

DATE: April 28, 2023
TO: Midtown Missoula Association
FROM: ECONorthwest
SUBJECT: Midtown Socioeconomic Vulnerability Assessment

What is socioeconomic vulnerability to displacement?

Displacement risk describes when pressures in the real estate market force households to relocate due to rising housing costs or increased redevelopment potential. Given the larger district scale of the Midtown Master Plan project, ECONorthwest focused our analysis on evaluating a combination of different socioeconomic factors to understand in what areas vulnerability to displacement is the most concentrated today, and who may be at greatest risk of indirect displacement from future development or increasing rents in Midtown in the future. We did not evaluate risk for direct physical displacement, which typically focuses on the impact of specific infrastructure or redevelopment projects within an area.

Why look at socioeconomic vulnerability in Midtown?

As part of the Opportunities and Challenges Report completed for the Midtown Master Plan project, we found that home sale prices and rents in Midtown and across Missoula have risen quickly in recent years, while incomes in Midtown have remained lower than average compared to the city as a whole. Throughout our engagement work, we heard frequently from residents who were concerned about displacement that could happen with the increasing intensity of development.

The Midtown Master Plan is intended to guide Midtown towards realizing the community's vision for future investment and transformation of the area. ECONorthwest performed this analysis of socioeconomic factors so that we can intentionally recommend strategies that support this vision, while proactively incorporating anti-displacement strategies for Midtown residents in tandem with other transformative actions and policies.

Who is most likely to be vulnerable?

Displacement can affect both renter and owner households, and there are a number of social vulnerability factors that we look at when considering who is at risk. Householders who face disadvantages or discrimination in the real estate market are often more vulnerable due to inability to absorb price increases, including:

- **Low-income, cost-burdened renters** are at greatest risk of being forced to move due to rising rents, since they have little ability to pay higher prices that come with rent increases and may already be facing trade-offs between paying rent and covering other basic needs for their household.
- **Adults without college degrees** have less ability to increase their income to cover higher housing costs and may have to work multiple low-wage jobs to make ends meet.

- **Black, Indigenous, and People of Color (BIPOC)**—particularly people who are Black, Indigenous, and/or Latinx—tend to face greater housing discrimination and may have a harder time finding other housing if they are forced to move.
- **Seniors and people with disabilities** may have specific housing needs (e.g., accessibility features) that may make it harder to find another suitable place to live if they are forced to move.
- **People who do not speak English, immigrants, and refugees** may have more difficulty asserting their rights as tenants if the landlord is seeking to make them move.
- **Residents who are a part of the LGBTQ+ community** may face greater housing discrimination due to a lack of state protections around sexual orientation and gender identity.

How do we determine where there is high socioeconomic vulnerability?

We began with identifying groups that are inequitably burdened by housing costs, meaning that these groups have higher rates of cost burden compared to all households. First, we developed a weighted vulnerability indexing analysis, based on 2021 Public-Use Microdata Survey (PUMS) data at the state level to identify demographic groups that are unequally burdened by housing costs. This means that a given group's share of the state's cost-burdened households is greater than its total share of all state households. For example, households with a Hispanic/Latino head comprise 2.8% of the Missoula region's households, but 5.9% of the region's cost-burdened renter households – a difference of 3.1% points.

Our analysis identified six demographic groups that were most disproportionately burdened in the Missoula area (listed here in descending order of disproportion):

1. Households earning less than 80% of the region's 2021 Area Median Income (AMI) (\$60,150)
2. People 25 years and older who have an educational attainment of less than a Bachelor's degree
3. People of Hispanic/Latino origin, any race
4. Black, Indigenous, and People of Color (BIPOC), neither White non-Hispanic, nor Hispanic/Latino people are included in this group
5. People five years and older who speak English "not well"
6. People with one or more disabilities

ECONorthwest rank-ordered these six vulnerable demographic groups based on the degree of disproportionate burdening. We used the rank (1 through 6) as a weighting factor and apply it to tract-level shares of the region's six demographic groups. This share was then converted to decile ranks, and each decile rank was multiplied by the rank-ordered weighting factor. These

“scores” were then summed for each tract, with total scores ranging between 21 to 210¹. Lastly, this score was then divided by the maximum possible value to compute a more intuitive percentage value, with “100%” indicating tracts with the **highest** levels of **all** vulnerable demographic groups.

