

Scott Street Workforce Housing Project

Missoula City Council

Housing, Redevelopment & Community Programs

February 28, 2024

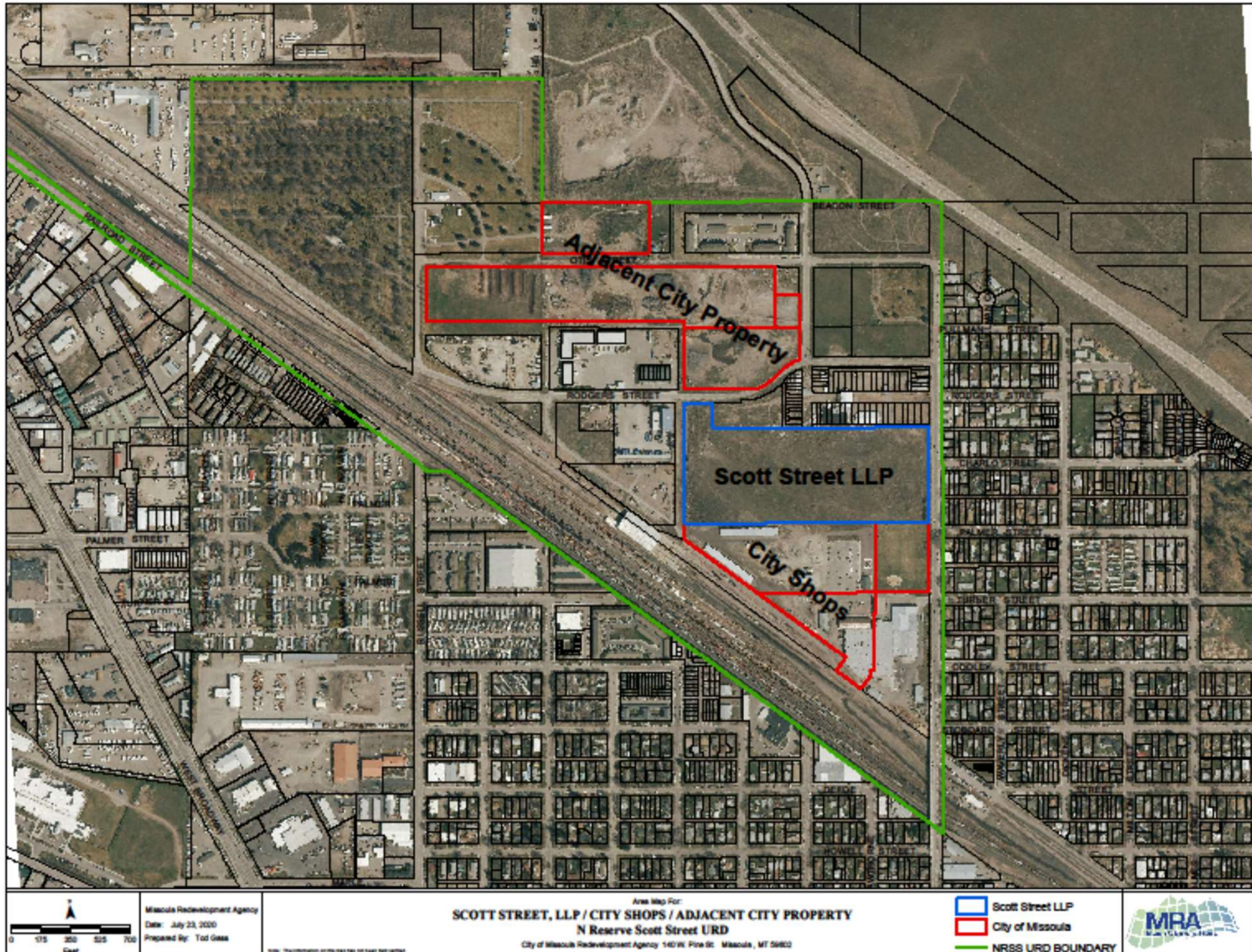
Outcomes

- Home Ownership Parcel
 - 46 homes permanently reserved for income-qualified buyers
 - 43 market-rate homes
 - First application of MRA Workforce Housing Program
- Streets, sidewalks, lighting, and utilities
 - Extend the street grid
 - Boulevard sidewalks
 - Scott Street cycle track
 - New bus stop
- Market-rate (as currently planned)
 - Childcare
 - Neighborhood services
 - 200-225 rental units

