



MONTANA HOUSING

Meeting Location: Zoom only

Date: August 8, 2022

Time: 8:30 a.m.

Chairperson: Sheila Rice

Remote Attendance: Join our meetings remotely via Zoom and phone.

To register for Zoom, Click: <https://mt-gov.zoom.us/meeting/register/tZwtf--sqDltHNyWAoYMovtSmfLRi52s-7Ux>

To participate by phone:

Dial 888-556-4567, Meeting ID: 880 8646 9768, Passcode: 005519

Board Offices: Montana Housing
301 S Park Ave., Room 240,
Helena MT 59601
Phone: 406.841.2840

AGENDA ITEMS

- ❖ Meeting Announcements
- ❖ Introductions
- ❖ Public Comments - Public comment is welcome on any public matter that is not on the agenda and that is within the jurisdiction of the agency.

Minutes

- ❖ Approve Prior Board Meeting Minutes

Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ Participating Lender Approval – Intrepid Credit Union
- ❖ Homeownership Update

MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.



MONTANA
HOUSING

Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Nicole McKeith)

- ❖ Tapestry Cost Per Unit Waiver
- ❖ Blackfeet Housing Homeownership Conversion
- ❖ Multifamily Update

Operations/Executive Director (Joe DeFilippis / Cheryl Cohen)

- ❖ Operations/Executive Director Update

Miscellaneous

Meeting Adjourns

*All agenda items are subject to Board action after public comment requirements are fulfilled.

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the Housing Division at 406.841.2840 or TDD 406.841.2702 before the scheduled meeting to allow for arrangements.

MISSION STATEMENT:

Montana Housing works with community partners across the state, and together we ensure Montana families have access to safe and affordable homes.

2022 CALENDAR

January						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July						
Su	Mo	Tu	We	Th	Fr	Sa
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

October						
Su	Mo	Tu	We	Th	Fr	Sa
						1
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

May						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November						
Su	Mo	Tu	We	Th	Fr	Sa
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20	21	22	23	24	25	26
27	28	29	30			

March						
Su	Mo	Tu	We	Th	Fr	Sa
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20	21	22	23	24	25	26
27	28	29	30	31		

June						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
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19	20	21	22	23	24	25
26	27	28	29	30		

September						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

2022

August 2022

8 – Board Meeting – Zoom

September 2022

12 – Strategic Planning Session – Great Falls

13 – Board Meeting – Great Falls

October 2022

17 – Board meeting – Zoom

22-25 – NCHSA Annual Conference - Houston

November 2022

14 – No Board Meeting

December 2022

12 – No Board Meeting

*** All meeting dates are subject to change



MONTANA HOUSING

Zoom Only
August 8, 2022

ROLL CALL OF BOARD

MEMBERS:

Sheila Rice, Chairwoman (Present)
Adam Hertz (Present)
Tonya Plummer (Present)
John Wright (Present)

Jeanette McKee (Present)
Bruce Posey (Present)
Cari Yturri (Present)

STAFF:

Cheryl Cohen, Executive Director
Joe DeFilippis, Operations Manager
Charlie Brown, Homeownership Program
Bruce Brendahl, Multifamily Program
Julie Flynn Community Housing

Vicki Bauer, Homeownership Program
Nicole McKeith, Multifamily Program
Kellie Guariglia Multifamily Program
Ginger Pfankuch, Accounting
Kylee Hughes, Exec Assistant

COUNSEL:

Greg Gould, Jackson Murdo & Grant

John Wagner, Kutak Rock

UNDERWRITERS:

Mina Choo, RBC Capital

Patrick Zhang, RBC Capital

FINANCIAL ADVISORS:

Gene Slater, CSG Advisors

OTHERS:

Misty Dalke	Tracy Keuhn	Austin Trunkel
Robert Crawford	Don Sternham	Eric Basie
Joseph Tait		

These written minutes, together with the audio recordings of this meeting and the Board Packet, constitute the official minutes of the referenced meeting of the Montana Board of Housing (MBOH). References in these written minutes to tapes (e.g., FILE 1 – 4:34) refer to the location in the audio recordings of the meeting where the discussion occurred, and the page numbers refer to the page in the Board Packet. The audio recordings and Board Packet of the MBOH meeting of this date are hereby incorporated by reference and made a part of these minutes. The referenced audio recordings and Board Packet are available on the MBOH website at [Meetings and Minutes](#).



MONTANA HOUSING

CALL MEETING TO ORDER

0:00 Chairwoman Sheila Rice called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.

1:00 Introductions of Board members and attendees were made.

4:53 Chairwoman Rice asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

June 13, 2022 MBOH Board Meeting Minutes – page 4 of packet

6:07 Motion: Jeanette McKee

Second: Bruce Posey

The June 13, 2022 MBOH Board meeting minutes were approved unanimously.

FINANCE PROGRAM

Finance Update – page 7 of packet

6:58 Presenter: Ginger Pfankuch

HOMEOWNERSHIP PROGRAM

Lender Approval – Intrepid Credit Union – page 10 of packet

10:59 Presenters: Vicki Bauer

Motion: Bruce Posey

Second: Cari Yturri

The application for lender approval for Intrepid Credit Union was approved unanimously.

Homeownership Update – page 11 of packet

14:25 Presenters: Vicki Bauer

MORTGAGE SERVICING PROGRAM

Servicing Update – page 13 of packet

16:15 Presenter: Cheryl Cohen

MULTIFAMILY PROGRAM

Tapestry Cost Per Unit & Unit Mix Waiver – page 14 of packet

18:09 Presenter: Nicole McKeith

Motion: Cari Yturri

Second: Bruce Posey

The request for a per unit waiver to \$306k, with the ability to go up to \$320k if costs continue to rise, along with a different unit mix and removal of the first floor parking garage was approved unanimously.



