



Financial Modernization and Risk Analysis Study Committee Montana Housing Update

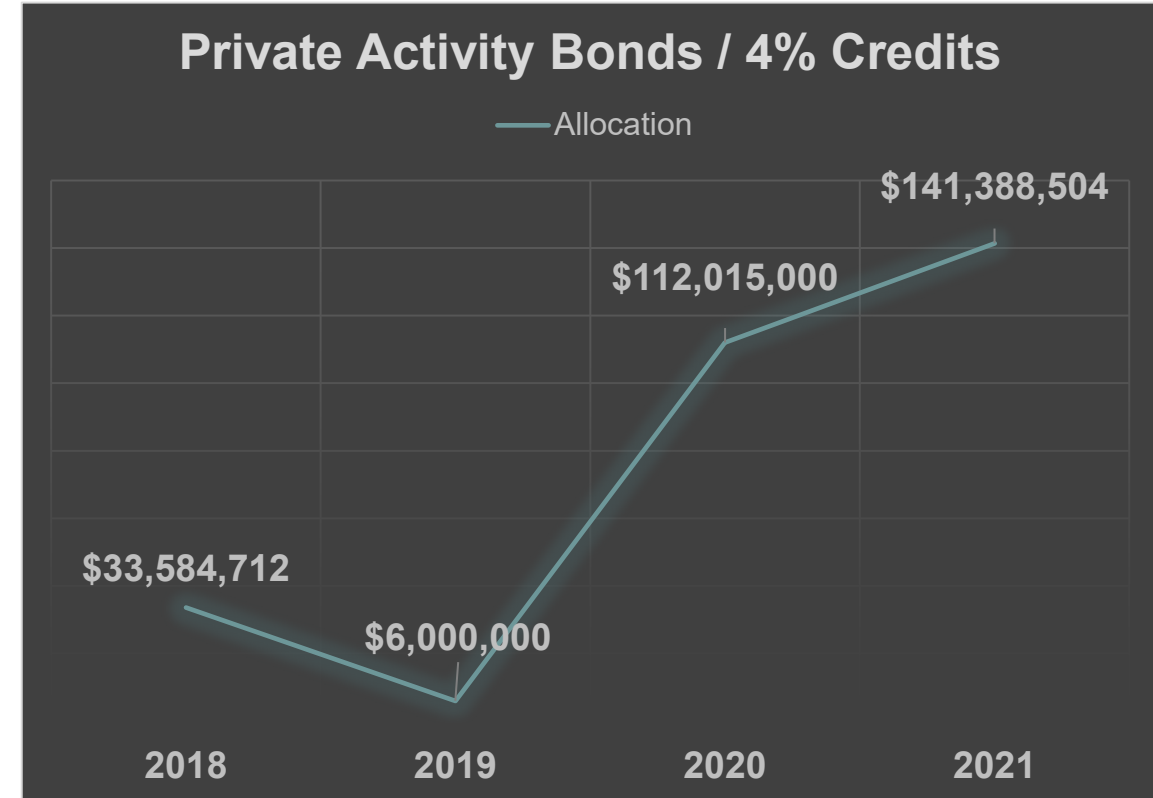
November 29, 2021

Cheryl Cohen
Montana Housing
Executive Director / Administrator



EXISTING RESOURCES FOR AFFORDABLE HOUSING DEVELOPMENT

- 9% Competitive Credits = **\$29.75M**
- Coal Trust Homes Program = **\$592,522**
- Housing Montana Fund = **\$741,000**
- HOME Program = **\$3.09M**
- Housing Trust Fund = **\$3.10M**
- CDBG Housing = **\$750,000**



Competitive 9% Housing Credit dollars are for CY2021 for 2022 9% Credits. Coal Trust dollars is current remaining balance from \$15M allocation from Coal Tax Trust Fund. Coal Trust and HMF balances as of October 30, 2021. HOME and HTF dollars are FY2021 total allocations. CDBG Housing is subset of FY2021 \$6,790,919 total CDBG allocation (funding goal to preserve and construct affordable housing). The 4% / Private Activity Bonds allocation for 2021 is YTD through November 15, 2021 and includes allocation of prior year carryforward balance.

