

Montana Board of Housing - Board Meeting

Meeting Location: via Zoom

Date: December 9, 2024

Time: 8:30 am

Board Chair: Bruce Posey

Remote Attendance: Join our meeting in-person or remotely via Zoom and/or phone

Conference Call: Dial: 1-646-558-8656, Meeting ID: 891 7429 2920, Password: 307992

Register for Webinar: https://mt.gov.zoom.us/meeting/register/tZ0scO2qpzkiGNS_7nikrot5mDPQ-iP-rB02

Board Offices: Montana Department of Commerce
Montana Board of Housing
301 S. Park Ave., Room 240, Helena, MT 59601
Phone: 406-841-2840

Agenda Items:

- Meeting Announcements
- Introductions
- Public Comments – Public comment is welcome on any public matter that is not on the agenda and that is within the jurisdiction of the Board.
- Approve prior meeting's minutes
- Finance Program – Verbal Update (Vicki Bauer)
 - Financial Update

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- Homeownership Program (Jessica Michel)
 - RAM Condo Loan
 - RAM Off Grid Loan
 - Mortgage Credit Certificate Resolution
 - Homeownership Update
- Mortgage Servicing (Mary Palkovich)
 - Servicing Update
- Multifamily Program (Jason Hanson)
 - Skyview Apartments
 - Coal Trust Multifamily Homes (CTMH) loan
 - Housing Montana Fund (HMF) loan
 - Multifamily Loan Program (MFLP) loan
 - Franklin School Apartments Bond Resolution
 - Creekside Apartments 10% Cost Certification
 - Cost Per Unit (Discussion and Public Comment Only)
 - Multifamily Update
- Operations/Executive Director (Joe DeFilippis + Cheryl Cohen)
 - Operations / Executive Director Update
 - Board Member *Ex Parte* Communication Policy – Motion to Approve
 - Rental Assistance Dashboard
- Miscellaneous
- Meeting Adjourns

All agenda items are subject to Board action after public comment requirements are fulfilled.

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2025 Board Calendar

- Monday, January 13 via Zoom
- Monday, February 10 via Zoom
- Monday, March 17 via Zoom
- Tuesday, April 15 (Kwataqnuq Resort, Polson, MT)
- Monday, May 12 (Great Northern Hotel, Helena, MT, LOI Presentations)
- Tuesday, May 13 (Great Northern Hotel, Helena, MT, LOI Invitations to Apply)
- Monday, June 9 via Zoom
- Monday, July 14 via Zoom
- Monday, August 11 via Zoom
- Monday, September 8 via Zoom
- Tuesday, October 21 via Zoom (**Location TBD**, LIHTC 9% Awards & QAP)
- Monday, November 10 via Zoom
- Monday, December 8 via Zoom (subject to cancellation)

Board Training & Strategic Planning

- Monday, April 14 (Kwataqnuq Resort, Polson, MT)
- Monday, October 20 (**Location TBD**)

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BOARD MEMBER ATTENDANCE POLICY

Board Members are expected to attend all scheduled Board meetings and training sessions, including attendance in person where a meeting is so designated. It is recognized that Members may be unable to attend some meetings due to conflicts with prior-scheduled commitments or unforeseen circumstances. Members are expected to notify the Board Chair as far in advance as possible if they will be unable to attend. Members may not have more than two (2) absences from meetings or training sessions within any calendar year, only one (1) of which may be unexcused. Members will be considered absent unless they attend the entire meeting or training session. Please refer to the Montana Board of Housing [Board Attendance Policy](#) adopted May 13, 2024 for details.

Conferences & Networking Opportunities

Board members will receive updates on conference agendas, early bird registration deadlines and related logistics from Board staff as more detailed information is available.

- Monday, March 10 – Wednesday, March 12: NCSHA Legislative Conference, WA D.C.
- Monday, May 5 – Wednesday, May 7: Mountain Plains Regional Housing Summit, Jackson Hole, WY
- Monday, May 19 – Wednesday, May 21: Montana Housing Partnership Conference, Billings, MT
- Saturday, October 4 – Tuesday, October 7: NCSHA Annual Conference, New Orleans, LA

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Meeting Location: via Zoom

Date: December 9, 2024

Roll Call of Board Members:

Bruce Posey, Chair (Present)

Cari Yturri (Present)

Sheila Rice (Present)

Jeanette McKee (Present)

John Grant (Present)

Amber Parish (Present)

Staff:

Cheryl Cohen, Executive Director

Joe DeFilippis, Operations Manager

Stacey Purvis, Executive Assistant

Jason Hanson, Multifamily Manager

Charlie Brown, Homeownership

Brian Barnes, Multifamily Program

Bruce Brensdal, Multifamily Program

Kellie Guariglia, Multifamily Program

Julles Engel, Housing Development

Jessica Michel, Homeownership Manger

Megan Surginer, Office Manager

Julie Flynn, Community Housing Manager

Jesse Ennis, Multifamily Program

Mary Palkovich, Mortgage Servicing Manager

Julie Hope, Homeownership

Nicole Newman, Housing Development

Ryan Collver, Multifamily

Vicki Bauer, Finance Manager

Danyel Bauer, Mortgage Servicing

These written minutes, together with the audio recordings of this meeting and the Board Packet, constitute the official minutes of the referenced meeting of the Montana Board of Housing (MBOH). References in these written minutes to tapes (e.g., FILE 1 – 4:34) refer to the location in the audio recordings of the meeting where the discussion occurred, and the page numbers refer to the page in the Board Packet. The audio recordings and Board Packet of the MBOH meeting of this date are hereby incorporated by reference and made a part of these minutes. The referenced audio recordings and Board Packet are available on the MBOH webpage at [Past Meetings and Minutes](#).

Counsel:

Greg Gould, Jackson Murdo and Grant Nathan Bilyeu, Jackson Murdo and Grant

Others:

Heather McMilin	Drew Page	Erinn Roos-Brown
Alex Burkhalter	Jennifer Wheeler	Parker Webb
Andrew Chanania	Lily Apedaile	Don Sterhan
Seth O'Connell	Mina Choo	Julie Stiteler
Tyson O'Connell	Gene Leuwer	Patrick Zhang
Angela Getchell	Austin Trunkle	Shane Walk
Caleb Posey	Beki Brandborg	Brian Moloney
Trent Rogers	Tyler Currence	

Call Meeting to Order:

00:00:00 Chair Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.

00:01:04 Introductions of Board members and attendees were made.

00:04:41 Chair Posey asked for public comment on items not listed on the agenda.

Approval of Minutes:**November 4, 2024 MBOH Board Meeting Minutes – See November Minutes in November Board Packet**

00:05:38 Motion: Sheila Rice

Second: Cari Yturri

The November 4, 2024 MBOH Board meeting minutes were approved unanimously.

Accounting:**Accounting Update – Verbal only update provided.**

00:06:00 Presenter: Vicki Bauer

Homeownership Program:**Approval of RAM Condo Loan**

00:08:14 Presenter: Jessica Michel

Motion: Jeanette McKee

Second: Cari Yturri

Jeanette McKee moved to approve this RAM loan contingent upon further staff review. The motion to approve with the additional contingency passed unanimously.

Approval of RAM Off-Grid Loan

00:15:46 Presenter: Jessica Michel

Motion: Sheila Rice

Second: John Grant

Jeanette McKee voted against the motion.

The motion to approve this RAM loan passed with a five to one vote.

Approval of Mortgage Credit Certificate Resolution No. 24-1209-SF03_MCC

00:25:48 Presenter: Jessica Michel

Motion: Jeanette McKee

Second: Cari Yturri

The motion to approve Resolution No. 24-1209-SF03_MCC passed unanimously.

Homeownership Update

00:30:26 Presenter: Jessica Michel

Mortgage Servicing Program:**Servicing Update**

00:38:00 Presenter: Mary Palkovich

Multifamily Program:**Approval of Skyview Apartments Coal Trust Multifamily Homes (CTMH) loan, Housing Montana Fund (HMF) loan, and Multifamily Loan Program (MFLP) loan**

00:42:50 Presenter: Jason Hanson

Motion: Jeanette McKee

Second: John Grant

The motion to approve the Skyview Apartments Coal Trust Multifamily Homes (CTMH) loan, Housing Montana Fund (HMF) loan, and Multifamily Loan Program (MFLP) loan passed unanimously.

Approval of Franklin School Apartments Bond Resolution No. 24-1209-MF05

00:48:12 Presenter: Jason Hanson

Motion: Sheila Rice

Second: Cari Yturri

The motion to approve the Franklin School Apartments Bond Resolution No. 24-1209-MF05 passed unanimously.

Approval of Creekside Apartments 10% Cost Certification Waiver

00:51:04 Presenter: Jason Hanson

Motion: Cari Yturri

Second: Jeanette McKee

The motion to approve waiving the requirement of having an approved 10% Cost Certification so the project can be eligible for the Credit Refresh from 2023 credits to 2024 credits passed unanimously.

Cost Per Unit Discussion

00:55:08 Presenter: Jason Hanson

Multifamily Update

01:41:42 Presenter: Jason Hanson

Operations/ Executive Director:

Operations/Executive Director Update – See Operations/Executive Director

Dashboard in packet

01:43:53 Presenters: Joe DeFilippis and Cheryl Cohen

Approval of Ex Parte Communications Policy

01:59:34 Presenter: Cheryl Cohen

Motion: John Grant

Second: Cari Yturri

The motion to approve the Ex Parte Communications Policy passed unanimously.

Rental Assistance Program Update

02:01:32 Presenters: Cheryl Cohen

Meeting Adjournment:

02:07:23 Meeting was adjourned at 10:38 a.m.

Amber Parish, Secretary

Date

Board Agenda Item

Board Meeting: December 9, 2024

Homeownership Program

REVERSE ANNUITY MORTGAGE APPLICATION

An 84-year-old senior has applied for a Reverse Annuity Mortgage (RAM) loan in the amount of \$150,000 against their property located in Helena, Montana. The applicant is requesting an initial advance of \$10,000 to replace doors and windows in the home.

The property is a condominium located in Helena. The condominium is not on the FHA approved list as it expired 5/31/2011 but it does meet HUD handbook 4000.1. The appraised value is \$460,000 and is available for the Board to review upon request. The loan to value ratio would be 32.60%.

