

Toole County Housing Impact Study



Final Report

Kevin, Sunburst & Sweet Grass Communities

2012



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Introduction

Toole County and the City of Shelby contracted with KLJ to complete a housing impact study for northern Toole County and the communities of Kevin, Shelby, Sunburst and Sweet Grass. The region is experiencing energy sector growth and is growth is expected to occur with the construction and future operation of the Port of Northern Montana transloading facility. Energy extraction businesses and related services are also moving into the area to explore and potentially begin full-time operations to extract energy resources in the Montana Thrust Belt shale play and nearby Niobrara/Colorado Group shale play, which extends into Canada.

KLJ conducted a review of housing stock, land use and infrastructure (Shelby only) to determine the existing condition of housing. KLJ collected GIS data from the State of Montana GIS database to create land use and housing maps for all four communities. A recently released housing study from the Department of Commerce was also referenced to determine the extent of future housing needs. In addition, KLJ conducted interviews with businesses, public organizations and other groups located in Toole County to determine future employment, housing needs and issues facing existing residents. A summary of the information collected from interviews is located in Appendix A.

Existing Housing Conditions

In 2010, Toole County had 2,336 housing units according to the US Census as shown in Table 1. The number does not account for new homes built after April 2010 when the census occurred.

Approximately 60 percent of all housing units in the County are located within Shelby, while Sunburst has 8 percent, Kevin has 4 percent and Sweet Grass has 2 percent of total units. Nearly 72 percent of all housing units are located within these four communities.

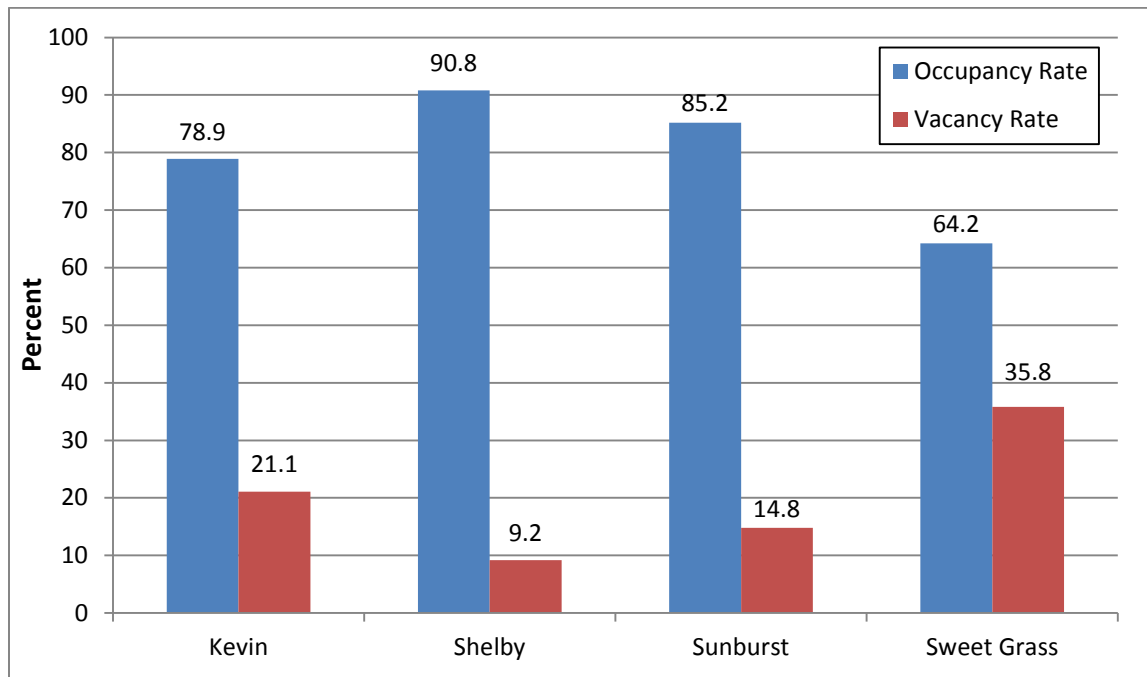
TABLE 1: HOUSING UNIT OCCUPANCY

	Toole County		Kevin		Shelby		Sunburst		Sweet Grass	
OCCUPANCY STATUS	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Units	2,336	100.0	90	100.0	1,371	100.0	176	100.0	53	100.0
Occupied Units	2,015	86.3	71	78.9	1,245	90.8	150	85.2	34	64.2
Vacant Units	321	13.7	19	21.1	126	9.2	26	14.8	19	35.8

Source: US Census, American Community Survey

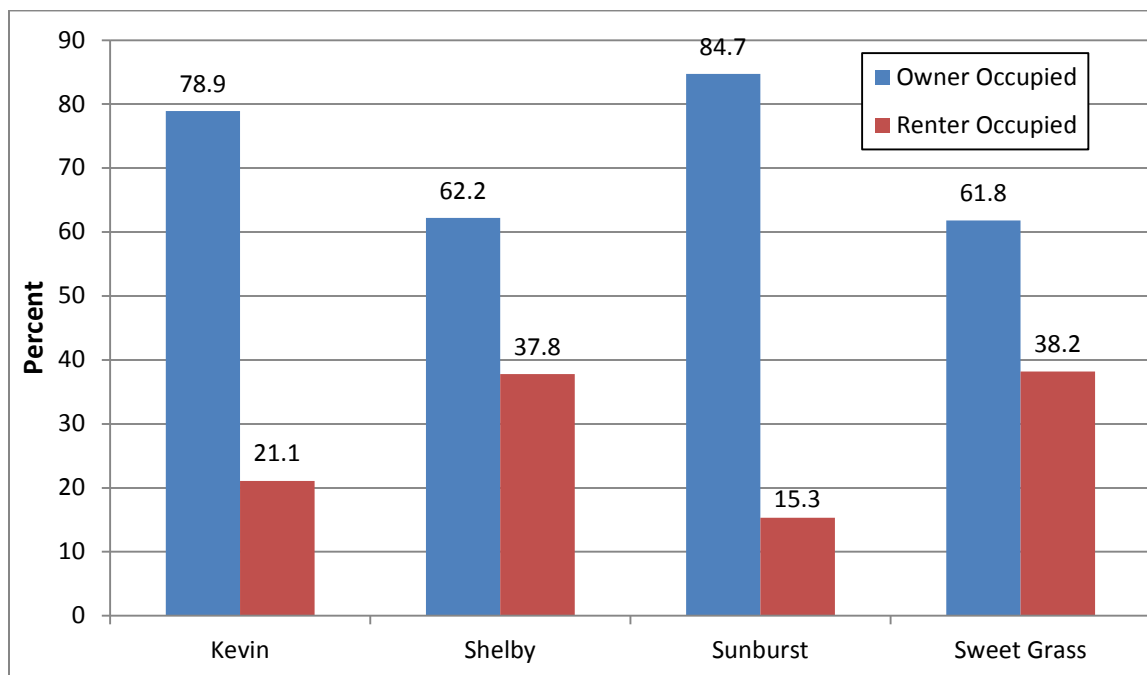
Figure 1 shows the occupancy and vacancy rates for the County and the other four communities studied. Figure 2 shows the comparison of owner and renter occupied units, while Figure 3 shows the vacancy status. Sweet Grass has the highest percentage of vacant units (36 percent). Shelby has the lowest vacancy rate (9.2 percent) and contains nearly 40 percent of all vacant units. Therefore, Shelby has the largest capacity of vacant units (in terms of units and total percentage) to accommodate potential new residents. However, Kevin, Sunburst and Sweet Grass all have the ability to attract and compete with Shelby for new residents based on life-style and housing choices.

