



MONTANA  
HOUSING

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## MONTANA BOARD OF HOUSING – BOARD MEETING

**Date:** Monday July 10, 2023

**Time:** 8:30 a.m.

**Board Chair:** Sheila Rice

**Remote Attendance:** Join our meetings remotely via Zoom and/or phone

**Conference Call:** Dial: 1 646 558 8656 | Meeting ID: 846 9740 6188 Password: 220940

**Register for Webinar:** <https://mt.gov.zoom.us/meeting/register/tZlpfu6srj0rEtw9KUXifnQkdF2DHEXnkIIA%20>

**Board Offices:** Montana Housing  
301 S Park Ave., Room 240, Helena MT 59601  
Phone: 406.841.2840

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## AGENDA ITEMS

- ❖ Meeting Announcements
- ❖ Introductions
  - Welcome and introduce new Board appointees, effective June 19, 2023:
    - John Grant of Helena replacing John Wright as attorney on the Board
    - Amber Parish of Billings replacing Adam Hertz and serving as Board Secretary until new officer elections are held
- ❖ 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



MONTANA  
HOUSING

### Homeownership Program (Manager: Vicki Bauer)

- ❖ Habitat Setaside Approval
- ❖ 0% DPA Program Changes
- ❖ Homeownership Update

### Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

### Multifamily Program (Manager: Jason Hanson)

- ❖ Bozeman Apartments Bond Resolution
- ❖ Bozeman Apartments MFLP Approval/HMF
- ❖ North 3<sup>rd</sup> Bond Resolution
- ❖ Multifamily Update

### Operations / Executive Director (Joe DeFilippis / Cheryl Cohen)

- ❖ Operations Update (Joe DeFilippis)
  - ARPA Housing Programs (ERA & HAF)
- ❖ Executive Director Update (Cheryl Cohen)
  - Discuss Board officer elections for August meeting

### 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.

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

# 2023 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
			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				

March						
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	

April						
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						

May						
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			

June						
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	

July						
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					

August						
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		

September						
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

October						
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				

November						
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		

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
24/31	25	26	27	28	29	30

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

## **July 2023**

10 – Board Meeting via Zoom

## **August 2023**

14 – Board Meeting via Zoom

## **September 2023**

12 – Board Meeting via Zoom (note this is a Tuesday, not a Monday)

## **October 2023**

15–18 – NCSHA Annual Conference - Boston

23 – Board Meeting Housing Credit Award Determinations / QAP – Delta Colonial Helena

24 – Board Training and Strategic Planning – Delta Colonial Helena

## **November 2023**

13 - No Board meeting currently scheduled

## **December 2023**

11 - No Board meeting currently scheduled



# MONTANA HOUSING

Zoom  
July 10, 2023

## **ROLL CALL OF BOARD**

### **MEMBERS:**

Sheila Rice, Chairwoman (Absent)  
Amber Parish (Present)  
Tonya Plummer (Present)  
John Grant (Present)

Jeanette McKee (Present)  
Bruce Posey (Acting Chair) (Present)  
Cari Yturri (Present)

### **STAFF:**

Cheryl Cohen, Executive Director  
Joe DeFilippis, Operations Manager  
Ginger Pfankuch, Accounting Program  
Bruce Brensda, Multifamily Program  
Kylee Hughes, Exec Assistant  
Catherine Koch, Accounting Program

Vicki Bauer, Homeownership Program  
Nicole McKeith, Multifamily Program  
Megan Surginer, Office Manager  
Julie Flynn, Community Housing  
Mary Palkovich, Servicing Program

### **COUNSEL:**

Greg Gould, Jackson Murdo & Grant

John Wagner, Kutak Rock

### **UNDERWRITERS:**

Mina Choo, RBC Capital

Patrick Zhang, RBC Capital

### **FINANCIAL ADVISORS:**

Gene Slater, CSG Advisors

David Jones, CSG Advisors

### **OTHERS:**

Alex Mitchell  
Andrew Chanania  
Chase Huber  
Jared Ackmann  
Joey Grewell  
Misty Dalke

Amber Robbins  
Bill Bean  
Christiane Rudmann  
Jennifer Wheeler  
Larry Phillips

*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*



# MONTANA HOUSING

*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 Chair Bruce Posey called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.  
0:29 Introductions of Board members and attendees were made.  
5:09 Chair Posey asked for public comment on items not listed on the agenda.

## **APPROVAL OF MINUTES**

### **May 23, 2023 MBOH Board Meeting Minutes – page 5 of packet**

5:31 Motion: Cari Yturri  
Second: Amber Parish  
The May 23, 2023 MBOH Board meeting minutes were approved unanimously.

## **FINANCE PROGRAM**

### **Finance Update – page 9 of packet**

6:36 Presenter: Ginger Pfankuch

## **HOMEOWNERSHIP PROGRAM**

### **Habitat Set Aside Request – page 12 of packet**

9:48 Presenter: Vicki Bauer  
Motion: Cari Yturri  
Second: Amber Parish  
The motion to approve the requested set-aside for FY2024 for the amount of \$3,751,000 with an expiration date of 6/30/2024 was approved unanimously.

### **Income Limit Approval for 0% DPA Program – page 13 of packet**

18:48 Presenter: Vicki Bauer  
Motion: Cari Yturri  
Second: John Grant  
The motion for approval to set the income limit of \$80,000 for a family of 1 or 2 and \$90,000 for a family of 3 or more for the MBOH Plus 0% Deferred DPA Program, and increase the DTI ratio to 45 was approved unanimously.

### **Homeownership Update – page 14 of packet**

28:46 Presenters: Vicki Bauer



# MONTANA HOUSING

## **MORTGAGE SERVICING PROGRAM**

### **Servicing Update – page 16 of packet**

32:26 Presenter: Mary Palkovich

## **MULTIFAMILY PROGRAM**

### **Bozeman Apartments Bond Resolution Approval – page 17 of packet**

36:39 Presenters: Nicole McKeith

Motion: Cari Yturri

Second: Jeanette McKee

The motion to approve resolution 23-0710-MF07 (14th and Patrick Apartments) was approved unanimously.

### **Bozeman Apartments, Bozeman MT Loan Program Approval – page 23 of packet**

41:48 Presenter: Nicole McKeith

Motion: Cari Yturri

Second: John Grant

The motion to approve \$529,811 Multi Family Loan and a Housing Montana Fund of \$499,897 in second lien position with a 40-year amortization, 16-year term and based on targeting is at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy and concurrent with conventional permanent mortgage, with the staff's discretion to change loan terms was approved unanimously.

### **North 3<sup>rd</sup> Apartments Bond Resolution Approval – page 35 of packet**

44:00 Presenters: Nicole McKeith

Motion: Jeanette McKee

Second: Cari Yturri

The motion to approve resolution 23-0710-MF06 (North 3rd Apartments) was approved unanimously.

## **Multifamily Update – page 53 of packet**

47:12 Presenters: Nicole McKeith

## **OPERATIONS/ EXECUTIVE DIRECTOR**

### **Operations/Executive Director Update – page 54 of packet**

51:01 Presenters: Cheryl Cohen, Joe DeFilippis

## **MEETING ADJOURNMENT**

1:09:51 Meeting was adjourned at 9:50 a.m.



# MONTANA HOUSING

DocuSigned by:

*Amber Parish*

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Amber Parish, Secretary

8/16/2023

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Date

# BOARD AGENDA ITEM

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## PROGRAM

Accounting and Finance Program

## INVESTMENT DIVERSIFICATION

Diversification is an investment strategy that entails the purchase of a mixture of investments that reduces the exposure to investment risk. The Board portfolio is invested in historically low risk investments. FHLMC (Freddie) and FNMA (Fannie) are Government Sponsored Enterprises (GSE) that are currently under government conservatorship and some investors assume they are implicitly guaranteed by the federal government.

- As of April 30, 62.4% of MBOH funds were being held in money market earning 4.74 to 4.76%.
- 27.1% of investments were being held in U.S. Treasuries with rates from 0.27% to 6.48%.
  - The lower interest rates were purchased before 2023 market increases and will be maturing at the end of the next fiscal year.

## WEIGHTED AVERAGE YIELD TREND

Weighted average is a calculation that considers the varying degrees of importance of the yields in an investment data set. MBOH uses the average yield for specific investment types and the par value of those same investment types to calculate the weighted average yield.

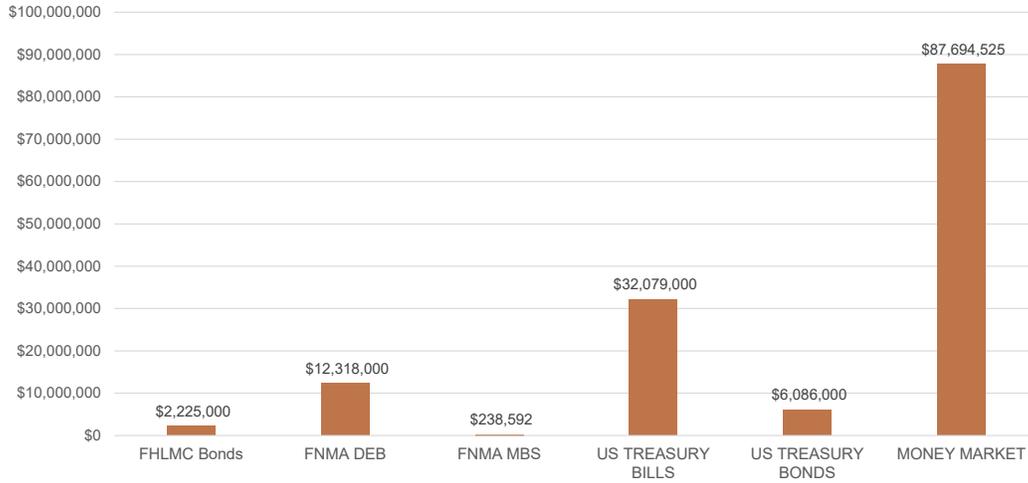
- The weighted average has improved year-to-year from 1.87% in May 2022 to 4.75% in April 2023.
- There was a month-to-month increase from 4.73% to 4.75% from March to April 2023.