Staff Recommendation (if any):

Upon staff review of the appraisal and additional documentation, staff recommend the Board approve this RAM loan.

Board Agenda Item

Board Meeting: December 9, 2024

Homeownership Program

REVERSE ANNUITY MORTGAGE APPLICATION

A senior couple has applied for a Reverse Annuity Mortgage (RAM) loan in the amount of \$120,000 against their property located in Anaconda, Montana. They are requesting an initial advance of \$10,000 to pay off a Home Equity loan they currently have against the property.

The property is “off grid” but does have a septic system, propane, solar panels, and water cistern. The lot size is 26.58 acres. The appraised value is \$405,000 and is available for the Board to review upon request. The loan to value ratio would be 29.62%.

Staff Recommendation (if any):

Upon staff review of the appraisal and additional documentation, staff recommend the Board approve this RAM loan.

Board Agenda Item

Board Meeting: December 9, 2024

Homeownership Program

RESOLUTION NO. 24-1209-SF03_MCC APPROVAL

Background:

A Mortgage Credit Certificate, also known as an MCC, allows eligible homebuyers to receive a dollar-for-dollar credit on their federal income taxes of up to 20% of the annual amount of interest paid on their mortgage (not to exceed \$2,000). Homeowners are eligible for the tax credit every year they occupy the home as their primary residence.

For example, on a \$150,000 mortgage with an interest rate of 4.00%, a borrower will pay approximately \$6,000 in interest the first year. The MCC would allow that borrower to take a federal dollar-for-dollar income tax credit of \$1,200 ($\$6,000 \times 20\%$) for that year. Also, for a borrower who can itemize deductions, they can still claim a mortgage interest deduction for the remaining 80% of the mortgage interest paid.

A borrower does not have to wait until tax time to benefit from a MCC, they can file an amended withholding statement with their employer and increase their monthly take-home pay by the amount of the credit. Using the previous example, a borrower would take the federal tax credit of \$1,200 and translate it into an additional \$100 in their monthly paycheck. This additional income can be used to help qualify for a loan financed with mortgage revenue bonds under other Montana Board of Housing programs.

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Attached is a Resolution for the Board's consideration that authorizes the use of \$100,000,000 in bond cap to provide \$25,000,000 of tax credit authority, it is a 4 to 1 trade off. The Board has adequate bond cap available to accommodate this request.

Proposal:

Staff requests that the Board approve the attached Resolution No. 24-1209-SF03_MCC.

RESOLUTION NO. 24-1209-SF03_MCC

A RESOLUTION AUTHORIZING THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES (“MCCs”); APPROVING THE FORMS OF THE MCC PROGRAM GUIDE AND RELATED ITEMS; AUTHORIZING THE EXECUTIVE DIRECTOR TO FILE ONE OR MORE MCC ELECTIONS WITH THE INTERNAL REVENUE SERVICE; AUTHORIZING THE EXECUTIVE DIRECTOR TO DETERMINE THE MCC RATES, TERMS AND CRITERIA; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO GIVE NOTICE AS REQUIRED BY THE FEDERAL TAX LAWS OF THE IMPLEMENTATION OF THE MCC PROGRAM.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized by Montana Code Annotated Sections 90-6-100 through 90-6-127 and Section 2-15-1814 (the “Act”) to issue its bonds and to purchase mortgage loans in order to finance single-family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State; and

WHEREAS, the Board is an authorized issuer of “qualified mortgage bonds” described in Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Board to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap in order to issue mortgage credit certificates under a qualified mortgage credit certificate program; and

WHEREAS, an MCC provides housing assistance in the form of a nonrefundable, federal tax credit, the value of which is equal to a portion of the mortgage interest paid by a homeowner on certain qualifying loans, and the holder of an MCC may apply this tax credit against his or her federal income taxes in each year the MCC is effective; and

WHEREAS, the Board desires to provide the widest range of alternatives to lower-income borrowers to enable them to finance the acquisition of single-family residences at the lowest effective cost to such borrowers (collectively, such alternatives are referred to as the “Single Family Programs”); and

WHEREAS, as part of the Single Family Programs, the Board currently administers an MCC program (the “MCC Program”) and wishes to increase the amount available for MCCs; and

WHEREAS, in connection with such MCC Program, the Board desires to elect not to issue private activity bonds which it could otherwise issue (including from any unused carryforward of private activity bond authority from prior calendar years);

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

Section 1. The Board approves and authorizes a continuation of the current MCC Program, pursuant to one or more elections, benefiting qualified homebuyers and homeowners who incur mortgage loans for eligible purposes. The parameters and purposes of this continued MCC Program shall be substantially similar to the Board's current MCC Program, and such parameters are hereby approved in substance, with such changes and modifications as the Executive Director, the staff and counsel to the Board deem necessary and advisable, and are incorporated by reference as part of this Resolution.

Section 2. The Board finds and determines that it is necessary to exchange its authority to issue up to \$100,000,000 of private activity bonds for the authority to issue MCCs. The Board directs the Executive Director to make one or more elections, pursuant to Section 25 of the Code, not to issue up to an aggregate of \$100,000,000 of private activity bonds (the "nonissued bond amount") that the Board is authorized and has volume cap available to issue (including any unused carryforward). The nonissued bond amount shall be allocated to a continuation of the current MCC Program. To effectuate the foregoing, the Executive Director is directed to file notice of such election or elections with the Internal Revenue Service, as required by the Code and the regulations.

Section 3. The Board authorizes the Executive Director to establish one or more credit rates (based on the criteria the Executive Director deems appropriate pursuant to the following sentence) for the mortgage loans described therein, determine the program expiration date, select the types of mortgage loans for which MCCs may be issued, approve the terms and conditions on which participating lenders make loans that are eligible for MCC financing, and make other determinations as appropriate, all in accordance with the terms and provisions of Section 25 of the Code and the regulations thereunder and this Resolution. The Executive Director and the staff are hereby directed to further define the MCC Program parameters, as they deem appropriate and necessary to maximize the availability of lower cost financing to low- and moderate-income persons under the Single Family Programs.

Section 4. The forms of the MCC Program Guide and related items shall be substantially the same as those for the current MCC Program, which are hereby approved in substance, with such changes and modifications as the Executive Director and counsel to the Board deem necessary, appropriate and advisable.

Section 5. The Executive Director shall give notice to the public of the establishment of each MCC program as required by Section 25 of the Code and the regulations thereunder prior to the issuance of any MCCs under the MCC Program.

Section 6. The Board ratifies and approves the use of any unused private activity bond volume cap allocated to the Board (including any amount carried forward for the previous calendar years) in connection with the issuance of MCCs.

Section 7. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 9th day of December 2024.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

By _____
Treasurer/Executive Director

HOMEOWNERSHIP PROGRAM DASHBOARD

December 2, 2024

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.500	5.50	6.000
Market	6.55	6.66	6.587
10 yr treasury	4.25	4.28	4.270
30 yr Fannie Mae	6.53	6.53	6.460

*Current Setaside 5.25, DPA 5.75

LOAN RESERVATIONS

	<u>November NUMBER</u>	<u>November AMOUNT</u>
MBS PROGRAM		
Series 2024B (since 04.02.24)	39	10,764,235
Series 2024B DPA (since 04.02.24)	17	227,728
80% Combined (20+)	1	165,300
SET-ASIDE PROGRAMS		
MBOH Plus		
NeighborWorks	2	379,170
CAP NWMT CLT		
Missoula HRDC XI		
Bozeman HRDC IX		
Home\$tart		
HUD 184		
MT Street CLT		
Sparrow Group		
City of Billings		
Foreclosure Prevent		
Disabled Accessible		
Lot Refi		
FY25 Habitat		
OTHER PROGRAMS		
Veterans (Orig)	1	404,412
912 Mrtg Cr Cert (MCC)	2	656,767

LOAN PURCHASES BY LENDER

	<u>Oct-24</u>		<u>2024 YTD</u>	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
1ST SECURITY BK MISSOULA 133	1	1	3	1
AM CAP 858				
BANK OF COMMERCE 086			1	
BAY EQUITY LLC 853			5	2
BRAVARA BANK 186	1	1	8	5
CHURCHHILL MORTGAGE 869	2	2	7	3
CLEARWATER FEDERAL C U 901			1	
CMG 874	1	1	3	2
CORNERSTONE HOME LENDING 850			1	
CROSSCOUNTRY MORTGAGE 863	3	2	11	5
ENVOY 871	1	1	2	2
EVERGREEN MORTGAGE 875	8	3	24	12
FAIRWAY INDEPENDENT MRTG 847	3	2	33	18
FIRST COLONY MORTGAGE 865			2	2
FIRST FEDERAL BANK & TRUST 731			1	
FIRST INTERSTATE BANK-WY 601				
FIRST MONTANA BANK 172			4	4
FIRST SECURITY BOZEMAN 061			1	
FLATHEAD HABITAT 991			8	
GLACIER BANK KALISPELL 735	2		19	5
GUARANTEED RATE 864			12	3
GUILD MORTGAGE COMPANY 842	4	4	20	18
HOMESTAR FINANCIAL 861				
HOMETOWN LENDERS 862			1	1
INTREPID CREDIT UNION 903			1	
LOWER DOT COM, LLC 873	4	2	22	11
MANN MORTGAGE 835	6	4	52	23
NOVUS 872	1	1	2	2
ONE TRUST HOME LOAN 868			1	1
OPPORTUNITY BANK 700	5	3	42	13
PARAMOUNT RES MTG GRP 855				
PIONEER SAVINGS AND LOAN 710			1	
PRIME LENDING 851	1		6	2
STOCKMAN BANK OF MT MILES 524	5	2	52	22

UNIVERSAL 843			1	1
US BANK 617			1	1
VALLEY BNK DIV OF GLACIER BNK 151	1		1	
VALLEY BANK RONAN 159				
WESTERN SECURITY BANK 785	2		4	1
WINTRUST MORTGAGE 867				
YELLOWSTONE BANK 161			3	1
Grand Count	50	28	356	161

OCTOBER PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
FHA	2,892	418,497,893	51.1%	66.5%	
RD	842	89,259,651	14.9%	14.2%	
VA	407	75,918,385	7.2%	12.1%	
HUD184	34	2,165,146	0.6%	0.3%	
PMI	31	1,998,336	0.5%	0.3%	
Uninsured 1st	263	31,926,637	4.7%	5.1%	
Uninsured 2nd	1,185	9,244,980	21.0%	1.5%	
	5,654	\$ 629,011,027			
October 2023 Portfolio Balance	5,294	\$ 533,261,690	6.80%	17.96%	percent of Incr/Decr

