



MONTANA HOUSING

Meeting Location: Zoom only

Date: November 15, 2021

Time: 8:30 a.m.

Chairperson: Sheila Rice

Remote Attendance: Join our meetings remotely via Zoom and phone.

To register for Zoom, Click: https://mt-gov.zoom.us/meeting/register/tZlkc-ggqD0uGdctsit3-HZMpd2M5_jgcC2g

To participate by phone:

Dial 888-556-4567, Meeting ID: 869 4326 6433, Passcode 257547

Board Offices: Montana 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 agency.

Minutes

- ❖ Approve Prior Board Meeting Minutes

Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ 2022A Resolution Approval
- ❖ Bond Advantage Program Change Approval
- ❖ Participating Lender Approval – Hometown Lenders, Inc.

MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.



MONTANA HOUSING

- ❖ Homeownership Update

Mortgage Servicing (Manager: Vicki Bauer for Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Nicole Whyte)

- ❖ Remaining 2022 Credit Awards
- ❖ Qualified Allocation Plan & Qualified Contract Process
- ❖ Laurel Depot Reconfiguration
- ❖ Highland Manor Bond Resolution
- ❖ Multifamily Update

Executive Director/Operations (Cheryl Cohen)

- ❖ Executive Director/Operations Update

Miscellaneous

Meeting Adjourns

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

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the Housing Division at 406.841.2840 or TDD 406.841.2702 before the scheduled meeting to allow for arrangements.

MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.

2021 CALENDAR

January						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February						
Su	Mo	Tu	We	Th	Fr	Sa
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28						

March						
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28	29	30	31			

April						
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May						
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30	31					

June						
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27	28	29	30			

July						
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August						
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29	30	31				

September						
Su	Mo	Tu	We	Th	Fr	Sa
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12	13	14	15	16	17	18
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26	27	28	29	30		

October						
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

2021

November 2021

15 – Board Meeting - Zoom

December 2021

13 – No Board Meeting

July 2022

11 – No Board Meeting

August 2022

8 – Board Meeting – Zoom

September 2022

12 – Strategic Planning Session – Great Falls

13 – Board Meeting – Great Falls

October 2022

17 – Board meeting – Zoom

November 2022

14 – No Board Meeting

December 2022

12 – No Board Meeting

*** All meeting dates are subject to change

2022

January 2022

10 – No Board Meeting

February 2022

14 – Board Meeting – Zoom

March 2022

14 – No Meeting

April 2022

11 – Finance Training – Fairmont Hot Springs

12 – Board Meeting – Fairmont Hot Springs

May 2022

16 – Board Meeting – Zoom (Letter of Intent)

17 – Board Meeting – Zoom

June 2022

13 – Board Meeting – Helena



MONTANA HOUSING

Zoom Only
November 15, 2021

ROLL CALL OF BOARD

MEMBERS:

Sheila Rice, Chairwoman (Present)

Adam Hertz, Treasurer (Present)

Bruce Posey, Vice-Chairman (Present)

Cari Yturri (Present)

Charles Robison (Present)

Jeanette McKee (Present)

STAFF:

Cheryl Cohen, Executive Director

Paula Loving, Executive Assistant

Julie Flynn, Community Housing

Charlie Brown, Homeownership Program

Nicole Newman, Community Housing

Vicki Bauer, Homeownership Program

Nicole McKeith, Multifamily Program

Bruce Brensdal, Multifamily Program

Todd Jackson, Commerce Communications

Jennifer Stepleton, Community Housing

COUNSEL:

Greg Gould, Jackson Murdo & Grant

UNDERWRITERS:

Drew Page, Kutak Rock

Mina Choo, RBC Capital

Patrick Zhang, RBC Capital

John Wagner, Kutak Rock

FINANCIAL ADVISORS:

Eugene Slater, CSG Advisors

David Jones, CSG Advisors

OTHERS:

Alex Burkhalter

Beki Brandborg

Heather McMilin

Jason Boal

June Beartusk

Maddie Alpert

Tyler Currence

Andrew Chanania

Gene Leuwer

Jackie Girard

Jennifer Wheeler

Laura Seyfang

Maddy Mason

Becky Brockie

Gerald Fritts

Jane Gillette

Julie Stiteler

Logan Anderson

Peter Mathison

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 website at [Meetings and Minutes](#).

CALL MEETING TO ORDER

- 0:00 Chairwoman Sheila Rice called the Montana Board of Housing (MBOH) meeting to order at 8:32 a.m.
- 2:05 Introductions of Board members and attendees were made.
- 5:55 Chairwoman Rice asked for public comment on items not listed on the agenda. Public comment was made by Representative Jane Gillette.

APPROVAL OF MINUTES

October 18, 2021 MBOH Board Meeting Minutes – page 4 of packet

- 1:37:45 Motion: Cari Yturri
Second: Jeanette McKee
The October 18, 2021 MBOH Board meeting minutes were approved unanimously.

FINANCE PROGRAM

Finance Update – page 11 of packet

- 9:30 Presenters: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

Bond Resolution 21-1115-SF03_2022A – page 14 of packet

- 12:55 Motion: Bruce Posey
Second: Adam Hertz
Bond Resolution No. 21-1115-SF03_2022A in an aggregate principal amount not to exceed \$75,000,000 was approved unanimously.

Bond Advantage Program Change – page 20 of packet

- 17:40 Motion: Cari Yturri
Second: Jeanette McKee
The Bond Advantage Down Payment Assistance loan limit increase from \$10,000 to \$12,500 was approved unanimously.

Participating Lender Approval – Hometown Lenders, Inc. – page 21 of packet

- 22:40 Motion: Bruce Posey
Second: Jeanette McKee
Hometown Lenders, Inc was approved unanimously as an MBOH participating lender.

Homeownership Update – page 22 of packet

25:40 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 24 of packet

28:30 Presenters: Vicki Bauer

MULTIFAMILY PROGRAM

Remaining 2022 Tax Credits – page 25 of packet

32:15 Project Updates for Crowley Flats, Creekside Commons, Carter Commons, Riverview Apartments, Hardin Senior Housing and Cabinet Affordable Housing.

58:00 Motion: Bruce Posey

Second: Adam Hertz

The motion to allocate and award 2022 Housing Credits in the amount of \$220,000 to Crowley Flats was approved unanimously, as an increase in the amount of Housing Credits previously awarded to and reserved for the Project, based upon the Project’s written request for such increase and pursuant to Section 4.I of the 2022 QAP, and subject to the following conditions: (1) amendment of the existing Reservation Agreement between MBOH and the Project Owner with respect to such prior award, to provide for the increase in the amount of Credits and the addition of any additional mandatory terms, requirements and conditions applicable to 2022 Credits not already included in the Reservation Agreement.

1:02:30 Motion: Jeanette McKee

Second: Bruce Posey

Creekside Commons was approved unanimously for the reduction of number of units from 36 to 30 with no additional Housing Credits awarded.

1:04:10 Motion: Jeanette McKee

Second: Cari Yturri

The motion to award 2022 Housing Credits to Riverside Apartments in the amount of \$6,491,250 was approved unanimously, subject to the following condition: in the event that the amount of 2022 Housing Credits available to MBOH is reduced by the IRS after this award determination, the amount of Credits awarded to the Project shall be reduced as necessary to reflect the reduction in available 2022 Credits.

1:09:45 Motion: Adam Hertz

Second: Cari Yturri

Roll Call:

Adam Hertz	Yes
Bruce Posey	No
Cari Yturri	No

Jeanette McKee No
Sheila Rice Yes

The reconsideration of the Creekside Commons waiver failed.

1:19:10 Motion: Bruce Posey

Second: Jeanette McKee

The motion of Board having held the 2022 First Award Round open and continuing for purposes of consideration of award or allocation of the 2022 Credits not awarded at the October 18, 2021 Board meeting in the amount of \$6,179,830 (the "Remaining Credits") and the Board having awarded or allocated such Remaining Credits, the 2022 First Award Round is deemed completed and is hereby closed was approved unanimously.

Qualified Allocation Plan & Qualified Contract Process – page 42 of packet

1:20:25 Motion: Cari Yturri

Second: Bruce Posey

The Qualified Contract Process was approved unanimously and will follow the Administrative rule process.

1:24:30 Motion: Bruce Posey

Second: Adam Hertz

The 2023 Qualified Allocation Plan was approved unanimously and will follow the Administrative rule process.

Laurel Depot Reconfiguration – page 102 of packet

1:29:50 Motion: Jeanette McKee

Second: Bruce Posey

The Laurel Depot reconfiguration and modification request was approved unanimously.

Highland Manor Bond Resolution – page 111 of packet

1:32:40 Motion: Jeanette McKee

Second: Bruce Posey

The Highland Manor Bond Resolution No. 21-1115-MF04 was approved unanimously.

Multifamily Update – page 137 of packet

1:35:00 Presenters: Nicole McKeith

OPERATIONS/EXECUTIVE DIRECTOR

Operations/Executive Update

1:38:45 Presenters: Cheryl Cohen

MEETING ADJOURNMENT

1:49:20 Meeting was adjourned at 10:37 a.m.

DocuSigned by:

Adam Hertz

Adam Hertz, Secretary

2/14/2022

Date

Certificate Of Completion

Envelope Id: AD430977E38F46CA9263F04886A099D8	Status: Completed
Subject: Please sign the approved Corrected November 2021 Board Minutes.	
Source Envelope:	
Document Pages: 5	Signatures: 1
Certificate Pages: 4	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Paula Loving
Time Zone: (UTC-07:00) Mountain Time (US & Canada)	PO Box 200501
	301 S. Park Ave
	Helena, MT 596200501
	ploving@esign.mt.gov
	IP Address: 161.7.39.7

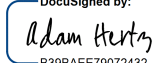
Record Tracking

Status: Original	Holder: Paula Loving	Location: DocuSign
2/14/2022 12:35:09 PM	ploving@esign.mt.gov	

Signer Events

Adam Hertz
adamhertz@eralambros.com
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

B39BAEE79072432...

Timestamp

Sent: 2/14/2022 12:36:53 PM
Viewed: 2/14/2022 12:42:33 PM
Signed: 2/14/2022 12:42:44 PM

Signature Adoption: Pre-selected Style
Using IP Address: 69.145.153.166

Electronic Record and Signature Disclosure:
Accepted: 2/14/2022 12:42:33 PM
ID: 7f29483f-a7e3-4116-9008-133bcf033603

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

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Agent Delivery Events

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Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

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Carbon Copy Events

Status

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Witness Events

Signature

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Notary Events

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Envelope Summary Events

Status

Timestamps

Envelope Sent	Hashed/Encrypted	2/14/2022 12:36:53 PM
Certified Delivered	Security Checked	2/14/2022 12:42:33 PM
Signing Complete	Security Checked	2/14/2022 12:42:44 PM
Completed	Security Checked	2/14/2022 12:42:44 PM

Payment Events

Status

Timestamps

Electronic Record and Signature Disclosure

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- ii. send us an e-mail to docontracts@mt.gov and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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BOARD AGENDA ITEM

PROGRAM

Account and Finance Program

AGENDA ITEM

Financial Update

BACKGROUND

On August 1st, the Board directed US Bank as our Multifamily Trustee, to optionally redeem the Series 1999A-1 Bonds. This redemption allows us to combine Indenture 50 with the MF GO 1998A funds. As Nicole discussed during her presentation in September, we had to wait 90 days between full redemption and the roll-up process. US Bank is currently in the process of moving the funds and investments in the Indenture 50 accounts to a newly created combined program account in Indenture 51 that will be used for future Multifamily programs.

After discussions with our finance team about the December 1, single family bond call, we directed Wilmington Trust, as our single family trustee, to call approximately \$41.7 million in single family bonds in addition to the regular maturities and PAC bonds called.

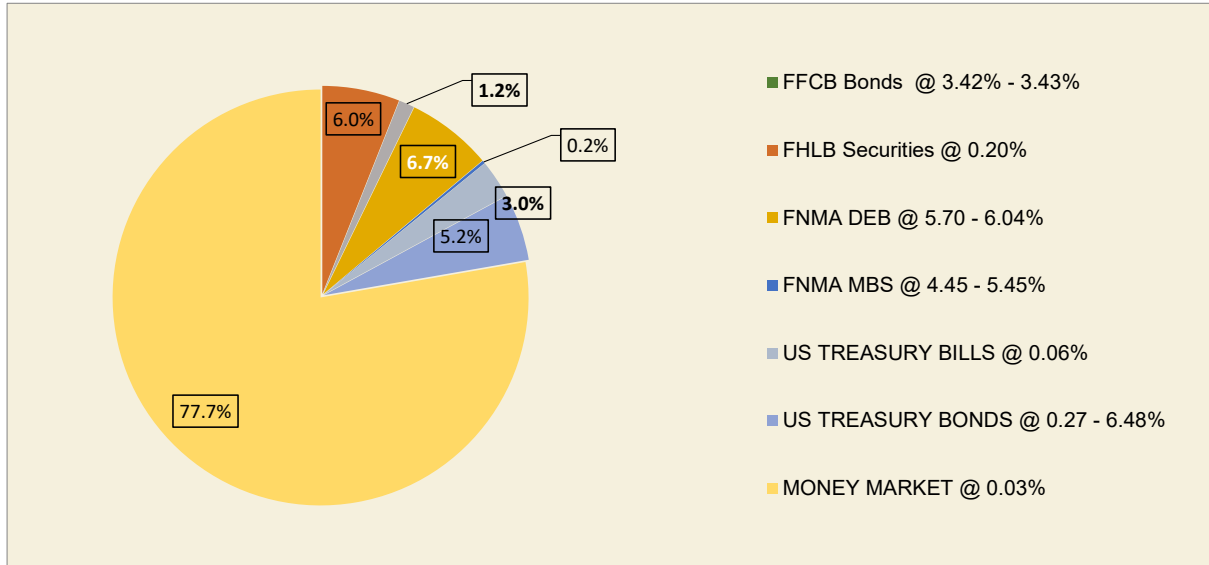
Looking at the Accounting and Finance Dashboard, you will see very little has changed. We still have a large portion of our funds in Money Market and, as stated before, we will be reducing that amount by calling the \$41 million in bonds. We will also be looking at new investments once debt service is finished as the market has started showing improvement.

The portfolio maturity is shown on the first page of the dashboard. The maturities by types of investment are shown on the second page of the dashboard.

Accounting & Finance Dashboard

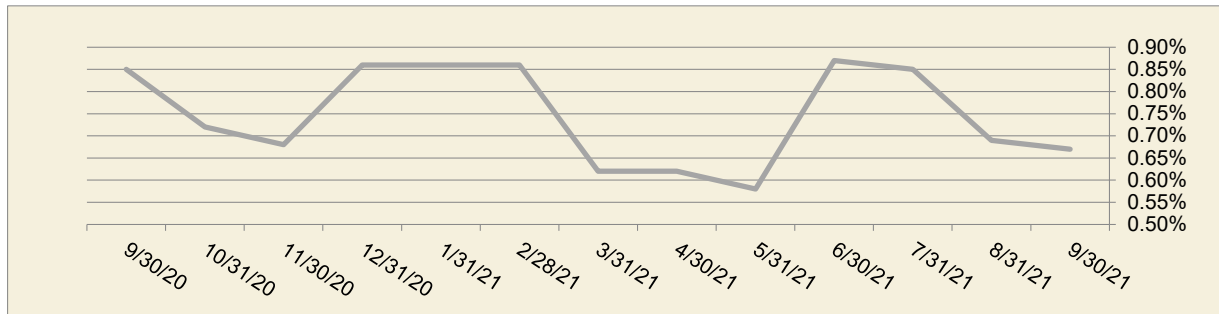
Data as of September 30, 2021

INVESTMENT DIVERSIFICATION



FNMA = Federal National Mortgage Association
 FHLB = Federal Home Loan Bank
 FHLMC = Federal Home Loan Mortgage Corporation
 FFCB = Federal Farm Credit Bank

WEIGHTED AVERAGE YIELD TREND



PORTFOLIO MATURITY

For September 30, 2021

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 143,667,384	\$ 20,122,000	\$ 14,769,000	\$ 5,860,000	\$ 297,349	\$ 117,827	\$ -	\$ 184,833,559

**Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
September 30, 2021**

Maturity Date	Trustee Bank	Investment Type	Par Value
11/29/2021	Wilmington Trust	FHLB	11,120,000.00
01/27/2022	Wilmington Trust	T-BILLS	5,507,000.00
08/15/2022	US Bank Corporate Tr	T-NOTES & BONDS	3,495,000.00
06/15/2024	Wilmington Trust	T-NOTES & BONDS	1,290,000.00
08/15/2025	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
04/30/2026	Wilmington Trust	FNMA DEB	4,613,000.00
09/27/2027	Wilmington Trust	FNMA DEB	4,070,000.00
11/26/2027	Wilmington Trust	FNMA DEB	3,635,000.00
07/15/2032	Wilmington Trust	FHLMC BOND	2,225,000.00
02/01/2036	Wilmington Trust	FNMA MBS	47,171.14
05/01/2036	Wilmington Trust	FNMA MBS	25,835.82
07/01/2036	Wilmington Trust	FNMA MBS	63,796.65
03/01/2037	Wilmington Trust	FNMA MBS	125,007.07
08/01/2037	Wilmington Trust	FNMA MBS	35,537.86
08/01/2038	Wilmington Trust	FNMA MBS	55,815.03
12/01/2038	Wilmington Trust	FNMA MBS	62,011.53
09/30/2021	US Bank Corporate Tr	US BANK MONEY M	1,762,007.52
09/30/2021	Wilmington Trust	WT GOLDMAN SACH	141,905,376.27
Total			184,833,558.89

FNMA = Federal National Mortgage Association

Fannie Mae

FHLB = Federal Home Loan Bank

FHLMC = Federal Home Loan Mortgage Corporation

Freddie Mac

FFCB = Federal Farm Credit Bank

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Approval of Bond Resolution 21-1115-SF03_2022A

BACKGROUND

The attached Resolution approves the issuance of fixed or variable rate Mortgage Revenue Bonds in an aggregate principal amount not to exceed \$75,000,000 to finance loans or refund previously issued bonds or for both.

The resolution is written to give us the flexibility to issue bonds under any of the three indentures and to refund bonds from any of the three indentures.

Kutak prepared this resolution in the same form as the one approved for the 2021B issue. Even though this resolution allows for a Floating Rate Note as a variable rate option, we intend to issue fixed interest rate bonds under the SFI Indenture to purchase new money mortgage loans.

As of November 5, 2021, we had fully reserved the funds provided from the proceeds of the 2021 B issue that closed on August 31, 2021 and we had reserved \$1.3 million of loans in the bridge for the 2022A issue. We have begun working with the finance team to structure the next issue, monitoring and changing interest rates to keep us competitive while mitigating risk and increasing the DPA loan amount. This resolution will allow us to move forward with the 2022A bond issue that will carry us into the new year.

Our current lending rates are 2.625% for first mortgages with no DPA, 2.875% for first mortgages with DPA and the set-aside rate is set at 2.375%.

PROPOSAL

Staff requests that the Board approve the attached resolution.

RESOLUTION NO. 21-1115-SF03_2022A

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE AND DELIVERY OF, AND AUTHORIZING THE DETERMINATION OF CERTAIN TERMS OF, ONE OR MORE NEW ISSUES OF SINGLE FAMILY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000, WITH FIXED OR VARIABLE RATES, TO FINANCE LOANS, REFUND OUTSTANDING BONDS OR BOTH; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT IF THE BONDS ARE SOLD TO THE PUBLIC, CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; 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 and refund its bonds and to purchase mortgage loans or mortgage-backed securities 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 of Montana (the “State”); and

WHEREAS, the Board has previously implemented mortgage purchase programs in order to finance single family dwellings in the State for families and persons of lower income; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, Single Family Program Bonds or Single Family Homeownership Bonds, in one or more series or subseries in an aggregate principal amount not to exceed \$75,000,000 with fixed or variable rates (the “New Series Bonds”), under the provisions of either the Trust Indenture dated March 7, 1977, as restated and amended, the Trust Indenture dated August 16, 1979, as amended, or the Trust Indenture dated as of December 1, 2009 (each, the “General Indenture”), each between the Board and Wilmington Trust, National Association (as successor trustee), as trustee, which New Series Bonds will be used to finance mortgage loans to provide additional moneys to finance single family dwellings in the State pursuant to the Mortgage Purchase and Servicing Guide and the forms of the Invitation to Participate and Notice of Acceptance previously approved by the Board, and to fund certain reserve funds, if necessary, or to refund bonds previously issued for such purpose; and

WHEREAS, a Supplemental Trust Indenture (the “Supplemental Indenture”) (together with the General Indenture under which the New Series Bonds are to be issued, which it supplements, the “Trust Indenture”), between the Board and Wilmington Trust, National Association (as successor trustee), as Trustee, will be prepared in substantially the form of such document previously approved by the Board and used in connection with the issuance of the Single Family Mortgage Bonds, 2021 Series B (the “2021 Series B Bonds”) with appropriate changes as hereinafter described, whereby the Board would issue the New Series Bonds subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, if the New Series Bonds are to be sold to the public, a Preliminary Official Statement (the “Preliminary Official Statement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the marketing of the 2021 Series B Bonds, containing certain information relating to the Board, the Trust Indenture and the New Series Bonds, and which will be distributed to the prospective purchasers of such New Series Bonds and others by a group of investment dealers and brokers represented by RBC Capital Markets, LLC (the “Underwriters”); and

WHEREAS, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2021 Series B Bonds containing the agreement of the Board to annually update certain financial and operating information in the final Official Statement (as hereinafter described) and to timely provide notice of the occurrence of certain specified events; and

WHEREAS, a purchase contract (the “Purchase Contract”), to be dated the date of sale of the New Series Bonds, between the Board and the Underwriters (or if the New Series Bonds are sold to a single institutional investor, such investor) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2021 Series B Bonds, pursuant to which the Board would agree to sell and the New Series Bonds purchaser would agree to purchase the New Series Bonds, at the prices and upon the terms and conditions therein set forth;

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

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of New Series Bonds, and the purchase by the Board from proceeds thereof of mortgage loans or mortgage-backed securities as contemplated by the Trust Indenture, constitute “housing developments” within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board previously found and hereby confirms:

(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 Trust Indenture and contained in the program documents relating to the mortgage loans financed thereby and to be financed are sufficient to ensure that the homes 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 homes financed and to be financed which are 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 homes financed and to be financed with the proceeds of the New Series Bonds do 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 the findings required by Section 90-6-109(1)(f) of the Act are inapplicable because the homes financed by the New Series Bonds do not involve direct loans.

Section 2. Approval of Supplemental Indenture. A Supplemental Indenture for each series of New Series Bonds is hereby approved in the form described above (and reflecting the provisions of the New Series Bonds consistent with the parameters set forth in the following Section) and the Chair or the Vice Chair of the Board is hereby authorized and directed to execute and deliver the Supplemental Indenture with such changes, insertions or omissions therein as may be approved by such Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the Supplemental Indenture, and the Secretary or any other member of the Board or the Treasurer is hereby authorized and directed to attest thereto.

Section 3. Authorization of Bonds. The issuance, sale and delivery of the Board’s New Series Bonds, in one or more series or subseries, is hereby authorized and approved, subject to the following provisions. The New Series Bonds shall be issued in an aggregate principal amount (not to exceed \$75,000,000), mature on the date or dates (but no more than 40 years from the date of issuance), bear interest at the rate or rates (which may be fixed or variable rate, initially not exceeding 6.0% per annum and in no case to exceed 14%), be sold to the bond purchaser(s) for an amount (but not less than 98.5% of the principal amount of the Bonds), be subject to optional, special optional, mandatory and sinking fund redemption, be subject to mandatory or optional tenders and convertible into fixed or variable rate bonds, be issued under the related General Indenture, and have such other terms and provisions, all as are determined by the Chair and Executive Director (with the advice of such members of the Board as are available upon the pricing of such New Series Bonds) and definitively set forth in the related Supplemental Indenture or Purchase Contract upon execution and delivery as authorized in Sections 2 and 5 hereof. The New Series Bonds shall be executed and delivered substantially in the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The New Series 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 (as such term is defined in the Trust Indenture) for purposes of executing and attesting the New Series Bonds. Such signatures may be in facsimile, provided, however, that such New Series Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee.

Section 4. Approval of Preliminary Official Statement and Official Statement. If the New Series Bonds are to be sold to the public through the Underwriters, a Preliminary Official Statement for a series of New Series Bonds is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by the Executive Director, and the Chair or the Vice Chair of the Board is hereby authorized to execute and deliver a final official statement (the “final Official Statement”) substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be approved by the Chair or Vice Chair, such approval to be evidenced conclusively by such execution of the final Official Statement.

Section 5. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for a series of New Series Bonds is hereby approved in the form described above and the execution of the Purchase Contract by the Chair, the Vice Chair or Executive Director of the Board is hereby authorized and

directed in order to effectuate the sale of the related New Series 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 6. Authorization of Standby Bond Purchase Agreement, Continuing Covenant Agreement and/or Remarketing Agreement. If any New Series Bonds are subject to optional or mandatory tender, the Chair or Vice Chair of the Board or the Executive Director are authorized to negotiate, execute and deliver one or more (1) standby bond purchase or similar agreements with a financial institution, with a rating of no less than “A1” or the equivalent by Moody’s Investors Service, Inc., whereby such institution agrees to purchase (or provide the Board with funds to purchase) tendered bonds, (2) continuing covenant agreements with the purchaser of such New Series Bonds which agreements may set forth additional covenants with respect to such New Series Bonds, and/or (3) remarketing agreements with any Board approved underwriter with respect to the remarketing of any tendered bonds; such agreements to have such terms and conditions, and provide for the payment by the Board of such fees, as are determined by the Chair and Executive Director to be in the best interests of the Board, such determinations to be evidenced conclusively by the execution thereof.

Section 7. Approval of Continuing Disclosure Agreement. A Continuing Disclosure Agreement for a series of New Series Bonds is hereby approved in the form described above, and the Chair or Vice Chair of the Board or the Executive Director 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 Continuing Disclosure Agreement.

Section 8. Approval of Program Documents. The Executive Director and Single Family Program Manager are hereby authorized to continue to use the form of the Mortgage Purchase and Servicing Guide, Invitation to Participate and Notice of Acceptance presently in use, and to the extent they deem necessary and appropriate, the Executive Director and Single Family Program Manager are authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, to continue the Single Family Program.

Section 9. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Trust Indenture, a Preliminary Official Statement, a Purchase Contract and the New Series Bonds is hereby approved, confirmed and ratified.

Section 10. Execution of Documents. In the event of the absence or disability of the Chair, the Vice Chair or the Treasurer of the Board, 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 Single Family Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chair, the Vice Chair or the Treasurer of the Board 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 Tax Certificate and Declaration of Intent. The Chair, the Vice Chair or the Executive Director of the Board is hereby authorized to issue certifications as to the Board’s reasonable expectations regarding the amount and use of the proceeds of the New Series Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended. The Board also hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its Single Family Program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in an amount to be determined by the Board in one or more series within 18 months thereof to reimburse itself for such financing, which reimbursement amount is presently expected to not exceed \$75,000,000 (or such greater reimbursement amount as may from time to time be

determined by written declaration of the Executive Director), provided that this declaration does not obligate the Board to issue any such bonds.

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 Single Family 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 Trust Indenture and a Purchase Contract, to take such other action (including, without limitation, making any bond designations) as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and to modify any other agreement or obligation of the Board (including, without limitation, notes or bonds) to substitute a comparable interest rate index for the London Inter Bank Offered Rate (“LIBOR”) if LIBOR is discontinued, and the members and officers named above are hereby designated as Authorized Officers for such purposes.

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

ADOPTED by the Montana Board of Housing this 15th day of November, 2021.

MONTANA BOARD OF HOUSING

By _____
Chair

Attest:

By _____
Treasurer/Executive Director

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Increase Loan Limit for Bond Advantage DPA Program

BACKGROUND

Currently the Board of Housing offers two down payment assistance programs. The first is the Bond Advantage Program which is a 15-year amortizing loan up to \$10,000 that is funded with bond proceeds and the other is a 0% deferred loan, that is funded with special reserve funds. The maximum loan amount for the deferred program was increased to \$10,000 at the October Board meeting.