## PORTFOLIO MATURITY

Indicates who holds the investment securities on behalf of MBOH, the type of security, the date of maturity and the PAR value, which is the face value of the security at the time of issuance.

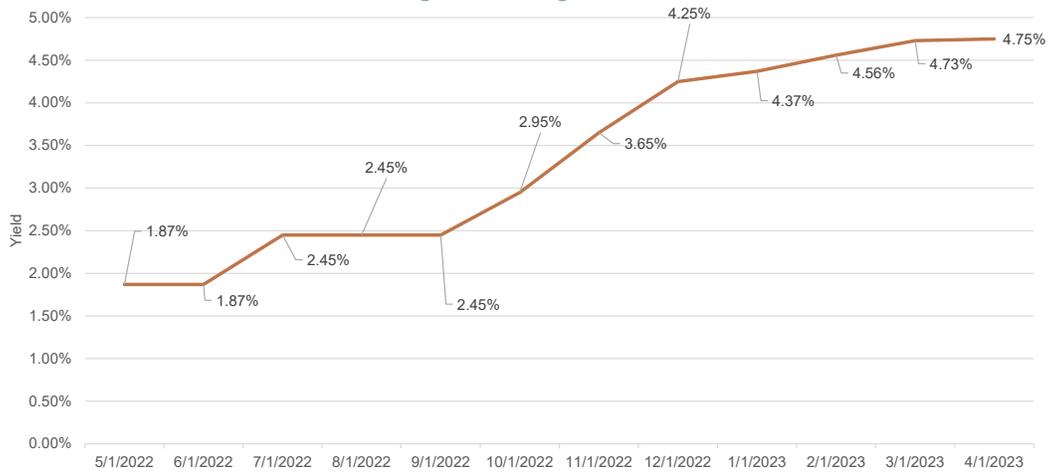
- The FNMA (Fannie Mae) MBS (Mortgage-Backed Securities) are the longest-term maturities in our portfolio and some of the highest yielding at 4.45% and 4.96%.
- Two of the Treasury Bonds were purchased several years ago at a yield of 6.48%. These will be maturing in August 2025.
- The overall total of investments at the end of April 2023 was \$140.6 million with \$87.7 million of that total in money market.

**INVESTMENT DIVERSIFICATION**



FNMA: Federal National Mortgage Association (Fannie)  
 FHLMC: Federal Home Loan Mortgage Corporation (Freddie)

**Weighted Average Yield**



# Finance Program Dashboard

Effective 4/30/2023

## AVAILABILITY

<u>Available Now</u>	<u>&lt; 1 year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>&gt; 11 years</u>	<u>Total</u>
\$ 87,694,525	\$ 32,079,000	\$ 18,404,000	\$ 2,225,000	\$ 238,592	\$ 140,641,117

## Investment Maturity Schedule

<u>Maturity Date</u>	<u>Trustee</u>	<u>Type</u>	<u>Par Value</u>
8/1/2038	Wilmington Trust	FNMA MBS	49,872.66
8/1/2037	Wilmington Trust	FNMA MBS	32,916.37
3/1/2037	Wilmington Trust	FNMA MBS	73,521.48
7/1/2036	Wilmington Trust	FNMA MBS	15,023.58
5/1/2036	Wilmington Trust	FNMA MBS	23,850.25
2/1/2036	Wilmington Trust	FNMA MBS	43,407.48
7/15/2032	Wilmington Trust	FHLMC BOND	2,225,000.00
11/26/2027	Wilmington Trust	FNMA DEB	3,635,000.00
9/27/2027	Wilmington Trust	FNMA DEB	4,070,000.00
4/30/2026	Wilmington Trust	FNMA DEB	4,613,000.00
8/15/2025	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
6/15/2024	Wilmington Trust	T-NOTES & BONDS	1,290,000.00
2/22/2024	Wilmington Trust	T-BILLS	990,000.00
8/10/2023	Wilmington Trust	T-BILLS	455,000.00
7/5/2023	US Bank Corporate Trust	T-BILLS	4,799,000.00
6/15/2023	Wilmington Trust	T-BILLS	5,590,000.00
5/25/2023	Wilmington Trust	T-BILLS	15,185,000.00
5/23/2023	Wilmington Trust	T-BILLS	5,060,000.00
4/30/2023	Wilmington Trust	WT GOLDMAN SACH	85,933,773.61
4/30/2023	US Bank Corporate Trust	USB MONEY MARKET	1,760,751.59
<u>Total</u>			<u>140,641,117.02</u>

# BOARD AGENDA ITEM

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## PROGRAM

Homeownership Program

## AGENDA ITEM

Habitat Set-aside Request

## BACKGROUND

Habitat requests an annual allocation of set-aside funds each fiscal year and at the end of the fiscal year, any unused portion of the allocation expires.

In June 2022, the Board approved a \$3,609,900 set-aside for Habitat, as of June 30, 2023, with loans in process, Habitat had used \$2,140,670 leaving a balance of \$1,469,230 that expired on June 30, 2023.

Appraised Value	Purchase Price	Original Loan Amount	Total Gross/Yr	H/H Size	City
350,000	350,000	165,000.00	49,778.74	4	DARBY
318,000	318,000	135,000.00	44,797.38	3	COLUMBIA FALLS
300,800	300,800	138,692.00	46,843.97	2	BILLINGS
313,000	195,051	148,051.00	74,109.15	1	RED LODGE
507,000	448,442	180,000.00	51,021.65	5	LAKESIDE
480,000	448,442	358,753.00	104,889.99	5	LAKESIDE
537,000	448,442	195,000.00	51,066.50	6	LAKESIDE
308,000	308,000	120,000.00	36,500.63	1	BILLINGS
393,500	175,000	131,000.00	35,874.40	3	MISSOULA
386,200	245,000	195,000.00	49,483.64	1	HELENA
346,500	200,000	150,500.00	48,984.00	2	MISSOULA
204,000	160,000	127,000.00	46,072.95	3	GREAT FALLS

## PROPOSAL

Bill Bean, the Executive Director of Habitat for Humanity of Ravalli County and Board liaison has requested set-aside for FY2024 for the amount of \$3,751,000 with an expiration date of 6/30/2024,

Staff has determined there are adequate funds available and requests the Board approve this allocation.

# BOARD AGENDA ITEM

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## PROGRAM

Homeownership Program

## AGENDA ITEM

Income Limit Approval for 0% DPA Program

## BACKGROUND

Currently the Board of Housing offers two down payment assistance programs. One is a 15-year amortizing loan that is funded with bond proceeds and the other is a 0% deferred loan due at time of payoff that is funded with special reserve funds.

Since special reserve funds are a more limited source of funds, we restrict the use of the deferred program with an income limit currently set at \$65,000 for households of 1 or 2 and \$75,000 for a household of 3 or more. There is also a requirement for a DTI ratio of 43.

With the release of the HUD income limits earlier this year, our current MBOH Plus DPA limits are set at approximately 80% of area median income, which is the same limit used in HOME funded DPA programs offered by partner organizations.

Staff would like to adjust our MBOH Plus income limits to assist borrowers who may be over income to qualify for those other programs, but who don't make quite enough to afford the additional payment on the amortizing DPA.

We have seen a decrease in the use of this program, potentially due to the income limit, higher purchase prices statewide, and the DTI:

FY 21 35 loans  
FY 22 24 loans  
FY 23 20 loans

We have adequate funds available in the Special Reserve account to support this change.

## PROPOSAL

Staff requests the Board's approval to set the income limit of \$80,000 for a family of 1 or 2 and \$90,000 for a family of 3 or more for the MBOH Plus 0% Deferred DPA Program, and increase the DTI ratio to 45.

Board Meeting: July 10, 2023

# HOMEOWNERSHIP PROGRAM DASHBOARD

July 3, 2023

## RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.500	5.50	5.000
Market	6.79	6.88	5.321
10 yr treasury	3.81	3.69	2.980
30 yr Fannie Mae	6.40	6.44	5.098

\*Current Setaside 5.25, DPA 5.75

## LOAN RESERVATIONS

	<u>June NUMBER</u>	<u>June AMOUNT</u>	<u>TOTAL NUMBER</u>	<u>TOTAL AMOUNT</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE</u>
<b>REGULAR PROGRAM</b>						
Series 2022C (since 5.9.23)	50	14,424,436	89	23,826,541	40,000,000	16,173,459
Series 2022C DPA (since 5.9.23)	27	321,375	47	511,382	1,000,000	488,618
80% Combined (20+)			11	1,777,235	<b>Since July 2022</b>	reg bond funds
<b>SET-ASIDE PROGRAMS</b>						
MBOH Plus			23	188,937	<b>Since July 2022</b>	1,563,354
Set-aside Pool			18	3,131,785	<b>Since July 2022</b>	Pre-Ullman funds
NeighborWorks			9	1,510,151		
CAP NWMT CLT						
Missoula HRDC XI						
Bozeman HRDC IX						
HomeStart			4	817,507		
HUD 184						
Dream Makers						
Sparrow Group			1	130,998		
City of Billings			4	673,129		
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY22 Habitat			13	2,140,670	3,609,900	1,469,230
<b>OTHER PROGRAMS</b>						
Veterans (Orig)	1	275,000	434	86,707,994	Revolving	296,271
912 Mrtg Cr Cert (MCC)	2	387,000	13	3,159,706.00	62,500,000	59,340,294

## LOAN PURCHASES BY LENDER

	May-23		2023 YTD		2022	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
1ST SECURITY BK MISSOULA 133			4	1	2	1
VALLEY BANK RONAN 159					3	
BRAVARA BANK 186			1		2	1
STOCKMAN BANK OF MT MILES 524	3	2	14	10	51	25
FIRST INTERSTATE BANK-WY 601			2	1	11	1
OPPORTUNITY BANK 700	7	3	23	13	86	44
FIRST FEDERAL BANK & TRUST 731					1	1
GLACIER BANK KALISPELL 735					17	
WESTERN SECURITY BANK 785	1	1	2	2	11	3
MANN MORTGAGE 835	7	3	13	8	80	43
GUILD MORTGAGE COMPANY 842			3	3	16	13
UNIVERSAL 843	1		4	2	16	11
FAIRWAY INDEPENDENT MRTG 847	3	2	12	11	24	21
CORNERSTONE HOME LENDING 850			2	2	8	6
PRIME LENDING 851	1	1	3	3	2	1
BAY EQUITY LLC 853					7	1
LENDUS LLC 854					5	1
PARAMOUNT RES MTG GRP 855			2	2	2	1
CHERRY CREEK MORTGAGE 856					1	
HOMESTAR FINANCIAL 861			1	1	1	1
HOMETOWN LENDERS 862					2	1
CROSSCOUNTRY MORTGAGE 863			6	3	5	4
GUARANTEED RATE 864			1	1		
FIRST COLONY MORTGAGE 865			2	2		
CLEARWATER FEDERAL C U 901					2	
INTREPID CREDIT UNION 903	1		7			
<b>Grand Count</b>	<b>24</b>	<b>12</b>	<b>102</b>	<b>65</b>	<b>355</b>	<b>180</b>

