

Missoula City Council Committee of the Whole Minutes - DRAFT

**April 13, 2022
1:05 PM
ZOOM Webinar**

Members present: Stacie Anderson, Mirtha Becerra, Daniel Carlino, John P. Contos, Mike Nugent, Jennifer Savage, Amber Sherrill, Sandra Vasecka, Heidi West

Members absent: Jordan Hess, Gwen Jones, Kristen Jordan

1. ADMINISTRATIVE BUSINESS

1.1 Roll Call

1.2 Approval of the Minutes

The minutes were approved as submitted.

2. PUBLIC COMMENT

No comment from public present.

3. COMMITTEE BUSINESS

3.1 Contract for Scott Street Community Land Trust Loan

John Adams presented Scott Street Community Land Trust Development loan to Ravara Development acting as a pro bono master developer.

The Scott Street parcel was purchased in 2020. Ravara purchased 6 acres to construct market-rate housing and will assist in designing affordable housing to be placed in the community land trust. The city donates land, Ravara serves as master developer, and the NMCDC administers the community land trust. There will be restrictions on land resale so that the houses remain affordable.

The city provides a "soft cost loan" as initial funds to build the units. As units are sold, those proceeds are used to build subsequent units. Once over fifty percent of the units have been sold, then additional unit sales will be used to repay the commercial construction and city loans.

Amber Sherrill appreciated the flow chart of how funding will be contributed. Can we clarify what 120% of Area Median Income benchmark? Heidi West said that it would be helpful to refer to what 120% of AMI is in the Missoula community, as there is a gap between 120% of AMI and ability to buy houses.

Bob Oaks from the community land trust spoke to the AMI issue, in that those who make up to 120% AMI in our community "don't even come close" to being able to afford to purchase homes in Missoula by providing affordable housing for the missing middle.

Heidi West asked about the repayment period ending in 2025-26 and what interest would likely be contributed to the Affordable Housing Trust. John Adams responded that the interest is nominal and a small hedge against inflation, and that the time period for repayment is based on sales.

Heidi West asked about what the security attached to the loan is. John Adams answered that it is basically the work product that Ravara is providing is the security; the land can't be used as it is already owned by the city.

Heidi West asked about the letter of intent committing all the land to affordable housing. Dale Bickell answered that due to the unprecedented housing circumstances the city may need to add additional subsidies or revise the letter of intent, but nothing is set yet as the architects have not begun working on this.

Heidi West is concerned about the repayment plan to ensure that there is enough equity in the project to make sure that the loan is repaid even if the city is third in line after additional construction and the construction loans. Dale Bickell said that we can provide additional details, but since the city is acting as a developer and providing the land there is some risk and this is about a \$23 million project.

Jennifer Savage asked about the division of the original parcel. John Adams responded that the original parcel was about 19 acres, divided in half with the west side as industrial-commercial and the east half as affordable housing. The east half will be divided with 3 acres to the community land trust and 6 acres to the Ravara development.

Jennifer Savage asked what the west half will be used for. John Adams and Dale Bickell responded that currently there are limitations on use due to the DEQ remediation. Originally, this land was going to be used for Public Works needs, which are currently being reevaluated.

Mike Nugent mentioned that AMI would be about \$83,000 a year. Household size factoring into first time buyer programs is for family of two is \$72,000; family of three is \$81,000; and family of four is \$90,000.

Sandra Vasecka asked if we were only charging 1.5% interest when inflation is at 8%. John Adams commented that was true, but that it is the city's money.

Heidi West commented that this project will require additional subsidies down the road and also that this is using a disproportionate amount of the trust to this area.

John Adams mentioned that the initial soft loan funds are coming from the city treasury.

Amber Sherrill spoke in support of these kind of investments for providing affordable housing with tax increment financing.

Sandra Vasecka will not be supporting this due to concerns regarding the interest rate and inflation.

Moved by: Daniel Carlino

Approve and authorize the Mayor to sign the Scott Street Community Land Trust Soft Costs Loan Agreement between City of Missoula and Ravara Development, LLC in the amount of \$479,435.

AYES: (8): Stacie Anderson, Mirtha Becerra, Daniel Carlino, John Contos, Mike Nugent, Jennifer Savage, Amber Sherrill, and Heidi West

NAYS: (1): Sandra Vasecka

ABSENT: (3): Jordan Hess, Gwen Jones, and Kristen Jordan

Vote results: Approved (8 to 1)

3.2 Referral-Unified Funding Round- Affordable Housing Trust Fund Recommendation

Emily Harris-Shears with CPDI brought a funding recommendation from the Affordable Housing Trust Fund (see presentation and video). One recommendations request is being requested today due to an expedited timeline, others will be brought to council in May. Six projects were eligible and were scored by a team of city council members and staff. Recommendation for providing Habitat for Humanity funding of \$190,250 for current project.

Stacie Anderson commented that as applicants know the timeline when applying, it would be a better use of staff and council time for all projects to be brought before council at the same time. Emily Harris-Shears commented that due allowing all on-going and new projects is that we need to be nimble to accommodate project needs.

Stacie Anderson asked about ownership and depreciation on the trailer projects. Emily Harris-Shears said she would check on the land ownership model being used here.

Mike Nugent asked if these were modular or trailer homes; as modular homes meet different code and loan standards. Emily Harris-Shears responded that they are modular homes from a different project.

Heidi West asked whether or not Habitat finances the homes or they are expected to be financed through commercial lenders. Emily Harris-Shears responded that she believes it is internal funding but will ask.

Moved by: Heidi West

Approve the funding recommendation for Habitat for Humanity to receive \$190,250 from the Affordable Housing Trust Fund to implement the Modular Home Project.

AYES: (9): Stacie Anderson, Mirtha Becerra, Daniel Carlino, John Contos, Mike Nugent, Jennifer Savage, Amber Sherrill, Sandra Vasecka, and Heidi West

ABSENT: (3): Jordan Hess, Gwen Jones, and Kristen Jordan

Vote results: Approved (9 to 0)

4. ADJOURNMENT

Stacie Anderson adjourned at 2:03.