



# Habichat

Building homes, communities and hope.

FALL 2023

SPECIAL EDITION

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## With Home Lots Scarce, Helena Nonprofit Commits to Building its Own Subdivision

*Purchase of reclaimed smelter land in East Helena gives Habitat for Humanity chapter a chance to develop a model neighborhood from scratch.*

EAST HELENA — On a wheat field south of town, amber waves of grain roll down a gentle hill, stretching toward the city's landmark black slag heap. A familiar sight to drivers traveling U.S. Highway 12 between Bozeman and Helena, the heap is an enduring reminder that this land has spent more than a century absorbing smoke and seepage from the old ASARCO smelter, which closed in 2001.

Looking over the field on a recent morning, Jacob Kuntz, the executive director of Helena Area Habitat for Humanity, pointed to something else he sees on this landscape: an opportunity to shoehorn increasingly scarce affordability into Montana's housing market.

With decades of cleanup work under the auspices of the U.S. Environmental Protection Agency's Superfund program nearing its conclusion, the wheat field is considered ready for development, following in the footsteps of other former ASARCO properties north of the highway that are now occupied by newly built East Helena schools and neighborhoods.

Earlier this year, Helena's Habitat chapter purchased about 100 acres here from the environmental trust that has been responsible for managing cleanup efforts at the old smelter site since the company's bankruptcy in the late 2000s. After another pending purchase of adjacent land, the nonprofit will own roughly 250 acres.

Working with Superfund managers and East Helena city leaders, Kuntz and others at Habitat have spent years assembling an ambitious plan that, if



Helena Area Habitat for Humanity Executive Director Jacob Kuntz stands in front of property where the nonprofit is planning a major housing project on August 22, 2023. Credit: Eric Dietrich / MTFP

stars continue to align, will see the nonprofit develop the land into a model neighborhood. The group plans to use the land to provide a steady supply of lots for its own home construction efforts, in addition to selling some lots to for-profit builders to help fund its work.

Kuntz said in interviews he hopes the land will eventually support as many as 1,000 homes, depending on details that have yet to be hammered out with East Helena officials.

"We're going to build as many houses as we possibly can on it," he said.

Like most other Habitat for Humanity chapters across the

nation, Helena's branch of the nonprofit has historically functioned something like a private-sector homebuilder. It buys lots in already-developed subdivisions and builds houses for sale to its qualified lower-income clients at cost. It keeps construction expenses down by using labor donated by volunteers and clients when possible, letting it produce and sell homes at lower prices than for-profit builders offer.

Habitat staff also work with the nonprofit's clients, who typically invest sweat equity labor in their homes, to help them qualify for down-payment assistance and other housing assistance

Dear Friends,

In lieu of our usual fall newsletter, I thought we'd instead reprint (with permission of the Montana Free Press) a comprehensive, excellent piece written by reporter Eric Dietrich about the project we are launching in East Helena to build over 1,000 homes. Please let me know if you have any questions or comments, or would like to join us in November for a special trolley bus tour of the property.

As always, thank you for your support.

Jacob Kuntz  
Executive Director

programs. The nonprofit is also commonly able to connect its clients with low-interest loans that make purchasing its houses more affordable, generally aiming to limit buyers' housing payments to 30% of their household income.

Kuntz said three-bedroom, two-bath homes the nonprofit is building in the Helena area right now will cost about \$230,000 in land, labor and materials, but will appraise at closer to \$350,000.

Buying a \$350,000 house at a 7% mortgage rate, a typical rate for 30-year home loans at the moment, means paying roughly \$2,200 a month (that calculation assumes a 5% down payment and



243 acres of land which will one day hold over 1,000 homes—looking southeast

excludes insurance and property taxes). As Kuntz noted, rents on two-bedroom homes in the Helena area are now routinely running above \$1,500 a month.

Habitat's Helena-area buyers, in contrast, typically end up with monthly housing payments of \$900 to \$1,200, he said.

Kuntz said that deed restrictions placed on Habitat-built homes keep the properties

***“For-profit building can’t provide for a certain segment of the population — which is a majority of the workforce.”***

**— Jacob Kuntz, Executive Director**

affordable for the next buyer if the initial clients ever decide to sell by limiting how much equity the initial purchaser can earn from rising housing prices. The intent of that policy is to balance clients’ ability to build wealth through homeownership with the goal of using charitable dollars to create homes that remain affordable on a permanent basis.

