

AFFORDABLE HOUSING FOCUS GROUP - MONTANA DEPARTMENT OF COMMERCE MAY 2, 2014

AFFORDABLE HOUSING FOCUS GROUP

SPONSORED BY MONTANA DEPARTMENT OF COMMERCE  
IN SUPPORT OF MONTANA'S FIVE-YEAR CONSOLIDATED PLAN

TRANSCRIPT OF THE PROCEEDINGS

Robert Gaudin, Facilitator

301 South Park, Room 504A  
Helena, Montana

May 2, 2014  
8:41 a.m.

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IN ROOM 504A:

GENE LEUWER  
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ANDREA DAVIS  
Homeward

HEATHER McMILIN  
Homeward

J. DAVID MAGISTRELLI  
Habitat for Humanity of Gallatin Valley

ON WEBINAR/TELEPHONE CONFERENCE:

CHARITY FECHTER  
Madison County Planning Director

MARNEY McCLEARY  
Community Action Partnership of Northwest Montana

PAM HIGGINS  
Rural Community Assistance Corporation

REVONDA STORDAHL  
Butte Public Housing Authority

RUSTY SNOW  
Summit Housing Group

DEPARTMENT OF COMMERCE:

STEPHANIE CRIDER

JOANNE GILBERT

1 WHEREUPON, the following proceedings were had:  
 2 MR. GAUDIN: Good morning, everyone. Welcome to  
 3 the Affordable Housing Focus Group. My name is  
 4 Rob Gaudin. I'm with a consulting organization out of  
 5 Portland, Oregon, by the name of Western Economic  
 6 Services. It sounds like I'm some out-of-towner, you  
 7 know. I've been working for the Department for 28 years,  
 8 since they established this company. I graduated from  
 9 high school in Hamilton and went to college here and got  
 10 my first job right here in Helena, so it's been a long  
 11 time.  
 12 My firm has been involved in every one of the  
 13 consolidated plans that the Department has done over the  
 14 years, so I have some institutional knowledge to bring.  
 15 Many of the people that I'm working with today I was not  
 16 working with 28 years ago. But that being said, what I  
 17 would like to do is to have each of you introduce  
 18 yourselves and kind of discuss what your role is in the  
 19 housing industry and kind of what you'd like to bring to  
 20 the table in helping us prepare our Consolidated Plan.  
 21 We'll begin here to my left.  
 22 MS. CRIDER: I'm Stephanie Crider. I work for  
 23 Commerce. Most of you got e-mails or phone calls from me.  
 24 So I'm just working on that side of this.  
 25 MR. LEUWER: Gene Leuwer. I'm currently working

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1 with Mountain Plains Equity Group, which is a syndicator,  
 2 developer of low income housing tax credits out of  
 3 Billings. I spent 10 or 15 years in the nonprofit world  
 4 doing tax credit development with the nonprofit sector  
 5 using HOME and CDBG and, as that nonprofit, operating the  
 6 ESG program as well, so maybe some advice on how those  
 7 things work on the ground.  
 8 MS. DAVIS: Hi, my name is Andrea Davis. I'm the  
 9 executive director at Homeword. I'm here with my  
 10 coworker, Heather McMilin, who, of course, will introduce  
 11 herself. But we're a nonprofit organization located in  
 12 Missoula, with a satellite office in Billings.  
 13 We have HomeOwnership Center services; so we teach  
 14 first-time home-buyer education, we provide financial  
 15 literacy and foreclosure intervention counseling. And  
 16 then the other side of the organization is we're an  
 17 affordable housing developer, and we mostly own the  
 18 properties that we develop, although we have partnered  
 19 over the years with folks, and we're helping some groups  
 20 now develop housing that they will own.  
 21 And we've utilized the low income housing tax credits  
 22 and HOME, using the state HOME program here. We've  
 23 utilized the CDBG program in combination with the  
 24 community of Anaconda for a planning grant, and so we're  
 25 interested in looking at some CDBG for actual

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1 implementation into some of our properties on a statewide  
 2 basis.  
 3 MS. McMILIN: My name is Heather McMilin. I'm  
 4 the housing development director for Homeword. I do work  
 5 with Andrea. Just to add a little to it, I've been with  
 6 Homeword for 11 years in housing with an architecture  
 7 background. And what we've done over this time -- we're  
 8 actually a CHDO specifically, and we've done our own  
 9 projects in Missoula and Billings. We've in the last few  
 10 years diversified and worked with different projects  
 11 statewide, so different partnerships.  
 12 We've worked -- for new construction, we've done  
 13 multifamily, but we are also heavily into preservation now  
 14 and trying to understand and learn the nuances of that.  
 15 So we worked on a project in Great Falls with a partner  
 16 with the 502 program, and there were a couple of other  
 17 subsidies attached to another preservation deal we did.  
 18 So we're just trying to figure out how to preserve and  
 19 also stay ahead of the curve on constructing around  
 20 Montana. So no small task.  
 21 MR. MAGISTRELLI: I'm Dave Magistrelli, with  
 22 Habitat for Humanity of Gallatin Valley. We serve  
 23 Gallatin and Park County. We service the 30 percent AMI  
 24 targeted market families for getting them into homes. We  
 25 carry about 32 mortgages ourselves. We interact with the

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1 Montana Board of Housing, utilizing some of their funding  
 2 to help us in our building program.  
 3 We also use some [phone interference] funds in some of  
 4 our opportunities in the rural development area, such as  
 5 Gardiner. We're trying to interact with HRDC in the town  
 6 of West Yellowstone to bring some housing down there, and  
 7 I think we're going to be interacting with Homeword on  
 8 another development that's coming into the Bozeman area.  
 9 MR. GAUDIN: Thank you.  
 10 MS. GILBERT: Joanne Gilbert. I also work with  
 11 Commerce.  
 12 MR. GAUDIN: Okay. For those of you on the  
 13 telephone, why don't we start out with Charity.  
 14 MS. FECHTER: This is Charity Fechter. I'm  
 15 Madison County planning director and a board member of  
 16 Trust Montana. And in 2006, Madison County completed a  
 17 housing study, and, certainly, affordable housing is an  
 18 issue here. Some of the issues that we have is that we  
 19 are a rural area and we can't really do projects that  
 20 pencil out for large developers. And so that is why I'm  
 21 here, to see what I can offer on the rural side.  
 22 MR. GAUDIN: Thank you.  
 23 How about Marney? Marney McCleary.  
 24 Pamela Higgins.  
 25 MS. HIGGINS: Hi, this is Pam Higgins. I'm the

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1 rural planning capacity building manager for Rural  
 2 Community Assistance Corporation. We serve a 13-state  
 3 footprint, and I oversee multiple HUD contracts for RCAC,  
 4 and one of those contracts is the Tribal Housing  
 5 Excellence Academy. I'm formerly a community action  
 6 agency executive director. I was the director at HRDC  
 7 District 6 for many years. And then I was regional  
 8 manager for Midwest Assistance, overseeing their contracts  
 9 in Montana, North Dakota, South Dakota, Wyoming.  
 10 And then as far as RCAC is concerned, rural housing  
 11 always is a concern for us, especially in the very small,  
 12 rural communities.  
 13 MR. GAUDIN: Well, thank you, very much.  
 14 MS. HIGGINS: Thank you.  
 15 MR. GAUDIN: Revonda.  
 16 Okay. Well, I guess we'll go to Rusty.  
 17 I guess they've all gone to the bathroom.  
 18 MS. McCLEARY: I'm back. I'm Marney McCleary.  
 19 I'm the housing director for Community Action Partnership  
 20 of Northwest Montana in Kalispell. And I've spent all my  
 21 professional life in affordable housing development. I've  
 22 been the executive director of a housing authority and a  
 23 nonprofit development corp.  
 24 Presently, as I said, we are working on a 258-unit  
 25 project that is comprised of seven properties in three

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1 different locations, Columbia Falls, Libby, and Kalispell.  
 2 It's called the ReCAP 6+1 Project, using 4 percent tax  
 3 credits and bonds. And we're here just to see what we can  
 4 learn, find out a little more about what's happening with  
 5 HOME and CDBG. And that's about all I have to tell you  
 6 guys.  
 7 MR. GAUDIN: Well, great. Thank you very much.  
 8 You know, what this process -- We're just beginning  
 9 our planning for the Consolidated Plan, which is a  
 10 five-year strategy formation process. And what we do is  
 11 take a look at kind of what our needs are across a broad  
 12 array of topics. It was 20 years ago that HUD created  
 13 this consolidated planning process. You know, it's really  
 14 kind of guiding four programs into one application  
 15 process; you know, HOME and CDBG and ESG, now Emergency  
 16 Solutions, and the HOPWA programs. But, really, the  
 17 fundamental reason is, in exchange for getting that money  
 18 we have to kind of lay out what we think our needs are,  
 19 what we're going to do about it, and report back to HUD.  
 20 All of this is within a context of affirmatively  
 21 furthering fair housing, so there's a fair housing  
 22 component to this as well.  
 23 Now, this planning process, you know, asks us to  
 24 identify our housing and community development needs, you  
 25 know, just kind of all of them in a large bucket. We need

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1 to prioritize them. They can't all be number-one  
 2 priorities. You know, how are we going to allocate our  
 3 resources, what are we going to do with the money that we  
 4 have maybe from a variety of other sources, how are we  
 5 going to leverage what we have from HUD under community  
 6 planning and development CDBG programs, our grant funds,  
 7 and try to address what our needs are. So this whole  
 8 process is to flesh out our needs, try to attack any  
 9 barriers or constraints we have in addressing those needs,  
 10 and kind of give us some idea of how we should establish  
 11 and address our priorities.  
 12 Fundamentally, you know, we have kind of a process to  
 13 go through, but really, you know, there are national  
 14 objectives, too. We need to determine whether we need new  
 15 housing or fix old housing or do we want to preserve stuff  
 16 or how great a need do we have for demolition, period; you  
 17 know, each of those things. You know, within this  
 18 context, we need to have vibrant communities. How do we  
 19 establish and maintain and sustain our communities? As  
 20 well, give us an idea of how we might promote  
 21 opportunities, economic opportunities for our residents  
 22 and our communities. All of this is really designed to  
 23 assist in lower income households.  
 24 There's some outcomes that we also have to talk about  
 25 as well; you know, certain avenues in which we're talking

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1 to HUD: Well, we've enhanced our communities by doing  
 2 this, we've benefited certain individuals by doing that,  
 3 we've created and maintained affordable housing by doing  
 4 these other things. And we've got, as of 2014, \$9 million  
 5 to spend; roughly 3 million for HOME and 5.85 for CDBG.  
 6 So it's less than it used to be, but it's still not chump  
 7 change, you know. I mean, it's a decent number.  
 8 We'll be analyzing a lot of data. You know, there's  
 9 quantitative information, stuff we get. Surveys that we  
 10 take are qualitative information. We're going to be  
 11 reaching out to experts, like we are right now, you know,  
 12 as well as others.  
 13 But this isn't really about me just babbling on and  
 14 talking, flapping my lips for my comfort, this is really  
 15 about you. So your role today is to interrupt me as many  
 16 times as possible. Right? That's your role. I want to  
 17 hear statements and questions. You have answers. I'm  
 18 just here kind of to facilitate you talking to the  
 19 Department of Commerce about what you see Commerce might  
 20 be able to do to facilitate making things better for you.  
 21 Right?  
 22 Where are our most pressing needs? How might we  
 23 manage our resources, leverage them better? So this is  
 24 your opportunity, this is really about you; how can we  
 25 best characterize our problems so, collectively, efforts

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1 to overcome our challenges are easier, if we do them  
 2 collectively. So kind of that's, you know, your job  
 3 today, is to talk at any time. Please, if you have a  
 4 question -- If you're anything like me, if I wait until an  
 5 opportune time to ask my question, I will have forgotten  
 6 that question, that really important topic I wanted  
 7 everybody to hear. I don't know, I couldn't think about  
 8 it.

9 But what we do need is to take a look at these pieces  
 10 of the Consolidated Plan. Right? We're going to do an  
 11 assessment. Housing is one piece of it. There are other  
 12 pieces that housing plugs into, or plugs into housing,  
 13 conversely; it is a dovetailing arrangement. And there's  
 14 a strategy. What are we going to do about it? And then  
 15 we act on that strategy.

16 Within the context of housing, we also need to  
 17 affirmatively further fair housing. There's a  
 18 certification to do that. As an aside, you know, several  
 19 years ago, there was a big case back East that somebody  
 20 was sued for falsely claiming the certification. They'd  
 21 already spent their money from HUD, and they had to return  
 22 \$50 million to HUD, and they had to pay 50 million to the  
 23 lawyers on both sides. And so the taxpayer had to come up  
 24 with that money to reimburse those two parties. And now  
 25 the New York court system tells this jurisdiction where

1 housing is going to be located and how many units and what  
 2 to do. So they've lost their ability to manage their own  
 3 affairs.