Weighted Average Interest Rate 4.485%

rates up to 4%	
2450	\$ 253,417,845
rates 4% and above	
3204	\$ 375,593,184

RAM PROGRAM NOVEMBER ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
4	38	241	4,810,535.00
570,000	2,452,846.62	15,400,647	

DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC. 6/20/24			(most recent available)
	<u>Oct-24</u>	<u>Aug-24</u>	<u>Oct-23</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.11	1.56	1.13	1.45	1.74	2.15	
60 Days	0.83	0.90	0.70	0.47	0.58	0.74	
90 Days	<u>2.74</u>	<u>2.37</u>	<u>1.96</u>	<u>0.58</u>	<u>0.8</u>	<u>1.1</u>	
Total Delinquencies	4.68	4.83	3.79	2.50	3.12	3.99	
In Foreclosure	0.28	0.27	0.25	0.21	0.23	0.45	

Mortgage Servicing Program Dashboard

Effective 11/30/24

2024 Monthly Servicing Report

MONTH	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
	11/30/2023	10/31/2024	11/30/2024
PORTFOLIO TOTAL LOANS	5908	6341	6333
MBOH	5341	5665	5662
BOI	302	293	291
MULTIFAMILY	16	21	19
HAF - HOMEOWNERS ASSISTANCE FUND	249	362	361
PRINCIPAL (ALL LOANS)	\$ 616,882,187.49	\$ 720,334,039.27	\$ 721,954,013.86
ESCROW (ALL LOANS)	\$ 3,492,549.41	\$ 7,288,158.36	\$ 4,464,429.41
LOSS DRAFT (ALL LOANS)	\$ 766,586.60	\$ 836,188.95	\$ 820,867.86
LOANS DELINQUENT (60+ DAYS)	252	310	279
ACTUAL FORECLOSURE SALES IN MONTH	1	0	2
FORECLOSURES TOTAL CALENDAR YEAR	10	6	8
DELINQUENT CONTACTS TO MAKE	734	755	714
LATE FEES - NUMBER OF LOANS	900	994	836
LATE FEES - TOTAL AMOUNT OF REVENUE	\$ 26,576.20	\$ 30,888.05	\$ 25,679.52
PAYOFFS	37	29	40
NEW LOANS	110	61	33

HUD's National Servicing Center TRSII SFDMS Reporting

Federal FY 2024 Final Score 90.95% - Grade A

LOSS MITIGATION	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
	10/31/2023	10/31/2024	11/30/2024
ACTIVE FINANCIAL PACKETS	0	0	0
REPAYMENT/SPECIAL FORBEARANCES	0	0	0
COVID 19 FORMAL FORBEARANCES	20	0	0
PARTIAL CLAIMS & MODS PENDING	15	0	0
CHAPTER 13 BANKRUPTCIES	11	7	7
PRESERVATION PROPERTIES	10	8	7
REAL ESTATE OWNED PROPERTIES	1	1	1
SHORT SALE	0	0	0
DEED IN LIEU	0	0	0

Board Agenda Item

Board Meeting: December 09, 2024

Multifamily Program

COAL TRUST LOAN APPROVAL

Skyview Residence in Billings, MT

Background:

Skyview Residences is requesting \$2,400,000 in Coal Trust Multifamily Homes (“CTMH”) permanent loan funding at 4.0725% amortized over 40 years with a 20-year term. Unit income targeting will be 40%, 50%, 60%, and 80% AMI. The project includes 26 family units.

Proposal:

Borrower:	Skyview Residences, LLLP
Program:	Coal Trust Multifamily Homes Loan Program
Type:	Permanent Amortizing
Amount:	\$2,400,000
Term:	20 years
Amortization Period:	40 years
Rate:	4.0725% based on August 2024 application
Security:	1 ST lien position non-recourse

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Property Taxes:	Yes, will be subject to property taxes
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with MBOH
Underwriting	
Assumptions:	Outlined in Housing Credit Qualified Allocation Plan
Closing and Stabilization	
Conditions:	On or after 3 months of stabilized occupancy

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve \$2,400,000 Coal Trust Multifamily Homes Loan in 1st lien position with a 40-year amortization, 20-year term and at a 4.0725% interest rate that will close on or after 3 months of stabilized occupancy, with the staff's discretion to change loan terms or funding pool if needed.
2. No motion, proposal fails.

Board Agenda Item

Board Meeting: December 09, 2024

Multifamily Program

HOUSING MONTANA FUND LOAN APPROVAL

Skyview Residences in Billings, MT

Background:

Skyview Residences is requesting \$175,000 in the Housing Montana Fund (“HMF”) permanent loan funding at 4.00% amortized over 30 years with a 30-year term. Unit income targeting will be 40%, 50%, 60%, and 80% AMI. The project includes 26 family units.

Proposal:

Borrower:	Skyview Residences, LLLP
Program:	Housing Montana Fund
Type:	Permanent Amortizing
Amount:	\$175,000
Term:	30 years
Amortization Period:	30 years
Rate:	4.00% based on August 2024 application
Security:	Not in 1 st position

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841
Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice



Property Taxes:	Not required
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with MBOH
Underwriting	
Assumptions:	Outlined in Housing Credit Qualified Allocation Plan
Closing and Stabilization	
Conditions:	On or after 3 months of stabilized occupancy

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve \$175,000 Housing Montana Fund loan with a 30-year amortization, 30-year term and at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy, with the staff's discretion to change loan terms or funding pool if needed.
2. No motion, proposal fails.

Board Agenda Item

Board Meeting: December 09, 2024

Multifamily Program

MULTIFAMILY LOAN PROGRAM APPROVAL

Skyview Residence in Billings, MT

Background:

Skyview Residences is requesting \$337,994 in the Multifamily Loan Program (“MFLP”) permanent loan funding at 4.00% amortized over 30 years with a 30-year term. Unit income targeting will be 40%, 50%, 60%, and 80% AMI. The project includes 26 family units.

Proposal:

Borrower:	Skyview Residences, LLLP
Program:	Multifamily Loan Program
Type:	Permanent Amortizing
Amount:	\$337,994
Term:	30 years
Amortization Period:	30 years
Rate:	4.00% based on August 2024 application
Security:	Not in 1 st position

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
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Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice



Property Taxes:	Not required
Loan Fees:	1% of Loan amount paid at closing
Escrows:	Will be held with MBOH
Underwriting	
Assumptions:	Outlined in Housing Credit Qualified Allocation Plan
Closing and Stabilization	
Conditions:	On or after 3 months of stabilized occupancy

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve \$337,994 Multifamily Loan with a 30-year amortization, 30-year term and at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy, with the staff's discretion to change loan terms or funding pool if needed.
2. No motion, proposal fails.

Board Agenda Item

Board Meeting: December 9, 2024

Multifamily Program

BOND RESOLUTION NO. 24-1209-MF05 APPROVAL

Franklin School Apartments in Great Falls, MT

Background:

Franklin School Apartments is a 40-unit family property located in Great Falls, MT. This is an acquisition/rehab project costing approximately \$271,289 per unit. Vitus Development III, LLC is the developer and is requesting a bond amount not to exceed \$7,500,000. This amount includes the buffer. Unit AMI's will target 50% and will convert two moderate rehabilitation contracts into one project-based rental subsidy contract for 20 years upon acquisition.

Staff Recommendation (if any):

Staff supports the proposal noted above.

Motion Option(s):

1. Move to approve bond resolution no. 24-1209-MF05 in the amount not to exceed \$7,500,000.
2. No motion, proposal fails.

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841
Montana Relay 711: dphhs.mt.gov/detd/mtap/traditionalrelayservice





2607 Second Avenue, Suite 300
Seattle, Washington 98121-1289
VITUS.COM

Franklin School Apartments, Great Falls, MT Preserving 40 Homes for Low-Income Families

Background

Vitus was formed in 1993 to preserve quality affordable homes for low-income seniors, those with disabilities, and families. Now, 31 years later, 30,000 people live in Vitus homes in 30 states and over 130 communities <https://vitus.com/properties/>. With affordable housing investments of more than \$1.4 billion, Vitus now ranks as one of the largest 50 affordable housing owners in the nation according to *Affordable Housing Finance*.

The Vitus Business Model: Public/Private Partnerships to Preserve Affordable Housing

Vitus seeks to acquire, preserve, and extend the affordability of properties under the federal Section 8 Housing Assistance Payment or HAP program. It does this by purchasing properties with capital secured from lenders and investors, preserving and/or extending HAP contracts, and performing necessary rehabilitation of projects using the proceeds of tax-exempt multifamily housing bonds and federal four percent low-income housing tax credits. Bond and tax credit proceeds are also used to repay lenders and provide a return to investors. A portion of the return provided to investors provides a source of funding for acquiring additional projects. This allows Vitus to continue to invest in and preserve desperately needed affordable housing across the country. Vitus seeks to invest an additional \$525 million by the end of 2024 to preserve an additional 1,745 homes across the country.

Vitus' Montana Presence

Vitus decided to invest in Montana and Great Falls because of the state and city commitment to preserving affordable housing and their reputation for robust public/private partnerships. Vitus seeks to expand its presence into Montana and build a long-lasting regional expertise. A key factor for expansion is the ability to secure multi-family housing bonds and low-income housing tax credit investments on a timely basis, to ensure that the Vitus business model can be sustained to preserve affordable housing units in Montana and nationally.

Vitus has recent experience in Great Falls, Montana with the acquisition of Parkview Apartments. Parkview Apartments is located less than half a mile away from the Property and is also a HUD-subsidized affordable housing property. The property received a tax credit award in 2023 and is currently under construction.

Local Montana Partners

Vitus seeks to create lasting local partnerships wherever it operates. Vitus has partnered with Real Estate Management Services, LLC, headquartered in Kalispell, Montana as a beginning to this effort. REMS has 30+ years of property management experience in Montana, specializing in LIHTC layering, rural development and HUD insured and subsidized properties. Additionally, the proposed General Contractor, Fredrich's Construction, seeks to hire local subcontractors and suppliers from the region. It is anticipated that 20 jobs will be required for the Franklin School Apartments Project.