Given how fast and how far Montana home prices have risen in recent years, there’s ample demand for Habitat’s services.

According to real estate website Zillow, the state’s typical home value has risen 65% since the beginning of 2020, to about

\$447,000 as of July. According to Kuntz, Helena’s Habitat chapter, which has built nearly 40 homes in the past five years, now has 400 families on its waiting list.

As Kuntz sees it, while Montana’s for-profit homebuilders and real estate developers are as busy as they’ve ever been, they’re just not producing homes that are within reach for anyone who’s not in the wealthiest 20% of the state’s population. With the other 80% of Montanans left in the lurch, he said, it’s up to nonprofit efforts to try and close the gap.

Habitat’s clientele, he said, now includes people with the sorts of jobs that would have historically let them buy homes without charitable assistance, among them teachers, police officers and state employees.

“For-profit building can’t provide for a certain segment of the population — which is a majority of the workforce,” Kuntz said.

Even with more people than ever in need of its services, the fraught economics of the housing market are putting the squeeze on Habitat’s longtime model as well. Labor costs for work the nonprofit contracts out to skilled professionals — concrete, electrical and plumbing, for example — have risen as a

result of Montana’s shortage of construction workers. Also up is the cost of lumber and other construction materials.

That \$230,000 construction bill for a three-bedroom, two-bath house? Before the pandemic, Kuntz said, Habitat could build the same home for \$40,000 less in materials and labor.

And then there’s the price of land. As much wide open space as there is in Montana, even in close proximity to larger cities like Helena, there’s a big gap — and an expensive one — between farm fields and subdivided land with the utility lines and transportation grid necessary to build houses.

Back in 2015, when Kuntz started as Habitat’s executive director, he said, the nonprofit could reliably purchase lots to build on for about \$35,000 each. Now it typically has to pay more than twice that — \$75,000 to \$100,000 a lot, he said.

Compounding that challenge, most of the lots for-profit developers are bringing to market in the Helena area are relatively large, sized for stand-alone, single-family homes. That makes them more expensive and poorly suited for modest one- or two-bedroom houses.

“Not everybody needs a single-family home with a 7,500-square-foot lot,” he said.

Kuntz also said few subdivisions are designed to accommodate medium-density housing such as duplexes or triplexes, a development approach that can keep construction costs down by accommodating more residents on each plot of land.

Which is where the wheat field south of East Helena comes in

The land was owned by ASARCO for decades, acquired at some point while the company operated its lead and zinc smelter between the late 1880s and 2001. It’s west of the old smelter site, which remains classified as undevelopable.

Cyndy Brooks with the Montana Environmental Trust Group, the site’s court-appointed trustee, said in an interview that cleanup at the site is “substantially finished.”

Workers are currently scraping the top off the slag pile, loading that material into train cars and ultimately shipping it to South Korea for recycling. Officials hope that removing that material will reduce the amount of selenium seeping into groundwater below the slag pile. They plan to eventually cap the remaining portion of the heap with new dirt before calling the cleanup complete.

Brooks said the primary pollution concerns on land where

Habitat hopes to build are arsenic and lead that wafted down to earth from the smelter's smokestacks. Groundwater below the smelter site and slag pile generally flows toward the northwest, not toward the land Habitat is buying.

*"It's kind of the last large acreage available in the Helena Valley, especially that can be purchased from one entity. It's prime developable land, that's for sure."*

—Kevin Ore, Public Works Director, East Helena

As a condition of purchasing the property, Habitat is required to conduct soil testing and clean up anything that fails to meet EPA-determined standards, Brooks said.

All the other work traditionally taken care of by land developers will fall on the nonprofit too: working with city officials to rezone the property, building water and sewer lines, laying out streets and arranging for gas and electric connections, among other tasks. Kuntz said the development will connect to East Helena's municipal water and sewer systems, which will mean installing a new sewer lift station. The nonprofit, city and others are also looking to relocate the East Helena rodeo grounds, which have been located on part of the site for decades.