MONTANA HOUSING

Blackfeet Homeownership Conversion Request – page 18 of packet

21:26 Presenter: Nicole McKeith

Motion: Jeanette McKee

Second: Cari Yturri

The request that two LIHTC properties be allowed to convert to Homeownership was approved unanimously.

Program Update – page 27 of packet

31:43 Presenter: Nicole McKeith

OPERATIONS/ EXECUTIVE DIRECTOR

Operations/Executive Director Update – page 29 of packet

39:22 Presenters: Joe DeFilippis/Cheryl Cohen

MEETING ADJOURNMENT

55:54 Meeting was adjourned at 9:55 a.m.

DocuSigned by:

Adam Hertz

B30BAEE70072432...

Adam Hertz, Secretary

9/13/2022

Date

BOARD AGENDA ITEM

PROGRAM

Accounting and Finance

AGENDA ITEM

Program update

BACKGROUND

The state of Montana fiscal year-end was June 30, 2022. The Montana Housing accounting team is currently working on fiscal year end calculations and preparation of the fiscal year 2022 Board of Housing financial statements. These statements are scheduled to be complete and ready for audit at the end of September. The audit committee is scheduled to complete their audit and release the financial statements for posting on their website by the end of December, at which time they will be available to Board members and the general public.

We were able to invest a portion of the money market funds that we were holding into treasuries at favorable rates. The money market rate also increased markedly as well. These two items helped increase the weighted average yield well above this time last year. Due to changes made by the fed, the market is still very volatile, but we continue to look for investments that will help our portfolio.

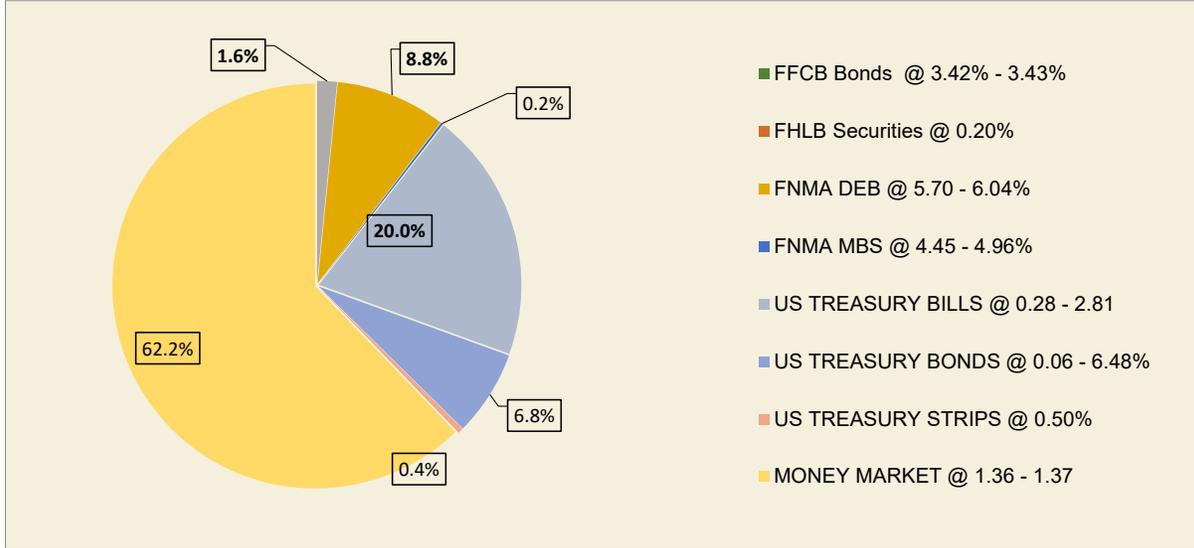
Most of our portfolio at fiscal year-end was still in money market. The treasuries that we were able to purchase are shorter term treasuries. This makes the majority of the Board portfolio either available now or withing the next year.

The first page of the finance dashboard shows the portfolio diversification, the weighted average yield trend and the portfolio maturities as previously discussed. The second page breaks down the maturities by type of investment and date of maturity.

Accounting & Finance Dashboard

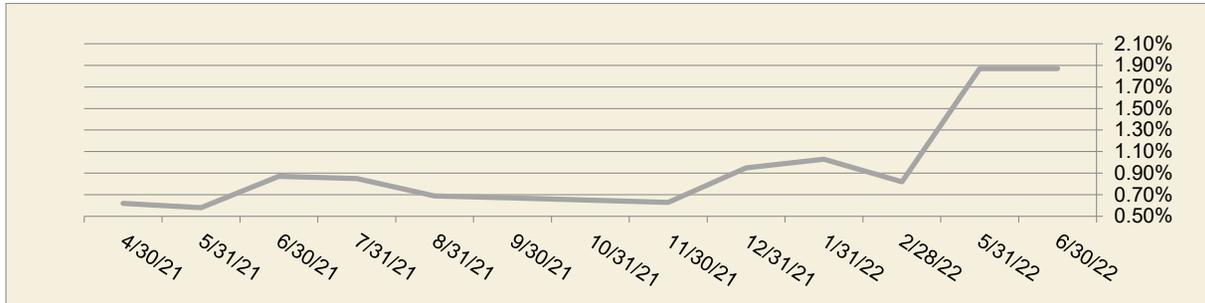
Data as of June 30, 2022

INVESTMENT DIVERSIFICATION



FNMA = Federal National Mortgage Association
 FHLB = Federal Home Loan Bank
 FHLMC = Federal Home Loan Mortgage Corporation
 FFCB = Federal Farm Credit Bank

WEIGHTED AVERAGE YIELD TREND



PORTFOLIO MATURITY

For June 30, 2022

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 87,102,046	\$ 32,106,000	\$ 18,404,000	\$ 2,225,000	\$ 197,656	\$ 53,065	\$ -	\$ 140,087,766