The Vitus Commitment to be a Quality and Responsive Property Owner

Quality homes are essential to individual, family, and community well-being. Vitus is committed to the highest standards of property management, exemplary customer service, and being a good neighbor. To achieve this commitment, Vitus has partnered with Real Estate Management Services, a management company with extensive Section 8 and LIHTC experience.

The Franklin School Apartments Project: Preserving Quality Homes and Quality of Life for the Vulnerable

Vitus will acquire the 40-unit Franklin School Apartments Project in March 2024. Due to deferred maintenance and normal "wear and tear", it was anticipated that substantial rehabilitation of the property would need to be completed within the next 3 years both to maintain standards and sustain the viability of the Vitus business model. Vitus will convert the two mod-rehabilitation contracts to one project based rental assistance contract for 20 years upon its acquisition, subject to federal appropriations.



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Seattle, Washington 98121-1289

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Franklin School Apartments was constructed in 1913 and redeveloped in 2010. As such, significant repairs are needed. Vitus has engaged Frerichs Construction to prepare rehabilitation cost estimates which total approximately \$3 million.

The scope of the rehabilitation will encompass substantial upgrades, including modernized kitchens and bathrooms with new cabinets, countertops, flooring, Energy Star appliances, low-flow water fixtures, and all-LED lighting. The building itself will receive a new TPO roof, fiber cement panels, and accessibility improvements throughout. Additionally, 5% of the units will be converted to ADA mobility-accessible, with 2% featuring enhancements for individuals with hearing and visual impairments. Exterior upgrades will include improved accessibility pathways, a new mailbox area, and a playground.

With these upgrades, the project will provide housing comparable to (or better than) the quality of other housing in the market area. The rehabilitation will be completed with minor disruption to the residents. These improvements will significantly enhance energy conservation, improve operating efficiency and, most importantly, enhance resident quality of life.

Now is the time to proceed with a rehabilitation of Franklin School Apartments:

- Critical improvements are necessary to enhance tenant quality of life
- This may be a window of time during which bonding authority is more available
- The uncertainty of economic conditions may require Vitus to sell the property
- A new owner may not be in a position to undertake the rehabilitation in a timely manner, affecting the quality of homes for Franklin School Apartments residents and community well-being

Requests of Montana Board of Housing Vitus

respectfully requests the following:

1. Support and advance an allocation of approximately \$6.56 million of bonding authority.
2. Support Vitus' efforts to obtain a real estate tax abatement from the Montana Department of Revenue.
3. Act on a timely basis so that funding can be secured by December 2024, allowing the rehabilitation to begin in March 2025 with an estimated completion date of October 2025.

For additional information contact Gavin Taylor, Development Manager via email at gavin.taylor@vitus.com or over the phone at 253-886-2906.

MARKET STUDY SUMMARY

Market Study Company:	Novogradac
Project Name:	Franklin School Apartments
Project Market Area:	The PMA for the Subject is generally defined as the cities of Great Falls, Black Eagle, Sun Prairie, Gibson Flats, Cooper, Ulm, and Fields.

Is the project, as proposed, viable?

Average (comparable/achievable) market unit rents in immediate area and the percent the proposed project rents are below these rents.

	Market Rents	% Project Rents Below	
0 bedroom			
1 bedroom			
2 bedroom			
3 bedroom	\$ 1,650-1,725	19-22%	
4 bedroom			
5 bedroom			
			Reference page: <input style="width: 50px; text-align: center;" type="text" value="84-85"/>

of all New Units Needed: Reference page:

of units needed for the targeted AMI of the project: Reference page:

Vacancy Rate: Reference page:

Months to Lease-up: Reference page:

Capture Rate: Reference page:
 (projected income eligible tenants who will move in next year/proposed units)

Absorption Rate: Reference page:
 (proposed units/existing LIH, market area units required)

Penetration Rate: Reference page:
 (existing LIH units/total eligible households)

Number of LI households that can afford rent of proposed project: Reference page:

Distance (miles) to: (only fill this out at full market study)

miles to grocery store (convenience store does not count)
 miles to medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

A Project is located within 1½ miles of the specified amenity or essential service.

Public or contracted transportation (not including taxi or school bus service) is reasonably available to the specified amenity or service (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis) (or letter from provider committing to establish such service); or

Where applicable, the specified amenity or service is available via a no-charge delivery service to the Project Location (all distances must be as specified in the Project's market study).

All other services and distance to each.

	Other Service	Distance (mi)
1	Rhodes Park	Adjacent
2	6th St SW and 1st Ave Bus Stop	0.2 miles
3	West Elementary School	0.3 mile
4	First Interstate Bank	0.5 miles
5	Great Falls Fire Station 2	0.6 miles
6	Conoco Gas Station	0.7 miles
7	Great Falls Police Department	0.9 miles
8	Dollar Tree	0.9 miles
9	CM Russell High School	1.0 mile
10	Post Office	1.1 miles
11	Walgreens Pharmacy	1.2 miles
13	Great Falls Public Library	1.2 miles
14	Walmart	1.9 miles
15	North Middle School	2.2 miles
16		
17		
18		
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Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior and off-street parking



Subject exterior and off-street parking



Typical kitchen



Typical bathroom



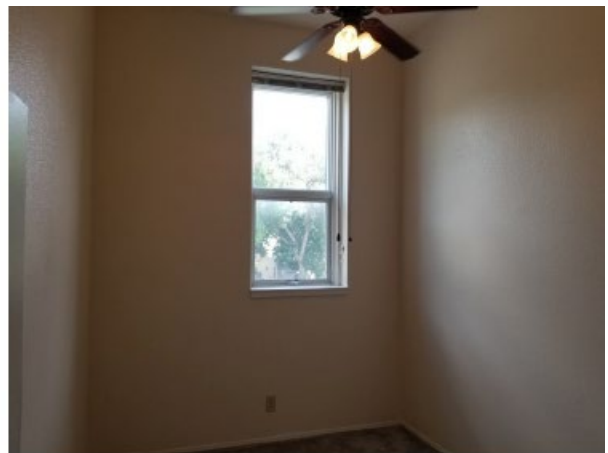
Typical living room



Typical living room



Typical bedroom closet



Typical bedroom

RESOLUTION NO. 24-1209-MF05

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE OF ITS MULTIFAMILY HOUSING REVENUE BONDS (FRANKLIN SCHOOL APARTMENTS PROJECT), SERIES 2025 IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,500,000; APPROVING THE SALE OF THE BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE INDENTURE, LOAN AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the “Act”), to issue its bonds to purchase and make mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to issue its Multifamily Housing Revenue Bonds (Franklin School Apartments Project), Series 2025 in one or more series in an aggregate principal amount not to exceed \$7,500,000 (the “Bonds”), the proceeds of which will be used to finance a loan to the Borrower (hereinafter defined) for the acquisition, rehabilitation and equipping of Franklin School Apartments, a 40-unit affordable housing development located in Great Falls, Montana; and

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust (the “Indenture”), between the Board and U.S. Bank Trust Company, National Association as trustee, or any other trust company or bank having the powers of a trust company that is in good standing with the State of Montana, duly authorized to exercise trust powers in the State with a reported capital, surplus and retained earnings of not less than \$50,000,000, and selected by an Authorized Officer, as defined herein (the “Trustee”), which will be in substantially the form as the Indenture of Trust approved by the Board with respect to its Multifamily Housing Revenue Bonds (Baxter Apartments Project), Series 2023A (the “Baxter Apartments Project”); and

WHEREAS, the proceeds of the Bonds will be used to finance a loan (the “Loan”) to Franklin School Housing Partners, LP, a Montana limited partnership, or another affiliate of Vitus Development III, LLC (the “Borrower”), pursuant to a loan agreement, by and between the Board and the Borrower (the “Loan Agreement”), which will be in substantially the form approved by the Board with respect to the Baxter Apartments Project; and

WHEREAS, the interest on the Bonds is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986 (the “Code”), and to ensure that the Bonds maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will be in substantially the same form approved by the Board with respect to the Baxter Apartments Project; and

WHEREAS, a Bond Purchase Agreement (the “Purchase Contract”) to be dated the date of sale of the Bonds among the Board, the Borrower, and the underwriter of the Bonds (the “Underwriter”), will be prepared in substantially the same form as such agreement approved by the Board with respect to the Baxter Apartments Project, pursuant to which the Board would agree to sell, and the Underwriter would agree to purchase, the Bonds at the prices and upon the terms and conditions therein set forth; and

WHEREAS, a Preliminary Official Statement pertaining to the Bonds (the “Preliminary Official Statement”) containing certain information relating to the Board, the Indenture and the Bonds, which will be in substantially the form as such preliminary official statement approved by the Board with respect to the Baxter Apartments Project, and which is to be used by the Underwriter in connection with the sale of the Bonds to investors; and

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the issuance of the Bonds constitutes a “housing development” within the meaning of Section 90-6-103(8) of the Act; and

(b) In accordance with Section 90-6-109 of the Act, following a public hearing, the Board finds:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Indenture and contained in the program documents relating to the loan financed thereby and to be financed are sufficient to ensure that the Project will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the “housing sponsors” (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the Project to be financed which is referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the Project to be financed with the proceeds of the Bonds does not involve the construction of “second homes,” which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that if the Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board loaning the Bond proceeds to the Borrower pursuant to the Loan Agreement, the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Indenture. The Indenture is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board (each an “Authorized Officer”) is hereby authorized and directed to select a trustee and to execute and deliver the Indenture, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by such execution of the Indenture.

Section 3. Authorization of the Bonds. The execution and delivery of the Board’s Bonds are hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Indenture and subject to the following conditions. The Bonds shall not be general obligations of the Board but shall be limited obligations payable solely and only from loan payments and any other moneys pledged under the Indenture by the Borrower as required by the Indenture. The Bonds shall mature no later than 40 years from their date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Loan (i.e. net of fees due to the Board and any other parties), be in an aggregate principal amount not to exceed \$7,500,000, be subject to optional, special optional, mandatory or sinking fund redemption or tender and have the other terms and provisions as described to the Board, and definitively set forth in the Indenture upon execution and delivery as aforesaid in Section 2 hereof. The Bonds shall be executed and delivered substantially in the form set forth in the Indenture, with such additions, omissions and changes as are required or permitted by the Indenture and approved by the signatories thereto. The Bonds shall be executed in the name of the Board by the Chair or the Vice Chair of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer for purposes of executing and attesting the Bonds, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee.