We would like to increase the maximum loan amount for the amortizing program to \$12,500. This change would provide more funds to the borrower to pay the increased closing costs in this high-priced market. It will also keep some distinction between the programs that are offered by Board of Housing, since the deferred program is funded with Special Reserve funds.

We have consulted with the finance team there is room to accommodate an increased DPA loan amount within the bond structure.

<u>Year</u>	<u># of loans</u>	<u>orig balance</u>	<u>curr balance</u>	<u>status</u>	<u>average pp</u>
2019	59	476,151.90	307,068.00	43 active	202,991.00
	began offering in Sept 2019			0 foreclosed	
				16 paid off	
2020	163	1,342,880.96	1,076,141.29	143 active	210,752.00
				0 foreclosed	
				20 paid off	
2021	165	1,446,781.82	1,417,459.73	165 active	222,457.00
	387	3,265,815	2,800,669	351 active	
				- foreclosed	
				36 paid off	

PROPOSAL

Staff requests the Board's approval to increase the loan limit for the Bond Advantage DPA Program from \$10,000 to \$12,500.

Board Meeting: November 15, 2021

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Lender Approval – Hometown Lenders, Inc.

BACKGROUND

Hometown Lenders was founded in 2000 in Huntsville, Alabama and began as a local mortgage brokerage firm with a vision for reshaping the future of lending by combining technology with unsurpassed customer service to provide customers with the most efficient mortgage process possible. It has grown to a company of 800 employees, operating from 90 branch locations and doing business in over 40 states.

Hometown Lenders has offices located in Butte and Bozeman. They are interested in participating in the Board's mortgage loan and MCC programs. They are approved to underwrite FHA, RD and VA loans as well as approved Fannie Mae and Freddie Mac. They will sell the servicing of our loans to Montana Board of Housing.

All required Errors and Omissions and Fidelity Bond Insurance coverage requirements have been met and per their financial statements, Hometown Lenders, Inc. has an equity to asset ratio that complies with the criteria of 6% for MBOH participating lenders.

Their financial statements are available to Board members for review.

PROPOSAL

Staff requests for the Board to approve Hometown Lenders, Inc. as a participating lender for Montana Board of Housing.

Homeownership Program Dashboard

November 5, 2021

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	2.625	2.50	2.75
Market	2.73	2.90	2.68
10 yr treasury	1.51	1.61	0.83
30 yr Fannie Mae	2.49	2.62	1.88

*Current Setaside 2.375, DPA 2.875

LOAN PROGRAMS

	<u>Oct/Nov RESERVATIONS</u>	<u>AMOUNT</u>	<u>TOTAL NUMBER</u>	<u>AMOUNT</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2022A (since 11.1.21)	7	1,338,615	7	1,338,615	29,000,000	27,661,385
Series 2022A DPA (since 11.1.21)	3	25,000	3	25,000	1,000,000	975,000
Series 2021B (since 06.02.21)	31	6,001,275	149	31,722,350	31,722,350	0
Series 2021A DPA (since 06.02.21)	15	138,383	78	940,000	940,000	0
80% Combined (20+)	1	160,000	8	1,231,520	Since July 2021	reg bond funds
SET-ASIDE PROGRAMS						
MBOH Plus	2	15,745	11	62,445	Since July 2021	1,069,645
Set-aside Pool	6	967,828	26	4,418,736	Since July 2021	reg bond funds
NeighborWorks	1	152,727	3	511,462		
CAP NWMT CLT	1	167,565	2	336,251		
Missoula HRDC XI						
Bozeman HRDC IX			1	293,040		
Home\$tart	2	287,148	11	1,780,796		
HUD 184						
Dream Makers						
Sparrow Group						
City of Billings	2	360,388	9	1,497,187		
Foreclosure Prevent			0	0	50,000	50,000
Disabled Accessible			227	16,497,050	Ongoing	862,950
Lot Refi			12	1,273,560	2,000,000	726,440
FY21 Habitat	0	0	2	267,348	2,553,807	2,286,459
OTHER PROGRAMS						
Veterans (Orig)	2	376,024	402	78,247,476	Revolving	912,983
911 Mrtg Cr Cert (MCC)	8	2,409,649	133	34,481,664	75,000,000	40,518,336

SEPTEMBER CHANGES

	<u># loans</u>	<u>Princ Bal</u>	<u># loans</u>	<u>Princ Bal</u>	
Aug Balance	5,240	472,142,684.50	5,564	504,221,182.71	Dec-20
Sept Purchases (1st)	29	6,271,247.95	271	53,967,401.25	
Sept Purchases (2nd)	12	110,645.00	156	1,299,241.82	
Sept Amortization		(1,256,958.60)		(11,594,331.36)	
Sept Payoffs	(90)	(9,282,923.88)	(791)	(78,934,069.92)	
Sept Foreclosures	(1)	(111,000.05)	(10)	(1,085,729.58)	
Sept Balance	5,190	467,873,694.92	5,190	467,873,694.92	Sep-21

DELINQUENCY AND FORECLOSURE RATES

MONTANA BOARD OF HOUSING

MORTGAGE BANKERS ASSOC. 6/2021

(most recent available)

	<u>Sep-21</u>	<u>Aug-21</u>	<u>Sep-20</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.14	1.34	1.61	1.04	1.19	1.46
60 Days	0.90	0.68	0.92	0.36	0.46	0.54
90 Days	<u>3.80</u>	<u>4.03</u>	<u>3.12</u>	<u>2.13</u>	<u>2.98</u>	<u>3.52</u>
Total Delinquencies	5.84	6.05	5.65	3.53	4.63	5.52
In Foreclosure	0.58	0.44	0.14	0.28	0.21	0.51

LOAN PURCHASES BY LENDER

	Sep-21		2021 YTD		2020	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
FIRST SECURITY BOZEMAN 061	1	1	1	1	14	8
1ST COMMUNITY BK GLASGOW 095			3	3	8	6
1ST SECURITY BK MISSOULA 133			4	1	5	2
VALLEY BANK RONAN 159			4		3	
YELLOWSTONE BANK BILLINGS 161			1		4	4
BIG SKY WESTERN BANK 165						
FIRST MONTANA BANK, BUTTE 172					1	1
AMERICAN BANK CENTER 186	1		4	2		
STOCKMAN BANK OF MT MILES 524	4	1	29	16	46	18
FIRST INTERSTATE BANK-WY 601	2	1	11	5	23	6
U.S. BANK N.A. 617						
OPPORTUNITY BANK 700	4	1	71	31	94	34
FIRST FEDERAL BANK & TRUST 731			1		2	2
GLACIER BANK KALISPELL 735			7	2	15	1
WESTERN SECURITY BANK 785	1	1	8	5	17	7
MANN MORTGAGE 835	4	1	48	28	53	35
GUILD MORTGAGE COMPANY 842	2	2	17	16	9	7
UNIVERSAL 843	5	3	21	18	24	17
FAIRWAY INDEPENDENT MRTG 847			13	12	23	17
CORNERSTONE HOME LENDING 850			3	3	6	5
BAY EQUITY LLC 853	2	1	10	9	10	10
LENDUS LLC 854			8	2	27	13
PARAMOUNT RES MTG GRP 855			1	1	3	3
CHERRY CREEK MORTGAGE 856	2		3	1	1	1
OPEN MORTGAGE 857					3	2
MAJOR MORTGAGE AMCAP 858					1	1
PACIFIC RESIDENTIAL 859					1	
MISSOULA FEDERAL C U 901	1		3			
Grand Count	29	12	271	156	393	200

MBOH SEPTEMBER PORTFOLIO

	<u># of loans</u>	<u>\$ of loans</u>	<u>% of #</u>	<u>% of \$</u>	
FHA	2,723	292,777,044	52%	63%	
RD	1,004	102,575,586	19%	22%	
VA	328	42,167,991	6%	9%	
HUD184	45	3,255,882	1%	1%	
PMI	40	3,001,162	1%	1%	
Uninsured 1st	198	18,661,601	4%	4%	
Uninsured 2nd	852	5,434,429	16%	1%	
	5,190	\$ 467,873,695			
September 2020 Balance	5,667	\$ 515,665,041	-8.42%	-9.27%	percent of Incr/Decr
Serviced by MBOH	5,110	\$ 461,472,693	98%	99%	

Weighted Average Interest Rate 3.833%

	<u># of loans</u>	<u>\$ of loans</u>	
0 - 2.99%	801	\$ 59,394,680	<u>rates up to 4%</u>
3 - 3.99%	1806	\$ 225,712,093	
4 - 4.99%	1026	\$ 111,885,505	<u>rates 4% and above</u>
5 - 5.99%	1059	\$ 54,244,174	
6 - 6.99%	443	\$ 15,221,591	
7 - 7.99%	55	\$ 1,415,652	
			2607 \$ 285,106,773
			2583 \$ 182,766,921

Mortgage Servicing Program Dashboard Effective 10/31/21

	Last Year	Last Month	This Month
MONTH	OCT 2020	SEP 2021	OCT 2021
PORTFOLIO TOTAL LOANS	5,276	5,490	5,448
MBOH	4932	5158	5117
BOI	326	316	315
MULTI FAMILY	18	16	16
PRINCIPAL (all loans)	\$512,168,101.35	\$527,837,420.46	\$524,188,496.93
ESCROW (all loans)	\$7,370,845.68	\$6,171,849.92	\$6,584,746.87
LOSS DRAFT (all loans)	\$1,056,319.13	\$832,597.47	\$769,640.46
LOANS DELINQUENT (60+ days)	266	340	330
ACTUAL FORECLOSURE SALES IN MONTH	0	1	1
FORECLOSURES TOTAL CALENDAR YEAR	7	7	8
DELINQUENT CONTACTS TO MAKE	583	671	762
LATE FEES - NUMBER OF LOANS	642	581	603
LATE FEES - TOTAL AMOUNT	\$18,801.42	\$16,257.07	\$16,546.68
PAYOFFS	69	93	103
NEW LOANS/TRANSFERS	52	42	62

2021 Monthly Servicing Report

LOSS MITIGATION	OCT 2021	HUD's National Servicing Center TRSII SFDMS Reporting FY 2021 Effective 6/30/21 Score 90.51% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	1	
REPAYMENT/SPECIAL FORBEARANCE	4	
COVID19 FORMAL FORBEARANCE (SEP 21)	234	
HAMPS, PARTIAL CLAIMS & MODS PNDG	73	
CHAPTER 13 BANKRUPTCIES	15	
PRESERVATION PROPERTIES	3	
REAL ESTATE OWNED PROPERTIES	1	
SHORT SALE	0	
DEED IN LIEU	0	

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

2022 Allocation of Remaining Tax Credits

BACKGROUND

At the October 18th board meeting, the board elected to not award the remaining \$6,179,830 in tax credits and wait until the present meeting to decided how to allocate these leftover credits. The resolution from the previous meeting gave the ability for unfunded projects to be eligible for the remaining credits (if they are selected, they will then submit a resized application with 30 days), OR previously funded tax credit projects that have not yet placed in service or received the max allocation of credits, may apply for the left-over credits.

The following unfunded projects are automatically reentered for consideration:

Carter Commons	Great Falls	\$6,491,259
Riverview Apts	Big Sky	\$6,491,250
Hardin Snr Housing	Hardin	\$4,367,270
Cabinet Aff Housing	Libby	\$6,491,000

The following previously awarded tax credit projects have applied for additional credits:

Creekside Commons	Kalispell	\$643,500
Crowley Flats	Lewistown	\$220,000

Creekside Commons is requesting to lift the 2021 tax credit 20% waiver to ask for additional credits OR approve a reduction of the number of units, from 36 to 30.

Hardin Senior has submitted a resized application to be considered as a small rural project this round, changing their initial application and credit ask.

BOARD AGENDA ITEM

PROPOSAL

We do not recommend lifting the credit cap to award Creekside Commons more than the max allocation for the 2021 awards. We do recommend letting them reduce their unit count due to cost gaps.

We do not recommend the board consider Hardin Senior's resized application as a small rural project. If the board selects them for credits based on their original application, they can then submit a resized application, per instruction of the October 18th board meeting.

October 28, 2021

RE: Creekside Commons Supplemental Credits Request

Chair Rice and Members of the Board:

This is a difficult narrative for us to write. Over the past 15 years we've taken pride in our team's ability to build homes for Montanans without having to come back to you for additional resources. Eighteen months into the pandemic and we've been humbled. We are in need of help to complete the job we were asked to do. Specifically, we are requesting an additional \$64,350 annual / \$643,500 (10-year total) in housing tax credits and a waiver of the 20% cap on credits awarded to a project.

The need for additional credits is driven by three main factors: increased construction costs, reduction in hard debt financing, and fraudulent/negligent misrepresentations by the land seller. Construction costs nearly go without saying. Cost increases are everywhere and are only projected to continue to increase. The reduction in hard debt is driven by three factors: inflation in operating cost, increased interest rates, and, surprisingly, a decrease in Flathead County Area Median Incomes which have pushed rental rates even lower. The final factor is the most frustrating, and it centers around misrepresentations by the land seller. The property, purchased in September 2020, was marketed with "1.44 acres outside of the flood plain." Listing information included a FEMA Letter of Map Amendment and Certificate of Survey prepared by a licensed professional land surveyor ("PLS"). Turns out the PLS was off by 2 vertical feet and we only have approximately ¼ of an acre outside of the floodplain. The site can be saved by bringing in fill to elevate the building.

Under the 2021 QAP, a project is limited to 20% of the total credits. Creekside was awarded this max and therefore requests a waiver to allow the additional credits to make the project whole. We appreciate the sensitivity to granting waivers, but 2020 and 2021 have been unprecedented years. The board has responded to this by making waivers elsewhere, including in October adjusting total cost per unit up from \$280,000 to \$320,000. Pre-2020, the maximum credits per project was set at 25% and in 2022 it was increased back up to 22.5%. The decision to set the limit at 20% was a great effort to get more projects done, but it was written into the QAP in 2019, prior to the pandemic and all its effects. We bring this up to point out that one project receiving more than 20% of the credits is not unprecedented.

Section 4-I of the 2022 QAP asks us to respond to six items when requesting additional credits. We have responded to each of these items in the attached Exhibit A. Our responses include additional details on the above.

If the Board decides to decline our request, we request you to permit us to reduce the number of homes in the project from 36 to 30. This is a last option for us to ensure this senior housing for Kalispell isn't lost entirely.

In closing, we share that even with the additional costs of construction, Creekside remains an efficient project with total costs of \$220,242 per unit which is below the 2021 QAP limit of \$240,000 and well below the revised limit of \$320,000.

Thank you in advance for your consideration and we look forward to speaking with you at the November board meeting.

Alex Burkhalter

City **Kalispell**
County **Flathead County**
Project Name **Creekside Commons**
Developer / General Ptnr **Housing Solutions, LLC**

<u>Annual</u>	<u>10 yr</u>	
649,125	6,491,250	2021 Max Credit per Project
643,500	6,435,000	2021 Creekside Award
64,350	643,500	Additional Credit Ask
<u>707,850</u>	<u>7,078,500</u>	New Total Award Requested

Set-aside General
HC Requested \$7,078,500
Project Type Elderly
Construction Type New Const
Projected Construction Start Mar-22
Projected Completion Mar-23

Unit Numbers

Target

1-bdrm	40%	3
1-bdrm	50%	18
1-bdrm	60%	2
2-bdrm	40%	1
2-bdrm	50%	9
2-bdrm	60%	2
other	mgr	1
Total Units		<u>36</u>
verage Income Targeting		50.28%

Square Footage

Income Restricted Units	23,184
Managers Unit(s)	600
Common Space	10,062
Market/Commercial	-
Total	<u>33,846</u>

Unit Rents

1-bdrm	40%	530
1-bdrm	50%	660
1-bdrm	60%	795
2-bdrm	40%	635
2-bdrm	50%	795
2-bdrm	60%	955
other	mgr	-
Total Monthly Rents		<u>\$ 24,760</u>
vacancy factor		7.00%
Adjusted Rent		<u>\$ 23,027</u>
other/commercial income		\$300
total rent		<u>\$ 23,327</u>
x 12 months		<u>12</u>
Total Annual Income		<u>\$ 279,922</u>

City	Kalispell
County	Flathead County
Project Name	Creekside Commons
Developer / General Ptnr	Housing Solutions, LLC

Expenses

Administration	17,800
Management	19,595
Maintenance	34,505
Operating	68,500
Taxes	15,300
Replacement Reserve	10,800
Total Expenses	<u>\$ 166,500</u>

Net Income Before	\$ 113,422
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Financing Sources

Hard Loan	1,560,668
Deferred Dev Fee	245,742
HC Equity Competative	<u>6,122,290</u>
Total Sources:	\$ 7,928,700
% of Project Financed by HC:	77.22%

Return on Sale of HTC

HTC Requested	\$ 7,078,500
HTC Equity	\$ 6,122,290
HTC Return on Sale	\$ 0.865

Ratios

Rent (Income)	\$ 279,922
Operating	\$ 155,700
Replacement	\$ 10,800
Net Income	\$ 113,422
Total Debt Service	\$ 94,518
Debt Coverage Ratio (DCR)	1.20
Total Expense Ratio	1.07

Project Costs

Land	210,000
Building/Acquisition	-
Site Work	900,000
Construction / Rehab	5,109,458
Soft Costs	900,484
Developer Fees	700,000
Reserves	108,758
Total Project Costs	<u>\$ 7,928,700</u>

City	Kalispell
County	Flathead County
Project Name	Creekside Commons
Developer / General Ptnr	Housing Solutions, LLC

Costs versus Sources

Total Project Costs	\$	7,928,700
Total Financing Sources	\$	7,928,700
Difference	\$	-

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	4.62%
Contractor Overhead	2.00%	1.26%
Contractor Profit	6.00%	4.62%
Developer Fees	15.00%	10.13%
Soft Cost	32 or 37%	25.72%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit	\$280,000	\$ 220,242
Credits per unit	n/a	\$ 196,625
Operating Cost per unit	\$3,000 min	\$ 4,325
Replacement Reseves	\$300 min	\$ 300

Per Square Foot Comparison

Construction / Rehab per sq ft	\$	150.96
Total Project Cost per sq ft	\$	234.26
Credits per sq ft	\$	209.14
Credits per sq ft (residential only)	\$	305.32

Utilities Paid by (Tenant / Owner) Tenant



October 28, 2021

Nicole McKeith, Multifamily Program Manager
Montana Board of Housing
PO Box 200528
301 S. Park Avenue, Room 240
Helena, MT 59620-0528

Re: Crowley Flats, MT – Request for Additional Credits

Dear Ms. McKeith and Board Members,

We are writing this letter to request additional credits to assist with project impacts from COVID-19 on our Crowley Flats adaptive reuse project in Lewistown, MT. First, thank you again for the **2021 Housing Credit allocation**; we have been working diligently on this project since the allocation trying to manage impacts on our markets for the last 18 months. Crowley Flats was one of the most impacted projects in our pipeline by COVID-19 – the equity market went to an all-time low, construction material pricing all-time high and exacerbated ongoing labor shortages. If our additional credit request is approved, we will be able to sign our construction contracts, close the partnership and start construction right after our HUD Release of Funds is received. With this letter, we are formally requesting:

- Approval of an allocation request of \$22,000 in (of the remaining **2022 credits** from the October allocation meeting) additional annual Housing Tax Credits to Crowley Flats (\$220,000 over ten years).

In September 2021, Homeword requested, and this month received additional HOME assistance funds to help with a portion of the increased costs and decreased equity associated with the project at the time of our ARPA submission. After submitting the ARPA request, we received the General Contractor bids, and the project came in only 9% over budget - reflecting an increase of just over \$200,000 in hard construction costs. With the HOME assistance funds and sharing in some building wide increased costs with One Health, we've managed to minimize our LIHTC additional credit request to \$22,000, netting \$178,000 in equity to assist with the current project funding gap.

We have included an updated UNI APP to illustrate the proposed project sources and uses and financial feasibility. This submission includes our current construction bid proposal amount and shared building costs with the clinic.

Thank you for your consideration,

Heather McMilin
Homeword Housing Development Director

cc: Andrea Davis, Homeword Executive Director
Cheryl Cohen, Montana Housing Executive Director
Julie Flynn, Community Housing Program Manager

Attachments: Updated project UNI APP

County	Fergus
Project Name	Crowley Flats
Developer / General Ptnr	Homeword, Inc.
GP Organizational Type	Montana Non-profit Corporation
Set-aside	Non-Profit
HC Requested	\$3,320,000
Project Type	Family
Construction Type	New Const
Projected Construction Start	Jul-21
Projected Completion	Sep-22

<u>Unit Numbers</u>	<u>Target</u>	
0-bdrm	40%	1
0-bdrm	50%	1
0-bdrm	LH / 40%	1
0-bdrm	HH / 50%	1
1-bdrm	50%	6
1-bdrm	60%	2
1-bdrm	LH / 40%	1
1-bdrm	HH / 50%	1
2-bdrm	60%	1
2-bdrm	LH / 50%	1
other	mgr	-
Total Units		16
Average Income Targeting		51.82%

<u>Square Footage</u>		
Income Resticted Units		10,060
Managers Unit(s)		-
Common Space		3,727
Market/Commercial		-
Total		13,787

<u>Unit Rents</u>		
0-bdrm	40%	438
0-bdrm	50%	562
0-bdrm	LH / 40%	438
0-bdrm	HH / 50%	562
1-bdrm	40%	462
1-bdrm	50%	595
1-bdrm	60%	728
1-bdrm	LH / 40%	462
1-bdrm	HH / 50%	586
2-bdrm	50%	709
2-bdrm	60%	869
2-bdrm	LH / 50%	709
other	mgr	-
Total Monthly Rents		\$ 9,652
vacancy factor		7.00%
Adjusted Rent		\$ 8,976
other/commercial income		\$15
total rent		\$ 8,991
x 12 months		12
Total Annual Income		\$ 107,896

County	Fergus
Project Name	Crowley Flats
Developer / General Ptnr	Homeword, Inc.

Expenses

Administration	15,650
Management	6,729
Maintenance	13,050
Operating	43,020
Taxes	1,500
Replacement Reserve	4,800
Total Expenses	<u>\$ 84,749</u>

Net Income Before Debt Service	\$ 23,147
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Financing Sources

Hard Loan	673,989
Hard Loan	100
Soft Loan	100,000
State HOME	880,000
Other	30,000
Deferred Dev Fee	17,430
HC Equity Non-Competative	2,510,749
HC Equity Competative	178,182
Total Sources:	<u>\$ 4,390,450</u>
% of Project Financed by HC:	61.24%

Return on Sale of HTC

HTC Requested	\$ 3,320,000
HTC Equity	\$ 2,688,931
HTC Return on Sale	\$ 0.810

Ratios

Rent (Income)	\$ 107,896
Operating Expenses	\$ 79,949
Replacement Reserves	\$ 4,800
Net Income Available for DS	\$ 23,147
Total Debt Service	\$ 6,080
Debt Coverage Ratio (DCR)	3.81
Total Expense Ratio	1.19

Project Costs

Land	-
Building/Acquisition	25,000
Site Work	7,500
Construction / Rehab	3,118,700
Soft Costs	738,250
Developer Fees	425,000
Reserves	76,000
Total Project Costs	<u>\$ 4,390,450</u>

County	Fergus
Project Name	Crowley Flats
Developer / General Ptnr	Homewood, Inc.

Costs versus Sources

Total Project Costs	\$	4,390,450
Total Financing Sources	\$	4,390,450
Difference	\$	(0)

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	0.00%
Contractor Overhead	2.00%	0.00%
Contractor Profit	6.00%	0.00%
Developer Fees	15.00%	10.93%
Soft Cost	32 or 37%	35.83%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit	\$235,000	\$ 274,403
Credits per unit	n/a	\$ 207,500
Operating Cost per unit	\$3,000 min	\$ 4,997
Replacement Reseves	\$300 min	\$ 300

Per Square Foot Comparison

Construction / Rehab per sq ft	\$	226.21
Total Project Cost per sq ft	\$	318.45
Credits per sq ft	\$	240.81
Credits per sq ft (residential only)	\$	330.02

Utilities Paid by (Tenant / Owner) Tenant

Oak Leaf Community Development

Montana Department of Commerce

Attn: BRUCE BRENSDAL, Multifamily Program Officer
Via email.

11/8/2021

RE: Hardin Senior Housing
Resized 2022 submission to conform to the Small Rural Project

Dear Bruce,

We are responding the MBOH's request for new or revised applications for the 2022 allocation round. Attached please find our resized application for Hardin Senior Housing with the request that the board consider it as a Small Rural Project in the 2022 round during its upcoming meeting on Nov. 15 2021. We have selected this option in the application form.

Since the MBOH resolved to keep the 2022 round open, I believe that the regulations for the round should apply in full when the board considers the remaining funds. Therefore, we request that the board give priority consideration to the Hardin Senior Housing project as a Small Rural Project, prior to considering any other allocation of remaining funds.

We were quite surprised that the MBOH did not award the Hardin project during the last meeting. There were sufficient credits available to fully fund as submitted and normal practice has been to award projects until no further qualifying project can be funded with available credits.

We would like to point that Hardin Senior Housing obtained 100% point score in the application, with 100% rental assistance through USDA provides a significant financial benefit to the community, and is a essential provider of housing to the tribal communities. We strongly believe that this project represents the best possible allocation of available credits.

Please let us know should you require any additional information for presentation of this resized application to the Board.

Sincerely,

Stewart Boyd



November 9, 2021

Montana Board of Housing
301 S. Park Ave.
Helena, MT 59620

RE: Consideration to fund Riverview Apartments, Big Sky, MT

Dear Members of the Board,

BlueLine Development and Big Sky Community Housing Trust request your consideration to fund Riverview Apartments in Big Sky with the remaining available credit from the October 2021 board meeting.

This project will be viable with a reduced credit ask and we would very much appreciate the opportunity to submit new underwriting incorporating the remaining available credit. Riverview Apartments has been years in the making – the partnership between Big Sky Community Housing Trust and BlueLine Development, the land acquired using Resort Tax Funds, and the Water and Sewer SFE commitments are contributions that prove the effort is community- and state-wide to bring a LIHTC project to Big Sky.

Your time and consideration are appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nathan Richmond", written in a cursive style.

Nathan Richmond
Chief Executive Officer



Montana State Legislature
MONTANA HOUSE OF REPRESENTATIVES

Representative Jane Gillette
House District 64

DURING THE SESSION
State Capitol Building
PO Box 200400
Helena MT 59620-0400
Phone: (406) 444-4800
leg.mt.gov

HOME ADDRESS
PO Box 1751
Bozeman MT 59771
Phone: (406) 868-1549
jane.gillette@mtleg.gov
Jane@DrJaneGillette.com
DrJaneGillette.com

Dear Members of the Montana Board of Housing,

This letter is written in strong support of the Big Sky Riverview Apartment workforce housing project. I urge the Montana Board of Housing to select this project for Low-Income Housing Tax Credit financing.

As the elected Representative of many of the full-time residents of Big Sky, I can tell you first-hand the situation is very acute. Even prior to COVID, a large number of businesses have been forced to reduce hours and/or services, or even close down completely, due to staffing shortages. Much of Montana is suffering from workforce shortages; however, the situation in Big Sky is amplified. First, there is very limited land to build on by nature of their geography. Second, what land and housing is available is 3-4 times the market prices of places like Great Falls, or even Helena. Finally, since the majority workers (78%) can't live in Big Sky, they commute daily, 40 mins one way, on the dangerous canyon road.

Recently, I was speaking with the director of the one childcare center in Big Sky. She told me about how the housing situation is impacting the availability of childcare. The majority of the early childhood educators she employs cannot live in Big Sky. When the canyon is too dangerous to drive, it means that the teachers can't come to work. When teachers can't come to work, for child safety reasons, class sizes need to be reduced for that day. This leaves families who depend on the childcare for work without childcare that day – a situation which further exasperates employer's workforce issues.

Finally, I've always been very impressed with Big Sky's dedication to addressing these complex issues. It's my understanding that they have dedicated significant funding to this project.

Again, I urge the Montana Board of Housing to select, without delay, the Big Sky Riverview Apartment workforce housing project.

