



Meeting Location:
Conference Call Only

Board Offices:
301 S Park Ave., Room 240
Helena MT 59601
(406) 841-2840

Thank you for joining us for this Public Meeting

Date: Thursday, August 20, 2015

Time: 9:00 a.m.

Chairperson: JP Crowley

Remote Attendance Information:
You may join our meetings from your office or home via phone.

Dial (877) 273-4202
Access Code: 7233056#

AGENDA ITEMS

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. Please sign in on our attendance sheet.

Minutes

❌ N/A

Multifamily Program (Manager: Mary Bair)

❌ Larkspur Commons Bond Resolution

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.

Future Meeting Dates and Locations (subject to change)

September 14, 2015: No Meeting	November 9, 2015: Helena	December 14, 2015: No meeting
January 19, 2016 (Tuesday): Helena	February 8, 2016: No meeting	March 14, 2016: unknown
April 11, 2016: unknown	May 9, 2016: No meeting	June 13, 2016: unknown
July 11, 2016: No meeting	August 8, 2016: unknown	September 12, 2016: Helena
October 11, 2016: No meeting	November 14, 2016: Helena	December 12, 2016: No meeting

The Board of Housing's mission is to create affordable housing opportunities for Montanans whose needs are not met by the market. We value people, families, communities, fairness, teamwork, mutual respect, integrity. We are committed and passionate about collaborating with our partners to make sure Montana's families and communities have attainable, affordable, accessible and sustainable homes.

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

Larkspur Commons Apartments – Bozeman, MT Tax Exempt Bond transaction.

BACKGROUND

Larkspur Commons Apartments located in Bozeman Montana is a 136 unit family property located just off of Oak St. They will be serving tenants at 50% and 60% of area medium income. This is a tax exempt bond transaction. At the April Board meeting in Havre the Board approved the inducement resolution. GMD/Homeword are now ready to move forward.

PROPOSAL

Staff has received and reviewed the application for a Private Placement/Conduit Tax exempt Bond transaction and 4% Housing credits. The 4% Housing Credits are outside the competitive Housing Credit ceiling. Staff finds all required items to be in order.

Staff requests the Board consider the information presented and determine if they would like to go forward with this bond resolution.

If the Board decides to move forward staff recommends:

Approving the attached Bond Resolution and

Approving the allocation of non-competitive 4% Housing Credits

LARKSPUR FINANCING SUMMARY

Unlike a public bond sale, this financing is simply a loan from Citi to the Board, with a matching loan from the Board to the developer. The developer will execute a note to evidence its obligation to repay its loan. The Board will execute an obligation to Citi to repay its Citi loan, but the Board is only obligated to use the Borrower's note repayments to repay the Citi loan. In other words, the Board's obligation is non-recourse. To secure its obligation, the Board will assign the Borrower's note to Citi, so Citi will deal directly with the Borrower, thus relieving the Board of having to handle the administration of the loan origination and financing.

Citi is treating this financing as a "loan," and not the purchase of a negotiable "bond," for capital and CRA purposes, which is apparently advantageous to it. From the Board's perspective, whether the borrowing from Citi is called a "loan" or a "bond" is irrelevant. In either case the interest will be tax-exempt to Citi, assuming the Board gets federal private activity bond cap from the State.

RESOLUTION NO. 15-0820-MF03

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000; APPROVING A FUNDING LOAN AGREEMENT, BORROWER LOAN AGREEMENT AND OTHER RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the “Board”) is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the “Act”), to borrow and issue evidences of indebtedness concerning repayment thereof and to make loans and purchase mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to borrow on a non-recourse limited obligation basis from Citibank, N.A. (the “Lender”) an aggregate principal amount not to exceed \$16,000,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of the Larkspur Commons Apartments, a 136-unit new construction affordable housing development located in Bozeman, Montana (the “Project”); and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement, among the Board, the Lender and a fiscal agent to be determined by the Board (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Lender pursuant thereto, which Agreement and Obligation will be in substantially the form placed on file with the Board prior to this meeting, subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to MT Larkspur LLLP, a Montana registered limited liability limited partnership, or another affiliate of GMD Development, LLC and Homeward, Inc. (collectively, the “Borrower”), pursuant to a Borrower Loan Agreement, by and among the Board, the Borrower and the Funding Lender (the “Borrower Loan Agreement”), which will be in substantially the form placed on file with the Board prior to this meeting; and