City Components

- MRA funding to support
 - Streets, water, sewer, sidewalk, lighting, Scott Street improvement, bus stop
 - \$3 million contribution to income-qualified workforce housing
- Donate the workforce housing parcel to NMCDC's community land trust
- Sell the market-rate parcel
 - Activity space easement for workforce housing
 - Contribute the proceeds to the construction loan
- Collateralize the northwestern portion of the Scott Street Parcel to secure construction loan

Scott Street Parcel



Resolution 8496 (2021)

- Authorized the sale and/or donation of the 9 eastern acres of the Scott Street Parcel
- Letter of Intent (project framework)
 - Ravara to serve as master developer
 - Robust public engagement process
 - MRA to construct Infrastructure
 - Home Ownership Parcel
 - Market-Rate Parcel sold

Three Projects (+2)



Implements community planning

- North Reserve – Scott Street URD Master Plan
 - “Developments will also include a mix of subsidized affordable housing and market-rate workforce housing.”
 - “Neighborhood Retail includes small scale commercial uses....”
- City Housing Policy
 - Support and utilization of community land trusts.
 - “Leverage City land donation and profits created by housing development to catalyze a nonprofit-led, mixed-income development model that will create a significant number of new, deeply subsidized homeownership opportunities while also significantly adding to the moderately priced market rate housing stock.”
- Northside/Westside Neighborhood Plan
 - “Desirable development for the north end of Scott Street includes small retail offices (offering neighborhood convenience needs for the large residential population nearby) and mixed use.”

City Council Resolution 7861

Now therefore be it resolved by the Missoula City Council that residential use is a valuable, viable, and anticipated land use for the vacant portion of the White Pine Sash Facility; and

Be it further resolved that the Missoula City Council requests that the DEQ recognize residential use –among a mix of residential and commercial/industrial activities – in its cleanup plan and final remedy...

2014

Missoulian

Neighbors want DEQ director to ensure complete White Pine cleanup



MARCH 31, 2014 6:15 AM • BY KEILA SZPALLER

The call to clean up the White Pine Sash Superfund site so it's safe enough for homes is imploring top political echelons.

Last week, the Missoula City Council unanimously adopted a resolution calling on the Montana Department of Environmental Quality to order a cleanup that recognizes residential use.

Councilors Bryan Von Lossberg and Bryan Wiener sponsored the measure Friday, Wiener said.

note of DEQ director Tracy Stone-Manning's record in Missoula

MISSOULIAN EDITORIAL: Support full White Pine Park cleanup

4/11/2014

Missoulian

MISSOULIAN EDITORIAL: Support full White Pine Park cleanup

2 HOURS AGO

Missoulians have enough experience with Superfund sites to know that cleanup opportunities don't come along every day.

That's why it's of the utmost importance for everyone to understand that once remediation of the White Pine Sash site is completed, that's it. If it's only cleaned to meet the standards used for commercial and light industrial purposes, that's how it's going to stay. If, down the road, anyone wishes it cleaned to meet higher residential standards, there won't be an opportunity to go back and do that.

2014



Select Council Actions

Year	Topic	Council Action
2000	Northside/Westside Plan calls for mixed use at Scott Street Parcel	Resolution 6335
2004	White Pine Park cleanup grants accepted	Resolution 6815
2014	DEQ should clean Scott Street Parcel to permit housing	Resolution 7861
2014	Determination of blight in North Reserve-Scott Street area	Resolution 7865
2015	Establishment of North Reserve-Scott Street Urban Renewal District	Ordinance 3534
2015	Our Missoula Growth Policy	Resolution 8027
2017	North Reserve-Scott Street Master Plan adopted	Resolution 8135
2019	City Housing Policy adopted	Resolution 8373
2020	Scott Street Parcel purchase authorized	Resolution 8443
2021	Framework for Scott Street Parcel redevelopment, authorization for property conveyance	Resolution 8496
2022	Infrastructure reimbursement for Scott Street Parcel	Motion
2022	Soft-cost Loan for Home Ownership Parcel	Motion