Thank you for your service to our great state!

A handwritten signature in black ink, appearing to read "Jane Gillette".

Representative Jane Gillette

MONTANA BOARD OF HOUSING

October 29, 2021
Carl T. Danelski
PO Box 1245
West Yellowstone, MT
59758

Dear Members of the Montana Board of Housing,

My name is Carl Danelski, and I live in West Yellowstone. I work as a professional fishing guide and snowboard instructor, with most of my work taking place in and around Big Sky, Montana. I have already investigated housing in the Big Sky community, and I have come to the conclusion that it is an ideal candidate for affordable housing for a low and moderate income workforce.

Throughout my experiences, I have gained a familiarity with other booming tourist communities. Those in tropical climates, and others in similar latitudes as our own. I know the story well, as we all do, when workers need to be bussed in from an hour and a half away in order to make the beds and provide basic goods and services for those who are visiting, and hopefully enjoying the landscape in a responsible, ethical and most of all environmentally harmonious way. As a fishing guide, I have a unique opportunity to put visitors on big fish, and also to educate them as to the proper handling of the fish, proper appreciation for our majestic rivers, and I almost always come away from the experience convinced that I have helped protect what could easily go from a hearty ecosystem, to a very fragile environment on the brink of being overrun.

I also find that the commute between either West Yellowstone and Big Sky or Belgrade/Bozeman and Big Sky is a particularly dangerous one, especially in winter, but even throughout the year, as more and more people find the gas pedal an easy way to cover distance. For me and other essential workers, I think that there should be a strong effort from within the community, and a broader investment directed at the community, in order to ensure that the very labor force which provides these services has a way of remaining in Big Sky. If there is any town in our beloved Montana that deserves to have a well-rounded community, complete with the fortunate elite and the competitive entrepreneurs such as

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**MONTANA BOARD OF
HOUSING**

myself, then I think Big Sky ought to have that chance. Thank you for your time, and I hope you strongly consider approving this project for Low-Income Housing Tax credit financing.

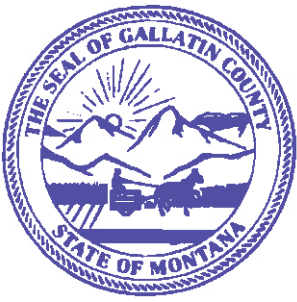
Sincerely,

A handwritten signature in cursive script, appearing to read "Carl Danelski". The signature is written in dark ink and is positioned above a horizontal line that spans the width of the page.

Carl T. Danelski, Member Manager

Testament Fly Fishing LLC

406-581-9417



GALLATIN COUNTY

311 West Main, Rm. 306 • Bozeman, MT 59715
commission@gallatin.mt.gov

County Commission

Scott MacFarlane
Joe P. Skinner
Zach Brown

Phone (406) 582-3000

November 11, 2021

Montana Board of Housing
PO Box 200528
Helena, MT 59620-0528

Subject: Riverview Apartment Project, Big Sky, MT

Dear Montana Board of Housing Members:


The Gallatin County Commission respectfully requests your strong consideration of awarding credit financing to the Riverview Apartment Project in Big Sky at your November 15th meeting. The community of Big Sky has incredible housing inequities and has not received a tax credit project award in 25 years.

We believe that the Riverview Apartment Project is deserving of your support for the following reasons:

- The cost burden of housing for those working in Big Sky exceeds other low AMI communities. Housing cost to wage ratios far exceed any other community in the State.
- Big Sky has very limited available land to develop for Workforce Housing. Tremendous community effort has gone into securing the property and water/sewer rights to develop this project.
- The RiverView project is a model of public/private collaboration to solve this urgent issue.
- There is ZERO rental availability in Big Sky with waitlists exceeding 200. All local businesses are in decline due to lack of employees. Big Sky tourism, which generates significant State tax revenue, will be greatly impacted as lack of workers (driven largely by lack of housing) continues.
- Tax credit funds should be geographically spread across the State and areas who have not received funds in recent years should be prioritized.

Thank you for your principled service and please be in touch with any questions.

Respectfully,


Scott MacFarlane
Chairman


Joe Skinner
Commissioner


Zach Brown
Commissioner

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

2023 Qualified Allocation Plan & Qualified Contract Process

BACKGROUND

Every state Housing Credit allocating agency is required by Section 42 to have a Qualified Allocation Plan (QAP). The QAP is the rulebook for the Housing Credit Program for the year. This is the proposed Montana QAP for 2023.

The Qualified Contract Process is a plan that outlines our process for if or when a developer would like to request a qualified contract.

PROPOSAL

The 2023 QAP is provided, and staff proposes its approval by the board. This year's revision included a full comprehensive rewrite, with working groups, and several public comment sessions. A Public Hearing was held on October 27, 2021 after the required 30 day public comment period. Commenters have also submitted written comment.

We recommend the Qualified Contract Process be approved as well. This document has been revised and reviewed by our legal counsel, our consulting firm Novogradac, and has been open for a 30-day public comment period with no public comments received.

Montana Board of Housing Qualified Contract Policy

The Montana Board of Housing (MBOH) is responsible for implementing Internal Revenue Code Section 42(h)(6)(F) and Treasury Regulation 1.42-18. This policy describes the requirements and process that govern Qualified Contract requests by owners of low-income housing tax credit projects (Project).

SECTION I –General Policy for Qualified Contract Requests

The Qualified Contract process may reduce the stock of affordable housing units and is contrary to MBOH 's mission to preserve and increase the availability of affordable housing. MBOH will rigidly and stringently enforce every aspect of this policy, except in cases where MBOH determines that alternative arrangements will further MBOH's mission. Owners interested in alternatives should contact MBOH staff.

- A. Eligible Properties.** Owners are eligible to submit a request only if all of the following requirements are met:
- the Project's LURA and applicable law permit the owner to request a Qualified Contract;
 - at least the 15th year of the Compliance Period has commenced for all buildings;
 - the entire project is in full compliance with Internal Revenue Code Section 42 (Section 42) and MBOH requirements; and
 - MBOH has determined the project is eligible to submit a request.
- B. Scope of Request.** The request must apply to all of the buildings in the overall development project (regardless of whether made on a building basis) and must include all market rate units.
- C. Completeness.** The inability or failure to provide required documents will preclude submission of a request.
- D. Costs.** All third-party costs will be the owner's sole responsibility.
- E. Determination of One-Year Period.** Time spent on disputes or negotiation, or pending owner compliance with MBOH policy, will not be included in the one-year period.
- F. Bad Faith.** Disputes resulting from unreasonable, unprofessional, and/or bad faith conduct on behalf of the owner may result in MBOH determining that its obligation to present a Qualified Contract within the one-year period has been met and that the property will remain subject to the LURA for the full duration specified therein.
- G. Applicable Law.** The Qualified Contract process is subject to all applicable provisions of state and federal law and this policy.

SECTION II – Qualified Contract Procedure

- A. Eligibility Determination Request.** An owner may start the process by submitting an Eligibility Determination Request letter with all required documentation and a fee of \$1000. This submission does not bind the owner to submit a request and does not start the one-year period.

B. Minimum Documentation Required for an Eligibility Determination

1. Completed 8609s;
2. Legal opinion to confirm when each building reaches the end of the 15-year compliance period;
3. Signed Form 8821;
4. Copies of the two most recent MBOH compliance review close-out letters;
5. Copy of most recently filed annual owner certification form;
6. Copies of any additional affordability restrictions and regulatory agreements (e.g., HOME, USDA Rural Development, local funding, etc.);
7. Property Based Rental Assistance Agreement(s) (if applicable); and
8. Waiver of First Right of Refusal or Option Agreement (if applicable).

MBOH will notify the owner in writing within 90 days of owner's submission of a complete Eligibility Determination Request and all required documents whether the project is eligible to submit a request.

C. Qualified Contract Request Process.

1. Upon receipt of an MBOH determination of eligibility, the owner may submit a Qualified Contract Request Letter and Agreement (Request) on the current MBOH form (available on the MBOH website), together with the following:
 - a check for the \$20,000 non-refundable administrative fee;
 - a check for any additional fees specified;
 - all required documents listed below; and
 - any additional items or fees identified by MBOH.
2. MBOH will order a Qualified Contract price determination, which will be completed by or under the direction of MBOH, and a 100% unit physical inspection and file audit for the low-income portion of the project to determine whether the owner and property are in compliance with the provisions of Section 42, the Project's LURA and MBOH requirements. The Owner must correct any deficiencies identified.
3. The one-year period will commence upon the date specified in a written notice from MBOH, which date will not be earlier than owner's:
 - receipt of the MBOH price calculation and notification to MBOH to proceed;
 - correction of all identified physical deficiencies;
 - submission of all required documentation; and
 - payment of all fees due.
4. The owner must notify all current residents of the pending process within 14 days of the commencement date. The notification must include a clear, MBOH-approved statement regarding tenants' rights regarding terminations and rent increases.

D. Documentation Required to Request Qualified Contract. The Owner must submit the following information and documentation to MBOH with the Request. All of the following documents are required and MBOH will not consider any exceptions or waivers.

1. Partnership tax returns for all years of operation;

2. Capital Contribution Schedule for all years of operation;
3. Audited annual financial statements for all years of operation;
4. Monthly operating statements for the most recent 36 months, including annual operating expenses, debt service, gross receipts, net cash flow, and debt service coverage ratios;
5. Current and complete rent roll for the entire property;
6. Appraisal (dated within 60 days of the Request);
7. Project Needs Assessment (dated within 60 days of the Request);
8. Title Report (dated within 60 days of the Request);
9. Phase I Environmental (dated within 60 days of the Request);
10. Written consent by all ownership entity partners and/or members;
11. Copies of all leases affecting any portion of the land or improvements;
12. Draft listing agreement with a broker who works with affordable multifamily housing properties;
13. A thorough narrative description of the property, including all amenities, sufficient to familiarize prospective purchasers with the property;
14. A detailed description of all income, rental and other restrictions applicable to the operation of the property;
15. A detailed set of digital photographs of the property (in a format satisfactory to MBOH), including the interior and exterior of representative apartment units and buildings, and the property's grounds, to be displayed on the MBOH website and in any other marketing materials; and
16. Any additional financial and other information and documentation reasonably required and requested by MBOH for purposes of the Qualified Contract process.

E. Access to Property. The owner must provide reasonable access to the property and relevant files and records for inspection or audit by MBOH, its agents, inspectors, appraisers, prospective purchasers and any other third parties reasonably required for purposes of the Qualified Contract process.

F. Payment of Fees and Expenses. In addition to the required fees, the owner must pay MBOH's costs for the physical inspection and file audit, and, in the event that additional third-party reports are required by a potential buyer or MBOH, the owner must pay the cost of the additional reports. All payments for such items must be made within thirty (30) days of the date of any invoice provided to the Owner.

G. Program Compliance; Owner's Failure to Comply or Cooperate with Qualified Contract Process.

MBOH may temporarily suspend the Qualified Contract process in the event the owner fails to comply or cooperate with any requirements and may permanently terminate the Qualified Contract process in the event of multiple instances of non-compliance/non-cooperation.

If at any time during the Qualified Contract process, MBOH determines that the owner or property is out of compliance with the provisions of Section 42, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that the owner or property has achieved compliance.

H. Qualified Appraisers.

Montana-certified general appraisers must perform all appraisals. MBOH will not accept an appraisal performed by any individual or organization currently on any list for active suspension or revocation for performing appraisals in any state or listed on the Excluded Parties Lists System (EPLS) maintained by the General Services Administration for the United States Government.

I. Commencement of One-Year Period; Marketing of the Property.

MBOH will notify the Owner in writing when the one-year period has commenced. In addition to diligent marketing by the broker, MBOH may also undertake any marketing efforts, including without limitation posting the marketing information and Qualified Contract price on the MBOH website and such other efforts as may be deemed reasonable in the sole discretion of MBOH. The Owner must complete the listing agreement and cooperate with MBOH and the broker.

SECTION III – Completion of Process.

A. Effect of Qualified Contract. MBOH has the one-year period in which to present a Qualified Contract to the owner. If MBOH presents a Qualified Contract within the one-year period, the possibility of terminating the extended use period early through the Qualified Contract process is removed forever and the project remains bound to the recorded LURA requirements for the full duration of the Extended Use Period term (including all of the Owner's commitment period) specified therein. There is no requirement that the owner accept any Qualified Contract or that the prospective buyer actually purchases the project. Whether the transaction closes is a separate and legally unrelated matter.

B. Qualified Contract. A Qualified Contract is a bona fide offer to purchase the project for the Qualified Contract Price. A bona fide offer means a written offer stating the buyer's offer and intent to purchase the project, together with an earnest money deposit, a timeline for the closing process, and either a letter from a lender affirming the ability to close or proof of available funds for the purchase price. Inclusion of any other terms or conditions in the offer will not disqualify the offer unless otherwise determined by MBOH.

C. Effect of No Qualified Contract.

If the owner has performed its obligations and cooperated in the Qualified Contract process and MBOH is unable to present a Qualified Contract before the expiration of the one-year period, the Section 42 restrictions set forth in the Project's LURA shall be terminated, except with respect to the Section 42 tenant protections. MBOH has presented a Qualified Contract within the one-year period if MBOH notifies the owner of the Qualified Contract by email, facsimile transmission or deposit in the U.S. Mail on or before the last day of the one-year period.

In the event of termination of the restrictions, the property will remain subject to the tenant protection requirements of Section 42(h)(6)(E)(II), which provide that, prior to the close of the three-year period following such termination, no Owner shall be permitted to evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit or increase the gross rent for such unit in a manner or amount not otherwise permitted by Section 42.

In such event, the Owner will be required, at the end of each year of the three-year tenant protection period, to provide certification to MBOH that these requirements have been met. In addition, the Owner will provide written notice to the existing tenants within thirty (30) days after the beginning of the three-year period and annually thereafter for the next two (2) years in a form satisfactory to MBOH that the low-income use restrictions have been terminated and of the Section 42 tenant protections provided during the three-year time frame.

SECTION IV – Applicability.

This policy applies to all Qualified Contract requests submitted to MBOH on or after [the effective date of the policy].



2023 Qualified Allocation Plan

Submitted on [date] by:



MONTANA
HOUSING

301 S. Park Ave.
P.O. Box 200528
Helena, MT 59620-0528

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NOTICE REGARDING APPLICABLE VERSION OF QAP

This 2023 QAP will govern the Montana Board of Housing's award of low-income housing tax credits ("Housing Credit" or "Credit") allocated to the Montana Board of Housing by the federal government for 2023. The process for award of 2023 Housing Credits begins with the deadline for submission of Letters of Intent.

The Applicable QAP for certain other processes, procedures and fees may be the QAP for an earlier or later year.

Please contact MBOH staff with questions regarding the Applicable QAP.

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I. INTRODUCTION AND APPLICABLE QAP

The Low Income Housing Tax Credit is established under Section 42 of the Internal Revenue Code of 1986 (Section 42). Montana Board of Housing (MBOH) is responsible for allocation the Housing Credit.

This qualified allocation plan (QAP) is established by the MBOH Board.

The plan was released for public comment on _____, ____, a public hearing was held on _____, 20__ and was approved by MBOH at it's _____, 20__ public meeting.

The Governor of Montana, Greg Gianforte, approved the plan as the final 2023 QAP on _____, 20__.

A. APPLICABLE QAP

The Applicable QAP means:

1. The QAP for the Housing Credit year for which the Application is or was submitted, evaluated and Awarded HCs:
 - for purposes of substantive issues relating to: Award; Development Evaluation Criteria; Scoring; Selection Criteria; and Selection Standard for such Award; and
 - for purposes of the fee amounts charged for: Letter of Intent; Application; Reservation Agreement; Carryover Allocation (Initial Allocation); 10% Cost Certification; and Final Allocation;
2. The most recently adopted QAP for purposes of: Project changes; Reservation Agreement (other than the fee amount); Declaration of Restrictive Covenants; Carryover Allocation (Initial Allocation) (other than the fee amount); 10% Cost Certification (other than the fee amount); Final Allocation (other than the fee amount); Compliance requirements and compliance audits; any post-Award procedures; and fees and fee amounts for post-Credit Refresh Project changes, Reservation Agreement, Declaration of Restrictive Covenants, Carryover Allocation (Initial Allocation), 10% Cost Certification and Final Allocation.
3. The QAP most recently adopted as of the date of submission of a Credit Refresh application for purposes of: a Credit Refresh application; consideration and determination regarding a Credit Request application; payment of MBOH legal fees relating to or required as a result of a Credit Refresh application or Credit Refresh; and Post-Credit Refresh Project changes, Reservation Agreement, Declaration of Restrictive Covenants, Carryover Allocation (Initial Allocation), 10% Cost Certification and Final Allocation (not including fees and fee amounts for such post-award items).
4. For purposes of Application, evaluation, and Awarding Housing Credits with respect to 4% Projects, the Applicable QAP is the version of the QAP most recently and finally adopted as of the date of Application submission.

B. REQUIRED FORMS

All forms submitted to MBOH in or as part of the application, development, underwriting, allocation, cost certification, compliance, or other processes under this QAP must be the most current version available on the MBOH website.

II. ELIGIBLE APPLICANTS AND LIMITS

Each Application and Letter of Intent (“LOI”) will identify an Applicant who is and will remain responsible to MBOH for the LOI and Application.

A. FIRST HOUSING CREDIT PROJECT MUST BE COMPLETED

An Applicant who previously received an Award for its first 9% Housing Credit Project in Montana, including projects in which it has an Identity of Interest (the “In-Process Project”), may not receive an Award for another Housing Credit Project until the In-Process Project has been either issued Form(s) 8609 or the Credits have been returned/rescinded. The foregoing rule does not apply to a subsequent Housing Credit Application if the Developer partners with an Experienced Developer who will be entitled under a written agreement to receive at least 50% of the Developer Fee on the subsequent Project.

B. PROJECT AND DEVELOPER MAXIMUMS

The maximum award to any one Project is \$6,500,000. MBOH will award no more than \$6,500,000 to any one Developer based on the percentage of the Developer Fee specified in a written development agreement.

C. APPLICANT CANNOT EXCEED CUMULATIVE CREDIT MAXIMUM

An Applicant is not eligible to submit a LOI or a full Application for 9% Credits if an Award of Credits for the Applicant Project would cause the Applicant’s Cumulative Credit amount to exceed the Cumulative Credit Maximum of \$25 million in total 9% Credits. The Cumulative Credit Maximum applies in addition to the Maximum Credit Award provisions.

For purposes of the Cumulative Credit Maximum:

- An Applicant’s cumulative Credit amount is the sum of: (1) the Applicant’s share(s) of the ten-year amount of Credits awarded to any In-Process Project(s), and (2) the Applicant’s share of the ten-year amount of Credits requested for the Applicant Project.
- The Applicant’s share of the ten-year amount of Credits awarded to any In-Process Project is 100%, unless the Applicant is a co-Developer, co-Owner or Consultant; in such event, the Applicant’s share is the same percentage of the Project’s ten-year Credit amount as the percentage of Developer Fee the Applicant is entitled to receive or the percentage interest that Applicant owns in the Project.
- Applicant must provide any documents and information as requested by MBOH for purposes of determining whether an Applicant is eligible under this Cumulative Credit Maximum to submit a LOI or Application.

D. OTHER DISQUALIFYING CONDITIONS

The Applicant is not eligible to apply for Credits if the Applicant or any member of the Applicant's Development Team is debarred from federal programs or Federal Home Loan Bank or prohibited from applying by another state HFA for disciplinary reasons.

If any member of the Development Team has delinquent late fees due and payable to MBOH at any time from submission of LOI through the Award Board meeting, the LOI or Application will be ineligible for an Award of Credits until such fees are paid in full. If such late fees are not paid in full within ten (10) business days of written notice, the Application will receive no further consideration.

MBOH may reject any Application containing a Development Team member involved in a request for a qualified contract in Montana.

III. APPLICATION/AWARD PROCESS

A. LETTERS OF INTENT AND APPLICATIONS

Applicants may apply for an Award of 9% Credits (including an Award for a Project combining 9% Credits and other Credit sources) by submitting a LOI no later than 5:00 pm Mountain Time on the applicable deadline.

Only those Applicants invited to do so by the Board may submit Applications. Applicants must complete and submit the Uniform Application, all Threshold Requirements, full market study and full Application fee by the applicable deadline to be eligible for further consideration.

A single Applicant may apply for Credits by submission of a single Application that combines sub-applications for each property/Credit request included in the Project (for example, Twinned 4%/9% Projects or Housing Credits and another Credit source). Each sub-application must include a separate UniApp that provides the Project numbers attributable to the sub-application's Credit source.

Applicants may not change the general project location(city/town), type (e.g., family or elderly), Applicant and Developer specified in the LOI in any resulting Application unless approved by MBOH. MBOH will consider other information in the LOI (e.g., cost information, number of units, unit sizes, income targeting, rents, hard and soft loan sources) to be the Applicant's best estimates which may be changed in the Application.

B. INCOMPLETE LETTER OF INTENT OR APPLICATION

Applicant must respond to a written MBOH request (including but not limited to any email request) within 10 working days, unless the request specifies a different time period. Failure to respond within such time period may result in the Application being deemed ineligible and/or negative points.

MBOH staff may ask an Applicant to submit additional information for either an LOI or Application with an incomplete or missing threshold item. Failure to submit the information and paying the applicable fee within the specified time will result in MBOH not considering the Application further.

C. FIRST AWARD ROUND

The following First Award Round deadlines and events are scheduled in calendar year 2022:

- Letter of Intent Submission 2nd Monday in April
- Applicant Presentations/Board Invitations to Apply May MBOH Board Meeting
- Application Submission First Monday in August
- Award Determination Late October MBOH Board Meeting

In the event that any deadline falls upon a weekend or holiday observed by Montana State government, the submission deadline will be the next business day thereafter.

D. SECOND AWARD ROUND (IF ANY)

The Board may decide in its discretion to hold a second award round that is any one or a combination of the following:

- limited to those Applicants that submitted a LOI in the First Award Round but not invited to submit a full Application (a “Semi-Open Round”);
- limited to those Applicants invited to submit an Application but not awarded Housing Credits in the first award round (a “Closed Round”); or
- open to submission of LOIs by any interested party (an “Open Round”).

MBOH will announce such round on its website, including all applicable submission requirements and deadlines/dates.

E. CHANGES AND WAIVERS

MBOH may extend or change any of the deadlines and dates in the QAP by posting on MBOH’s website. 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.

F. BOARD CONSIDERATION AND DETERMINATION

1. LETTER OF INTENT

MBOH staff will present LOIs at the Board meeting in the month specified or established in accordance with the QAP schedule. The Board will provide an opportunity for both Applicants to present and for public comment on proposed Projects and Applications. The Board may ask questions of Applicants and discuss proposed Projects, but such questions, answers and discussions shall not be binding upon MBOH in any later Award determination or other MBOH process. Applicant presentations will include any comments from any party on the Development Team, videos, and presentation materials. Public comment will include in-person comments, live

conference call comments and written comments. Comments are subject to reasonable limitation by the Chair.

After considering the LOIs, presentations, questions and answers and discussion, the Board will select eight Projects to submit Applications based upon consideration of any of the Selection Criteria permitted to be considered for purposes of an Award under this QAP, but no evaluation or scoring of LOIs will be done or considered. The Board may invite more if Congress authorizes an increase in Housing Credits.

2. AWARD

At the Award Determination Meeting, MBOH staff will provide Project Application information. Applicants should be available to the Board to answer questions regarding their respective Applications but there will be no Applicant presentations. MBOH will provide an opportunity for public comment on proposed Projects and Applications. Applicants will have a brief opportunity to make comments and respond to any information presented regarding their Applications.

MBOH staff materials provided to the Board will show Tribal and Small Rural Projects and other Projects in separate groupings. In considering Applications for Award, the Board may first consider Tribal or Small Rural Projects. After any such initial consideration, the Board will consider Award of remaining Credits to any Applicant. The Board may but is not required by this provision to select any Tribal or Small Rural Project for an Award.

G. REMAINING CREDITS AND WAITLIST

If the remaining amount of available Credits is insufficient to fully fund an additional Project, before Awarding a Project in an amount less than requested by the Applicant (except for any de minimis reduction) the Board may:

- prioritize the remaining Projects for an Award from the remaining Credits;
- make any remaining Credits available in a future cycle;
- increase the amount of Housing Credits reserved for a previously Awarded Project based upon the Project's application for an increase submitted under Section K;
- elect to Award less than all available Credits;
- elect to not Award any Credits; or
- adopt any other reasonable option permitted under this QAP.

The first priority Project for an Award will be allowed 30 days to re-submit its Application resized to the amount of Credits remaining available. If MBOH determines that the development is financially feasible, it will enter into a Reservation Agreement. If the first priority Project fails to submit or is not feasible, MBOH will invite the next priority Project(s).

If all of the authorized Credits are Awarded after a particular cycle, MBOH may place qualifying Applications which did not receive an Award on a waiting list for potential Award in the event Credits become available at a later date.

H. FORWARD COMMITMENTS

MBOH does not commit Credits from future years, except:

- during the current year full Application cycle as the Board determines necessary in an amount up to 10% of the Credits requested to fully fund a Project; or
- at any time outside the competitive cycle for purposes of funding repair or replacement of a Project building due to a life/safety emergency as determined by MBOH.

The Applicant must submit a LOI and the Board must invite the Applicant to submit an Application before making an Award. The Application must meet all QAP requirements.

I. AMOUNT OF HOUSING CREDIT ALLOCATION

An Award of Housing Credits under this QAP will be limited to the amount of Credits that MBOH, deems necessary to make the development financially feasible and viable as a qualified affordable Housing Credit Project throughout the Compliance Period.

In determining the amount of Credits necessary, MBOH will consider:

- The Sources and Uses of funds and the total financing planned for the Project. Federal funds may be loaned by or through a parent organization to a Project pursuant to a bona fide loan agreement.
- Grants made with federal funds directly to a Project, which will reduce basis.
- Any proceeds or receipts expected to be generated by the Housing Credits.
- The reasonableness of the development and operational costs of the Project.

A similar analysis will be done at the time of 10% Cost Certification and at Final Cost Certification prior to issuing IRS Form(s) 8609. Neither the selection of a Project to receive an Award of Housing Credits nor the amount of Credits to be allocated constitutes a representation or warranty that the Owner or Developer should undertake the development, or that no risk is involved for the Investor.

J. 4% CREDIT APPLICATIONS FOR TAX EXEMPT BOND/LOAN FINANCED PROJECTS

Projects with tax-exempt financing under the volume limitation on private activity bonds (“4% Projects”) may be submitted at any time. However, MBOH must receive complete Applications and the fee at least 6 weeks before the scheduled MBOH Board meeting at which the Application is to be considered. Changes to the Application that require MBOH to re-underwrite the Application will restart the minimum 6-week period.

Applicants must submit a LOI with the Bond Inducement Resolution Request Form (no fee or mini-market study is required).

Final Allocation of 4% Credits is subject to payment in full of the applicable fees.

Except as specifically otherwise provided in this QAP, Applications for 4% Projects (including 4% Project Applications that are part of a Twinned 4%/9% Project) must meet all requirements of the Applicable QAP to receive an Allocation of Housing Credits.

K. REQUEST FOR INCREASE IN AMOUNT OF CREDIT RESERVATION

MBOH may use returned or unreserved Housing Credits to increase the amount reserved for a Project after making the first round Awards based on the following factors:

- The nature and amount of additional costs, loss of anticipated funding sources or other gap in available Project funding.
- Significant factors leading to the need for additional Credits.
- Availability and Applicant's use of measures to mitigate or obtain alternative funding sources to address any funding gap.
- The need for the additional Credits to make the Project feasible.
- Availability of returned or unreserved Housing Credits.
- Any anticipated potential need for returned or unreserved Credits to fund Projects that would otherwise be funded or require greater funding under the Corrective Award set aside.

An Applicant seeking an increase must apply in writing before the Board meeting at which the Applicant seeks consideration. The request must include new financials, supporting documentation for the cost increases (e.g., higher bids than expected, material costs), and supporting documentation addressing each of the above-specified factors. Staff will present a recommendation at a later MBOH Board meeting for consideration. MBOH will not approve any increase beyond that necessary to make the Project feasible.