In combination with a 2,000-home project proposed by another developer on reclaimed smelter land, the Habitat project means major growth for the city of East Helena, which currently

has about 900 houses. Kevin Ore, the city's public works director, said in an interview that the two projects will likely quadruple the town's population.

Ore also said that the former smelter land is something of a rarity for the Helena area in being undeveloped acreage with reasonable access to municipal water and sewer systems.

"It's kind of the last large acreage available in the Helena Valley, especially that can be purchased from one entity," Ore said. "It's prime developable land, that's for sure."

Expanding from home construction into full-fledged land development will give Habitat the flexibility to design the neighborhood it wants to build in, mixing single-family houses, townhomes and apartments to use the land more efficiently than large-lot, single-family

developments. Many of the specifics are yet to be decided, but Kuntz said it might be possible to build as many as 10 housing units per acre, mixing them with parks and perhaps a school, library or community center.

The project will also give residents access to a walking trail Prickly Pear Land Trust is building as part of its efforts to restore Prickly Pear Creek.

Kuntz's hope is that broadening the scope of Habitat's work will let it take more control of its land costs. He can't do much about the price of labor or materials, he said, but he hopes the project will let the nonprofit get the price of land down to between \$10,000 to \$35,000 per home — a savings of as much as \$90,000 per home relative to the lots available for purchase elsewhere in the Helena area.



82 acres looking northwest—Hwy 282 in foreground.

Getting there won't be cheap, however. Kuntz declined to say how much Habitat had paid for its land purchases, but said he estimates the upfront costs involved in buying the land and putting in infrastructure like the sewer lift station will be somewhere between \$5 and \$7 million. By the time project wraps up in a decade or more, its total cost could be something like \$300 million, he said.

For a local nonprofit that, according to Kuntz, was not that long ago building houses

one at a time, that makes the East Helena project extraordinarily ambitious. Kuntz said that despite years of looking, he hasn't been able to find any other U.S. Habitat for Humanity affiliate that's embarked on anything comparable.

The chapter has been planning and preparing its finances for the project for years, Kuntz said, raising money and writing grants. Additionally, Lewis and Clark County used \$500,000 of its allocation from the American Rescue Plan Act to help Habitat

make its initial property purchase, an amount Kuntz said let the nonprofit buy that portion of the land without taking out a loan. Brooks also said the environmental trust took Habitat's nonprofit status into account when negotiating a sales price.

Kuntz acknowledged that there's "certainly risk" involved with committing to a project of this scale. That's been an active discussion with his board of directors, he said.

"Anybody who takes on land development takes on risk,"

Kuntz said. "We don't know what the economy is going to do. We don't know what interest rates are going to do."

The way he sees it, Kuntz said, he's less worried about what could go wrong than with missing the chance to make the most of an opportunity that likely won't come along again.

"If we kill ourselves and the organization in the process of trying to do this, the board feels pretty unanimously that it's worth the risk," he said.

# There's Something for Everyone at The ReStore

The Helena ReStore turns salvaged construction materials and your generous donations into tangible home dollars. If you're looking for a deal or want to donate gently used items, be sure to swing by our location listed below. The Helena ReStore is your one-stop shop for all your DIY home projects.

**Did You Know?** All sales from the ReStore help build and repair homes in Helena.



## Volunteering at Helena Area Habitat for Humanity

Our volunteers are the backbone of our organization, whether they're helping at the ReStore or building at one of our construction sites. When working with us, Habitat's volunteers help families build strength, stability, and independence, all while learning new skills that they can apply to their own home.

### Helena ReStore

1320 Market Ave  
(406) 449-4663

### Hours:

10 a.m.-5 p.m.  
Tuesday-Saturday

## Come See the New Property!

Join Us on a Trolley Bus Tour

Saturday, November 4th  
9:00-11 a.m.



Please join Habitat staff on a comfortable trolley bus tour of current and future projects, including a "first look" at the project discussed in this newsletter.

### Please RSVP

to Mindie at (406) 204-5602 to secure a seat on the bus. (Seating is limited.)

### Helena Area Habitat for Humanity

Building homes, communities and hope.

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# Habitat

The Newsletter of Helena Area Habitat for Humanity

SPECIAL EDITION

THE VISION FOR  
**1,000  
HOMES**

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