**Montana Board of Housing
Accounting and Finance
Investment Maturity Schedule
June 30, 2022**

Maturity Date	Trustee Bank	Investment Type	Par Value
08/15/2022	US Bank Corporate Tr	T-NOTES & BONDS	3,495,000.00
06/15/2024	Wilmington Trust	T-NOTES & BONDS	1,290,000.00
08/15/2025	Wilmington Trust	T-NOTES & BONDS	4,796,000.00
04/30/2026	Wilmington Trust	FNMA DEB	4,613,000.00
09/27/2027	Wilmington Trust	FNMA DEB	4,070,000.00
11/26/2027	Wilmington Trust	FNMA DEB	3,635,000.00
07/15/2032	Wilmington Trust	FHLMC BOND	2,225,000.00
02/01/2036	Wilmington Trust	FNMA MBS	45,425.38
05/01/2036	Wilmington Trust	FNMA MBS	24,914.83
07/01/2036	Wilmington Trust	FNMA MBS	15,723.56
03/01/2037	Wilmington Trust	FNMA MBS	77,267.56
08/01/2037	Wilmington Trust	FNMA MBS	34,324.48
08/01/2038	Wilmington Trust	FNMA MBS	53,064.52
11/03/2022	Wilmington Trust	T-BILLS	10,100,000.00
12/29/2022	Wilmington Trust	T-BILLS	10,379,000.00
02/15/2023	Wilmington Trust	TSTRIPS	615,000.00
07/28/2022	US Bank Corporate Tr	T-BILLS	97,000.00
11/17/2022	Wilmington Trust	T-BILLS	1,830,000.00
06/15/2023	Wilmington Trust	T-BILLS	5,590,000.00
06/30/2022	US Bank Corporate Tr	US BANK MONEY M	3,060,820.49
06/30/2022	Wilmington Trust	WT GOLDMAN SACH	84,041,225.27
Total			140,087,766.09

FNMA = Federal National Mortgage Association

Fannie Mae

FHLB = Federal Home Loan Bank

FHLMC = Federal Home Loan Mortgage Corporation

Freddie Mac

FFCB = Federal Farm Credit Bank

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Lender Approval – Intrepid Credit Union

BACKGROUND

Intrepid Credit Union was established in Helena in 1936 as "Helena U.S. Employees Federal Credit Union". Since that time, their name has changed a few times, allowing a larger field of membership with each name change, until finally, in 2018, they became Intrepid Credit Union.

Intrepid Credit Union offers its members the latest in technology as well as a full menu of mortgage products, including FHA, VA, RD, Fannie Mae and Freddie Mac loans. They have four full-service locations in Helena and Bozeman.

Intrepid recently hired Tracy Kuehn, who is a longtime lender of Board of Housing programs, she has been working to get Intrepid Credit Union signed up as a participating lender.

All required Errors and Omissions and Fidelity Bond Insurance coverage requirements have been met and per their call reports, Intrepid Credit Union has an equity to asset ratio that complies with the criteria of 6% for MBOH participating lenders.

Their application and financial information are available to Board members for review.

PROPOSAL

Staff requests for the Board to approve Intrepid Credit Union as a participating lender for Montana Board of Housing.

Homeownership Program Dashboard

August 1, 2022

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH*	5.250	5.00	2.50
Market	4.87	5.25	2.64
10 yr treasury	2.68	2.88	1.24
30 yr Fannie Mae	4.51	4.99	2.29

*Current Setaside 5.00, DPA 5.50

LOAN PROGRAMS

	<u>July</u>		<u>TOTAL</u>		<u>ORIGINAL</u>	
<u>REGULAR PROGRAM</u>	<u>RESERVATIONS</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
Series 2022B (since 4.1.22)	33	8,342,526	98	23,236,756	31,203,754	7,966,998
Series 2022A DPA (since 4.1.22)	17	179,052	55	542,974	920,000	377,026
80% Combined (20+)			20	3,653,840	Since July 2021	reg bond funds
<u>SET-ASIDE PROGRAMS</u>						
MBOH Plus	3	20,750	29	190,211	Since July 2021	1,412,186
Set-aside Pool			21	3,464,128	Since July 2021	Pre-Ullman funds
NeighborWorks			5	738,779		
CAP NWMT CLT			1	160,606		
Missoula HRDC XI						
Bozeman HRDC IX			1	222,222		
Home\$tart			5	737,715		
HUD 184						
Dream Makers						
Sparrow Group			1	133,333		
City of Billings			8	1,471,473		
Foreclosure Prevent					50,000	50,000
Disabled Accessible					Ongoing	862,950
Lot Refi					2,000,000	726,440
FY22 Habitat	3	421,743	3	421,743	3,609,900	3,188,157
<u>OTHER PROGRAMS</u>						
Veterans (Orig)	3	852,989	415	81,614,084	Revolving	1,546,591
911 Mrtg Cr Cert (MCC)	3	714,382	161	41,952,668	75,000,000	33,047,332

JUNE CHANGES

2022 YTD

	<u># loans</u>	<u>Princ Bal</u>		<u># loans</u>	<u>Princ Bal</u>	
May Balance	5,067	464,585,903.91		5,113	462,354,775.04	Dec-21
June Purchases (1st)	22	4,669,974.46		178	38,504,952.50	
June Purchases (2nd)	10	97,050.00		92	886,004.85	
June Amortization		(1,382,085.51)			(8,075,474.58)	
June Payoffs (1st)	(39)	(3,258,261.87)		(255)	(28,178,859.60)	
June Payoffs (2nd)	(8)	(39,184.88)		(71)	(413,708.44)	
June Foreclosures	(1)	(92,414.33)		(6)	(496,707.99)	
June Balance	5,051	464,580,981.78		5,051	464,580,981.78	Jun-22

DELINQUENCY AND FORECLOSURE RATES

MONTANA BOARD OF HOUSING

MORTGAGE BANKERS ASSOC. 3/2022

(most recent available)