The result of this analysis is identification of census tracts with lower and higher percentages of people across multiple vulnerable groups. Census tracts with higher vulnerability levels would indicate places where it is more likely that not only current, but where future housing cost burdening and possible displacement are more likely to occur.

Data Limitations: What about LGBTQ+ residents?

The LGBTQ+ community often faces greater barriers in securing rental housing and homeownership due to blatant discrimination and biases based on sexual orientation and gender identity.² While recent Diversity, Equity, and Inclusion (DEI) efforts across the country aim to counteract both individual and institutional homophobia and transphobia, additional work on the local, state, and federal level are required to further protect LGBTQ+ rights, including fair housing policies. There are no state laws within Montana protecting the LGBTQ+ community from housing discrimination on the basis of sexual orientation or gender identity. The current state law, Montana Human Rights Act, which protects race, sex, religion, and age, does not protect LGBTQ+ Montanans from being denied housing or evicted.³

Compared to most of the state, Missoula has more protections for LGBTQ+ households and individuals. In 2010, Missoula City Council voted in favor of Ordinance Number 3428 which added protections from housing discrimination based on “actual or perceived...sexual orientation, gender identity, and expression.”⁴ However, Missoula is only one of few cities in Montana with these city-level protections, the others include Bozeman, Butte, Helena, and Whitefish.⁵

This legal minoritization of LGBTQ+ protections within Montana has implications for our socioeconomic vulnerability analysis. Given the higher chance of housing discrimination against LGBTQ+ households, it is important to understand where there may be a greater concentration of vulnerability to displacement to prioritize resources. However, due to the lack of available data and routine data collection on sexual orientation, gender identity, and variations in sex characteristics, there is not sufficient local data to accurately evaluate where there is higher vulnerability for LGBTQ+ residents within Missoula city.⁶ Due to these widespread data issues for analyzing cost

¹ Example: If a tract contains 8% of the region’s low-income households, the highest share among all tracts, placing in the **10th decile**. Since low-income households are the most disproportionately burdened subgroup, this subgroup receives a weighting factor of **six**. This tract would therefore earn **60 points** (10 x 6) towards its composite score.

² LGBTQ+ Real Estate Alliance, “Discrimination and Its Impacts on LGBTQ+ Community: Real Estate Professionals and Consumers,” April 2022, <https://realestatealliance.org/lgbtq-real-estate-alliance-report-shows-significant-discrimination-remains-despite-growth-of-industry-wide-diversity-equity-and-inclusion-efforts/>.

³ ACLU of Montana, “Non Discrimination Ordinances,” June 23, 2016, <https://www.aclumontana.org/en/non-discrimination-ordinances>.

⁴ City of Missoula, “LGBTQ Info & Resources: Ordinance 3428,” April 2010, <https://www.ci.missoula.mt.us/2334/LGBTQ-Info-Resources>.

⁵ ACLU of Montana, “Non Discrimination Ordinances.”

⁶ <https://www.americanprogress.org/article/collecting-data-about-lgbtqi-and-other-sexual-and-gender-diverse-communities/>

burden and obtaining consistent demographic data for the LGBTQ+ population, this analysis is not able to include LGBTQ+ populations.