4 So the certification to affirmatively further fair  
 5 housing gets looked at quite closely since that time, and  
 6 so, you know, the actions that are taken need to kind of  
 7 be in that spirit, make sure we don't make innocent  
 8 mistakes to get us in trouble. But we get to report back  
 9 to HUD about that and we can talk, you know, about how  
 10 that's working.

11 So what we're doing today is really beginning this  
 12 needs assessment. This is the second of three focus  
 13 groups, housing, there's homeless, community development,  
 14 part of which is economic development, which we did  
 15 yesterday, non-housing special needs populations, how we  
 16 might address them, and bring this all together in a large  
 17 documentary process.

18 Now, the Consolidated Plan kind of was precipitated  
 19 from the National Affordable Housing Act, the grants in  
 20 Gonzalez 1990 National Affordable Housing Act, which  
 21 created the HOME program. A couple years later, Clinton  
 22 wanted to consolidate this and proposed that all these  
 23 programs come together on a single application date.  
 24 Right? Because previously there was four processes. What  
 25 has happened in this Consolidated Plan, it has some legal

1 components to it and then kind of in a way some  
 2 preoccupation with housing. And that's actually a good  
 3 thing, you know, because it's kind of preoccupied. It  
 4 really gives us an opportunity to lay out what our housing  
 5 needs are, how we're going to use our resources. There's  
 6 some legislative issues we need to address in that, too.  
 7 So that's all good. But again, if you have any question  
 8 about any of this, you know, please let me know.

9 What we're going to be looking at, you know, in this  
 10 consolidated planning process, of course, the housing  
 11 market, how that's behaving. You know, what are our  
 12 housing needs, right? Do we need new? Do we need rehab?  
 13 Do we need something else? Preservation. How might we  
 14 prioritize these? You know, I realize this is kind of a  
 15 grand scale. Montana is a very large state, we have a  
 16 very large picture, and changes occur at the local level.  
 17 So how do we see these local changes from 30,000 feet?  
 18 You know, that's really one of our many challenges.

19 So what we're looking at, at least today, I'm hoping  
 20 to see what our sense is for some of our greatest housing  
 21 needs. You know, Community Development Block Grant,  
 22 there's three other entitlements in the state. There are  
 23 occasionally opportunities where the state's funding from  
 24 Commerce can go to those communities but in many cases  
 25 that's not true. But there are many areas of the state

1 that are not addressed by the entitlements that the state  
 2 can address.

3 You know, market barriers are kind of pandemic in many  
 4 ways. You know, what kind of challenges do we have there?  
 5 Are there state issues that -- or initiatives that we can  
 6 do? Our policy barriers, maybe those are local. You  
 7 know, maybe there's nimbyism or maybe there's other kinds  
 8 of land use. Many parts of the state don't have any of  
 9 those things, but other parts do.

10 MS. GILBERT: Pardon, Rob. Marney has a  
 11 question.

12 MR. GAUDIN: Yes.

13 We cannot hear you, Marney.

14 MS. CRIDER: Go ahead and unmute.

15 MS. McCLEARY: I'm sorry, I couldn't -- Did  
 16 somebody ask for me to do something or say something?  
 17 MR. GAUDIN: Did you have a question, Marney?  
 18 MS. McCLEARY: No, I didn't.

19 MS. GILBERT: She raised her hand.

20 MS. McCLEARY: Am I supposed to jump in here or  
 21 what?  
 22 MR. GAUDIN: If you would like to, anytime is a  
 23 good time.

24 MS. McMILIN: Apparently your hand was up.  
 25 You're just getting ahead of the curve.

1 MR. LEUWER: Electronically you were on, Marney.  
 2 (A brief discussion was held off the record.)  
 3 MR. GAUDIN: What I'm going to do today is just  
 4 kind of go through a few kind of pieces and kind of get  
 5 your reaction. You know, how does this affect our ability  
 6 to deliver our products? Whatever those are, whether new  
 7 construction or rehab or various types of housing with  
 8 services, for example. I'll present a few slides about  
 9 demographics, a few about economic influences, some data  
 10 on our housing and housing situation.  
 11 We have initiated just last week a housing survey --  
 12 housing and community development survey. Now, if you  
 13 have not received an invitation for that, we need to have  
 14 your e-mail address, so on the sign-in sheet make sure  
 15 that is included. For those of you who are calling in who  
 16 have no idea what I'm talking about, please contact  
 17 Stephanie and get her your e-mail address. That way you  
 18 can send it to all your friends and family. It's a  
 19 family kind of thing, which is anybody; your friends at  
 20 church, in your family, other peers in the industry.  
 21 There is literally no limit to the number of people who  
 22 can participate in the survey. So 1,000 or more would be  
 23 wonderful. But we have 94 to report today.  
 24 MS. CRIDER: We also are posting the survey onto  
 25 our website at Commerce, so that will make it a little bit

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1 more convenient as well.  
 2 MS. McMILIN: I did get it from one of your MDOC  
 3 blasts. So I would recommend, after you get through these  
 4 meetings, doing it again. I did fill it out. She didn't  
 5 see it, so we could send it off again just as a reminder.  
 6 Duplicity is okay.  
 7 MS. DAVIS: Absolutely. Because you know how  
 8 e-mails are, you're like, Who sent me that? And so  
 9 sometimes I look for MDOC, but it's -- I think the e-mail  
 10 address is like Community Development Division, I think is  
 11 the actual title that comes through.  
 12 MS. CRIDER: Yes.  
 13 MS. DAVIS: So then it's not intuitive for me,  
 14 because I was thinking, MDOC? So I was literally looking  
 15 for it before I came two days ago and I couldn't find it.  
 16 So that would be great if it's at the top of my inbox.  
 17 MR. GAUDIN: Thank you for that.  
 18 Okay. In the way of demographics, just kind of a  
 19 quick glimpse at some changes, you know, statewide. We  
 20 have 9.7 percent growth over the decade. That's good.  
 21 Whites grew a little bit more slowly. But as this affects  
 22 our housing markets, you know, we are seeing significant  
 23 increases and some -- there's smaller populations, most  
 24 certainly. But we do see some significant increases in  
 25 certain groups. That will affect the kind of products

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1 that are demanded in the marketplace. Also, our largest  
 2 minority, the American Indians, grew 11.6 percent, a  
 3 little bit faster than the overall average.  
 4 What HUD likes to do in this, kind of in balancing  
 5 kind of the fair housing, where the housing locational  
 6 choices are made and how is the population distributed,  
 7 they're kind of looking to integrate things. Now, various  
 8 products and parts, if you will, of this strategy process  
 9 is going to ask for where have people located. Of course,  
 10 in this chart, kind of the light blue are roughly  
 11 representing the tribal lands, and the color scheming  
 12 addresses the concentration. Now, 6.3 percent of the  
 13 state's population is American Indian. In HUD's notion  
 14 about over-concentrations of poverty -- Let me just --  
 15 I'll get back to that. If it's 16.3 percent or more,  
 16 there is an over-concentration, a significant  
 17 over-concentration.  
 18 So this case that I referenced earlier about somebody  
 19 who was falsely claiming certification of affirmatively  
 20 furthering fair housing, what they did was, ah, man, we  
 21 have such a need for affordable housing, so they built it  
 22 all in one place. The clientele were primarily  
 23 minorities. So in the end they managed to concentrate  
 24 both ethnic and racial minorities and poverty in certain  
 25 areas. So the consequence of that decision foiled them.

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1 So in this regard, we have locational choices,  
 2 corresponding highly with tribal lands. But if we're  
 3 building right outside, is that what we really want to be  
 4 doing, you know? Are all the clientele going into that  
 5 particular unit of this race? So it's just a question you  
 6 need to ask yourself: Could we expose ourselves to that  
 7 liability?  
 8 MS. DAVIS: I'm sorry. Did you say 16 percent is  
 9 the...  
 10 MR. GAUDIN: 10 percentage points above the  
 11 jurisdiction average. So if the Native Americans are at  
 12 6.3 percent, right here, it has to be 16.3 percent -- more  
 13 than 16.3 percent.  
 14 MS. McMILIN: So I have a question on the tribal  
 15 piece, because I think that that's unique compared to a  
 16 density concentration of a neighborhood within a city.  
 17 With the tribal land locations in Montana, that's home.  
 18 We're not driving to a certain -- I guess it's just a  
 19 little bit confusing, and I don't know how --  
 20 MR. GAUDIN: It can be very difficult with tribal  
 21 lands.  
 22 MS. McMILIN: Yeah.  
 23 MR. GAUDIN: Now, if we use Hispanic populations,  
 24 this area right here, this color is the only census  
 25 track -- These are all census tracks. This is the only

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1 census here that is above the threshold, right here in  
 2 West Yellowstone, for some odd reason. But all of these  
 3 have elevated percentages, all these greens. So when you  
 4 think about building in these green areas, hmm. You know,  
 5 it's just something to consider.  
 6 I mean, Commerce is charged with having the duty to  
 7 affirmatively further fair housing in the programs and the  
 8 participants of their programs. So this is just a matter  
 9 of guidance.  
 10 One of the other pieces that's interesting, especially  
 11 here we have some groups literally declining, age groups.  
 12 Right? From 5 to -- Now, I want to make this certain; we  
 13 are still flying at 30,000 feet. This is statewide. Some  
 14 communities, all these numbers are negative, right? A few  
 15 places, they're all positive. But what's interesting, we  
 16 have the 5 to 19 declining, 35 to 54, like mom and dad and  
 17 the kids are leaving, something like that; but here, our  
 18 approaching cohort of elderly significantly increasing.  
 19 Now, this is not unique to you. It is largely nationwide.  
 20 If you were to look at Florida, someplace like that, this  
 21 thing is like triple digits.  
 22 But what this means, the elderly group, they're going  
 23 to be requiring different housing products. You know,  
 24 aging in place is a popular theme. If they're having  
 25 ambulatory difficulties, where are the challenges? If we

1 want new construction, should we have visitability kind of  
 2 a concern? You know, maybe we need at least one entrance  
 3 and exit to the home so someone can access it from outside  
 4 in a wheelchair. But these groups, you know, they're  
 5 approaching -- Look. 85 or older, the typical individual  
 6 is going to have two incidences of limited activities of  
 7 daily living or ADLs. So this is rapidly increasing.  
 8 When the 55 to 64 get in here, remember, that increased  
 9 63 percent, these bubbles are just going to increase  
 10 significantly. Maybe they need single-level housing,  
 11 maybe they're cluster, patio style; you know, things where  
 12 they can have, somewhere nearby, services. So those are  
 13 not just, you know, assisted living only but aging-in-  
 14 place opportunities.  
 15 Now, please, if somebody has an example or knows of a  
 16 community where that need exists or is already emerging, I  
 17 would very much be interested in hearing about that.  
 18 MS. McMILIN: I would speak to the elderly  
 19 population specifically. I think that's happening all  
 20 across the state. I think there's a huge issue that I  
 21 guess we're all aware of and have been talking forever  
 22 about, but the smaller communities are losing that  
 23 demographic to the larger communities. They're being  
 24 extracted to Kalispell, to Missoula, to Great Falls,  
 25 because that's the only place where there's appropriate

1 housing or services. And so you're losing literally a  
 2 generation within the small towns around Montana. And I  
 3 think it's a problem. I think it takes the lifecycle of  
 4 housing, takes one demographic generation completely out  
 5 and it creates an imbalance within the community.  
 6 I don't know if you want to speak anymore to the  
 7 importance of --  
 8 MS. DAVIS: Well, yeah. I mean, the importance  
 9 is obviously significant, right to the rural, I would say  
 10 vitality of our communities. And then the challenge being  
 11 something that you already illustrated at the beginning,  
 12 which is that the economics of developing housing and  
 13 infrastructure in rural communities is a significant  
 14 challenge, because the economics of just the cost of  
 15 development versus what you have for the marketability of  
 16 property to remain viable, particularly because we've,  
 17 Montana in particular but I think all over country, been  
 18 dependent on federal resources, which is what we're  
 19 talking about today. And those are shrinking and we are  
 20 finding ourselves needing more and more, like let's just  
 21 say federal rental assistance, for example, either through  
 22 Rural Development or HUD.  
 23 And those have been traditionally what I think our  
 24 elderly populations have utilized when we're talking about  
 25 very low income affordable housing properties. And if

