

# Bozeman Restaurant Industry Affordable Housing Solutions

A Roundtable Powered by One Valley Community Foundation  
In Partnership with Profitable Ideas Exchange (PIE)

September 7<sup>th</sup>, 2022



# An Overview

## About One Valley Community Foundation

One Valley Community Foundation is the nonprofit organization that identifies and addresses the priorities and concerns of the Gallatin Valley. We do this in a variety of ways: by matching donors with causes they believe in, focusing financial resources to facilitate change, offering resources and opportunities for other area nonprofits, and acting as a facilitator for those larger community-wide conversations. We take a bird's eye view of the issues facing our community with the intent of making the greatest positive change, while also helping to maintain what makes our Gallatin Valley communities unique.

## Roundtable Conversation - September 7th, 2022

Eleven business and community leaders in the Gallatin Valley convened in-person to discuss the challenges, opportunities, and solutions with affordable housing in the Valley and impacts on the local restaurant industry. The discussion centered on initiatives the City and County governments are prioritizing, local restaurant owner perspectives and testimony, and current barriers to solutions including those related to providing new housing, community-driven affordable housing initiatives, and more.

## Conversation Participants

Name	Company/Organization	Title
Terry Cunningham	City of Bozeman	Deputy Major
Roth Jordan	Montana Ale Works	Owner
Aaron Parker	Dave's Sushi, Revelry, Jam!	Owner
Jim Ness	First Security Bank	CEO and President
Kurt Shull	The Bay, Ponderosa Social	Owner
Scott MacFarlane	Gallatin County	County Commissioner
Bridget Wilkinson	One Valley Community Foundation	President and CEO
Tanya Andreasen	One Valley Community Foundation	Community Engagement Manager
Gianna Vanata	Profitable Ideas Exchange	Associate Director & Facilitator
Eugene "Igan" Graf	E.G. Construction Governor's Housing ask Force	Owner/Developer Representative
Cory Lawrence	The Armory Off the Beaten Path	Owner CEO and President

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# 1

## *CITY, COUNTY, AND STATE PERSPECTIVES*

*“There are a number of inefficiencies in our market – whether it’s regulatory, whether its financial, or something else. [...] I don’t think there is a single solution, but if ever there was a time for us to get coordinated to give a little here and there, it is now.” -Participant*

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# CITY, COUNTY, AND STATE PERSPECTIVES

## CITY

The conversation began with Deputy Mayor Terry Cunningham sharing about the current approach and initiatives the City of Bozeman is taking to address the housing crisis. He acknowledged that, while internal and external assessments were a critical step, the City has taken too long to identify and analyze the problem. However, they are now asking themselves: “What are they barriers, procedurally, regulatorily, and otherwise, that are in the way of allowing more housing development?”

- He noted they are in the process re-working the housing ordinance and building code for the City in hopes to reduce the number of barriers for large housing developments.
- Additionally, according to City policy, they are prohibited from requiring pricing on rent or sale, so instead are incentivizing the construction of affordable housing complexes.
- Throughout these processes, Terry explained they are aiming to create a denser, more urban type of development within City limits as it both recognizes the value of land in and prevents sprawl.

## County

Next, the conversation turned to Scott MacFarlane from the Gallatin County, who noted the County is in a very different position than the city. Contrary to the City, he noted, the County is not meant to be innovative, but rather exist to break land into digestible pieces so development can happen as needed. While they are in less of a position to help on key affordable housing initiatives, they do have a powerful lobby with the state, so they aim to have one voice and advocate accordingly.

## State

Eugene Graf, a local developer and multi-generation Montanan who sits on the Governor’s Housing Task Force, noted that everyone he speaks with, whether in Montana or across the nation, is struggling with housing, staffing, and wage issues. He expresses concern that our community has overburdened itself with regulations, policies, and stipulations around housing development, and posed the question: “Can the community accept not having as much oversight over these projects?”

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# 2

## **ADDRESSING CHALLENGES & BARRIERS TO SOLUTIONS**

*“The reason Gallatin Valley is attractive to people will not go away, but we have yet to recover from 12+ years of underdevelopment and dropping 6k students into a rental market within a two-year period – we need to do a better job. Because of the cost of land, construction, and labor, what it takes to develop in our area, it requires so much and developers with different backgrounds are coming in because it requires so much capital and we recognize that. We need to work better with bigger projects because it takes bigger projects to solve this.” - Participant*

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# ADDRESSING CHALLENGES & BARRIERS TO SOLUTIONS

## City Talent Shortages

One big barrier to driving more efficient approval of new housing developments is the talent shortage that exists within the City Planning office. Despite raising salaries and hiring new planners, there has been a challenge in retention, which has led to each City Planner having approximately 60 projects in front of them at any one time. This has caused a backlog of project approval year-over-year and has challenged the city's ability to accelerate development.

## Rental Market

One participant noted that a healthy rental market usually has a 5-7% vacancy rate, whereas the rental market in Bozeman has been hovering around a 0-3% vacancy rate, which illustrates the many challenges young restaurant employees face in finding affordable housing. Additionally, Aaron Parker, a local restaurant owner, noted that the access to affordable housing is not only key for his employees, but for the health of his business. With the emphasis on more affordable housing, people then can actually save money to buy a home down the line, which encourages them to stay in the Bozeman area for longer.

## Gap Between Housing Supply & Demand

Eugene Graf from the Governor's Housing Task Force explained that the Gallatin Valley is building the same number of units per year right now as it was in 2006-2007 (prior to the recession). However, contrary to the 2008 recession, Bozeman hit the national demand rate for housing for the first time ever, which starkly illustrates the growing gap between housing supply and demand.

## Housing Impact Fund

The conversation then turned to Jim Ness, CEO and President of First Security Bank, who is leading the Housing Impact Fund, an initiative aimed at providing down payment assistance to those in our community who need it most. Jim noted that it feels as though there is a critical mass around housing in our community, making this the right time to leverage the urgency felt to prioritize a longer-term solution.

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## CONCLUSION

To conclude the conversation, Tanya of One Valley shared closing remarks on the Regional Housing Coalition and other opportunities to continue the conversation around affordable housing in our community. If you would like to learn more about the Regional Housing Council or other affordable housing initiatives, you can visit One Valley's [website](#) or get in touch with Tanya Andreasen at [tanya@onevalley.org](mailto:tanya@onevalley.org).