	<u>Jun-22</u>	<u>May-22</u>	<u>Jun-21</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>
30 Days	1.68	1.36	1.01	1.04	1.20	1.45
60 Days	0.69	0.93	0.76	0.35	0.44	0.53
90 Days	<u>2.28</u>	<u>2.15</u>	<u>4.26</u>	<u>1.21</u>	<u>1.43</u>	<u>1.86</u>
Total Delinquencies	4.65	4.44	6.03	2.60	3.07	3.84
In Foreclosure	0.30	0.36	0.11	0.32	0.28	0.53

LOAN PURCHASES BY LENDER

	Jun-22		2022 YTD		2021	
	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>	<u>1st</u>	<u>DPA</u>
FIRST SECURITY BOZEMAN 061					1	1
1ST COMMUNITY BK GLASGOW 095					5	5
1ST SECURITY BK MISSOULA 133					5	1
VALLEY BANK RONAN 159			2		4	
YELLOWSTONE BANK BILLINGS 161					1	
AMERICAN BANK CENTER 186			1		5	3
STOCKMAN BANK OF MT MILES 524	5	2	29	15	45	27
FIRST INTERSTATE BANK-WY 601	1		4		14	7
OPPORTUNITY BANK 700	4	2	45	25	93	41
FIRST FEDERAL BANK & TRUST 731			1	1	3	1
GLACIER BANK KALISPELL 735	2		7		8	2
WESTERN SECURITY BANK 785			6	1	10	7
MANN MORTGAGE 835	3	1	39	22	62	36
GUILD MORTGAGE COMPANY 842	1	1	11	8	23	22
UNIVERSAL 843	1	1	4	4	31	27
FAIRWAY INDEPENDENT MRTG 847	4	3	15	12	19	18
CORNERSTONE HOME LENDING 850			4	3	7	7
PRIMELENDING 851					1	
BAY EQUITY LLC 853	1		3		13	12
LENDUS LLC 854			5	1	12	5
PARAMOUNT RES MTG GRP 855					1	1
CHERRY CREEK MORTGAGE 856			1		3	1
CLEARWATER FEDERAL C U 901			1		5	
Grand Count	22	10	178	92	371	224

MBOH JUNE PORTFOLIO

	<u># of loans</u>	<u>\$ of loans</u>	<u>% of #</u>	<u>% of \$</u>	
FHA	2,649	296,831,056	52%	64%	
RD	920	94,387,225	18%	20%	
VA	317	42,422,741	6%	9%	
HUD184	38	2,739,614	1%	1%	
PMI	36	2,579,678	1%	1%	
Uninsured 1st	201	19,720,068	4%	4%	
Uninsured 2nd	890	5,900,600	18%	1%	
	5,051	\$ 464,580,982			
June 2021 Balance	5,328	\$ 477,775,364	-5.20%	-2.76%	percent of Incr/Decr
Serviced by MBOH	4,973	\$ 458,371,590	98%	99%	

Weighted Average Interest Rate 3.700%

	<u># of loans</u>	<u>\$ of loans</u>	
0 - 2.99%	1058	\$ 97,272,061	
3 - 3.99%	1698	\$ 209,900,495	
4 - 4.99%	894	\$ 96,524,628	
5 - 5.99%	964	\$ 47,353,396	
6 - 6.99%	392	\$ 12,463,074	
7 - 7.99%	45	\$ 1,067,328	
			<u>rates up to 4%</u>
			2756 \$ 307,172,556
			<u>rates 4% and above</u>
			2295 \$ 157,408,426

Mortgage Servicing Program Dashboard Effective 07/31/22

	Last Year	Last Month	This Month
MONTH	JUN 2021	JUN 2022	JUL 2022
PORTFOLIO TOTAL LOANS	5,045	5,377	5,352
MBOH	4717	5012	4989
BOI	312	308	298
MULTI FAMILY	16	16	16
HAF Homeownership Assistant Fund	NA	41	49
PRINCIPAL (all loans)	\$483,877,634.16	\$524,510,011.93	\$522,945,739.70
ESCROW (all loans)	\$3,797,936.81	\$4,028,949.54	\$4,722,012.68
LOSS DRAFT (all loans)	\$835,886.23	\$709,394.74	\$721,132.94
LOANS DELINQUENT (60+ days)	290	257	244
ACTUAL FORECLOSURE SALES IN MONTH	1	1	1
FORECLOSURES TOTAL CALENDAR YEAR	5	6	7
DELINQUENT CONTACTS TO MAKE	630	698	776
LATE FEES - NUMBER OF LOANS	548	720	703
LATE FEES - TOTAL AMOUNT	\$14,997.35	\$19,273.43	\$19,595.86
PAYOFFS	90	53	49
NEW LOANS/TRANSFERS	76	57	26

2022 Monthly Servicing Report

LOSS MITIGATION	JUL 2022	HUD's National Servicing Center TRSII SFDMS Reporting FY 2022 Q2 Score 93.81% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	1	
REPAYMENT/SPECIAL FORBEARANCE	3	
COVID19 FORMAL FORBEARANCE (JUNE)	93	
HAMPS, PARTIAL CLAIMS & MODS PNDG	8	
CHAPTER 13 BANKRUPTCIES	14	
PRESERVATION PROPERTIES	7	
REAL ESTATE OWNED PROPERTIES	2	
SHORT SALE	0	
DEED IN LIEU	0	

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Tapestry Cost Per Unit & Unit Mix Waiver

BACKGROUND

Tapestry Apartments in Billings was awarded \$6,200,000 2022 tax credits to build 26 family units.

This project has faced numerous cost escalations from labor and material prices increasing from the COVID pandemic and recent inflation. They are requesting a per unit waiver to \$306,000, with the ability to go up to \$320,000 if costs continue to rise. They are also asking for approval of a different unit mix, and removal of the 1st floor parking garage.