1 those properties are being sold or converted to market  
 2 rate, we're losing those rental subsidies in some of these  
 3 small communities. And that's significant even in large  
 4 urban areas in Montana, but in small communities those are  
 5 basically the only show, that's it.  
 6 So the equation is concerning. We have a greater  
 7 population of elderly folks. I'd say that this is -- I  
 8 would be interested in the numbers, but I think we have a  
 9 lot of elderly folks that are dependent sheerly on Social  
 10 Security, and that is a concerning economic picture.  
 11 MR. GAUDIN: As far as --  
 12 MS. DAVIS: For affording housing and services.  
 13 MR. GAUDIN: -- these existing affordable -- The  
 14 phrase I'm using as affordable is not market rate housing  
 15 but affordable, meaning housing created through some form  
 16 of subsidy. So the preservation of this type of  
 17 affordable housing in these small communities is  
 18 problematic, is what you kind of just said.  
 19 MS. DAVIS: Right.  
 20 MR. GAUDIN: So can you think of a method in  
 21 which we can preserve existing affordable housing?  
 22 MS. McMILIN: I've made notes, and I'll jump in.  
 23 But I think that what would be good for Department of  
 24 Commerce and the programs that we're talking about today  
 25 is to be well aware of the need to work in tandem with

1 USDA and IRS programs. It's hard enough to do housing  
 2 using one pot of money, but when you're talking about the  
 3 preservation of these units and the conversion that goes  
 4 into the equation and the math to get the project  
 5 stabilized for long-term operations, there's just some  
 6 hard edges as you bring other HOME dollars into an RD  
 7 project or a Section 8, vice versa. So I think from a  
 8 policy standpoint, should be very open to working within a  
 9 very difficult -- having difficult conversations but  
 10 working in tandem with those programs to help us be able  
 11 to do those developments and to do that preservation.  
 12 I think that our resources are absolutely limited; we  
 13 are getting fewer and fewer. And those subsidies are  
 14 absolutely critical, in small communities and big,  
 15 whatever we can do to preserve that housing. I would say  
 16 there's an equal balance between preservation and new  
 17 construction. I think they're both of the same level of  
 18 importance, and so if we could spread our resources in a  
 19 way that is just the most efficient as possible.  
 20 Policy and procedure and what happens on the federal  
 21 level is hard to put in on the ground. So MDOC needs to  
 22 pay attention, work with these other programs, work with  
 23 us, do focus groups, try to figure out how we can make it  
 24 work. So I'll not talk about the new construction, but at  
 25 least on the preservation side, I think that it's very

1 critical, and it's the only way, especially if Social  
 2 Security starts to slim and go, we can keep some of these  
 3 units -- This is the lower and lower income targets we're  
 4 talking about in these smaller communities, and the  
 5 smaller projects are harder to cash flow in general, and  
 6 so it's kind of the worst equation.  
 7 Also, with degrading infrastructure, that's also  
 8 important, on the CDBG side, to really be looking at, you  
 9 know sewer systems and water mains and all of that.  
 10 That's another thing that's very difficult when you're  
 11 looking at these small communities.  
 12 MR. GAUDIN: So that's more like a communication  
 13 and outreach role, that Commerce can play a role in making  
 14 sure -- and I'm just trying to paraphrase or repeat what  
 15 you said --  
 16 MS. McMILIN: Yeah. Right.  
 17 MR. GAUDIN: Make sure that they're kind of right  
 18 at touch point with other projects so that they can  
 19 coordinate.  
 20 MS. DAVIS: And maybe technical assistance, I  
 21 think. You know, USDA Rural Development's not in this  
 22 room, they're a different entity, but that is a large part  
 23 of the housing stock that we're talking about, and the  
 24 collaboration and coordination between MDOC and RD.  
 25 There's some technical assistance needs in the state of

1 Montana in terms of the experience level that we've gone  
 2 through here compared to other states. Just to be fair.  
 3 MR. LEUWER: I think, you know, you've got the  
 4 subsidy, what you need to preserve with both RD and HUD,  
 5 and within Commerce there's a process for folks who are  
 6 going to opt out of project based Section 8. So Commerce  
 7 has, I don't know, I don't recall the specifics, but about  
 8 a year warning period when a HUD project based Section 8  
 9 is going to opt. RD will tell you they've got owners all  
 10 over the place that would love to get out of their  
 11 515 programs for a whole variety of institutional and  
 12 demographic related issues. How you preserve those -- I  
 13 think there's good information in the bureaucracy as to  
 14 where those projects are, which ones are at risk. What we  
 15 haven't done, I think, is put in place a coordinated,  
 16 effective strategy to systematically try to preserve them.  
 17 We've got folks in the field that are doing one-off  
 18 opportunity projects and -- Because there is no  
 19 alternative. And I sure wouldn't argue against -- you  
 20 know, I think it's great we're trying to do them.  
 21 Earlier on you mentioned the court case in New York  
 22 and kind of HUD's bureaucratic reaction to that, whether  
 23 it's HOME and in some ways bleeds over to CDBG. But, you  
 24 know, as I look back over more years than I care to  
 25 remember, the federal requirements generically have gotten

1 more complicated and sophisticated for grants management  
 2 and for whether it's procurement, whether it's grant  
 3 administration, whether it's compliance after the fact.  
 4 Your demographics break down populations by income and  
 5 age, and I think they're all great and they're all correct  
 6 and you all ought to do that. I think a real challenge,  
 7 and Andrea talks about it in terms of technical  
 8 assistance, but how in rural Montana does the capacity  
 9 exist to meet those more complicated federal requirements  
 10 either in terms of gaining a grant opportunity,  
 11 administering one, or going forward for 20 or 30 years and  
 12 complying with it?  
 13 And I think as a -- There are some states that have  
 14 consolidated some of those grant management functions at  
 15 the state level, so the projects at the local level are  
 16 really given that capacity through a state agency. In  
 17 Montana, particularly with HOME, we're on a model that  
 18 grants that money and relies on compliance at the local  
 19 level. And there's some advantages to that for local  
 20 folks. I mean, I'm a little ambivalent about which way  
 21 I'd argue to do it. But if you look at the organizations  
 22 across the state that are active with the capacity to do  
 23 that compliance, to make the applications, you don't have  
 24 a lot of them. And the rural areas really have to find  
 25 somebody, and interest them in a project, that does have



1 that capacity in order to compete at all.  
 2 MS. McMILIN: Right.  
 3 MR. LEUWER: And that really relies on nonprofit  
 4 entities. You don't have a state system that would  
 5 provide that project-based development capacity to local  
 6 governments or to local communities. So if you're in Any  
 7 Small Town, Montana, you've got to develop all that  
 8 capacity, you've got to carry it out, you've got to comply  
 9 with it under the threat of if you screw something up that  
 10 you don't even know exists HUD's going to ask you for the  
 11 money back. And odds are you're only going to do one  
 12 project.  
 13 MS. McMILIN: Right.  
 14 MR. LEUWER: So how long does it take you to  
 15 develop the capacity to get the money; once you've got it,  
 16 to administer it; and, once you get the project done from  
 17 a development standpoint, comply with it, in the HOME  
 18 world for the next 5 to 20 years, or the tax credit world  
 19 4 to 6 years? But, you know, there's something wrong,  
 20 there's something lacking in a system that allows much of  
 21 Montana's need in population based on geography, not age  
 22 or ethnicity, to compete in these programs.  
 23 MR. GAUDIN: Is this the technical assistance  
 24 you're kind of referring to that he just described?  
 25 MS. DAVIS: Yeah. I'd say that's a part of it.

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1 MR. LEUWER: That's part of it.  
 2 MS. DAVIS: That's part of it.  
 3 MR. GAUDIN: Yes, ma'am.  
 4 MS. McMILIN: Gene articulated it down to kind of  
 5 one simple point. I think MDOC could help facilitate the  
 6 connections. Because in that rural community, why  
 7 should a local entity try to come up with the skill set to  
 8 be able to do the development and this long-term  
 9 compliance, and do that all for one project?  
 10 MR. LEUWER: And the grant application.  
 11 MS. McMILIN: Yeah, and the grant application.  
 12 That is -- Affordable housing basically takes a lot of --  
 13 it's a lot of brain damage. It's very difficult. Why  
 14 should that one entity do that? I think Department of  
 15 Commerce can help connect the dots with groups that have  
 16 the capacity to do that for those rural communities or  
 17 that one project, to make that easier to do that. Being a  
 18 CHDO developer, those pieces we're learning, there's some  
 19 nuances with the new HOME rule. Really understanding how  
 20 to make that effective for both the application,  
 21 development, but also technical assistance probably would  
 22 be most important on the compliance side or how do we  
 23 allow the management -- how is that management, how is  
 24 that ensured. I mean, every time we work in a different  
 25 part of the state, that's our first question. We know we

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1 can come in and do the bricks and mortar, but how is it  
 2 going to be to maintain compliance?  
 3 So I think facilitating those connections between  
 4 experience and need.  
 5 MR. LEUWER: Some states really use the state as  
 6 the grantee to assure all that compliance and they  
 7 participate with the locals in the development.  
 8 MR. GAUDIN: Can you name some?  
 9 MR. LEUWER: Wyoming, on their HOME program. I  
 10 mean, they don't grant that money to CHDOs or local  
 11 government. They get a tax credit application that  
 12 requires HOME funds, that's all done at essentially the  
 13 Montana Board of Housing or Community Development Division  
 14 level.  
 15 MR. GAUDIN: In Wyoming.  
 16 MR. LEUWER: In Wyoming.  
 17 MR. GAUDIN: So it's WCDA, Wyoming Community  
 18 Development Authority.  
 19 MR. LEUWER: Right.  
 20 MR. GAUDIN: Okay.  
 21 MR. LEUWER: Now, I think the other model in  
 22 Montana has forced the development of some capacity that I  
 23 sure wouldn't want to see go away, whether that's  
 24 Homeword, some of the HRDCs --  
 25 MR. GAUDIN: Is there an institutional

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1 barrier there?  
 2 MR. LEUWER: -- but I'm not sure you couldn't do  
 3 it both ways.  
 4 MR. GAUDIN: In Wyoming it's a quasi-public  
 5 corporation, not part of state government, the Wyoming  
 6 Community Development Authority. Like the New Mexico  
 7 Finance Authority or Nebraska Investment Finance  
 8 Authority. They're all entities that are separate from  
 9 state government. Because the Board of Housing is inside  
 10 Commerce and they're kind of fed through the standard, you  
 11 know, budgetary concerns and considerations. Would having  
 12 a quasi-governmental entity not as part of the state  
 13 government be a better model to do what you're suggesting?  
 14 MR. LEUWER: Don't know. I mean, I don't know  
 15 that I'd spend a lot of time arguing over the form.  
 16 MS. McMILIN: I agree.  
 17 MR. LEUWER: I think the function, however you  
 18 provide, on kind of an equitable basis -- You talked  
 19 about, you know, in your list, one of the three or four  
 20 significant things was barriers to affordable housing. I  
 21 think capacity's a real barrier to rural Montana, and I  
 22 think we've all done projects in rural Montana where we've  
 23 benefited from that, we've provided that capacity to  
 24 folks. We've incurred some brain damage, but we got some  
 25 stuff done.

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1 But I think -- I think a barrier to affordable housing  
 2 in Montana is capacity. And if I'd look at the function  
 3 end of it, my advice would be to explore options that  
 4 would help increase rural Montana's accessibility to  
 5 federal funds through probably provision of state  
 6 capacity, whether the state provides it directly, through  
 7 a quasi, or whether a contract. I mean, RCAC has got a  
 8 model, WCDA has got a model.  
 9 I think looking at the function and how you provide --  
 10 You know, you've got Madison County on the phone today  
 11 saying we're trying to figure out how to do affordable  
 12 housing projects. And I think there's probably ten others  
 13 we could name that in the last year or two have come  
 14 looking for help one way or another, probably to the  
 15 nonprofit and state sector as well. I think just some  
 16 thought in your state plan about how you provide that --  
 17 you remove that rural barrier that logically brings a lack  
 18 of capacity with it in most instances.  
 19 MS. McMILIN: And maybe it's just recognizing it.  
 20 Because I think that there's kind of two fronts to this.  
 21 You want to strengthen those who have capacity. You want  
 22 to make sure that they're healthy organizations so they  
 23 can lend that capacity, whether it be in the urban and the  
 24 rural. So you have the Homewords and the HRDCs that have  
 25 experience. We don't always do it perfectly, but we work

1 in tandem with our state agencies and local agencies to be  
 2 better and better and understand the rules and work  
 3 together as we work these projects.  
 4 And then recognizing that -- Because there's a limited  
 5 capacity of what state staff can do, there's only so many  
 6 hours. So there's the health and wealth and the technical  
 7 assistance on the experienced, but then also staff at the  
 8 state level have to spend more time -- I recognize that  
 9 there's more compliance and monitoring, and they should be  
 10 spending more time on these projects that have maybe the  
 11 long-term ownership with someone with less capacity, to  
 12 make sure it's okay, make sure it's being taken care of  
 13 the right way. Spend time doing technical assistance with  
 14 the larger groups that have capacity and try to figure out  
 15 how we can best use our skill sets together.  
 16 So I think -- I think there's a trend with Department  
 17 of Commerce now with the HOME program. We've been doing  
 18 that a year plus, trying to understand the new HOME rule  
 19 and trying to figure out how to implement it, and we're  
 20 having really, really good conversations. So I just want  
 21 to continue that, but then recognize there's different  
 22 levels of capacity, the programs have different capacity,  
 23 there's different levels of that, recognizing it, and  
 24 training it appropriately.  
 25 MS. McCLEARY: This is Marney. Can you hear me?