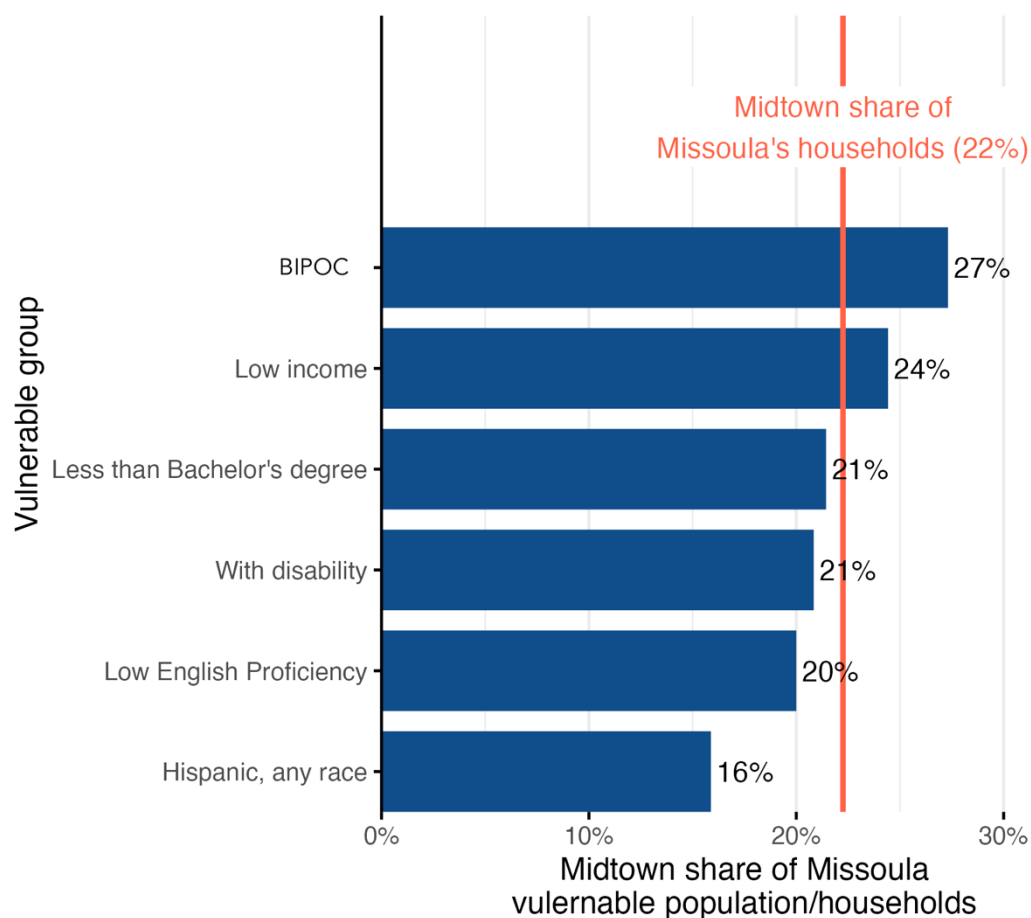
As data collection on sexual orientation and gender identity improves and becomes available, future analyses of socioeconomic vulnerability to displacement in Missoula should seek to include the LGBTQ+ population to better understand the ways new development and local real estate market pressures could impact LGBTQ+ households – especially those who are forced to relocate out of the city, where protective laws for LGBTQ+ community do not yet exist.

Where did we find social vulnerability to displacement in Midtown?

The results of our analysis indicate that Midtown has a higher share of some vulnerable populations compared to Missoula as a whole. The Midtown study area contains about 22 percent of Missoula’s households, yet 24 percent of Missoula’s low-income households (defined as those earning below approximately 80 percent of area median income). The area also has 27 percent of the city’s BIPOC households, but only 16 percent of the city’s Hispanic or Latino-headed households.

Exhibit 1. Midtown Share of Vulnerable Population/Households in Missoula

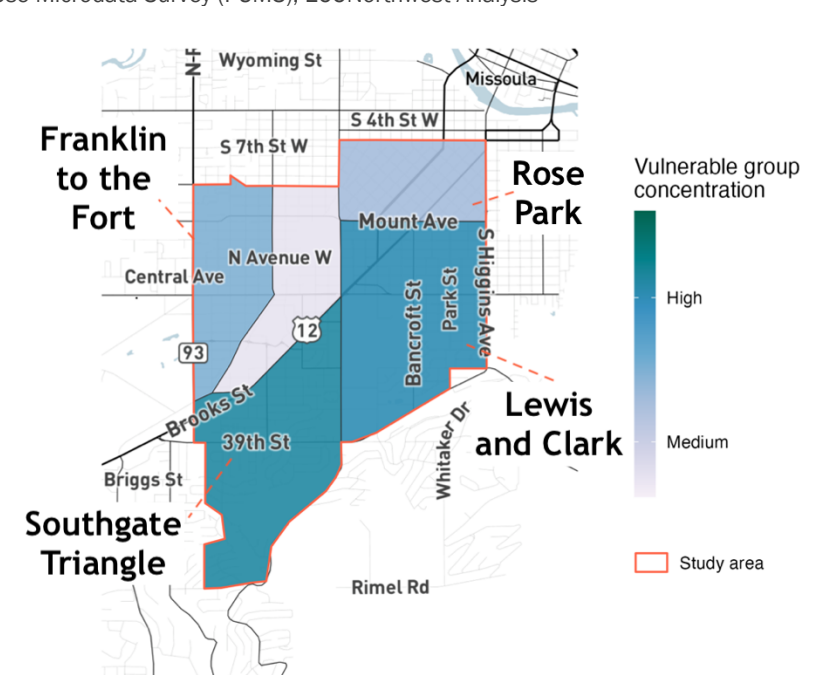
Source: 2021 Public-Use Microdata Survey (PUMS), ECONorthwest Analysis



Social vulnerability compared to Missoula as a whole is not evenly distributed across the study area. Tracts in the southern end of the Midtown have a higher concentration of vulnerable populations overall compared to the rest of the study area, and moderately more vulnerable than the central city tracts and southeast of I-90. Tracts along the city's western and northern borders show up as the most vulnerable overall.