<i>Original Application Unit Mix</i>			<i>New Proposed Unit Mix</i>	
Unit Type	# of Units	AMI %	# of Units	AMI %
Efficiency	--	--	1	40%
Efficiency	--	--	4	50%
Efficiency	--	--	1	60%
One-Bedroom	2	40%	1	40%
One-Bedroom	8	50%	8	50%
One-Bedroom	4	60%	3	60%
Two-Bedroom	1	40%	1	40%
Two-Bedroom	8	50%	6	50%
Two-Bedroom	3	60%	2	60%
Total	26		27	

PROPOSAL

Staff has reviewed the updated Uniapp and Market study, and supports the cost cap waiver for this project and proposed unit changes.



Tapestry Apartments Waiver and Modification Request

The Tapestry Apartments development team respectfully requests the Montana Board of Housing's approval to increase the allowable total project cost cap for the project from \$280,000 per unit to \$320,000 per unit. In addition to the total project cost cap waiver request, the development team is also seeking the Board's approval to modify several project elements that will generate significant cost savings and ultimately allow the project to move forward to providing additional affordable housing options to the Billings community.

I. Cost Per Unit Waiver

It is no secret that inflation is running rampant across the United States as we are experiencing increasing costs at the highest rate in over 40 years. The cost of building multifamily housing has certainly not been shielded from the effects of inflation and the related cost increases. Since last summer, when the original Tapestry Apartments application was submitted, costs have gone up dramatically in every sector of the economy. For example, one year ago the average cost of a gallon of gas in Montana was \$3.20. Today the average price is \$4.71 per gallon, an increase of 47.2%. This one example, and the range of building products it impacts is wide – everything from toilet seats, to roofing and flooring and a myriad of products in between are driven up. Inflation is not limited solely to rising fuel and energy costs, that is merely one example. In reality, the cost of essentially everything in the economy has increased this past year.

In the original Tapestry Apartments application, the total project costs were estimated to be \$7,262,664 (\$279,333/unit). As the development team has moved the project forward, the updated cost estimate received from the project's general contractor, Langlas & Associates, Inc. (Langlas) in June 2022 would have resulted in the project having a total project cost of \$9,461,895 (\$363,919/unit). If the Board allows the development team to make the project modifications outlined later in this letter, the development team is confident it will be able to bring the project online for approximately \$8,260,200 (\$305,933/unit). The nearly \$1,000,000 cost increase will be accounted for through increased fundraising and a capital campaign spearheaded by the project Sponsor, Community Leadership & Development, Inc. (CLDI).

II. Podium Parking

The Tapestry Apartments tax credit application included a proposed project design that consisted of a single, 4-story apartment complex housing 26 affordable apartment units (14 one-bedroom units and 12 two-bedroom units). Included in the original design concept were 12 spaces of covered podium parking. The podium parking took up a majority of the first floor of the apartment complex. However, there were also two one-bedroom apartment units located on the first floor. Floors two through four of the apartment complex housed the remaining 24 apartment units.



Earlier this summer, the first round of cost estimates was received from Langlas. To build the original 4-story apartment complex, the construction cost came in at a staggering \$7,130,681 (\$274,257/unit). Upon receiving this initial estimate, the development team paused any further progress from being made and hosted a meeting with Langlas and the project's architect, Collaborative Design, to brainstorm cost savings measures. In this meeting, it was determined that the cost of the podium parking was the lead factor in driving the project's high costs. By removing the entire first floor and converting Tapestry Apartments into a 3-story apartment complex, Langlas projects the cost to construct this new concept to be approximately \$6,017,396, ultimately saving the project \$1,113,285. The removal of the podium parking and the first floor will allow the project to maintain its original level of finishes and will not force the development team to take other drastic measures that would likely sacrifice the quality and desirability of the Tapestry Apartments project.

While the loss of the 12 parking spaces is not desirable, the Sponsor has a ready solution in place. CLDI currently owns the property directly north of the Tapestry Apartments project site. It is CLDI's intent to demolish the existing structure on the north lot and convert the entire parcel into a parking lot. CLDI will commit at least 12 spaces in the new parking lot to the Tapestry Apartments project to replace the lost parking associated with the removal of the podium parking.

III. New Unit Mix

Due to the project's relatively small site, approximately 0.23 acres, the removal of the first floor and the loss of two apartment units required the project architect to alter the floor plans of the "old" second, third and fourth floors to keep a similar unit count as the original project design. In performing this exercise, the architect was able to reconfigure the floor plans and create a new unit mix that consists of 6 efficiencies, 12 two-bedroom units and 9 two-bedroom units. The new layout and proposed floor plans will allow the project to produce one additional affordable apartment unit for a new total of 27 affordable apartment units.

The charts below illustrate the original unit mix compared to the new proposed 27-unit mix along with the AMI targeting for each scenario, as well as the overall AMI targeting.

<i>Original Application Unit Mix</i>			<i>New Proposed Unit Mix</i>	
Unit Type	# of Units	AMI %	# of Units	AMI %
Efficiency	--	--	1	40%
Efficiency	--	--	4	50%
Efficiency	--	--	1	60%
One-Bedroom	2	40%	1	40%
One-Bedroom	8	50%	8	50%
One-Bedroom	4	60%	3	60%
Two-Bedroom	1	40%	1	40%
Two-Bedroom	8	50%	6	50%
Two-Bedroom	3	60%	2	60%
Total	26		27	



Original AMI Targeting			New AMI Targeting	
AMI Targeting	% of Units		% of Units	
40% AMI Units	11.5%		11.1%	
50% AMI Units	61.5%		66.7%	
60% AMI Units	27%		22.2%	

IV. Summary

In summary, the Tapestry Apartments' development team would request that the MBOH approve the total project cost cap waiver and the two project modifications as outlined above. We believe these approvals are reasonable requests in today's construction and economic environment and will not significantly impact the quality, nor the viability of the Tapestry Apartments. If the requests are approved, the development team will be able to continue to move the project toward a groundbreaking and to most importantly one day providing the community of Billings with additional safe, *quality* affordable housing stock.

