

MONTANA
BOARD OF INVESTMENTS

HB819 Update

Dan Villa, Executive Director

December 12, 2023

Bill Summary

- Section 1 & 2: Title & Purpose
- Sections 3 – 9: CRO Program (*GOED*)
- Sections 10 – 14: HOMES Act (***BOI***)
- Section 15: Workforce Housing Appropriation (***BOI***)
- Section 16 – 17: Coal Trust Multifamily Program (BOH)
- Section 18 – 20: Fund Transfers and Appropriations
- Section 21: Notification to Tribal Governments
- Section 22: Housing Planning Assistance (DOC)
- Section 23 – 25: Codification and Coordination
Instructions & Effective Date

HOMES Act

Revolving Bond/Loan Program

- \$106 Million from HB819
 - Bond Program can purchase up to 50% of public infrastructure bonds at 25% of market rate
 - Loan Program can participate in up to the lesser of 50% or \$1M of public infrastructure loans

Linked Deposit Program

- \$50 Million from HOMES/\$25 Million from Debt and Liability Free Acct
 - Banks may request BOI deposits to reduce construction cost for housing developments
 - Deposits are fully collateralized and will return to fund within 24 months

Impact Fee Loan Program

- \$15 Million from ARPA Funds
 - May participate in up to \$3M in 0% loans for impact fees payable to local government

Revolving Loan/Bond Program

Ravarra Project (Estimate)			20 Year Term		
Project Cost	\$ 5,780,817.00				
Market Sale	\$ 2,890,408.50	6.00%	\$251,998.98	\$5,039,979.69	
BOI Purchase	\$ 2,890,408.50	1.50%	\$168,353.97	\$3,367,079.40	
Total Cost				\$8,407,059.09	
Total Financing Costs				\$2,626,242.09	
Market Sale	\$ 5,780,817.00	6.00%	\$503,997.97	\$10,079,959.38	
Total Financing Costs				\$4,299,142.38	
<i>Total Financing Savings</i>				\$1,672,900.29	63.70%

Linked Deposit

Bigfork Senior Housing		24 Month Term		
Project Cost	\$ 3,600,000.00			
Original Rate		8.00%	\$156,329.72	\$3,751,913.28
Linked Deposit Rate		5.00%	\$153,937.41	\$3,694,497.89
Original Financing Costs			\$151,913.28	
Linked Deposit Financing Costs			\$94,497.89	
Total Savings			\$57,415.39	37.79%

Linked Deposit Project Summary

Location	Investment Amount	Savings (\$)	Interest Exp Savings	Number of Units	Funding Source
Missoula	5,000,000.00	244,000.00	31.48%	88	HOMES
Butte	243,267.50	11,336.27	32.32%	2	HOMES
Butte	166,600.75	10,662.45	39.60%	12	HOMES
Kalispell	5,000,000.00	318,000.00	37.41%	199	Debt Free
Kalispell	5,000,000.00	318,000.00	37.41%	334	Debt Free
Butte	180,000.00	10,836.00	36.13%	1	HOMES
Billings	6,000,000.00	105,600.00	14.67%	184	HOMES
Lewistown	5,000,000.00	75,000.00	12.50%	116	Debt Free
Great Falls	5,000,000.00	104,000.00	16.91%	24	HOMES
Havre	4,000,000.00	151,200.00	27.00%	32	HOMES
Kalispell	6,325,000.00	156,860.00	19.53%	31	HOMES
Hamilton	6,250,000.00	302,500.00	32.27%	60	HOMES
Billings	5,500,000.00	266,200.00	32.27%	32	HOMES
Great Falls	8,000,000.00	320,000.00	28.57%	33	HOMES
Libby	6,000,000.00	360,000.00	37.50%	23	Debt Free
Bigfork	3,600,000.00	216,000.00	37.50%	23	HOMES
Bozeman	5,900,000.00	354,000.00	37.50%	19	HOMES
	77,164,868.25	3,324,194.71		1213	

Workforce Housing

- Legislative Review
- Employee Profile
- Affordability Calculations
- Market Survey
- Option Analysis
- Site Location
- Next Steps

MONTANA

BOARD OF INVESTMENTS

TO: Dan Villa, Executive Director
FROM: Peggy MacEwen, Deputy Director
DATE: May 24, 2023
RE: Profile of Employees - HB819

Powell County has approximately 550 state employees living in the county

Department of Corrections
 Men's Prison
 Number of positions 742
 Vacancy Rate for all positions 40%

Correctional Officers primary focus but HB819 housing open to all employees
 Correctional Officers starting wage on July 1, [2023](#) \$21.01/hour
Number of Correctional Officers living in Powell and Deer Lodge Counties
 Number of Correctional Officer positions 256
 Number of Correctional Officer positions vacant 62
 Vacancy rate for Correctional Officers 25%

Deer Lodge County has approximately 841 state employees living in the county

Department of Public Health and Human Services
 Montana State Hospital
 Number of positions 535
 Vacancy rate for all positions 37%

Psychiatric Aides primary focus but HB819 housing open to all employees
 Psychiatric Aide starting wage on July 1, [2023](#) \$20.35/hour
Number of Psychiatric Techs living in Deer Lodge and Powell Counties
 Number of Psychiatric Techs positions 204
 Number of Psychiatric Techs positions vacant 106
 Vacancy rate for Psychiatric Techs 52%