FIGURE 1: OCCUPANCY AND VACANCY RATES, 2010



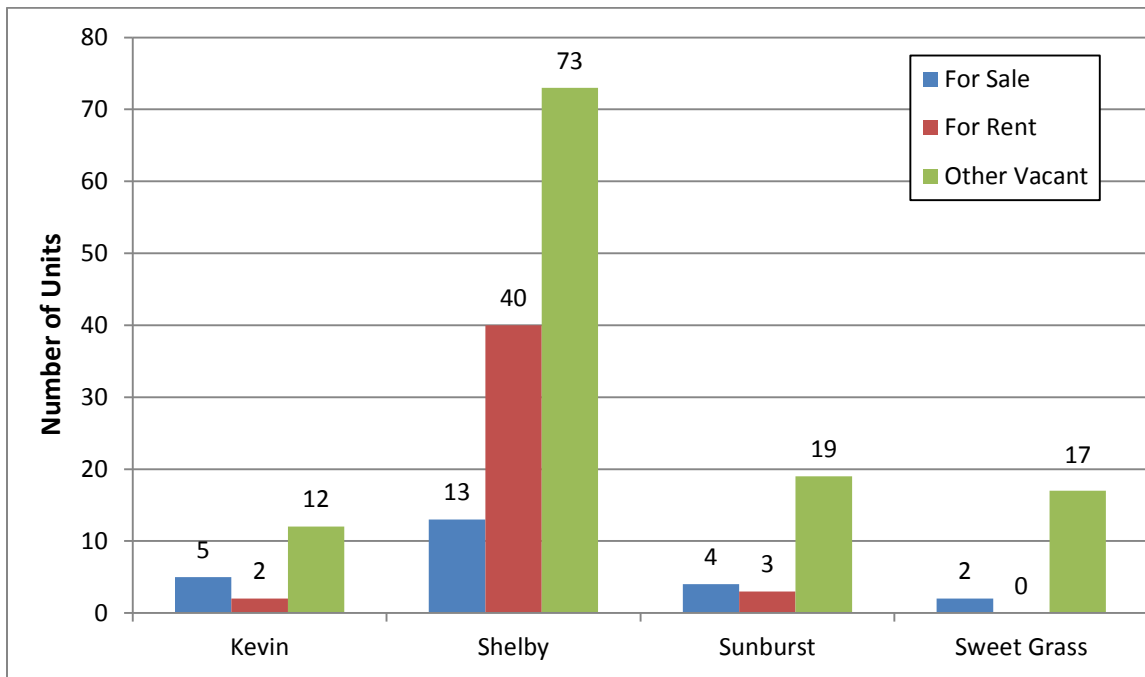
Source: US Census, American Community Survey

FIGURE 2: OCCUPIED STATUS, 2010



Source: US Census, American Community Survey

FIGURE 3: VACANCY STATUS, 2010



Source: US Census, American Community Survey

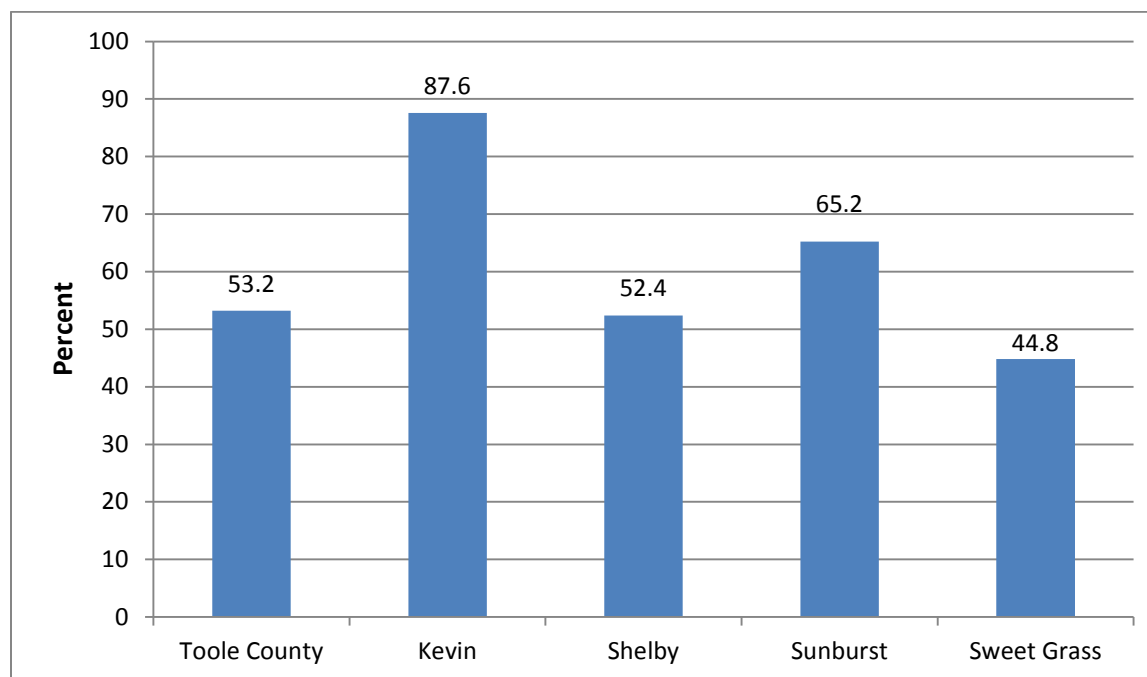
Table 2 shows the number of units built and the year built, which indicates the age, type and condition of existing housing structures. Over 98 percent all units in Toole County were built prior to year 2000 and over 50 percent was built prior to 1960 indicating that a majority of the housing units may need to be renovated to attract and/or accommodate new residents. Figure 4 shows the percentage of homes built prior to 1960 (100 years is the general time period for how long sturdy items – cabinets, pavement, cast iron pipes, etc. - tend to last before they need to be replaced, according to a 2007 National Association of Home Builders publication).

TABLE 2: STRUCTURES BUILT BY YEAR

	Toole County		Kevin		Shelby		Sunburst		Sweet Grass	
YEAR BUILT	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Units	2,276	100	89	100	1,323	100	175	100	29	100
Built 2005 or later	1	0.0	0	0.0	0	0.0	1	0.6	0	0.0
Built 2000 to 2004	39	1.7	0	0.0	16	1.2	19	10.9	0	0.0
Built 1990 to 1999	176	7.7	5	5.6	78	5.9	12	6.9	4	13.8
Built 1980 to 1989	311	13.7	0	0.0	185	14.0	4	2.3	2	6.9
Built 1970 to 1979	411	18.1	6	6.7	260	19.7	25	14.3	10	34.5
Built 1960 to 1969	127	5.6	0	0.0	91	6.9	0	0.0	0	0.0
Built 1950 to 1959	377	16.6	22	24.7	185	14.0	47	26.9	2	6.9
Built 1940 to 1949	308	13.5	21	23.6	213	16.1	29	16.6	0	0.0
Built 1939 or earlier	526	23.1	35	39.3	295	22.3	38	21.7	11	37.9

Source: US Census, American Community Survey

FIGURE 4: PERCENT OF HOUSING UNITS BUILT PRIOR TO 1960



Source: US Census, American Community Survey

Housing Affordability

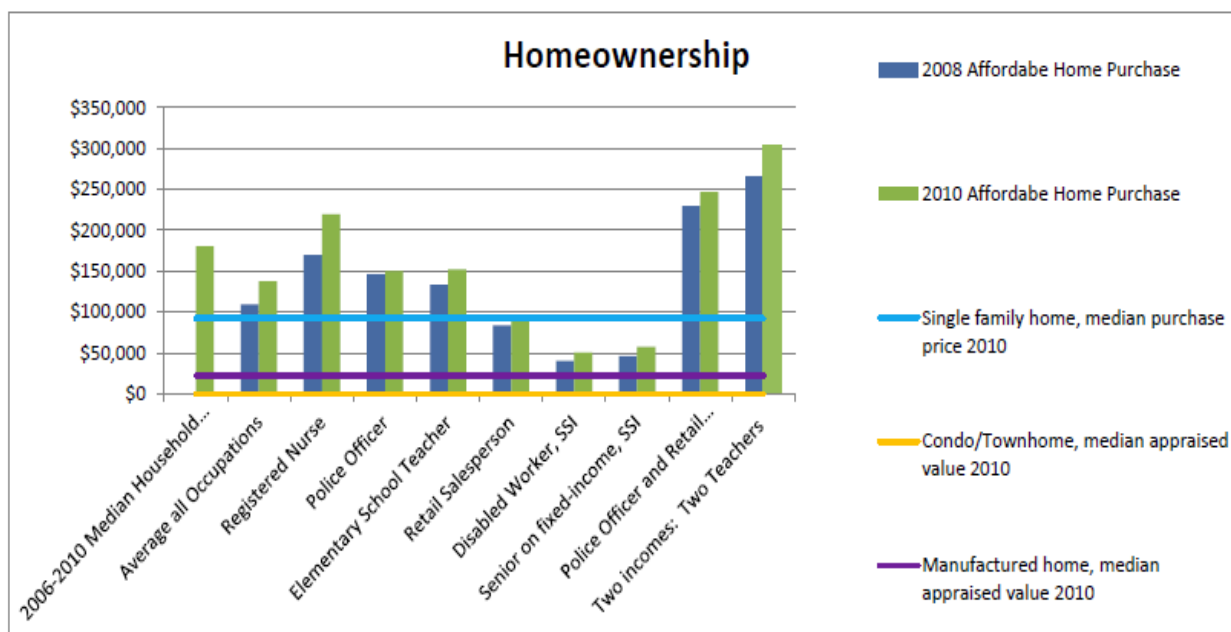
According to a 2012 housing study conducted by the Montana Department of Commerce, housing affordability was an issue for three identified employee groups: retail salesperson, disabled worker on social security income (SSI) and senior on fixed income with SSI. These three groups were not able to afford a median priced, single family home; yet they were able to afford a median priced, appraised manufactured home. Figure 5 shows the homeownership affordability gap for employee groups. The same three population groups were also unable to afford a two-bedroom rental, although a retail salesperson was able to afford a one-bedroom rental. Figure 6 shows the rental affordability.