Exhibit 2. Composite Concentration of Vulnerable Groups by Census Tracts, Midtown Study Area

Source: 2021 Public-Use Microdata Survey (PUMS), ECONorthwest Analysis



The southern census tracts in Midtown have above-average concentrations of nearly all six subgroups. The composite results show the combination of six demographic subgroup concentrations which are broken out by category in Exhibit 3.

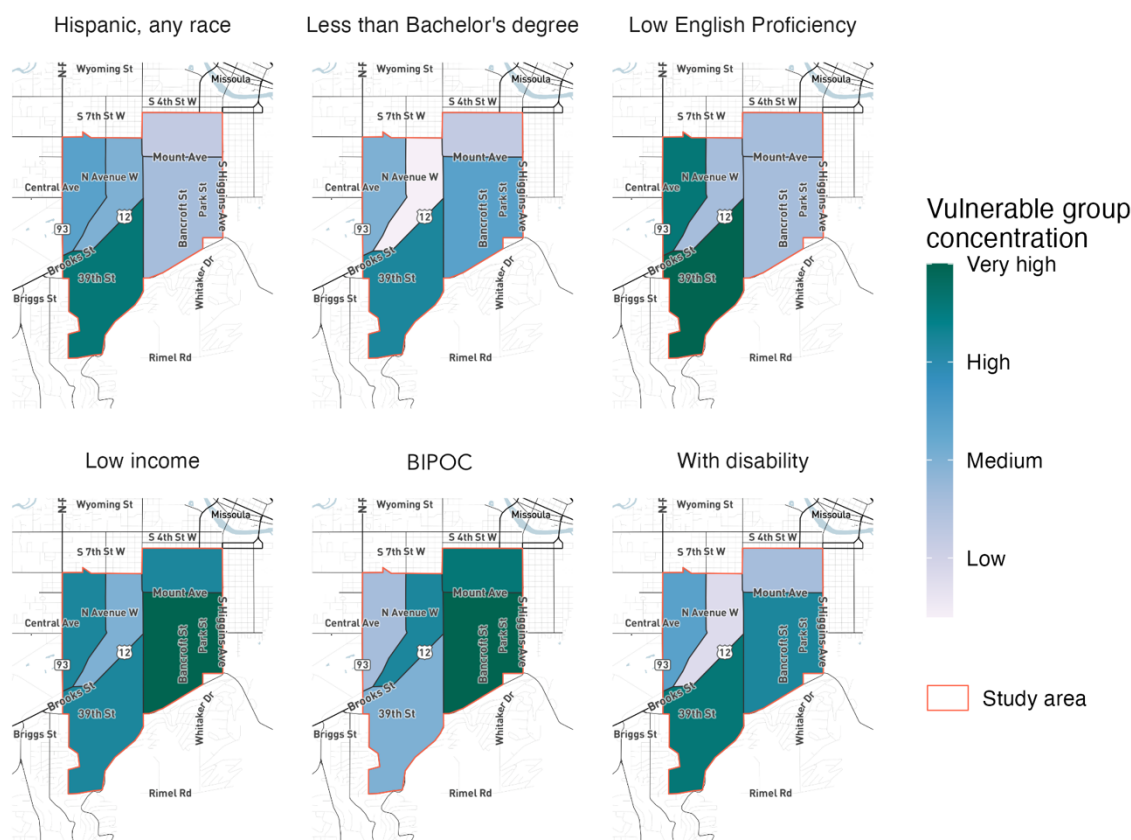
The tract to the southwestern end of the study area which overlaps the **Southgate Triangle** neighborhood has the highest concentration of people Hispanic or Latino residents (of any race), adults over 25 with less than a bachelor's degree, people with low English proficiency, and people with at least one disability. The tract to the southeast of the study area which overlaps the **Lewis and Clark** neighborhood, and the Missoula Fairgrounds has the highest concentration of both low-income households and BIPOC residents.