We greatly appreciate your time and consideration of these requests. We are happy to answer any questions you may have.

Sincerely,

Eric C. Basye
Executive Director
Community Leadership & Development, Inc
Cell: 406-861-1528
Office: 406-256-3002, ext. 201

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Blackfeet Homeownership Conversion Request

BACKGROUND

Blackfeet Housing is requesting that two LIHTC properties be allowed to convert to Homeownership. These properties did initially indicate in their original tax credit application that they would request Homeownership conversion at a later date. The tenants were given lease/purchase agreements, with the lease payments going towards the purchase of the home.

The following items are attached to this memo and were required upon request:

- Narrative with justification of request, maintenance plan, equity limitation with sale
- Proof of tenant's completion of Homeownership Course
- Inspections done by our compliance team to verify condition of units, and repair to any findings

Properties:

- Country Estates, Browning, 35 SFR, End of Extended Use Period 2049
- South Flat Iron Estates, Browning, 20 SFR, End of Extended Use Period 2047

PROPOSAL

Staff supports the conversion to homeownership.



Robert Crawford
Blackfeet Homeownership
1200 SW Boundary Street
Browning, MT 59417
(406) 338-5031 ext. 269
rcrawford@blackfeethousing.org

16th June 2022

Nicole McKeith
Montana Housing
(406) 841-2845
nicole.mckeith@mt.gov

To all concerned,

On behalf of the Blackfeet Housing and all of the participants involved in this project, thank you. We would also like to congratulate our tribal members on this great accomplishment. We are excited to assist as they transition into homeownership.

The goal is to convey the Country Estates and South Flat Iron communities from Blackfeet Housing to the individual tribal members fully and completely. We will outline the steps and ways this will be accomplished.

Blackfeet Housing Narrative:

- Equation for the valuation:
 - (1 year gross rent X 15 year lease purchase agreement = Purchase price). This determination is based on the lease purchase itself. The lease purchase spells out that the renters become homeowners after paying rent for 15 years. It follows that the valuation of the properties be based on the same math. (Please see attached lease purchase example).
 - As for tribal members who have not met the 15 years required to complete the lease purchase agreement, they can continue to pay the monthly rent to Blackfeet Housing.
 - Tribal members who have not met the 15 years required in the lease purchase agreement may purchase their home with a mortgage if they take the Pathways



Home Buyers program. They are eligible for the Section 184 HUD loan and the purchase price would be based on the same math as the lease purchase.

- The long term maintenance plan and options for homeowners.
 - As made clear in the “Exit Class,” Homeowners will be required to budget and make all arrangements to complete their own home repairs at their own expenses.
 - When this is not possible Blackfeet Homeownership will assist homeowners find help as outlined below.
- Homeownership Coordinator (Robert Crawford)
 - The tribal members have access to the Homeownership Coordinator, this department offers education, access to grant programs, self-help education and resources, and mortgage based homeownership resources.
 - The tribal members are not allowed access to this resource unless the properties are conveyed.
- Pathways to Homeownership class
 - We will require all tribal members to take the Pathways Home Homeownership class offered by Housing through the Homeownership Program.
- ROSS Program (Robert Crawford)
 - The ROSS Service Coordinator (Robert Crawford) will assess the needs of residents of tribal communities and coordinate available resources in the community to meet those needs. This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.
- Self-Help
 - The self-help program will offer excess building materials purchased by housing to homeowners at housing cost so they may complete the repairs themselves out of pocket at a greatly reduced cost. We will require that the tribal members have the project inspected before and after to discourage misuse.
- Grants and Low income loans
 - The Home Improvement Program (HIP) Grant will be offered to our low income homeowners. This grant is for low income homeowners to help with repairs all the way up



to total rebuilds. The grant is made available by the Blackfeet Tribal HIP Office under the directions of Hardee Skunkcap.

- USDA 504 Grant and home improvement loan for low income. This grant and loan is available for elders over the age of 62 and caps at \$20,000 with \$10,000 as a grant and \$10,000 as a loan. The loan portion is to be paid back over 20 years at 1% interest.
- USDA 504 Low Income Loan is available all for homeowners under 62 years old who qualify as low income and it caps at \$20,000. This loan is paid back over 20 years at 1% interest and is facilitated by Cindy Coleman with the USDA office in Billings.
- Homeowners Assistant Fund (HAF) Grant provides funds for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship. Blackfeet Housing will be the point of contact for this program.
- Long term help
 - All tribal Homeowners will have access to the homeownership program. This will include access to:
 - Self-help counseling
 - Low income grants counseling
 - Credit counseling,
 - Family budgeting
 - One-on-one meetings with the Homeownership coordinator to assist with all of their needs.
 - ROSS program for job training assistance
 - Manpower and Housing MOU helping lowing tenants and homeowners with job training and placement.
- Waiver of Liability
 - Tribal members will be required to sign a liability waiver with Blackfeet Housing and give a written plan on how they will maintain the property on their own. This was explained in the exit class and is needed to help tribal homeowners break ties with housing and fully transition to the Blackfeet Homeownership Program.
- Blackfeet Housing Maintenance
 - As a last resort, if all other options for home maintenance have been exhausted, Blackfeet housing will inspect and repair properties conveyed to tribal members in this program. This will be funded from our general fund.
- History of request for homeownership



The history of this request is based on the history of homeownership and desire to live as free as our ancestors have for the past 17,500 years. Homeownership is in our DNA.