9% HOUSING CREDIT ALLOCATIONS

Credit Year	Letters of Intent Submitted	9% Credit Requested	# of Projects Allocated	Total Allocation
2019	17	\$95.0M	5	\$31.6M
2020	16	\$85.8M	6	\$32.2M
2021	14	\$72.4M	4	\$32.2M
2022	14	\$80.9M	5	\$29.1M
Total	61	\$334.1M	20	\$124.9M

- Limited resource
- Highly competitive
- Routinely oversubscribed 3:1

City	Project	Units	Allocation
Kalispell	Junegrass Place 9%	24	\$4,780,000
Dillion	Bicentennial Apts	58	\$5,590,170
Great Falls	Baatz Block Apts	25	\$6,100,000
Billings	Tapestry Apts	26	\$6,200,000
Big Sky	Riverview Apts	25	\$6,491,250
Total		158	\$29,161,420

- Allocation decisions made at fall 2021 Board meetings
- Five (5) projects awarded with 158 units



MULTIFAMILY COAL TRUST HOMES PROGRAM

Developer	Borrower	Closing Date	Original Principal	Interest	Servicing Fee	Maturity	City	Units	Status
NW Great Falls	Golden Valley Homes	4/30/2020	\$803,060	2.92	0.0025	5/1/2050	Belt	22	Current on payments
NW Great Fall	Quiet Day Manor	4/30/2020	\$872,500	2.92	0.0025	5/1/2050	Cascade	20	Current on payment
Wishcamper Dev Partners	Firetower	7/2/2020	\$2,674,631	2.65	0.0025	8/1/2050	Helena	44	Current on payments
HRDC9	Livingston Cottages	9/30/2020	\$900,000	3.56	0.0025	10/1/2050	Livingston	12	Current on payments

Developer	Borrower	Est. Closing Date	Reserve Loan Amount	Interest Proposed	City	Units	Status
GL Development	Spruce Grove	December 2021	\$5,173,486	3.38	Joliet / Laurel	62	Reserved
Affiliated Developers	Oakwood Village	April 2022	\$3,600,000	1.94	Havre	60	Reserved
Echo Enterprises	Highland Manor	TBD 2022	\$520,509	2.56	Havre	32	Reserved



NEW RESOURCES UNDER RECENT FEDERAL LEGISLATION

- CDBG-CARES = \$10.17M
- HOME-ARP = \$11.45M
- ARPA State Fiscal Recovery Funds = \$15M

Direct Renter & Homeowner Assistance

- Emergency Rental Assistance
 - ERA1 = \$200M
 - ERA2 = \$152M (\$60.8M received)
- Homeowner Assistance Fund = \$50M (\$5M received)
- Emergency Housing Vouchers = 109



CDBG-CARES = \$10.17M

Eligible applicants:

- Counties, cities and towns. Other entities such as tribes, non-profits, public housing authorities etc. are not eligible to apply directly but may apply in partnership with an eligible applicant.

Eligible activities:

- Prevent, prepare, and respond to the COVID-19 pandemic
- Primarily benefit Montanans with low to moderate incomes
- Avoid duplication of benefits from other local, state, or federal funds

Examples:

- Public Facilities: Improvements to HVAC for ventilation; expansion to allow for social distancing; acquisition, rehabilitation, or construction of a public facility, such as a park, that allows for outdoor recreation and social distancing
- Public Services: Support, including equipment, for senior centers, head start centers, shelters, health clinics, daycares, food banks
- Housing/Homelessness: Acquire, develop, and/or rehabilitate shelters; acquire or convert property to affordable housing to prevent overcrowding

Expenses incurred for eligible activities can be reimbursed back to January 21, 2020. Application deadline October 7, 2021.

80% of funds expended in 3 years - August 2024. 100% of funds expended within 6 years - August 2027.