Section 4. Approval of Loan Agreement. The Loan Agreement is hereby approved in the form hereinabove described, and an Authorized Officer is hereby authorized to execute and deliver the Loan Agreement, with such changes, insertions or omissions therein as may be

approved by such person, such approval to be evidenced conclusively by the execution of the Loan Agreement.

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved in the form hereinabove described, and an Authorized Officer is authorized and directed to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement.

Section 6. Approval of Preliminary Official Statement and Official Statement. The Preliminary Official Statement is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by an Authorized Officer. Each such person is hereby authorized to execute and deliver a final official statement substantially in the form of such Preliminary Official Statement with such changes, insertions or omissions therein as may be required to finalize the pricing terms of the Bonds.

Section 7. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for the Bonds is hereby approved in the form described above and the execution of the Purchase Contract by an Authorized Officer is hereby authorized and directed in order to effectuate the sale of the Bonds with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

Section 8. Reserved.

Section 9. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein, with respect to the Indenture, the Loan Agreement, the Regulatory Agreement, the Preliminary Official Statement, the Purchase Contract and the Bonds is hereby approved, confirmed and ratified.

Section 10. Execution of Documents. In the event of the absence or disability of an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 11. Execution of No-Arbitrage Certificate. An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended.

Section 12. Additional Actions Authorized. The Chair, the Vice Chair, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Indenture, the Loan Agreement or the Purchase Contract and to take such other action as may be required or appropriate for the performance of the duties imposed

thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes. With respect to the issuance of the Bonds authorized by this Resolution, such Authorized Officers are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

Section 13. Effective Date. This Resolution shall become effective immediately.

[Remainder of page intentionally left blank]

ADOPTED by the Montana Board of Housing this 9th day of December, 2024.

MONTANA BOARD OF HOUSING

Attest:

By _____
Bruce Posey, Chair

By _____
Cheryl Cohen, Executive Director

County

Cascade County

Project Name

Franklin School Apartments

Developer / General Ptnr

Vitus Development III, LLC

Set-aside	General
HC Requested	3,573,680
Project Type	Family
Construction Type	Acq / Rehab
Projected Construction Start	May-25
Projected Completion	Oct-25

Unit Numbers

Target

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	50% (Low HM)	-
1-bdrm	40%	-
1-bdrm	50%	-
1-bdrm	60%	-
1-bdrm	70%	-
1-bdrm	80%	-
1-bdrm		-
1-bdrm		-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	-
2-bdrm	70%	-
2-bdrm	80%	-
2-bdrm		-
2-bdrm		-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	38
3-bdrm	60%	-
3-bdrm	70%	-
3-bdrm	80%	-
3-bdrm		-
3-bdrm		-
4-bdrm	20%	-
4-bdrm	30%	-

County

Cascade County

Project Name

Franklin School Apartments

Developer / General Ptnr

Vitus Development III, LLC

4-bdrm		40%	-
4-bdrm	50% (Low HM)		-
4-bdrm		50%	-
4-bdrm		60%	-
4-bdrm		70%	-
4-bdrm		80%	-
4-bdrm			-
4-bdrm			-
other		20%	-
other		30%	-
other		40%	-
other	50% (Low HM)		-
3; Non-S8		50%	2
other		60%	-
other		70%	-
other		80%	-
other			-
other		mkt	-
other		mgr(60%)	-
Total Units			40
Average Income Targeting			50.00%

Square Footage

Income Restricted Units	45,840
Managers Unit(s)	-
Supportive Services	-
Common Space	9,629
Market/Commercial	-
Total	55,469

Unit Rents

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	40%	-
1-bdrm	50% (Low HM)	-
1-bdrm	50%	-
1-bdrm	60%	-
1-bdrm	70%	-
1-bdrm	80%	-
1-bdrm		-

County	Cascade County		
Project Name	Franklin School Apartments		
Developer / General Ptnr	Vitus Development III, LLC		
1-bdrm			-
2-bdrm	20%		-
2-bdrm	30%		-
2-bdrm	40%		-
2-bdrm	50% (Low HM)		-
2-bdrm	50%		-
2-bdrm	60%		-
2-bdrm	70%		-
2-bdrm	80%		-
2-bdrm			-
2-bdrm			-
3-bdrm	20%		-
3-bdrm	30%		-
3-bdrm	40%		-
3-bdrm	50% (Low HM)		-
3-bdrm	50%		1,699
3-bdrm	60%		-
3-bdrm	70%		-
3-bdrm	80%		-
3-bdrm			-
3-bdrm			-
4-bdrm	20%		-
4-bdrm	30%		-
4-bdrm	40%		-
4-bdrm	50% (Low HM)		-
4-bdrm	50%		-
4-bdrm	60%		-
4-bdrm	70%		-
4-bdrm	80%		-
4-bdrm			-
4-bdrm			-
other	20%		-
other	30%		-
other	40%		-
other	50% (Low HM)		-
3; Non-S8	50%		1,101
other	60%		-
other	70%		-
other	80%		-
other			-
other	mkt		-
other	mgt(60%)		-
Total Monthly Rents			66,762
vacancy factor			5.00%
Adjusted Rent			63,424
other/commercial income			1,250
total rent			64,674
x 12 months			12
Total Annual Income			776,087

County	Cascade County	
Project Name	Franklin School Apartments	
Developer / General Ptnr	Vitus Development III, LLC	
<u>Expenses</u>		
Administration		34,598
Management		37,000
Maintenance		78,235
Operating		154,474
Taxes		2,500
Replacement Reserve		14,000
Total Expenses		<u>320,807</u>
Net Income Before		
Debt Service		455,280
<u>Financing Sources</u>		
	Hard Loan	5,960,000
	Hard Loan	219,025
	Soft Loan	852,931
	Soft Loan	-
	State HOME	-
	State CDBG	-
	State NHTF	-
	Other	-
	Other	-
	Other	-
	Other	-
	Deferred Dev Fee	603,612
	HC Equity Competitive	-
	HC Equity Non-Competitive	3,215,989
	Total Sources:	<u>10,851,557</u>
	% of Project Financed by HC:	29.64%
<u>Return on Sale of HTC</u>		
	HTC Requested	3,573,680
	HTC Equity	3,215,989
	HTC Return on Sale	0.900
<u>Ratios</u>		
	Rent (Income)	776,087
	Operating Expenses	306,807
	Replacement	14,000
	Net Income	455,280
	Total Debt Service	376,206
	Debt Coverage Ratio (DCR)	1.21
	Total Expense Ratio	1.11
<u>Project Costs</u>		
	Land	250,000
	Building/Acquisition	3,500,000
	Site Work	-

County	<u>Cascade County</u>
Project Name	<u>Franklin School Apartments</u>
Developer / General Ptnr	<u>Vitus Development III, LLC</u>
Construction / Rehab	3,884,615
Soft Costs	1,665,557
Developer Fees	1,319,047
Reserves	232,338
Total Project Costs	10,851,557
Supportive Services Costs	-
Residential Costs	10,851,557

Costs versus Sources

Total Project Costs	10,851,557
Total Financing Sources	10,851,557
Difference	-

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.69%
Contractor Overhead	2.00%	1.56%
Contractor Profit	6.00%	4.69%
Developer Fees	15.00%	14.57%
Soft Cost	40.00%	39.09%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	271,289
Cost per unit residential only	\$350,000	271,289
Cost per unit Const / Rehab	n/a	97,115
Credits per unit	n/a	89,342
Operating Cost per unit	\$3,000 min	7,670
Replacement Reserves	\$300 min	350

Per Square Foot Comparison

Construction / Rehab per sq ft	70.03
Total Project Cost per sq ft	195.63
Credits per sq ft	64.43
Credits per sq ft (residential only)	77.96

Utilities Paid by (Tenant / Owner)

Owner

Market Study Data:

Vacancy Rates	1.6%
Absorption Rate	6.6%
Months to Absorb	2
Average Project Rent	1,669
Average Market Rent	-
Units needed for Targeted AMI's	2,881

County	<u>Cascade County</u>
Project Name	<u>Franklin School Apartments</u>
Developer / General Ptnr	<u>Vitus Development III, LLC</u>

Market Rents

0-bdrms	-
1-bdrms	-
2-bdrms	-
3-bdrms	1650-1725
4-bdrms	-
other	-

Acq Rehab Info:

Reserves kept by existing owner	46,438
Other cash out by existing owner	-
Current Debt on Property	1,116,611
	-
	-
	-
	-

Development Evaluation Criteria and Selection

Lower Income Tenants

Income and Rent Level Targeting.	50%
Project-Based Rental Subsidy.	YES

Project Characteristics

Amenities	Grocery Store
Small Town / Tribal Designation Area	na
Affordable Housing Stock	Preservation
Historic Preservation	Historic Preservation

Local Involvement

Community Input	Local Community Input
QCT / Local Community Revitalization Plan	na
Communication / Relationships	na

Green Building and Energy Conservation Standards

Meets Requirements

Tenant Populations with Special Housing Needs

Family Projects	Family Project
Elderly Projects	na

Board Agenda Item

Board Meeting: December 9, 2024

Multifamily Program

CREDIT REFRESH

Creekside Apartments 9 in Missoula MT

Background:

Creekside Apartments 9 is a 9% project awarded \$5,750,000 of 2023 housing credits. The project is being developed by Homeward, LLC.

At the November 4, 2024, Board meeting, two motions for this project were approved. The first motion extended the 10% Cost Certification deadline by 6 months and the second motion Refreshed the project's 2023 credits to 2024 credits.

After further research, staff and MBOH counsel has determined the project is not eligible for an extension of the 10% Cost Certification. Per Montana's QAP, a project must have an approved 10% Cost Certification in order to be eligible for a Credit Refresh.

Considering this information, Creekside Apartments 9 is requesting the requirement that they have an approved 10% Cost Certification be waived by the Board so they can meet

the requirements of the Credit Refresh approved at the November 4, 2024 Board meeting.

Staff Recommendation (if any):

The project meets all other requirements listed in the QAP for the Credit Refresh approved at the November 4, 2024 meeting, except for the approved 10% Cost Certification.

As stated in the QAP: “The MBOH Board, in its discretion, may waive any requirement of this QAP if it determines such waiver to be in the best interests of MBOH or the Credit program.”