Starting in the early 2000s the Blackfeet Nation established a lease purchase option to homeownership. This established multiple communities on the Reservation. The conditions of the Lease purchase hold that the tribal members pay into the lease for 15 years and at the end of the term the homes would be conveyed to the tribal members for the rent paid to Blackfeet Housing under the lease purchase agreement. The Tribe reached out to the State for assistance with this project and the State agreed to help.

The terms of the agreement have been met by the tribal members and therefore Blackfeet Housing and Homeownership ask that all parties assist in this historic moment and ensure that this project be completed with speed and accuracy.

- Due diligence of the transition and future plans for the homes.
 - Assuming the valuation put forth in this narrative is agreed to, the tribal members would be the recipients of built in equity of their homes. It would seem most desirable to ensure that the valuation be approved to preserve this equity and enhance stability in the community.
 - We would ensure that the community adhere to the standards set forth in the tribal land lease to preserve the built in equity.
 - We would ensure that the new lease contains provisions ensuring all new construction be approved by a housing inspector and all building plans be reviewed and approved by the housing building department architect.
 - To ensure that the properties are not sold for equity immediately after they are conveyed we will ensure that the new home site lease requires that the house be sold to Blackfeet Housing, or another tribal member for what they paid in the first year. Sales by the homeowner before the first year would require that the new homeowner forfeit the built in equity.
 - Refinancing to withdraw equity will be prohibited for the first 5 years or until the sale of the property, this would be set forth in the tribal lease.
- Check-in sheets from homeownership classes
 - We have included the list of attendees for the exit classes.
- Status of inspection items and fixes from our Housing Inspection
 - Please find the status report for the Housing Inspection attached.



In conclusion there are far more resources for tribal members to maintain their new homes in the Homeownership Program than under Housing's limited resources, labor and funds. Therefore, it is the professional opinion of Blackfeet Housing and the Homeownership Coordinator that our tribal members have their homes conveyed to them. Additionally, it is recommended the above properties have all restrictions removed to allow the tribal members access to all available resources.

Very respectfully,

Robert J Crawford
Blackfeet Housing
Homeownership Coordinator
(406) 338-5031 ext. 269
rcrawford@blackfeethousing.org

Attached items (4): Exit class attendance list (1), inspection and repair report (1), lease purchase examples (2)



Exit class attendees:

LP#1

Unit #: Name:

- 5701.01 Shawn Lahr
- 5703.01 Clifftin/Thomalita Bullshoe
- 5704.01 Norbert Redcrow
- 5705.01 Alfred/Mona Embody
- 5707.02 Teresa Racine/Clint Valandra
- 5708.01 Chris Arrowtopknot
- 5710.01 Daryl/Angela Butterfly
- 5711.01 Raymond Montoya
- 5712.01 Charles/Sue Morgan
- 5713.02 Jess Edwards
- 5714.01 Ronnie Racine
- 5715.02 George Woodward
- 5716.01 Chris Butterfly
- 5718.01 Antoine/Irene Pepion
- 5719.01 Ann Pambrun
- 5720.04 Clarissa Wagner

LP#2

Unit #: Name:

- 5801.01 Angel Big Beaver
- 5802.02 Wilma Fleury
- 5805.01 Heather/Mike Tatsey
- 5811.02 Angie Pepion
- 5812.01 Gail Oscar
- 5813.03 Dana/Phillip Sure Chief
- 5815.01 Karcem Baker
- 5816.02 Francis/ Rayine Aimsback
- 5817.02 Robert/Jenny Weasel Head
- 5818.01 Melveena Malatare
- 5820.02 Caroline/Pierson Gallineaux
- 5921.02 Lucy LaPlante
- 5822.01 Jessica Burke
- 5823.02 Jeffery/Quintel ArrowTopKnot
- 5825.04 Annette Wells
- 5826.01 Michelle Matt
- 5827.01 Lynn Mad Plume/ Diana Burd



5928.01 Charlene Oldchief
5829.03 Constance/Kenneth Crawford
5830.02 Shelly Oldchief/ Dale Weasel Head
5832.02 James Russell

SCOTT OSTERMAN
DIRECTOR



GREG GIANFORTE
GOVERNOR

August 1, 2022

Blackfeet Housing Authority
Attn: Mary Gordon
1200 SW Boundry Street
Browning, MT 59417

Re: Compliance Inspection – South Flat Iron & Country Estates

Dear Mary,

On February 28th and March 1st, 2022, a 100% inspection was conducted on the buildings, units, and sites of South Flat Iron and Country Estates (LP1 & LP2). We appreciate the efforts your staff have made in addressing our findings in a timely manner. Given that certain items may be on back-order for a substantial length of time, we are comfortable with closing-out this inspection contingent on the following actions:

- Development of an on-going maintenance plan to address the remaining issues identified during our inspection.
- Continued periodic communication regarding implementation of maintenance plan until which time the remaining issues identified during inspections have been completely resolved

Please feel free to contact me with any questions that you might have.

Best regards,

STEVEN WHITE
Compliance Specialist

MONTANA HOUSING

DEPARTMENT OF COMMERCE
T: 406.841.2795 | F: 406.841.2840
COMMERCE.MT.GOV | HOUSING.MT.GOV

CC: Dawn Whitford; Dale Marceau



9% Active Tax Credit Projects

<u>Project</u>	<u>City</u>	<u>HC Year</u>	<u>Developer</u>	<u>Status</u>
Riverview Apts	Big Sky	2022	Blueline	Ground Breaking Summer 2022
Bicentennial Apts	Dillon	2022	Dawson Holdings	Under Construction
Baatz Block Apts	Great Falls	2022	Homeword	Rehab Planned Start for Early 2023
Tapestry Apts	Billings	2022	CLDI	Construction planned for Fall 2022
Junegrass 4/9	Kalispell	2022	GMD/ Homeword GL/North Fork	Under Construction
Laurel Depot*	Laurel	2021	Development	Under Construction
MRM Unified Campus*	Billings	2021	MT Rescue Mission	Demolition in Process
Jackson Court*	Billings	2021	GL Development Apsaalooke Nation	Under Construction
AHNA LIHTC 1*	Crow Agency	2021	Housing Authority	Closing Fall 2022
Creekside Commons	Kalispell	2021	Housing Solutions	Construction planned for Fall 2022
Crowley Flats	Lewistown	2021	Homeword	Under Construction