Local Context for Homeownership Need

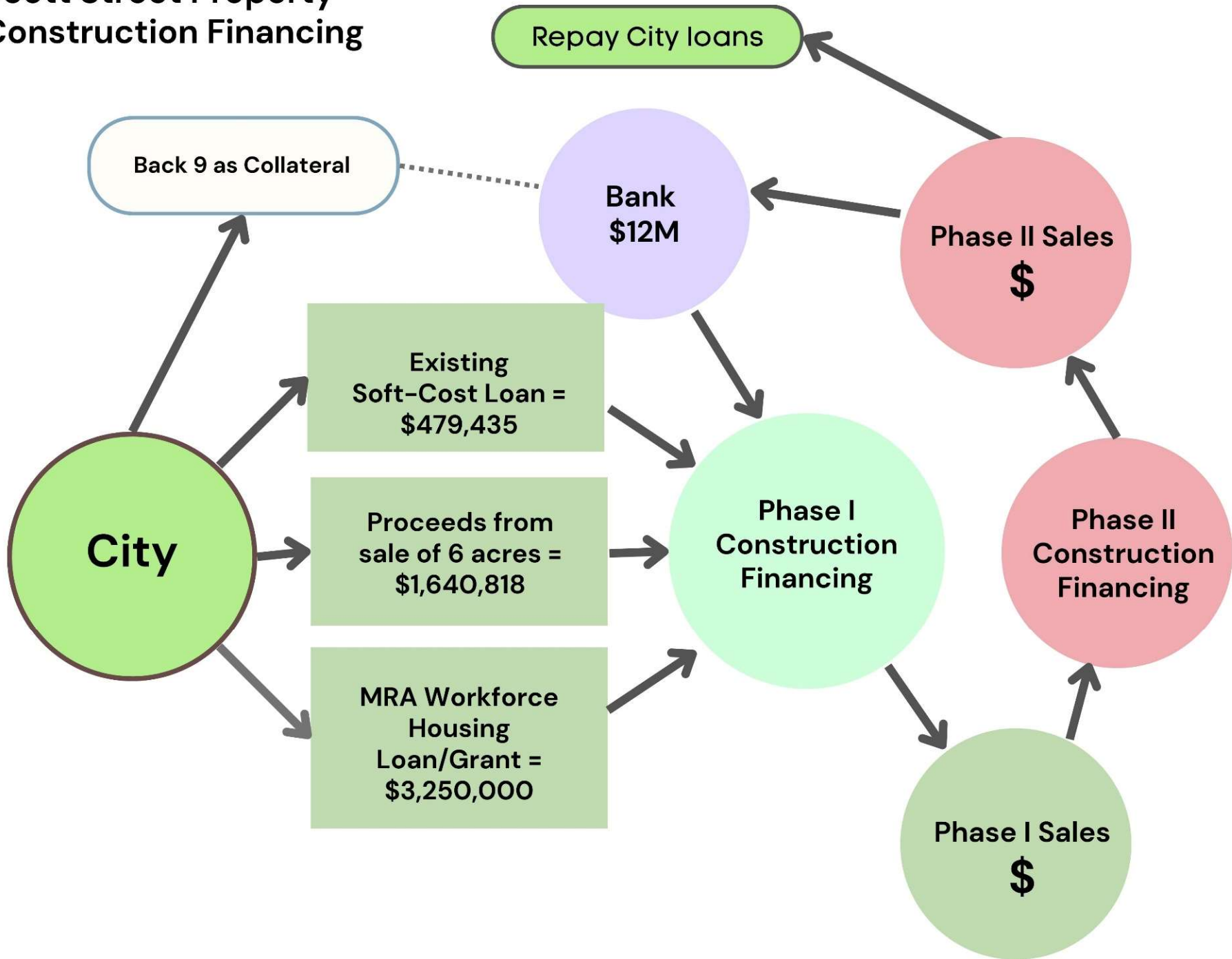
- The 2023 Area Median Income (AMI) for a family of four in Missoula County is \$86,400
- The median home price in Missoula costs \$529,950
- A household of four must earn between 200-240 percent of AMI (\$172,800-\$206,036) to afford a median priced home
- The largest gap in local housing supply is homes priced between \$300,000-\$450,000 (meeting needs of earners between 90-130% AMI)
- In August 2023, 14% of homes listed for sale in Missoula were attainable to households earning less than 140%AMI