1 MR. GAUDIN: Yes.  
 2 MS. McCLEARY: Yes. You know, Colorado has a  
 3 model that works really well; you're probably aware of  
 4 that. But, you know, they've got the Colorado Housing and  
 5 Finance Authority, and then they have the State Division  
 6 of Housing. And at the State Division of Housing level,  
 7 they have obviously a main office in Denver and it's --  
 8 MR. GAUDIN: We just lost you, Marney.  
 9 MS. McCLEARY: Am I coming across now?  
 10 MR. GAUDIN: Yes.  
 11 MS. McCLEARY: Okay. Anyway, they have -- their  
 12 main office, like I said, is in an entitlement city, but  
 13 they also have field offices in all the rural areas of the  
 14 state, and those field offices offer technical assistance.  
 15 And they're only usually one-person offices, and they're  
 16 assigned, you know, so many square miles or whatever. And  
 17 it's not quite as rural, obviously, as Montana, but there  
 18 are some very rural areas of the state.  
 19 And, you know, in working with them for 15 years, I  
 20 mean, they do -- they do a very good job. And they're  
 21 very -- everybody works very well together. And those  
 22 development specialists really offer a high level of  
 23 technical assistance for, you know, a lot of the smaller  
 24 groups that are doing farm worker housing and elderly  
 25 housing, et cetera. So, I mean, there are a lot of models

1 out there that we can school with. And, you know, it  
 2 worked really well. I mean, I know our development  
 3 specialists were very, very important to our organization.  
 4 MR. GAUDIN: Thank you. Thank all of you,  
 5 actually, for all those suggestions.  
 6 Another thing I see emerging here in the state, this  
 7 is -- this chart is the number of households by household  
 8 size. You know, sure, we have a large expanse in smaller  
 9 households, persons per household. That average continues  
 10 to decline a little bit. The total number of households  
 11 grew 14.2 percent, the population just grew a little over  
 12 9 percent, so we're having smaller average persons per  
 13 household. But what we do see nationally, and here, is  
 14 that these larger households are expanding rather rapidly.  
 15 This is largely related to increases in minority  
 16 households. And this is a housing product that is not  
 17 typically provided in the marketplace anymore; seven or  
 18 more persons. That's a huge house or apartment; you know,  
 19 it's like a four-bedroom apartment, unless you're  
 20 overcrowded.  
 21 So my question to you, have you yet seen this emerging  
 22 in any of the localized markets that you might be working  
 23 in?  
 24 MR. MAGISTRELLI: We're finding it in Gallatin  
 25 County where our partner families are requiring four and

1 five-bedroom housing because of the family size. And  
 2 often it's a single parent, a mom or dad, with a large  
 3 family. So we see that happening within the last three  
 4 years.  
 5 MR. GAUDIN: Have they recently moved to the  
 6 state?  
 7 MR. MAGISTRELLI: No. They've been here for --  
 8 for a while. Many of them are native Montanans.  
 9 MR. GAUDIN: And so that's for your products.  
 10 MR. MAGISTRELLI: For our product, yes.  
 11 MS. McMILIN: For our developments in the rental  
 12 realm, I would say Billings -- Billings is the only place.  
 13 We have a project on the south side that has a couple of  
 14 four-bedroom apartments. And I haven't checked recently,  
 15 but I don't believe we've ever had any trouble filling  
 16 them. I don't think there's a lot of units of that  
 17 nature. I don't know if the Housing Authority is trying  
 18 to develop them either. But that was something that was a  
 19 surprise to us when we developed it, but it's been units  
 20 that have been full in that neighborhood. I think it's  
 21 with -- I don't know the ethnicity component to that, I  
 22 just think there's some large families in that  
 23 neighborhood.  
 24 MS. DAVIS: I'm sorry, are you talking about  
 25 Missoula or Billings?

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1 MS. McMILIN: Billings.  
 2 MS. DAVIS: Yeah. I mean, we've noticed a  
 3 difference between the western side of the state and the  
 4 eastern side of the state, and so demographically there's  
 5 obviously something going on there; you know, whether it's  
 6 the urban Native American population in Billings because  
 7 of the proximity of the Crow Reservation. In Missoula,  
 8 the reservation closest to the city of Missoula has got  
 9 the Flathead, Salish, which is a greater distance, so --  
 10 You know, it's all kind of a puzzle. You know, we ask  
 11 ourselves, Is that the dynamic?  
 12 There also may be some agricultural components on the  
 13 eastern side of the state, that there are agricultural  
 14 immigrant workers at a higher rate. Now, of course, the  
 15 Flathead has -- you know, certainly there are immigrant  
 16 families in that part of the state. But I think it's just  
 17 a higher propensity on the eastern side. So we do see  
 18 larger-bedroom-size needs over there in Billings than we  
 19 do in a community like Missoula.  
 20 MS. McCLEARY: You know, I mean, since we're in  
 21 the Flathead, I can tell you that we have seen a lot more  
 22 requests, especially in our mutual self-help housing  
 23 program and our community land trust program, for three  
 24 and four-bedroom homes. We're building a lot more  
 25 four-bedroom homes than we ever were five or ten years

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1 ago, and we're putting a lot more larger homes into the  
 2 land trust.  
 3 MS. CRIDER: Was that Marney?  
 4 MS. McCLEARY: Yes.  
 5 MS. CRIDER: Just a reminder, with you guys on  
 6 the phone, if you could just say your name at the  
 7 beginning.  
 8 MS. McCLEARY: I'm sorry.  
 9 MS. CRIDER: That's okay.  
 10 MS. DAVIS: Hey, Marney, this is Andrea. Are you  
 11 seeing that as far as young families?  
 12 MS. McCLEARY: Yes. And I'm also seeing it as  
 13 far as minority families, and not just one minority, but  
 14 we have a lot more Asian Americans, we have a lot more  
 15 Hispanic families, South American families, and a lot of  
 16 people were brought up on agricultural farms and ranches  
 17 that are gravitating towards, you know, towns, cities,  
 18 more urban areas.  
 19 MR. LEUWER: And I would agree. I'm working with  
 20 a project in Sidney that's got three or four four-bedrooms  
 21 in it out of a 36-unit. So you've got a few -- a few  
 22 larger families, and I think particularly in your  
 23 single-family home ownership thing, that larger unit may  
 24 experience a little demand. Again, on your graph, that's  
 25 just a shade over 1 percent of the population. You look

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1 at your elderly demographics, where you've got huge  
 2 increases in your 55 and above age group, and you really  
 3 almost see the opposite trend there, where you've got long  
 4 waiting lists for one bedroom or maybe two bedrooms with a  
 5 little bit of family, caregiver or even husbands and wives  
 6 that require separate bedrooms for medical issues in some  
 7 instances.  
 8 So, you know, I think there is some demand in the home  
 9 ownership for large families with the -- even occasionally  
 10 with the multifamily stuff. But, boy, I think your  
 11 demographic drivers with age would lead you the other way  
 12 in the rental market, different than the home ownership or  
 13 even single-family rental kind of market.  
 14 MS. McMILIN: I would agree. When you're looking  
 15 at the lifecycle of housing, you kind of see rental at the  
 16 beginning --  
 17 MR. LEUWER: Uh-huh.  
 18 MS. McMILIN: -- then the middle, and then at the  
 19 end going back to more of a rental, and that's an aging  
 20 population. Because you can see that we're all living  
 21 longer, and a lot of people move home to Montana; the  
 22 native family leaves, comes back. I don't believe that's  
 23 ever going to be a trend, especially on the rental side,  
 24 that ends. A focus which leads to the emphasis on  
 25 visitability and accessible. Anything that we're building

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1 new or rehabbing, whatever we can do to make it  
 2 live-in-place, not assisted living but make it  
 3 aging-in-place, is really important.  
 4 MR. LEUWER: I think it's one we shouldn't  
 5 ignore. But if you look at, you know, your bottom  
 6 three percentages up there, you've got 8 percent,  
 7 9 percent, your top two you've got 65 percent. And I  
 8 really think that's the --  
 9 MS. McMILIN: That's aging.  
 10 MR. LEUWER: And you're in the development end,  
 11 boy, you look at that one-and-two-bedroom-unit stuff and  
 12 there's I think no end of demand for it.  
 13 MR. GAUDIN: What I do see is with our growing  
 14 population we have a variety of increasing trends. I  
 15 found it really interesting the way in which you talked  
 16 about facilitating the development of capacity as a role  
 17 that Commerce could take a little bit more elevated  
 18 position in.  
 19 MS. McMILIN: Uh-huh.  
 20 MR. GAUDIN: I would like to touch on a few  
 21 economic issues, just a couple of slides. Here we have  
 22 labor force statistics. Now, labor force is a count of  
 23 people, right? They're looking for work or they're  
 24 working. And here we have the labor force, which is the  
 25 sum of those two, and then the people working. We took a

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1 pretty big hit here a couple years ago. I'm happy to say  
 2 that the difference between those two lines is the  
 3 unemployment rate. And here, you know, nationally, almost  
 4 up to 10 percent while you're at 7. And you're down here,  
 5 in 2013, down to 5.6. So that's good. But when you look  
 6 at jobs -- that's another way to address employment -- you  
 7 can have a couple of part-time jobs and you're going to be  
 8 counted twice in this chart.  
 9 Now, we have had some kind of, you know, ups and  
 10 downs. We thought it was really bad in '74, you know, but  
 11 this is almost 22,000 jobs we lost right here, between  
 12 2008 and 2010. We're coming back. We're not all the way  
 13 there yet. This is Bureau of Economic Analysis. The  
 14 other data was BLS. I like BEA data because we can get  
 15 some information about income derived from these jobs.  
 16 And this is a sad statement. This is an economic  
 17 development statement, a challenge. This is the average  
 18 earnings per job in the state and the nation. I mean,  
 19 holy smokes, we started diverging here, and for 20 years  
 20 we went nowhere and the U.S. went up. We've been doing a  
 21 little catchup thing, but here we're \$14,000, roughly,  
 22 less than the national average. That's a kaboodle. You  
 23 just divide these by 2,000, the rule of thumb for hourly  
 24 average wage per job; you know, 20 versus 27 or 28 bucks.  
 25 I know, as housing developers, you probably want to

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1 know where these jobs are paying more to provide a  
 2 marketplace. But, you know, our economic development  
 3 personnel might want to have some play in that.  
 4 MR. LEUWER: Well, and I think the other effect  
 5 that has in terms of reality is as the federal government,  
 6 through reduced or static appropriations, provides less  
 7 subsidy, from an affordable housing developer's standpoint  
 8 where you're looking at what you can do to keep that  
 9 subsidy active, that \$7-an-hour difference in wage rate  
 10 average would indicate we've got a heck of a lot of demand  
 11 for subsidized housing, given the economic realities. I  
 12 think you're right. I wish there was a way to increase  
 13 our average wage seven bucks an hour in Montana, but the  
 14 reality of it is we've got a lot of folks that depend on  
 15 some sort of a government subsidy for decent housing.  
 16 MR. GAUDIN: If we take another look --  
 17 MR. LEUWER: Preservation stuff becomes --  
 18 MR. GAUDIN: Very important.  
 19 MR. LEUWER: Right.  
 20 MR. GAUDIN: If we took another look at just  
 21 income -- I mean, Montanans have a tendency to work many  
 22 more jobs than average. You know, there's also some farm  
 23 economy in here, a large portion of it. So total income  
 24 divided by -- you know, the income might come from  
 25 dividends, interest, rent, divided by the number of people

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1 is per capita, we're a little closer. But look, the  
 2 whole -- historically, we've just been really low. We're  
 3 narrowing the gap a teeny bit here, but we're still \$5,000  
 4 less.  
 5 MS. DAVIS: I mean, what's your gut on that? You  
 6 know, my gut on that is that actually maybe is an  
 7 overstatement of what people's actual earned income is.  
 8 And I think that's what we're finding -- that's what we  
 9 find in the work we do. And we can talk about developing  
 10 low income housing tax credit for people at 60 and  
 11 50 percent of area median income, and we may be funding  
 12 that with a HOME grant or CDBG grant, and the reality is  
 13 we're serving people not at 50 and 60 percent but at 30  
 14 and 40 and 50 percent that are spending 40 and 50 percent  
 15 of their -- of their income on housing. And so,  
 16 technically, they are cost burdened, but they're a heck of  
 17 a lot less cost burdened than they would be in the market.  
 18 And when I look at those numbers, I say, yeah, that's  
 19 pretty close, and when you look at the amount of income  
 20 for some of the other parts, you know, the statistician in  
 21 my head goes, hmm. You know, I just think that actual  
 22 dollars earned versus income is a different number --  
 23 MR. LEUWER: That's your first number. That's  
 24 your 14,000 --  
 25 MS. DAVIS: Yeah. I mean, that's really what's

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1 happening. That other number is --  
 2 MR. GAUDIN: Well --  
 3 MS. DAVIS: But that other number is what drives  
 4 our AMI stats and our rents.  
 5 MR. GAUDIN: I mean, both of them are occurring.  
 6 But remember that Ted Turner lives here, you know.  
 7 MS. DAVIS: And that's exactly what I'm saying.  
 8 MR. MAGISTRELLI: And that's where, you know, we  
 9 look at things -- The cost of living. Your cost of living  
 10 in Bozeman is 8 percent above the national average. To  
 11 get rentals in Bozeman, you're going to have to pay 800 to  
 12 \$1200 for a two-bedroom unit.  
 13 MR. LEUWER: Uh-huh.  
 14 MR. MAGISTRELLI: If you have a need for  
 15 three-bedroom, it's unavailable. Right now, Bozeman is  
 16 experiencing zero availability of rental properties.  
 17 There are none. If a property goes on the market, in  
 18 20 minutes it's gone. That's the average right now that  
 19 we're getting from the real estate agencies. So you see  
 20 that income per capita there, but what you don't factor in  
 21 is the cost of living there.  
 22 MR. GAUDIN: We haven't gotten there yet.  
 23 MR. MAGISTRELLI: Yeah. That really hits, you  
 24 know, the availability of housing for us.  
 25 MR. LEUWER: You bet.