To the northwestern quadrant of the study area two census tracts roughly overlap the **Franklin to the Fort** neighborhood. Notably, the Bitterroot Trail separates these two tracts, and shows that more people with low incomes and low English proficiency tend to live on the western side of the trail, and more BIPOC residents live to the eastern side.

The northeastern census tract above Mount Avenue roughly corresponds with the **Rose Park** neighborhood. This area shows a higher-than-average concentration of low-income households and BIPOC residents but had a relatively low composite concentration of vulnerable groups overall in Missoula.

Exhibit 3. Concentration of Vulnerable Groups by Census Tract

Source: 2021 Public-Use Microdata Survey (PUMS), ECONorthwest Analysis



What market trends in Midtown could affect vulnerable populations?

ECONorthwest conducted a market analysis as part of the Midtown Master Plan Opportunities and Challenges Report, which documented development trends which could have implications for displacement, particularly in areas with higher concentration of vulnerable populations. Our analysis found that there is a **strong and growing demand for both multifamily rental housing and homeownership in Midtown**. As demand has continued growing in Midtown, incomes in the study remained lower than Missoula overall, with the average household in the study area making \$7,000 less than the city as a whole in 2016-2020. The combination of rising housing prices, low vacancies, and relatively low incomes compared to Missoula overall could intensify displacement risk for vulnerable populations and, in some cases, may already be causing households to relocate.

The effective rent per square foot for multifamily residential in Midtown and Missoula has been steadily increasing since 2007. In 2022, the effective rent per square foot for multifamily rentals showed a 67 percent increase since 2007, rising from \$0.76 up to \$1.12. Vacancy rates have also generally been declining since 2007 in Midtown. Currently, multifamily vacancy rates are extremely low, indicating unmet demand for rental housing in the area. Without additional multifamily housing supply added to the market, these extremely low vacancy rates are likely

to put near-term upward pressure on rents as households and individuals are struggling with recent increases in rent and the increasing cost of other household needs due to inflation.

Like the rental market, single-family residential real estate trends indicate a growing demand for homeownership. Home prices for residential ownership products have been steadily increasing since 2010. As of December 2022, the median price for a home in Missoula was \$525,000 and \$465,000 in Midtown. Generally, condos and town homes have been a more affordable ownership product type compared to detached single-family homes since 2010. However, in 2022, condos and townhomes reached a price that is comparable to a detached single-family home in Midtown. Despite a low overall number of sales in this time period, mobile homes remain the most affordable housing type in Midtown, which are concentrated in the Franklin to the Fort neighborhood to the west of the Bitterroot Branch Trail.

What does this mean for the Midtown Master Plan?

Increasing intensity of new development could have the highest potential to create displacement risk in the areas of Midtown that have the highest concentration of vulnerable populations. According to our analysis, the southern end of the study area has the greatest share of most groups who could be at greater risk from redevelopment projects and increasing housing costs.

Context: How does this fit in with other local planning efforts?

The Midtown Master Plan is a community-level planning effort that took a closely focused approach to understanding where there is socioeconomic vulnerability within the Midtown area. The Our Missoula Code Reform project is currently working towards a broader Equity in Land Use report, which will take a more comprehensive countywide approach to identifying displacement risk and policies to advance equitable outcomes across Missoula.