## PORTFOLIO CHANGES

	May		2023 YTD		
	# loans	Princ Bal	# loans	Princ Bal	
<b>April Balance</b>	<b>5,076</b>	<b>484,453,271.52</b>	<b>5,052</b>	<b>480,063,770.57</b>	Dec-22
May Purchases (1st)	24	5,591,449.50	102	22,306,151.66	
May Purchases (2nd)	12	128,495.00	65	636,841.00	
May Amortization		(1,402,492.88)		(6,720,873.73)	
May Payoffs (1st)	(26)	(2,800,494.06)	(104)	(9,832,894.38)	
May Payoffs (2nd)	(10)	(50,798.74)	(32)	(170,255.63)	
May Foreclosures	(2)	(237,242.44)	(9)	(600,551.59)	
<b>May Balance</b>	<b>5,074</b>	<b>485,682,187.90</b>	<b>5,074</b>	<b>485,682,187.90</b>	May-23

### MAY PORTFOLIO SUMMARY

	# of loans	\$ of loans	% of #	% of \$	
<b>FHA</b>	2,632	313,492,273	51.9%	64.5%	
<b>RD</b>	867	89,449,209	17.1%	18.4%	
<b>VA</b>	326	47,221,965	6.4%	9.7%	
<b>HUD184</b>	38	2,626,378	0.7%	0.5%	
<b>PMI</b>	33	2,284,823	0.7%	0.5%	
<b>Uninsured 1st</b>	224	23,936,631	4.4%	4.9%	
<b>Uninsured 2nd</b>	954	6,660,909	18.8%	1.4%	
	5,074	\$ 485,672,188			
<b>May 2022 Portfolio Balance</b>	5,067	\$ 464,585,904	0.14%	4.54%	percent of Incr/Decr

Servicer	# of loans	\$ of loans	% of #	% of \$
<b>MBOH</b>	4,999	\$ 479,893,946	99%	99%
<b>First Security Bozeman</b>	3	\$ 77,210	0%	0%
<b>First Boulder Valley Bank</b>	1	\$ 44,709	0%	0%
<b>Valley Bank Ronan</b>	38	\$ 3,737,864	1%	1%
<b>Manhattan Bank</b>	1	\$ 81,990	0%	0%
<b>Pioneer Federal Savings</b>	20	\$ 739,186	0%	0%
<b>Guild Mortgage</b>	12	\$ 1,097,282	0%	0%
	5,074	485,672,188		

#### Weighted Average Interest Rate 3.888%

	# of loans	\$ of loans	
0 - 2.99%	1046	\$ 95,238,893	rates up to 4%
3 - 3.99%	1567	\$ 190,502,365	2613 \$ 285,741,258
4 - 4.99%	829	\$ 89,960,496	
5 - 5.99%	1155	\$ 85,164,893	rates 4% and above
6 - 6.99%	436	\$ 23,896,409	2461 \$ 199,930,930
7 - 7.99%	41	\$ 909,132	

### RAM PROGRAM MAY ACTIVITY

<u>Loan Requests</u>	<u>Loans Outstanding</u>	<u>Life of Program</u>	<u>Avail Balance</u>
0	45	236	3,743,949.34
0	2,715,741.77	15,271,126	

### DELINQUENCY AND FORECLOSURE RATES

	MONTANA BOARD OF HOUSING			MORTGAGE BANKERS ASSOC. 3/2023			(most recent available)
	<u>May-23</u>	<u>Apr-23</u>	<u>May-22</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.46	1.28	1.36	1.08	1.35	1.60	
60 Days	0.75	0.99	0.93	0.35	0.44	0.52	
90 Days	<u>2.46</u>	<u>2.36</u>	<u>2.15</u>	<u>0.72</u>	<u>0.89</u>	<u>1.16</u>	
Total Delinquencies	4.67	4.63	4.44	2.15	2.68	3.28	
In Foreclosure	0.34	0.45	0.36	0.38	0.31	0.57	

# Mortgage Servicing Program Dashboard

Effective 05/31/2023

## 2023 Monthly Servicing Report

MONTH	Last Year	Last Month	This Month
	May-22	Apr-23	May-23
PORTFOLIO TOTAL LOANS	5374	5505	5514
MBOH	5010	5029	5029
BOI	312	305	304
MULTI FAMILY	16	16	16
HAF-Homeownership Assistance Fund	36	155	165
PRINCIPAL (all loans)	\$522,993,790.95	\$547,083,148.08	\$549,276,382.20
ESCROW (all loans)	\$3,349,880.33	\$7,373,031.16	\$3,475,422.54
LOSS DRAFT (all loans)	\$760,930.86	\$753,855.62	\$713,570.25
LOANS DELINQUENT (60+ days)	246	240	256
ACTUAL FORECLOSURE SALES IN MONTH	0	1	2
FORECLOSURES TOTAL CALENDAR YEAR	5	5	7
DELINQUENT CONTACTS TO MAKE	666	590	623
LATE FEES - NUMBER OF LOANS	750	718	808
LATE FEES - TOTAL AMOUNT REVENUE	\$20,186.74	\$20,169.16	\$22,575.08
PAYOFFS	63	16	37
NEW LOANS	57	38	52

## HUD's National Servicing Center TRSII SFDMS Reporting FY 2023 Q1 Final Score 93.58% - Grade A

LOSS MITIGATION	May-22	Apr-23	May-23
ACTIVE FINANCIALPACKETS	2	0	0
REPAYMENT/SPECIAL FORBEARANCE	1	0	0
COVID19 FORMAL FORBEARANCE (APRI 23)	96	98	97
HAMPS, PARTIAL CLAIMS & MODS PNDG	6	13	19
CHAPTER 13 BANKRUPTCIES	12	10	10
PRESERVATION PROPERTIES	7	8	8
REAL ESTATE OWNED PROPERTIES	3	2	1
SHORT SALE	0	0	0
DEED IN LIEU	0	0	0

# BOARD AGENDA ITEM

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## BOARD MEETING DATE

July 10th, 2023

## PROGRAM

Multifamily Program

## AGENDA ITEM

Bozeman Apartments Bond Resolution Approval

## BACKGROUND

The Bozeman Apartments project is located at 14<sup>th</sup> and Patrick in Bozeman, MT. The property is planned to have 155 affordable new construction housing units consisting of 67 one-bedroom units, 43 two-bedroom units, 45 three-bedroom units. This property will serve 155 units at 60% AMI.

Property amenities include a community room, outdoor community area with a fitness area, playground, office for management, enclosed parking, and hotspot/Wi-Fi. Unit amenities include high quality design and finishes, central heating and air conditioning, and in-unit washer/dryer.

This project has submitted a full application that has been reviewed and meets the requirements of the current QAP.

The developer is requesting approval of a bond resolution for a not to exceed amount of \$35,000,000.

## STAFF RECOMMENDATION (if any)

Staff supports this request.

## MOTION OPTION(S)

1. Move to approve resolution 23-0710-MF07 (14<sup>th</sup> and Patrick Apartments).
2. No motion, proposal fails.

## RESOLUTION NO. 23-0710-MF07

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 \$35,000,000; 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 R4 Capital Funding or a designated capital partner of R4 Capital Funding (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 \$35,000,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of 14<sup>th</sup> & Patrick, an affordable housing development consisting of 155 units located in Bozeman, Montana (collectively, the “Project”); and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement among the Board, the Funding Lender and U.S. Bank Trust Company, National Association (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 will be in substantially the form included as Exhibit A, subject to the terms, conditions and limitations established herein; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to 14th & Patrick Limited Partnership or a similar affiliate of Reuter Walton Development, LLC (the “Borrower”), pursuant to a Borrower Loan Agreement, by and between the Board and the Borrower (the “Borrower Loan Agreement”), which will be in substantially the form included as Exhibit B, subject to the terms, conditions and limitations established herein; and

WHEREAS, the interest on the Obligation is intended to qualify for a federal tax exemption under Section 142 of 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 approved by the Board with respect to its Junegrass Apartments financing in 2022.

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 (each an “Authorized Officer”) is hereby authorized and directed 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 an Authorized Officer, 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 to the Board and any other parties), be in a principal amount not to exceed \$35,000,000, 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 an Authorized Officer 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 an Authorized Officer is authorized and directed to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement.

**Section 6. 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 an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

**Section 8. Execution of No-Arbitrage Certificate.** An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Code, 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. With respect to the issuance of the Obligation authorized by this Resolution, such Authorized Governmental Lender Representatives are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

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

[Remainder of Page Intentionally Left Blank]

ADOPTED by the Montana Board of Housing this 10th day of July, 2023.

MONTANA BOARD OF HOUSING

Attest:

By \_\_\_\_\_  
Sheila Rice, Chair

By \_\_\_\_\_  
Cheryl Cohen, Executive Director

# BOARD AGENDA ITEM

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## BOARD MEETING DATE

July 10, 2023

## PROGRAM

Multifamily Program

## AGENDA ITEM

Bozeman Apartments, Bozeman MT Loan Program approval

## BACKGROUND

The Bozeman Apartments project is located at 14<sup>th</sup> and Patrick in Bozeman, MT. The property is planned to have 155 affordable new construction housing units consisting of 67 one-bedroom units, 43 two-bedroom units, 45 three-bedroom units. This property will serve 155 units at 60% AMI.

Property amenities include a community room, outdoor community area with a fitness area, playground, office for management, enclosed parking, and hotspot/Wi-Fi. Unit amenities include high quality design and finishes, central heating and air conditioning, and in-unit washer/dryer.