Data Sources: U.S. HUD, realtor.com and Missoula Organization of Realtors

MRA Investments and Leveraging

Overall Structure and City Investments

Scott Street Property Construction Financing



Donation Agreement

- Donates the Home Ownership Parcel to NMCDC.
- Dedicates activity space on the market-rate parcel to the benefit of residents of the Home Ownership Parcel.



BOOK 168
MICRO.
PAGE 366
COS 4316

Attachment 1 - Ravara Plat Map (Tracts 1,2,3)



WGM GROUP
WWW.WMGROUP.COM

PRELIMINARY

PLOTTED: 12/7/21
SAVED: 10/4/21

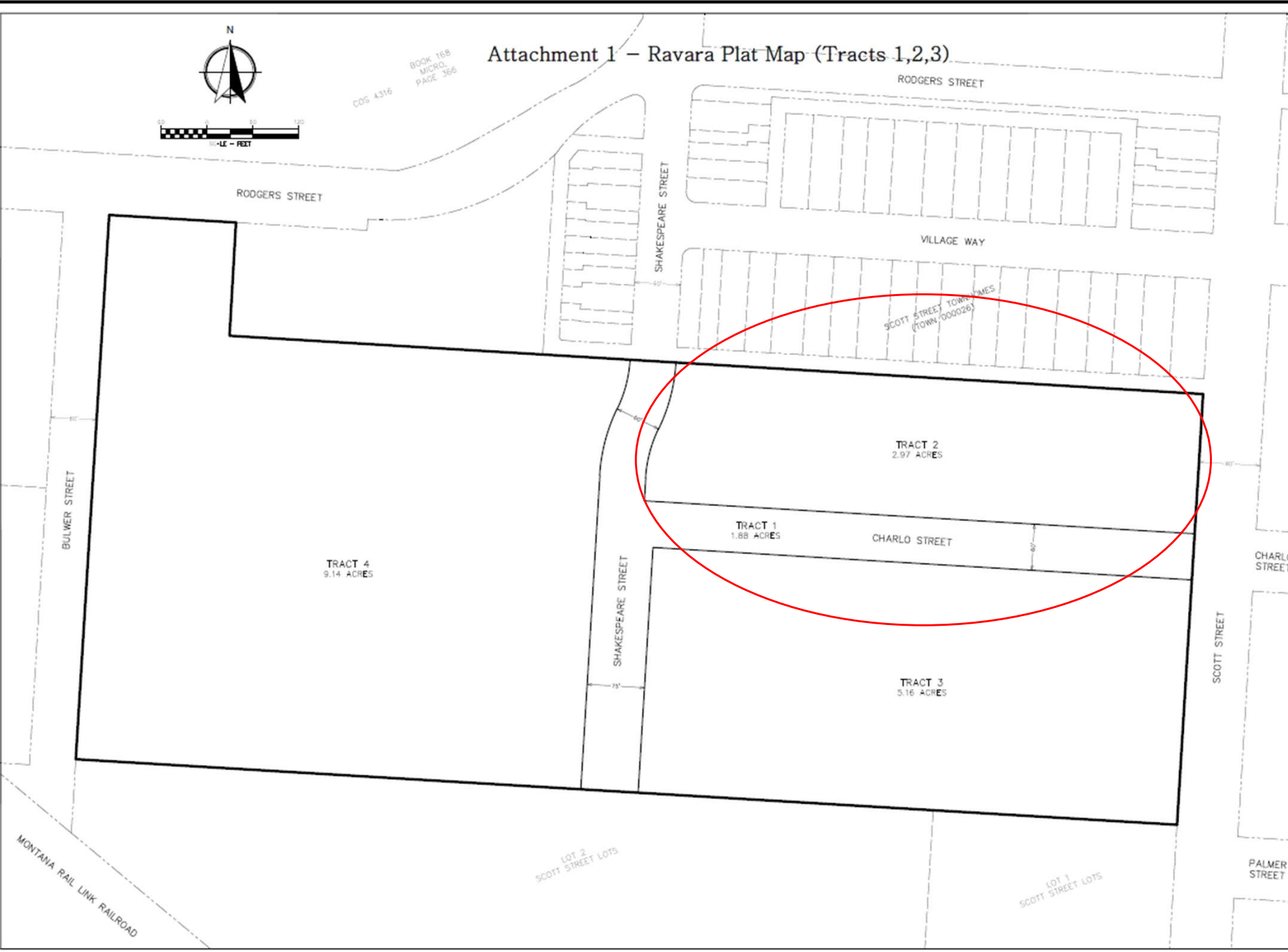
**PROPOSED TRACTS EXHIBIT
SCOTT STREET DEVELOPEMENT
MISSOULA, MONTANA**

NO.	DESCRIPTION	DATE

PROJECT	21-02-07
LAYOUT	PREP
DRAWN	
DATE	
APPROVE	
DATE	

OCTOBER 2021

SHEET **1 OF 1**

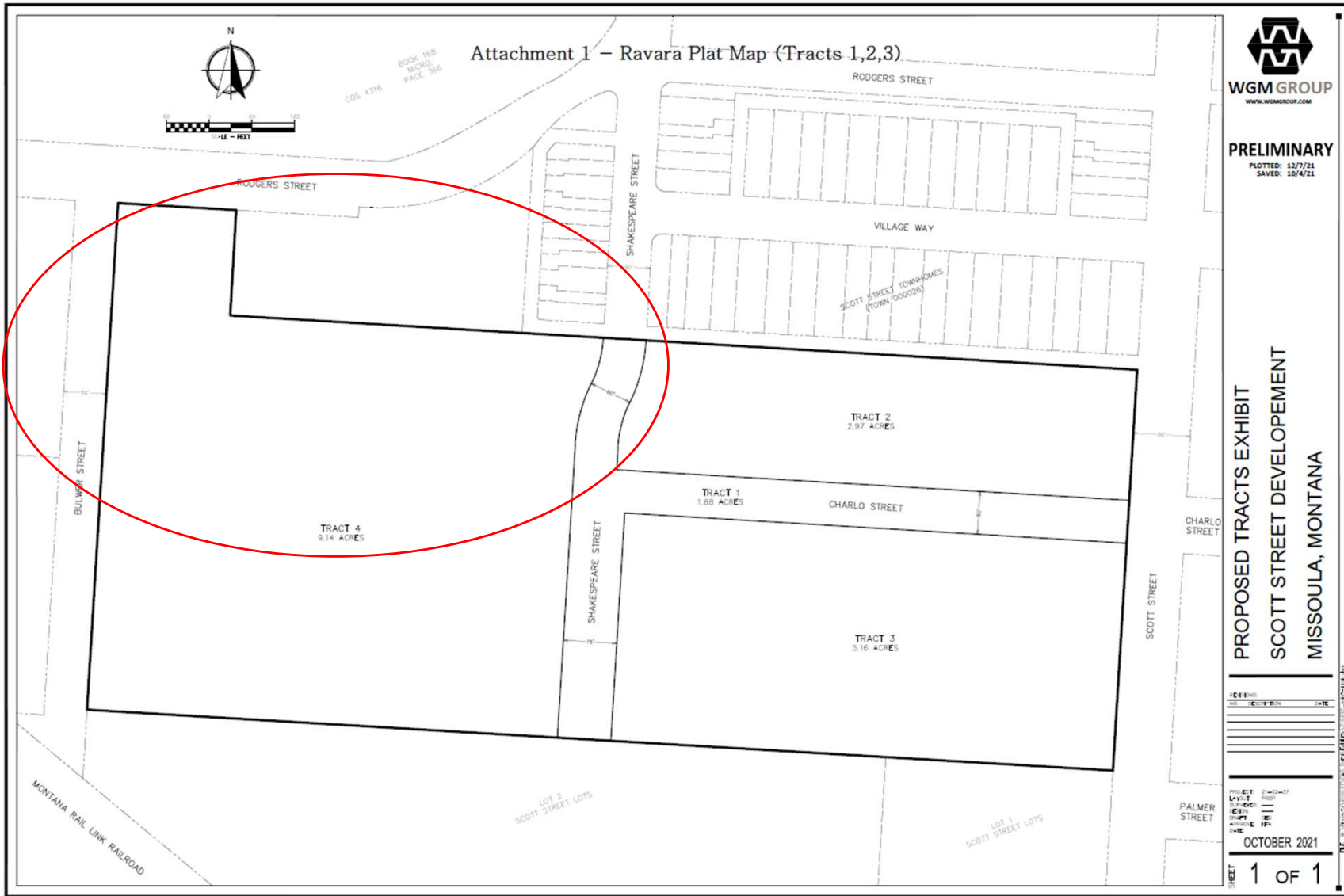


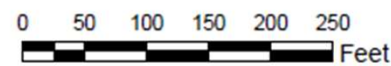
REVISIONS

Three Projects (+2)