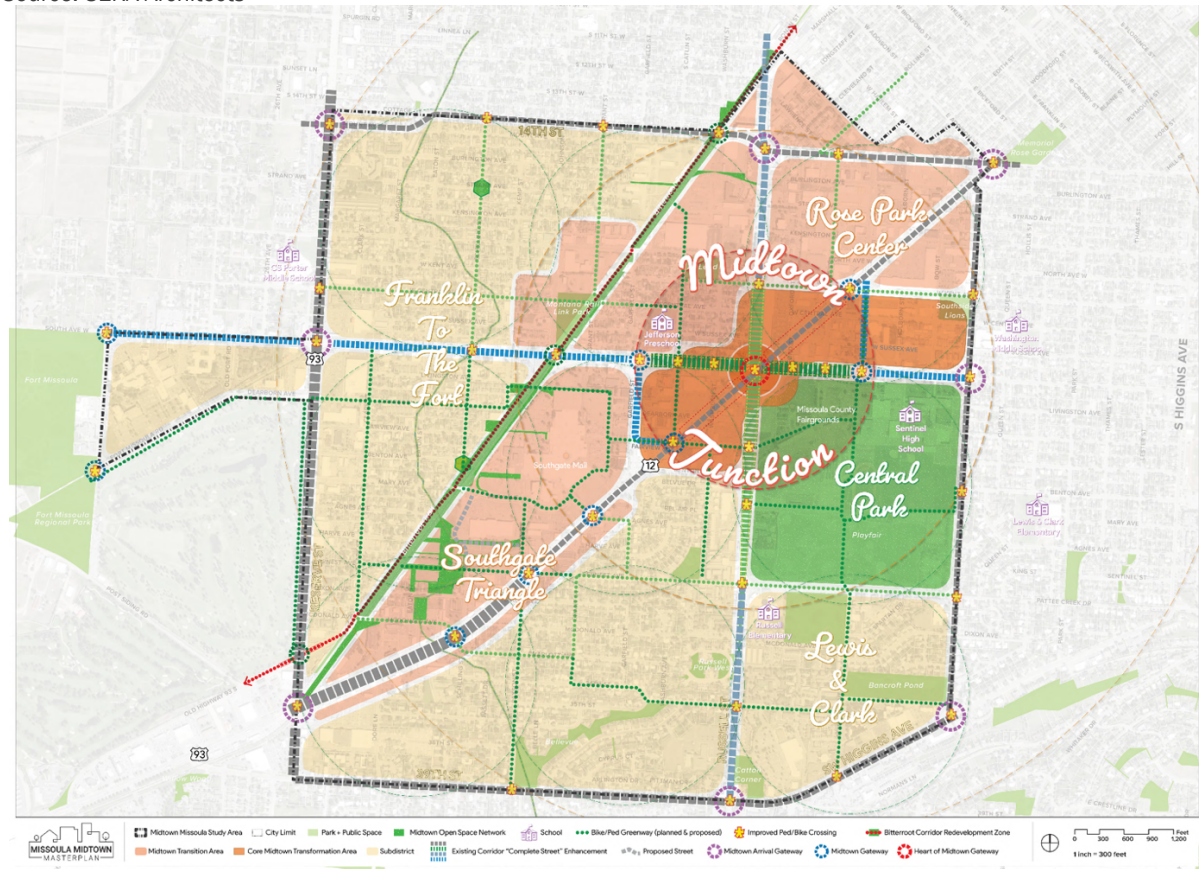
The Equity in Land Use report is one of a set of analytical reports conducted for the Our Missoula Growth Policy and Code Reform project. The report evaluates Missoula's land use policy and zoning regulations based on how well they support social equity goals, including advancing housing affordability and reducing the barriers that contribute to the segregation, exclusion and displacement of historically disadvantaged populations. The report proposes six principles that must be adhered to in order to effectively advance equity in land use reforms:

- 1) Distribute opportunities for affordable housing types broadly throughout the city.
- 2) Enable density levels that open up the possibility for smaller units, which tend to be more affordable to moderate- and low-income households.
- 3) Avoid concentrated upzoning in vulnerable neighborhoods.
- 4) Provide zoning incentives for income-restricted affordable housing that are feasible and attractive for private developers to use.
- 5) Focus regulations more on the form of buildings, less on the number of units in the building.
- 6) Design reforms that increase opportunities for adding amenities and services within a walkable distance of all households.

Compared with the preferred vision for Midtown developed by our team during the Master Plan process, the area highlighted for the highest intensity of new development is around the **‘Core Midtown Transformation Area’** at the intersection of Brooks Street, South Avenue, and Russell Street (shown in orange in Exhibit 4). The area between the Bitterroot Trail and Brooks Street as well as parcels fronting on these corridors are proposed as the **‘Midtown Transition Area’** (shown in salmon), which overlaps partially with most neighborhoods in the study area.

Exhibit 4. Midtown Preferred Alternative

Source: SERA Architects



Compared with what we have heard from conversations during community engagement, we would expect that the area to the west of the Bitterroot Branch trail would also show higher concentrations of vulnerable groups. This area’s lower composite score for social vulnerability may indicate that some displacement is already occurring, causing fewer households with the characteristics that we tested for to show up in 2021 data.

During the next phase of creating the Midtown Master Plan, our team will further refine the implications for land use and housing and how they fit in with this overarching concept for future development. This analysis will inform our set of equitable development strategies, where we can seek to prioritize actions to proactively prevent displacement where higher intensity areas overlap with social vulnerability metrics. In particular, this will mean thinking carefully about recommendations for the southern end of Midtown and the areas along the key corridors that will likely see the greatest change in coming years.