WHEREAS, the interest on the Obligation is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986 (the “Code”), and to ensure that the Obligation maintains its tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will

be in substantially the same form as such agreement approved by the Board with respect to its Multifamily Housing Revenue Bonds (Rainbow & Silver Bow Apartments Projects) Series 2012A.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the above described borrowing and issuance of the Obligation constitutes a “housing development” within the meaning of Section 90-6-103(8) of the Act; and

(b) In accordance with Section 90-6-109 of the Act, following a public hearing, the Board finds:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Funding Loan Agreement and contained in the program documents relating to the mortgage loan financed thereby and to be financed are sufficient to ensure that the Project will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the “housing sponsors” (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the Project to be financed which is referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the Project to be financed with the proceeds of the Obligation does not involve the construction of “second homes,” which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that if the Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Borrower Loan Agreement,

the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board is hereby authorized and directed to select a Fiscal Agent and to execute and deliver the Funding Loan Agreement, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by such execution of the Funding Loan Agreement, and the Treasurer, the Secretary, the Finance Officer, the Multifamily Program Manager or any other member of the Board is hereby authorized and directed to attest thereto.

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board's Obligation to the Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by the Chairman, Vice Chairman or Executive Director and Treasurer of the Board, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement. The Obligation shall mature no later than 2055, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due the Board and any other parties), be in a principal amount not to exceed \$16,000,000, be subject to prepayment and have the other terms and provisions as described to the Board, reflective of and consistent with the Mortgage Loan terms described in the term sheet with respect thereto which is on file with the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation shall be executed in the name of the Board by the Chairman or the Vice Chairman of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board is hereby authorized to execute and deliver the Borrower Loan Agreement, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Borrower Loan Agreement.

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the

Executive Director and Treasurer of the Board is authorized and directed to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement.

Section 6. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein, with respect to the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Obligation is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 8. Execution of No-Arbitrage Certificate. The Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Internal Revenue Code of 1986, as amended.

Section 9. Additional Actions Authorized. The Chairman, the Vice Chairman, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Funding Loan Agreement and the Borrower Loan Agreement, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Governmental Lender Representatives for such purposes.

Section 10. Effective Date. This Resolution shall become effective immediately.

[Remainder of Page Intentionally Left Blank]

ADOPTED by the Montana Board of Housing this 20th day of August, 2015.

MONTANA BOARD OF HOUSING

Attest:

By _____
John P. Crowley, Chairman

By _____
Bruce Brensdal, Executive Director

Evaluation Criteria

1.	Extended Low Income Use (100 pts)	100
2.	Serves lowest income tenants (220 pts)	170
3.	Project Location (100 pts)	100
4.	Housing Needs Consideration (190 pts)	180
5.	Project Characteristics (240 pts)	60
6.	Development Team Characteristics (330 pts)	330
7.	Participation of Local Entity (50 pts)	50
8.	Tenant Populations w/ Special Housing Needs (100 pts)	100
9.	Developer Knowledge and Responsiveness (up to minus 400 pts)	0

PROJECT MINIMUM THRESHOLD = 850

<i>Larkspur Commons</i>	
	100
	170
	100
	180
	60
	330
	50
	100
	0
	1090

Vacancy rate	0-2%
Cost per unit	\$153,519
Cost per Sq Ft	\$188.26
DSR	1.17
% paid by HC	39.56%
Operatin Ex per unit	\$3,126



July 15, 2015

Board of Directors
Mary Bair – Multifamily Program Officer
Montana Board of Housing
301 S. Park Avenue, Room 240
Helena, MT 59601

Re: TBD Apartments, Bozeman, MT – LIHTC Application

Dear Ms. Bair and Board Members,

On behalf of the housing development staffs of Homeword and GMD Development, we are pleased to submit for your consideration our application for 4% low income housing tax credits for the construction of a 136 unit family apartment project.