The developer is requesting a Multifamily Loan Program of \$529,811 and a Housing Montana Fund of \$499,897 in second lien position. This is a 40-year amortization, 16-year term and based on targeting is at a 4.00% interest rate.

## STAFF RECOMMENDATION (if any)

Staff supports this request.

## MOTION OPTION(S)

1. Move to approve \$529,811 Multi Family Loan and a Housing Montana Fund of \$499,897 in second lien position with a 40-year amortization, 16-year term and based on targeting is at a 4.00% interest rate that will close on or after 3 months of stabilized occupancy and concurrent with conventional permanent mortgage, with the staff's discretion to change loan terms.
2. No motion, proposal fails.

# REUTERWALTON

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

**RE: Bozeman, MT – 155-unit 4% project.**

Reuter Walton Development is proposing a 155-unit affordable housing development located between Patrick Street and Tschache Lane just south of Interstate 90 in Bozeman, MT. The site is located in a QCT and the developer currently has the site under purchase agreement. The Seller of the land, Virga Capital, is developing several acres of land adjacent to the site and will deliver a mix of complimentary uses including office space and 303 units of market rate housing spread across multiple buildings. The project site is centered around a privately maintained, shared-use walking path, with access and storage for bicycles throughout the site. To the project's west is the Bridger Peaks Town Center, which features a grocer, several banks, restaurants, and clothing stores. The shopping center is less than 900 feet from the project site promoting walkability and bike-ability for future residents.

Reuter Walton's affordable housing proposal includes a total of One Hundred Fifty-Five (155) units of affordable housing serving households earning 60% of Area Median Income (AMI). The proposal includes housing for both individual and family households with sixty-seven (67) one-bedroom units, forty-three (43) two-bedroom units, and forty-five (45) three-bedroom units. Each unit will include Energy-Star appliances with laundry and will feature a high quality of design and finishes. Community amenities include a fitness area, community room, wifi lounge, private offices for property management, enclosed parking, and an outdoor gathering space. One of the highlighted attributes of this project is the location and being adjacent to the Streamline - Blueline bus route. The site is adjacent to two transit stops that have buses run every thirty minutes during the weekday. In addition, the site is within .5 mile of the Walton Homestead Park and Rose Park. The project will activate the streetscape along 15<sup>th</sup> avenue which the city really wants to achieve. For residents with an automobile, the proposal provides for secured, enclosed parking but recognizes that not all residents will want or need parking. The proposal seeks to promote its location to public transportation and bicycle infrastructure by providing secure, indoor bicycle parking. These will allow residents access to major employment centers.

The project site within census tract 30031000600, where the median household income was \$53,897 in 2022 according to the 2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income. This project will be affordable at household incomes ranging from \$41,000 per year to \$65,000 per year and is well positioned to provide much needed affordable housing options for working families.

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**Reuter Walton Development**  
4450 Excelsior Boulevard, Suite 400  
St. Louis Park, MN 55416  
(612) 823-3489

TECTED

City	Bozeman
County	Gallatin
Project Name	<u>Bozeman Apartments</u>
	Reuter Walton
Developer / General Ptnr	<u>Development, LLC</u>
Set-aside	General
HC Requested	23,551,220
Project Type	Family
Construction Type	New Const
Projected Construction Start	Jul-23
Projected Completion	Jan-25

<u>Unit Numbers</u>	<u>Target</u>	
0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	50% (Low HM)	-
1-bdrm	40%	-
1-bdrm	50%	-
1-bdrm	60%	67
1-bdrm	70%	-
1-bdrm	80%	-
1-bdrm		-
1-bdrm		-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	43
2-bdrm	70%	-
2-bdrm	80%	-
2-bdrm		-
2-bdrm		-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	-
3-bdrm	60%	45
3-bdrm	70%	-
3-bdrm	80%	-
3-bdrm		-
3-bdrm		-

County  
Project Name

Gallatin  
Bozeman Apartments  
Reuter Walton  
Development, LLC

Developer / General Ptnr

4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm	50% (Low HM)	-
4-bdrm	50%	-
4-bdrm	60%	-
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm		-
4-bdrm		-
other	20%	-
other	30%	-
other	40%	-
other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other		-
other	mkt	-
other	mgr(60%)	-
Total Units		155
Average Income Targeting		60.00%

**Square Footage**

Income Restricted Units	174,425
Managers Unit(s)	-
Supportive Services	-
Common Space	-
Market/Commercial	-
Total	174,425

**Unit Rents**

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	40%	-
1-bdrm	50% (Low HM)	-
1-bdrm	50%	-
1-bdrm	60%	1,097
1-bdrm	70%	-

County  
Project Name

Gallatin  
Bozeman Apartments  
Reuter Walton  
Development, LLC

Developer / General Ptnr

1-bdrm	80%	-
1-bdrm		-
1-bdrm		-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	-
2-bdrm	60%	1,311
2-bdrm	70%	-
2-bdrm	80%	-
2-bdrm		-
2-bdrm		-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	-
3-bdrm	60%	1,506
3-bdrm	70%	-
3-bdrm	80%	-
3-bdrm		-
3-bdrm		-
4-bdrm	20%	-
4-bdrm	30%	-
4-bdrm	40%	-
4-bdrm	50% (Low HM)	-
4-bdrm	50%	-
4-bdrm	60%	-
4-bdrm	70%	-
4-bdrm	80%	-
4-bdrm		-
4-bdrm		-
other	20%	-
other	30%	-
other	40%	-
other	50% (Low HM)	-
other	50%	-
other	60%	-
other	70%	-
other	80%	-
other		-
other	mkt	-
other	mgr(60%)	-
Total Monthly Rents		197,642
vacancy factor		5.00%
Adjusted Rent		187,760
other/commercial income		5,167
total rent		192,927
x 12 months		12

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>Bozeman Apartments</b>
	<b>Reuter Walton</b>
<b>Developer / General Ptnr</b>	<b>Development, LLC</b>

Total Annual Income	2,315,123
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**Expenses**

Administration	46,000
Management	92,490
Maintenance	164,500
Operating	320,400
Taxes	-
Replacement Reserve	38,750
<b>Total Expenses</b>	<b>662,140</b>

Net Income Before Debt Service	1,652,983
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**Financing Sources**

Hard Loan	23,043,000
Hard Loan	2,500,000
Soft Loan	-
Soft Loan	100
State HOME	-
State CDBG	-
State NHTF	-
Other	529,811
Other	499,897
Other	-
Other	500,000
Deferred Dev Fee	4,375,344
HC Equity Competitive	-
HC Equity Non-Competitive	20,487,512
<b>Total Sources:</b>	<b>51,935,664</b>
% of Project Financed by HC:	39.45%

**Return on Sale of HTC**

HTC Requested	23,551,220
HTC Equity	20,487,512
HTC Return on Sale	0.870

**Ratios**

Rent (Income)	2,315,123
Operating	623,390
Replacement	38,750
Net Income	1,652,983
Total Debt Service	1,388,753
Debt Coverage Ratio (DCR)	1.19
Total Expense Ratio	1.13

**Project Costs**

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>Bozeman Apartments</b>
	<b>Reuter Walton</b>
<b>Developer / General Ptnr</b>	<b>Development, LLC</b>

Land	3,500,000
Building/Acquisition	-
Site Work	372,910
Construction / Rehab	34,377,090
Soft Costs	6,994,349
Developer Fees	5,976,315
Reserves	715,000
Total Project Costs	<u>51,935,664</u>
Supportive Services Costs	-
Residential Costs	51,935,664

**Costs versus Sources**

Total Project Costs	51,935,664
Total Financing Sources	<u>51,935,664</u>
Difference	-

**Project Cost Limitations**

	<u>Limits</u>	
General Requirements	6.00%	3.45%
Contractor Overhead	2.00%	1.73%
Contractor Profit	6.00%	2.30%
Developer Fees	15.00%	14.32%
Soft Cost	32 or 37 or 40%	33.47%

**Per Unit Comparison**

	<u>Limits</u>	
Cost per unit total	n/a	335,069
Cost per unit residential only	\$350,000	335,069
Cost per unit Const / Rehab	n/a	224,194
Credits per unit	n/a	151,943
Operating Cost per unit	\$3,000 min	4,022
Replacement Reserves	\$300 min	250

**Per Square Foot Comparison**

Construction / Rehab per sq ft	197.09
Total Project Cost per sq ft	297.75
Credits per sq ft	135.02
Credits per sq ft (residential only)	135.02

**Utilities Paid by (Tenant / Owner)**

Tenant

**Market Study Data:**

Vacancy Rates	0.0%
Absorption Rate	13.5%
Months to Absorb	6
Average Project Rent	1,382

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>Bozeman Apartments</b>
	<b>Reuter Walton</b>
<b>Developer / General Ptnr</b>	<b>Development, LLC</b>

Average Market Rent	1,671
Units needed for Targeted AMI's	3,551

<u>Market Rents</u>	
0-bdrms	1,107
1-bdrms	1,738
2-bdrms	1,932
3-bdrms	1,907
4-bdrms	-
other	-

**Acq Rehab Info:**

Reserves kept by existing owner	-
Other cash out by existing owner	-
Current Debt on Property	-
	-
	-
	-
	-

**Development Evaluation Criteria and Selection**

Lower Income Tenants

Income and Rent Level Targeting.	N/A
Project-Based Rental Subsidy.	NO

Project Characteristics

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

Local Involvement

Community Input	na
QCT / Local Community Revitalization Plan	QCT & Local Plan
Communication / Relationships	Local Entity Participation

Green Building and Energy Conservation Standards

Green & Energy Std Met

Tenant Populations with Special Housing Needs

Family Projects	Family Project
Elderly Projects	na

## MARKET STUDY SUMMARY

<b>Market Study Company:</b>	Maxfield Research and Consulting LLC
<b>Project Name:</b>	Bozeman Apartments - Bozeman, MT
<b>Project Market Area:</b>	Belgrade CCD, Bozeman CCD, Gallatin Gateway CCD, Livingston CCD, Manhattan CCD, Shields Valley CCD

Is the project, as proposed, viable?