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1 MR. GAUDIN: At the same time, here's just a  
 2 chart of poverty. Now, in full disclosure here, the  
 3 Summary File 3 -- SF3 data from 2000 was the one-in-six  
 4 sample, where they asked questions about income and type  
 5 of house and how much money you spent on housing. They  
 6 did none of that in the 2010; it was just what was  
 7 required by our constitution, head count.  
 8 Over the years there's been the American Community  
 9 Survey, and all these programs are now kind of based on  
 10 the results of the American Community Survey. They first  
 11 started a three-year rolling average and now they're  
 12 issuing a five-year rolling average. So it's kind of a  
 13 static, it doesn't jump around a lot. I like it for the  
 14 reasons separate. But we see a very marginal increase in  
 15 poverty between those recorded in the 2000 one-in-six  
 16 sample and the 2012 five-year rolling average. But it's  
 17 still, you know, 128,143 people in poverty.  
 18 And where this poverty is concentrated, hmm, looks  
 19 somewhat similar. There's some similarities where the  
 20 Native American trust lands are, but there are large  
 21 swaths of Montana that have high concentrations of  
 22 poverty, and these slightly bluer areas are  
 23 disproportionately highly concentrated areas of poverty.  
 24 So finding a house you can afford in these areas is  
 25 extremely problematic. So just kind of a quick summary on

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1 the economic issues. We have significant barriers in  
 2 front of us.  
 3 Now to housing. The surprise here for me,  
 4 households -- population went up 9 percent, households  
 5 went up 14 percent, production of housing units went up  
 6 17 percent. Okay, okay. Home ownership declined a little  
 7 bit; people are shifting more to renters, rental  
 8 properties. But we had a fairly substantial increase,  
 9 like 20,000 units, in vacant housing.  
 10 MS. DAVIS: Is that homes?  
 11 MR. GAUDIN: Are you seeing anything like that?  
 12 MR. LEUWER: Oh, I think that makes sense. I  
 13 mean, I think in rural Montana, with the exception of the  
 14 energy boom, you've seen a lot of out-migration over the  
 15 last 20, 30 years, probably, in small-town rural Montana,  
 16 particularly in the east. You know, I think as those  
 17 aging demographics you pointed out occur, I think one of  
 18 the big drivers that increases demand for senior housing  
 19 in the more populated areas is the availability of medical  
 20 care. So you've got mom and dad moving off the farm,  
 21 they're headed to Billings or Missoula or Kalispell or  
 22 Bozeman because there's good medical facilities there and  
 23 one of the kids and the grandkids are there.  
 24 MS. DAVIS: Right. Yeah.  
 25 MR. LEUWER: So you've got zero vacancy in

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1 Bozeman and you've got -- you want to go buy a house in,  
 2 and I may have the community wrong, Lewistown or Harlem,  
 3 you know, and until a few years ago in Sidney or Glendive,  
 4 and, boy, you were paying 40, 50, 60 grand for a very nice  
 5 three-bedroom house that would cost you five times that in  
 6 Missoula or Helena. So I think you've got a lot of  
 7 vacancy and you've got a lot of demand and it's --  
 8 MR. GAUDIN: This here is the disposition of  
 9 these vacant units. Some of them, grandma and grandpa  
 10 move into town, they move from the small town into more  
 11 urbanized areas, and the kids rent their house, or  
 12 somebody tries to sell it. These units are still  
 13 available to the marketplace. I'm more concerned about  
 14 this other vacant; you know, this 4,000 increase in homes  
 15 that are not available to the market.  
 16 MS. DAVIS: Right. Second homes.  
 17 MR. GAUDIN: Those are not second homes.  
 18 MS. DAVIS: They're not? What are they?  
 19 MS. McMILIN: Is it an aging housing stock?  
 20 MR. GAUDIN: Here's second homes.  
 21 MS. DAVIS: Oh, seasonal recreational.  
 22 MS. McMILIN: Is it an aging housing stock?  
 23 MR. GAUDIN: These are not for sale and not for  
 24 rent.  
 25 MS. GILBERT: Pardon me. Charity has a comment.

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1 MR. GAUDIN: Okay. Charity, if you can unmute  
 2 your speaker.  
 3 MS. FECHTER: Okay. Thank you very much.  
 4 This is directly related to the housing issues we have  
 5 in Madison County. And the seasonal recreational  
 6 occasional use is a big part of it; the other vacant is  
 7 property that is not available because people are looking  
 8 at putting it into the seasonal market. Our issue is that  
 9 we have housing, there's plenty of housing, except nobody  
 10 can afford to be in it because they can't afford to pay  
 11 \$1,000 a week.  
 12 MR. GAUDIN: Well, that would be housing that's  
 13 for rent, because it's available to the marketplace. They  
 14 can't afford it, but it's still --  
 15 MS. FECHTER: Well, some of it is not available  
 16 to the marketplace. They're actually holding onto it,  
 17 it's just left vacant. It's not for rent, it's not for  
 18 lease, it's not available. And I don't know if they're  
 19 holding on for the market to increase or what the issue  
 20 is. But that is something -- I don't have any solutions,  
 21 I don't have any recommendations. I'd be happy to hear  
 22 from others.  
 23 MR. GAUDIN: Yeah, and that speculative  
 24 arrangement, where they're holding onto the housing unit  
 25 for a different future, is usually a bit different from

1 housing units that are kind of captured in this category,  
 2 other vacant. Typically, those are units that are not  
 3 desirable to the marketplace; they can't sell them, they  
 4 can't rent them, they might be in a floodplain, because  
 5 they can't get any money to improve them either, so  
 6 they're kind of stuck.  
 7 MR. MAGISTRELLI: One of the questions I have,  
 8 because we run into it a lot, is the number of people that  
 9 are living in trailers, unsustainable trailers, and  
 10 trailers that are vacant because nobody wants to live  
 11 there, nobody can afford to live there because of the  
 12 heating bills during the winter. I'm thinking of two  
 13 communities that we work in that have very extreme winter  
 14 weather conditions, and people in trailers spend in excess  
 15 of \$1,000 a month just to heat it and still have frozen  
 16 pipes.  
 17 Under this other vacant, is this where trailers fall  
 18 in?  
 19 MR. GAUDIN: You know, these types of units, that  
 20 can happen. But they're not available to the marketplace.  
 21 You can't go rent them. Often they're units that the  
 22 ownership is indeterminable. You can break into them and  
 23 squat on them. And that's in an urban city; like, you  
 24 know, I don't know, Minneapolis or something, they would  
 25 have problems. Roustabout towns have a lot of problems

1 with other vacant.  
 2 MR. MAGISTRELLI: West Yellowstone has that  
 3 problem, with squatters going into vacant trailers.  
 4 They've had drug problems down there because that's where  
 5 the drug dealers go, because they don't have to pay, they  
 6 can squat in there and they can carry on their business  
 7 through these trailers, they can leave and not be  
 8 detected. But they're sitting down in that town and  
 9 they're unsustainable. They're vacant. They're rentals.  
 10 During the summer, some of these units go for \$1200 a  
 11 month.  
 12 MR. GAUDIN: Yeah, those seasonal units are also  
 13 not part of other vacant because they're seasonal.  
 14 MR. MAGISTRELLI: I think they're seasonal  
 15 because the demand for housing during the months of May  
 16 through October is so great that -- because there's this  
 17 influx of people, these units that you would not  
 18 necessarily want to live in go for rental units at a high  
 19 price.  
 20 MR. GAUDIN: Right.  
 21 What I'm referring to in other vacant are usually --  
 22 in a place like Montana, they would probably be pioneer  
 23 housing. You know, small towns where the housing units  
 24 were built on stones or something that was originally some  
 25 mud and stones and the foundation has crumbled from those

1 old days. Maybe it was just some other form of  
 2 foundation, no basement; maybe they dug a little bit. But  
 3 housing units that are very small, lathe and plaster,  
 4 sometimes some kind of the early board that they put up  
 5 that wasn't lathe and plaster. Stuff that has not  
 6 anything near to what current codes would be. If they  
 7 were painted in the '30s, you know, there's high  
 8 incidences of lead-based-paint risks.  
 9 So the question -- or the increase in these  
 10 4,000 units is probably that people found better housing,  
 11 because remember, housing stock grew 17 percent and  
 12 household formation grew 14 percent, so the least  
 13 desirable units are growing as empty units. So the  
 14 question becomes, What, if anything, do we want to do?  
 15 And in yesterday's focus group people were talking about  
 16 the need -- In some communities, these housing units are  
 17 located in close proximity to one another, and so there  
 18 are two things that they represent: A redevelopment  
 19 opportunity, where you just push them all down and you  
 20 reestablish the neighborhood. Because infrastructure is  
 21 in place.  
 22 MR. LEUWER: Right.  
 23 MR. GAUDIN: There's a sewer and there's sewer  
 24 line and there's some water and there's some kind of a  
 25 street, so that's a redevelopment opportunity.

1 Also in other vacant are units that at one time were  
 2 beautiful. You know, they were built with quality  
 3 materials and workmanship, and there may be an opportunity  
 4 for rehab.  
 5 So that's kind of where I'm coming from. Is there a  
 6 way or should we really think about that, is there a way  
 7 to make these -- kind of restore these things to their  
 8 natural beauty? Can you think of any situations where  
 9 either the redevelopment or the rehab might be viable for  
 10 some of your communities?  
 11 MR. MAGISTRELLI: Well, I think we have one on  
 12 the books that a couple of the agencies are looking at in  
 13 the Bozeman area where the infrastructure is there;  
 14 unfortunately it has to be upgraded, and that's limiting  
 15 that development right now, or redevelopment, because the  
 16 cost of redoing that infrastructure is so high.  
 17 MS. McMILIN: I think that using the NSP program  
 18 in Anaconda, we've seen there's kind of a fine line. Some  
 19 units -- in especially the Goosetown and the older  
 20 neighborhoods, some are able to be rehabbed, but a lot  
 21 where there may be infrastructure for city and services  
 22 and all that, but a lot of the houses need to be taken to  
 23 the ground and start over. They're in too rough a shape  
 24 or there's asbestos or it's just run down. So, you know,  
 25 infusing money in, we had tried to salvage as much of the

1 buildings as we could, and in most instances we did have  
 2 to demo and then build up from scratch.  
 3 I don't know if Revonda sees that in Butte, if they  
 4 walk that fine line about what can be rehabbed and what  
 5 needs to be started over. But there are definitely  
 6 communities with delapidated or just aged housing stock  
 7 that just hasn't been taken care of. So I think that is a  
 8 big need in Montana.  
 9 MR. GAUDIN: So redevelopment is a greater need.  
 10 MS. McMILIN: Redevelopment.  
 11 MR. LEUWER: Well, and in some ways I would think  
 12 that results from market demand. I mean, you've got a few  
 13 communities, Great Falls, maybe Butte, maybe Anaconda,  
 14 where you've seen significant decreases in urban  
 15 population. So you've got the infrastructure, you've got  
 16 the community systems, but given the out-migration because  
 17 of industry changes, you may not have the demand for  
 18 housing.  
 19 MS. McMILIN: And now with the demand --  
 20 MR. LEUWER: And some of that's in rural Montana  
 21 as well, I think, or portions of rural Montana.  
 22 MS. McMILIN: What I see in Anaconda and what I  
 23 suspect about Butte now, you're right, there was a big  
 24 economic turn and there weren't jobs, and now that there  
 25 are new facilities coming in --

1 MR. LEUWER: Right.  
 2 MS. McMILIN: -- the VA and all that, the housing  
 3 stock is old and tired and now there's not enough housing  
 4 stock --  
 5 MR. LEUWER: Quality.  
 6 MS. McMILIN: -- quality housing stock to get  
 7 employees to move into those communities.  
 8 MR. GAUDIN: You know, when we look at what  
 9 people want, and if this is a measure of what people  
 10 want -- Again, this is the one-in-six sample and the  
 11 American Community Survey data. They won't precisely  
 12 match the census. But I do see an increase in demand for  
 13 single-family units, which is what we've really been  
 14 developing, you know, over the time. So the redevelopment  
 15 might be opportunities for additional single-family  
 16 dwellings.  
 17 But speaking about what we've been building, here are  
 18 permits. Now, not everywhere in the state issues a  
 19 building permit, I realize that, and I should present  
 20 across here electrical permits, but sometimes, you know,  
 21 it doesn't tell me enough. But we have had periods of  
 22 significant levels of construction. And here after the  
 23 collapse it went down a lot; you know, more than  
 24 50 percent. But you guys have a resurgence emerging. Not  
 25 everybody does. So this is a good thing.