An annual allocation of \$750,252 in 4% credits now would allow for a needed expansion in the number of affordable housing units serving this high demand rental market with a high quality housing community.

Some additional highlights of our application:

- The 136 units will be a combination of 1, 2, and 3 bedroom units, in approximately ten separate buildings organized around a central open space. Paths and walkways throughout the site will encourage connectivity through the site and beyond. The architectural character will be contemporary, mountain vernacular, with rich earth-tone colors as well as stone and metal accent materials.
- Renewable energy systems, such as solar-thermal hot water are planned to be incorporated to offset utility costs for the residents and the common area operations.
- Property is centrally located, near to jobs, school, businesses, parks, transit, and other services and amenities.

GMD Development, LLC
520 Pike Street, Suite 1010
Seattle, WA 98101

- Per the Market Study (enclosed), the Bozeman rental market, the vacancy rate at Bozeman's six tax credit communities is 0%, with waiting lists at multiple properties. Rents have increased 16-22% since 2010, and 8-12% in the last year alone. Proposed rents at this property are 18-26% below market rents.
- In 2012, the City of Bozeman adopted an Affordable Housing Action Plan that calls for the creation of 240 affordable rental units by 2016.
- The City Commission of the City of Bozeman, at its May 11, 2015 meeting, voted to provide this project \$200,000 in funds to be generally used to pay impact fees associated with construction.
- The Letter of Intent for the purchase of the 4% tax credits has \$1.09 pricing, which will heavily leverage the use of this resource.

The attached LIHTC application demonstrates the urgent need to develop new housing units in a high demand market, a wide range and depth of local support, a solid financing plan, a construction scope that utilizes alternative energies and green building practices, all carefully managed by a highly experienced affordable housing development team with an outstanding track record in Montana.

If you have any questions, please do not hesitate to contact Greg at 206-745-3699 or Greg@gmddev.net or Andrea at (406) 532-HOME x18, or andrea@homeword.org.

Regards,

Gregory M. Dunfield
GMD Development, LLC

Andrea Davis
Homeword, Inc.

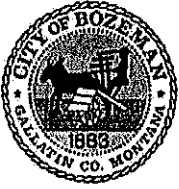
GMD Development, LLC
520 Pike Street, Suite 1010
Seattle, WA 98101

Exhibit F

Green Initiatives:

Energy Star appliances	X
LED Exterior	
Photovoltaic Panels	
Low/No VOC paint/adhesive	
Use of Montana products	
Engineered Lumber	
Flyash concrete greater than 30%	
Recycled insulation	
Recycled sheetrock	
Water efficient landscaping	X
Formaldehyde free/full sealed countertop and cabinets	
On-site recycle of construction materials	X
Range/bathroom fans that vent to the outside	X
Recycled material carpet/flooring	
Smokefree policy that includes all units, buildings, and their respective indoor common areas as well as any outside area of the multi unit complex but within the property lines	X
A partnership with local or statewide health agencies offering cessation services	
Water flow saving device	
Permeable paving	

Green initiatives 25 pt 1-4 of above; 50 pts 5-9 of above; 75 pts 10-14; 100 pts 15 or more



CITY OF BOZEMAN

121 North Rouse
P.O. Box 1230
Bozeman, MT 59771

Phone: (406) 582-2324
Cell: (406) 581-7026
TDD: (406) 582-2301
www.bozeman.net

City Manager
Chris A. Kukulski

Core Values

Integrity: Be honest, hard-working, reliable and accountable to the public.