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

	Market Rents	% Project Rents Below	
0 bedroom	\$1,107	n/a	
1 bedroom	\$1,738	55.3%	
2 bedroom	\$1,932	44.0%	
3 bedroom	\$1,907	23.0%	
4 bedroom	n/a	n/a	Reference page:
5 bedroom	n/a	n/a	20/57

# of all New Units Needed:  Reference page:

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

Vacancy Rate:  Reference page:

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

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

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

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

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

miles to grocery store (convenience store does not count)

miles to medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.) and are one of the following:

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

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

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

**All other services and distance to each.**

	Other Service	Distance (mi)
1	Bozeman Dentistry	≤ 0.1
2	Great Northern Physical Therapy	≤ 0.1
3	Smith's Food and Drug	≤ 0.2
4	Valley Credit Union	≤ 0.2
5	Wells Fargo Bank	≤ 0.2
6	Moos Family Dental	≤ 0.2
7	Bozeman Concierge Medicine	≤ 0.2
8	Montana Occupational health	≤ 0.7
9	Bozeman Health Deaconess Regional Medical Center	3
10	Walmart Supercenter	1
11	United States Postal Service Office	1
13	Calvary Chapel Bozeman	1
14	Venture Church	1
15	Town Pump Food Stores	1
16	Smith's Fuel	≤ 0.2
17	U.S. Bank Branch	≤ 0.3
18	T.J. Maxx	≤ 0.2
19	Lowe's Home Improvement	≤ 0.3
20	Exxon	≤ 0.5
21	Kenyon Noble Lumber & Hardware	≤ 0.1
22	Safeway	1
23	Dollar Tree	1
24	The UPS Store	1
25	Bozeman Seventh-Day Adventist Church	1
26	Town & Country Foods	1
27	CVS Pharmacy	1
28	Downtown Bozeman	2
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### AMENITIES FORM

Project Name: Bozeman Apartments

All Units	Yes/No	Incremental Cost Per Unit	Benefit
Air Conditioning	Yes	\$ 2,600.00	
Carport/Garage	No		
Dishwasher	Yes	\$ 580.00	
Disposal	No		
Extra storage outside unit	No		
Microwave	Yes	\$ 260.00	
Patios or Balconies	No		
Washer/dryer hookups	No		
Washer/dryer in unit	Yes	\$ 3,200.00	

Project Wide	Yes/No	Incremental Cost Total	Benefit
Basketball hoop/pad	No		
Car plug ins	No		
Community Garden	No		
Community Room	Yes	\$ 145,160.00	
Computer(s) for tenant use	No		
Library	No		
On site Manager	Yes		
Outdoor community area	Yes	\$ 134,000.00	
Play Area	Yes	\$ 65,000.00	
Hotspot/Wi-Fi	Yes	\$ 9,200.00	
Other:			



Northwest view



# BOARD AGENDA ITEM

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## BOARD MEETING DATE

July 10th, 2023

## PROGRAM

Multifamily Program

## AGENDA ITEM

North 3<sup>rd</sup> Apartments Bond Resolution Approval

## BACKGROUND

The North 3rd Apartments project is located at North 3rd & Peach in Bozeman, MT. The property is planned to have 216 affordable new construction housing units consisting of 80 one-bedroom units, 84 two-bedroom units, 48 three-bedroom units and 4 four-bedroom units. This property will serve 53 units at 50% AMI, 110 units, at 60% AMI, & 53 units at 70% AMI.

Property amenities include a clubhouse/community room with a workout facility, playground, picnic area and an on-site manager. Unit amenities include blinds, central heating and air conditioning, walk-in closets and in-unit washer/dryer connections. Kitchen appliances include a garbage disposal, oven/stove, refrigerator, and dishwasher. There will be 341 uncovered parking spaces provided on the site.

This project has submitted a full application that has been reviewed and meets the requirements of the current QAP.

The developer is requesting approval of a bond resolution for a not to exceed amount of \$66,600,000 with an expected estimated bond issue of \$55,500,000. The difference being a buffer for unexpected increases during pre-development.

## STAFF RECOMMENDATION (if any)

Staff supports this request.

## MOTION OPTION(S)

1. Move to approve resolution 23-0710-MF06 (North 3<sup>rd</sup> Apartments).
2. No motion, proposal fails.

**North 3<sup>rd</sup> Apartments  
Executive Summary**

**Property Description**

The North 3<sup>rd</sup> Apartments project is located at North 3<sup>rd</sup> & Peach in Bozeman, MT. The property is planned to have 216 affordable housing units consisting of 80 one-bedroom units, 84 two-bedroom units, 48 three-bedroom units and 4 four-bedroom units. Property amenities include a clubhouse/community room with a workout facility, playground, picnic area and an on-site manager. Unit amenities include blinds, central heating and air conditioning, walk-in closets and in-unit washer/dryer connections. Kitchen appliances include a garbage disposal, oven/stove, refrigerator, and dishwasher. There will be 341 uncovered parking spaces provided on the site.

North 3<sup>rd</sup> apartments in currently in Site Plan Approval with the goal of submitting for full building permits on 3/29/23. Permit delivery is estimated to occur on 6/12/23 with construction starting in Q3 of 2023. Construction is estimated to take 615 calendar days with buildings being delivered in the Summer of 2025.

DevCo will seek a new issuance of tax-exempt bonds and 4% LIHTCs through the Montana Board of Housing and will extend the affordability commitments. All units at the project are planned to be set at 60% of AMI in Gallatin County.



**DevCo Mission Statement**

DevCo Preservation uses its extensive experience in the management, construction and financing of affordable housing to revitalize existing properties and build long lasting communities. By planning extensive renovations and making long-term affordability commitments DevCo Preservation provides quality, affordable housing in growing markets where it is needed most.

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>North 3rd Apartments</b>
<b>Developer / General Ptnr</b>	<b>North 3rd Developer, LLC</b>
<b>Set-aside</b>	General
<b>HC Requested</b>	33,156,490
<b>Project Type</b>	Family
<b>Construction Type</b>	New Const
<b>Projected Construction Start</b>	Aug-23
<b>Projected Completion</b>	Dec-25

<u>Unit Numbers</u>	<u>Target</u>	
0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	50% (Low HM)	-
1-bdrm	40%	-
1-bdrm	50%	20
1-bdrm	60%	40
1-bdrm	70%	20
1-bdrm	80%	-
1-bdrm		-
1-bdrm		-
2-bdrm	20%	-
2-bdrm	30%	-
2-bdrm	40%	-
2-bdrm	50% (Low HM)	-
2-bdrm	50%	19
2-bdrm	60%	44
2-bdrm	70%	21
2-bdrm	80%	-
2-bdrm		-
2-bdrm		-
3-bdrm	20%	-
3-bdrm	30%	-
3-bdrm	40%	-
3-bdrm	50% (Low HM)	-
3-bdrm	50%	12
3-bdrm	60%	22
3-bdrm	70%	10
3-bdrm	80%	-
3-bdrm		-
3-bdrm		-
4-bdrm	20%	-
4-bdrm	30%	-

County	Gallatin		
Project Name	North 3rd Apartments		
Developer / General Ptnr	North 3rd Developer, LLC		
4-bdrm		40%	-
4-bdrm	50% (Low HM)		-
4-bdrm		50%	2
4-bdrm		60%	4
4-bdrm		70%	2
4-bdrm		80%	-
4-bdrm			-
4-bdrm			-
other		20%	-
other		30%	-
other		40%	-
other	50% (Low HM)		-
other		50%	-
other		60%	-
other		70%	-
other		80%	-
other			-
other		mkt	-
other		mgr(60%)	-
Total Units			216
Average Income Targeting			60.00%

**Square Footage**

Income Restricted Units	195,432
Managers Unit(s)	-
Supportive Services	-
Common Space	2,500
Market/Commercial	-
Total	197,932

**Unit Rents**

0-bdrm	20%	-
0-bdrm	30%	-
0-bdrm	40%	-
0-bdrm	50% (Low HM)	-
0-bdrm	50%	-
0-bdrm	60%	-
0-bdrm	70%	-
0-bdrm	80%	-
0-bdrm		-
0-bdrm		-
1-bdrm	20%	-
1-bdrm	30%	-
1-bdrm	40%	-
1-bdrm	50% (Low HM)	-
1-bdrm	50%	925
1-bdrm	60%	1,123
1-bdrm	70%	1,320
1-bdrm	80%	-
1-bdrm		-

County	Gallatin		
Project Name	North 3rd Apartments		
Developer / General Ptnr	North 3rd Developer, LLC		
1-bdrm			-
2-bdrm	20%		-
2-bdrm	30%		-
2-bdrm	40%		-
2-bdrm	50% (Low HM)		-
2-bdrm	50%		1,106
2-bdrm	60%		1,343
2-bdrm	70%		1,580
2-bdrm	80%		-
2-bdrm			-
2-bdrm			-
3-bdrm	20%		-
3-bdrm	30%		-
3-bdrm	40%		-
3-bdrm	50% (Low HM)		-
3-bdrm	50%		1,274
3-bdrm	60%		1,547
3-bdrm	70%		1,821
3-bdrm	80%		-
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3-bdrm			-
4-bdrm	20%		-
4-bdrm	30%		-
4-bdrm	40%		-
4-bdrm	50% (Low HM)		-
4-bdrm	50%		1,410
4-bdrm	60%		1,715
4-bdrm	70%		2,020
4-bdrm	80%		-
4-bdrm			-
4-bdrm			-
other	20%		-
other	30%		-
other	40%		-
other	50% (Low HM)		-
other	50%		-
other	60%		-
other	70%		-
other	80%		-
other			-
other	mkt		-
other	mgr(60%)		-
Total Monthly Rents			284,358
vacancy factor			5.00%
Adjusted Rent			270,140
other/commercial income			15,300
total rent			285,440
x 12 months			12
Total Annual Income			3,425,281