CDBG-CARES = \$10.17M

CDBG-CV available for grants: \$9,461,929

CDBG-CV requests - 32 applications: \$23,359,751

- Applications received include a mix of public facilities (18), public services (2) and housing/homelessness (12) project types
- Staff application review and ranking completed within 30 days
- Staff recommendations presented to Commerce Director November 18



HOME-ARP = \$11.45M

- Purpose:** Congress appropriated \$5 billion in ARP funds to be administered through the HOME Investment Partnership Program (HOME) to primarily address homelessness and supportive services needs.
- Allocation:** State of Montana will receive \$11,459,768
Five (5) percent now available for administrative costs (\$572,988)
Additional 10 percent (\$1,145,976) available for administrative costs after HOME-ARP Allocation Plan approved by HUD.
- Regulations:** HOME regulations apply except waivers provided by HUD, including no 24-month commitment deadline, no match requirement, and no per unit subsidy limit.
- Expenditure:** HUD expenditure deadline September 2030



HOME-ARP TIMELINE / PROPOSED TIMELINE

September 13	HUD issued Requirements for the Use of Funds in the HOME-ARP Program and HOME-ARP Implementation Fact Sheets
September 20	HUD obligated state of Montana HOME-ARP funds and provided grant agreement for execution
September 24	Commerce executed HOME-ARP grant agreement and submitted to HUD. Up to 5 percent of total award (\$572,988) will be available for administrative and planning costs
October 27	Present program overview to Advisory Commission
November 1	Initiate 90-day consultation period with Continuum of Care, organization and agencies providing services to qualified populations, ARPA internal work group, and elected officials
February 2022	Based on consultation feedback, Montana Housing develops recommendations on use of funds in coordination with ARPA internal work group and Executive branch
March 2022	Present summary of consultation results and recommendation on use of funds to Advisory Commission. Initiate 30-day public comment period
April 2022	Develop HUD-required Allocation Plan and release for minimum HUD-required 15-day comment period
May 2022	Submit final Allocation Plan to HUD for approval



HOME-ARP QUALIFYING POPULATIONS

Qualifying Populations must occupy 70% of the HOME-ARP assisted units

- Homeless as defined at 24 CFR 91.5
- At risk of homelessness as defined at 24 CFR 91.5
- Fleeing or attempting to flee domestic violence, dating violence sexual assault, stalking or human trafficking
- Other households requiring services or housing assistance to prevent homelessness
- Other households at greatest risk of housing instability
- Veterans and families that include a veteran family member

Low-income households, who are not otherwise qualifying populations, may occupy up to 30% of the HOME-ARP assisted units



HOME-ARP ELIGIBLE ACTIVITIES

Development of rental housing (single or multi-family)

- Acquisition, development, refinancing, related soft costs, relocation, capitalization of an operating reserve, ongoing operating cost payments

Development of non-congregate shelter

- Acquisition, demolition, development, related soft costs, capitalization of a replacement reserve

Tenant Based Rental Assistance

Supportive Services

- McKinney-Vento Supportive Services
- Homelessness Prevention Services as defined under ESG
- Housing Counseling Services by HUD-certified for homebuyer or renters

Operating support of non-profits (up to 5% of allocation) if undertaking a HOME-ARP activity

Capacity building for non-profits (up to 5% of allocation) if undertaking a HOME-ARP activity



ARPA STATE FISCAL RECOVERY FUNDS - \$15M

On August 12, 2021, the Economic Transformation, Stabilization and Workforce Development Advisory Commission established under the 67th Montana Legislature HB632 recommended to the Governor to allocate up to \$15M in ARPA State Fiscal Recovery Funds to provide gap financing to affordable housing projects in the development pipeline.

A total of seventeen (17) affordable housing pipeline projects responded to a July 2021 survey summarizing COVID-19 impacts on development costs. The total gap financing need indicated by developers was \$19.5M, with the average percentage increase in development cost at nearly 17%.

Montana Housing reviewed fifteen (15) applications requesting \$18.8M in funds submitted by the September 15 deadline and recommended eleven (11) projects for the \$15M in available ARPA funds to the Advisory Commission on October 27, 2021. The remaining four (4) projects are receiving an additional HOME or HTF award.