L. CREDIT REFRESH REQUIREMENTS

To request a Credit Refresh, the Owner must submit a Credit Refresh application, along with the fee as specified in the Fee Schedule. Upon receipt of the application and staff evaluation, the application will be placed on the agenda for consideration at the next MBOH Board meeting. The Owner or its representative should appear at the meeting to answer Board questions regarding the application and the factors leading to the submission of the application.

The MBOH Board may approve or deny the Credit Refresh or may defer action on the application pending additional information or compliance with specified conditions. The Board may place any one or more conditions on approval or further consideration of an application.

IV. APPLICABLE FEES

The amount(s) of and due dates for all fees required or imposed by this QAP are as specified in the most current MBOH Housing Credit Fee Schedule (Fee Schedule). All fee amounts may be adjusted by MBOH from time to time and are nonrefundable unless otherwise specified.

The Developer/Owner of any Project awarded Credits will be required to reimburse MBOH for legal fees and other expenses incurred by MBOH with respect to any non-standard request, change, document, or other matters relating to aspects of qualifying for or obtaining Housing Credits. Such fees and expenses must be paid within 30 days of MBOH's submission of an invoice. MBOH shall not be required to complete any pending process, approval or other action until such fees and expenses are paid in full.

V. SET ASIDES

A. NON-PROFIT

Unless otherwise specifically provided in the Board's Award resolution, MBOH will meet the 10% non-profit set-aside requirement by the first Award to a Project involving a Qualified Nonprofit Organization ("nonprofit") receiving at least 10% of Montana's Credit ceiling (or if more than one such Project, the one appearing first in an alphabetical list). If no Awarded Project involves a nonprofit, MBOH will hold back 10% of the state's Credit ceiling. By submitting an Application involving a nonprofit, the Applicant consents to designation of such Project as the Project receiving the non-profit set aside.

B. CORRECTIVE AWARD

Such portion of the state's annual federally-allocated Credit ceiling is reserved and set-aside as is necessary for any Project submitted in a prior round or year, if:

- a final order of a court of competent jurisdiction determines or declares that such Applicant was entitled to an Award in such prior round or year or requires MBOH to make an Award or Allocation of Tax Credits to such Project;
- a final order of a court of competent jurisdiction invalidates or sets aside an Award to an approved Project from such prior round or year and a Reservation Agreement was executed by MBOH and such Applicant prior to issuance of such court order, unless such court order determines that such Project was not eligible or qualified under the applicable QAP to receive an Award of Tax Credits; or
- MBOH, upon further consideration of any Award determination as required by and in accordance with the order of a court of competent jurisdiction, determines that such Project was entitled to an Award in such prior round or year.

All requirements and conditions of this Corrective Award set aside provision must be met to receive an Award under this set aside. The amount of any Corrective Award shall be as specified by the court, or if no Award amount is specified by the court, as determined by MBOH in accordance with this QAP. The Corrective Award set aside shall be funded first from returned or unreserved Credits from a prior year. Awards under this Corrective Action set aside may be made from returned or unreserved Credits from a prior year and/or the current year's Credits at any MBOH Board meeting after the final court order has been issued and presented to MBOH. Such Award need not await the annual Application and Award cycle.

Where a court orders that an amount of the current year's Credits be set aside for a Project pending the decision of the court, if the court's decision is not received before the end of the current year, the Credits set aside will become classified as the next year's Credits.

If the court orders MBOH to Award Credits to any Project under this set-aside, the Project must submit an updated Application so MBOH can verify that the amount of Credits requested or some other amount is justified, unless otherwise ordered by the court.

C. GENERAL RULES REGARDING SET ASIDES

MBOH will determine in which set-aside a Project will be reviewed (subject to its eligibility), regardless of its eligibility for any other set-aside.

In the event there are insufficient Tax Credits available to fully fund all set aside categories, the respective set asides categories shall be funded in the following order of priority: (1) Non-Profit; and (2) Corrective Award.

VI. THRESHOLD REQUIREMENTS

Threshold Requirements are mandatory for all LOIs and Applications. Except as provided, LOIs and Applications received not meeting all Threshold Requirements or other requirements of this QAP will receive no further consideration.

A. MATERIALS AND INFORMATION SUBMITTED

LOIs must include:

- LOI Fee
- LOI Narrative
- LOI Attachment
- Mini-Market Study & Summary Sheet for 9% Credit projects (MBOH will not accept full market studies)

Applications must include:

1. Application Fee
2. Cover Letter
 - a. Summarize the Project, limited to 2 pages.
3. Uniform Application (UniApp)
 - a. Complete all required fields in the Funding Portal.
 - b. Fully complete all tabs needed for housing credits.
4. Land or Property Control
5. Zoning
 - a. Documentation from the city or county affirmatively stating how zoning requirements are met or addressed.
 - b. Acquisition/Rehabilitation Projects may provide documentation that the Project will not require a change in zoning requirements.
6. Utilities

- a. Letter or email from providers verifying:
 - Utilities are or will be available to the property.
 - The provider has the capacity to handle the load to be added by the Project.
 - Present proximity of utilities to the Project location.
 - b. Documentation must address water, sewer, electricity, and as appropriate, gas, propane, and garbage pickup.
 - c. Acquisition/Rehabilitation Projects need only provide a letter or email from the utility provider documenting the expected utility load and the providers' ability to meet such additional load.
 - d. Documentation must not be older than 18 months from application date.
 - e. MBOH staff may in its discretion require the Applicant to provide updated documentation.
 - f. Applicants must submit a copy of any updated letters at Reservation or with the next submitted quarterly report.
7. Preliminary Financing Letter
- a. The lender will indicate the proposed terms and conditions of the loan.
 - b. The letter must formally express interest in financing the Project sufficient to support the terms and conditions represented in the Application.
8. Equity Letter
- a. Letter of interest with the anticipated price based on the market at time of the Application.
9. Novogradac Rent Limits
- a. Provide Novogradac Rent and Income Calculator results for the project (Novogradac calculator available on MBOH's website).
10. Utility Schedule
- a. Copy of schedule used in uniapp.
11. Qualified Management Company Agreement
- a. Provide a copy of the written agreement evidencing the company's commitment to provide management services.
 - b. Upon written notice from MBOH that the Management Company is not a Qualified Management Company, the Applicant must submit to MBOH within ten (10) days a written designation of a Qualified Management Company and a copy of the written agreement.
12. Management Education Certifications
13. Full Market Study
- a. Prepared and signed by a disinterested third-party analyst.
 - b. Market Studies must be completed within six (6) months prior to the submission date of the Application, must have the market analyst complete a physical inspection of the market area within one (1) year of the Application and must adhere to minimum market study requirements in the MBOH Market Study Requirements.
14. Market Analyst Certification Form
15. Market Study Summary Sheet
16. CMA / Appraisal

- a. A comparative market analysis (CMA) or appraisal done by an independent (non-related party) Montana-licensed real estate professional.
 - b. A CMA is required regardless of the manner or method of Acquisition and must cover all real estate.
 - c. Land and existing building values must be listed separately.
 - d. A CMA is not required if the Application includes documentation demonstrating that a CMA or appraisal is not available for the property.
17. Site Plan
18. Preliminary Floor Plan
- a. Design Professional's preliminary floor plan and elevations/photos of existing properties for the Project.
19. Legal Ownership Entity
- a. Organizational document of the entity that will have legal ownership of the project from the state where it is registered or other documents acceptable to Montana Housing.
20. Broadband
- a. Explain how the project will meet the broadband requirements.
 - b. Infrastructure installation is required for all New Construction and Substantial Rehabilitation developments. If this requirement is unfeasible the Applicant must submit a waiver request. This request must contain justification and detailed documentation.
21. Narrative
- a. Addressing each of the Development Evaluation Criteria, demonstrating how the Application meets each of these criteria, and providing a specific explanation and justification of the points sought for each scoring item.
 - b. Narrative references to the Market Study must cite the specific page and paragraph of the Market Study.
 - c. The uniapp tab "HC Scoring must include the Applicant's own proposed total score for each scoring item in the Development Evaluation Criteria.
22. Public Housing Authority Waiting List
- a. Documentation of the number of households on the current Housing Choice Voucher waiting list from the local public housing authority and/or the contracted HCV provider in which the Project is located.
23. Public Notice
- a. A copy of the public notice, proof of publication from the publisher, and copies of document the notice was published in.
 - b. An Applicant must place a notice in the local newspaper of the intent to apply for Housing Credits encouraging submission of public comment to MBOH and including name of Project, number of units, location of Project, for-profit or non-profit status, and, if applicable, intent to request tax-exempt status.
 - c. The notice will be placed as a box advertisement in the newspaper within 90 days prior to the due date of the Application and must allow 30 days of submission of comments to MBOH.
 - d. The notice must be published twice, with an interval of at least 14 days between the 2 publication dates.

e. Example of Public Notice:

(Name of Developer, address, telephone number), a (for-profit/non-profit) organization, hereby notifies all interested persons of (city, town, community name) that we are planning to develop, (Name of Project) an affordable multi-family rental housing complex on the site at (street location). This complex will consist of (number) (one bedroom, two bedroom, or three bedroom) units for (elderly persons/families). This Project (will/will not) be exempt from property taxes.

An Application (will be/has been) submitted to the Montana Board of Housing for federal Tax Credits financing. You are encouraged to submit comments regarding the need for affordable multi-family rental housing in your area to the Montana Board of Housing, PO Box 200528, Helena, MT 59620-0528; FAX (406) 841-2841, or electronically at <https://housing.mt.gov/Contact> Comments will be accepted until 5 PM on (specify the date 3 weeks before the MBOH Board Award Determination Meeting (see schedule in Section III.C).

24. Sponsor Application Indemnification & Certification Form

25. Non-Profit Set-aside

- a. For Applications seeking to qualify for the non-profit set aside.
- A copy of the IRS determination letter documenting such organization's 501(c)(3) or (4) status.
 - An affidavit by the organization's managing partner or member certifying that the organization is not and during the Compliance Period will not be affiliated with or controlled by a for-profit organization.
 - Documentation that one of the exempt purposes of the organization includes the fostering of low-income housing.

26. Developer Fee Agreement:

- a. If the project has co-developers or a consultant, provide a copy of the executed Developer Fee agreement, Consultant Fee agreement, or other documentation demonstrating how the fees will be split or paid.

27. Release of Information Form: For Applicants including a Developer with no previous history with the Montana Housing Credit Program.

28. QCT / DDA Map

29. Discretionary Basis Boost: Explanation and justification for a request for discretionary basis boost, if applicable.

30. Elderly Exemption: If the Project is an Elderly Property, specify which exemption for housing for older persons will apply.

31. CNA

- a. A Capital Needs Assessment (CNA) for rehabilitation applications on the USDA Rural Development Capital Needs Assessment template or similar form
- b. A minimum of a 15-year projection for all capital needs that will be replaced, refinished, repaired, upgraded, or otherwise rehabilitated.
- c. Detailed narrative explaining the scope, details, and expectations of the Rehabilitation.

- d. All items will be listed and identified by unit number.
 - e. The CNA must be less than 1 year old as of the date of Application submission or include an update within the most recent 6 months.
32. Relocation Plan: For Applications proposing Rehabilitation or replacement of existing units
- a preliminary relocation plan addressing the logistics of moving tenants out of their residences and providing temporary housing during the Rehabilitation, and
 - the probable length time tenants will be out of their units, and/or replacement and returning tenants to their residences upon completion of the Rehabilitation or replacement.
33. Property Tax Exemption
- a. For Applications proposing a property tax exemption for rental housing providing affordable housing to lower-income tenants pursuant to Mont. Code Ann. § 15-6-221, include documentation of intent to request that the local government unit where the property is located conduct a public hearing as required.
 - b. If the Application does not include such documentation, MBOH will underwrite the Project as if no exemption was or will be received.
 - c. The Application must also affirmatively commit to providing a minimum of 50% of the Units to tenants at 50% of the area median income, with rents restricted to a maximum of 30% of 50% of area median income, as calculated under Section 42 (does not apply to 4% New Construction Projects, including the 4% Project of Twinned 4%/9% New Construction Projects).
34. Operating Reserve Letter
- a. If the operating reserve requirement is not met, an acceptable third-party source document is required.
35. Eventual Homeownership
- a. For Projects targeted for Eventual Homeownership, provide the documents and information specified in the Eventual Home Ownership section.

B. OTHER REQUIREMENTS

In addition to Applications or Projects failing to meet other requirements, MBOH will return and will not consider for an Award of Credits:

- Projects for which the Market Study and other available market information fails to demonstrate adequate market need within the proposed community.
- Projects that are not financially feasible based upon MBOH underwriting standards.
- An Application submitted by an entity with a demonstrated poor track record in completion of development or management of housing, whether in Montana or another state.
- Applications submitted by Applicants with current Project(s) that have/had numerous or unresolved substantial non-compliance issues or IRS 8823s.

C. MINIMUM SCORING THRESHOLD

Developments not scoring the minimum Development Evaluation Criteria score of 1,000 points (or 800 points for non-competitive 4% Credit bond deals) will not receive further consideration.

VII. DEVELOPMENT EVALUATION CRITERIA AND SELECTION

MBOH will use the Development Evaluation Criteria, other QAP Selection Criteria and information submitted or obtained with respect to Projects to assist the Board in evaluating and comparing Projects.

A. DEVELOPMENT EVALUATION CRITERIA

Development Evaluation Criteria scoring is only one of several considerations the MBOH Board takes into account and does not control the selection of Projects that will receive an Award of Tax Credits. For purposes of this QAP and Awards and Allocations, the Selection Criteria include all the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data set forth in this QAP and all federal requirements.

1. EXTENDED LOW INCOME USE (100 POINTS POSSIBLE)

An Application in which the Applicant agrees to maintain units for low income occupancy beyond the federal Extended Use Period will receive points as indicated below and must incorporate these restrictions into the Restrictive Covenants. All projects must have an additional 35 years of affordability.

Years beyond initial 15

35 or more years 100 points (50 years i.e. total extended use period)

Eventual Home Ownership Applications must also specify an Extended Use Period and will receive points for the Extended Use Period as provided above.

2. LOWER INCOME TENANTS (200 POINTS POSSIBLE)

INCOME AND RENT LEVEL TARGETING

A Project with any minimum set aside will be awarded points based on the weighted average income targeted according to the following:

- 53% or below 200 pts
- 55% or below 100 pts
- 60% or below 50 pts

Rents at 40% are allowed to income qualify to 49% AMI. Rents at 50% are allowed to income qualify to 55% AMI (40-60 election must apply).

If the Applicant elects Average Income, MBOH will score the Application under the criteria and points schedule in this subsection.

If the project has a manager's unit, it will be considered a 60% unit and calculated as such.

3. PROJECT LOCATION (100 POINTS POSSIBLE)

An Application will be awarded points with respect to an amenity or service if a grocery store (convenience store does not count); or medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

- a. A Project is located within 1½ miles of the specified amenity or essential service.
- b. 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
- c. 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).

*- For scattered site projects, all site locations must meet the criteria for any points to be awarded.

4. HOUSING NEEDS CHARACTERISTICS (100 POINTS POSSIBLE)

Development meets area affordable housing needs and priorities and addresses area market concerns, such as public housing waiting lists (for all units and tenants), vacancy rate, and type of housing required.

LOCAL COMMUNITY INPUT (30 POINTS POSSIBLE)

30 points will be awarded if the Application includes documentation of at least one of the following forms of Local Community Input, as shown by evidence provided in the Application:

- local neighborhood meetings held expressly for this Application with attendance rosters and minutes;
- local charrettes held expressly for this Application with supporting documents, concept drawings, and input from local community;
- other appropriate form of local community input specifically designed to gather local community input for this Application; and/or
- City or County Commission meeting.

In order to obtain the available points under any item, there must be actual local community input in some form. If a community meeting is held but there is no attendance, another form of local community input must be used. No points will be awarded if the meeting or charrette is part of another public or design meeting, unless the minutes demonstrate that a portion of the

meeting was specifically dedicated to community input for this Application. No points will be awarded if the Application does not provide evidence of qualifying local community input, including minutes of any meeting, charrette or other form of local community input and copies of any written or electronic comments received. Documentation of community outreach efforts to inform and invite community members to attend any of the community input events must be included. All meetings, charrettes and other Local Community input events must be held within 6 months before the Application deadline.

APPROPRIATE SIZE (35 POINTS POSSIBLE)

Points will be awarded for the appropriateness of size of the development for market needs and concerns as reflected in the Market Study. 35 points will be awarded if the number of units being proposed is 50% or less than the number of units needed as projected by the Project's Market Study. No points will be awarded if the number of units being proposed is more than 50% of the number of units needed as projected by the Project's Market Study. For projects developed, rehabilitated, or constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, no points will be awarded if the number of units being proposed is more than 75% (rather than 50%) of the number of units needed as projected by the Project's Market Study. If the Project is existing in the community, the number of units in the Project will be added to the new units needed and the above test will be applied. The Application narrative must address this scoring item with citations to the relevant pages and paragraphs of the market study.

MARKET NEED (35 POINTS POSSIBLE)

The Application will be awarded 35 points based upon the required Market Study's documentation that the Project meets the market needs of the community, as follows:

- Vacancy Rate is at or below 7%; and
- Absorption Rate is less than 5 months; and
- Rents are at least 10% below adjusted market rents.

Narrative references to the Market Study must cite the referenced page and paragraph of the Market Study.

5. PROJECT CHARACTERISTICS (200 POINTS POSSIBLE)

100 POINTS FOR ANY ONE OF THE FOLLOWING FOUR ITEMS:

AFFORDABLE HOUSING STOCK

The Application proposes either the preservation of existing affordable housing stock (including as part of a local (not national, state or regional) community revitalization plan or similar plan) or increases the affordable housing stock, through the use of funds from other sources (e.g., donation of land, other substantial donations, reduction in taxes through tax abatement (other than non-profit exemption) or impact fees) to leverage the Tax Credit dollars.

QUALIFIED CENSUS TRACT/LOCAL COMMUNITY REVITALIZATION PLAN

The Project is located in a qualified census tract (“QCT”), and its development contributes to or involves existing housing as part of a local (not national, state or regional) community revitalization plan or similar plan. The Application must include any such local community revitalization plan and identify where in the plan such existing housing may be found.

HISTORIC PRESERVATION

The Application proposes the Acquisition and/or Rehabilitation of buildings with local, state, tribal and/or federal historic preservation designations.

PROJECT-BASED RENTAL SUBSIDY

The Project has project-based rental subsidy for at least 50% of the units. The Application must provide a copy of the relevant contract or other documentary proof of subsidy from the provider. MBOH staff will verify claimed subsidies with the funding source.

100 POINTS FOR GREEN BUILDING AND ENERGY CONSERVATION STANDARDS:

Applicant’s justification for green building and energy conservation includes but is not limited to Energy Star building and appliance initiatives, water saving devices and green construction and materials. For New Construction and Rehabilitation, the Application will be awarded 100 points if the Project will include at least 10 of the items as listed and described on the MBOH Green Building and Energy Form. The Application must include the completed MBOH Green Building and Energy Form. The Applicant’s architect, who is qualified with respect to energy and green building standards, must provide a letter confirming the listed green building items, as shown in the MBOH Green Building and Energy Form, are incorporated into the Project. For all Projects (New Construction and Rehab), the Form must list each scoring item and specify how many units will receive those items. The Applicant’s architect also must provide certification at Final Cost Certification for 8609(s) purposes confirming that the initiatives were incorporated.

6. DEVELOPMENT TEAM CHARACTERISTICS (400 POINTS POSSIBLE)

Applications meeting all of the requirements of this Section will be awarded 400 points.

DEVELOPMENT TEAM EXPERIENCE

Participation by an entity with a demonstrated track record of quality experience in completed development or management of Tax Credit Projects. MBOH will consider

- the Applicant, Owner, Developer, General Partner, Management Company, and HC Consultant and whether housing Projects have been developed and operated with the highest quality either in Montana or another state,
- existing Projects,
- amount of active local community participation used to develop Projects, and
- a management entity with a good compliance track record and specialized training.

If a new Developer, this requirement may be met through a partner who was a member of the Development Team on a prior Tax Credit Project that has achieved 100% qualified occupancy

and for which the applicable state housing finance agency has conducted a compliance audit which revealed no significant problems.

MANAGEMENT EDUCATION

One member of the Management Company meets the education requirement and one member of the Development Team (other than the Management Company) who is directly and actively involved with the Project has been trained by a Nationally Recognized LIHTC Compliance Training Company. For MBOH purposes, to maintain certification, the person must attend a complete class with a Nationally Recognized LIHTC Compliance Training Company at least once every four years (certificates must be attached with each Application). MBOH annual compliance training does not qualify for Credit under this category.

COLD WEATHER DEVELOPMENT EXPERIENCE

The Project's Developer or Consultant who is actively involved in the actual construction process has experience with Cold Weather Development and Construction (defined as one or more Projects located above the 40 degrees north parallel), as reported on the MBOH Cold Weather Experience Form.

The application must list all affordable housing including low-income housing Tax Credit Projects in Montana or any other state developed, owned, managed, or consulted on by Applicant and any member of the Development Team, whether or not such Projects were successfully completed. All Development Team members must sign, and the Application must include the completed and signed UniApp Supplement Tax Credit Information Release Form, providing consent to the release of information by other third parties.

7. PARTICIPATION OF LOCAL ENTITY (60 POINTS POSSIBLE)

For purposes of this scoring item, a local entity includes a provider serving the Project locality from a physical office in the region of the state where the Project is located even if the provider does not maintain a local office in the locality.

COMMUNICATION/RELATIONSHIPS (30 POINTS POSSIBLE)

30 points will be awarded if the Application includes documentation in the form of a detailed and descriptive narrative, confirmed in writing by the local entity, indicating that the Owner/Developer has met with one or more local entities to discuss the local entities' participation in the Project through provision of any of the following:

- screening and referring of individuals as prospective tenants;
- providing on-site services to Project tenants;
- donation of land or sale at a reduced price to enhance affordability;
- use of grant money to develop infrastructure or for other uses;
- significant fee waivers on local government fees; or
- other forms of significant monetary or in-kind support.

SERVICE COMMITMENTS/UNDERSTANDINGS (30 POINTS POSSIBLE)

30 points will be awarded if the Application includes a narrative in which the Owner/Developer commits to provide or arrange for provision of one or more specifically described supportive services for the duration of the Extended Use Period. The narrative must provide evidence of how such described supportive services will benefit the Project. The same component of participation by a local entity may not be counted toward more than one item, and may be given Credit by an award of points only once.

Points will not be awarded for the same item in both this Participation of Local Entity section and the Project Characteristics/Affordable Housing Stock section.

8. TENANT POPULATIONS WITH SPECIAL HOUSING NEEDS (100 POINTS POSSIBLE)

An Application will be awarded 10 points for each 5% of the units targeting or meeting the following identified needs up to a maximum of 100 points. The Application must specify the number of units targeted for or meeting each category. MBOH will use Units Accessibility in the UniApp to calculate the score for this item. Units may not be counted more than once or in more than one category for purposes of awarding points.

- Units targeted specifically for individuals with children or large families (units with 2 or more bedrooms).
- Units targeted specifically as Section 504 fully accessible units exceeding minimum fair housing requirements.
- Units targeted specifically for persons with disabilities (points limited to a maximum of 25% of units in the Project) (Application must describe the strategy that will be used to market available units to disabled persons throughout the Extended Use Period).
- Units targeted to veterans (points limited to a maximum of 25% of units in the Project).
- Units targeted to victims of domestic violence (points limited to a maximum of 25% of units in the Project).
- Units that provide Permanent Supportive Housing (points limited to a maximum of 25% of units in the Project).

If the Project is an Elderly Property as defined in federal law, the Application will receive 100 points under this provision.

Example:

- 2 – 2 bdrm units meet family requirement 20% – 40 points
- 2 – 1 bdrm units exceed section 504 20% – 40 points
- 1 – 1 bdrm unit targeted to mental illness 10% – 20 points
- 5 – 1 bdrm units with no targeting 50% – 0 points
- 10 – Total units in Project – 100 total points received

9. DEVELOPER KNOWLEDGE AND RESPONSIVENESS (UP TO MINUS (-) 400 POINTS POSSIBLE)

If an entity or individual participating in a Project as a member of the Development Team identified in an Application has a demonstrated poor track record or demonstrated past management weaknesses with respect to developments in Montana or in another state, or has

failed in the past to respond timely to an MBOH letter of inquiry with respect to a Project, MBOH may assign negative points.

MBOH will provide written notice within thirty (30) days of MBOH learning of any event that will result in a negative point assignment. If MBOH learns of the event after Application submission and prior to the MBOH Board's Award meeting, MBOH will provide written notice to the Applicant within five (5) business days. The written notice must describe the event giving rise to the negative point assignment and specify the Development Team member or members affected by the negative point assignment, the number of negative points to be assigned and the number of future Applications to which negative points will be assigned. If MBOH has learned of the event after Application submission and prior to the MBOH Board's Award meeting, the notice must be provided to the Applicant and affected members of the Development Team and inform such persons or entities that they may respond in writing to MBOH within five (5) business days of the date of the notice or, if earlier, by 3 days prior to the MBOH Board's Award meeting. If MBOH learns of the event outside the period from Application submission to MBOH Board Award meeting, the notice must be provided to the particular Development Team member affected and inform such Development Team member that they may respond in writing to MBOH within thirty (30) days of the date of the notice.

DEMONSTRATED POOR TRACK RECORD

For purposes of determining a participant's track record, MBOH may contact community officials, Development Team or Development Team member references, Credit bureaus, other state Tax Credit administering agencies and any other sources as MBOH deems appropriate. Up to minus (-) 100 points may be assigned for each of the following: (i) demonstrated poor track record with respect to developments in Montana or in another state, and/or (ii) failure to respond within 10 working days of MBOH letter of inquiry. (***Up to Minus (-) 200 points possible***)

DEMONSTRATED MANAGEMENT WEAKNESSES

Development Team members with past demonstrated management weaknesses, including but not limited to those management weaknesses listed below may be assigned negative points for this section (***Up to Minus (-) 200 points possible***), for example:

- Has not followed-through on the development of a Project from Application to rent-up and operation;
- Has not complied with MBOH submission, compliance or other requirements applicable during Project development, construction and Extended Use Period;
- Has not maintained a Project to Section 42 or other program standards;
- Has or had numerous or outstanding substantial non-compliance issues or IRS 8823s;
- Has not completed required training in a certified compliance training program;
- Has not completed required management compliance retraining at least every four years;
- Has requested income targeting changes that are not supported by unanticipated hardship;

- For Projects Awarded Credits for 2018 or later years, has a debt coverage ratio at 10% cost certification or final allocation that has changed significantly from the debt coverage ratio as underwritten by MBOH at Application;
- Has requested additional Credits more than once;
- Has failed to comply with the Substantial Changes requirements;
- Has significantly diminished the quality and long term viability of a previous Project by lowering costs below a reasonable level;
- Has delinquent late fees due and payable to MBOH;
- Has intentionally provided false information to MBOH in connection with an Application, Project or any related Board inquiry or process;
- Has been a member of the Development Team for a prior Project that exceeded maximum Hard Cost Per Unit or Total Project Cost Per Unit at Final Cost Certification; or
- Has been a member of the Development Team for a prior Project Awarded Credits from 2018 or later years that exceeded the applicable maximum Soft Cost Ratio at Final Cost Certification.

Negative points may not be assigned for the same matter under both Section 9(a) and 9(b).