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>North 3rd Apartments</b>
<b>Developer / General Ptnr</b>	<b>North 3rd Developer, LLC</b>
<b><u>Expenses</u></b>	
Administration	83,160
Management	184,584
Maintenance	118,800
Operating	652,536
Taxes	300,000
Replacement Reserve	64,800
Total Expenses	<u>1,403,880</u>
Net Income Before Debt Service	2,021,401
<b><u>Financing Sources</u></b>	
Hard Loan	26,000,000
Hard Loan	2,500,000
Soft Loan	1,500,000
Soft Loan	-
State HOME	-
State CDBG	-
State NHTF	-
Other	-
Other	-
Other	1,399,728
Other	100
Deferred Dev Fee	7,859,532
HC Equity Competitive	-
HC Equity Non-Competitive	<u>29,532,802</u>
Total Sources:	68,792,162
% of Project Financed by HC:	42.93%
<b><u>Return on Sale of HTC</u></b>	
HTC Requested	33,156,490
HTC Equity	29,532,802
HTC Return on Sale	0.891
<b><u>Ratios</u></b>	
Rent (Income)	3,425,281
Operating	1,339,080
Replacement	64,800
Net Income	2,021,401
Total Debt Service	1,725,374
Debt Coverage Ratio (DCR)	1.17
Total Expense Ratio	1.09
<b><u>Project Costs</u></b>	
Land	186,400
Building/Acquisition	-
Site Work	-

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>North 3rd Apartments</b>
<b>Developer / General Ptner</b>	<b>North 3rd Developer, LLC</b>
Construction / Rehab	49,261,865
Soft Costs	9,318,724
Developer Fees	8,787,088
Reserves	1,238,085
Total Project Costs	68,792,162
Supportive Services Costs	-
Residential Costs	68,792,162

**Costs versus Sources**

Total Project Costs	68,792,162
Total Financing Sources	68,792,162
Difference	0

**Project Cost Limitations**

	<u>Limits</u>	
General Requirements	6.00%	4.77%
Contractor Overhead	2.00%	1.59%
Contractor Profit	6.00%	4.77%
Developer Fees	15.00%	15.00%
Soft Cost	32 or 37 or 40%	36.75%

**Per Unit Comparison**

	<u>Limits</u>	
Cost per unit total	n/a	318,482
Cost per unit residential only	\$350,000	318,482
Cost per unit Const / Rehab	n/a	228,064
Credits per unit	n/a	153,502
Operating Cost per unit	\$3,000 min	6,199
Replacement Reserves	\$300 min	300

**Per Square Foot Comparison**

Construction / Rehab per sq ft	248.88
Total Project Cost per sq ft	347.55
Credits per sq ft	167.51
Credits per sq ft (residential only)	169.66

**Utilities Paid by (Tenant / Owner)**

Tenant

**Market Study Data:**

Vacancy Rates	0.5%
Absorption Rate	17.4%
Months to Absorb	11
Average Project Rent	1,392
Average Market Rent	2,030
Units needed for Targeted AMI's	4,952

<b>County</b>	<b>Gallatin</b>
<b>Project Name</b>	<b>North 3rd Apartments</b>
<b>Developer / General Ptnr</b>	<b>North 3rd Developer, LLC</b>

Market Rents

0-bdrms	-
1-bdrms	1,679
2-bdrms	1,993
3-bdrms	2,417
4-bdrms	-
other	-

**Acq Rehab Info:**

Reserves kept by existing owner	-
Other cash out by existing owner	-
Current Debt on Property	-
	-
	-
	-
	-

**Development Evaluation Criteria and Selection**

Lower Income Tenants

Income and Rent Level Targeting.	60%
Project-Based Rental Subsidy.	NO

Project Characteristics

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

Local Involvement

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

Green Building and Energy Conservation Standards

Green & Energy Std Met

Tenant Populations with Special Housing Needs

Family Projects	Family Project
Elderly Projects	na

### AMENITIES FORM

Project Name: North 3rd Apartments

All Units	Yes/No	Incremental Cost Per Unit	Benefit
Air Conditioning	Yes	\$ 6,000.00	Comfortable living area for residents
Carport/Garage			
Dishwasher	Yes	\$ 600.00	Gives tenants added livability in their units
Disposal	Yes	\$ 200.00	Gives tenants added livability in their units
Extra storage outside unit			
Microwave	Yes	\$ 400.00	Gives tenants added livability in their units
Patios or Balconies	Yes	\$ 800.00	Ground floor units only.
Washer/dryer hookups			
Washer/dryer in unit	Yes	\$ 1,200.00	Gives tenants added livability in their units

Project Wide	Yes/No	Incremental Cost Total	Benefit
Basketball hoop/pad			
Car plug ins			
Community Garden			
Community Room	Yes	\$ 3,375.00	Adds sense of community to project.
Computer(s) for tenant use			
Library			
On site Manager	Yes	\$ 347.22	Resource for tenants
Outdoor community area	Yes	\$ 592.59	Adds sense of community to project.
Play Area	Yes	\$ 277.78	Adds sense of community to project.
Hotspot/Wi-Fi			
Other: Dog Park	Yes	\$ 92.59	Adds sense of community to project.

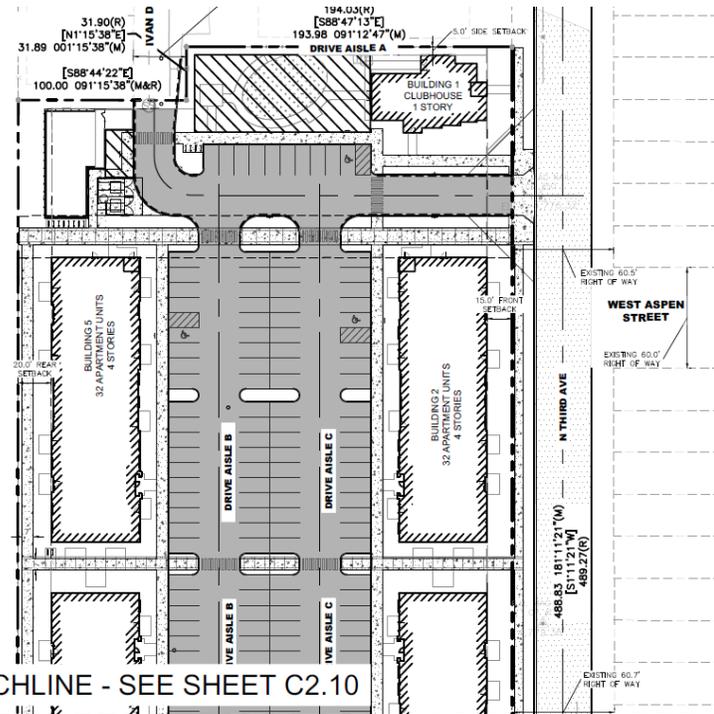
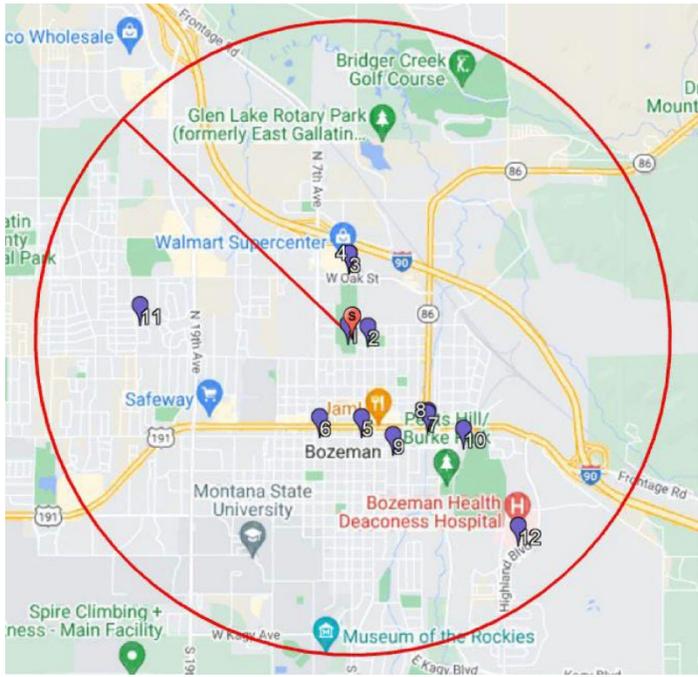
- 12. DOWNSPOUT
- 13. SCOPORTIVE BRACKET
- 14. ELECTRICAL METERS (LOCATIONS VARY. SEE S1)
- 15. ADDRESS (BUILDING NUMBER DOWNS)
- 16. LIGHT FIXTURE - SEE ELECTRICAL
- 17. LOUVER - SEE MECHANICAL



**TRANSPARENCY CALCULATIONS**

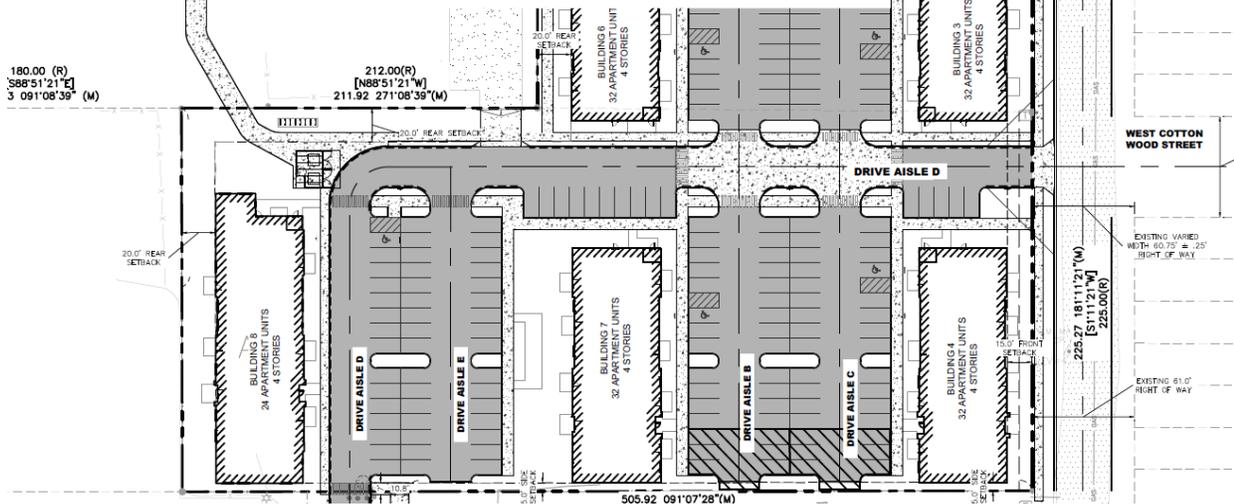
BUILDINGS 4 & 7 - PARKING SIDE  
 WALL AREA = 6,572 SF  
 TRANSPARENCY AREA = 1,071 SF

**3 BUILDINGS 4 & 7 - PARKING SIDE**  
 1/8" = 1'-0"



MATCHLINE - SEE SHEET C2.10

MATCHLINE - SEE SHEET C2.20



WEST ASPEN STREET

WEST COTTON WOOD STREET

## MARKET STUDY SUMMARY

<b>Market Study Company:</b>	Novogradac
<b>Project Name:</b>	North 3rd Apartments
<b>Project Market Area:</b>	The PMA boundaries are: Weaver Road to the north, Goldenstein Lane/Blackwood Road to the south, Springhill Road/McIlhattan

Is the project, as proposed, viable?