Private Activity Bonds/ 4% Tax Credits

<u>Project</u>	<u>City</u>	<u>Amount</u>	<u>Developer</u>	<u>Status</u>
2022				
Comstock I, II & III	Bozeman	\$ 15,000,000.00	Devco Preservation	Waiting for Full App
Spruce Grove*	Laurel / Bridger	\$ 7,000,000.00	GL Development	Under Construction
Bridger Peaks	Bozeman	\$ 8,500,000.00	Devco Preservation	Closed End of June
2021				
Highland Manor	Havre	\$ 3,000,000.00	Echo Enterprise	Working towards bond issuance
Castlebar	Bozeman	\$ 15,000,000.00	Devco Preservation Blueline, Missoula	Under Construction
Villagio*	Missoula	\$ 43,000,000.00	Housing Auth Summit Housing	Under Construction
Bitterroot Valley Apartmer	Hamilton	\$ 6,000,000.00	Group Blueline, Homeword, Missoula Housing	Under Construction
Trinity *	Missoula	\$ 36,000,000.00	Authority HRDC/Good Housing	Under Construction
Boulevard	Bozeman	\$ 7,000,000.00	Partners HRDC/Good Housing	Under Construction
Darlington Miles Sherwood	Bozeman	\$ 30,500,000.00	Partners	Under Construction

* Received ARPA SLFRF Gap
Financing

Multi-Family Loan Programs

8/1/2022

Coal Trust Loans

Available Balance \$ 106,396.00

Loans in Process:

Highland Manor	\$ 1,132,000.00
Oakwood Village	\$ 3,600,000.00

Housing Montana Fund

Available Balance	\$ 452,894.00
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TANF

Available Balance	\$ 513,475.00
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RAM

Active Loans		46
Outstanding Balance	\$ 1,416,843.00	
Available Balance	\$ 1,716,669.00	

BOARD AGENDA ITEM

PROGRAM

Operations / Executive Director

BOARD MEETINGS

The next scheduled board meeting is September 13, 2022 and will be held in-person in Great Falls at the Heritage Inn and virtually via Zoom.

BOARD TRAINING OPPORTUNITIES

Board members are strongly encouraged to participate in the following upcoming events:

- September 12, 2022, Board training / strategic planning in Great Falls at the Heritage Inn.
- 2022 NCSHA Annual Conference & Showplace, October 22 – 25 (Houston, TX). Registration is now open. The [NCSHA Annual Conference](#) has traditionally included sessions specifically for board members, including board governance and related topics. Please contact Kylee Hughes, Executive Assistant, at Kylee.Hughes2@mt.gov to register.

CONTRACTS / PROCUREMENT

- All contracts that were due by fiscal year end - June 30, 2022 - have been executed.

GSE SELLER/SERVICER UPDATE

- July 28, 2022 – quarterly operational check in with Freddie Mac.

PERSONNEL UPDATE

Montana Housing is in various recruitment stages for the following permanent positions:

- Loan and Bonds Specialist
- Multifamily Program Manager
- Reverse Annuity Mortgage Specialist
- Administrative Supervisor

New team members:

- Natalie Lisko started in the Community Housing team as a Program Specialist.
- Tessa Elford shifted from an Administrative Specialist to a Compliance Specialist position with our Multifamily program. Steven White, who was in this position, moved to Chicago. We wish Steven well in his future endeavors.
- Kinsey Super shifted from a Loan & Bond Specialist in our Homeownership program to a Contract Manager with the Housing Choice Voucher program.
- Taylor McMillin accepted the Contract Manager position with Housing Choice Voucher program.
- Corina Kerins accepted the Program Specialist position with Project Based Section 8.
- Chris Ryan accepted the Loan & Bond Specialist position in Mortgage Servicing.
- Katelyn Reich accepted the Loan & Bond Specialist position in Mortgage Servicing.

BOARD AGENDA ITEM

- Heidi Buchanan (who was previously in Servicing as a Loan & Bond Specialist) shifted to the Investment Accountant under the Board of Housing in Management Services.

EMERGENCY RENTAL ASSISTANCE UPDATE

- Through July 2022, we have awarded over \$71.6 million in rent and utility assistance. The average award – including continued assistance – is now over \$8,100 per approved household. Approximately 1,300 applications are currently under review.
- Staff has demonstrated responsible public stewardship of these funds. Approximately 2,200 potentially fraudulent applications requesting over \$39.6 million in assistance have been flagged, isolated, and ultimately denied.

HOMEOWNER ASSISTANCE FUND UPDATE

- As of July 31, 2022, HAF has funded \$520,479.63 in reinstatement loans for 52 Montana Housing borrowers in our pilot program.
- We launched the statewide Montana Homeowner Assistance Fund program on July 5, 2022.
- As of July 31, 2022, HAF made the program's first Lien Prevention payment to help a homeowner prevent the placement of a lien on their home.
- Staff is continuing to test the online application for mobile capacity and are working daily with the vendor to identify ways to better the online experience for our end-users.

EXECUTIVE DIRECTOR UPDATE

- We encourage all of our development partners to share details about your upcoming groundbreaking and grand openings so we can amplify your achievements in Montana Housing staff and board meetings. To start, a big congratulations to Fire Tower Apartments in Helena on their recent grand opening event: [Helena Ribbon Cutting - YouTube](#)
- State of Montana ROWS / Telework roll-out.
- Governor's [Housing Task Force](#)
- Discussion: Board member preferences for 2023 Board Meetings (virtual, in-person and/or hybrid).