METHOD OF ASSIGNING NEGATIVE POINTS

Any negative points will be assigned as follows:

The factors that will be considered in determining whether to assign negative points and the number of any negative points to be assigned with respect to poor track record items, management weaknesses and failure to response to MBOH letters of inquiry, include:

- The nature and seriousness of the incident(s);
- The frequency of such incidents;
- The incidents were or were not within the control of the individual or entity;
- The degree and timeliness to and with which the entity or individual responded to correction and educational efforts;
- The responsiveness of the individual or entity in responding timely to fees, penalties and other sanctions imposed;
- The cost or financial harm caused to the Project, the Tax Credit agency or third parties;
- The nature and extent of inconvenience and harm caused to Project tenants;
- The nature and extent of damage or expense caused to Project property;
- The extent to which the Project as completed failed to comply with the Project as represented in the Application or in approved Project changes;
- The extent to which the incident would have affected scoring of the Project Application if known as the time (although no such effect on Application scoring need be shown to justify an assignment of negative points);
- The extent to which completion of a Project that received an Award of Credits was substantially delayed or prevented;
- The extent to which Credits that were Awarded were recaptured;
- The extent to which unreasonable or excessive fees, profits or other improper remuneration was derived improperly from a Credit Award or Project; and
- The presence of any other relevant factors or considerations.

Except as otherwise provided in this Section, MBOH will assign negative points on the next competitive 9% Credit Application (or multiple Applications in the same competitive round) which includes as part of its Development Team any person or entity that participated as a Development Team member in the Project or Projects giving rise to the negative point assignment.

If multiple and/or repeat instances of poor performance, management weakness or fail to respond occur or have occurred, MBOH may assign negative points with respect to a Development Team member for not only the first competitive round in which an Application involving such member participates but may also be assigned for such Applications in multiple future years or competitive rounds.

If MBOH assigns negative points as a result of poor track record, management weakness or failure to respond that occurred as part of the development/construction/rehabilitation process prior to beginning of lease-up activities or other involvement of the Qualified Management Company, negative points will not be assigned with respect to such Qualified Management Company.

If more than one Development Team member subject to a negative point assignment from a prior Project is part of the Development Team on a current or future Project Application, the total negative points assigned to the Application will be the greatest number of negative points assigned with respect to any one such participating Development Team member.

If the Project giving rise to the negative points would have received a lower Development Evaluation Criteria score under the QAP under which the Project initially was evaluated, scored and awarded Credits had the poor track record, management weakness or failure to respond been known as of Application scoring, the negative points assigned with respect to a Development Team member from the earlier Application will be the number of points corresponding to the difference in scoring that would have resulted. Such point difference shall be converted as appropriate and necessary to correspond to the current QAP point scoring system.

B. AWARD DETERMINATION

The MBOH Board will select Applications to receive an Award that it determines best meet the most pressing affordable housing needs of low-income people in Montana, taking into consideration:

- all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data (including without limitation the statistical data in the MBOH Statistical Data Form) set forth in this QAP and all federal requirements (together referred to in this QAP as the “Selection Criteria”);
- the Development Evaluation Criteria scoring; and
- all other information provided to the MBOH Board regarding the applicant Projects.

The awarding of points to Projects pursuant to the Development Evaluation Criteria is for purposes of determining that the Projects meet at least the minimum Development Evaluation Criteria required for further consideration and to assist the MBOH Board in evaluating and comparing Projects. Development Evaluation Criteria scoring is only one of several considerations taken into account by the MBOH Board and does not control the selection of Projects that will receive an Award of Housing Credits.

In addition to any other Selection Criteria, the MBOH Board may consider the following factors in selecting Applications for an Award:

1. The geographical distribution of Housing Credit Projects;
2. The rural or urban location of the Projects;
3. The overall income levels targeted by the Projects (including deeper targeting of income levels);
4. The need for affordable housing in the community, including but not limited to current Vacancy Rates;
5. Rehabilitation of existing low-income housing stock;
6. Sustainable energy savings initiatives;
7. Financial and operational ability of the Applicant to fund, complete and maintain the Project through the Extended Use Period;
8. Past performance of an Applicant in initiating and completing Tax Credit Projects;
9. Cost of construction, land and utilities, including but not limited to costs/Credits per square foot/unit;
10. The Project is being developed in or near a historic downtown neighborhood;
11. The frequency of Awards in the respective areas where Projects are located;
12. Preserving project rental assistance or have or are planning to add Section 811 units to an existing project; and/or
13. Augmentation and/or sources of funds.

If the MBOH Board Awards Credits to an Applicant where the Award is not in keeping with the Selection Criteria of this QAP, it will publish a written explanation that will be made available to the general public.

VIII. UNDERWRITING ASSUMPTIONS AND LIMITATIONS

These underwriting assumptions will be used at Application, 10% Cost Certification and Final Cost Certification.

A. PRO-FORMA COMPONENTS

1. OPERATING EXPENSES

MBOH will evaluate Operating Expenses and Vacancy Rate underwriting assumptions for all Projects for reasonableness, taking into account the type of housing, unit sizes, intended target group of the housing and location. Staff may require the Applicant to provide additional justification and documentation.

2. DEBT COVERAGE RATIO

The ratio of net operating income (rental income less Operating Expenses, not including expenses for amortization, depreciation or mortgage-related interest, and reserve payments) to foreclosable, currently amortizing debt service obligations (“Debt Coverage Ratio” or “DCR”) should be between:

- 1.15 and 1.35 in the first year of normal operation if projected to trend upward;
- 1.10 and 1.50 during the entire first 15 years of normal operation if projected to trend downward.

Applications must justify DCRs outside these ranges in a narrative. MBOH will consider the reasonableness of the Project’s proposed rent levels, Operating Expenses, reserve payments, projected Vacancy Rates, debt service obligations, Soft Costs and amount of Credits requested. If the DCR, as underwritten by MBOH at Application, is above the ranges specified above without acceptable justification, MBOH will reduce the amount of Credits requested or the rent levels proposed.

3. TOTAL EXPENSE RATIO

MBOH will consider, on a case by case basis, projects which materially deviate from a 1.10 ratio.

4. OPERATING RESERVES

Owners must establish and maintain minimum operating reserves in an amount equal to at least four months of projected Operating Expenses, debt service payments, and annual replacement reserve payments. The specific requirements for reserves, including the term for which reserves must be held, must be included in the limited partnership or operating agreement. Using an acceptable third party source, this requirement can be met by cash, bond, letter of Credit from a financial institution, or a Developer guarantee that a syndicator has accepted the responsibility for a reserve.

5. REPLACEMENT RESERVES

Owners must contribute replacement reserves in an amount equal to at least \$300 per unit annually. Exceptions may be made for certain special needs or supportive housing developments. Exceptions must be documented and will be reviewed on a case by case basis. The specific requirements for reserves, including the term for which reserves must be held, must be included in the limited partnership or operating agreement.

6. UTILITY ALLOWANCES

The Montana Department of Commerce Section 8 Utility Allowances are the only acceptable utility allowances for Applications, unless otherwise provided by USDA Rural Development or an MBOH-approved allowance using the HUD Utility Model (HUSM). Projects may use their own calculated HUSM from LOI to Placed in Service, but as of Placed in Service must have obtained MBOH prior approval of HUSM.

7. ADDITIONAL UNDERWRITING ASSUMPTIONS

MBOH will use the following underwriting assumptions for underwriting all Applications:

- Vacancy rates: 10% - 20 units and less, 7% - more than 20 and up to 50 units, 5% - more than 50 units or 100% project based rental assistance;
- Income Trending: 2%;
- Expense Trending: 3%;
- Reserves Trending: as proposed in Application but not to exceed 3%;
- Structured Debt for pro-forma not allowed; and
- Operating expenses per unit: \$3,000-\$6,000 annually.

8. SOURCES AND USES CERTIFICATION

Applicants must certify that they have disclosed all of a project's sources and uses, as well as its total financing, and must disclose to MBOH in writing any future changes in sources and uses over 10% in any UniApp section or any increase in Soft Costs throughout the development period (until 8609's are received).

B. SUBSTANTIAL REHABILITATION

Montana's minimum Substantial Rehabilitation standard is expenditures the greater of

- \$35,000 of Hard Cost Per Unit for 9% Projects (\$30,000 for 4% Projects), or
- an amount which is not less than 30% of the adjusted eligible basis of the building during a 24-month or shorter period.

Rehabilitation 9% Projects must meet all requirements of the capital needs assessment and the Application must also include a list of items in each unit that will be replaced, refinished, repaired, upgraded, or otherwise rehabilitated.

C. PROJECTS SEEKING PROPERTY TAX EXEMPTIONS

Applications proposing a property tax exemption for rental housing providing affordable housing to lower-income tenants pursuant to Mont. Code Ann. § 15-6-221 must affirmatively commit to providing a minimum of 50% of the Units in the property to tenants at 50% of the area median income, with rents restricted to a maximum of 30% of 50% of area median income, as calculated under Section 42. This requirement does not apply to 4% Projects, including the 4% Project in Twinned Projects.

D. EVENTUAL HOME OWNERSHIP

Projects wishing to convert to homeownership at the end of the 15 year compliance period may do so under the provisions of the Code. MBOH will accept no more than one application per calendar year that intends to convert to homeownership. As these projects will be rental housing for a minimum of 15 years, they will be underwritten as a rental project, and are subject to the same underwriting criteria as full-term projects.

The following conditions generally apply:

- The units must be single family detached, townhouse, or condominium;
- Intention to convert must be expressed at time of application;

- Applicant must submit a comprehensive plan that includes, but is not limited to, provisions for repair or replacement of heating system, water heater, and roof prior to sale; limitation on equity upon subsequent sales; homeownership classes for potential homebuyers; and requirements for extent of stay in rental unit to be eligible for purchase;
- Purchaser must occupy unit as primary residence;
- Units must be initially marketed to existing rental resident. Remaining units not sold to existing renter households must be sold to households earning 80 percent or less of AMI;
- Low income units that are not sold to their residents must remain rental units; subject to low income and rent restrictions for the term of the LURA.

E. 130% BASIS BOOST

Applications for Projects not located in an area designated by HUD as a difficult development area (“DDA”) or a QCT may request Housing Credits calculated at up to 130% of eligible basis. The documentation must explain why the Project would not be feasible without the boost. MBOH also may consider any one of the following factors:

- a Tribal or Small Rural Project;
- Qualification of the building for Rural Development funding;
- targeting of more than 75% of Project units to 50% or below area median income level;
- includes historical preservation, preservation or replacement of an existing affordable housing Project (replacement must replace the same Project with the same or similar affordability requirements); or
- for purposes of financial feasibility.

F. NON-HOUSING AMENITIES

Projects may include swimming pools, golf courses, and other similar amenities only if funded by sources other than Housing Credits (this requirement does not apply to garages or car ports).

G. HOUSING CREDIT PROCEEDS

Applications must estimate expected Credit proceeds. Within 60 days after the partnership or operating agreement is signed by all parties, the Applicant must provide MBOH with a copy of the executed agreement to avoid a late fee. Prior to issuance of IRS Form 8609(s), MBOH will require the accountant's certification to include gross syndication proceeds and costs of syndication.

H. DEVELOPMENT COST LIMITATIONS

1. HARD COSTS

All Applications must provide justification for development costs. Even for those projects meeting specific QAP limitations, MBOH will evaluate Cost Per Unit and Cost Per Square Foot for all Projects for reasonableness, taking into account the type of housing, other development costs, unit sizes, the intended target group of the housing, where the Project will be located, and other relevant factors.

MBOH may decline to Award Credits to a Project where it determines that costs do not reflect the optimal use of Housing Credits.

TOTAL COST PER UNIT LIMIT.

Total Project Cost Per Unit may not exceed \$280,000.

For purposes of applying this limit to Applications for the 4% and 9% Projects in Twinned 4%/9% Projects, Total Project Cost Per Unit will be calculated as an average of the Total Project Cost Per Unit amounts for the included 4% Project(s) and 9% Project(s).

Applications exceeding this limit will receive no further consideration. Projects must meet this limit at LOI, Application, 10% Cost Certification and Final Cost Certification. MBOH will assess negative points in the future if a Project exceeds this limit at Final Cost Certification. This negative points assessment will apply only prospectively to Projects Awarded Credits in the 2017 or later Award rounds.

The \$280,000 limit amount also applies to Projects awarded Credits in prior years and for which an IRS Form 8609 has not yet been issued, if MBOH staff approves such limit amount based upon submission of a written request with supporting justification for cost.

Applicants must submit requests for exception to the Total Cost Per Unit limit no later than thirty (30) day prior to the LOI submission deadline. MBOH will consider exceptions based upon documented justification. The MBOH Board may grant exceptions in its sole discretion. The board may not consider waivers for greater than \$320,000 per unit.

COMMUNITY SERVICES FACILITY COST EXCLUSION

For purposes of the Total Project Cost Per Unit limit, costs of Community Service Facilities may be deducted from Total Project Costs if the Application includes:

- a calculation of the costs of the Community Service Facility(ies) that is reasonable and consistent with the UniApp for the Project and that specifically itemizes the costs reasonably attributable or allocable to such building or partial building;
- a written certification that the Project's Total Cost Per Unit will be within the limit in this QAP upon exclusion of such Community Service Facility costs;
- the Applicant's agreement that, upon request, it will provide MBOH staff with supporting cost documentation, a CPA certification or other information to support the cost calculation, and will pay the cost of an independent third party expert analysis if required by MBOH; and
- Applicant's agreement that MBOH will deny an exclusion if staff determines that such cost calculation is unreasonable or not supported by appropriate documentation or certification.

2. ADDITIONAL COST LIMITATIONS

To the extent an Application exceeds the following cost limitations, as calculated in UniApp, MBOH will reduce the excess for all purposes under the Housing Credit program.

BUILDER'S OVERHEAD

Builder's Overhead, the builder's overhead shown in the Applicant's properly completed UniApp Supplement (Cost Limitations and Requirements), is limited to a maximum of 2% of Construction Costs.

GENERAL REQUIREMENTS

General Requirements are limited to a maximum of 6% of Construction Costs.

BUILDER PROFIT

Builder Profit, the builder's profit shown in the Applicant's properly completed UniApp Supplement (Cost Limitations and Requirements), will be limited to a maximum of 6% of Construction Costs.

DEVELOPER FEES

Developer Fees will be limited to a maximum of 15% of Total Project Costs.

For purposes of this Developer Fee limit, Total Project Costs do not include Developer Fees, Project reserves or land costs. HC Consultant fees (amount must be disclosed) will be included as part of and subject to the limit on Developer Fees. Architectural, engineering, and legal services are considered to be professional services, and fees for such services are not included as Developer Fees for purposes of this limitation.

DISCLOSURE OF TRANSACTIONS INVOLVING RELATED PARTIES

Applicants and Owners must disclose all transactions with Related Parties; failure to do so may result in the Project not receiving an Award. MBOH may reduce Developer Fees, Builder Profit or other Soft Costs on Projects involving Related Party transactions.

LIMITATION ON SOFT COSTS

The Soft-Cost-to-Hard-Cost Ratio ("Soft Cost Ratio") for the Project, based upon the Application's UniApp, may not exceed:

- 32% for projects with more than 24 units;
- 37% for projects with 24 or fewer units or Small Rural Projects; or
- 40% for stand-alone 4% Credit Projects.

For Twinned 4%/9% Projects, the Soft Cost ratio is calculated based upon the combined costs for the 4% and 9% Projects and the applicable 32% Large Project limit or 37% Small Rural Project limit. If the Soft Cost Ratio for a Project exceeds the applicable maximum, MBOH will allow the Applicant to specify how and by what amount its Soft Costs will be reduced in writing within ten (10) business days. The Application will reflect such adjustments for all purposes under the HC program. If the Applicant fails to communicate its adjustments within the required time, MBOH will return the Application. Projects must meet this limit at LOI Intent, Application, 10% Cost Certification and Final Cost Certification. MBOH will assess negative points to Projects Awarded Credits for 2018 or later years exceeding this limit at Final Cost Certification.

PROFESSIONAL FEES

The UniApp must address and provide justification for professional fees. MBOH will compare these fees as a percentage to construction costs for reasonableness.

ADDITIONAL DUE DILIGENCE

MBOH may require due diligence in the form of additional cost certification for Projects MBOH considers to be at high risk for unreasonable costs. This additional due diligence may include audits of contracts among or between Development Team members or contractors and/or sampling of subcontractor invoices to verify consistency with the developer cost certification.

IX. MBOH COMMUNICATIONS

MBOH may communicate with Applicants to provide interpretive guidance or for purposes of clarifying, verifying or confirming any information.

MBOH may query an Applicant or other persons regarding any concerns related to an Application or the management, construction or operation of a proposed or existing low-income housing Project. Questionable or illegal housing practices or management, or insufficient or inadequate response may be grounds for Disqualification of an Application.

MBOH may contact local community officials to discuss relevant evaluation criteria. MBOH may also contact any other third parties to confirm or seek clarification regarding any information in the Application.

MBOH will provide notice of the Project to the chief executive officer (or the equivalent) of the local jurisdiction within which the Project is proposed to be located and provide such individual a reasonable opportunity to comment on the Project.

X. RESERVATION, CARRYOVER ALLOCATION, CREDIT REFRESH AND FINAL ALLOCATION

The requirements in this Section apply to all Projects Awarded Credits.

A. RESERVATION AGREEMENT

After an Award of Credits, MBOH will provide a Reservation Agreement to the Owner. Once the Owner enters into a Reservation Agreement with MBOH, the Owner must then meet the requirements and conditions described and provide the required documentation before it receives a Carryover Allocation (Initial Allocation) or Final Allocation of Housing Credits.

MBOH will revoke an approved Reservation and terminate the Reservation Agreement when a Project fails to make successful progress toward completion or otherwise fails to perform its obligations.

If an unsuccessful Applicant, or a party associated with such Applicant, commences any legal action or proceeding challenging MBOH's Award determination or process, MBOH will make a Carryover Allocation (Initial Allocation) or Final Allocation of Housing Credits as required by an executed Reservation Agreement to the same extent it would have been bound to do in absence of the legal challenge, unless the court determines that such Applicant was not eligible or qualified under the applicable QAP to receive an Award of Housing Credits or MBOH otherwise determines that it is precluded by Court order from doing so. If a court determines in any such action or proceeding that MBOH must Award Credits to one or more unsuccessful Applicants from such round or year, such Award or Awards will be made using any available returned or unreserved Housing Credits or current year's Credits.

B. CARRYOVER ALLOCATION

MBOH will issue a Carryover Allocation Agreement to the Owner for execution and return to MBOH by December 1 of the year for which the Credits are being Awarded.

To receive a Carryover Allocation, the Owner must submit the executed Reservation Agreement, proof of ownership (evidence of title or right to possession and use of the project property for the duration of the Compliance Period and the Extended Use Period plus one year, e.g., a recorded deed or an executed lease agreement), executed and recorded Restrictive Covenants, and the Reservation fee.

C. 10% TEST

Deadline for submission of the required 10% information is the first anniversary of the date on which MBOH executed the Carryover Allocation Agreement. Failure to pay the required fee, submit certification for 10% documentation, or to meet the 10% Test will cause forfeiture of Awarded, reserved or allocated Housing Credits. Refer to the 10% checklist on the MBOH website for the most current checklist of requirements.

D. LURA/DECLARATION OF RESTRICTIVE COVENANTS

When submitted to MBOH, the executed and recorded Declaration of Restrictive Covenants/ Land Use Restriction Agreement (Restrictive Covenants or LURA) must be accompanied by a copy of the most current ALTA survey (if available) and title commitment (if available) for the Project real property. These documents must be submitted by December 1 of the year for which the Award of Credits was made. If not available at such time, these documents must be submitted as soon as available (except where unavailable for tribal trust land).

By execution and recording of the LURA the Owners waives the right to request that MBOH locate a non-profit qualified buyer (the "qualified contract process"). The Extended Use Period specified in the LURA may not be terminated early through the qualified contract process and the Owner must for the entire Extended Use Period as provided in the LURA.

Prior to issuance of 8609, documentation must be submitted evidencing the first priority position of the Restrictive Covenants. If such evidence does not show that the Restrictive Covenants are

in a first priority position, MBOH will require a subordination agreement from the owner or holder of any prior-recorded lien or encumbrance as a condition of issuance of IRS Form 8609, unless such prior lien or encumbrance is required by a federal agency to have priority over the Restrictive Covenants or MBOH otherwise determines in writing that subordination is not required.

For Projects constructed or to be constructed on leased ground, the LURA is not required to have priority over the ground lease. However, the LURA and ground lease shall include such provisions as are satisfactory to MBOH to assure to the greatest practicable extent that the Project will be subject to all LURA restrictions for the full Extended Use Period.

E. REFRESHING CREDITS

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 (Initial Allocation) and for which MBOH has approved such 10% Cost Certification.

The amount of Credits reserved through a Credit Refresh shall not exceed the amount of Credits originally allocated or the maximum Credit Award under the Applicable QAP.

In making its determination, MBOH may consider any or all of the following:

- The diligence, or lack of diligence, by the Development Team, Owner or other Project participant in seeking to complete the development, approval, construction and opening of the Project;
- Any factors beyond the control of the Development Team, Owner or other Project participant, significantly contributing to the need for the Credit Refresh;
- The likelihood that the Project will be completed and Placed in Service within a reasonable time, under the circumstances, if approved;
- The likelihood that the Project will not be completed or Placed in Service if denied;
- The need for the Project, as determined in the original Application and Award processes;
- Any significant changes in market conditions or other factors that affect the financial feasibility of or need for the Project; and
- Any other factor or factors that the Board deems relevant to the determination

MBOH may place any one or more conditions on approval or further consideration of an application.

All requirements of the Applicable QAP and applicable law shall apply as if such Reservation were the original.

F. FINAL ALLOCATIONS/8609

Refer to the 8609 checklist on the MBOH website for the most current checklist of items due.

MBOH will assess a late fee if it does not receive the paperwork within 6 months of the last building Placed in Service date. MBOH may make a site visit and conduct a file audit prior to issuance of Form 8609(s). Owners must send a copy of each completed and signed Form 8609 back to MBOH within 3 months of issuance.

G. PUBLIC NOTIFICATION

Any public relations actions by a recipient of Tax Credits must specifically state that a portion of the funding is from MBOH, including radio, television, and printed advertisements (excluding rental ads), public notices, and signs at construction sites.

H. CHANGES TO PROJECT OR APPLICATION

MBOH must approve any changes in the Implementation Schedule greater than 60 days. Owners must submit notification in writing with justification to MBOH within 10 business days of the change.

MBOH must specifically approve any of the following Substantial Changes in the project as set forth in the Application. The Applicant must notify MBOH in writing at least 30 days before implementing Substantial Changes.

- A member of the Development Team, including the Applicant, occurring prior to Placed in Service;
- A change or amendment to the Developer Fee agreement or Consultant Fee agreement;
- Participating local entity;
- Quality or durability of construction;
- Number of units or unit composition;
- Site or floor plan;
- Square footage of Project building(s);
- Project amenities;
- Income or rent targeting;
- Rental subsidies;
- Addition of any mandatory tenant obligation (e.g., adding payment of utilities);
- Target group;
- Project location;
- Sources and Uses (to the extent any line item of the Sources of Funds or any section of the Uses of Funds of the UniApp changes by 10% or more);
- Common Space square footage, location or purposes;
- Housing Credits required for the Project;
- Extended Use Period;
- Any Application item or information required by the Applicable QAP;
- Any item that would have resulted in a lower Development Evaluation Criteria Score under the Applicable QAP; and
- Any other significant feature, characteristic or aspect of the Project.

If MBOH staff denies approval of any Project Change, the Applicant may request Board review and must inform MBOH staff if the proposed change requires immediate or urgent review and approval. Any requested changes may incur additional fees.

XI. QUARTERLY REPORTS

All Applicants receiving Reservations must provide written status reports for each calendar quarter pursuant to the terms of the Reservation Agreement.

Refer to the Quarterly Report Form on the MBOH website for the most current checklist of items and applicable due dates.

XII. QUALIFIED CONTRACT PROCESS

MBOH has adopted certain requirements and procedures applicable to the qualified contract process. These requirements and procedures are set forth in a separate Montana Board of Housing publication entitled the Montana Board of Housing, Qualified Contract Process(**INSERT DATE**) (the “Qualified Contract Process” or “QCP”). The QCP governs eligibility, submission, consideration, determination and other aspects of a request for a qualified contract as provided in Section 42.

MBOH may update and revise the QCP from time to time through the administrative rule adoption process. Any updated or revised version of the QCP adopted as rule will replace and supersede the **INSERT DATE** version of the QCP as provided in the adopted rule. The current version of the QCP is available on the MBOH website.



APPENDIX: A DEFINITIONS

APPENDIX A: DEFINITIONS

Terms used in this QAP shall have the same meaning as in Section 42 and implementing regulations unless otherwise indicated. As used in this QAP, the following definitions apply unless the context clearly requires a different meaning:

“4% Credits” means HCs that may be Awarded in accordance with the applicable QAP to Projects with tax-exempt financing under the volume limitation on private activity bonds and, except as otherwise provided by this QAP for Applications combining 4% and 9% Credits, outside the competitive allocation process applicable to 9% Credits.

“9% Credits” means HCs that may be Awarded through the competitive allocation process in accordance with the Applicable QAP.

“Absorption Rate” means the number of months projected in the Application’s market study for a Project to become fully leased, using the calculations listed in MBOH’s full market study requirements.

“Acquisition” means obtaining title, lease or other Land and Property Control over a property for purposes of an HC Project. Acquisition includes purchase, lease, donation or other means of obtaining Land or Property Control.

“Acquisition/Rehab” means Acquisition of a property with one or more existing buildings and renovation meeting Montana’s minimum Rehabilitation standard for existing buildings on the property that are part of an HC Project.

“Allocation” means an Initial Allocation or a Final Allocation.

“Available Annual Credit Allocation” is defined as the Credit ceiling allocated to MBOH by the federal government for the previous calendar year.

“Common Area” means any space in the building(s) on the Project property that is not in the units (except manager units), i.e. hallways, stairways, community rooms, laundry rooms, garages/carports, manager units, etc.

“Community Service Facility” means a building or part of a building constructed and included as part of and on the same tract of land as a Project: (a) that provides services designed to serve primarily individuals whose income is within the percentage(s) of area median income to be served by the Project (but are not limited to serving such individuals or Project residents exclusively); and (b) that charges service fees, if any, which are affordable to individuals whose income is within the percentage(s) of area median income to be served by the Project. Community Service Facilities are not required to meet Section 42 Community Service Facility requirements for inclusion in adjusted basis in order to qualify for the cost exclusion under Section 3.F.1 this QAP (except as included in this definition).

“Construction Costs” means all costs listed on the UniApp, Section C, Uses of Funds, under the Site Work and Construction and Rehab sections.

“Consultant” or “HC Consultant” means an individual or entity advising a Developer or Owner with respect to the HC Application and/or development process.

“Design Professional” means a housing/building design professional.

“Developer” means the individual(s) and/or entity(ies) specifically listed and identified as the developer in the Uniform Application, Section A - Applicant Developer/Sponsor, responsible for development, construction and completion of an HC Project.

“Development Evaluation Criteria” means the evaluation and scoring criteria set forth in QAP VII. Development Evaluation Criteria and selection.

“Development Team” means and includes the Applicant, Owner, Developer, General Partner, Qualified Management Company, and HC Consultant identified as such in the Application.

“Disqualify” or “Disqualification” means, with respect to an Application, that the Application is returned to the Applicant by MBOH without scoring and without consideration for an Award of HCs, as authorized or required by this QAP.

“Elderly Property” means a Project for which a Fair Housing Act exemption for housing for older persons will apply.

“Expense Coverage Ratio” means, with respect to a Project with no hard debt included in the UniApp, the ratio of the Project’s operating income to expenses.

“Experienced Developer” means a Developer who was entitled by written agreement to receive at least 50% of the Developer Fees on a prior low-income housing Tax Credit Project that has achieved 100% qualified occupancy and for which the applicable state housing finance agency has conducted a compliance audit which revealed no significant problems.

“Final Allocation” means, with respect to HCs, MBOH issuance of an IRS Form 8609(s) (Low Income Housing Credit Allocation Certificate) for a Project after building construction or Rehabilitation has been completed according to the Project Application and any MBOH or MBOH Board-approved changes and the building has been Placed in Service.

“Form” means the most current version of any MBOH Form referenced in this QAP. All Forms are available on the MBOH website or the Funding Portal.

“Funding Portal” means the electronic system designated by MBOH for submission of Applications and related documents, as identified and described on the MBOH website.