It is important to note that these three groups (service/low-wage jobs, disabled workers and seniors) usually tend to be at the greatest risk for being able to pay for affordable housing. Affordable housing is generally considered to be a mortgage or gross rental (with essential utilities) of less than 30 percent of median household income.

Table 3 shows the number and percent of housing cost increases from 2008 to 2010. Single family median home costs jumped 45 percent over two years indicating a strong demand for single family housing. However, it also indicates that home prices may become unaffordable for more people other than retail workers, disabled and senior populations.

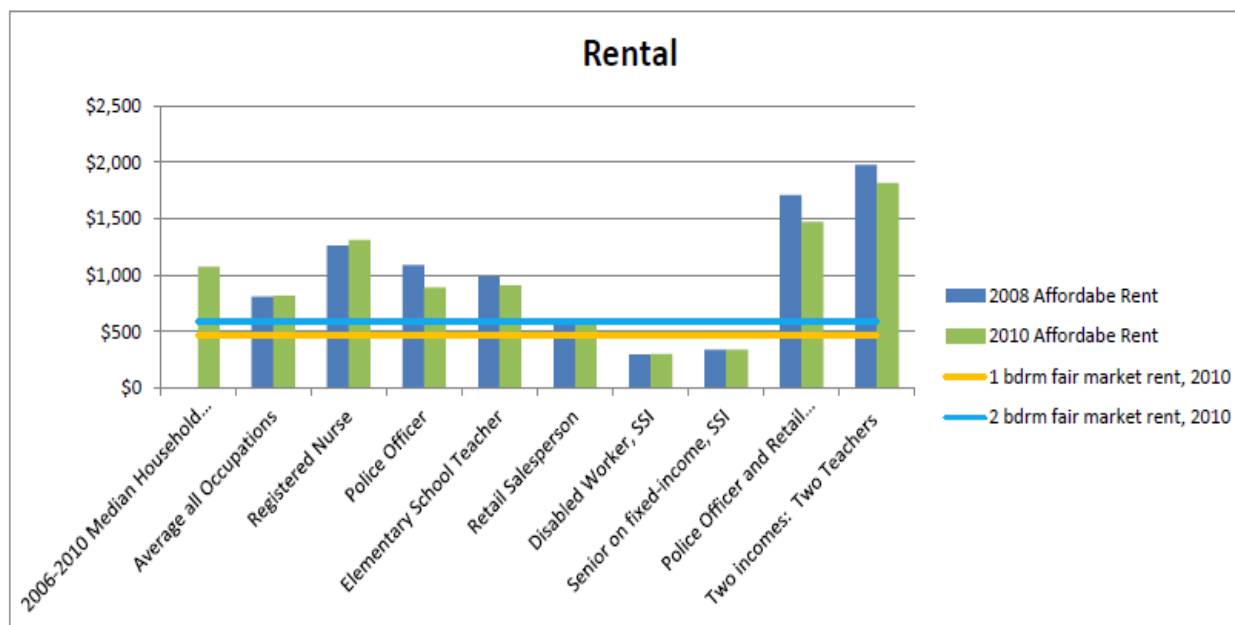
Table 4 shows the affordable income for housing types as described in Figure 5 and Figure 6.

FIGURE 5: HOMEOWNERSHIP AFFORDABILITY, TOOLE COUNTY



Source: Montana Department of Commerce

FIGURE 6: RENTAL AFFORDABILITY, TOOLE COUNTY



Source: Montana Department of Commerce

TABLE 3: MEDIAN HOUSING COSTS, TOOLE COUNTY

	2008	2010	Percent Change
Single Family Median Home Cost	\$ 63,250	\$ 92,000	45.5
Condos and Townhomes Median Appraised Value	\$ 0	\$ 0	--
Manufactured Home Median Appraised Value	\$ 20,205	\$ 21,920	8.5
1 Bedroom Fair Market Rent	\$ 439	\$ 464	5.7
2 Bedroom Fair Market Rent	\$ 557	\$ 588	5.6

Source: Montana Department of Commerce

TABLE 4: AFFORDABLE HOUSING PER OCCUPATION, TOOLE COUNTY

Affordable Share of Income for Housing, Various Occupations						
Select Occupations	2008			2010		
	Annual Income	Affordable Home Cost	Affordable Monthly Rent	Annual Income	Affordable Home Cost	Affordable Monthly Rent
2006-2010 Median Household Income	Not available			\$ 42,949	\$ 180,215	\$ 1,074
Average all Occupations	\$ 32,437	\$ 109,107	\$ 811	\$ 32,745	\$ 137,399	\$ 819
Registered Nurse	\$ 50,379	\$ 169,458	\$ 1,259	\$ 52,363	\$ 219,716	\$ 1,309
Police Officer	\$ 43,538	\$ 146,447	\$ 1,088	\$ 35,676	\$ 149,697	\$ 892
Elementary School Teacher	\$ 39,528	\$ 132,959	\$ 988	\$ 36,321	\$ 152,404	\$ 908
Retail Salesperson	\$ 24,777	\$ 83,341	\$ 619	\$ 23,152	\$ 97,146	\$ 579
Disabled Worker, SSI	\$ 11,886	\$ 39,980	\$ 297	\$ 12,000	\$ 50,352	\$ 300
Senior or fixed-income, SSI	\$ 13,541	\$ 45,548	\$ 339	\$ 13,579	\$ 56,978	\$ 339
Police Officer and Retail Salesperson	\$ 68,315	\$ 229,788	\$ 1,708	\$ 58,828	\$ 246,844	\$ 1,471
Two incomes: Two Teachers	\$ 79,056	\$ 265,918	\$ 1,976	\$ 72,642	\$ 304,807	\$ 1,816

Source: Montana Department of Commerce

Potential Future Employment

Businesses and organizations, identified in Table 5, within the region were selected and interviewed to determine potential future employment growth and expansion of operations. The data is aggregated to provide a comprehensive view of potential growth and to protect the business plans and confidentiality of business expansion plans. Employment growth is estimated for the next five years.

Businesses were also asked about the type of housing needs and issues their employees were facing as well as other concerns facing potential business growth and expansion. A detailed list of responses excluding business names is provided in Appendix A.

The potential future employment was used as a basis for determining future housing needs as almost every business interviewed said they would not be able to hire employees unless more housing was available in Toole County, with special emphasis placed on Shelby and Sunburst communities.

Businesses and Organizations Interviewed

- 3 Rivers Communications
- American Pulses
- AMTRAK
- Bay Materials
- Big Sky Carbon Sequestration
- Bootlegger Land & Realty
- Border Patrol
- Burlington Northern Santa Fe Railway
- CHS
- Columbia Grain*
- Comfort Inn*
- Corrections Corporation of America
- Dick Irvin Trucking
- Green Prairie International
- High Plains Realty
- Malteurop*
- Marias Medical Center
- Marias River Electric - Shelby Gas
- Montana Grow
- Mountain View Reload
- NaturEner
- Northern Seeds
- Northern Telephone Cooperative
- North-West Pork Cooperative†
- Pasta Montana
- Shelby Public Schools
- Sunburst Public Schools

Based on phone and in-person interviews, more than 315 new permanent jobs may be provided throughout the next five years depending upon energy extraction growth and the construction and operation of the Port of Northern Montana. In addition to interviews, previous employment numbers from the Northern Express Transportation Authority and Port of Northern Montana's TIGER Discretionary Grant Proposal indicate the potential for permanent job growth of 320 employees.

The employment numbers are based on input from the businesses and organizations listed above and do not account for secondary job growth factors. These usually include retail, restaurant and other service-related jobs that may develop based on the growth in primary employment (manufacturing, drilling/extraction, transportation, agricultural and other industrial-type jobs).

*Businesses that did not provide data are marked with an * ; businesses marked with a † indicate data used from a previous study.*

TABLE 5: ESTIMATED 5-YEAR PERMANENT EMPLOYMENT GROWTH, TOOLE COUNTY, 2012-2017

	Current Estimated Jobs	Future Estimated Jobs	Estimated Employment Growth	Estimated New Population Growth (Household Size = 2.26)
Business Interviews	663	979	316	714
TIGER Grant Proposal	--	--	320	723
Average	--	--	318	719

Future Employment Classification

Future employment was estimated for each community; however, businesses could not predict with certainty where new jobs might be added. KLJ did estimate new jobs for each community using previous employment-share numbers from the 2010 American Community Survey 5-Year Estimates, which are shown in Table 6. Shelby has the highest employment gain with more than 210 jobs while Sunburst has the second highest employment gain with nearly 70 permanent jobs.