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

	Market Rents	% Project Rents Below	
0 bedroom			
1 bedroom	\$ 1,679	64.0%	
2 bedroom	\$ 1,993	64.0%	
3 bedroom	\$ 2,417	60.0%	
4 bedroom	-	-	Reference page:
5 bedroom			91

# of all New Units Needed:  Reference page:

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

Vacancy Rate:  Reference page:

Months to Lease-up:  Reference page:

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

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

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

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

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

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

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

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

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

**All other services and distance to each.**

	<b>Other Service</b>	<b>Distance (mi)</b>
1	Bus Stop	0.1
2	Centennial Park	0.1
3	Walmart Supercenter	0.5
4	Walmart Pharmacy	0.5
5	Wells Fargo Bank	0.6
6	Conoco	0.6
7	Bozeman Police Department	0.7
8	Bozeman Fire Department	0.7
9	Post Office	0.7
10	Bozeman Public Library	0.9
11	Emily Dickinson School	1.4
13	Bozeman Health Deaconess Hospital	1.6
14	Chief Joseph Middle School	2.9
15	Gallatin High School	3.4
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## **RESOLUTION NO. 23-0710-MF06**

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 \$66,600,000; 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 Citibank, N.A. (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 \$66,600,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of North 3rd Apartments, an affordable housing development consisting of 216 units located in Bozeman, 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 Castlebar Apartments financing in 2021 (the “Castlebar 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 a Montana registered limited partnership, limited liability company or a similar affiliate of DevCo Preservation, LLC (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 Castlebar Financing; and

WHEREAS, the interest on the Obligation is intended to qualify for a federal tax exemption under Section 142 of 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 Castlebar 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 (each an “Authorized Officer”) 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 an Authorized Officer, 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 to the Board and any other parties), be in a principal amount not to exceed \$66,600,000, 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 an Authorized Officer 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 an Authorized Officer is authorized and directed to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement.

**Section 6. 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 an Authorized Officer, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by an Authorized Officer and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

**Section 8. Execution of No-Arbitrage Certificate.** An Authorized Officer is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Code, 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. With respect to the issuance of the Obligations authorized by this Resolution, such Authorized Governmental Lender Representatives are also authorized, with the advice of General Counsel or Bond Counsel, to interpret and apply the Board's Policy for Conduit Multifamily Housing Revenue Bonds (the "Policy") and to waive any requirement of the Policy to the extent such interpretation, application or waiver is consistent with the purpose of the Policy.

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

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ADOPTED by the Montana Board of Housing this \_\_\_\_ day of July, 2023.

MONTANA BOARD OF HOUSING

Attest:

By \_\_\_\_\_  
Sheila Rice, Chair

By \_\_\_\_\_  
Cheryl Cohen, Executive Director

# Multi Family Program Dashboard

## July 10, 2023

### Funds For Coal Trust, MFLP, Housing Montana Fund

#### Available

Coal Trust	\$848,874		
MFLP	\$223,839		
Housing MF	\$39,942		
Housing MF	\$544,040		TANF

### Projects Underway

Program	Project	City	Year Awarded	Recipient	Status*
4%	The Manor	Hamilton	TBD	Sapphire Lutheran Homes	Under Review
4%	Parkview Village	Great Falls	TBD	Vitus Development, LLC	Under Review
4%	Baxter	Bozeman	TBD	Devco Preservation	Under Review
9%	ANHA LIHTC #2	Crow Agency	2023	Apsaalook Nation HA	Just awarded in October
9%/ MFLP	Cabinet Affordable	Libby	2023	Cabinet Affordable Housing	Just awarded in October
9%	Carter Commons	Great Falls	2023	Carter Commons, LLLP	Just awarded in October
9%/4%	Creek Side Apartments	Missoula	2023	Homeward	Just awarded in October
9%/MFLP	Meadowlark Senior	Butte	2023	Northwest Real Estate Capital Group	Just awarded in October
9%/MFLP	Riverview Apts	Big Sky	2022	Blueline	Under Construction
9%	Bicentennial Apts	Dillon	2022	Dawson Holdings	Under Construction
9%	Baatz Block Apts	Great Falls	2022	Homeward	Rehab Planned 2023
9%	Tapestry Apts	Billings	2022	CLDI	Under Construction
9%/4%	Junegrass 4/9	Kalispell	2022	GMD/Homeward	Under Construction
9%/ARPA	Laurel Depot	Laurel	2021	GL/North Fork Dev.	Under Construction
9%/ARPA	MRM Unified Campus	Billings	2021	MT Rescue Mission	Under Construction
9%/ARPA	Jackson Court	Billings	2021	GL Development	Under Construction
9%/ARPA	AHNA LIHTC 1	Crow Agency	2021	Apsaalooke Nation HA	Closed September 2022
9%/MFLP	Creekside Commons	Kalispell	2021	Housing Solutions	Construction planned for Spring 2023
9%	Crowley Flats	Lewistown	2021	Homeward	Under Construction
4%	Comstock I, II & III	Bozeman	2022	Devco Preservation	Closed November 2022
4%/ARPA	Spruce Grove	Laurel/Bridger	2022	GL Development	Under Construction
4%	Bridger Peaks	Bozeman	2022	Devco Preservation	Under Construction
4%/ARPA	Highland Manor	Havre	2021	Echo Enterprise	Closing Spring 2023
4%	Castlebar	Bozeman	2021	Devco Preservation	Under Construction
4%/ARPA	Villagio	Missoula	2021	Blueline/Missoula HA	Under Construction
4%	Bitterroot Valley Apartments	Hamilton	2021	Summit Housing Group	Under Construction
4%/ARPA	Trinity	Missoula	2021	Blueline.Homeward/Missoula HA	Under Construction
4%	Boulevard	Bozeman	2021	HRDC/Good Housing Partners	Under Construction
4%	Darlington Miles Sherwood	Bozeman	2021	HRDC/Good Housing Partners	Under Construction
4%	Sunshine Village	Great Falls	2023	Community Preservation Partners	Approved in March
4%	Big Fork Senior	Big Fork	2023	Bigfork Senior Housing	Approved in May
4%	Bozeman Apartments	Bozeman	In Process	Rueter Walton Development	Up for approval
4%	South Forty	Billings	2023	Lincoln Avenue Capital	Approved in January
4%	North 3rd Apartments	Bozeman	In Process	Devco Preservation	Up for approval
4%	Union Place	Missoula	2023	Union Place Apartments LLC	Approved in April

# BOARD AGENDA ITEM

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## PROGRAM

Operations/Executive Director

## BOARD MEETINGS

The next scheduled Board meeting is August 14, 2023 and will be held virtually via Zoom.

Reminder - the September 12, 2023 Board meeting will be held virtually via Zoom instead of in-person in Miles City. Please note this is a Tuesday meeting, versus our more typical Monday Board meeting schedule.

Based on responses from Board members, staff are planning the October 23, 2023 Board meeting to be in-person in Helena at the Delta Colonial (for Housing Credit allocation decisions). We did have an all-day strategic planning session scheduled for September 11, 2023 in Miles City. Rather than conducting this session virtually, we are shifting the strategic planning session to October 24, 2023 in-person in Helena.

## BOARD TRAINING & CONFERENCE OPPORTUNITIES

- NCSHA Annual Conference & Showplace, October 14-17, 2023 in Boston, MA. Board members are strongly encouraged to attend this conference, as there are specific sessions and training opportunities tailored specifically to Housing Finance Agency Board members. Please let Cheryl and Kylee know if you are interested.
- National Standards for the Physical Inspection of Real Estate (NSPIRE) in-person training here in Helena is scheduled for August 16-17, 2023.

## CONTRACTS / PROCUREMENT

- Housing Development Software has been executed.
- RFP for Financial/CPA services for secondary reviews of financial statements - The RFP Evaluation meeting was conducted on 6/22. State Procurement Bureau and the Commerce evaluation committee are still working to award a vendor.
- All ten (10) Field Agency contracts for Section 8 have been routed for execution.

## PERSONNEL UPDATE

Montana Housing is actively recruiting for a new Administrative Assistant.

We welcome the following new staff:

- Accounting and Finance Supervisor – Catherine Koch - has worked in the Department of Administration Statewide Accounting Bureau since 2018. She's assisted in the development of statewide accounting policies in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) and Montana Code Annotated. She's also supported the preparation of the state's Annual Comprehensive Financial Report (ACRF), including footnote disclosures.

## BOARD AGENDA ITEM

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Prior to joining the state of Montana, Catharine worked as an accountant and controller for the Catholic Diocese of Helena and with the Chongqing Jianteng Industry and Trade Company in China. She is a Certified Public Accountant licensed in Montana, with a Bachelor of Applied Science in Business/Accounting Track from Montana Tech.

- Loan Servicing Specialist – Anjeannette Roppel - Anjie comes to us from the Montana Department of Justice (DOJ) Accounting Division where she has an extensive background in financial accounting functions, tracking and reconciling billings, AP/AR in SABHRS accounting, and Perceptive.