1 What's a problem, a significant problem, this is now  
 2 just the single-family permits, and the cost of building  
 3 that, the cost of materials, it hardly went down at all  
 4 when you went from 3500 to almost 1,000 permits, but look  
 5 at the price. To build the value of the construction in  
 6 real terms is over \$200,000. Now, this does not include  
 7 the lot or the infrastructure; it's just the value of the  
 8 construction, the labor and the materials that went into  
 9 it. I mean, this is a very high number.  
 10 So your point about having low incomes and high costs,  
 11 you're kind of running a train wreck here.  
 12 MR. LEUWER: Yep.  
 13 MS. DAVIS: Yep.  
 14 MS. McMILIN: Yep.  
 15 MR. GAUDIN: So how do we --  
 16 MR. LEUWER: The cost of multifamily as well, the  
 17 same drivers. In some ways, I think those same drivers  
 18 are driving multifamily costs, and if you add a 20 to  
 19 25 percent factor for rural areas in terms of additional  
 20 labor and materials costs.  
 21 MS. McMILIN: Yeah, we talked about that,  
 22 especially going through the QA review process, that the  
 23 materials and the skill set and the availability --  
 24 MR. LEUWER: Yeah.  
 25 MS. McMILIN: -- and the competition for, you

1 know, even pricing things on a competitive bid are higher  
 2 in the rural areas; where in Bozeman, Missoula, it's the  
 3 cost of land and having to be able to build close to jobs.  
 4 I mean, they're different components of the equation,  
 5 they're just challenging on both sides.  
 6 MR. LEUWER: Yeah.  
 7 MR. GAUDIN: Again, just a few bits of census  
 8 data. The value of housing and the -- median value, the  
 9 median contract, rent, this has gone up a bit, you know,  
 10 over this period. But the home values have almost  
 11 doubled. This is just the median, you know, that point at  
 12 which half are above and half are below. So that's a  
 13 significant change over this period. But when we look at  
 14 cost burdens, here we have the one-in-six sample from the  
 15 census and the 2012 five-year ACS. You know, the number  
 16 of people, this is a cost burden. This is severe cost  
 17 burden. You know, if you're an owner with a mortgage,  
 18 more than one in five. Okay? Severe -- more than  
 19 50 percent of your moneys to your house, 13 percent. If  
 20 we look at renters, look at this, owners and renters  
 21 are -- That is very unusual.  
 22 MR. LEUWER: Yeah.  
 23 MR. GAUDIN: You know, but severe burden for  
 24 renters, one in five. So almost 40 percent of all renters  
 25 have cost burdens now; you know, a big jump. You know, it

1 was 35, to 40 it's still pretty high. So we have  
 2 significant cost burdens for renters and homeowners.  
 3 So the challenge would be for us to figure out ways to  
 4 deliver a smaller housing unit, if we're building  
 5 something? How can you -- You know, there's been some  
 6 talk at the WCDA -- They're one of our longtime clients,  
 7 too. If you go to their website, you'll see our dashboard  
 8 and all that work. Free advertising here.  
 9 But, you know, the idea is to build something smaller  
 10 that the design is such that additions can be added to the  
 11 property as the householder grows. Right? You have a  
 12 large enough lot so they can put in, whatever, some  
 13 additional -- build another basement or whatever.  
 14 MR. LEUWER: I think a big driver in your cost  
 15 burden is really what we looked at with income variance.  
 16 MS. McMILIN: Yep.  
 17 MR. LEUWER: I don't doubt there's some of it on  
 18 the cost side, but, boy, you look at the income side in  
 19 your demographic slides earlier and we're seven bucks  
 20 below national averages.  
 21 MR. GAUDIN: That's right. Yeah. You have it  
 22 coming at both sides.  
 23 MR. LEUWER: Yeah.  
 24 MR. GAUDIN: Because not everybody's costs have  
 25 increased. Some jurisdictions have decreased.

1 MR. LEUWER: Right.  
 2 MR. GAUDIN: They may be closer to the  
 3 distribution center or maybe there's transportation costs.  
 4 Oil costs are significantly higher, so --  
 5 MR. LEUWER: Right.  
 6 MR. MAGISTRELLI: And land property values, the  
 7 cost of getting a lot has skyrocketed.  
 8 MR. GAUDIN: What's a typical cost today?  
 9 MS. McMILIN: Depends on where you are.  
 10 MR. GAUDIN: In Bozeman.  
 11 MR. MAGISTRELLI: In the Bozeman area, we're  
 12 looking at 65 to \$70,000 for a city lot.  
 13 MR. GAUDIN: And some of the smaller communities?  
 14 MR. LEUWER: If you were doing single family?  
 15 MR. GAUDIN: Yeah, single family.  
 16 MR. LEUWER: You might get a lot for 50 grand for  
 17 a multifamily development, you know, a couple of acres.  
 18 MS. DAVIS: But with no infrastructure.  
 19 MR. GAUDIN: Right. So, yeah, you can put in a  
 20 multifamily dwelling and where is the sewer? You know.  
 21 MR. MAGISTRELLI: You know, and I bet you down in  
 22 West Yellowstone, I bet you a lot is going to be three  
 23 times that value, maybe four right now, because of what is  
 24 going on dynamically with some of the corporations coming  
 25 in.

1 MR. GAUDIN: Well, I do know in the county south  
 2 of there, Teton County, Wyoming, the average house on  
 3 ten acres or less is \$1.9 million.  
 4 MR. LEUWER: Right. Jackson Hole.  
 5 MR. GAUDIN: That's right.  
 6 MR. MAGISTRELLI: I think in Bozeman --  
 7 MR. GAUDIN: They went down \$500,000 between 2008  
 8 and 2010.  
 9 MR. MAGISTRELLI: I think in December, the  
 10 average cost of a house that was being sold in Bozeman was  
 11 \$245,000.  
 12 MR. GAUDIN: Yeah. Substantial.  
 13 Now I'd like to take you through our 94 survey  
 14 participants. So please, once again, if you have -- I  
 15 should be putting this survey there. I apologize for that  
 16 oversight. But your e-mail is here, we'll make sure you  
 17 get a copy of it if you haven't received it.  
 18 But one of the questions later in the survey, we asked  
 19 people just their feelings about, well, if you had enough  
 20 money for these things -- you know, basically all the  
 21 categories that would qualify under CDBG is really what  
 22 this is about -- how would you allocate your resources.  
 23 Housing came out on top. But that's only a quarter of the  
 24 resources. Sure, we need something -- we need water and  
 25 sewer to build the house, water and sewer to do anything



1 here, but this is kind of what people have said.  
 2 And I have a couple of housing questions that we ask  
 3 people to rate the need. Over the years, the Consolidated  
 4 Plan has asked you to tell me, tell us what the need is  
 5 for certain types of housing. No need means you're  
 6 absolutely not going to participate in this. Low means,  
 7 well, there's a possibility if we were to amend the plan  
 8 or maybe find some money somewhere; probably not. Medium  
 9 means, yeah, we might. And high means we definitely will.  
 10 So we ask people to rank the need for these various types  
 11 of housing.  
 12 What I've found, really, this word "rental" -- I  
 13 sorted this slide, actually the first couple slides, this  
 14 one and the next one, by level of high need. There's  
 15 another batch of these on the next slide, 24 or less. But  
 16 these first three are all about rental housing. Is that  
 17 what you see as the greatest need?  
 18 MR. LEUWER: It really comes down to your income  
 19 demographic.  
 20 MS. McMILIN: Right.  
 21 MS. DAVIS: Yeah.  
 22 MR. LEUWER: I mean, if you're on the affordable  
 23 end of things, you're, you know, 80, 100 percent of median  
 24 income or lower, they're not thinking about buying a  
 25 place --

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1 MS. McMILIN: Exactly.  
 2 MR. LEUWER: -- given your construction costs and  
 3 land costs.  
 4 MS. McMILIN: The only time it works to buy a  
 5 house is to have an infusion of one-time NSP funds where  
 6 you put a soft second in to even reach those income  
 7 targets for ownership. I agree. The rental --  
 8 MS. McCLEARY: This is Marney.  
 9 MR. GAUDIN: Yes.  
 10 MS. McCLEARY: You know, we're seeing a little  
 11 bit different of a dynamic up here, and I'm seeing, yes,  
 12 the need is more for rental right now. But the reasons  
 13 that people are giving up, especially people that would  
 14 have formerly applied for, like I said, a land trust home  
 15 or a mutual self-help home, is that they're gun shy. You  
 16 know, I've had people say to me, I'd rather walk away from  
 17 my rent than walk away from a mortgage and ruin --  
 18 MR. LEUWER: Yeah.  
 19 MS. McCLEARY: And once again, that's the  
 20 economic factor or the income factor at work, but it's  
 21 also the -- You know, I mean, people are still very  
 22 unstable and nervous after the recession, especially the  
 23 age group that we deal with most of the time, which is,  
 24 you know, right around 20 to 30.  
 25 MR. GAUDIN: Thank you.

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1 MS. DAVIS: That's the trend that we're seeing  
 2 with transportation and with housing with that same age  
 3 group nationally, is the decreased desire for the burden  
 4 of home ownership. I mean, I think people -- On one hand,  
 5 it opens all these avenues in asset building. That  
 6 demographic, you know, the Millennials, since we've been  
 7 talking about them, look at it more as a burden. They  
 8 look at it as, you know, it ties me down, I can't travel  
 9 to Europe if I own a house. And the same thing with a  
 10 car; we see fewer and fewer -- And this is a national  
 11 trend. We're seeing fewer and fewer households with two  
 12 cars, we see fewer vehicles, a higher demand for public  
 13 transportation from that group.  
 14 That generation, which is a larger generation than  
 15 Generation X -- actually, what I read, it's actually a  
 16 bigger generation than Baby Boomers. I think we're going  
 17 to see some significant policy changes because of that  
 18 demographic, because of that generation.  
 19 MR. GAUDIN: That would be a promotion of higher  
 20 density living. Is that --  
 21 MS. DAVIS: Yes. Yeah. And better  
 22 infrastructure, better public transit and infrastructure,  
 23 community planning, all of those things that need to click  
 24 together in order to make a vital community. Those are  
 25 the demands that that group is saying they want.