“General Requirements” means the contractor’s miscellaneous administrative and procedural activities and expenses that do not fall into a major-function construction category and are Project-specific and therefore not part of the contractor’s general overhead, categorized in accordance with NCSHA standards and shown in the Applicant’s properly completed UniApp Supplement, Section C, Limitations and Requirements.

“Gut Rehab” means a Project that includes the replacement and/or improvement of all major systems of the building, including (a) removing walls/ceilings back to the studs/rafters and replacing them; (b) removing/replacing trim, windows, doors, exterior siding and roof; (c) replacing HVAC, plumbing and electrical systems; and (d) replacing and/or improving the building envelope (i.e., the air barrier and thermal barrier separating exterior from interior space) by either removing materials down to the studs or structural masonry on one side of the exterior walls and subsequently improving the building envelope to meet the whole-building energy performance levels for the project type, or creating a new thermal and air barrier around the building.

“Hard Costs” means and includes building Acquisition costs, Site Work costs and Construction and Rehab costs, as shown in the Applicant’s properly completed UniApp, Section C, Uses of Funds.

“Identity of Interest” between an Applicant and an In-Process Project means that the Applicant or a member of the Development Team for the Applicant Project: (i) has an interest in the ownership or developer fee payable for the In-Process Project; (ii) is the sole General Partner or the Managing General Partner of an entity formed for purposes of the In-Process Project; or (iii) is a Housing Credit Consultant for the development or construction phase of the In-Process Project and is entitled to receive a portion of the Developer Fee. The Applicant does not have an Identity of Interest with an In-Process Project solely because a person or entity involved in or providing support for the Applicant Project is or was also involved in or providing support for the In-Process Project, e.g., participating as a non-profit entity for purposes of obtaining a tax exemption, or providing community or supportive services for the Project, so long as such person or entity is not entitled to a portion of the Developer Fee.

“Initial Allocation” means the Carryover Allocation by MBOH of HCs from a particular year’s federal LIHTC allocation to the state for purposes of later Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

“In-Process Project” means any 9% Credit Project for which MBOH and the taxpayer previously have entered into and executed a Reservation Agreement but for which BOH has not issued Form(s) 8609 or for which MBOH has not rescinded the Credits or the Applicant has not returned the Credits.

“Land or Property Control” means legally binding documentation of title or right to possession and use of the property, or the right to acquire title or right to possession and use of the property, for purposes the Project, including but not limited to documentation of fee ownership, lease, buy/sell agreement, option to purchase or lease, or other right, title or interest that will allow the Owner to acquire Proof of Ownership for purposes of Carryover.

“Large Project” means, for purposes of the Soft Cost Ratio limitation in Section 3.F, a Project with more than 24 Housing Credit units.

“Letter of Intent” or “LOI” means a letter and attachment submitted to MBOH on the MBOH Letter of Intent Form.

“New Construction” means construction of one or more new buildings, and includes Gut Rehab.

“Owner” means the legal entity that owns the Project.

“Project Square Footage” means such portion of the total square feet applicable to low-income Units and Common Areas and used for the applicable square footage calculation in the UniApp under Section B - Program Information, Part X, “Project Uses.” Project Square Footage includes all building square footage available to or serving tenants, including units, management

unit(s) and offices, Common Area, balconies, patios, storage and parking structures; and should reflect measurement to include total building envelope from outside wall to outside wall.

“Proof of Ownership” means title or right to possession and use of the property for the duration of the Compliance Period and any Extended Use Period plus one year, e.g., a recorded deed or an executed lease agreement.

“Qualified Management Company” means a Management Company that meets the education requirements specified in Appendix B, and is not disqualified by MBOH to serve as a Management Company on existing, new or additional Tax Credit Properties or Projects, based upon the company’s: (a) failure to complete timely any required training; (b) failure to have or maintain any required certification; (c) record of noncompliance, or lack of cooperation in correcting or refusal to correct noncompliance, on or with respect to any Tax Credit or other publicly subsidized low-income housing property; or (d) delinquent MBOH late fees (unless the Management Company demonstrates to the satisfaction of MBOH that such noncompliance or lack of cooperation was beyond such company’s control).

“Qualified Nonprofit Organization” means, with respect to a Project, an organization exempt from federal income tax under Section 501(c) (3) or (4) of the Internal Revenue Code, which is not and during the Compliance Period will not be affiliated with or controlled by a for-profit organization, whose exempt purposes include the fostering of low income housing, which owns an interest in the Project, which will materially participate in the development and operation of the Project throughout the Compliance Period, and which is not affiliated with or controlled by a for-profit organization.

“Related Party” means an individual or entity whose financial, family or business relationship to the individual or entity in question permit significant influence over the other to an extent that one or more parties might be prevented from fully pursuing its own separate interests. Related parties include but are not limited to: (a) family members (sibling, spouse, domestic partner, ancestor or lineal descendant); (b) a subsidiary, parent or other entity that owns or is owned by the individual or entity; (c) an entity with common control or ownership (e.g., common officers, directors, or shareholders or officers or directors who are family members of each other); (d) an entity owned or controlled through ownership or control of at least a 50% interest by an individual (the interest of the individual and individual’s family members are aggregated for such purposes) or the entity (the interest of the entity, its principals and management are aggregated for such purposes); and (e) an individual or entity who has been a Related Party in the last year or who is likely to become a Related Party in the next year.

“Reservation” means the conditional setting aside by MBOH of HCs from a particular year’s federal LIHTC allocation to the state for purposes of later Carryover Allocation (Initial Allocation) and/or Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

“Selection Criteria” means and includes all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides and priorities set forth in this QAP and all federal requirements.

“Selection Standard” means the standard for selection of Projects to receive an Award of HCs set forth in the Award Determination subsection, i.e., the MBOH Board’s determination that one or more Projects best meet the most pressing affordable housing needs of people within the state of Montana as more specifically set forth in such subsection.

“Small Project” means, for purposes of the Soft Cost Ratio limitation in Section H.2, a Project with 24 or fewer Housing Credit units.

“Small Rural Project” means a Project: (a) for which the submitted Tax Credit Application requests Tax Credits in an amount up to but no more than 12.5% of the state’s Available Annual Credit Allocation, and (b) proposed to be developed and constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula.

“Soft Costs” means the costs of professional work and fees, interim costs, financing fees and expenses, syndication costs, soft costs and Developer’s fees as shown in the Applicant’s properly completed UniApp, Section C - Uses of Funds. Soft Costs do not include operating or replacement reserves.

“Soft-Cost-to-Hard-Cost Ratio” or “Soft Cost Ratio” means total Soft Costs divided by the sum of total Hard Costs (as calculated in the UniApp) and land value (the highest value of what is shown in a comparative market analysis, appraisal or arm’s length sale). Land value is added regardless of whether land is donated, leased, purchased or otherwise acquired.

“Total Project Cost” means all costs shown in UniApp Section C, Part II, Uses of Funds line “Total Projects Costs without Grant Admin” (except as provided in Section 3.F.1. with respect to exclusion of Community Service Facility costs). Total Project Cost does not include grant administration costs.

“Tribal” means an application sponsored by a Tribally Designated Entity(TDHE).

“Twinned Projects” or “Twinned 4%/9% Projects” means one or more 4% Projects and one or more 9% Projects developed and constructed on a coordinated basis by a single Development Team where each of the included Projects is legally separate and distinct, physically distinct (e.g., separate buildings, located on separate fee or ground lease parcels, separate condominium units, etc.), financed, developed and constructed pursuant to separate contracts or contract schedules, managed and maintained under separate contracts and with separate accounting and finances, all in accordance with applicable IRS requirements, and where the 4% and 9% Projects share access to and use of facilities, such as for parking, common areas, reciprocal utility or maintenance easements or other similar items, pursuant to recorded covenants, conditions, restrictions, agreements and/or easements providing for or based upon a reasonable allocation of costs between the Projects in accordance with applicable

IRS requirements. This definition is intended to be descriptive rather than to establish separate Montana requirements for such Projects, which Projects must meet all applicable IRS and other legal requirements.

“UniApp” means the most current Uniform Application available on the MBOH website at: <https://housing.mt.gov/Multifamily-Development/Uniform-Application>.

“Unit” means any residential apartment or single-family home.

“Vacancy Rate” means percentage of vacant affordable units in the Application’s market area or in the prope



APPENDIX: B

DESIGN REQUIREMENTS

APPENDIX B: DESIGN REQUIREMENTS

A. PROJECT ACCESSIBILITY REQUIREMENTS

The Fair Housing Act, including design and accessibility requirements, applies to HC properties. In addition to meeting Fair Housing Act requirements, MBOH requires that all New Construction units and common areas and Rehabilitation that at least replaces interior walls and doors must incorporate the following:

For Rehab, items 3 and 4 below apply to all units and all floors where moving walls, removing wall coverings, or doing new wiring or rewiring.

1. 36 inch doors for all living areas (except pantry, storage, and closets).
2. All door hardware must comply with Fair Housing Act standards for all units.
3. Outlets mounted not less than 18 inches above floor covering.
4. Light switches, control boxes and/or thermostats mounted from 36 to 48 inches above floor covering.
5. Walls adjacent to toilets, bath tubs and shower stalls must be reinforced for later installation of grab bars.
6. All faucets must be lever style.
7. A minimum of a ground floor level half-bath with a 30X48 inch turn space (also required in Rehabilitation unless waived by staff for structural limitations or excessive cost, etc.) (does not apply if there is no living space on the ground floor level).
8. No-step entry to all ground floor level units.

9. Compliance with accessibility requirements must be certified in the architect's letter of certification submitted with the 8609(s) submission. It is suggested but not required that Projects also include parking for caregivers for tenants with disabilities and that a lease addendum provide for moving a household without tenants with disabilities from a handicapped accessible unit to a regular unit if the handicapped accessible unit is needed for rental to a tenant with a disability.

B. ENERGY, GREEN BUILDING AND OTHER INITIATIVES, GOALS AND REQUIREMENTS

The following items in Subparagraphs 1 through 12 specify voluntary initiatives and goals which MBOH encourages Developers to consider in the planning and development of Projects, as well as certain Project requirements. These items are required only where so indicated by the use of mandatory language (e.g., "must"). Such initiatives, goals and requirements are subject to any further applicable provisions of this QAP.

1. INTEGRATED DESIGN PROCESS AND COMMUNITY CONNECTIVITY

Project development and design includes a holistic approach. Processes include neighborhood and community involvement to ensure Project acceptance and enhancement. Integrated design processes ensure higher quality finish Project. Existing neighborhood edges, characteristics, fabric are considered in the Project design. Some considerations may include but are not limited to a community design charrette, incorporating Project into neighborhood fabric, energy modeling, commissioning, infrared testing, etc. (see Required Infrared Testing for Projects Awarded Credits, below).

2. VISITABILITY AND UNIVERSAL DESIGN PRINCIPLES

Applicants should consider inclusion of visitability and universal design principles in development of the Project. MBOH encourages strong advertising of accessible features when advertising new construction through the Multiple listing services or through MontanaHousingSearch.com.

3. SUSTAINABLE SITE, LOCATION AND DESIGN

The building(s) and Project site, including the surrounding area, provide opportunities for education, alternative transportation, services, and community facilities. This is evidenced, for example, by Projects using existing infrastructure, reusing a building or existing housing, redeveloping a greyfield/brownfield, or developing in an existing neighborhood. Design elements use the site's characteristics and reduce impact on the site allowing for open space and other amenities, such as infill projects, rehabilitating existing building(s), rehabilitating existing housing, providing carpooling opportunities, using well water for landscaping, etc.

4. PASSIVE HOUSE STANDARD

Passive House is a voluntary international building standard developed by the Passive House Institute (PHI), located in Darmstadt, Germany (referred to as the "Passive House Standard").

The Passive House Standard is composed of several strict performance requirements for new building construction. For the renovation of existing buildings, PHI developed a similar if slightly more lenient performance standard. The resulting performance represents a roughly 90% reduction in heating and cooling energy usage and up to a 75% reduction in primary energy usage from existing building stock.

5. ENERGY AND WATER CONSERVATION

Design features, product selection and renewable energy options directly reduce use of resources and result in cost savings. Design and product selection exceed applicable energy codes in performance. Examples include but are not limited to Energy Star appliances, drip irrigation, low flow fixtures, dual flush or composting toilets, ground source heat, duct sealing, rainwater collection, and low water consumption plants. At the time of replacement, all appliances must be Energy Star rated.

6. MATERIAL AND RESOURCE EFFICIENCY

Material selections are better quality, designed for durability and long term performance with reduced maintenance. Products used are available locally and/or contain recycled content. Construction waste is reduced in the Project through efficient installation or recycling waste during construction. Considerations include but are not limited to construction waste management specification, recycled content products, local materials, reuse existing building materials, certified lumber, and sustainable harvest lumber.

7. AMENITIES

Applicants may consider for inclusion in the Project the amenities listed in the Amenities Form to be provided at no charge to tenants in the Project. Luxury amenities will not be considered or funded with Tax Credits. Items deemed luxury amenities include, but are not limited to swimming pools, golf courses, and similar amenities. The added costs of the Project attributable to higher quality amenities will be considered on a Project by Project basis for a cost to benefit assessment, and the cost of each amenity will be calculated on a per unit basis as shown in the applicable Application worksheet.

Amenities provided will not be used for Commercial Purposes, which means use of any Project Amenities, common space or other Project property or facilities by others than Project tenants for which the Project owner or management receives any compensation (e.g., rent payments) for such use, whether in cash or in kind. Commercial Purposes do not include the shared use of Project Amenities under a cost sharing agreement for shared use by limited populations that is reasonable in type, scope and nature, considering the type, capacity and nature of the amenities and shared use in question (e.g., the type of amenities, the number of additional tenants having access and the nature of shared use must not substantially reduce the ability of Project tenants to use and enjoy the amenities as originally provided), where the basis and costs of such amenities are allocated reasonably based upon a documented methodology in accordance with applicable laws, regulations and requirements, and where approved in writing by MBOH staff. All Projects previously Awarded Tax Credits are subject to this restriction but

are grandfathered only to the extent Commercial Purposes were specifically included in the Application.

8. HEALTHY LIVING ENVIRONMENTS (INDOOR ENVIRONMENTAL QUALITY)

Materials and design contribute to a healthy and comfortable living environment. Mechanical system design, construction methods and materials preserve indoor air quality during construction as well as the long term performance such as fresh air circulation and exhaust fans, bathroom and kitchen fans exhausting air and moisture, material selection with low toxicity and low VOC (volatile organic compounds) paints, sealants, and adhesives.

9. SMOKE-FREE HOUSING

Promoting healthy behaviors can also have a large impact on residents at no additional cost to the Developer. Smoke-free policies protect residents against the harmful health impacts of tobacco smoke, greatly reduce the risk of fires, and prevent damage to units caused by tobacco smoke. Such policies also make properties more attractive to those who do not allow smoking in their own homes.

For New Construction Projects, the Owner (and any Management Company) must establish and implement a written policy that prohibits smoking in the units and the indoor Common Areas of the Project, including a non-smoking clause in the lease for every Project unit. The Owner (and any Management Company) rather than MBOH will be responsible to establish, implement and enforce such written policy and lease clause. The Owner and Management Company also must make educational materials on tobacco treatment programs, including the phone number for the Montana Tobacco Quit Line, available to all tenants of the Project. The Montana Tobacco Use Prevention Program Smokefree Housing Project can provide educational materials and smokefree signage to property owners and managers free of charge, as requested. If smoking is allowed outside on the Project property, it is recommended that the written smoking policy require that smoking be restricted to areas no closer than 20 feet from all building entrances and exits. The written policy must provide appropriate exceptions for bona fide cultural or religious practices.

10. STATE OF MONTANA BUILDING CODE

All Projects must comply with State of Montana Building Code, whether or not the State of Montana building code has been adopted in the Project's jurisdiction.

11. REQUIRED INFRARED TESTING FOR PROJECTS AWARDED CREDITS

For Rehabilitation Projects Awarded HCs: Infrared tests are required on at least 10% of units and a representative sampling of Common Areas both before and after the Rehabilitation. At the time of testing there must be at least 20 degrees temperature difference from outdoors to inside the Unit. Infrared testing must be performed by a certified tester. Testing must demonstrate that improvement has been achieved. MBOH staff may approve changes to the sample size selected. A summary of such testing demonstrating compliance with these requirements must be submitted to MBOH within 30 days of testing and reviewed by MBOH to qualify for issuance of IRS Form 8609.

12. BROADBAND

Infrastructure installation is required for all New Construction and Substantial Rehabilitation developments. If this requirement is unfeasible the Applicant must submit a waiver request. This request must contain justification and detailed documentation.



APPENDIX: C

COMPLIANCE MONITORING

APPENDIX C: COMPLIANCE MONITORING

The following compliance processes and requirements apply to all projects awarded credits.

MAXIMUM RENTS AND TENANT OBLIGATIONS

Rents and total tenant obligations to the landlord, including any mandatory tenant-paid items, must be limited to the levels and items specified in the Application and/or Declaration of Restrictive Covenants, and dictated by the applicable HUD income and rent levels.

For existing tenants, rent increases in any calendar year shall not exceed the lesser of any rent increases permitted as a result of any increase in the Area Median Income (“AMI”) or five percent (5%) of the then-current rent amount.

MBOH staff may grant exceptions to this limit as necessary to reflect actual cost increases. Exception requests, together with supporting cost and rent documentation, must be submitted at least ninety (90) days in advance of the desired effective date of any requested rent increase in excess of the limit.

Rent increases (whether or not in excess of the foregoing limits) based upon the addition of any mandatory tenant obligation (e.g., adding tenant payment of utilities where not so specified in the Application) are also subject to MBOH approval.

COMPLIANCE FEES

The compliance monitoring fee is payable annually at the time of the Owner's Submission of the Owner's Certificate of Continuing Program Compliance for the time period being submitted. Refer to the Fee Schedule on the website for current fees.

A late fee will be assessed if the complete Annual Compliance Package is not received by the deadline. Failure to submit corrections on noncompliance by the deadline set by MBOH will result in an initial late fee and an additional per-week fee until all required documentation is received by MBOH. A one-time extension may be granted if a written request is submitted to MBOH no later than 10 days prior to the deadline. If an extension is granted and the extension deadline passes without MBOH receipt of the complete documentation, a per-week fee will be imposed until all required documentation is received by MBOH.

DATA COLLECTION

The Owner must assist MBOH in meeting federal reporting requirements by collecting and submitting information annually concerning the race, ethnicity, family composition, age, income, use of rental assistance under section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of all qualified households. All property Owners must submit operating income and cost information for the property's latest fiscal period, including a current balance of replacement and operating reserve accounts and, at least annually and upon the request of MBOH, copies of the project's most current financial statements (including profit and loss statement and balance sheet).

ANNUAL COMPLIANCE SUBMISSION

The Owners Certificate of Continuing Program Compliance must be submitted annually throughout the Extended Use Period for each property. The certificate must be signed by the Owner and notarized.

Owners must file annual certifications on the Form provided by MBOH. MBOH may file an IRS Form 8823 if the Owner fails to submit an annual certification before the deadline.

A checklist of the materials required for submission follows:

- Annual Owner's Certification
- Income/Expense Report
- Reserves Form
- Property Contact Information Form
- HC/Fair Housing Certifications
- Tenant Recertification
- Paying compliance fees

These materials must be submitted to MBOH by the deadline for the property's annual reporting period. Management company policy will outline which staff members are responsible for each of the tasks. This manual will address each of these tasks in some detail.

The Owners Certificate of Continuing Program Compliance, Tenant Income Certifications (TIC) and other Annual Compliance package items must be submitted on or before the 25th of the month following the assigned annual period. Federal regulations stipulate there must be no more than 12 months between certifications.

MANAGEMENT CHANGES

Written notification of changes to property management companies, managers, site managers, or changes to points of contact must be submitted to MBOH prior to or immediately upon implementation of the change. Changes not received by MBOH prior to change or immediately upon change, or within a 15-day grace period, will result in an initial late fee and monthly late fees thereafter until written notification is received.

Replacement of a Management Company with a company that is not a Qualified Management Company or failure to timely submit such notification to MBOH may trigger issuance of an IRS Form 8823.

OWNERSHIP CHANGES

Prior to a sale, transfer or exchange, the Owner must notify in writing and obtain the written agreement of any buyer, successor or other person acquiring the project or any interest therein that such acquisition is subject to the requirements of the Restrictive Covenants, Section 42 and the applicable QAP.

The following forms available on MBOH's website are due prior to the sale:

- Property Change Information Form
- Purchaser Agreement
- Release of Information Form

The Owner must provide MBOH with at least 120 days advance written notice prior to offering or listing any project property for sale, assignment, transfer or exchange or entering into any agreement for such transaction. MBOH may notify prospective buyers who may submit offers to purchase such property. The Owner shall notify MBOH within ten business days of the filing of any judicial foreclosure action, receipt of any notice of trustee's sale or receipt or submission of any proposal for a deed in lieu of foreclosure with respect to any project or project property and provide MBOH with copies of the complaint, notice of trustee's sale or deed in lieu of foreclosure proposal, as applicable. MBOH may notify the United States Secretary of the Treasury if it has reason to believe that any potential foreclosure sale or deed in lieu of foreclosure is part of an arrangement to terminate the LURA restrictions.

Such form, executed by the buyer, successor or other person acquiring the project must be submitted to MBOH prior to closing of the sale, transfer or exchange. The Board may void any sale, transfer or exchange of the project if the buyer, successor or other person fails to assume in writing the requirements of this Agreement and the requirements of Section 42 of the Code.

EDUCATION REQUIREMENTS

Management Company personnel responsible for providing or explaining information for tenant qualification or qualifying tenants and verifying compliance must be certified in LIHTC compliance by one of the Nationally-Recognized LIHTC Compliance Training Companies. Personnel must attend a certification class with a Nationally-Recognized LIHTC Compliance Training Company at least once every four years. For each of the other three years, all property managers and property Management Company personnel are strongly encouraged to attend annual MBOH compliance training.


The property Management Company and site manager for an HC property must be trained and certified before the property is Placed in Service. New site managers hired for existing HC properties must be certified within six months. New property management companies hired for existing properties must be certified before they assume management of a property. Training requirements must be met to maintain Qualified Management Company status.

Persons responsible for qualifying tenants and verifying compliance must also attend Fair Housing training at least once every four years. The manager for a HC property must complete such training before the property is Placed in Service.

Such Fair Housing training must include and cover the following subjects and requirements:

1. Protected Classes;
2. Accessibility requirements;
3. Reasonable accommodation/modification;
4. Applicant screening;
5. Disparate impact;
6. Domestic violence issues;
7. Occupancy standards;
8. Section 504; and
9. Service Animals.

In the event a Management Company fails to meet the certification or training requirements MBOH will notify the Management Company and the Owner of such noncompliance and the date by which such noncompliance must be corrected. If such noncompliance is not corrected by such date, the Owner will be required to pay the applicable fees specified in the Fee Schedule for each week that such noncompliance remains uncorrected.



APPENDIX: D

LEGAL/TECHNICAL REQUIREMENTS

APPENDIX D: LEGAL/TECHNICAL REQUIREMENTS

MINIMUM SET ASIDE

A Project must meet the federally-required minimum set aside requirements, i.e., the 20-50 test, 40-60 test or income averaging (IA). IA is available only to the extent permitted and subject to the procedures, restrictions and other requirements specified in MBOH compliance materials.

EX PARTE COMMUNICATIONS

MBOH Board members should refrain from ex parte communications with interested persons or parties, or their representatives, who may be affected by any matter on which members may take official Board action. Ex parte communications may include communications that take place outside a duly noticed meeting or hearing of the Board, relate to a matter on which the Board may take action to determine to rights or obligations of the person or party, and which convey information or may otherwise influence the Board member regarding the matter.

If a Board member is unable to avoid such communications, the member will be required to disclose at a public meeting of the Board the full content of such communication and the identity of the person making the communication. In addition, the Board member may be disqualified from participating in Board action on the matter. Such communications may also subject the Board to challenge regarding its action on the matter.

Ex parte communications do not include communications regarding general matters of housing, funding for low-income housing, or other Board policy, and do not include Board member speaking appearances, conferences, consulting engagements or other events or settings to the extent not involving communications such as those described above.

The foregoing statement is provided as general information. Ex parte communications are addressed in further detail and governed by the MBOH Ex Parte Communication Policy, available on the MBOH website.

DISCLAIMER

MBOH is charged with allocating no more Housing Credits to any given project than is required to make that project economically feasible. This decision shall be made solely at the discretion of MBOH, but in no way represents or warrants to any Applicant, investor, lender, or others that the project is feasible or viable.

MBOH reviews documents submitted in connection with this QAP for its own purposes. In allocation of Housing Credits, MBOH makes no representations to the Owner or anyone else regarding adherence to the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing Housing Credits.

No member, officer, agent, or employee of MBOH shall be personally liable concerning any matters arising out of, or in relation to, allocation of Housing Credits.

If it is determined that an Applicant or any member of the Development Team has intentionally submitted false information, a credit Award may be withdrawn or credits may be recaptured and the Applicant or any Applicant involving any related parties or any individual or entity supplying the false information will be ineligible to apply for credits for the next five years or may be assessed negative points as provided in this QAP.

MBOH POLICY ON CIVIL RIGHTS COMPLIANCE

The Owner, Developer, borrowers and any of their employees, agents, or sub-contractors, in doing business with the Montana Board of Housing understand and agree that it is the responsibility of the Owner(s) and such other persons and entities to comply with all applicable Federal Civil Rights laws and regulations, including without limitation applicable provisions of the Fair Housing Laws and Americans With Disabilities Act, and any applicable State and local Civil Rights Laws and regulations. Should requirements, such as design, not be specified by MBOH, it is nonetheless the Owner(s) responsibility to be aware of and comply with all applicable non-discrimination provisions related to any protected class under Federal or Montana law, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Laurel Depot Reconfiguration

BACKGROUND

Laurel Depot was awarded partial tax credits in the 2021 allocation round. They were required to resize their application to accommodate the new tax credit award, this resulted in a cut of units from 30 to 19.

Due to COVID cost escalations their anticipated cost per unit was \$393,000 per unit with 19 units. The board approved the max unit cost at \$320,000 per unit.

In the attached modification request from the Developer, the changes in building count, units, income targeting, and amenities are listed.

The cost per unit with the modifications is now \$311,817.

PROPOSAL

Staff supports the completion of this project and recommends the board approve the modification request.

Laurel Depot
Substantial Modification Request

The Laurel Depot development team respectfully requests the Montana Board of Housing's approval to modify the following elements of the Laurel Depot project. The requested modifications to the project will allow this project to move forward and meet the applicable total cost per unit limit established at the October 18, 2021 Board Meeting.

These changes work streamline the project's design and provide cost savings, increase debt capacity and a modify the equity schedule ultimately allowing the project to be completed at a lower total cost per unit. The Development Team feels that this modified approach to the project is a "win win" as it creates more affordable housing for the community by increasing the total number of units being built, and at a better price due to the total number of units to spread cost across. Admittedly, this strategy does involve cutting back on some of the amenities and level of finishes provided at the project, but the Development Team remains committed to building a quality project and feels the changes proposed meets that balance of appropriate costs and quality of project.

In summary, the following changes are as follows. A detailed explanation is found on the following pages.

1. Increasing the number of buildings housing apartments
2. Adding additional housing units
3. Changing the project's income targeting
4. Changing the accessible unit mix
5. Changing some amenities

I. Number of Residential Buildings

The original 2020 application proposed 4 buildings with apartments, and this was reduced to 3 as part of the effort to resize the property in response to the award of tax credits.

The Development Team now proposes to return to 4 buildings with apartments.

II. Number of Units

The original 2020 application proposed 30 units (10 one-bedroom, 14 two-bedroom, and 6 three-bedroom units). The resized project in response to the award of tax credits reduced the number of units to 19 (5 one-bedroom, 9 two-bedroom, and 5 three-bedroom units).

The Development Team is now proposing to increase the total number of units to 24 (10 one-bedroom, 10 two-bedroom, and 4 three-bedroom).

This increase of units helps the project in two ways. First, though it costs more to build more units, those increased construction costs are less in comparison to the fixed costs that are now spread across 24 units instead of 19 units. Secondly, by increase the total number of units the project produces more revenue which can service approximately another \$150,000 in permanent debt.