Staff supports waiving this requirement.

Motion Option(s):

1. Move to approve waiving the requirement of having an approved 10% Cost Certification so the project can be eligible for the Credit Refresh from 2023 credits to 2024 credits.
2. No motion, proposal fails, and previously approved Credit Refresh becomes void.



Montana Housing Staff and Board Members
Montana Board of Housing
PO BOX 200528
Helena, MT 59620-0528

November 7, 2024

Re: Creekside 9% Credit Refresh – 10% submission exception Request

Dear Montana Housing Staff and Board Members,

Thank you for approving both the 10% Cost Certification deadline extension as well as our requested Credit Refresh at November's Montana Board of Housing meeting. After discussions with Montana Housing staff, we are now reaching out to request refinement for our Creekside 9% Credit Refresh to meet all of the current QAP and IRS requirements.

Per the 2025 QAP, "MBOH may approve conversion of previously awarded Credits from the original Credit year of the Credits Awarded to a more recent Credit year (Credit Refresh) for Projects that have been issued a Carryover Allocation and for which MBOH has approved the 10% Cost Certification".

Homeword is requesting the Board's consideration of a request for a Credit Refresh for the Creekside 9% rehabilitation project in Missoula *with the exception of the required 10% Cost Certification approval*; we anticipate submitting our 10% in the second quarter of 2025, after the partnership closes in the first quarter of 2025. The project was awarded 9% 2023 credits at the October 2022 Board meeting.

Originally, the plan was to transfer the ownership of Creekside 9% from Creekside LLC to Creekside 9% LLLP in November 2024, with the acquisition cost allowing the LLLP to meet the 10% test under Section 42 (within 12 months of the carryover allocation date, property owners must spend at least 10% of the property's reasonably expected basis).

This project has also received HOME Investment Partnership Program grants from the Montana Department of Commerce and the City of Missoula to further leverage the 9% tax credits. Unfortunately, when the proposed transfer of ownership was reviewed by HUD, they determined that it was a "Choice-limiting action" and would not be allowed, because HUD has not yet approved the "Authorization to Use Grant Funds" (AUGF). Until the AUGF is issued, the Grantee (Homeword/the 9% LLLP) cannot undertake any choice limiting actions.

Equally unfortunately and also unforeseen by the HOME participating jurisdictions, HUD also adopted a Final Rule in April 2024 that changes the way that floodplains are evaluated for federally assisted projects, changing the floodplain of concern from the 100-year floodplain to the 500-year flood plain. The current FEMA flood maps are nearly 10 years old and may indicate that part of the 100 and 500-year floodplains are touching one corner on each of two buildings. However, the new Climate-Informed Science Approach (CISA) flood data indicates no 500-year floodplain on the property, and the updated maps from the Montana Department of Natural Resource (DNRC) also indicate none of the Creekside buildings are located in in either of the 100 and 500-year flood plains, thus allowing the HUD to issue the AUGF. Since the DNRC maps will not be formally

adopted until 2027, and the FEMA maps show something different than the DNRC maps, Homeward must now do a Letter of Map Amendment (LOMA) to prove to HUD that the 500-year floodplain is not an issue and meet the requirements for HUD to issue the AUGF.

To do a LOMA, a licensed surveyor must go out to the site and measure the topography of the site, and then produce a survey showing the 100-year floodplain, a line 2'-0" above the 100-year floodplain and the 500-year floodplain, along with the ground floor elevations of all the buildings. WGM has been engaged to do the survey and the necessary certification to allow HUD to approve the AUGF. The LOMA application is expected to be completed by mid-November, which would allow for the AUGF to be issued early in the first quarter of 2025, after any required notice periods.

Obviously, none of this and the current timeline meets our original plans for the schedule for the project. Some of our delays are a result of previous global pandemic delays. For instance, the electrical gear, which, prior to COVID impacts, had a 6 to 12-week lead time, took 14 months to receive for Crowley and two years to receive at Junegrass. While we hear that these types of delays are not less common, it has a cascading effect. Projects across the state have been delayed, meaning those consultants and contractors have had less availability, and prices have been very high due to the tight market. However, on the silver lining side, interest rates are a little lower, and construction costs have stabilized. We have even heard that some bids are coming in 10 to 20% lower than a year ago. As another impact of the recently high interest rates and crazy COVID delays, construction projects have slowed slightly, meaning architects and general contractors are more available to do the work needed.

Although this delay is unfortunate and unanticipated, the project has made steady progress. The work of the design team is underway, due diligence for the 4 and 9% is moving along, and the Capital Needs Assessment is in the process of being updated. Another unforeseen element was that the Investor Limited Partner, US Bank Impact Financing, required mold and mildew testing prior to closing in all the homes. That task alone added three months to the planning period.

Homeward's effort to ensure that these 161 homes don't go to market is making progress, just not as quickly as we had anticipated. Safe, stable housing is essential to our communities, and we all know how serious the housing crisis is and the economic impact that it is having across the state. Because of the desirable location of Creekside, it would be an attractive property for a market rate owner to purchase, and the period of affordability ends in 2026. It is likely we would have 161 households – seniors, veterans, families with children, etc. – experiencing significant housing instability if that were to happen.

We hope that Montana Housing and the Board will appreciate the work done so far and the benefits of keeping these homes rehabilitated and affordable for years to come and approve one of the two options in the opening paragraph. We appreciate your consideration.

Sincerely,

Heather McMilin
Homeward
Project Development Director

Board Agenda Item

Board Meeting: December 9, 2024

Multifamily Program

COST PER UNIT DISCUSSION

Background:

In recent discussions pertaining to four different projects, developers have indicated that cost per unit waivers will be needed in order to effectively build or rehabilitate units. These projects are located in rural areas throughout the state, as well as the city of Bozeman. For three projects, costs per unit shared with Board staff were \$434,000, \$470,000 and \$499,000. With respect to the fourth project, the developer has asked for a meeting with Board staff to discuss cost waivers before even submitting a letter of intent/application.

Discussions were held during the 2026 QAP working groups as to what the new per unit cost cap should be. A 10% increase was discussed, which would have brought the per unit cost cap to \$385,000. After further discussion, the \$365,000 cost per unit limit was ultimately determined and this is the amount included in the 2026 QAP, recently approved by the Governor.

NEW 2026 QAP cost per unit language:

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841
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TOTAL PROJECT COST PER UNIT LIMIT

Total Project Cost may not exceed \$365,000 per Unit (Total Project Cost Per Unit Limit) unless and to the extent that Owner obtains a waiver from the MBOH Board. If a Project's Total Project Cost per unit is above \$365,000 or has an increase that results in Total Project Cost per Unit of over \$365,000, Owner must request a waiver from the MBOH Board. In addition, if a Project has a 20% Total Project Cost per Unit increase from the time of Award, a waiver request from the MBOH Board is also required.

Owners must notify and explain to MBOH a greater than 10% increase in Total Project Cost per Unit from the amount at the time of Award. The notification(s) must be included in the Quarterly Report for the period in which the increase occurs. Failure to notify and explain such cost increases to MBOH may result in being ineligible for a waiver.

Discussion – for Board member and public comment:

Is an increase to the 2026 QAP Total Project Cost Per Unit Limit of \$365,000 needed?

Multi Family Program Dashboard

December 9, 2024

Coal Trust Multifamily Homes Program, Multifamily Loan Program and Housing Montana Fund Loan Programs

Available After Commitments

CTMH	\$73	From \$65M Authorized (including loan P&I payments)
MFLP	\$129,174	
HMF - AHRLF	\$103,149	

Projects Underway

Amount	Program/Project	City/Units	Year Awarded	Recipient	Est. Completion
4,702,040	9%/CT/HMF/MF/Skyview	Billings	2025	GL Development	Oct-26
6,500,000	9%/4%LB Lofts	Billings/Laurel	2025	Homeword/HomeFront	Sep-26
6,500,000	9%Opportunity Place	Missoula	2025	42-44 Developers	Apr-26
6,500,000	9%/4%/MF/Hidden Creek	Bozeman	2025	United Housing/HRDC	Oct-26
6,500,000	9%/CT/Polson Gardens	Polson	2025	Housing Solutions	Jul-26
6,500,000	9%/CT/The Homestead	Dillon	2025	The Housing Company	Apr-26
2,500,000	CT/Alpenglow II	Whitefish/18	2024	Housing Whitefish	Fall-26
30,460,886	9%/CT/4%Twin Creek	Helena/72	2024	United Housing Partners	Sep-26
8,050,000	9%/CT/Riverstone Senior	Hamilton/23	2024	Housing Solutions Community Preservation	April-26
6,500,000	9%/CT/Elmore Roberts	Great Falls/60	2024	Partners	Dec-26
13,197,880	9%/4%/7th & Aspen	Bozeman/46	2024	Boundry Dev & HRDC	May-26
8,200,000	9%/CTMitchell Court	Billings/32	2024	GL Development	Aug-25
10,963,840	4%/The Manor	Hamilton/60	2024	Sapphire Lutheran Homes	Feb-26
82,575,000	4%North 3rd Apartments	Bozeman/216	2023	Devco Preservation	Sep-25
58,551,220	4%/HMF/Lumberyard	Bozeman/155	2023	Rueter Walton Development	Jun-25
7,414,040	4%/Big Fork Senior	Big Fork/24	2023	Bigfork Senior Housing Community Preservation	Jun-25
23,985,160	4%/Sunshine Village	Great Falls/92	2023	Partners	Dec-24
6,435,000	9%/ANHA LIHTC #2	Agency/23	2023	Apsaalook Nation HA	Dec-25
6,500,000	9%/MF/Cabinet Affordable	Libby/24	2023	Cabinet Affordable Housing	Aug-25
8,200,000	9%/CT/Carter Commons	Great Falls/25	2023	Carter Commons, LLLP	Jul-25
41,961,750	9%/4%/Creek Side Apartments	Missoula/161	2023	Homeword Northwest Real Estate Capital Group	Apr-26, Oct-25
7,700,000	9%/MF/Meadowlark Senior	Butte/26	2023	Group	Oct-24
6,100,000	9%/Baatz Block Apts	Great Falls/25	2022	Homeword	Feb-25
Nov	9%/Tapestry Apts	Billings/26	2022	CLDI	Nov-24
8,435,000	9%/ARPA/MRM Unified Campus	Billings/29	2021	MT Rescue Mission	Dec-24
8,015,483	9%/ARPA/AHNA LIHTC 1	Crow	2021	Apsaalooke Nation HA	Dec-24
6,649,597	4%/ARPA/Highland Manor	Havre/32	2021	Echo Enterprise	Dec-24