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1 MS. McMILIN: Because they can function without a  
 2 car.  
 3 MS. DAVIS: Yeah. Absolutely. It's a high  
 4 quality of life. Why would you hold that cost burden?  
 5 MR. GAUDIN: But transportation or public  
 6 transportation is not in all communities.  
 7 MS. DAVIS: Absolutely. A big issue for a state  
 8 like Montana.  
 9 MS. McMILIN: And on the flip side of it -- I do  
 10 think there's that big push, but having grown up in  
 11 Belgrade, which has seen massive changes, being fourth and  
 12 fifth generation, I mean, historically there are people  
 13 that are moving from that area to Lewistown or the smaller  
 14 communities because they want that lifestyle that we used  
 15 to have in Belgrade or some of those overrun communities  
 16 with growth and change. So I think there's both ends of  
 17 the spectrum.  
 18 MS. DAVIS: Yeah, absolutely.  
 19 MR. GAUDIN: I guess what I'm asking for is, in a  
 20 way -- You know, homeowner rehab, we can fix those, but  
 21 what we don't see -- construction and new for-sale is the  
 22 bottom of this list. I mean, if we're to prioritize  
 23 these, are we saying we're going to let the market take  
 24 care of new construction and home purchase and we're going  
 25 to try to focus our efforts here on these markets? I

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1 mean, okay, Habitat is a little different.  
 2 MR. MAGISTRELLI: Right.  
 3 MR. GAUDIN: But largely, would that characterize  
 4 what we're talking about?  
 5 MR. MAGISTRELLI: Well, you know, we're a little  
 6 different in the fact we do build single-family homes.  
 7 The other component that Habitat is moving to, because  
 8 affordable housing is such a critical issue, that we're  
 9 trying to move into -- not trying to, we are actually  
 10 moving into more of a community-based interaction with  
 11 other agencies to address the affordable housing issue.  
 12 And one component to that is home ownership, but the other  
 13 component is getting people in decent, affordable housing.  
 14 MR. GAUDIN: So are you saying that Habitat is  
 15 going to be managing rental property?  
 16 MR. MAGISTRELLI: Officially we cannot, and  
 17 they're not doing that; they don't want us to go in that  
 18 direction. But they do want us to get involved in the  
 19 community so that affordable housing, whether it's rental  
 20 or home ownership, is viable because of the long-term  
 21 benefits to families, to children, and to the community.  
 22 MS. McMILIN: So you won't be working a silo,  
 23 basically.  
 24 MR. MAGISTRELLI: Yes. Right.  
 25 MR. LEUWER: You said partnering with others in

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1 the community --  
 2 MR. MAGISTRELLI: Yes.  
 3 MR. LEUWER: Through partnerships provide that  
 4 rental stock.  
 5 MR. MAGISTRELLI: Right.  
 6 MR. GAUDIN: So even your emphasis has shifted  
 7 somewhat.  
 8 MR. MAGISTRELLI: Even our emphasis has shifted  
 9 dramatically for affiliates. Because, you know, we have a  
 10 long history of one house, one family; you know,  
 11 stabilizing communities by a family at a time. Our  
 12 funders, International, the need -- I mean, even the  
 13 applications we get are in two lines; one, rehabbing, and  
 14 affordability.  
 15 MR. GAUDIN: So you're headed to townhomes.  
 16 MR. MAGISTRELLI: Yes.  
 17 MR. GAUDIN: Yes, ma'am.  
 18 MS. McMILIN: What I like about the fact -- We  
 19 have to look at the lifecycle of housing, and I'm not  
 20 going to say that rental is the most important. I like  
 21 that Habitat's shifting their mentality, because they are  
 22 a critical spoke to the affordability piece of the cycle  
 23 of housing. So that's fantastic.  
 24 And I think we do need to work together. We only have  
 25 so many resources, and with the way they can be used and

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1 the way they're -- There is more of an emphasis on rental,  
 2 I think. I mean, home-buyer assistance I think is  
 3 critical. But if you're talking about the first tier  
 4 of -- the first part of your life in housing is typically  
 5 rental and the last part of your life is typically rental.  
 6 I just think, because our demographics look that way,  
 7 whether we're chasing the demographics, that's just where  
 8 the emphasis for the spending of those funds are, and it's  
 9 the best way to spend them. And we certainly work on both  
 10 sides of the equation. Not everybody should be a  
 11 homeowner, but if you can get into a rental housing  
 12 situation, stabilize it, and go through the education  
 13 piece and become a good homeowner -- We're all  
 14 interconnected. So I do think the bricks and mortar are  
 15 spent more on rental with the HOME and CDBG programs.  
 16 MR. LEUWER: And I think you said it early in the  
 17 discussion. I mean, half of it's new construction,  
 18 because there's a lot of communities that you've got a  
 19 real shortage of quality, decent, safe, sanitary rental  
 20 for affordable folks; and the other half is just the  
 21 preservation of that federally subsidized, existing --  
 22 MS. McMILIN: Not just the subsidy but the units  
 23 themselves, too. They need --  
 24 MR. GAUDIN: This table here is the second half  
 25 of what we started with. So this preservation down here,

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1 retrofitting these existing units so we have  
 2 aging-in-place, you know, some preservation of existing  
 3 subsidized housing, you know, they're in the middle of the  
 4 pack. What I'm going away with is you would kind of think  
 5 that should be more elevated in its importance.  
 6 MR. LEUWER: Well, I think we look at it in some  
 7 ways through the prism of the four funding sources or  
 8 federal sources that this Consolidated Plan covers. And I  
 9 think the affordable or special -- you know, the  
 10 affordability for folks at 80 percent of median income or  
 11 below, down to your 30 percent or lower level, is who we  
 12 deal with. And through that lens, I think a lot of -- I  
 13 think that might skew a little bit your 10,000-foot  
 14 overall demographic look. I mean, I think in the  
 15 affordability world, you need more new construction of  
 16 affordable units, you need more of them, and you need to  
 17 preserve what's out there, because some of them are a  
 18 problem and there aren't any more.  
 19 MR. GAUDIN: Like this right down here, it's  
 20 like, you know, housing demolition, we just talked about  
 21 that, there's a great need for it. Downtown housing is  
 22 kind of your point, that that's an emerging issue.  
 23 MR. LEUWER: Yeah.  
 24 MR. GAUDIN: Or maybe the 94 respondents haven't  
 25 seen it yet. But in a way, when I see first-time

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1 home-buyer assistance kind of down here, I'm thinking,  
 2 well, why don't we let the marketplace take care of that  
 3 and redirect our --  
 4 MS. DAVIS: I'm going to argue that these are  
 5 statistically challenged numbers. If we have 94  
 6 respondents, I think that we need to get the survey out  
 7 there more. I will personally get that to our home-buyer  
 8 group. Because I can tell you that we can serve -- In our  
 9 Missoula home-buyer education class, we do it monthly, we  
 10 are already full for May, we half of it filled up for  
 11 June. We are in the peak home-buying season, yes, but  
 12 that happens every single month. This happens to be a  
 13 particularly busy time.  
 14 So we can serve 40 -- let's say 40 people per class.  
 15 Those are about half of the people who have financing  
 16 lined up and are pretty much ready to buy a house, half of  
 17 the people are just dipping a toe in or are interested and  
 18 want to find out what they have to do. That's about the  
 19 statistics we see.  
 20 Is that what you see --  
 21 MR. LEUWER: Yep. I would think that's pretty  
 22 similar.  
 23 MS. DAVIS: Yeah. And so, you know, at least  
 24 half of the people, then, are probably accessing  
 25 first-time home-buyer type financing opportunities, so

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1 they are the ones that are getting home-buyer assistance.  
 2 And there is not a lot of housing stock out there.  
 3 Realtors are telling me that the competition is back up to  
 4 where it used to be; that they are suggesting that people  
 5 make offers over the asking price. It's not quite the  
 6 frenzy that it used to be. And I don't think this is  
 7 every community in Montana like it was in 2006 and '7 and,  
 8 you know, that chunk of five years in there when we were  
 9 in the bubble. But we are seeing it in some of our larger  
 10 metropolitan areas; we're seeing it in Billings, we're  
 11 seeing it in Missoula, definitely seeing it in Bozeman.  
 12 And Helena, I can't imagine we're not seeing it there.  
 13 MR. LEUWER: Yeah.  
 14 MS. DAVIS: And that's because we haven't -- You  
 15 know, single-family home ownership, which is what you saw,  
 16 people still really want that.  
 17 MR. GAUDIN: That's right.  
 18 MS. DAVIS: And we're not building the units. I  
 19 think the builders --  
 20 MR. GAUDIN: Which might be the rebound --  
 21 MS. DAVIS: -- don't want to take the risk.  
 22 MR. GAUDIN: It's rebounding a little bit.  
 23 MS. DAVIS: It is rebounding a little bit, but  
 24 not at the rate that has low interest --  
 25 MR. LEUWER: And the financing reality --

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1 MS. DAVIS: -- market.  
 2 MR. LEUWER: And the financing reality drives  
 3 them out of town, because many of the home buyers use  
 4 RD --  
 5 MS. DAVIS: Absolutely right.  
 6 MR. LEUWER: -- financing.  
 7 MS. DAVIS: Absolutely right.  
 8 MR. LEUWER: It's much better than anything else.  
 9 MS. DAVIS: That's absolutely right.  
 10 MR. LEUWER: So you've got -- on one hand,  
 11 they're pushing themselves out or we're pushing them out,  
 12 giving them financing opportunities under the Farm Bill  
 13 that really is counterproductive, counterintuitive to what  
 14 a lot of the cities are looking at providing in terms of  
 15 either redevelopment in some of those areas or in terms of  
 16 increased density and less transportation costs.  
 17 MS. DAVIS: Yeah, absolutely.  
 18 MS. McMILIN: But I do think the first-time  
 19 home-buyer assistance is critical, because then that pairs  
 20 with potentially your market rate developers or, you know,  
 21 the market. So I think it's important to develop rental  
 22 housing every day.  
 23 MR. GAUDIN: These questions, they're ranked  
 24 separately, like each one, you can have 94 potentially on  
 25 all of them, which would tell you how many number-one

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1 priorities you have. But it's not like you have to choose  
 2 one or the other in this survey.  
 3 So you are absolutely right, we don't have a complete  
 4 sample. So I'm hoping to some have more --  
 5 MS. DAVIS: We'll get the word out for you.  
 6 MR. GAUDIN: I like to hear that.  
 7 Now, I always have a list of questions about barriers  
 8 and problems and what can we do, and Commerce wanted to  
 9 change that language around a little bit, so we've  
 10 structured that this way. And it's kind of -- I still  
 11 ranked it based on need, but it's more about what  
 12 importance each of these things are. The phrasing was so  
 13 long I had to make the font a little smaller to fit the  
 14 table on the -- See, I already ran over the footer.  
 15 But water and infrastructure, you know, to accommodate  
 16 new units, well, you have to have that, so that's the  
 17 highest need. But notice, you know, it's only 29. I  
 18 mean, these people skipped -- they answered maybe one or  
 19 two questions and then skipped. Economic development,  
 20 it's like in the 45 or something, so...  
 21 Retention of existing affordable units, I think we  
 22 have talked about preservation; that's fairly high in this  
 23 case. Planning for construction near more central or  
 24 access to public -- that also is rating high. On the  
 25 survey, for those who haven't taken it, there's a question

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1 of what part of the state you're looking at. So I named  
 2 the three entitlements, "or remainder of state." And so  
 3 we'll be able to kind of sort between whether it's the  
 4 more urbanized areas, Missoula, Billings, Great Falls --  
 5 Sorry, Bozeman is not on the list. I know you have  
 6 some transportation.  
 7 MR. MAGISTRELLI: Right.  
 8 MR. GAUDIN: -- and then the remainder of the  
 9 state. So we can actually segregate whether these  
 10 concerns are important to the more rural areas of the  
 11 state or whether they're more important just to the  
 12 urbanized.  
 13 Do you have a question?  
 14 MS. McMILIN: I was just going to say, it was a  
 15 little challenging because we work in both, so it was like  
 16 I didn't know what to pick when I filled it out.  
 17 MR. GAUDIN: You can take it again on a different  
 18 computer.  
 19 MS. McMILIN: A different computer. Okay.  
 20 MR. GAUDIN: Take one from your laptop and answer  
 21 it for one and then take one from your desktop and answer  
 22 it for the other. Because then I'll have two IP  
 23 addresses. I do track those, and I'm really looking for  
 24 somebody to try to stuff the ballot box.  
 25 Tax or other financial incentives, making reasonable

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1 accommodations, I think that's a question for Commerce;  
 2 you know, how do we wish to allocate our resources for our  
 3 disabled. And that would include, you know, making things  
 4 more visitable for our elderly citizens.  
 5 Sure, we want more federal funding. But again, the  
 6 emphasis -- Commerce wants to know if our funding needs to  
 7 be shifted to more broadly, you know, across the cities of  
 8 the state, encourage higher density living. So this is  
 9 somewhat need. Remember, 24 was the second set of charts  
 10 on the others. Lower cost of materials; boy, I wish we  
 11 could do that. Comprehensive planning; the idea is should  
 12 we have some more.  
 13 I have actually a few of these. Kind of land use  
 14 regulations; again, they're kind of falling off  
 15 importance, but this is all of the communities blended  
 16 together. I'd say the smaller, rural ones don't care so  
 17 much, and Billings, Missoula, Great Falls probably want a  
 18 little bit more.  
 19 You shake your head like you might be --  
 20 MS. McMILIN: I just laugh, because in the  
 21 smaller communities, having grown up in one, zoning is  
 22 just as important there as it is in the big cities, they  
 23 don't realize it yet.  
 24 MR. GAUDIN: Right.  
 25 MS. McMILIN: And when the pig farm lands in the