TABLE 6: ESTIMATED EMPLOYMENT GROWTH BY COMMUNITY

	Toole County	Kevin	Shelby	Sunburst	Sweet Grass
2010 Eligible Workforce	4,243	106	2,846	915	30
2010 Labor Force (Participation Rate)	53%	55%	49%	53%	90%
2010 Existing Workforce	2,262	58	1,397	489	27
Workforce Share (Percent of Total County Employment)	8.2%†	2.5%	67.1%	21.6%	0.7%
Estimate Future Jobs	26	8	213	69	2

Source: 2010 American Community Survey (5-Year Estimate)

†Indicates the County-only share of jobs as all other jobs are located within Toole County

Future Housing Impacts

Future housing needs were based on the permanent employment growth from business interviews and previous studies. The estimated future housing needs range from 316 units (interviews) to 320 units (previous studies). A one-to-one ratio was used when translating jobs to housing units. However, the breakdown of where new housing units should be placed varies depending upon where the business/organization was located and plans to locate. While not all employees will live and work in the same town as the business, it is assumed that future housing units will be distributed as portion of the existing town-to-county housing percentage. The results of potential future housing unit proportions are displayed in Table 7.

TABLE 7: PROPORTION OF POTENTIAL FUTURE HOUSING UNITS

	Toole County	Kevin	Shelby	Sunburst	Sweet Grass
2010 Housing Units	2,336	90	1,371	176	53
Proportion of Units (%)	27%	4%	59%	8%	2%
Future Units (318 total)	85	13	187	25	6
Future Units (unsafe)	33	5	72	10	2
Total Future Units	118	18	259	35	8

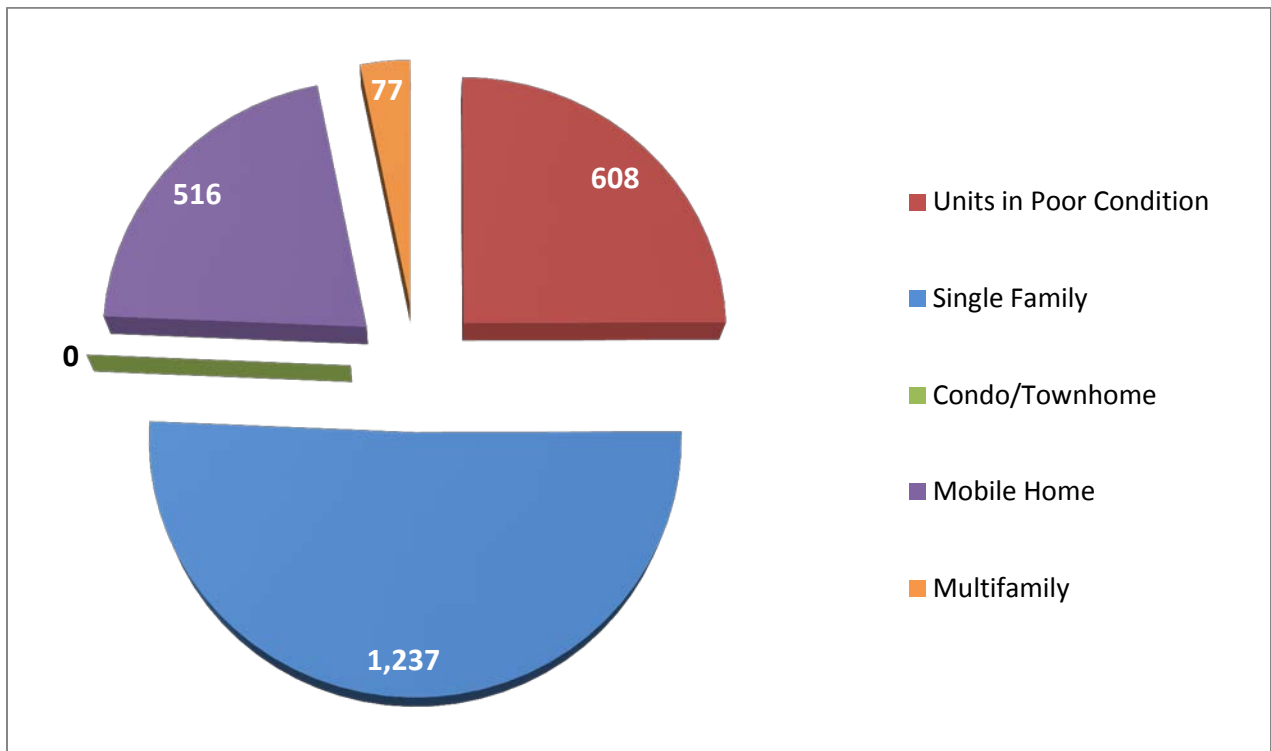
The Montana Department of Commerce also addressed housing needs for Toole County in the 2012 *Housing Study*. Table 8 and Figure 7 show the units in poor condition and number of units in acceptable condition. Units in poor condition are at risk of become unsafe to live in and may require rehabilitation or demolition. Assuming a rate of 20 percent for removing unsafe structures, approximately 122 units would need to be replaced.

TABLE 8: UNIT CONDITION DATA

	Total Housing Units	Units in Poor Condition in 2010	% of Total	Units in Acceptable Condition in 2010	% of Total	20% Replacement Rate New Units Needed
Total Housing units	2,438	608	24.9%	1,830	75.1%	122*
Single Family	1,679	442	18.1%	1,237	50.7%	89*
Condos & Townhomes	--	0	0.0%	--	0.0%	--
Mobile Home	571	55	2.3%	516	21.2%	11*
Multifamily	188	111	4.6%	77	3.2%	23*

Source: Montana Department of Revenue, Kadrmass Lee & Jackson*

FIGURE 7: HOUSING UNIT CONDITION



Source: Montana Department of Commerce

Building Permit Data

Building permit data was also used to determine past housing trends and whether new increases in housing starts are reflected by the anticipated employment growth. Based on previous permit numbers, there is potential to accommodate growth should it occur as 23 single-family homes have been constructed and 9 single family homes have been renovated in Shelby since 2008; however, in 2011 a 56-unit townhome addition received a building permit. Unlike Shelby, Toole County only had 7 new single-family units built since 2007. Table 9 and Table 10 show building permit data for the City and County.

Using an estimated build-out rate of five new homes per year, it would take Shelby more than 50 years to fully build-out the estimated 259 potential new homes needed to accommodate anticipated growth and replacement of deteriorating structures. If the 56-unit townhome addition (Shelby Townhouse Inns) is factored into the housing needs, it would take approximately 39 years to fully build out needed homes. Based on either assumption, Shelby and Toole County will need to absorb more than five housing units per year to alleviate the demand for housing.

TABLE 9: SHELBY BUILDING PERMIT DATA, 2008-2012

	2007	2008	2009	2010	2011	2012
New Home Construction/Move Home Onto Lot	2	5	4	5	6	1
Home Renovation/Addition	1	1	2	5	4*	--
Commercial Construction	4	2	2	--	1	2
Commercial Renovation/Addition	1	2	--	--	--	--

Source: City of Shelby; * Indicates a 56 unit addition for a townhome development

TABLE 10: TOOLE COUNTY BUILDING PERMIT DATA, 2008-2012

	2007	2008	2009	2010	2011	2012
New Home Construction/Move Home Onto Lot	4*	0*	3*	--	--	--
Home Renovation/Addition	--	--	--	--	--	--
Commercial Construction	--	--	--	--	2	1
Commercial Renovation/Addition	--	--	--	--	--	--

Source: State of Montana and *City-Data.com

Kevin Housing Summary

Table 11 displays existing land use categories. Table 12 shows the number of lots available for housing development based on surrounding land uses, parcel ownership and access to roads. Table 13 shows the sales figures for housing and lots. Figure 8 shows parcels identified for potential housing locations.

Kevin would need to add approximately **4** new homes per year to accommodate the potential future units needed (Table 12) through the next five years.