Workforce Housing

Facility	Census	Employee Count	Weighted Average	Allocation
Montana State Hospital	158	841	32.96%	\$ 3,955,130.32
Montana State Prison	1482	550	67.04%	\$ 8,044,869.68
			100.00%	\$ 12,000,000.00

Position	Annual Salary	Maximum Rent/Mortgage	Maximum Cost
Psych Tech Level 1	\$ 39,104.00	\$ 760.36	\$ 139,522.57
CO Level 1	\$ 46,821.00	\$ 910.41	\$ 167,056.06

Current Rates

Principal	\$ 167,056.06
Rate	7.80%
Term	685.5
Monthly	\$1,085.86

30 Year Term

Principal	\$ 167,056.06
Rate	7.80%
Term	30
Monthly	\$1,202.59

Rate Necessary

Principal	\$ 167,056.06
Rate	5.13%
Term	30
Monthly	\$910.41


Principal	\$ 139,522.57
Rate	7.80%
Term	685.5
Monthly	\$906.90

Principal	\$ 139,522.57
Rate	7.80%
Term	30
Monthly	\$1,004.38

Principal	\$ 139,522.57
Rate	5.13%
Term	30
Monthly	\$760.36

Workforce Housing

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\$350,000
1019 Montana Ave, Deer Lodge, MT 59722

Est.: \$2,285/mo [Get pre-qualified](#)

Single Family Residence Built in 1958 0.37 Acres lot


Zestimate® \$258/sqft \$-- HOA

2 beds 1 bath 1,354 sqft

[Request a tour](#)
as early as today at 5:00 pm

[Contact agent](#)

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\$244,000
309 Clark St, Deer Lodge, MT 59722

Est.: \$1,537/mo [Get pre-qualified](#)

Single Family Residence Built in 1920 10,454 sqft lot

Zestimate® \$176/sqft \$-- HOA


3 beds 1 bath 1,385 sqft

[Request a tour](#)
as early as today at 6:00 pm

[Contact agent](#)

Purchasing is not an option for hard to recruit employees at Montana State Prison or Montana State Hospital.

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\$235,000
818 4th St, Deer Lodge, MT 59722

Est.: \$1,481/mo [Get pre-qualified](#)

Single Family Residence Built in 1920 4,268 sqft lot


Zestimate® \$226/sqft \$-- HOA

2 beds 1 bath 1,038 sqft

[Request a tour](#)
as early as today at 5:30 pm

[Contact agent](#)

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\$315,000
909 Main St, Deer Lodge, MT 59722

Est.: \$2,056/mo [Get pre-qualified](#)

Single Family Residence Built in 1895 6,272 sqft lot

Zestimate® \$291/sqft \$-- HOA

2 beds 1 bath 1,084 sqft

[Request a tour](#)
as early as today at 2:30 pm

[Contact agent](#)

To: Members of the Board
From: Dan Villa, Executive Director
Date: December 12, 2023
Re: HB 819 Workforce Housing Proposal

Staff is recommending the Board approve development of 28 residential units in the City of Deer Lodge, Montana to comply with the provisions of HB819, Section 15. The purpose of the funds is to "advance the construction or purchase of workforce housing of employees who work at state-owned facilities that house state inmates or behavioral health patients." Below for your consideration are short- and long-term proposals for these funds.

Short-Term

Contingent upon Board approval, BOI will enter into a development agreement with Corner Post Enterprises, LLC of Bozeman, Montana to construct the units for \$8,103,959, \$742,041 for road and sewer installation, for a total cost of \$8,846,000. This proposal entails construction of twenty-eight 1400 square foot units, a Letter of Intent to purchase and close on the units upon award of a certificate of occupancy, providing a land warranty to the builder to secure financing, a reopener in the event timber prices rise in excess of 12% between December 2023 and May 2024, and no realtor or closing costs to either BOI or Corner Post. A breakdown of BOI costs and pro forma for the project is included with this memo as "Attachment A" and "Attachment B" respectively. We are proposing an initial monthly rent of \$760.36 and show assumptions on investment earnings of the principal balance for this analysis.

The preferred development site is owned by the City of Deer Lodge. BOI will negotiate a land swap with the city for land owned by the Department of Corrections and currently used by the city for municipal water wells. The Department of Corrections has agreed to sell the land to BOI for \$1. You can see the two locations and the quit claim deed included as "Attachment C."

A draft floor plan is included as "Attachment D," and a draft site plan is included as "Attachment E."

Long-Term

Recruitment and retention of employees at Warm Springs and Deer Lodge has been an ongoing issue for the state. While this proposal will undoubtedly assist the respective departments in their recruitment efforts, the funding entrusted to BOI can and should be leveraged to include retention assistance.

Within the pro forma you will see a reduction in earnings in each five-year increment. This is in order to provide \$30,000, 0%, 20-year term note to employees who have remained with their respective agency for five years to be used for the sole purpose of purchasing permanent housing. These notes would be made available to employees by BOI who remain employed by Montana State Prison/Montana State Hospital for as long as the employee continues with their state service or 20 years, whichever ends first.



TOWNHOMES

2 STORY BUILDING



DRAFT

DRAFT

Rear ENTRY Garages

BR1 2 bedroom/2.5 bath
1,500 s.f.



Workforce Housing

All contingent upon financial review and BOI approval

- DOC quit claim property to BOI
- BOI swaps land with City of Deer Lodge
- BOI enters into development agreement with private party for:
 - Subdivision
 - Road, water, and sewer expansion
 - Unit development
- Construction begins in Spring 2024
- Occupancy pre-2025 Legislative Session