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1 middle of the town, you worry about zoning.  
 2 MR. GAUDIN: When somebody actually uses the  
 3 laissez-faire approach, then they'll have zoning.  
 4 Guidelines for constructing accessible units, private  
 5 sector development willing to construct high density.  
 6 Now, have you seen builders and developers reluctant to do  
 7 that?  
 8 MS. McMILIN: No.  
 9 MR. GAUDIN: You shake your head no? Okay.  
 10 MS. McMILIN: They want -- Yeah. I mean, their  
 11 bottom line is the same as ours, they want denser housing.  
 12 Market rate wants the ability to do --  
 13 MS. DAVIS: I would say we're challenged, though,  
 14 in rural communities. The capacity to build multifamily  
 15 and the ability to bond does not exist.  
 16 MR. GAUDIN: The capacity meaning infrastructure  
 17 capacity.  
 18 MS. DAVIS: I mean the ability of the general  
 19 contractor to come in and build the scale, the multifamily  
 20 project. First of all, their building habits and skill  
 21 set exist around the single-family model. And then the  
 22 bonding needs to do what we need to do in a community like  
 23 Havre, we have a contractor from Billings. And we're  
 24 working with the local economic development group there,  
 25 and they want to see their local contractors be hired, and

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1 so do we. But the reality is there was no general  
 2 contractor that had the capacity to deliver on time what  
 3 we need to do when we're bumping up against low income  
 4 housing tax credit and HOME timelines.  
 5 MR. GAUDIN: How would you facilitate the  
 6 creation of that capacity?  
 7 MS. DAVIS: Well, one thing that we did do was,  
 8 you know, ensure that at least the subs were contacted so,  
 9 you know -- I don't really know the answer to the general  
 10 contractor piece as much as what we did do was try to make  
 11 the link to then the subs in those communities, so at  
 12 least businesses in those communities had the opportunity  
 13 to participate in the project.  
 14 MS. McMILIN: There's a procurement piece  
 15 within -- and it might be Montana state law, the nuances  
 16 within the program. But this is why we want to prioritize  
 17 local materials and labor, and there's a bit of a  
 18 prohibition allowing us to do that.  
 19 MR. GAUDIN: What's that? Section 3?  
 20 MR. LEUWER: In Montana, a requirement to take a  
 21 low bid on the construction.  
 22 MS. McMILIN: And we can't say -- and it has to  
 23 be non-proprietary specifications, where you can't say --  
 24 MR. LEUWER: You can't give a preference for --  
 25 MS. McMILIN: You can't give a preference for

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1 local or a Montana based --  
 2 MR. LEUWER: You can't give a 5 percent spread  
 3 for local products. You know, you can't. So you're  
 4 getting a bid from a general contractor who you have to  
 5 require is bonded. I mean, you need a private insurance  
 6 company that will ensure the guy's capacity to deliver  
 7 your project so that if it goes south everybody gets paid.  
 8 And in the rural communities, the local generals can't get  
 9 the private bond because they don't build that size of  
 10 projects, they don't have any experience.  
 11 And my guess is in most rural communities, even, for  
 12 instance, Havre, where you've got, you know, the railroad,  
 13 the hospital, and the college, there's only a handful of  
 14 projects in a decade that are big, and they bring in your  
 15 contractors from the rest of the state. So the local  
 16 guys --  
 17 MS. McMILIN: So if you could --  
 18 MR. LEUWER: -- are doing one-off single-family  
 19 housing or remodels.  
 20 MS. McMILIN: And if you could emphasize in your  
 21 bid process the use of local labor, you could still have  
 22 the Billings contractor hire everybody local, but you  
 23 can't say that.  
 24 MR. LEUWER: Or if your state wanted to somehow  
 25 provide the bonding capacities for local guys.

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1 MR. GAUDIN: All these projects that are entitled  
 2 to federal dollars have Section 3 requirements, right?  
 3 MS. McMILIN: Yeah.  
 4 MR. GAUDIN: So maybe if we define those in a  
 5 certain way that may help that.  
 6 MS. McMILIN: Yeah.  
 7 MR. LEUWER: If I understand the Section 3  
 8 requirements correctly, I don't know that those are quite  
 9 the issue in Montana.  
 10 MS. McMILIN: It's Montana state code.  
 11 MR. LEUWER: Right. I mean, it's low bid  
 12 requirements, it's bonding capacity. You know, some  
 13 states, you have the ability to negotiate, you know, a  
 14 contract, and design, build, negotiate a process.  
 15 MS. McMILIN: Right.  
 16 MR. LEUWER: At the state level, we don't have  
 17 that.  
 18 MR. GAUDIN: Well, the bonding consideration is  
 19 important.  
 20 MR. LEUWER: Right.  
 21 MR. GAUDIN: And there might be ways to  
 22 facilitate that.  
 23 MR. LEUWER: Right. I mean, maybe there's a  
 24 state insurance pool or some sort of an economic  
 25 development effort that provides that capacity to smaller

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1 contractors.  
 2 MR. GAUDIN: Well, I see I'm running out of time  
 3 here. I've only got like one or two more slides.  
 4 High need, we're dribbling down here, neighborhood or  
 5 community support, like try to stomp out nimbyism. Local  
 6 land use regulations that permit more allowable high  
 7 density. Information regarding availability of suitable  
 8 sites, giving Commerce a role for promoting locations of  
 9 higher density housing. That's kind of not currently  
 10 significant sentiment, more information about housing  
 11 availability. Smaller minimum lot sizes, kind of local  
 12 zoning and land use planning, really kind of falling off  
 13 the list here.  
 14 MS. McMILIN: Only because somebody hasn't run  
 15 into it yet.  
 16 MR. GAUDIN: It will happen.  
 17 MS. McMILIN: Well, some of us have.  
 18 MR. GAUDIN: Just the kind of summary things  
 19 here. You know, rising prices, insufficient building;  
 20 we've heard that, we see it. I think all these conditions  
 21 are occurring.  
 22 I think what we've done in the last two hours is  
 23 really take a good trip down through each of these  
 24 questions. Unless there's something else that you can  
 25 think of, I think we've done really great. I want to

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1 thank you.  
 2 Yes.  
 3 MS. McMILIN: I was going to say, I think that  
 4 the MDOC and Montana, that our funds are limited, so --  
 5 and we're one of three states without a housing trust fund  
 6 in Montana, so I think that they should be willing to  
 7 support all our efforts to try to come up with a local  
 8 source in Montana to help supplement their funds so we can  
 9 get more done.  
 10 MR. GAUDIN: Does Bozeman have a local trust  
 11 fund?  
 12 MR. MAGISTRELLI: Not that I know of.  
 13 MS. McMILIN: There is a little pod of incentive  
 14 money, but it's waiving fees and stuff like that.  
 15 MR. MAGISTRELLI: Yeah.  
 16 MS. McMILIN: There are some dollars. They're  
 17 limited.  
 18 MR. MAGISTRELLI: Technically, they're not  
 19 waived, they're just --  
 20 MS. McMILIN: Right. Paid for.  
 21 MR. MAGISTRELLI: -- delayed.  
 22 MR. GAUDIN: They're deferred. Okay.  
 23 What should we do first? All these things?  
 24 MS. McMILIN: Keep facilitating discussions  
 25 around capacity and --

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1 MR. MAGISTRELLI: Yeah, I think it's capacity  
 2 building. Because in the communities that we're working  
 3 at, the smaller ones, the rural ones, they want to make  
 4 change, but how do we make it happen? They need housing,  
 5 they know that, but they don't know how to make it happen.  
 6 MS. McMILIN: Capacity and technical assistance.  
 7 MR. MAGISTRELLI: Yeah.  
 8 MS. McMILIN: Connecting players.  
 9 MS. DAVIS: Uh-huh.  
 10 MR. LEUWER: Well, you've got 140 RD projects  
 11 around the state. Probably 35 or 40 percent of those are  
 12 in real small, rural areas. They're largely the only rent  
 13 subsidized units in those communities. We ought to have a  
 14 focused effort that looks at that problem and says, How is  
 15 there a way to facilitate a change in ownership and a  
 16 rehabilitation so that subsidy remains in place for the  
 17 next 30 or 40 years?  
 18 MS. DAVIS: Absolutely. It's got to be both  
 19 capacity building with either individual communities and  
 20 municipalities, but it's also the other -- you know, MDOC  
 21 and their programs and really Rural Development. I mean,  
 22 that's the only player, besides Montana Department of  
 23 Commerce, Montana Board of Housing, that we're talking  
 24 about here. That capacity building between those two  
 25 entities and coordination, really, really important.

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1 MS. McMILIN: And we plan on having a very  
 2 healthy conversation at our state housing conference in  
 3 two weeks about that.  
 4 MR. LEUWER: And I think everybody appreciates  
 5 the issue, understands that you've got a bunch of aging  
 6 owners and a bunch of dilapidated housing that's kind of  
 7 physically on the fringe, but I think it really is --  
 8 we've not really had the discussion about systemically how  
 9 we might address that.  
 10 MS. McMILIN: And how to put the -- Yeah.  
 11 MR. LEUWER: Yeah. I mean, you can do a one-off  
 12 until hell freezes over and you've still got the --  
 13 MS. McMILIN: It's a drop in the bucket.  
 14 MR. LEUWER: Yeah.  
 15 MR. GAUDIN: Actually, there is another focus  
 16 group we're having on May 22nd at the conference. So,  
 17 please --  
 18 MR. LEUWER: I think your public policy  
 19 influence. I mean, there's funding a Montana housing  
 20 trust fund, there's, you know, setting up a state tax  
 21 credit, there's the North Dakota model on a housing  
 22 incentive fund, all of which produces housing and has  
 23 shown success in different parts of the country.  
 24 MS. McMILIN: Yep.  
 25 MS. DAVIS: So there's an organization of Montana

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1 housing -- Montana Coalition for Housing and  
 2 Infrastructure, which is a number of organizations, and  
 3 you know, the Board of Housing has been at the table, I'm  
 4 sure the Department of Commerce has as well. And so  
 5 whatever within the Department of Commerce's capacity  
 6 where they can participate with that coalition.  
 7 Because that's, you know, where we're looking at  
 8 legislation on the state level to facilitate housing. And  
 9 whether that's the creation of funds, like Gene just  
 10 mentioned, through the model that we've looked at, which  
 11 is this housing trust fund that's been created in  
 12 North Dakota via tax credits, state-generated tax credits.  
 13 It's been enormously successful. And so -- I know that  
 14 there's limitations with a government body participating  
 15 in public policy, so however they can help support that,  
 16 whether it be data, whether it be coordination, whatever  
 17 that might be.  
 18 Because -- Well, we had done a survey at the beginning  
 19 of creating this coalition and surveyed a number of  
 20 different people involved in housing, and people are all  
 21 over the board, but I think the indication was that people  
 22 are -- they don't have the capacity to think about public  
 23 policy. So it's an unfortunate scenario because they're  
 24 grasping with bloody fingernails to try to hold on, figure  
 25 out how to, you know, develop and preserve housing, but

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1 you can't really -- you don't have the capacity to think  
 2 beyond that, whether that be time or energy or resources.  
 3 MS. McMILIN: Again, it's a delicate balance,  
 4 because MDOC is a public agency, but funds are getting  
 5 smaller and smaller and we have to be more and more  
 6 efficient, and they have to put their head in the policy  
 7 game to create these other pools so that we can spend  
 8 those dollars that are given federally here wisely and  
 9 extend it further and have a greater impact. I mean, it's  
 10 a delicate line, but essential that they participate.  
 11 MR. GAUDIN: All right. I want to thank all of  
 12 you very much for the care and the way in which you've  
 13 made these contributions. Thank you so much. If you have  
 14 a question later that you wish you would have said, just  
 15 send it to Jennifer and she'll get it out to me.  
 16 MS. DAVIS: And I'll do my survey.  
 17 MR. GAUDIN: Yes, please. There are comments you  
 18 can enter in the survey as well.  
 19 MS. CRIDER: And I did mention to Jennifer  
 20 sending the survey again, and she really liked that idea.  
 21 She thought it was a good suggestion.  
 22 (The meeting was concluded at 10:38 a.m.)  
 23  
 24  
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COURT REPORTER'S CERTIFICATE

STATE OF MONTANA                    )  
  ) ss.  
COUNTY OF LEWIS AND CLARK    )

I, CHERYL ROMSA, Court Reporter, residing in Helena, Montana, do hereby certify:

That the foregoing proceedings were reported by me in shorthand and later transcribed into typewriting; and that the -82- pages contain a true record of the proceedings to the best of my ability.

DATED 19th day of May, 2014.

s/Cheryl A. Romsa \_\_\_\_\_  
CHERYL A. ROMSA