TABLE 11: EXISTING LAND USE INVENTORY, KEVIN

	Parcels	Acres*	Average Size (Acres)	Percent
Agricultural	3	73.4	24.5	41.7
Commercial	16	6	0.4	3.4
Exempt	9	14.5	1.6	8.2
Farmstead Rural	0	0	--	0.0
Industrial	0	0	--	0.0
Residential Rural	1	0.5	0.5	0.3
Residential Urban	98	33.9	0.3	19.3
Vacant	109	47.8	0.4	27.1
Total	236	176.1	--	100

*Excludes right of way for roads/railroads and utility easements

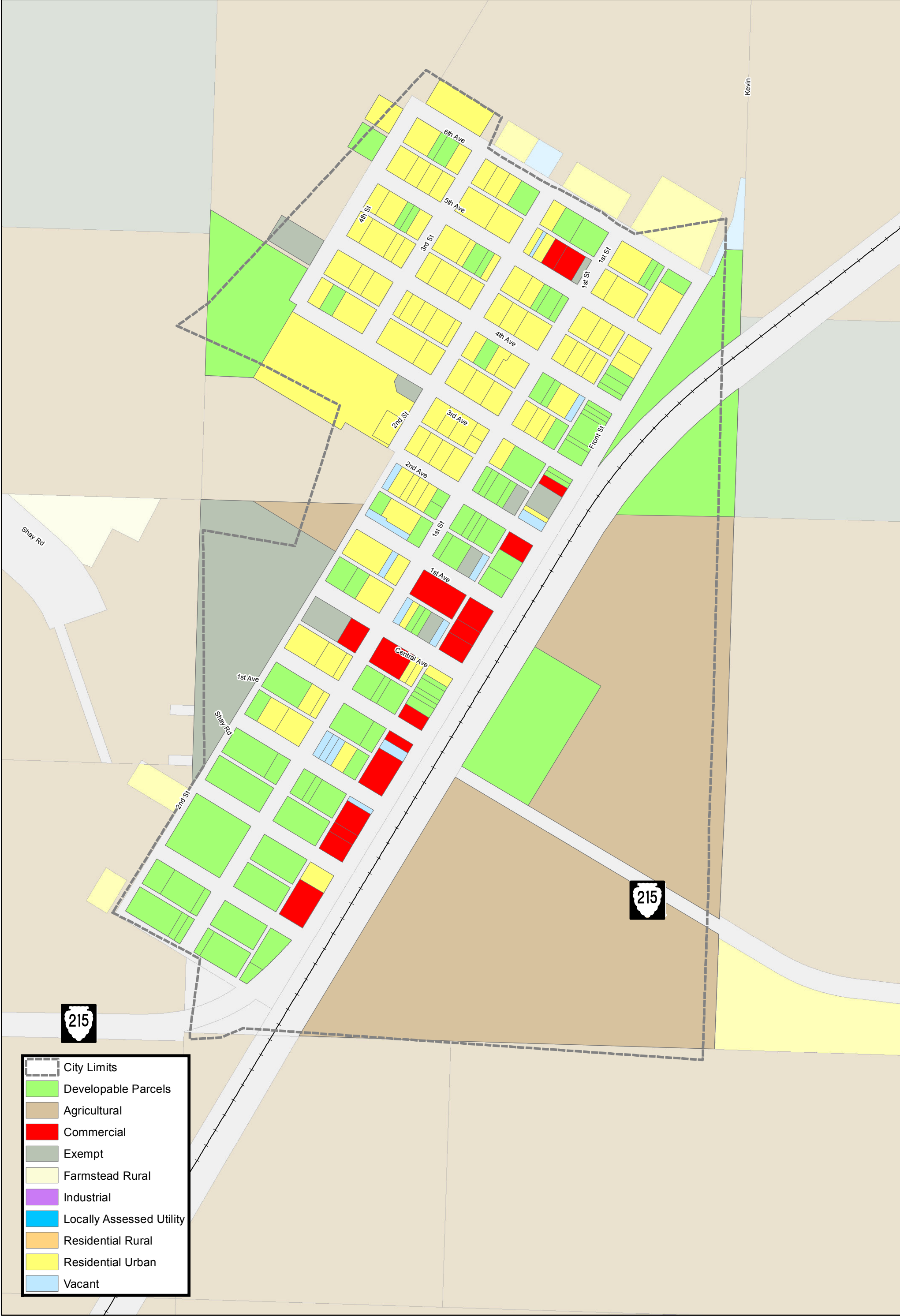
Source: Montana Geographic Information Clearinghouse

TABLE 12: HOUSING DEVELOPMENT POTENTIAL, KEVIN

	Number of Vacant Parcels	Single Parcels (One Lot)	Half Block Parcels (Multiple Lots)	Available Lot Yield	Total Acres (Avg. Lot Size)	Potential Future Units Needed
Developable	90	83	7	108	45.8 (18,559 sq. ft.)	18
Undevelopable	15	15	--	--	1.8 (13,738 sq. ft.)	--

TABLE 13: SALES INFORMATION FOR PREVIOUS 4 QUARTERS, KEVIN

	2011 (July - Sept)	2011 (Oct - Dec)	2012 (Jan - March)	2012 (April - June)
Number of Houses Listed for Sale/Sold	--	--	--	--
Average Listing Price (House)	--	--	--	--
Number of Lots Listed for Sale/Sold	1/1	--	--	--
Average Listing Price (Lot)	\$4,000	--	--	--



City Limits

Developable Parcels

Agricultural

Commercial

Exempt

Farmstead Rural

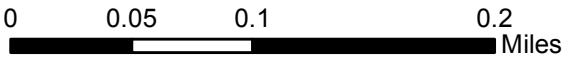
Industrial

Locally Assessed Utility

Residential Rural

Residential Urban

Vacant



PRELIMINARY



Future Land Use
Kevin, Montana

*Intended for Planning Purposes Only

Shelby Housing Summary

Table 14 displays existing land use categories. Table 15 shows the number of lots available for housing development based on surrounding land uses, parcel ownership and access to roads. Table 16 shows the sales figures for housing and lots. Figure 9 shows parcels identified for potential housing locations.

Shelby would need to add approximately **52** new homes per year to accommodate the potential future units needed (Table 15) through the next five years.

TABLE 14: EXISTING LAND USE INVENTORY, SHELBY

	Parcels	Acres*	Average Size (Acres)	Percent
Agricultural	6	106.6	17.8	6.2
Commercial	221	227.7	1.0	13.2
Exempt	117	948.9	8.1	54.8
Farmstead Rural	0	0	--	0.0
Industrial	0	0	--	0.0
Residential Rural	7	107.1	15.3	6.2
Residential Urban	1030	223.8	0.2	12.9
Vacant	258	115.9	0.4	6.7
Total	1,639	1,730		100

