partially account for lower household incomes.

³⁹ 2021 ACS 5-Year, table B25118

⁴⁰ 2021 ACS 5-Year, table B19001

Appendix C: Housing Resources

While Federal and state funding opportunities exist to support the development of affordable housing, existing programs are insufficient to fund all needs and are restricted in their scope. Statewide there are only 46 affordable housing units for every 100 households earning an extremely low income (classified as below 30 percent of area median income). West Yellowstone is not an entitlement community that has direct access to funding. As such, applications from West Yellowstone must compete with projects across the state. An understanding of these housing resources will be critical to the development of a local housing strategy.

Federal Low-Income Housing Tax Credit (LIHTC)

The LIHTC program is a construction subsidy program created by the Tax Reform Act of 1986. Although this is the primary method of funding restricted-income rental housing, the competition for funding leaves many qualified projects unfunded. Projects are evaluated based on priorities established by the Montana Board of Housing through the Qualified Allocated Process (QAP) each year. In recognition of the difficulty in constructing smaller projects in rural communities, the QAP has a rural, small-project set-aside. The set-aside limits the amount of LIHTC requests and the number of assisted units. Many states supplement their federal LIHTC allocation with a state housing tax credit; however, Montana does not have this resource.

Units developed using LIHTCs typically serve households earning between 40 and 60% of the area median income, with some exceptions provided for income averaging. Rents are restricted to be affordable to the targeted households with consideration for utility payments included in the maximum rent calculations. West Yellowstone has 39 homes through the LIHTC program (12 one-bedroom and 25 two-bedroom apartments, all in the same building).

Public Housing

There are eleven public housing authorities in Montana. Although none of the specific housing authorities serve West Yellowstone, the area is served by the State of Montana Department of Commerce.

HOME

The Home Investment Partnerships (HOME) Program was created by HUD in 1990. This program, administered through the Montana Department of Commerce provides supplemental funding to address housing needs to low- and moderate-income households. The program can

be used to purchase and renovate existing homes, provide down payment assistance, and develop new homes for rent and purchase.

Community Development Block Grants

The Community Development Block Grant (CDBG) Program is a HUD program available to communities with populations less than 50,000 via the Montana Department of Commerce. Units of local government can apply for funds to assist with planning, economic development, public facilities, and housing initiatives.

Housing Trust Fund

The Housing Trust Fund (HTF) was created in 2008 as part of the Housing and Economic Recovery Act. The HTF can be used to assist with the development and rehabilitation of homes for very low-income households.

Housing Choice Vouchers

The housing choice voucher program, sometimes known as the Section 8 program, is the federal government's largest program for assisting very low-income families, the elderly, and people with disabilities to afford decent, safe, and sanitary rental housing in the private market. Since housing assistance through the housing choice voucher program is provided on behalf of a family or individual directly to the owner of a rental unit of their choice, participants can find their own housing, including single-family homes, townhouses, and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Households with a voucher pay 30% of their income toward rent. The income limits for the program are set at 50% of the HUD calculated area median income. In West Yellowstone, the Montana Department of Commerce administers the program via HRDC as a contract administrator. There are 0 vouchers in use in West Yellowstone. The waitlist for vouchers in nearby communities typically exceeds 24 months. Even after a voucher is received, it may be difficult to utilize due to housing cost, quality, or property owner refusal.

USDA Rural Development Program

West Yellowstone is included in the eligible area for USDA Rural Development loans including, Section 502 Direct Loans for single-family homes to individuals and households, Section 515 Direct Loans for multifamily development, and Section 538 loan guarantee program. West Yellowstone has 20 homes through these programs (12 one-bedroom and 8 two-bedroom apartments, all in the same building).