Leadership: Take initiative, lead by example, and be open to innovative ideas.

Service: Work unselfishly for our community and its citizens.

Teamwork: Respect others, welcome citizen involvement, and work together to achieve the best result.

July 20, 2015

Ms. Heather McMilin
Homeword, Inc.
1535 Liberty Lane, Suite 116A
Missoula, MT 59808

RE: Homeword and GMD Development, LLC's LIHTC application to the Montana Board of Housing for the creation of affordable rental housing on the property located on the northeast corner of Manzanita Drive and North 15th Avenue

Dear Ms. McMilin,

On behalf of the City of Bozeman, please accept this letter as an expression of the City's strong support for the Low Income Housing Tax Credit (LIHTC) application Homeword and GMD Development are submitting to the Montana Board of Housing for the development of an affordable housing apartment complex providing 110 to 136 units of affordable rentals.

The development will provide the City with additional affordable rentals, particularly family housing units. The proposed development will provide 136 family units on a parcel that is located on a transit line, is close to shopping, and employment areas within the City of Bozeman, and is consistent with the City's Growth Policy and zoning. The approximate 4.45 acre site currently carries a land use designation and zoning that is consistent with the proposed development.

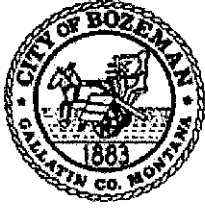
We wholeheartedly support your efforts to provide new, affordable multifamily housing in this area of Bozeman. In 2012, the City Commission approved the Affordable Housing Action Plan wherein the community set of goal of creating 200 units of affordable rentals between 2012- 2016. Without the benefit of programs administered by the Montana Board of Housing, achieving these ambitious goals would be impossible. Construction of this development will allow us to take measurable steps forward toward meeting our goal. In May 2015, the City Commission approved the use of up to \$200,000 in affordable housing funds to be used to support this development.

The City of Bozeman is experiencing remarkable growth and affordable housing is in short supply. Your proposed project will help meet the need of small and large families at or below 60% of the median income. With the increased cost of housing in Bozeman, we feel that a project of this type will help address the housing needs of our community.

We look forward to the addition of your affordable multifamily project to our community.

Respectfully,

Chris Kukulski
City Manager



Commission Memorandum

REPORT TO: Honorable Mayor and City Commission

FROM: Wendy Thomas, Community Development Director

SUBJECT: Homeword and GMD Development LLC's request for a letter of support from the City to the Montana Board of Housing (Low Income Housing Tax Credit Program) for the property located the north of Manzanita Drive between 12th and 14th Avenues

MEETING DATE: July 20, 2015

AGENDA ITEM TYPE: Consent

RECOMMENDATION: Authorize the City Manager to sign a letter supporting the Homeword and GMD Development's application to the Montana Board of Housing for low income housing tax credits for the proposed Larkspur Commons Apartments.

BACKGROUND: Homeword and GMD have submitted a request for the City's support of the group's application to the Montana Board of Housing for low income housing tax credits. GMD is proposing the construction of a 110-136 unit affordable apartment complex on a lot within the Walton Farm PUD that is well suited for the development of affordable housing. The units will be leased to households earning less than 60% of area median household income.

GMD has started the informal review process for the project. The project will be required to submit for site plan approval before it is authorized for construction.

On May 11, 2015, the City Commission approved the allocation of up to \$200,000 in Affordable Housing Funds to be used in support of the development of this project. Generally this funding source is used to pay impact fees.

UNRESOLVED ISSUES: None at this time.

ALTERNATIVES:

- 1) Authorize the City Manager to sign the attached letter.
- 2) Do not authorize the City Manager to sign the attached letter.
- 3) As determined by the Commission.

FISCAL EFFECTS: None.

Attachments: Draft letter from the City Manager

Report compiled on: July 15, 2015