**Excludes right of way for roads/railroads and utility easements*

Source: Montana Geographic Information Clearinghouse

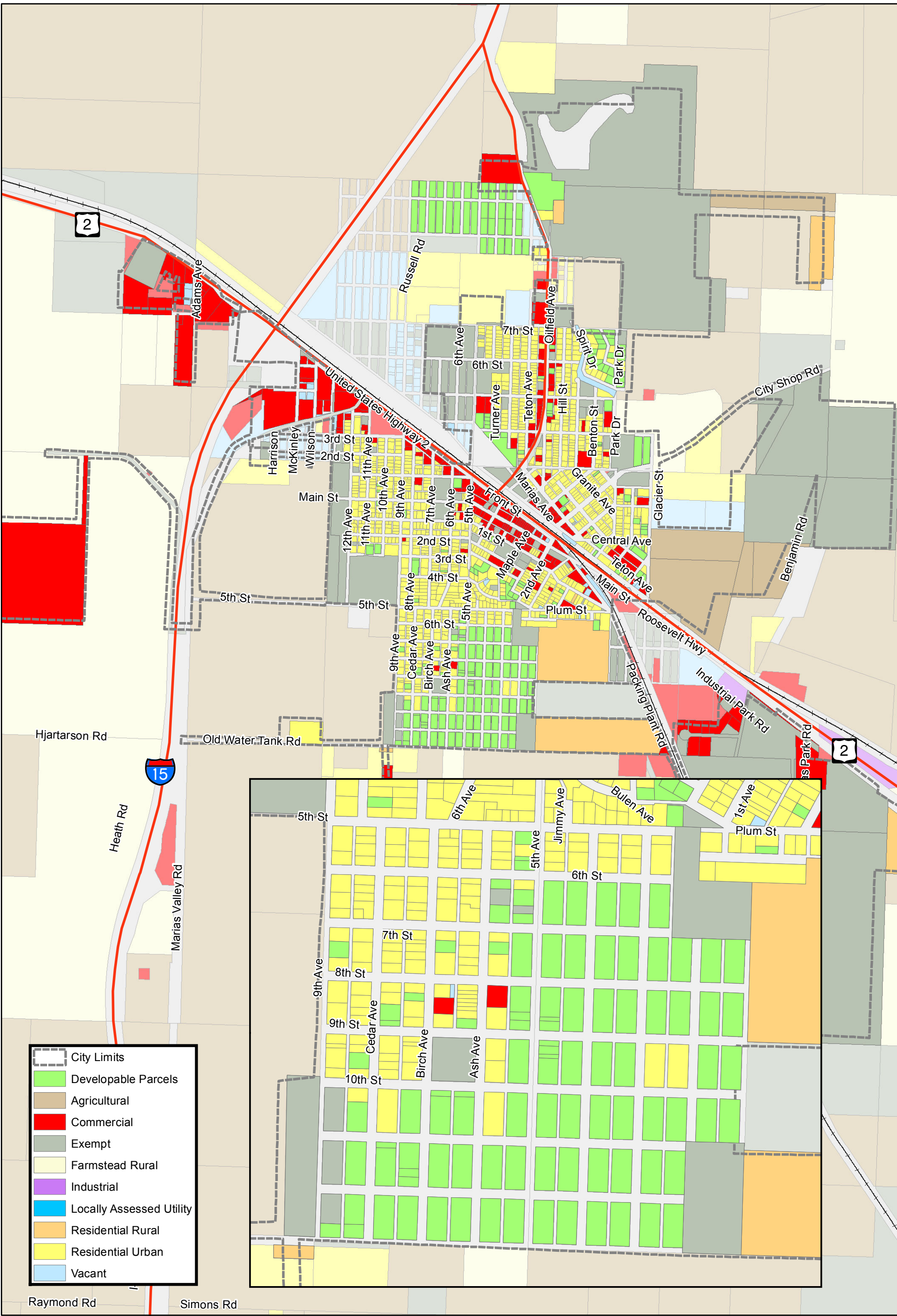
TABLE 15: HOUSING DEVELOPMENT POTENTIAL, SHELBY

	Number of Vacant Parcels	Single Parcels (One Lot)	Half Block Parcels (Multiple Lots)	Available Lot Yield	Total Acres (Avg. Lot Size)	Potential Future Units Needed
Developable	204 [85]	92 [17]	112 [68]	471 [255]	133.8 (12,374 sq. ft.) [55.7] [9,515 sq. ft.]	259
Undevelopable	39 [1]	39 [1]	--	--	12.3 (13,738 sq. ft.)	--

**Numbers in brackets indicate lots available south of 5th Street South.*

TABLE 16: SALES INFORMATION FOR PREVIOUS 4 QUARTERS, SHELBY

	2011 (July - Sept)	2011 (Oct - Dec)	2012 (Jan - March)	2012 (April - June)
Number of Houses Listed for Sale/Sold	17/2	16/5	18/5	16/4
Average Listing Price (House) [% increase]	\$138,342	\$142,744 [3%]	\$171,361 [24%]	\$161,275 [17%]
Number of Lots Listed for Sale/Sold	2/0	2/2	3/2	3/1
Average Listing Price (Lot) [% increase]	\$13,750	\$13,750 [0%]	\$22,000 [60%]	\$26,000 [89%]



Future Land Use
Shelby, Montana

*Intended for Planning Purposes Only

0 0.25 0.5 1 Miles

PRELIMINARY



Sunburst Housing Summary

Table 17 displays existing land use categories. Table 18 shows the number of lots available for housing development based on surrounding land uses, parcel ownership and access to roads. Table 19 shows the sales figures for housing and lots. Figure 10 shows parcels identified for potential housing locations.

Shelby would need to add approximately **7** new homes per year to accommodate the potential future units needed (Table 18) through the next five years.

TABLE 17: EXISTING LAND USE INVENTORY, SUNBURST

	Parcels	Acres*	Average	Percent
Agricultural	9	351.5	39.1	33.2
Commercial	28	9.1	0.3	0.9
Exempt	51	258.2	5.1	24.4
Farmstead Rural	2	209.3	104.7	19.8
Industrial	1	2.4	2.4	0.2
Residential Rural	5	77.7	15.5	7.3
Residential Urban	207	83.2	0.4	7.9
Vacant	100	67.6	0.7	6.4
Total	403	1,059		100

*Excludes right of way for roads/railroads and utility easements

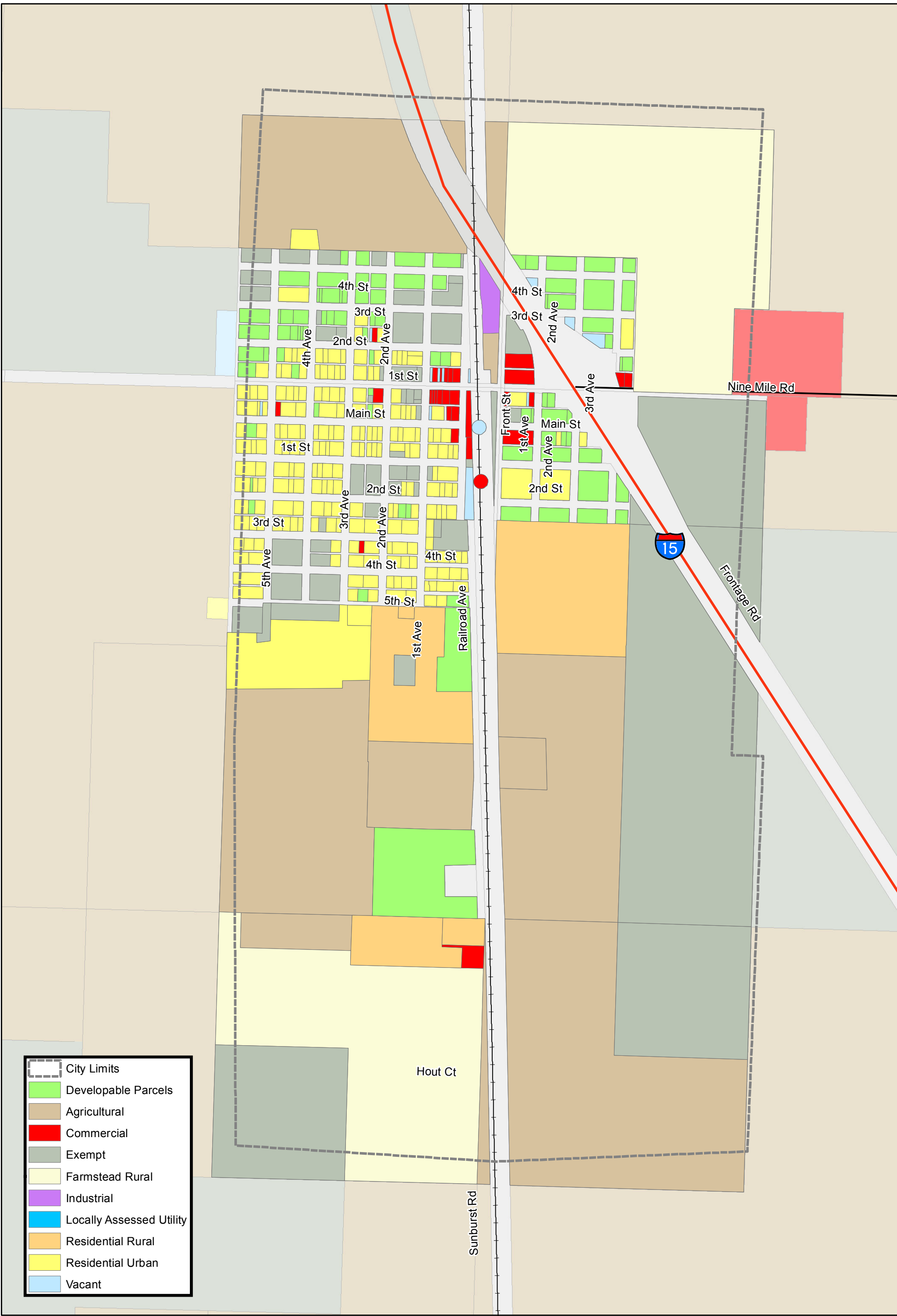
Source: Montana Geographic Information Clearinghouse

TABLE 18: HOUSING DEVELOPMENT POTENTIAL, SUNBURST

	Number of Vacant Parcels	Single Parcels (One Lot)	Half Block Parcels (Multiple Lots)	Available Lot Yield	Total Acres (Avg. Lot Size)	Potential Future Units Needed
Developable	85	63	22	140	63.5 (19,758 sq. ft.)	35
Undevelopable	11	11	--	--	2.9 (11,484 sq. ft.)	--

TABLE 19: SALES INFORMATION FOR PREVIOUS 4 QUARTERS, SUNBURST

	2011 (July - Sept)	2011 (Oct - Dec)	2012 (Jan - March)	2012 (April - June)
Number of Houses Listed for Sale/Sold	1/0	1/1	--	3/0
Average Listing Price (House) [% increase]	\$87,000	\$87,000 [0%]	--	\$94,967 [9%]
Number of Lots Listed for Sale/Sold	--	--	--	--
Average Listing Price (Lot)	--	--	--	--

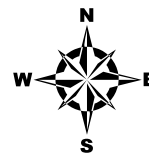


Future Land Use Sunburst, Montana

*Intended for Planning Purposes Only

0 0.125 0.25 0.5 Miles

PRELIMINARY



Sweet Grass Housing Summary

Table 20 displays existing land use categories. Table 21 shows the number of lots available for housing development based on surrounding land uses, parcel ownership and access to roads. Table 22 shows the sales figures for housing and lots. Figure 11 shows parcels identified for potential housing locations.