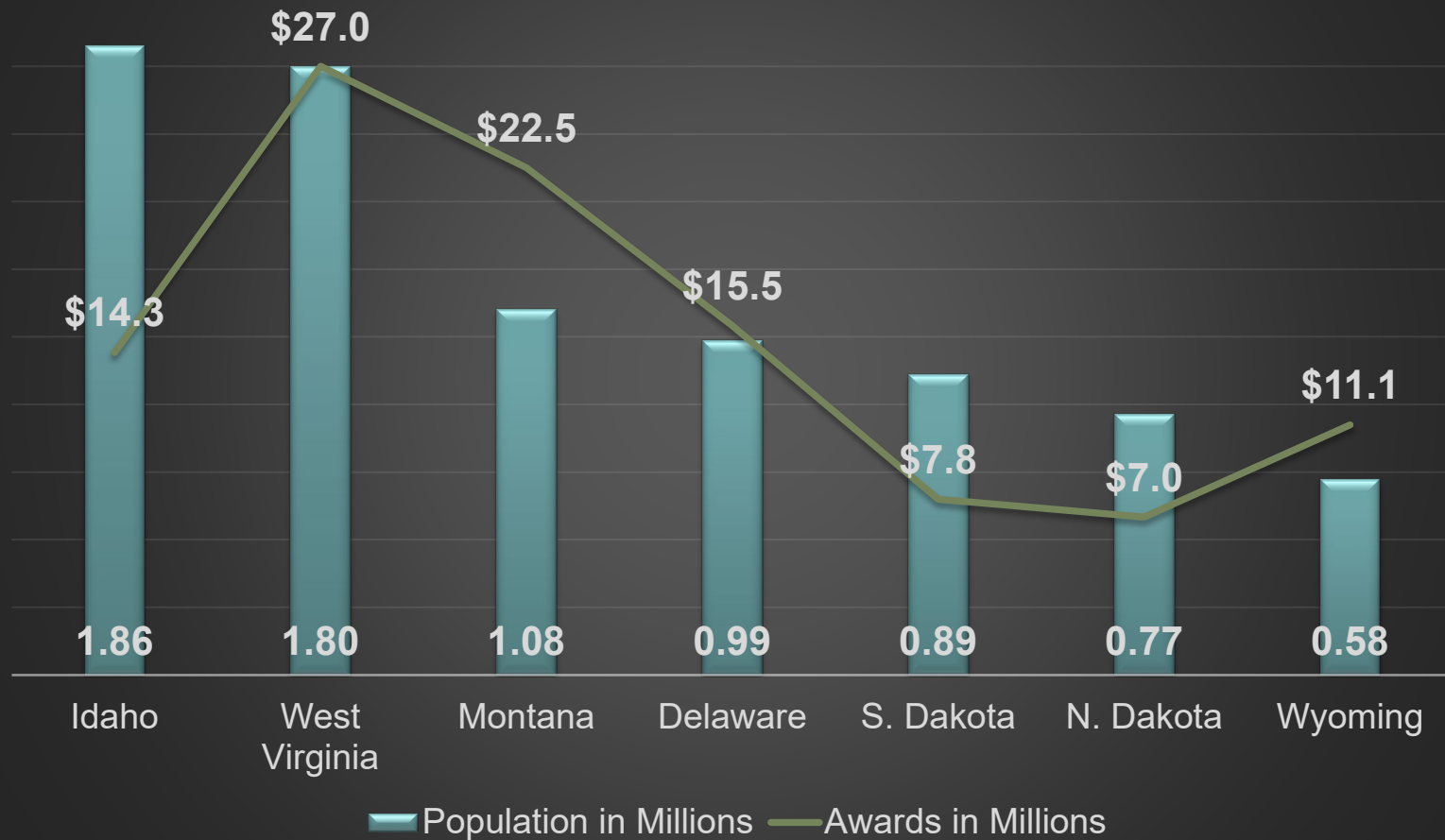
These funds will ensure affordable housing projects in the development pipeline impacted by cost escalations due to the COVID-19 pandemic can be successfully completed to provide over 900 quality, affordable homes to Montana's lower wage workforce, seniors, and persons with disabilities.

Staff are initiating the contracting phase to make funds available to developers as soon as possible.