The previous 19-unit design had a gross enclosed square foot area of 20,110 square feet. This newly proposed 24-unit design has a gross enclosed square foot area of 22,825 square feet, an increase of square footage of 2,715 square feet. This is possible to add five units to the project in only 2,715 square feet by trading one three-bedroom unit for an increase of 1 two-bedroom unit and 5 more one-bedroom units.

III. Income Targeting

The original 2020 application proposed the following income targeting using the Income Averaging set aside:

Unit Size	AMI Target						
	30% LIHTC	40% LIHTC	50% HOME	50% LIHTC	60% LIHTC	70% LIHTC	80% LIHTC
1 bdrm		1	2	4	1	1	1
2 bdrm	2	2	2	6	1		1
3 bdrm			1	2	1		2

The resized project in response to the award of tax credits proposed the following income targeting:

Unit Size	AMI Target			Total Units
	50% HOME	50% LIHTC	60% LIHTC	
1 bdrm	2	1	2	5

2 bdrm	2	4	3	9
3 bdrm	2	1	2	5

Now we propose the following income targeting:

Unit Size	AMI Target			Total Units
	50% HOME	50% LIHTC	60% LIHTC	
1 bdrm	1	2	7	10
2 bdrm	2	2	6	10
3 bdrm	1		3	4

The proposed changes to the income targeting is a result of trading one three-bedroom unit for more one-bedroom units. This is effective because one-bedroom units are smaller than three-bedroom units. Reducing the amount of square feet per unit reduces overall project costs, and we can fit more units on the site. The second reason is that it allows the project to carry additional debt.

Though this newly proposed income targeting reduces the 50% units, it creates 5 more total units. That's five additional families that the project can serve.

IV. Accessible Unit Mix

The original application proposed the following unit accessibility mix:

Unit Size	Number of Units						TOTALS
	Standard Units	Meets Fair Housing Accessibility	Adaptable Units	504 Units		Other:	
				Physical Disability	Sensory Disability		
0-bedroom							
1-bedroom	4	1	5	1			10
2-bedroom	7	2	5	2	1		14
3-bedroom	1	1	4	1			6
4-bedroom							
(Specify)							
(Specify)							
TOTALS	12	4	14	4	1		30
% of Total Units	40.0%	13.3%	46.7%	13.3%	3.3%		

The resized project in response to the award of tax credits proposed the following unit accessibility mix:

		Number of Units							
		Standard Units	Meets Fair Housing Accessibility	Adaptable Units	504 Units		Other:		TOTALS
Unit Size					Physical Disability	Sensory Disability			
0-bedroom									
1-bedroom		4	1					5	
2-bedroom		7	1	1	1	1		9	
3-bedroom		4	1					5	
4-bedroom									
(Specify)									
(Specify)									
TOTALS		15	3	1	1	1		19	
% of Total Units		78.9%	15.8%	5.3%	5.3%	5.3%			

We now propose the following unit accessibility mix:

		Number of Units							
		Standard Units	Meets Fair Housing Accessibility	Adaptable Units	504 Units		Other:		TOTALS
Unit Size					Physical Disability	Sensory Disability			
0-bedroom									
1-bedroom		8	1	1				10	
2-bedroom		6	2	2	1	1		10	
3-bedroom		3	1					4	
4-bedroom									
(Specify)									
(Specify)									
TOTALS		17	4	3	1	1		24	
% of Total Units		70.8%	16.7%	12.5%	4.2%	4.2%			

The proposed changes maintain the same number of fully accessible units and a greater number of adaptable, fair housing and standard units.

V. Amenities

The original application and resized project proposed yards and greenspace, energy efficient design and construction, energy star appliances including a dishwasher, microwave, & washer/dryers, air conditioning, a play area, and an outdoor community area.

We now propose yards and greenspace, energy efficient design and construction, energy star appliances including a dishwasher, microwave, washer/dryer hookups, and air conditioning. Removal of washers and dryers and providing hookups only in the units is a cost savings value engineering item. If the budget ultimately allows the cost of providing washers and dryers in the units, the Development Team will. However, the current costs require us to make use of all possible costs saving measures.

Overall, the amenities provided at the property will stay largely the same as previously proposed.

VI. Summary

In summary, the Development Team would ask that the MBOH allow the modification of the total number of units, the unit mix and the amenities package for the Laurel Depot as outlined above. An updated UniApp reflecting the requested changes has been provided to MBOH staff. An approval of this request will allow the project to move forward based on the recently awarded ARPA and HOME funds in compliance with the applicable QAP including the modified cost per unit cap.

With an approval of this request today the project can sign a construction contract and close the financing sources and start the project. Being able to close the project and begin preordering materials is of the utmost importance in today's current environment so that shortages and delays of materials can be avoided moving forward as well as to satisfy the 10% test for the tax credit equity.

Thank you for your time and review of this request. The development team is happy to answer any questions that the Board may have.

County	Yellowstone
Project Name	Laurel Depot Apartments
Developer / General Ptnr	GL Dev / North Fork Dev
GP Organizational Type	Limited Liability Limited Partnership
Set-aside	Small Project
HC Requested	\$3,812,010
Project Type	Family
Construction Type	New Const
Projected Construction Start	Dec-21
Projected Completion	Dec-21

<u>Unit Numbers</u>	<u>Target</u>	
1-bdrm	50%	1
1-bdrm	60%	7
1-bdrm	50% HOME	2
2-bdrm	50%	2
2-bdrm	60%	6
2-bdrm	50% HOME	2
3-bdrm	60%	3
3-bdrm	50% HOME	1
other	mgr	-
Total Units		<u>24</u>
Average Income Targeting		58.42%

<u>Square Footage</u>		
Income Resticted Units		22,825
Managers Unit(s)		-
Common Space		-
Market/Commercial		-
Total		<u>22,825</u>

<u>Unit Rents</u>		
1-bdrm	50%	679
1-bdrm	60%	775
1-bdrm	50% HOME	654
2-bdrm	50%	808
2-bdrm	60%	865
2-bdrm	50% HOME	808
3-bdrm	60%	955
3-bdrm	50% HOME	930
other	mgr	-
Total Monthly Rents		<u>\$ 19,629</u>
vacancy factor		5.00%
Adjusted Rent		<u>\$ 18,648</u>
other/commercial income		\$0
total rent		<u>\$ 18,648</u>
x 12 months		12
Total Annual Income		<u>\$ 223,771</u>

County	Yellowstone
Project Name	Laurel Depot Apartments
Developer / General Ptnr	GL Dev / North Fork Dev

Expenses

Administration	7,480
Management	14,133
Maintenance	21,900
Operating	57,280
Taxes	18,000
Replacement Reserve	7,200
Total Expenses	<u>\$ 125,993</u>

Net Income Before Debt Service	\$ 97,778
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Financing Sources

Hard Loan	1,400,000
State HOME	665,000
Other	2,000,000
Deferred Dev Fee	178,723
HC Equity Competative	3,239,884
Total Sources:	<u>\$ 7,483,607</u>
% of Project Financed by HC:	43.29%

Return on Sale of HTC

HTC Requested	\$ 3,812,010
HTC Equity	\$ 3,239,884
HTC Return on Sale	\$ 0.850

Ratios

Rent (Income)	\$ 223,771
Operating Expenses	\$ 118,793
Replacement Reserves	\$ 7,200
Net Income Available for DS	\$ 97,778
Total Debt Service	\$ 82,763
Debt Coverage Ratio (DCR)	1.18
Total Expense Ratio	1.07

Project Costs

Land	277,500
Site Work	925,000
Construction / Rehab	4,890,092
Soft Costs	872,515
Developer Fees	400,000
Reserves	118,500
Total Project Costs	<u>\$ 7,483,607</u>

County	<u>Yellowstone</u>
Project Name	<u>Laurel Depot Apartments</u>
Developer / General Ptnr	<u>GL Dev / North Fork Dev</u>

Costs versus Sources

Total Project Costs	\$	7,483,607
Total Financing Sources	\$	7,483,607
Difference	\$	-

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	5.07%
Contractor Overhead	2.00%	1.79%
Contractor Profit	6.00%	5.34%
Developer Fees	15.00%	5.98%
Soft Cost	32 or 37%	21.88%

Per Unit Comparison

	<u>Limits</u>	
Cost per unit total	n/a	\$ 311,817
Cost per unit residential only	\$280,000	\$ 311,817
Credits per unit	n/a	\$ 158,834
Operating Cost per unit	\$3,000 min	\$ 4,950
Replacement Reseves	\$300 min	\$ 300

Per Square Foot Comparison

Construction / Rehab per sq ft	\$	214.24
Total Project Cost per sq ft	\$	327.87
Credits per sq ft	\$	167.01
Credits per sq ft (residential only)	\$	167.01

Utilities Paid by (Tenant / Owner) Tenant

BOARD AGENDA ITEM

PROGRAM

Multifamily

AGENDA ITEM

Highland Manor Resolution

BACKGROUND

Highland Manor is a 32-unit affordable housing development located in Havre. This development provides quality housing for families by offering 7 one-bedroom units and 25 two-bedroom units. Highland Manor is proposing having 4 units at 40% AMI, 14 units at 50% AMI and 14 units at 60% AMI. All units have RD rental assistance.

This is a resyndication of a project done in 1993. The original project targeted incomes at the following:

- 20% @ 50% / 80% @ 60%.

The proposed restriction is more than the original.

The attached resolution is for \$5,500,000 and includes a 20% buffer to the anticipated actual bond issue.

PROPOSAL

Staff proposes the resolution be approved with the original restrictions remaining in place.

RESOLUTION NO. 21-1115-MF04

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,500,000; APPROVING A FUNDING LOAN AGREEMENT, BORROWER LOAN AGREEMENT 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 borrow and issue evidences of indebtedness concerning repayment thereof and to make loans and purchase 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 borrow on a non-recourse limited obligation basis from Glacier Bank (or such other financial institution as is approved by the Chair, Vice Chair or Executive Director and Treasurer) (the “Funding Lender”) an aggregate principal amount not to exceed \$5,500,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, rehabilitation and equipping of Highland Manor Apartments, a 32-unit affordable housing development located in Havre, Montana (the “Project”); and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement, among the Board, the Funding Lender and a fiscal agent to be determined by the Board (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Funding Lender pursuant thereto, which Funding Loan Agreement and Obligation will be in substantially the form approved by the Board with respect to the Red Alder Residences financing in 2019 (the “Red Alder Residences Financing”), subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to Highland Manor, LLLP, a Montana registered limited liability limited partnership, or a similar affiliate of Echo Enterprises, LLC (collectively, the “Borrower”), pursuant to a Borrower Loan Agreement, by and among the Board, the Borrower and the Funding Lender (the “Borrower Loan Agreement”), which will be in substantially the form used in the Red Alder Residences Financing; and

WHEREAS, the interest on the Obligation 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

Obligation maintains its 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 as such agreement approved by the Board with respect to the Red Alder Residences Financing.

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 above described borrowing and issuance of the Obligation 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 Funding Loan Agreement and contained in the program documents relating to the mortgage 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 Obligation 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 Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Borrower Loan Agreement,

the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board is hereby authorized and directed to select a Fiscal Agent and to execute and deliver the Funding Loan Agreement, 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 Funding Loan Agreement.

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board's Obligation to the Funding Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by the Chair, Vice Chair or Executive Director and Treasurer of the Board, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement. The Obligation shall mature no later than 40 years from its date of issuance, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due the Board and any other parties), be in a principal amount not to exceed \$5,500,000, be subject to prepayment and have the other terms and provisions as described to the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation 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 Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board is hereby authorized to execute and deliver the Borrower Loan Agreement, 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 Borrower Loan Agreement.

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved in the form hereinabove described, and the Chair, the Vice Chair or the Executive Director and Treasurer of the Board 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. 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 Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Obligation is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of the Chair, the Vice Chair or the Executive Director and Treasurer of the Board, 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 the Chair, the Vice Chair or the Executive Director and Treasurer of the Board 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 8. Execution of No-Arbitrage Certificate. The Chair, the Vice Chair or the Executive Director and Treasurer of the Board is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Internal Revenue Code of 1986, as amended.

Section 9. 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 Funding Loan Agreement and the Borrower Loan Agreement, 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 Governmental Lender Representatives for such purposes.

Section 10. Effective Date. This Resolution shall become effective immediately.

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ADOPTED by the Montana Board of Housing this 15th day of November, 2021.

MONTANA BOARD OF HOUSING

Attest:

By _____
Sheila Rice, Chair

By _____
Cheryl Cohen, Executive Director

County	Hill
Project Name	Highland Manor
Developer / General Ptnr	Echo Enterprises LLC
Set-aside	-
HC Requested	\$2,487,870
Project Type	Family
Construction Type	Acq / Rehab
Projected Construction Start	Mar-21
Projected Completion	Mar-22

<u>Unit Numbers</u>	<u>Target</u>	
1-bdrm	30%	-
1-bdrm	40%	1
1-bdrm	50%	3
1-bdrm	60%	3
2-bdrm	30%	-
2-bdrm	40%	3
2-bdrm	50%	11
2-bdrm	60%	11
other	mgr	-
Total Units		<u>32</u>
Average Income Targeting		53.13%

<u>Square Footage</u>		
Income Restricted Units		23,800
Managers Unit(s)		-
Common Space		-
Market/Commercial		-
Total		<u>23,800</u>

<u>Unit Rents</u>		
1-bdrm	30%	650
1-bdrm	40%	650
1-bdrm	50%	650
1-bdrm	60%	650
2-bdrm	30%	750
2-bdrm	40%	750
2-bdrm	50%	750
2-bdrm	60%	750
other	mgr	-
Total Monthly Rents		<u>\$ 23,300</u>
vacancy factor		<u>5.00%</u>
Adjusted Rent		<u>\$ 22,135</u>
other/commercial income		<u>\$0</u>
total rent		<u>\$ 22,135</u>
x 12 months		<u>12</u>
Total Annual Income		<u>\$ 265,620</u>

County	Hill
Project Name	Highland Manor
Developer / General Ptnr	Echo Enterprises LLC

Expenses

Administration	11,258
Management	12,000
Maintenance	41,336
Operating	46,920
Taxes	25,480
Replacement Reserve	10,656
Total Expenses	<u>\$ 147,650</u>

Net Income Before Debt Service	\$ 117,970
--------------------------------	------------

Financing Sources

Hard Loan	896,819
Hard Loan	550,000
Soft Loan	500,000
Soft Loan	300,000
State NHTF	1,650,000
Other	55,580
Other	832,000
Other	-
Other	-
Deferred Dev Fee	42,595
HC Equity Competative	-
HC Equity Non-Competative	2,139,350
Total Sources:	<u>\$ 6,966,344</u>
% of Project Financed by HC:	30.71%

Return on Sale of HTC

HTC Requested	\$ 2,487,870
HTC Equity	\$ 2,139,350
HTC Return on Sale	\$ 0.860

Ratios

Rent (Income)	\$ 265,620
Operating Expenses	\$ 136,994
Replacement Reserves	\$ 10,656
Net Income Available for DS	\$ 117,970
Total Debt Service	\$ 97,217
Debt Coverage Ratio (DCR)	1.21
Total Expense Ratio	1.08

Project Costs

Land	150,000
Building/Acquisition	946,819
Site Work	380,000
Construction / Rehab	3,452,824
Soft Costs	932,439
Developer Fees	843,020
Reserves	261,242
Total Project Costs	<u>\$ 6,966,344</u>

Costs versus Sources

Total Project Costs	\$ 6,966,344
Total Financing Sources	<u>\$ 6,966,344</u>

County	<u>Hill</u>
Project Name	<u>Highland Manor</u>
Developer / General Ptr	<u>Echo Enterprises LLC</u>
Difference	\$ -

County	<u>Hill</u>
Project Name	<u>Highland Manor</u>
Developer / General Ptnr	<u>Echo Enterprises LLC</u>

Project Cost Limitations

	<u>Limits</u>	
General Requirements	6.00%	3.83%
Contractor Overhead	2.00%	1.28%
Contractor Profit	6.00%	3.83%
Developer Fees	15.00%	14.76%
Soft Cost	32 or 37%	36.02%

Per Unit Comparison

	<u>Limits</u>		
Cost per unit	\$235,000	\$	217,698
Credits per unit	n/a	\$	77,746
Operating Cost per unit	\$3,000 min	\$	4,281
Replacement Reserves	\$300 min	\$	333

Per Square Foot Comparison

Construction / Rehab per sq ft	\$	145.08
Total Project Cost per sq ft	\$	292.70
Credits per sq ft	\$	104.53
Credits per sq ft (residential only)	\$	104.53

Utilities Paid by (Tenant / Owner) Tenant

Market Study Data:

Vacancy Rates	1.8%
Absorption Rate	na
% of Mkt Rents	112.2%
Units needed	109

Market Rents

0-bdrms	\$	-
1-bdrms	\$	630
2-bdrms	\$	776
3-bdrms	\$	-
4-bdrms	\$	-
other	\$	-

County	Hill
Project Name	Highland Manor
Developer / General Ptnr	Echo Enterprises LLC

<u>Evaluation Scoring</u>	<i>Points Available</i>	
1 <u>Extended Low Income Use</u>	100	100
2 <u>Lower Income Tenants</u>	200	190
3 <u>Project Location</u>	100	100
4 <u>Housing Needs Characteristics</u>		
Community Input	30	30
Appropriate Size	35	35
Market Need - Vacancy	35	35
Total	100	100
5 <u>Project Characteristics</u>		
Preservation of or Increase QCT or Revitalization Plan	(100 pts for any one of these 4 categories)	-
Historic Preservation		-
Project Based Rent Subsidy		100
Green & Energy	100	100
	200	200
6 <u>Development Team Characteristics</u>	400	400
7 <u>Participation of Local Entity</u>	60	30
8 <u>Tenant Populations</u>	100	100
9 <u>Developer Knowledge and Response</u>		-
Management past performances		
Late responses to MBOH		
Management Weaknesses		
Total Points Available	1,260	1,220
Self Evaluation Score		1,220

August 3, 2020

Cheryl Cohen, Executive Director
Montana Board of Housing
PO Box 200528
Helena MT 59620-0528

RE: **Jackson Court 9% Housing Credit Application**

Dear Executive Director Cohen:

We are pleased to submit this application for an award of 9% Housing Credits from the Board of Housing to construct **Jackson Court**, 38 affordable rental homes in Billings, MT.

Jackson Court 9% will be a 38-unit new construction family project located in Billings, MT and serve as the 9% side of the scattered site 9%/4% tax credit project.

As demonstrated by the sheer number of proposed projects presented during this year's Letter of Intent Board meeting and the overwhelming need demonstrated in the Billings market studies, Billings is in dire need of investments in affordable housing. Jackson Court will offer 20 one bedroom, 12 two bedroom, and 6 three bedroom homes for families in an excellent location in South Billings – close to schools, medical facilities, services, parks, grocery stores, and other opportunities. This site is properly zoned (and designed to be consistent with the new zoning regulations Billings is in the process of adopting), and has utilities stubbed adjacent to the site. As demonstrated by the significant support from local leaders and elected officials, South Billings has not seen this kind of investment in far too long. We firmly believe this project will serve as a catalyst for new investments in this neighborhood.

Each Jackson Court apartment will feature energy efficient appliances such as a refrigerator, oven & range, microwave, and dishwasher. The development will employ energy efficient design and construction, and apartments will accommodate tenants with a range of abilities, some bathrooms having roll-in showers, grab-bars, and other design features that promote independent living for individuals with disabilities. We also intend to incorporate security features to ensure the safety of our tenants and long-term upkeep and security.

Highland Manor 4% will involve the acquisition/rehabilitation of 32 apartments in Havre, MT (built in two phases in 1986 and 1993) and serve as the 4% side of this scattered site 9%/4% tax credit project. All 32 Highland Manor apartments offer USDA RD rental assistance through the RD 515 Loan Program, and this project's acquisition was made possible by an award of funds from of the new Multifamily Coal Trust Homes Loan program. If awarded 4% tax credits, the Coal Loan will be taken out by a USDA RD 538 loan – freeing up \$520,509 from the Coal Loan to invest in other worthy and greatly needed projects.

As both the Billings and Havre Market Studies demonstrate, these communities greatly need additional investments in affordable housing. Billings needs an additional 750 homes to serve 2,252 eligible households. While 38 apartments is a small number given the overwhelming need, an investment in Jackson Court will be a critical first step in making a significant impact in the lives of this project's future residents.

In Havre, preserving Highland Manor's 32 homes with USDA RD rental assistance in a community that currently needs an additional 109 homes for 331 income and tenure-eligible households is absolutely critical. Highland Manor residents cannot afford the loss of these homes, as this would not only increase the need of additional homes to 173, it would cost the city a critical resource that, particularly in our current Covid-19 world, is absolutely critical to preventing 32 households from becoming homeless.

Highland Manor will continue to offer and laundry facilities in each building and will benefit from upgraded Energy Star appliances, finishes, kitchens, bathrooms, fixtures, and energy efficiency upgrades. Jackson Court will offer in-unit washer and dryers, a play area for kids, extra insulation Energy Star appliances including dishwashers and air conditioning, and a community building if funding allows.

If you have any questions please contact us at:

GL Development
4799 Echo Drive
Helena, MT 59602
Ph: (406) 459-5332
E: gleuwer1139@msn.com

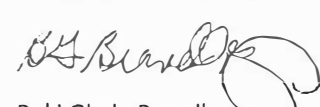
Sincerely,

Gene Leuwer
GL Development

Anderson Consulting Services
PO Box 398
Chester, MT 59522
Ph: (406) 390-3754
E: lr.anderson@outlook.com


Logan Anderson
Anderson Consulting Services

Echo Enterprise
4835 Echo Drive
Helena, MT 59602
Ph: (406) 431-2151
E: beki@blackfoot.net


Beki Glyde Brandborg
Echo Enterprises, LLC

Market Study Summary – Havre (Highland Manor)

The market study must clearly identify the following on a summary sheet: must be in the first 10 pages of the market study.

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

0 Bedroom	\$ _____	_____ %	
1 Bedroom	\$ <u>630</u>	<u>NA*</u> %	
2 Bedroom	\$ <u>776</u>	<u>NA*</u> %	
3 Bedroom	\$ _____	_____ %	
4 Bedroom	\$ _____	_____ %	Reference page: <u>A-41</u>

* All units include rental assistance and tenant pays 30 % of income to rent

of New Units Needed: 109 Reference page: A-32

Vacancy Rate 1.8 % Reference page: C-1

Capture Rate NA % Reference page: A-36
(projected income eligible tenants who will move in next year/proposed units)

Units needed in market area 109 Reference page: A-36

Absorption Rate NA % NA months Reference page: A-36
(proposed units/existing LIH, market area units required)

Penetration Rate 16.9 % Reference page: A-36
(existing LIH units/total eligible households)

Number of LI households that can afford rent of proposed project 331

Reference page: A-36

Note: Because the subject is existing and is fully occupied, the capture, absorption and penetration rates are skewed, and not accurate or non-applicable

Distances to essential services as listed in Development Evaluation Criteria #3.

List of essential services must contain the list below and list the distance:

Grocery store, public schools, Senior Center, Bank, Laundromat (only if washer/dryer not included in unit or onsite);, Medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.); Pharmacy services appropriate and available to all prospective tenants , Gas station and/or convenience store, Post Office, Public Park, Shopping(department, clothing or essentials – does not include convenience store), and Public Library.

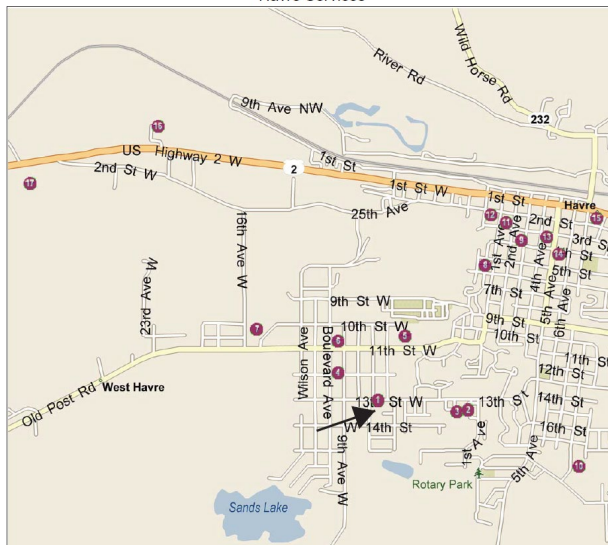
On following Page

Amenities Form Unit	Yes/No	Incremental Cost	Benefit
Air Conditioning	Yes	TBD	Air conditioning is essential for a high quality of life.
Carport/Garage	No		
Dishwasher	No		
Disposal	No		
Extra Storage outside unit	No		
Microwave	No		
Patios or Balcones	No		
Washer/dryer hookups	No		There is a laundry room in each building. The washers and dryers will be replaced with new, energy efficient and user-friendly models. This benefits the residents in two ways: 1. Front load machines will be accessible for people with disabilities; and 2. Dryer times will be reduced, thus costing the residents less than the current models.
Washer/dryer in unit	No		

Community	Yes/No	Incremental Cost	Benefit
Basketball hoop/pad	No		
Car plug ins	Yes	TBD	Existing car plug-ins will be updated for both safety and operational quality.
Community Garden	No		
Community Room	No		
Computer(s) for tenant use	No		
Library	Yes	TBD	Entryways in both buildings will have a Give-or-Take free library shelf and books will be replenished on a regular basis.
On site Manager	Yes		There is an office for the on-site manager and easy access to that person is important for both new renters and the residents.
Outdoor community area	Yes	TBD	Currently there are NO park benches or picnic tables at the site. In fac, there is no where to gather or sit and enjoy the outdoors. Park benches and picnic tables, at the request of the residents will be provided, including ones useable by people using walkers and wheel chairs.
Play Area	Yes	TBD	There is currently a play area for children on the east end of the parking lot. Several issues exist. 1. It's quite close to the parking area; 2. Some of the equipment is dangerous and out-of-date. Two pieces have large springs that present a hazard to tiny fingers; and 3. The ground under the equipment is hard earth and needs to be replaced with a safe alternative.
hotspot/wifi	No		
Stationary Barbecue	Yes	TBD	The residents requested a permanent barbecue in the green space.



Have Services



KITCHEN



Tim Solomon
Mayor
406.265.6710

Janie Hedstrom
City Judge
406.265.8575

David Peterson
Public Works Director
406.265.4941

Douglas Kaercher
Finance Director/Clerk
406.265.6719

Chris Inman
Parks & Recreation
Director
406.265.5781

June 18, 2020

Chairman Pat Melby
Montana Board of Housing

RE: Havre Highland Manor Housing Complex

Dear Chairman Melby:

On July 6, 2020 the Havre City Council voted unanimously to support Echo Enterprise in their application for the Montana Department of Housing's Low-Income Tax Credit Program to help fund efforts in renovating the Highland Manor Apartment Complex, a subsidized housing complex that consists of 32 units for area residents. The Manor has made housing attainable for many who cannot otherwise afford decent housing.