Shelby would need to add approximately **2** new homes per year to accommodate the potential future units needed (Table 21) through the next five years.

TABLE 20: EXISTING LAND USE INVENTORY, SWEET GRASS

	Parcels	Acres*	Average	Percent
Agricultural	0	0	--	0.0
Commercial	25	14.1	0.6	15.8
Exempt	22	11.5	0.5	12.9
Farmstead Rural	0	0	--	0.0
Locally Assessed Utility	1	0.2	0.2	0.2
Industrial	0	0	--	0.0
Residential Rural	0	0	--	0.0
Residential Urban	56	22.3	0.4	25.1
Vacant	49	40.9	0.8	46.0
Total	153	89		100

*Excludes right of way for roads/railroads and utility easements

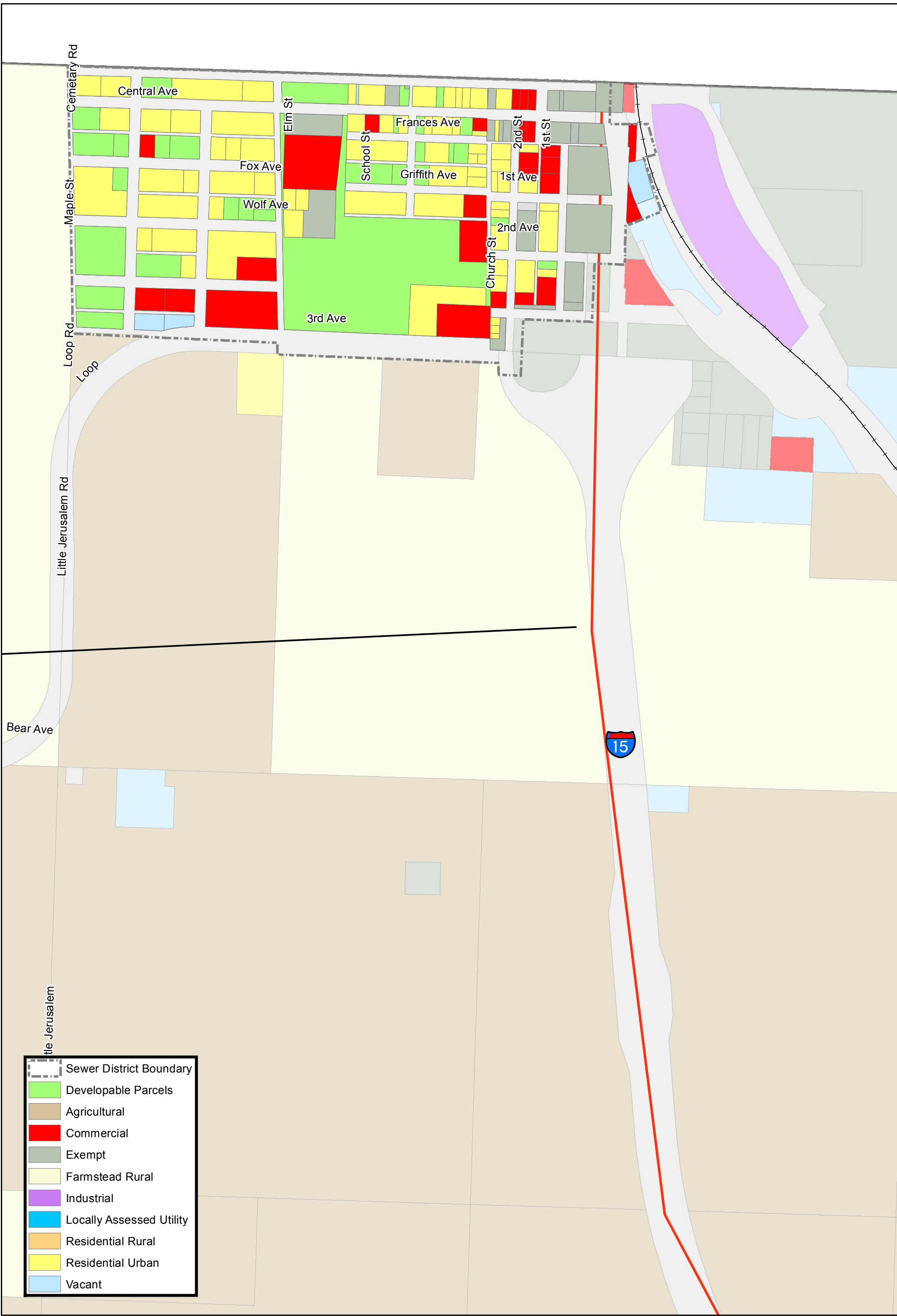
Source: Montana Geographic Information Clearinghouse


TABLE 21: HOUSING DEVELOPMENT POTENTIAL, SWEET GRASS


	Number of Vacant Parcels	Single Parcels (One Lot)	Half Block Parcels (Multiple Lots)	Available Lot Yield	Total Acres (Avg. Lot Size)	Potential Future Units Needed
Developable	30	26	4	64	29.5 (20,237 sq. ft.)	8
Undevelopable	4	4	--	--	1.5 (16,335 sq. ft.)	--


TABLE 22: SALES INFORMATION FOR PREVIOUS 4 QUARTERS, SWEET GRASS


	2011 (July - Sept)	2011 (Oct - Dec)	2012 (Jan - March)	2012 (April - June)
Number of Houses Listed for Sale/Sold	--	--	--	--
Average Listing Price (House)	--	--	--	--
Number of Lots Listed for Sale/Sold	--	--	--	--
Average Listing Price (Lot)	--	--	--	--





 Sewer District Boundary


 Developable Parcels


 Agricultural


 Commercial


 Exempt


 Farmstead Rural

 Industrial

 Locally Assessed Utility

 Residential Rural

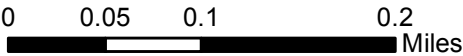
 Residential Urban

 Vacant



Future Land Use Sweetgrass, Montana

*Intended for Planning Purposes Only



PRELIMINARY



Housing Summary and Recommendations

Business Interviews

Many businesses and service organizations (schools, hospital, and utility companies) were waiting to add additional staff based on the expected growth in region resulting from energy extraction work.

However, other businesses had expansion plans to capitalize on the Port of Northern Montana's transload facility and the ability to ship products state-, region-, and nation-wide. An estimated 316 new jobs may be added to Toole County, with Shelby receiving a large proportion of the potential jobs due to city-type amenities, the Port of Northern Montana expansion and existing/future business expansion.

While total employment numbers for each community are not generated because of changing circumstances, KLJ did use past employment numbers to estimate potential future jobs. Shelby has the opportunity to gain more than 210 jobs using previous 2010 Census employment numbers (percent of city employment to county employment). Table 6 shows potential future job gains for each community.

Existing Conditions

The vast majority of homes for each community were built prior to year 1990 (Table 2 and Figure 4) and a majority were built prior to 1960, which indicates that older homes may need additions or renovations to provide updated amenities as well as to fix deteriorating conditions. Renovating older homes will also help reduce the loss of poor structures projected by the Montana Department of Commerce's 2012 *Housing Study* and it will reduce waiting times associated with new home construction.

Affordability and Availability of Housing

Housing affordability and availability for existing and new residents/employees were the top two concerns identified in the interviews. Single family median home costs in Toole County rose 46 percent from approximately \$63,250 in year 2008 to \$92,000 in year 2010. Fair market rent for a 1-bedroom apartment also increased from \$439 to \$464 (6 percent increase) during the same time period. For a 2-bedroom apartment, rent increased from \$557 to \$588 (6 percent increase). Table 3 and Table 4 show the increases in housing costs. Housing prices may become unaffordable for more people other than retail workers, disabled and senior populations as identified in Figure 5 and Figure 6.

Toole County's affordable home cost, which is different than the median home cost, rose from \$109,107 in 2008 (average all occupations; see Table 4) to \$137,399 in 2010, which is a 26 percent increase. Affordable home cost is generally defined as housing costs that do not exceed 30 percent of median household income. The Montana Department of Commerce 2012 *Housing Study* based affordable home cost on a FHA 30-year mortgage (2008 = 6.5 percent rate; 2010 = 4.5 percent rate) with a 3.5 percent down payment using a 29 percent ratio and 15 percent factor for taxes and insurance.

Rents increased nearly 6 percent from 2008 to 2010 rising from \$439 to \$464 for a 1-bedroom apartment and from \$557 to \$588 for a 2-bedroom apartment. A recent phone survey conducted in October and November 2012 indicated that rental prices ranged from \$375 for a studio apartment to \$550 for a 1-bedroom unit and all units were occupied. The earliest available rental was in December.

