

Affordable Housing Resident Oversight Committee Minutes - DRAFT

January 31, 2023, 6:00 PM

Jack Reidy Conference Room (in person) or TEAMS (virtually)

Attend in person: Jack Reidy Conference Room, 140 W. Pine, Missoula, MT

Voting members present: Gwen Jones, Paul Herendeen, Banking/Finance Representative, Sam Oliver, Riley Jacobsen, Julie Pavlish, Menodora LeMaster, Emily Shankle, Frank Reed, Alternate 1

Voting member(s) absent: Jordan Hess, Mayor, Christine Littig, Community Member, Elena Montervino

Alternate(s) absent: Colin Lane, Alternate 2

1. LAND ACKNOWLEDGEMENT

2. CALL TO ORDER

Meeting called to order at 6:07pm

2.1 Roll Call, determination of quorum

3. APPROVAL OF PRIOR MEETING MINUTES

4. PUBLIC COMMENT ON NON-AGENDA ITEMS

5. FINANCIAL REPORTS

Members and attendees introduced themselves.

6. ACTION ITEMS

6.1 Reserve Balance Funding Application Review for NeighborWorks Montana

Meeting started at 6:05pm

Emily Harris-Shears provided overview of the reserve balance for current and newer members. The reserve balance is an amount of budget in the Affordable Housing Trust Fund, that is set aside each year, and is not competitively awarded. The purpose of the reserve balance is to be able to respond to emergent and urgent projects, that if were to wait to the competitive round, they would likely miss their opportunity to purchase, acquire, etc.

The Affordable Housing Trust Fund received an application from NeighborWorks Montana to acquire a mobile home community, for a resident owned community project. As they outlined in the memo that was shared, the timing of this project is to close in mid March of 2023. The Affordable Housing Trust Fund is currently in a competitive award cycle of the unified round. Kaia Peterson, Executive Director with NeighborWorks Montana, was advised to apply for the reserve balance, so they would not lose this opportunity. NeighborWorks Montana has requested \$181,550. This request is to support the purchase of a 24 unit manufactured home community in the Franklin to the Fort neighborhood. The request is a request of the full reserve balance, and if this request is

award, there will be no funds left in the reserve balance, until there is another allocation. The reserve balance is expected to receive additional funds for the reserve balance from the sell of City-owned land, later in 2023. From a staff perspective, the reserve balance is to be utilized to preserve housing in our community. Staff stated that there is no concern of a \$0 balance for a period of time. NeighborWorks Montana's request aligns to our goals of a place to call home, supports some of our key goals around supporting tenants, and reducing barriers to be able to acquire or preserve housing. Staff feels they can turn the contract around through council process in a 4 week period, in time for closing.

Paul Herendeen expressed concern of \$0 balance in the reserve balance, in case other projects come up between the next allocation. He asked Kaia Peterson if the full amount requested is necessary to make this project happen or is there in room in the amount requested? Kaia Peterson responded that the more money they put into the project, the lower the rent is for the residents. She continues to explain the different funding options they were originally projecting and the impacts to the residents.

Riley Jacobsen arrived at 6.15pm

Frank Reed asked how secure are the rest of the finances and will this make this project a done deal? Kaia Peterson responded that the rest of the funding for this project has not been formally approved, but all other funding partners have reviewed the project. The scope of the project and financials are well within the scope and should be approved. The final vote will go back to the residents, as they get the final decision. This funding would not be the absolute yes for this project being approved, but would allow the other pieces to move forward. The worst case scenario, if NeighborWorks Montana did receive these funds, and the residents choose to not approve, the funds would be returned to the Reserve Balance.

Gwen Jones asked the primary loan could be refinanced by the residents in future, at a lower interest rate, providing residents more financial breathing room? Kaia Peterson responded saying that the residents can refinance. The primary loan includes funding and technical assistance. If they were to borrow from a local lender, the loan packages would not be an apples to apples comparison. Residents can refinance at any time with no penalties. The main goal is to support the residents in the best affordability and sustainability they can retain.

Riley Jacobsen made a motion to recommend this reserve balance application to City Council.

Sam Oliver seconded the motion.

Frank Reed asked if the residents have the ability to meet the responsibility of project and if there are any mechanisms to ensure they do? Kaia responded that when they spoke to the residents initially, they were made aware they were expecting the lot rent to increase and that residents still wanted to move forward. Based on market research, the residents will experience these rent increases upfront to cover transaction and debt service costs, and after about 5 years, the costs will become stable over time and their rents are below market. The residents do not gain equity, as this is a zero equity cooperative structure, where they do have an opportunity for wealth and asset growth in their home, as they own their homes.

Julie Pavlish asked if residents provided documents of strong rental history and financial payments? Kaia responded that NeighborWorks Montana conducts a full real estate assessment, including several different financial histories, which are built into their projections.

Frank Reed asked to clarify if the requested amount would be transferred back or released from a hold for NeighborWorks Montana? Kaia responded that the requested funds would be held for the acquisition, at the time of closing, not for the predevelopment stage. If the residents do not wish to move forward, the funds will remain in the reserve balance.

Paul Herendeen asked staff when the next allocation would occur with the sell of the City-owned land? Emily Harris-Shears responded that the Sleepy Inn property has been listed and projecting the allocation could be expected in the early Spring, and the next round would occur in the Summer.

Sam Oliver asked what the contribution would be to the fund if the Sleepy Inn were to sell? Emily Harris-Shears responded that they would have a full contribution going into the Affordable Housing Trust Fund and that amount was appraised about just under \$1 million dollars.

Frank Reed asked what is the current balance in the trust fund? Emily Harris-Shears responded that the current balance in the unified fund is \$731 thousand dollars and explained why the balance had increased since the Fall of 2022.

Riley Jacobsen expressed his enthusiasm and excitement for applications like NeighborWorks Montana, and how residents have a more decision in their housing and stability.

Emily Shankle asked why NeighborWorks Montana 2022 fiscal budget was larger than their grant incomes and how were those funds used? Kaia responded that 2022 was significantly larger budget availability due to COVID and ARPA funding, as well as gap funding from NeighborWorks Montana as the funding source for large development affordable housing projects.

Menodora LeMaster expressed that helping to fund tenant purchases is the most effective use of the trust fund.

Julie Pavlish expressed support for the NeighborWorks Montana project, with the understanding that it will bring the reserve balance to \$0 and other projects that arise over the next few months will not be reviewable. Funding and securing more diverse projects in our community is a proactive move.

Gwen Jones clarified that the Sleepy Inn is not listed yet, but is in process to be listed.

Motion voting.

Motion to approve the funding for NeighborWorks Montana to receive \$181,550 from the reserve balance of the Affordable Housing Trust Fund was Approved.

Moved by: Riley Jacobsen

Seconded by: Sam Oliver

I move to approve the funding request for NeighborWorks Montana to receive \$181,550 from the reserve balance of the Affordable Housing Trust Fund

AYES: (8): Gwen Jones, Paul Herendeen, Banking/Finance Representative, Sam Oliver, Riley Jacobsen, Julie Pavlish, Menodora LeMaster, Emily Shankle, and Frank Reed, Alternate 1

ABSENT: (3): Jordan Hess, Mayor, Christine Littig, Community Member, and Elena Montervino

Vote results: Approved (8 to 0)

7. **INFORMATIONAL ITEMS**
8. **COMMITTEE MEMBER COMMENTS**
9. **STAFF COMMENTS**
10. **ANNOUNCEMENT OF NEXT MEETING DATE/TIME**
11. **ADJOURNMENT**

Gwen motion to adjourn. Sam Second.