	CTMH Projects	Loan Amount	Status
HB 16 \$15,000,000	Belt - Golden Valley Homes	\$803,060	Approved February 2020; Closed
	Cascade - Quiet Day Manor	\$872,500	Approved February 2020; Closed
	Livingston - Livingston Cottages	\$900,000	Approved February 2020; Closed
	Havre - Highland Manor	\$1,932,000	Approved February 2020
	Helena - Firetower	\$2,674,631	Approved April 2020; Closed
	Joliet / Laurel - Spruce Grove	\$5,173,486	Approved April 2020; Closed
	Havre - Oakwood Village	\$2,100,000	Approved April 2020; Closed
HB 819 \$50,000,000	Great Falls - Carter Commons	\$1,700,000	Approved September 2023
	Helena - Twin Creek 9%	\$1,221,360	Approved October 2023
	Hamilton - Riverstone Senior	\$1,550,000	Approved October 2023
	Billings - Mitchell Court	\$2,150,000	Approved October 2023
	Darby - Welcome Way	\$2,090,000	Closed November 2023
	Lolo - Two Rivers	\$5,460,833	Closed February 2024
	Belgrade - Stan's Garden	\$5,051,113	Closed January 2024
	Helena - Twin Creek 4%	\$6,890,000	Closed August 2024
	Great Falls - Elmore Roberts	\$4,989,000	Approved March 2024
	Whitefish - Alpenglow 2	\$2,500,000	Approved April 2024 (pending app +\$500K)
	Red Lodge - RLACF Rentals	\$460,000	Closed September 2024
	Billings - Skyview	\$2,400,000	Application August 2024
	Polson - Polson Gardens	\$1,750,000	Approved October 2024
	Dillon - The Homestead	\$420,000	Approved October 2024
	Missoula - Old Hellgate Village	\$2,807,031	Closed October 2024
Missoula - Casa Loma	\$9,300,000	Approved September 2024	
	Total	\$65,195,014	

Events and Deadlines

Board Agenda Item

Board Meeting: December 9, 2024 at 8:30 am

Operations / Executive Director

BOARD MEETINGS

- The next Board meeting will be held on Monday, January 13, 2025, at 8:30 a.m. via Zoom.

BOARD MEMBER OPPORTUNITIES

- The NCSHA 2025 Legislative Conference (LegCon) will be held March 10 – 12, 2025 in Washington, D.C. LegCon is an opportunity for Board members to connect with and educate our legislators about the impact of federal housing programs in our state; the agenda will also include sessions with federal officials and industry leaders to gain their insights on the 2025 legislative agenda. Board members interested in attending LegCon can notify Cheryl Cohen. The full agenda and registration are not yet available. Board Vice Chair Shelia Rice has indicated an interest in attending LegCon.
- The Montana Housing Coalition is organizing a Legislative Housing Day on Wednesday, April 16, 2025 at the Capitol Rotunda.

CONTRACTS / PROCUREMENT

- WaterfallCalc contract has been executed for Mortgage Servicing.

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- Community & Policy Advisors LLC was selected to develop Montana's 2025 Annual Action Plan for submission in HUD's Integrated Disbursement and Information System (IDIS) database.
- Emphasys Software contract renewal due at the end of December is prepped and ready for routing.

PERSONNEL

The Commerce Housing Division is actively recruiting for the following positions:

- Investment Accountant (MBOH)
- Executive Assistant (MBOH and Commerce Housing Division)
- Administrative Assistant (MBOH and Commerce Housing Division)
- Housing Choice Voucher Program Supervisor (Commerce Housing Division)
 - We will recruit for two open HCV Contract Manager positions after the HCV Supervisor position is filled.

Staffing Updates:

- We welcome Stacey Purvis to the Community Housing team as its newest Program Specialist, effective December 9, 2024. Stacey will be supporting the Community Housing team as lead on the HUD Consolidated Plan, Annual Action Plans, and Fair Housing Equity Plan bodies of work.
- We say farewell to Hilary Schmidt, Investment Accountant, who took a position with another state agency. Her last day with MBOH was November 15, 2024.
- We say farewell to Christalle Thompson, our Administrative Assistant in Operations. She has joined DNRC as the Grants Manager with the ARPA Program. Her last day with us was December 29th.

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- The ARPA Housing Team has hired two new staff, Audrae Rivera and Carrie Mikes, to support HAF Home Repair and other ARPA programs as needed.

EMERGENCY RENTAL ASSISTANCE

- With remaining Emergency Rental Assistance funds, Commerce is continuing to contract with Montana Legal Services Association to provide eviction prevention services. MLSA is no longer able to assist renters who have only received a past due rent notice, unless the renter is a client of MLSA and in need of legal advice to respond to a complaint, summons or court-ordered eviction.
- Commerce received 7 applications for the FAQ 46 Other Eligible Uses projects. Originally, only 6 were awarded funding, however, the 7th applicant is now going to receive funding as well for the Rocky Mountain Flats project in Bozeman. The ARPA Program Executive has prepared a letter of commitment for \$500,000, contingent on Rocky Mountain Flats receiving a 4% Housing Credit allocation, with the potential of an additional \$128,400 after June 30, 2025 (contingent of available funding). It is expected that Rocky Mountain Flats will add 296 rental units, of which, 102 will be for households at or below 50% AMI.

HOMEOWNER ASSISTANCE FUND

- HAF Home Repairs application was put on pause at 11:59 pm on October 25, 2024. Only the HAF Home Repairs application was put on hold; all other HAF application types are still being accepted.

- As of December 2, 2024, 2,484 applications have been submitted to the statewide program. HAF staff have approved and paid over \$10 million in total through all statewide program applications.
- HAF Home Repairs program is receiving steady monthly applications.
 - As of December 2, 2024, 573 home repair applications have been submitted.
 - Fourteen (14) applications are approved and complete.
 - Thirty-six (36) applications are currently under construction.

COMMUNITY HOUSING

- Community Housing will be finalizing HOME Investment Partnerships Program and National Housing Trust Fund awards to five projects by year-end. Staff is reviewing adjusted proposals that were impacted by the 9% Housing Credit allocations in October.
- The Community Housing team continues to manage around 70 active projects across the HOME, HTF and CDBG programs. Projects are in various stages of development.
- Two team members will attend the HOME and HTF sessions at the NCSHA Housing Finance Agency Institute in Washington, DC in January, as well as the Housing Credit module.
- The draft of the five-year Consolidated Plan will come together early in 2025 with the public meeting and comment period expected to be in February/March with anticipated submission to HUD late spring/summer 2025. Final submission to HUD will be dependent on when 2025 allocations are announced.

EXECUTIVE DIRECTOR

The MBOH Financial Statements are complete with an opinion date of November 18, 2024. We have an exit conference with Legislative Audit Division scheduled for December 18, 2024.

LEGISLATIVE SESSION

See enclosed Bill Tracker for housing-related bills, updated December 2, 2024. The Commerce Housing Division has drafted our budget presentation for the 2025 session, which will be provided to Board members via email after review by the Commerce Director's Office and Marcomms team is complete. Commerce leadership is holding budget presentation practice runs on December 9 and December 16.

BOARD MEMBER APPOINTMENTS

Thank you to all Board members who have contacted me regarding your intent to seek reappointment. I have provided an update to the Governor's Office staff in charge of boards and appointments and anticipate we will see a bill for new appointees early in the 2025 Legislative session. Board members who have terms expiring in January 2025 who are not seeking reappointment are requested to continue to serve in early 2025 until new appointments are made and confirmed. On behalf of the MBOH staff, I extend a sincere thank you to all Board members for your service throughout 2024 and your appointed terms.

EX PARTE COMMUNICATIONS POLICY

Montana Department of Commerce | commerce.mt.gov | Montana Board of Housing
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Please see attached final Ex Parte Communications Policy. Board staff requests the Board's approval of the updated Ex Parte Communications Policy.

Housing MT

Report Date: December 2, 2024

Bill Number	Bill Sponsor	Current Committee	Last Action	Next Hearing
HB 21			11/22/24 - (LC) Draft Delivered to Requester	
LC0008	Flowers, Pat		10/02/24 - (LC) Draft On Hold	
LC0106			09/04/24 - (LC) Drafter Assigned	
LC0129	Morigeau, Shane		10/07/24 - (LC) Draft On Hold	
LC0141	Curdy, Willis		09/04/24 - (LC) Drafter Assigned	
LC0142	Curdy, Willis		09/04/24 - (LC) Drafter Assigned	
LC0155	Curdy, Willis		11/14/24 - (LC) Draft On Hold	
LC0156	Curdy, Willis		09/05/24 - (LC) Drafter Assigned	
LC0401	Zolnikov, Daniel		09/27/24 - (LC) Draft On Hold	
LC0412	Zolnikov, Daniel		09/27/24 - (LC) Drafter Assigned	
LC0523	Webber, Susan		10/08/24 - (LC) Drafter Assigned	
LC0525	Webber, Susan		10/08/24 - (LC) Drafter Assigned	
LC0526	Webber, Susan		10/08/24 - (LC) Drafter Assigned	
LC0547	Webber, Susan		12/01/24 - (LC) Draft On Hold	

