Montana Housing Update

Local Government Interim Committee
January 24, 2024

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Research & Information Services

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Executive Director / Administrator
Montana Housing Division
Presentation Outline

- Recap questions from prior LGIC November 9, 2023 meeting
- Overview of Montana Housing Situation Report by Mary Craigle
- Update on HB 819 Coal Trust Multifamily Homes (CTMH) Program
- Update on HB 5 Emergency Shelter Facility Grant (ESFG) Program
- Overview of 2023 Affordable Housing Investments and Economic Impacts
- Policy Considerations
Questions Raised During November LGIC Meeting

- What additional resources may be needed (projection for 2025) versus what we already allocated?
- What is the demand for lower interest rate loans in revolving funds?
- How much should the state be doing to promote affordable housing?
- Is demand unlimited or is there an optimal amount the state could be or should be providing?

What does available data tell us with respect to the need for affordable housing in Montana?

Montana Department of Commerce economists with the Census and Economic Information Center recently published the “Montana Housing Situation Report”, which includes:

- population analysis
- housing inventory
- rental affordability
- homeownership affordability

https://ceic.mt.gov/
HB 819 - Coal Trust Multifamily Homes Program Timeline

05/05/2023: Sent to enrolling
06/13/2023: Signed by Governor Gianforte
06/13 – 07/12: Montana Board of Housing (MBOH) collaboration with Board of Investments (BOI)
Consultation with stakeholders (developers, banking institutions)
Internal working group to develop administrative rules
Legal review
07/13/2023: Housing Coordinating Team meeting; Director Villa attends to share details of BOI performance yield, applicable CTMH interest rate and posting to BOI website
07/17/2023: MBOH begins accepting CTMH loan applications, subject to HB 819 requirements implemented through ARMs; draft “Program Highlights” released
08/29/2023: Secretary of State filing date
09/08/2023: Notice of Proposed Rule Published (GovDelivery with ARM public hearing notice issued)
09/12/2023: First CTMH loan commitment under HB 819 preliminarily approved by MBOH Board
09/28/2023: Public Hearing for proposed Administrative Rules
10/06/2023: Last day for public comment
10/10/2023: Notice of adoption filed
10/21/2023: Administrative Rule effective
10/23/2023: Four (4) CTMH loan commitments approved by MBOH Board
11/13 & 12/11: Three (3) CTMH loan commitments approved by MBOH Board
## HB 819 - Coal Trust Multifamily Homes Project List

<table>
<thead>
<tr>
<th>City</th>
<th>Project</th>
<th>Units</th>
<th>Loan Amount</th>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belt</td>
<td>Golden Valley Homes</td>
<td>22</td>
<td>803,060</td>
<td>Rehab</td>
<td>Approved February 2020; Closed</td>
</tr>
<tr>
<td>Cascade</td>
<td>Quiet Day Manor</td>
<td>20</td>
<td>872,500</td>
<td>Rehab</td>
<td>Approved February 2020; Closed</td>
</tr>
<tr>
<td>Livingston</td>
<td>Livingston Cottages</td>
<td>12</td>
<td>900,000</td>
<td>New</td>
<td>Approved February 2020; Closed</td>
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<tr>
<td>Havre</td>
<td>Highland Manor</td>
<td>32</td>
<td>1,932,000</td>
<td>Rehab</td>
<td>Approved February 2020</td>
</tr>
<tr>
<td>Helena</td>
<td>Firetower</td>
<td>44</td>
<td>2,674,631</td>
<td>Rehab</td>
<td>Approved April 2020; Closed</td>
</tr>
<tr>
<td>Joliet / Laurel</td>
<td>Spruce Grove</td>
<td>62</td>
<td>5,173,486</td>
<td>Rehab</td>
<td>Approved April 2020; Closed</td>
</tr>
<tr>
<td>Havre</td>
<td>Oakwood Village</td>
<td>60</td>
<td>2,100,000</td>
<td>Rehab</td>
<td>Approved April 2020; Closed</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>252</td>
<td>14,455,677</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
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<th>Units</th>
<th>Loan Amount</th>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Falls</td>
<td>Carter Commons</td>
<td>25</td>
<td>1,700,000</td>
<td>New</td>
<td>Approved September 2023</td>
</tr>
<tr>
<td>Helena</td>
<td>Twin Creek 9%</td>
<td>20</td>
<td>474,940</td>
<td>New</td>
<td>Approved October 2023</td>
</tr>
<tr>
<td>Hamilton</td>
<td>Riverstone Senior Apartments</td>
<td>23</td>
<td>1,550,000</td>
<td>New</td>
<td>Approved October 2023</td>
</tr>
<tr>
<td>Billings</td>
<td>Mitchell Court</td>
<td>32</td>
<td>1,700,000</td>
<td>New</td>
<td>Approved October 2023</td>
</tr>
<tr>
<td>Darby</td>
<td>Welcome Way Apartments</td>
<td>24</td>
<td>2,090,000</td>
<td>Acq. / Conversion</td>
<td>Approved Oct 2023; Closed</td>
</tr>
<tr>
<td>Whitefish</td>
<td>Forest Acres Trailer Park</td>
<td>100</td>
<td>7,500,000</td>
<td>Acq. / Preservation</td>
<td>Approved Nov &amp; Dec 2023</td>
</tr>
<tr>
<td>Lolo</td>
<td>Two Rivers Community</td>
<td>59</td>
<td>5,460,833</td>
<td>Acq. / Preservation</td>
<td>Approved December 2023</td>
</tr>
<tr>
<td>Belgrade</td>
<td>Stan's Garden Community</td>
<td>39</td>
<td>5,356,765</td>
<td>Acq. / Preservation</td>
<td>Approved December 2023</td>
</tr>
<tr>
<td>Helena</td>
<td>Twin Creek 4%</td>
<td>52</td>
<td>7,686,748</td>
<td>New</td>
<td>Up for approval January 2024</td>
</tr>
<tr>
<td>Whitefish</td>
<td>Housing Whitefish</td>
<td>24</td>
<td>4,000,000</td>
<td>New</td>
<td>Requested - staff underwriting</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>398</td>
<td>37,519,286</td>
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### Total Authorized from Coal Trust Tax Fund
- HB 16 - $15M: 65,000,000
- HB 819 - $50M: 65,000,000