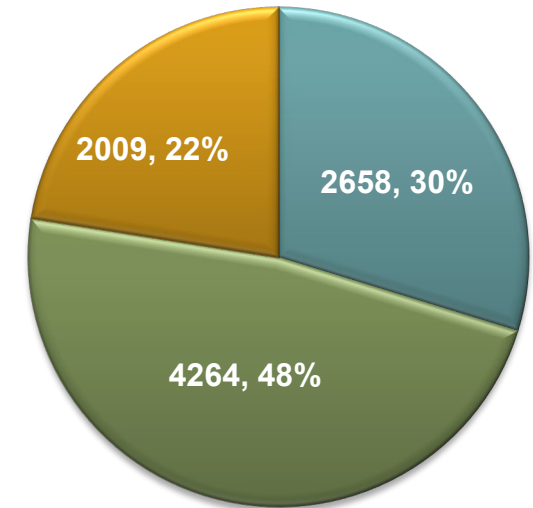


MONTANA EMERGENCY RENTAL ASSISTANCE

Small Population State Comparison



8,931 Total Applications
7,444 New & 1,487 Continued
April 5 to Nov 15, 2021



- Applications Under Review
- Applications Approved
- Applications Ineligible / Duplicates

\$5,257 Avg Household Award

MONTANA



HOMEOWNER ASSISTANCE FUND - \$50M

Eligible homeowners:

- Borrower or co-borrower on mortgage
- Primary residence, owner-occupied homes within state of Montana
- Household income at or below 150% of area median income
- Attest to Financial Hardship after January 21, 2020

Eligible activities under proposed state of Montana HAF Plan submitted to Treasury September 28, 2021:

- Up to \$25,000 reinstatement loan as needed to prevent homeowner displacement or foreclosure (includes principal, escrowed taxes, insurance and all required fees to reinstate loan)
- Up to \$5,000 maximum financial assistance in form of a grant to prevent imminent risk of displacement (property tax foreclosure or remove or prevent creation of other liens)
- Up to \$300 per month electricity and home energy bills
- Flat \$50 per month internet service

Vacant or abandoned properties, second homes, and investment properties are not eligible

Required Homeowner Assistance Fund Plan submitted to Treasury September 28, 2021

Funding available until September 30, 2025



EMERGENCY HOUSING VOUCHERS - 109

The Emergency Housing Voucher (EHV) program is available through ARPA. Through EHV, HUD is providing 70,000 housing choice vouchers to local Public Housing Authorities (PHAs) in order to assist individuals and families who are:

- Homeless
- At risk of homelessness
- Fleeing or attempting to flee domestic violence
- Recently homeless or have a high risk of housing instability
- Housing participating in Rapid Rehousing programs

HUD requires PHAs to establish partnership and MOU with Continuums of Care

Montana Housing has already executed this MOU with the MT Continuum of Care

Referrals will be made from Rapid Rehousing providers and Continuum of Care local coordinated entry systems

Referral and Certification forms were made available to providers on August 30, and we began taking referrals on October 18

Forty-one (41) referrals received through November 15, 2021

Program allows for longer voucher issuance timelines and higher payment standards than regular Housing Choice Voucher (Section 8) program

Program can also support Housing Navigation, Landlord Mitigation, Deposit Assistance and Landlord Incentives.

Montana Housing is working with CoC and providers through weekly meetings and trainings to begin accepting referrals



AFFORDABLE HOUSING IMPACT

- Development or rehabilitation of on-average 552 affordable homes each year.
- Since 2015, the Department of Commerce has supported the development or rehabilitation of 3,312 affordable homes in Montana.
 - Missoula: 866 (26.1% of total)
 - Bozeman: 496 (15.0% of total)
 - Billings: 476 (14.4% of total)
 - Great Falls: 350 (10.6% of total)
 - Helena: 333 (10.1% of total)
 - Kalispell: 128 (3.9% of total)
 - Butte: 475 (14.3% of total)

**This work not only creates more
affordable homes,
it also supports 8,216 jobs
totaling nearly
\$370 million in wages**



FOR MORE INFORMATION



MONTANA HOUSING

Montana Department of Commerce

HOUSING.MT.GOV

406.841.2840

Cheryl Cohen

Executive Director / Administrator

MONTANA