Housing MT

Report Date: December 2, 2024

Bill Number	Bill Sponsor	Current Committee	Last Action	Next Hearing
LC0583	Bogner, Kenneth		10/21/24 - (LC) Draft On Hold	
	Revise manufactured/mobile home laws			
LC0692	Dunwell, Mary Ann		10/31/24 - (LC) Drafter Assigned	
	Generally revise laws related to costs for renters			
LC0694	Dunwell, Mary Ann		10/31/24 - (LC) Drafter Assigned	
	Provide for housing voucher risk pool for landlords			
LC0705	Mandeville, Forrest		10/31/24 - (LC) Drafter Assigned	
	Revise laws related to accessory dwelling units			
LC0787	Bogner, Kenneth		11/04/24 - (LC) Draft On Hold	
	Revise mortgages of real property laws			
LC1114	Jones, Llew		11/11/24 - (LC) Drafter Assigned	
	Generally revise laws related to affordable housing			
LC1169	Jones, Llew		11/11/24 - (LC) Drafter Assigned	
	Provide funding to address affordable housing			
LC1283	Hinkle, Jedediah		11/11/24 - (LC) Drafter Assigned	
	Revise laws related to housing provider organizations that receive public funding			
LC1287	Hinkle, Jedediah		11/11/24 - (LC) Drafter Assigned	
	Revise laws related to public and nonprofit housing			
LC1318	Hinkle, Jedediah		11/12/24 - (LC) Draft On Hold	
	Revise laws on public and nonprofit housing			
LC1774	Gillette, Jane		11/20/24 - (LC) Drafter Assigned	
	Transfer low-income housing programs from DPHHS to Dept of Commerce			
LC1860	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
	Revise elderly homeowners and renters tax credit laws			
LC1861	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
	Revise land use laws related to manufactured homes			
LC1864	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
	Provide housing price transparency for residential appraisals			

Housing MT

Report Date: December 2, 2024

Bill Number	Bill Sponsor	Current Committee	Last Action	Next Hearing
LC1865	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
Provide appraisal procedures for deed restricted properties				
LC1868	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
Reauthorize loan from coal trust for multi-family and individual homes				
LC1874	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
Revise shared equity housing program				
LC1877	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
Regulatory reform for creation of mobile home parks				
LC1879	Fern, Dave		11/22/24 - (LC) Drafter Assigned	
Create housing improvement district				
LC1908	Kassmier, Josh		11/22/24 - (LC) Draft On Hold	
Generally revise workforce housing				
LC1921	Boldman, Ellie		11/22/24 - (LC) Drafter Assigned	
Generally revise landlord/tenant law, relating to application fees				
LC1959	Karlen, Jonathan		11/23/24 - (LC) Drafter Assigned	
Revise the mobile home lot rental laws				
LC2128	Seekins-Crowe, Kerri		11/29/24 - (LC) Drafter Assigned	
Generally revise laws relating to home equity				
LC2147	Kassmier, Josh		11/29/24 - (LC) Draft On Hold	
Revise community reinvestment plan laws				
LC2168	Regier, Matt		11/29/24 - (LC) Drafter Assigned	
Revise landlord laws				

Montana Board of Housing (the Board or MBOH)

Ex Parte Communication Policy

December 9, 2024

Purpose

The purposes of this *ex parte* communication policy are to:

- (1) promote transparency and openness concerning the Board's interactions with public stakeholders;
- (2) assure that, where required, Board decisions are based upon information presented to the Board in a duly noticed public meeting;
- (3) prevent individuals and entities from gaining an unfair advantage, or the perception of an unfair advantage, over others by communicating with one or more Board members on an *ex parte* basis;
- (4) assure that all Board members and public stakeholders have access to information presented to the Board and its members and opportunity to comment and respond; and
- (5) reduce the risk that Board decisions will be subject to challenge due to reliance on information obtained through inappropriate *ex parte* communication.

This policy, by design, accounts for the varying nature of matters that come before the Board.

Applicability

This policy applies to Board members and the Board's public stakeholders with respect to the matters specified below. For purposes of this policy, the following terms (whether or not capitalized herein) have the following meanings:

- (1) "Board" means the Montana Board of Housing established by Mont. Code Ann. § 2-15-1814, acting through a duly constituted quorum of its members.

- (2) “Board meeting” or “meeting” means a duly noticed meeting of the Board at which a quorum is present.
- (3) “*Ex parte*” or “*ex parte* communication” means communication in any form (including but not limited to oral, written or electronic) between one or more Board members and one or more public stakeholders other than in the course and on the record of a Board meeting (e.g., emails, telephone calls or conversations between an applicant and Board member outside a meeting urging favorable action on an application, award or other benefit).
- (4) “Matter” means and includes any one of the following matters:
- a. Loan applications, exceptions and related matters requiring Board approval;
 - b. Participating lender applications;
 - c. Requests for fund set-asides, purchase of lien, loan or servicing portfolios, and similar requests;
 - d. Bond resolutions or similar resolutions;
 - e. Housing Credit letter of intent project selections and credit awards, and other requests and approvals under the Board’s Qualified Allocation Plan requiring Board action (e.g., waiver requests and credit refresh requests);
 - f. Competitive procurement contract awards;
 - g. Award of any benefit to any one or more particular applicants;
 - h. Contested cases;
 - i. Any other matters in which the Board is required to adjudicate or adjudicates the matter by applying a law or policy to particular facts or situations based upon evidence in the record.

The term does not include any of the following matters, decisions, participation and communications, or Board consideration and action thereon, unless specifically included within the foregoing list of covered matters:

- a. Board policies or standards of general applicability;
- b. Board program reports, minutes, audits and similar items;
- c. Board rulemaking, including QAP development and approval;
- d. Board training, planning and policy discussions;
- e. Board program development and adoption and related matters;
- f. Conferences, forums and related discussions relating to affordable housing or other matters generally within the Board's purview;
- g. Scheduling, status, administrative and ministerial matters;
- h. Any decision or matter performed by or delegated to Board staff;
- i. Documents or information submitted to Board staff and included in the materials provided generally to Board members in connection with any meeting agenda item;
- j. Any matter constituting an exercise of the Board's legislative or operational functions;
- k. Communication and interaction in the course and on the record of a Board meeting;
- l. Communication unrelated to Board business.

(5) "Member" means a member of the Board appointed by the Governor as provided by law and does not include the Board's Executive Director or other staff.

(6) "Public stakeholder" means an individual, association, organization or other entity (and any owner of an interest in any such entity) with any interest, direct or indirect, in a matter, whether such interest is financial, contractual, legal,

policy, advocacy or otherwise, and includes but is not limited to applicants, borrowers, lenders, investors, sponsors, local governmental entities and officials, and advocacy organizations. The term does not include the Board's Executive Director or other staff.

(7) "Quorum" means a majority of the membership of the Board.

This policy applies to Board members and all Board members must abide by this policy in all communication with a public stakeholder regarding any matter that is before the Board for consideration or action (as indicated by inclusion of the matter on a Board meeting agenda) or that will require Board action to proceed (*e.g.*, a potential/proposed project that will apply for Housing Credits or a Board loan). This policy also applies to all public stakeholders with respect to communication with Board members regarding any such matter. This policy applies to all communication and interactions, including oral, written and electronic, between one or more Board members and any one or more public stakeholders.

Policy

In acting on any matter, the Board and any member may consider only information and documents:

- (i) presented by Board staff generally to Board members for purposes of the meeting;
- (ii) communicated or submitted in the course and on the record of a Board meeting; or
- (iii) unless otherwise restricted by Board action, included in an *ex parte* communication to the extent such information is disclosed on the record of a Board meeting.

Board members should not receive or consider any other communication, information, material or documents for purposes of acting on any matter.

Board members should refrain from and take all reasonable measures to avoid engaging in *ex parte* communication with any public stakeholder regarding any matter that is before the Board for consideration or action (as indicated by inclusion of the matter on a Board meeting agenda) or that will require Board action to proceed (e.g., a potential/proposed project that will apply for Housing Credits or a Board loan).

Members should not initiate contact with any public stakeholder regarding any such matter. If contacted or approached by a public stakeholder on an *ex parte* basis regarding any such matter, a Board member should attempt to prevent or stop the communication and inform the public stakeholder that such communication is prohibited except in a Board meeting. This may include the member providing information to the public stakeholder on how to appropriately submit material to MBOH.

Public stakeholders should not make or cause to be made any *ex parte* communication to any Board member who is or may reasonably be expected to be involved in Board consideration or action on any matter that is before the Board for consideration or action (as indicated by inclusion of the matter on a Board meeting agenda) or that will require Board action to proceed (e.g., a potential/proposed project that will apply for Housing Credits or a Board loan). Further, if a Board member initiates an *ex parte* communication with a public stakeholder, the public stakeholder should attempt to prevent or stop the communication and avoid discussing the matter with the member.

Process

A Board member who has had any *ex parte* communication (including without limitation any communication or receipt of information, material or documents) to, from or with any public stakeholder regarding any matter that is before the Board for consideration or action (as indicated by inclusion of the matter on a Board meeting agenda) or that will require Board action to proceed (e.g., a potential/proposed project that will apply for

Housing Credits or a Board loan) must disclose all such communication on the record at any Board meeting at which the matter is considered.

The disclosure must include:

- (i) the identity of the public stakeholder making the communication(s);
- (ii) the date(s) of the communication;
- (iii) the substance of all oral communication, including the member's response; and
- (iv) copies of all written and electronic communication included in the *ex parte* communication.

Absent Board action to the contrary, the disclosing member may participate in consideration, discussion and action on the matter. The Board may, however, impose additional measures or remedies deemed necessary or appropriate to avoid any unfair advantage or perception of unfair advantage or to cure any prejudice to other interested parties, including but not limited to any one or more of the following:

- (i) mandatory recusal of the disclosing member from participation in consideration, discussion and action on the matter;
- (ii) adverse action on the matter, including denial or rejection of an application or request, if the applicant or requestor committed, caused or failed to take reasonable action to avoid the *ex parte* communication;
- (iii) no consideration of or reliance upon content of the *ex parte* communication;
- (iv) where the opportunity does not already exist, providing all interested persons an opportunity to respond to the disclosed material; or
- (v) other reasonable measures or remedies.

If a member has any doubt or question regarding whether any communication constitutes an *ex parte* communication subject to this policy, the member will contact the Board's Executive Director or legal counsel to discuss and obtain further guidance.

Board Member Responsibility

In addition to the foregoing, all Board members will acknowledge and accept the responsibility to follow all applicable state laws and policies regarding *ex parte* communication, including but not limited to:

- (i) initial and annual completion, execution and submission of an acknowledgement and affirmation of this policy in the form required by the Board;
- (ii) attendance and participation in at least annual training regarding *ex parte* communication; and
- (iii) compliance with the terms of this policy, including full disclosure and any other measures or remedies determined by Board action as provided in this policy.

The Board will provide a copy of this policy to each Board member and each member must sign and return the policy, acknowledging receipt of the policy and that the member has read, understands, and will comply with the policy.

Acknowledgement

The undersigned Board member hereby acknowledges receipt of a copy of this policy and that the member has read, understands, and will comply with the policy.

DATED: _____, 20____

Print Board Member Name: _____