### Total Committed (Assumes approval of 2 pending projects)
- 51,974,963

### Remaining Available After Commitments (Includes loan P&I payments)
- 13,471,441
HB 5 – Emergency Shelter Facility Grant

- ESFG is a one-time $5 million funding opportunity authorized by HB5 of the 68th Legislative Session to award grant funding to nonprofit corporations that provide emergency shelter for the homeless.
- Eligible activities include construction, capital improvement, property acquisition and shelter space acquisition (all costs incurred on or after to July 1, 2023).
- The Montana Housing Division with Commerce developed Administrative Rules (same general timeline as CTMH); rule was adopted October 21, 2023.
- Application deadline was originally proposed as October 31, 2023. Due to public comment received, the deadline was extended, and additional technical assistance was provided through November 30, 2023.
- Eleven (11) applications from seven (7) communities were submitted by the deadline and included a total of $5,938,912 in requests.
- Per legislation, the maximum amount to be allocated to entities within any individual county may not exceed $750,000. Commerce received two applications from Yellowstone County totaling $1.5M in requests and thus shall include input from county elected officials in the ranking criteria for these applications.
## ESFG Applications

<table>
<thead>
<tr>
<th>County</th>
<th>Type</th>
<th>ESFG Request</th>
<th>Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flathead</td>
<td>Rehab</td>
<td>$750,000</td>
<td>$7,344,649</td>
</tr>
<tr>
<td>Gallatin</td>
<td>Rehab</td>
<td>$187,500</td>
<td>$1,984,815</td>
</tr>
<tr>
<td>Gallatin</td>
<td>New</td>
<td>$562,500</td>
<td>$16,150,000</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>Rehab</td>
<td>$750,000</td>
<td>$1,388,590</td>
</tr>
<tr>
<td>Missoula</td>
<td>Rehab</td>
<td>$369,183</td>
<td>$5,769,624</td>
</tr>
<tr>
<td>Missoula</td>
<td>Rehab</td>
<td>$228,593</td>
<td>$228,593</td>
</tr>
<tr>
<td>Missoula</td>
<td>Rehab</td>
<td>$91,136</td>
<td>$182,272</td>
</tr>
<tr>
<td>Ravalli</td>
<td>Rehab / Expansion</td>
<td>$750,000</td>
<td>$3,273,462</td>
</tr>
<tr>
<td>Silver Bow</td>
<td>Rehab</td>
<td>$750,000</td>
<td>$2,359,683</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>Rehab</td>
<td>$750,000</td>
<td>$3,767,076</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>New</td>
<td>$750,000</td>
<td>$3,989,352</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$5,938,912</strong></td>
<td><strong>$56,438,116</strong></td>
</tr>
</tbody>
</table>
Affordable Housing Investments (2023)

- 34 projects comprised of 1,831 rental homes
  - 776 new or market to affordable conversion rental homes
  - 1,055 acquisition/rehab and preserved rental homes
- $447 million in Total Project Costs
- $152,805 average affordable housing investment per unit
- Direct and indirect economic impact estimates:
  - 4,373 jobs created
  - $261 million wages paid
Factors for Policy Consideration – Available Resources

- Coal Trust Multifamily Homes Program
  - Viability and demand of program subject to changes in Coal Trust Tax Performance Yield and conventional financing interest rates
  - First lien position can pose challenges with other funding sources
  - Subject to paying property taxes requirement is limiting for nonprofit applicants; increases annual operating expenses

- Multifamily Loan Program & Housing Montana Fund
  - Interest rate tied to income targeting (ability to go lower than CTMH)
  - No on-going fund source or state appropriations; subject to repayments to RLF

- HUD Programs
  - Montana’s CDBG, HOME and HTF annual allocations are modest and include significant compliance requirements

- Soft Financing / Debt
  - Tax Credit properties often have financing gaps that can only feasibly be filled with soft debt; soft financing resources (grants, 0% deferred loans) in Montana are scarce
  - Novogradac Soft Financing Sources Summary April 2021
Factors for Policy Consideration – Priority Populations

- Households at risk of housing insecurity or homelessness
  - Very Low-, Extremely Low- and Fixed-Income Households
    - Families with minor children, elderly and persons with disabilities
  - Severely housing cost burdened renters (nearly 28,000)

- Essential workforce, such as teachers, frontline responders and lower wage-earning healthcare workers
FOR MORE INFORMATION

MONTANA HOUSING
Montana Department of Commerce
HOUSING.MT.GOV

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