In addition, local real estate data was obtained to determine housing price increases during the past year. Shelby's average listing price for homes rose from \$138,342 (July-September 2011) to \$161,275

(April-June 2012), which is a 17 percent increase. Prices peaked at \$171,361 (24 percent increase) during the previous quarter from January-March 2012. Housing prices for Sunburst increased 9 percent from \$87,000 (July-September 2011) to \$94,967 (April-June 2012). Kevin and Sweet Grass did not have enough data to compare housing prices during the past year.

Housing availability was a major concern for several businesses interviewed. Comments included having a lack of quality, single-family homes to a lack of temporary housing such as apartments. The availability of homes for purchase during the past year ranged from 0 – 3 units in Kevin, Sunburst and Sweet Grass and from 16 – 18 units in Shelby. In early November, Shelby had approximately 25 homes listed for sale.

Future Needs

Housing needs varied from community to community. Shelby was identified as having the greatest need to fill housing gaps and was identified by several companies as the place where most employees prefer to live based on local amenities. However, Kevin, Sunburst and Sweet Grass all have the potential to accommodate the identified future housing needs based on developable lots within each community. The vast majority of developable lots for all communities were sized for single-family homes; however, as noted in the vast majority of interviews, temporary housing units such as apartments or for-rent condominiums were identified as a needed housing type. Based on the developable land in each of the four communities, each community should be able to accommodate the need to for future housing.

Recommendations

Recommendations are provided based on feedback from business interviews, input from County and City public officials and staff, and the general public. By implementing the following recommendations, Toole County and each community can help increase the supply of housing, which in turn lowers the cost of housing for existing and future residents.

1. Market and promote Toole County's potential for job creation and growth using the numbers provided by interviews with local, regional and national businesses.
2. Educate and support developers that build market-rate single-family homes with updated amenities and renovate existing homes to provide modern-day conveniences and layouts.
3. Increase quantity and quality of rental units to accommodate low-wage income residents and a changing workforce.
4. Create a working database of new housing starts, apartment buildings and hotel buildings for businesses, employees and future residents to reference when looking to relocate to Toole County, Kevin, Shelby, Sunburst and Sweet Grass.
5. Revise or create new zoning ordinances to allow for accessory dwelling units such as bedrooms above garages or secondary suites (mother-in-law apartments).
6. Promote and create more opportunities for family/youth activities and conveniences such as after-school programs, an interconnected trail system and grocery stores.
7. Explore community land trusts (CLT) and resident owned communities (ROC) within Shelby and Sunburst to create non-profit ownership of land to spur affordable housing unit development.

More information can be obtained from the following websites:

- Neighborworks Montana – <http://www.nwmt.org/roc.html> (ROC)
- National Community Land Trust – <http://www.cltnetwork.org/index.php> (CLT)

Appendix A

Summary of Business and Organization Interviews

Future Expansion Plans

- None planned at this time (5 companies).
- Yes; growth depends on oil.
- Yes, but only in five years. Firm is waiting for rail terminal to be built and then operations would increase from 6 employees to 28 employees.
- Bozeman office only.
- Depends upon housing market.
- Potential to add 10% or 3-4 permanent employees in the next five years.
- Potential to add up to 10 more employees; although some may live in Liberty, Glacier or Pondera counties. Wait and see what happens with oil.
- Would plan on expanding, but operations allow firm to hire people from anywhere and work from home; they would not need to be in Shelby.
- Plan to expand rail service in Shelby if the transloading facility is built; will use the rail terminal to ship forage products across the US.
- If business increases, would add 1 sales person and 1 office assistant.
- Depends upon oil impacts to the community and population increases. The clinic may add 1 doctor, which requires 5 additional staff.
- Expansion plans weigh heavily on whether Shelby gets the rail expansion project and obtains a container port for shipping globally. Firm would like to hire people within Shelby or Toole County to avoid housing shortage gaps. If operations expand and sales are good, expect full-time employment to double to 44 full-time employees.
- Plan to expand but Shelby needs more mini-storage areas for families moving into town that have to rent.
- Shelby expansion plans in the works, especially if the rail terminal is expanded.

Housing Issues Facing Employees

- None identified (6 companies).
- Availability and price are two biggest challenges for hiring new employees and getting them to relocate to Shelby.
- Family-style housing is great if you can find it; employees want to live in Shelby because of amenities and conveniences of a city, but finding suitable housing is challenging.
- Temporary housing has been difficult to find depending upon the season; it would be great if Shelby had more hotel rooms.
- Availability of \$70,000 - \$80,000 priced homes is needed. People cannot find a home less than \$150,000, which is too high for a majority of people. Cut Bank has some newer homes that are

attracting people, but the community is focused on oil work, whereas Shelby has a more diversified economy.

- Availability is chief concern as oil speculation has inflated prices for purchase and rentals.
- Not enough rentals, rates too high. Employees are renters, not buyers and for the most part want one to two bedroom units.
- Current employees have a hard time finding housing. It is difficult to attract new people without single-family homes. Employees want a place to call home permanently.
- Renting is a huge issue for nurses and teachers; both have a hard time helping employees find suitable housing. Choice of homes is not great, many are outdated.
- Difficult to find rental housing; increasing 2-bedroom rentals would be great for the community.
- Housing would be a financial burden for many employees if a shortage exists. Firm would like to avoid creating/expanding housing problems; therefore the company wants to hire locally.
- Housing in Conrad is a major concern, not so much in Shelby although attracting new employees from outside the region will be difficult if sufficient housing cannot be built.
- Attracting teachers is difficult because they cannot find suitable housing options that are affordable. Teachers have to compete with border patrol agents, oil workers and port/border crossing workers for the same housing choices.

Factors Affecting Operations

- None (3 companies).
- Rail expansion can reduce shipping costs.
- Regulations and DOT red-tape with shipping.
- Lack of meeting space and staging area for employees to store equipment; mini-storage lockers as completely booked and hotel rooms are not big enough.
- No expansion plans with potential federal budget costs.
- Wages are starting to impact business as employees may need more money to affordable housing. Some employees have expressed concerns about rising housing costs and not having sufficient income. Hard to competing with oil workers for certain jobs.
- Cost of housing or no housing.
- Transportation costs are a huge impact; the rail expansion will likely limit growth as businesses will tend to use rail versus trucking. Hiring people in Shelby is tough because of a lack of housing.
- Company would like a timetable or schedule of when the rail expansion would be completed.
- The availability of \$70,000 - \$120,000 homes is non-existent. New homeowners and existing residents want homes under \$120,000. Single-family homes are needed; no one has requested mobile homes. Modular homes are a solution to build a home under \$120,000. Apartments would help reduce demand from people buying single-family homes and renting them out to oil workers.
- Firm spends \$9 million in trucking expense; with 5-7 total drivers. Currently, firm would have to haul product back to Missoula. Ideally, firm would fill 20-foot containers and ship via rail.

- Inflated housing costs are driving up wages as is housing availability. Employee retention is great despite the housing shortage.
- Housing availability is the biggest issue; price is not a concern, yet Ron believes he'll have a hard time competing with the energy/oil work that might come into the region. Having adequate rental housing would help alleviate some of the availability issues as people keep renting out houses that would otherwise be used for permanent residence.
- Rail shipments would be beneficial to Pasta Montana if the transloading facility is built.
- Wages cannot keep up with other businesses in the community; hence teachers cannot afford quality homes in Sunburst. The lack of housing is causing a back log for getting people in the community. Teachers are living in Shelby, Conrad, Cut Bank and Kevin and commuting to Sunburst.

Other

- Amtrak only has a couple of employees who maintain track working in Toole County.
- 5 part-time/seasonal employees. Cost to develop housing is too great with new infrastructure as lift stations will likely be needed.
- Would like to have a 150-person meeting room to conduct outreach and hold special events in Shelby.
- Rent has increased from \$350/month to \$640/month forcing service industry people out of Shelby.
- Most employees live in Havre or Great Falls where shift changes take place.
- Another motel or hotel is needed for businesses people who visit Shelby as the current facilities are booked with long-term room rentals.
- Moderate income level rentals are desperately needed.
- RV parks are constantly full and some people are leaving Shelby's RV park to go to other parks. \$600 is the top range of rent for most people in Shelby; original rental rates were \$350/month.
- It would be great to have additional services instead of driving to Great Falls.
- Increases in man power are generally not needed for service provider; only increase in work is when a new subdivision is built, otherwise service is easily supplied.
- Inland container status is essential for utilizing Shelby as a container port. Timetable to construct new processing plant would be 6-8 months.
- An additional grocery store and/or expanding the current establishment is needed as selection and prices do not compare with surrounding communities such as Cut Bank or Conrad.
- Perceived soil contamination on sites is a big issue facing some properties because owners may still be holding out for payments and/or banks are unwilling to finance mortgages for properties.