

# Montana Housing Update

Local Government Interim Committee

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Mary Craigle

Bureau Chief | Census Manager  
Research & Information Services

Cheryl Cohen

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

	City	Project	Units	Loan Amount	Type	Status
HB 16 - \$15M	Belt	Golden Valley Homes	22	803,060	Rehab	Approved February 2020; Closed
	Cascade	Quiet Day Manor	20	872,500	Rehab	Approved February 2020; Closed
	Livingston	Livingston Cottages	12	900,000	New	Approved February 2020; Closed
	Havre	Highland Manor	32	1,932,000	Rehab	Approved February 2020
	Helena	Firetower	44	2,674,631	Rehab	Approved April 2020; Closed
	Joliet / Laurel	Spruce Grove	62	5,173,486	Rehab	Approved April 2020; Closed
	Havre	Oakwood Village	60	2,100,000	Rehab	Approved April 2020; Closed
<b>Total</b>			<b>252</b>	<b>14,455,677</b>		
HB 819 - \$50M	Great Falls	Carter Commons	25	1,700,000	New	Approved September 2023
	Helena	Twin Creek 9%	20	474,940	New	Approved October 2023
	Hamilton	Riverstone Senior Apartments	23	1,550,000	New	Approved October 2023
	Billings	Mitchell Court	32	1,700,000	New	Approved October 2023
	Darby	Welcome Way Apartments	24	2,090,000	Acq. / Conversion	Approved Oct 2023; Closed
	Whitefish	Forest Acres Trailer Park	100	7,500,000	Acq. / Preservation	Approved Nov & Dec 2023
	Lolo	Two Rivers Community	59	5,460,833	Acq. / Preservation	Approved December 2023
	Belgrade	Stan's Garden Community	39	5,356,765	Acq. / Preservation	Approved December 2023
	Helena	<i>Twin Creek 4%</i>	52	7,686,748	<i>New</i>	<i>Up for approval January 2024</i>
	Whitefish	<i>Housing Whitefish</i>	24	4,000,000	<i>New</i>	<i>Requested - staff underwriting</i>
<b>Total</b>			<b>398</b>	<b>37,519,286</b>		
<b>Total Authorized from Coal Trust Tax Fund</b>				<b>65,000,000</b>		
<b>Total Committed (Assumes approval of 2 pending projects)</b>				<b>51,974,963</b>		
<b>Remaining Available After Commitments (Includes loan P&amp;I payments)</b>				<b>13,471,441</b>		



# 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

County	Type	ESFG request	Total Project Cost
Flathead	Rehab	\$750,000	\$7,344,649
Gallatin	Rehab	\$187,500	\$1,984,815
Gallatin	New	\$562,500	\$16,150,000
Lewis & Clark	Rehab	\$750,000	\$1,388,590
Missoula	Rehab	\$369,183	\$5,769,624
Missoula	Rehab	\$228,593	\$228,593
Missoula	Rehab	\$91,136	\$182,272
Ravalli	Rehab / Expansion	\$750,000	\$3,273,462
Silver Bow	Rehab	\$750,000	\$2,359,683
Yellowstone	Rehab	\$750,000	\$3,767,076
Yellowstone	New	\$750,000	\$3,989,352
<b>Total</b>		<b>\$5,938,912</b>	<b>\$56,438,116</b>



# 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

Cheryl Cohen  
Executive Director / Division Administrator  
406.841.2844