Collateral Agreement





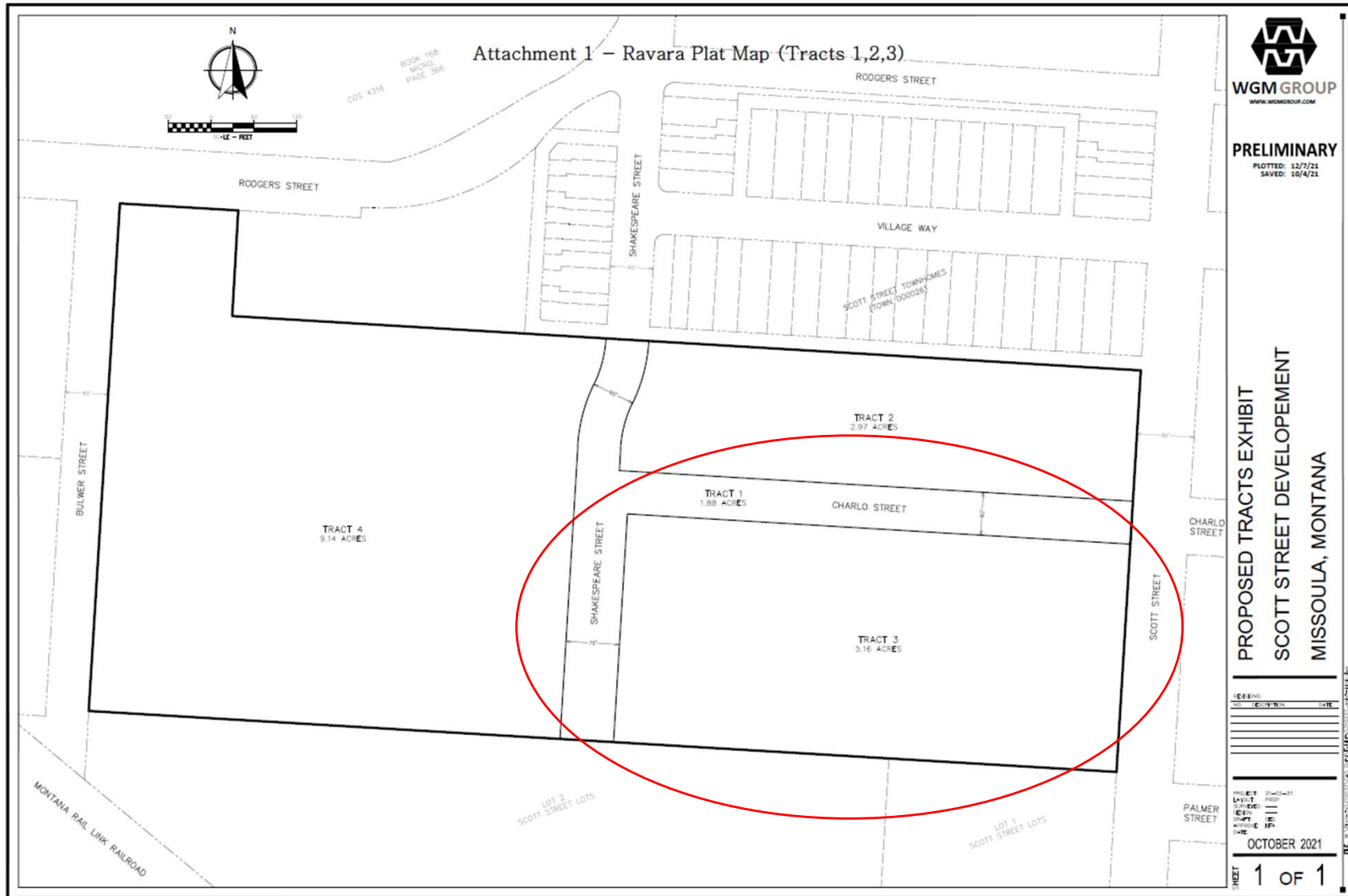
1 Inch = 120 Feet



Development Agreement

- Governs the end product of construction on the Home Ownership Parcel.
- Consistent with the Letter of Intent (Resolution 8496).
- Aims for 51% of homes to be income-qualified, with some flex.
 - Surplus revenue to be dedicated to additional income-qualified homes or directed to the Affordable Housing Trust Fund.
 - Unit pricing formula developed by CPDI meant to enable purchase by folks within a relatively broad range up to 120% of area median income.
- Profit from market-rate home sales returns to the project and subsidizes the income-qualified units.

Purchase and Sale Agreement



Purchase and Sale Agreement

- Sells the market-rate parcel to a Ravara affiliate
- Consistent with the Letter of Intent (Resolution 8496).
- As agreed, recoups City purchase price (\$1,640,818).
- Accompanied by City option to repurchase if redevelopment stalls (five years).
- Requires childcare space.

Sale Proceeds and Loan Agreement

- Dedicates market-rate parcel sale proceeds to the project capital stack as a loan.
 - Permits this dedication in lieu of proceeds going to the Affordable Housing Trust Fund.
 - Final repayment to the Affordable Housing Trust Fund.
- Integrates the loan under First Security Bank oversight and subordinates to primary financing.

Property Disposition Resolution

Donation Agreement with Ravara and NMCDC	Affirms that donation of the Home Ownership Parcel to NMCDC per the agreement conforms with Council Resolution 8496. Includes City dedication of an activity space easement on the market-rate parcel to the benefit of residents of the Home Ownership Parcel.
Collateral Agreement	Authorizes execution of an agreement with First Security Bank utilizing the northwest portion of the Scott Street Parcel as security for the project construction loan.