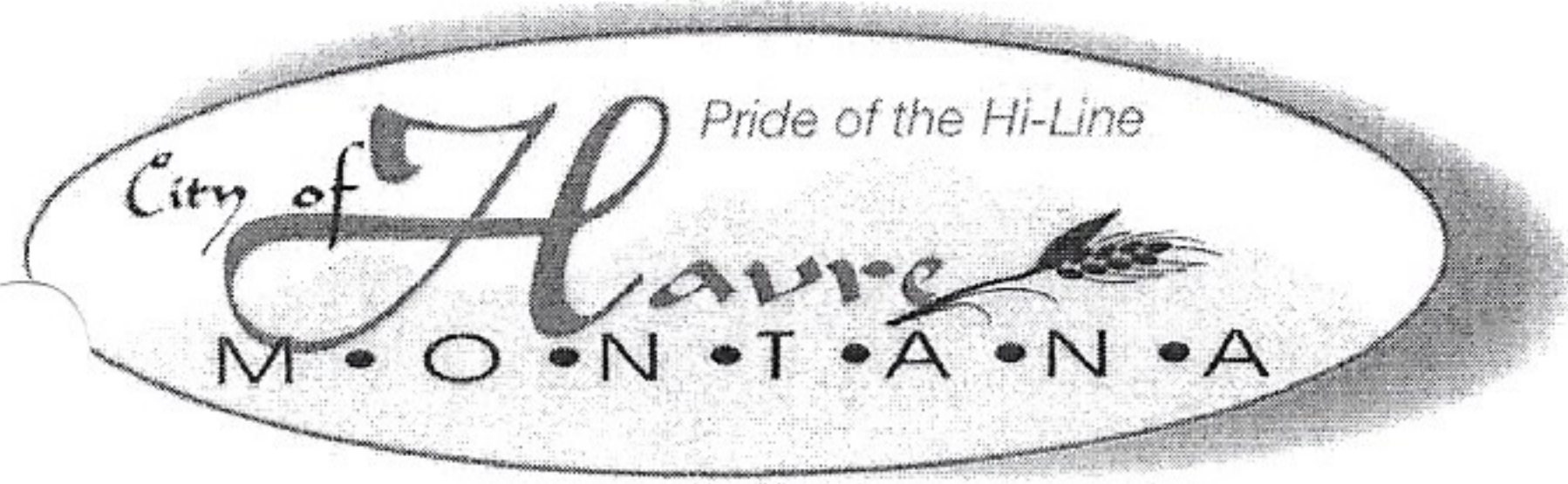
The preservation of quality apartments in Havre is crucial considering the high volume of sub-standard housing in our community. Havre's average rent for a 1-2 bedroom apartment starts at \$600, for below-standard conditions to average condition, and from there the price increases; forcing many people out of the housing market. The Highland Manor provides residents the opportunity to obtain quality-affordable housing.

Numerous community organizations have pledged their support for this project. The high level of renovation proposed, will not only help with the long list of waiting tenants, but also supply badly needed handicapped units. This complex is indispensable to the City of Havre and the surrounding area. It is vital Highland Manor is maintained in order to continue its functionality and ensure our community's viability in the region.

On behalf of the Havre City Council we support your future work in this endeavor. If you have any questions or need further information please feel free to contact me at (406) 265-6719 or tlilletvedt@ci.havre.mt.us.

Sincerely,

Terry Lilletvedt
Council President



Tim Solomon
Mayor
406.265.6710

Janie Hedstrom
City Judge
406.265.8575

David Peterson
Public Works Director
406.265.4941

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Sincerely,

Terry Lilletvedt
Council President

JR #24

DISTRICT 4 HUMAN RESOURCES DEVELOPMENT COUNCIL



2229 5TH AVENUE HAVRE, MT 59501
PHONE: (406) 265-6743 FAX: (406) 265-1312

THE HI-LINE'S COMMUNITY ACTION AGENCY

"PEOPLE HELPING PEOPLE HELP THEMSELVES."

June 22, 2020

Montana Board of Housing
ATTN: Pat Melby
PO Box 200528
Helena, MT 59620

RE: Highland Manor Apartments, Havre, MT

Dear Mr. Melby:

I am writing on behalf of District 4 Human Resources Development Council to support the purchase and renovation of Highland Manor Apartments, which consists of 32 subsidized housing units, and is located in Havre, Montana.

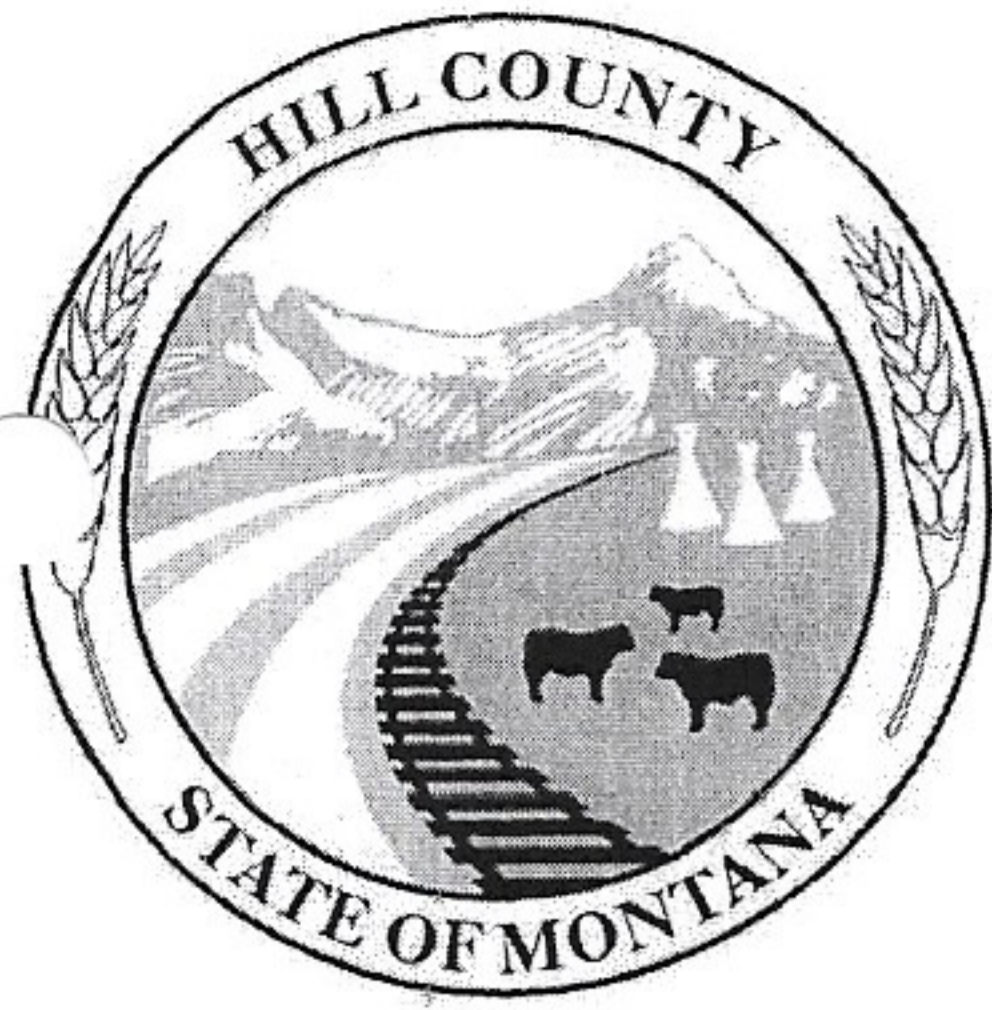
District 4 HRDC administers the State Housing Choice Voucher Program known as Section 8 in Hill, Blaine, and Liberty Counties. Currently, there are 211 families in the area served who receive rent subsidies through Section 8. The subsidized rental units provided by Highland Manor Apartments help to fill the great need in our community for affordable housing.

District 4 HRDC is a Community Action Agency which has been serving Hill, Blaine and Liberty Counties since 1965. Our mission is to partner with people with low income in their effort to achieve economic stability and to advocate for social and economic advancement. Many of our clients are residents of highland Manor Apartments, and one of the main barriers to economic stability is access to quality, safe, affordable housing.

The purchase and renovation of Highland Manor Apartments, by Echo Enterprises, will provide quality, safe, affordable housing to the residents of Havre for many years to come. Our organization strongly supports Echo Enterprises and their partners in their application for Low Income Housing Tax Credits.

Sincerely,

Carilla French
Executive Director



COUNTY OF HILL

Hill County Courthouse

315 4th Street

Havre, Montana 59501

[406] 265-5481 Ext. 227

Fax [406] 265-2445

TO: Mr. Pat Melby, Chair, Montana Board of Housing
FROM: Hill County Commissioner's: Michael Wendland, Diane McLean and Mark Peterson
DATE: July 28, 2020
RE: Strong support for the funding of Echo Enterprises' Application
on behalf of Highland Manor Apartments in Havre, MT.

Please let it be known that on June 15th, 2020, the Hill County Commissioners voted unanimously to support the application from Echo Enterprises and their principle Beki Brandborg, in their application for Montana Board of Housing Low Income Housing Tax Credits to ensure the purchase, preservation, and renovations of the Highland Manor Apartments in Havre, MT.

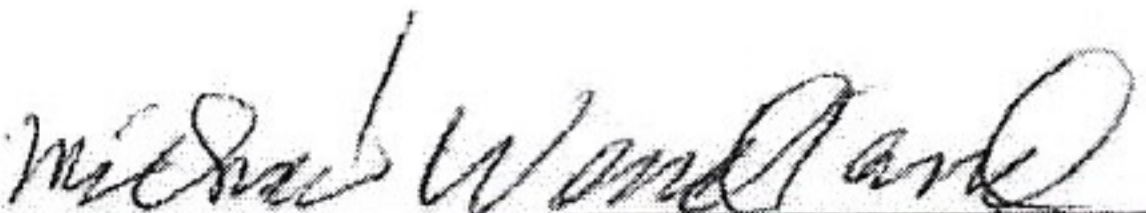
Havre is the County Seat, and affordable housing is nearly impossible to find, especially with a USDA-RD subsidy and of a sound and safe facility. Much of the housing here is quite sub-standard, but at the same time with high rents that are unaffordable to young families, people starting out, our senior citizens, and people with disabilities.

We are particularly impressed with Echo Enterprises' plans for improvements that include increased safety, handicapped accessible units, significantly increased energy efficiency, and outdoor activity opportunities. One building of Highland Manor is 27 years old, and the older one was built in 1986, well before these features were considered necessary. The renovation will breathe new life into the Manors and preserve it's USDA-RD status for decades into the future.

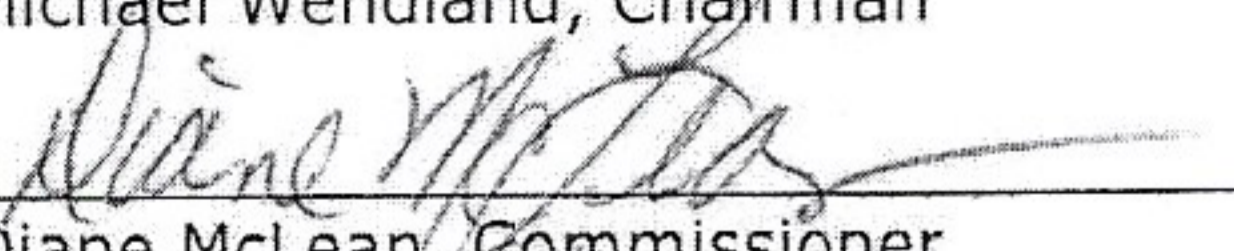
The HRDC, of which our Board Chair, is also their Board Chair, is firmly in support of this effort and we collectively understand the value of this funding to the current and future residents. The HRDC has committed to providing referral and other services to demonstrate that commitment.

The Highland Manor is indispensable to our County and its residents. As such, the County Commissioners of Hill County strongly request your support and funding of Highland Manor, and strongly urge your favorable consideration.

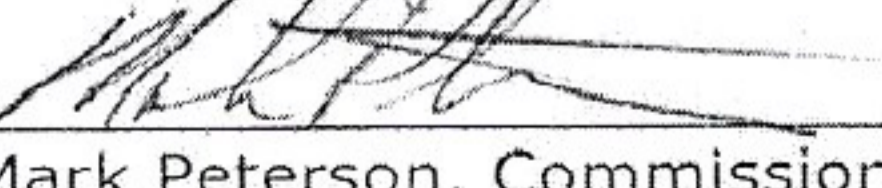
Best Regards,



Michael Wendland, Chairman



Diane McLean, Commissioner



Mark Peterson, Commissioner



BEAR PAW DEVELOPMENT CORPORATION OF NORTHERN MONTANA

48 Second Avenue • Suite 202 • PO Box 170 • Havre, MT 59501 • 406.265.9226 • fax: 406.265.5602 • www.bearpaw.org

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Terry Brockie

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Dina Saino-Meneely

Diane McLean

Daren Schuster

Sarah Olson

Leona Kienenberger

Tim Solomon

John Demarais

Wendy Kleinsasser

Maureen Wicks

Scott Ross

Greg Kegel

Bruce Christofferson

Dave Skiff

Executive Director

Paul Tuss

Director of Operations

Stefnie Redding

Director of Loan Services

Tiffany Melby

Assistant Director of Loan Services

Nanette Gabriel

Director of Community Planning and Brownfields

Samantha Chagnon

Director of Small Business Development

Joe LaPlante

Director of Land and Agriculture Development

Michael Peter

Director of Community Development

Lisa Moisey

June 19, 2020

Pat Melby, Chair
Montana Board of Housing
P.O. Box 200528
Helena, MT 59620-0528

Dear Chair Melby and Members of the Montana Board of Housing:

Bear Paw Development Corporation is pleased to support the application that appears before you for low income housing tax credits from Beki Brandborg and Echo Enterprises. Her proposal to purchase and renovate the Highland Manor Apartments in Havre is an important step in assuring these 32 units of affordable housing will remain available for lower income families, senior citizens and community members with disabilities.

It is my understanding that the planned renovation of Highland Manor will include \$5.6 million in construction funds to upgrade the apartments and will include the installation of energy efficient and handicap-accessible measures. These improvements are important to keep these units affordable, modern and available to all individuals, including those with mobility challenges.

Attractive, thriving communities require housing stock that meet the needs of the larger citizenry. There are many community and economic development initiatives in Havre focused on making this city a great place to live, work and invest. This project adds to this trajectory of making Havre a better community, especially for lower income individuals and families.

It is without hesitation or reservation that our organization wholeheartedly supports the low income housing tax credit application from Echo Enterprises and we urge your favorable consideration.

Best regards,

Paul Tuss
Executive Director

BLAINE COUNTY • CHOUTEAU COUNTY • HILL COUNTY • LIBERTY COUNTY • PHILLIPS COUNTY • BIG SANDY
CHESTER • CHINOOK • FORT BENTON • HARLEM • HAVRE • MALTA • FORT BELKNAP • ROCKY BOY • LITTLE SHELL

This institution is an equal opportunity provider and employer.

July 30, 2020

Montana Board of Housing
Attn: Mr. Pat Melby, Chair
PO Box 200528
Helena, MT 59620-0528

RE: Highland Manor Apartments in Havre, MT — A Thumbs Up from Disability Rights Montana

Dear Mr. Melby:

Thank you for this opportunity to share my strong support for the application from Echo Enterprises for the 2021 round of Low Income Housing Tax Credits.

The reason this applicant stands out so distinctly for me is the emphasis and priority given handicapped accessibility in the renovation plans for the Highland Manor Apartments. Echo Enterprises plans to convert at least eight ground level units in one of the two buildings to be 100% handicapped accessible and ADA compliant – a revolutionary way to tackle the remodeling AND both an obvious need today and certainly into the future as the population of Montana ages.

The days of meeting the minimum requirement in building new units and remodeling existing ones of a few accessible units must come to an end; that thinking will never meet the demand.

Our organization, Disability Rights Montana (DRM), represents people with disabilities and housing is a constant and chronic issue for the people receiving our services. The DRM staff and I are acutely aware of the shortage of affordable housing, especially in rural Montana like the community of Havre. Echo Enterprises' plans to not only widen the doorways, install grab bars, enlarge the bathrooms, put electrical and lighting controls at an easy reach, and install flat flooring are very much appreciated, as is the commitment to address exterior grading issues and the need for automatic exterior doors that present challenges to people in wheel chairs, walkers and those with mobility issues.

I understand the current Highland Manor residents are already in need of these improvements. Four use walkers, one uses an electric chair, and all the tenants are aware of and concerned about the tripping hazards caused by uneven exterior grades of sidewalks and parking lot access.

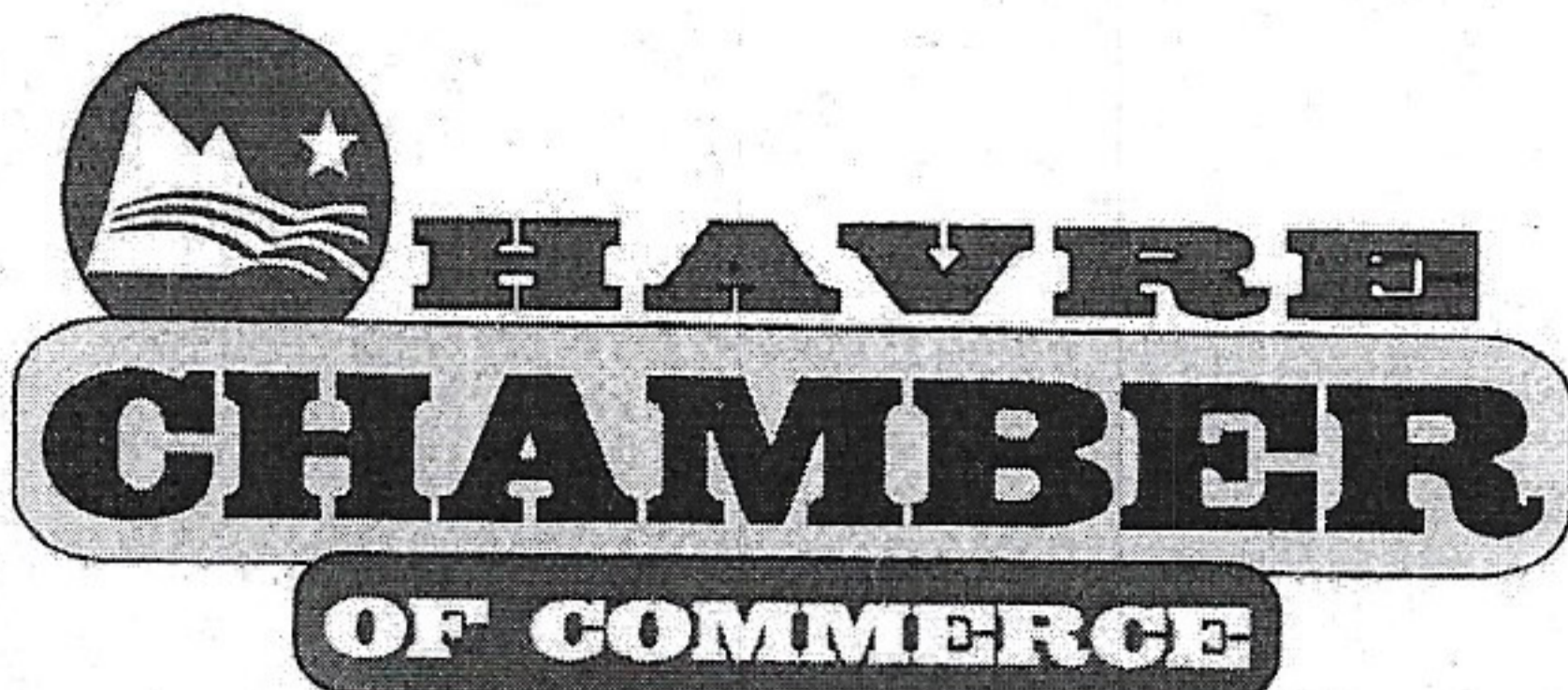
Please support the Echo Enterprises proposal, as I do, and ensure the availability of truly accessible units in this rural community. Thank you very much for your consideration.

Sincerely,

DISABILITY RIGHTS MONTANA

A handwritten signature in black ink, appearing to read "Bernadette Franks-Ongoy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bernadette Franks-Ongoy
Executive Director



*Putting Havre First Since 1909
Montana's North Star*

Board of Housing
Attn: Pat Melby, Chair MT Board of Housing
Re: Letter of Support for Hillview Apartments – Havre, MT.

To Whom It May Concern:

The Havre Area Chamber of Commerce supports the purchase of Highland Manor Apartments, located at Jefferson Avenue at 14th Street. Please accept this letter of support for the application of low-income housing tax credits being submitted Echo Enterprises

The 32 units at Highland Manor Apartments are nearly 40 years old and are in need of renovation in order to be both energy efficient and suitable for families and seniors. Echo Enterprises has a comprehensive plan that will improve the quality of living for current and future residents. The planned renovation will also include additional amenities along with much needed accessible units for persons with disabilities.

Havre is currently experiencing a severe shortage of rentals for all income. Many landlords have long waiting lists. Havre has a desperate need for affordable housing but there is also a strong need to preserve existing housing. The residents of Highland Manor Apartment benefit from project-based Section 8 Rental Assistance. It is important to extend the term of this benefit for current and future renters.

The Chamber Board of Directors strongly urges your support for this application. With the current apartment/housing crisis in Havre, we just can't let the Highland Manor apartments go further into disrepair. The improvements are long overdue.

Sincerely,

Julea Robbins
Executive Director
Havre Area Chamber of Commerce

Havre
DAILY NEWS
"News You Can Use"

July 17, 2020

Montana Board of Housing
Montana Department of Commerce
Attn: Pat Melby, Chair
PO Box 200528
Helena, MT 59620-0528

RE: Letter of endorsement for Echo Enterprise' purchase of Highland Manor Apartments in Havre, Montana

Adequate and affordable housing is in high demand in Havre, and a rent-assisted apartment complex like Highland Manor plays an essential role in supporting the Havre economy by fulfilling that need for affordable living space for our workforce, college students, young people out on their own and retired residents, as well.

Like any 40-year-old building, the manor needs, as the residents recently said, some TLC, but it also needs upgrading in some areas that will help not just with resident comfort, but also to make the place more energy efficient and bring it up to modern code such as for handicap access.

Beki Brandborg of Echo Enterprise, who is working to purchase the rent-assisted housing, has shown that she is interested in input from residents, who are most familiar with the building and its needs.

Support from the Montana Housing Tax Credit Program can revitalize this needed rent-assisted housing at a point in the structure's existence that it is an efficient use of investment money for both Echo Enterprise and the Montana Housing Tax Credit Program,

As the publisher of the Havre Daily News, I want to add my support of Echo Enterprise purchasing Highland Manor Apartments and being awarded LIHTC money for the project.



Stacy Mantle, publisher
Havre Daily News

9% Active Tax Credit Projects

<u>Project</u>	<u>City</u>	<u>HC Year</u>	<u>Developer</u>	<u>Status</u>
Blue Bunch Flats	Livingston	2018	Homeword	Leased Up- Gap financing
Oakwood	Havre	2019	Affiliated Developers	Under Construction- Gap financing
Meadowlark Vista	Ronan	2019	Ronan Housing RCAC Syringa Housing Corporation	Leased Up- Gap financing
Homestead Lodge	Absarokee	2020	Wishcamper Development	Under Construction
Fire Tower Apts	Helena	2020	HRC/Housing Solutions	Under Construction- Gap financing
Burnt Fork Place	Stevensville	2020	Housing Solutions	Waiting for 8609's
Skyview	Missoula	2020	Summit Housing Group	Under Construction
Timber Ridge Apts	Bozeman	2020	GL/North Fork Development	Under Construction
Laurel Depot	Laurel	2021	MT Rescue Mission	Waiting for Gap Financing
MRM Unified Campus	Billings	2021	GL Development	Waiting for Gap Financing
Jackson Court	Billings	2021	Absaalooke Nation Housing Authority	Waiting for Gap Financing
AHNA LIHTC 1	Crow Agency	2021	Housing Solutions	Waiting for Gap Financing
Creekside Commons	Kalispell	2021	Homeword	Delay in start of construction- COVID
Crowley Flats	Lewistown	2021		Construction starting Fall '21

Private Activity Bonds/ 4% Tax Credits

<u>Project</u>	<u>City</u>	<u>Amount</u>	<u>Developer</u>	<u>Status</u>
2021				
Comstock I, II & III	Bozeman	\$ 15,000,000.00	Devco Preservation	Waiting for Full App
GMD/Homeword TBD F:	Kalispell	\$ 26,000,000.00	GMD	Waiting for Full App
Highland Manor	Havre	\$ 3,000,000.00	Echo Enterprise	Resolution to Board Nov
Bridger Peaks	Bozeman	\$ 8,500,000.00	Devco Preservation	Full Application Under Review
Castlebar	Bozeman	\$ 15,000,000.00	Devco Preservation	Anticipated Closing Nov 10
Spruce Grove	Laurel / Bridger	\$ 7,000,000.00	GL Development Blueline, Missoula	Under Construction
Villagio	Missoula	\$ 43,000,000.00	Housing Auth	Under Construction- Gap Financing
Bitterroot Valley Apartm	Hamilton	\$ 6,000,000.00	Summit Housing Group Blueline, Homeword, Missoula Housing	Under Construction
Trinity	Missoula	\$ 36,000,000.00	Authority HRDC/Good Housing	Under Construction- Gap Financing
Boulevard	Bozeman	\$ 7,000,000.00	Partners HRDC/Good Housing	Under Construction
Darlington Miles Sherwoo	Bozeman	\$ 30,500,000.00	Partners	Under Construction
2020				
Arrowleaf	Bozeman	\$ 19,000,000.00	GMD Development 2 LLC & HRDC	Under Construction
Perennial Park	Bozeman	\$ 26,000,000.00	GMD Development 2 LLC & HRDC	Under Construction

Silver Bow (Butte Affordable Owner II)	Butte	\$ 29,300,000.00	Good Housing Partnership/Butte Affordable Housing	Almost complete
Rosalie Manor, Leggat, Elm Street (Butte Affordable Owner I)	Butte	\$ 13,200,000.00	Good Housing Partnership/Butte Affordable Housing	Almost complete

Multi-Family Loan Programs

10/30 Balances

Coal Trust Loans

Available Balance	\$ 592,522.00
Loans in Process:	
Spruce Grove	\$5,173,486
Highland Manor	\$520,509
Oakwood Village	\$3,600,000

Housing Montana Fund

Available Balance	\$ 741,000.00
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TANF

Available Balance	\$ 505,333.00
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RAM

Active Loans	52
Outstanding Balance	\$1,618,008
Available Balance	\$ 376,980.00
	\$ 1,000,217.00
	<hr/>
	\$ 1,377,197.00

Section 8 Program Dashboard

October 22, 2021

HCV, HUD-VASH, MOD REHAB, PBS8, 811 PRA DEMO PROGRAMS:

CURRENT PERIOD: October 2021

SECTION 8 PROGRAMS	<u>Month</u> <u>Sep-2021</u>	<u>Month</u> <u>Oct-2021</u>	<u>Change</u>	<u>Year</u> <u>HAP</u>	<u>HUD</u> <u>Budget</u>	<u>Date</u> <u>Fees</u>	<u>Term</u>
Housing Choice Voucher (HCV)					15,426,099	119,495	CY 2020
PBS8 Opt-Out Conversion Funding							
Paid Units (3625 Agency contracts)	3,181	3,079	-102				
Current Month Payment Amount	1,584,214	1,529,319	-54,895	15,935,933		1,232,400	
Veterans Affairs Supportive Housing (VASH)							CY2020
Number Units Paid (321 Authorized)	218	214	-4			8,091	
Payment Amount	105,255	100,942	-4,313	1,109,817		86,096	
Moderate Rehabilitation (ModRehab)							
Number Contracts	18		-18				
Paid Units (297 Authorized)	189	201	12			7,416	
Payment Amount	108,466	112,052	3,586	1,216,486		82,102	
Mainstream							
Number Units Paid	15	13	-2			513.13	
Payment Amount	8,994	6,496	-2,498	33041		2602.66	
Project Based VASH							
Number Units Paid	38	38	0			1,406	
Payment Amount	22,622	25,057	2,435	263,792		14,508	
Project-Based (PBS8)							Admin Earnings
Contracts	87	87	0			83,569	
Units Paid (4132 Authorized with 8bb)	3,465	3,443	-22			Contract Extension	
Payment Amount	2,103,046	1,985,137	-117,909				
Calendar Year Admin Earnings						836,003	
811 Project Rental Assistance Demo (FY)					1,900,000	157,000	Five Year
Rental Assistance Contracts (RAC)	4		-4	Disbursed:	594,198	Balance:	1,305,802
Units (grant requires 82)	21	21	0			8 Units Kalispell	
Payment Amount	12,020		-12,020			40 Units Missoula	
						5 Units Ronan	
						21 Units Bozeman/Belgrade	
						74	

TOTALS

	<u>Previous</u> <u>Month</u>	<u>Current</u> <u>Month</u>	<u>Change</u>
Paid Units:	7,112	6,996	-116
Budgeted Units:		8,317	
All Section 8 HAPs	3,935,623	3,752,507	-183,116