### EMERGENCY RENTAL ASSISTANCE UPDATE

- As of June 29, 2023, we have awarded \$132.7 million in rent and utility assistance; approximately 1,400 applications remain under review.
- Over \$48.4 million in potentially fraudulent applicants (2,767 applications) have been flagged, isolated, and ultimately denied. The team continues to actively pursue payment returns for overpaid situations (i.e., renter moves out before the three months future rent assistance has ended).
- The backlog of applications is processed in the date order submitted, with the exception of expedited applications for eminent evictions and utility shut offs.
- The program is no longer accepting any applications as of March 24th at midnight.
- Projections indicate that we will complete the wind down of the program around the end of July. However, the program could go longer depending on funding available.

### HOMEOWNER ASSISTANCE FUND UPDATE

- As of June 29, 2023, there have been 730 applications submitted to the statewide program and HAF staff have approved and paid over \$2.2 million in total through all statewide program areas.
- The HAF program received Governor's Office approval to expand the HAF program in the following ways:
  - Include a home repairs program to assist homeowners in repairing or replacing health/safety and insurability risks in the home.
  - Increase the household maximum assistance in the reinstatement program from \$25,000 to \$50,000.
  - Utilities will be a standalone program now and be open to everyone, irrespective whether they qualify for another program in HAF.
- The HAF program is shooting for a stand-up date of the above changes in late summer 2023.

### COMMUNITY HOUSING UPDATE

- The HOME-ARP application workshop was held Tuesday, June 27, 2023. HOME-ARP will open for applications on October 31, 2023.

## BOARD AGENDA ITEM

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- The team is working on the application and application guidelines for the new Emergency Shelter Infrastructure Grant Program (\$5M one-time-only program included in House Bill 5). Our goal is to deploy this program in tandem with HOME-ARP, subject to timeline of the Administrative Rules process.
- We received six (6) federal Housing Trust Fund applications requesting nearly \$6M in funds. The team is reviewing these applications; we have just over \$2M in 2022 HTF funds available to grant. Staff are scheduled to present recommendations to Commerce Leadership on July 20, 2023.

### EXECUTIVE DIRECTOR UPDATE

- The Legislative Audit Division Performance Audit is underway, and auditors are and will continue to join Board meetings and other MBOH working groups like the Qualified Allocation Plan discussions. This engagement will focus on multifamily housing programs, and the Low-Income Housing Tax Credit (LIHTC) program in particular including assessing our Board governance structure.
- We have two newly appointed Board members, John Grant and Amber Parish (replacing John Wright and Adam Hertz). I would suggest that we hold new Board officer elections (slate) at the August 14, 2023 meeting. If you are interested in serving in an officer position (President, Vice President or Secretary) please contact Cheryl by July 31, 2023.
- Staff are looking to schedule a Housing Credit refresher training for new Board members, but also encourage all Board members to attend. Tentative date is Thursday, July 27 from 3:00 – 5:00 pm.
- Montana Housing submitted an application to the HUD Lead Hazard Control and Health Homes Lead Hazard Reduction Capacity Building Grant Program on June 27, 2023.

### LEGISLATIVE CLOSE-OUT

- The following housing-related bills have been signed by Governor Gianforte (as of July 3, 2023):

<b>Bill Number</b>	<b>Short Title</b>
<a href="#"><u>HB 5</u></a>	Long-range building appropriations (\$5M for emergency shelters)
<a href="#"><u>HB 25</u></a>	Repeal gray water property abatement
<a href="#"><u>HB 30</u></a>	Generally revise mortgage laws
<a href="#"><u>HB 56</u></a>	Extend the application of the bond validating act
<a href="#"><u>HB 187</u></a>	Establish that child care is a residential use of property
<a href="#"><u>HB 189</u></a>	Revise property tax assistance program
<a href="#"><u>HB 244</u></a>	Revise laws governing the Housing Montana Fund
<a href="#"><u>HB 246</u></a>	Allow for the zoning of tiny dwelling units
<a href="#"><u>HB 296</u></a>	Revising laws relating to real estate transaction disclosures
<a href="#"><u>HB 371</u></a>	Allow state-chartered banks to own employee housing

## BOARD AGENDA ITEM

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<a href="#"><u>HB 358</u></a>	Revise property manager license law
<a href="#"><u>HB 523</u></a>	Require reporting on emergency rental assistance paid to businesses and landlord
<a href="#"><u>HB 685</u></a>	Revise methods for valuing commercial condominiums
<a href="#"><u>HB 703</u></a>	Revise housing laws relating to emotional support animals
<a href="#"><u>HB 819</u></a>	Montana Community Reinvestment Act
<a href="#"><u>HB 830</u></a>	Optional alternative property tax payments schedule
<a href="#"><u>SB 23</u></a>	Require county to approve certain condominiums
<a href="#"><u>SB 94</u></a>	Generally revise laws related to recovery residences
<a href="#"><u>SB 105</u></a>	Prohibit rent control of private property
<a href="#"><u>SB 245</u></a>	Revise municipal zoning to allow multifamily and mixed use development
<a href="#"><u>SB 323</u></a>	Allow for duplex, triplex, and fourplex housing in city zoning
<a href="#"><u>SB 331</u></a>	Revise condo and townhouse exemptions
<a href="#"><u>SB 382</u></a>	Create the Montana Land Use Planning Act
<a href="#"><u>SB 407</u></a>	Revise municipal zoning laws
<a href="#"><u>SB 455</u></a>	Generally revise laws pertaining to realty regulation
<a href="#"><u>SB 528</u></a>	Revise zoning laws related to ADU's
<a href="#"><u>SR 43</u></a>	Confirm governor's appointees for the board of housing
<a href="#"><u>SR 57</u></a>	Confirm governor's appointees for board of housing

- HB 889 Revise the Residential Mobile Home Lot Rental Act was vetoed by the Governor on May 16, 2023.
- Staff are working with legal counsel on Administrative Rules for HB 5, HB 244 and HB 819.
  - Housing Coordinating Team meeting scheduled Thursday, July 13 will include discussion of HB 819; we will seek preliminary feedback from stakeholders on our approach to the interest rate and other terms and conditions.

# Community Housing Dashboard

## July 10, 2023

### FUNDS FOR HOME, HTF AND CDBG

	<u>ALLOCATED</u> <u>FROM HUD</u> <sup>1</sup>	<u>AWARDED</u>	<u>REMAINING TO</u> <u>AWARD</u>	<u>REMAINING TO</u> <u>DISBURSE</u> <sup>2</sup>	
HOME	\$ 3,420,477	\$ 2,638,079	\$ 1,004,818	\$ 5,983,810	
HTF	\$ 2,982,433	\$ 948,243	\$ 2,034,190	\$ 6,638,904	
CDBG-Housing	\$ 1,750,000	\$ 780,000	\$ 970,000	\$ 4,496,093	
CDBG-CV <sup>3</sup>	\$ 10,174,175	\$ 10,174,175	\$ -	\$ 6,847,130	Expenditure deadline July 2026
HOME-ARP <sup>4</sup>	\$ 11,459,768	\$ 572,988	\$ 10,886,780	\$ 11,385,388	Expenditure deadline Sept 2030

<sup>1</sup> The Funds Allocated From HUD column represents the 2022 allocation Commerce received for the HOME Investment Partnerships Program (HOME), Housing Trust Fund (HTF) and Community Development Block Grant (CDBG)-Housing Programs.

<sup>2</sup> Includes administrative funds

<sup>3</sup> CDBG-CV funds were allocated by HUD through the federal CARES Act in July 2021 to address the impacts of COVID.

<sup>4</sup> HOME-ARP funds were allocated by HUD through the American Rescue Plan Act in September 2021 to primarily address homelessness.

### 2023 ALLOCATIONS

HUD announced 2023 allocations for HOME and CDBG on February 27, 2023 and for HTF on May 3, 2023.

The **HTF** allocation increased by nearly 3% to \$3,066,413.

The **HOME** allocation increased by less than 1% to \$3,450,234.

**CDBG** increased by less than 0.1% to \$6,541,090, a portion of which Commerce will designate for activities to address homelessness and preservation of affordable housing.

### PROJECTS UNDERWAY

Program	
HOME	Nine (9) rental projects have been awarded funds. Five (5) are expected to lease up this spring/summer and the other four (4) will be under construction this year. Project in common with tax credits include Villagio, Trinity, Crowley Flats, Jackson Court, Laurel Depot, Baatz Building and Meadowlark in Butte.
HTF	Six (6) projects are in process. Construction has been completed on two of those, one more (Trinity in Missoula) is expected to wrap up late spring/summer. The remaining three (Highland Manor in Havre, Baatz in Great Falls and Bigfork Senior Housing), are working through start up.
CDBG	Three (3) construction projects are getting started - two for shelter improvements and one for new apartments in Winnett.
CDBG-CV	15 projects have been awarded funds. Five (5) projects completed; the remaining 10 projects are under contract and getting underway.
HOME Homebuyer Assistance	Five organizations are qualified to provide down payment and closing cost assistance: NWMT, HRDC 9, HRC XI, Trust Montana and Northwest Montana Community Land Trust
CDBG Housing Stabilization	Six local governments are qualified to implement single-family rehabilitation programs: Lake and Missoula Counties; Cities of Choteau, Glasgow, Helena, and Shelby

### EVENTS and DEADLINES

- 7-Jun-23** **Application deadline for remaining 2022 HTF and CDBG-Housing funds**  
\$2,034,190 HTF available; received six (6) applications requesting \$5,945,143 to help finance \$48,580,030 in total project costs. Expected to make awards July/August timeframe.
  - 27-Jun-23** **HOME-ARP Application Workshop**  
HUD approved Montana's HOME-ARP Allocation Plan in April 2023, which will make ~\$11 million available to develop non-congregate shelter, permanent housing, and supportive services to address homelessness and benefit Qualifying Populations.  
Staff held an application workshop to outline how eligible entities may apply for funds. The presentation will include the differences between the regular HOME Program and this one-time source of funds.
  - 15-Sep-23** **Anticipated application deadline for 2023 HOME, HTF and CDBG-Housing**  
2023 funding for HOME and CDBG remained steady, with 2.8% increase in HTF allocation.
  - 31-Oct-23** **Anticipated application deadline for HOME-ARP funds**  
Commerce may use the same timeline for disbursing state funds through the Emergency Shelter Facility Infrastructure Grant Program, for which the legislature provided \$5 million.
- Note applications for HOME homebuyer assistance and CDBG single-family rehabilitation programs are accepted on a rolling basis, i.e. there is no application deadline.