Recommended Motions

Development Agreement with Ravara	The Development Agreement establishes Ravara as the developer of the Home Ownership Parcel; pricing for income-qualified units; and a process for responding to changing costs and income and the total number of income-qualified units.
Purchase and Sale Agreement with Scott Street Parcel, LLC	Affirms that the Purchase and Sale Agreement, a contract to sell 5.2 acres to a Ravara-affiliate at the original City purchase price for this subset of the Scott Street Parcel (\$1.64 million) conforms with Council's direction in Resolution 8496. The agreement requires provision of a childcare space. Authorizes a related Repurchase Agreement for the subject 5.2 acres.
Dedication of Sale Proceeds	Directs deployment of the \$1.64 million sale proceeds as a construction loan for the project rather than to the Affordable Housing Trust Fund per Municipal Code 3.24.040(C).
City Construction Loan to Ravara	Directs execution of a loan agreement with Ravara and such other documents as are necessary to integrate the City loan into the larger First Security Bank construction loan. Authorizes City administration to deploy final repayments to either subsidize additional income-qualified units within the project or to direct repayments to the Affordable Housing Trust Fund.

MRA Resolution

Resolution of Intention	Approves MRA's portions of the project as urban renewal projects and announces the City's intention to issue tax increment bonds to enable up to \$3.25 million to support the development of workforce housing on the Home Ownership Parcel and \$6.24 million to support infrastructure development on the parcel and Scott Street.
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Council Actions for Consideration

Partnerships