

MONTANA BOARD OF HOUSING

301 S. Park Avenue, Room 228 – Helena, Montana 59601

June 3, 2013

ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Bob Gauthier (Present)
Doug Kaercher (Present)
Jeanette McKee (Present)
Pat Melby (Present)
Sheila Rice (Present)

STAFF: Bruce Brensdal, Executive Director
Chuck Nemeč, Accounting
Mary Bair, Multifamily Program
Vicki Bauer, Homeownership Program
Paula Loving, Executive Assistant
Jeannene Maas, Homeownership Program
Charlie Brown, Homeownership Program
Justin Schedel, Accounting
Kellie Guariglia, Multifamily Program
Todd Jackson, Multifamily Program
Rena Oliphant, Multifamily Program
Bob Vanek, Multifamily Program

COUNSEL: Greg Gould, Luxan and Murfitt

UNDERWRITERS: John Wagner, Kutak Rock

OTHERS: Michael Green, Crowley Fleck
Craig Taylor, Communities for Veterans
Melanie Bruhn, Habitat for Humanity
Kale Galen, Aid Montana Chief Engineer
Teresa Bell, VA Medical Systems
Heather McMilin, Homeward
Jim Morton, HRDC XI

CALL MEETING TO ORDER

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) Board meeting to Order at 10:03 a.m. Introductions were made. The Chairman asked for any public comments not on the agenda. Bob Gauthier pointed out that both he and Jeanette were present at the April 22, 2013 meeting. The amended April 22, 2013 and May 3, 2013 MBOH Board minutes were approved unanimously.

APPROVAL OF MINUTES

Jeanette McKee moved to approve the April 22, 2013 and May 3, 2013 MBOH Board minutes. Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The April 22, 2013 and May 3, 2013 MBOH Board minutes were approved unanimously.

FINANCE PROGRAM

Chuck Nemec presented the Finance update. The 10-year US Treasury was trading at 2.9%. The Board successfully completed the Bond issuances for the 2013A. To date, MBOH has refunded 12 bond series. This has reduced the debt and interest rate.

Chuck Nemec reviewed the Moody's Report on Comparison of State Housing Finance Agencies. MBOH is labeled as stable outlook for the current period. MBOH remains in the middle of all states in delinquency for its portfolio.

HOMEOWNERSHIP PROGRAM

Vicki Bauer provided the Homeownership Program update. As of the Friday prior to the meeting, MBOH has approximately \$10 million in reservations in the new bond series.

Vicki Bauer brought to the Board an exception request from borrower, Matthew Senn, who is requesting an exception of the \$1,000 for a \$2,500 on his homeowner's insurance deductible. Staff researched the difference between \$1,000 and \$2,500 deductible and the difference is ranges between \$90 to \$150 annually. Staff's recommendation is to not approve the exception request as this would set a precedent and the deductible is established for both the borrower and Board's investment. Doug Kaercher asked the history of when the increase to \$1,000 occurred. Vicki stated in 2008, MBOH changed the policy from \$500 to \$1,000. It has recently been changed it to \$1,000 or 1% of the value of the home, whichever is greater, to comply with insurance company's standards. Vicki stated at the time of the increase of the deductible to \$1,000, the Board set aside \$50,000 for borrowers to ask for a loan to help pay for the premium increase. This set-aside was not utilized. Doug asked if the funds are still available. Vicki stated these funds are still available. Sheila asked how many claims MBOH receives in a year. Vicki doesn't know off hand but all checks are processed through MBOH.

Vicki Bauer introduced Melanie from Habitat for Humanity. Melanie provided a brief history of the Board's partnership with Habitat for Humanity. The Board approved \$1,125,000 set aside funds that expire June 30, 2013. As of May 28, 2013 Habitat for Humanity has used \$370,806 and have four more loans reserving \$500,000. Vicki presented the Habitat for Humanity request for a set aside for FY2014 of \$1,000,000 with expiration date of June 30, 2013.

Vicki Bauer presented the Disabled Accessible Affordable Homeownership Program (DAAHP) set aside request. The DAAHP program provides affordable loans to physically disabled borrowers and allows modifications to the home to make it more architecturally accommodating for their mobility limitations. While the markets rates have affected the use of the program in recent years, the current balance is \$440,978 and Staff recommends replenishing the fund up to \$1,000,000 and extending the expiration to June 30, 2014.

Vicki Bauer presented the Lot Refinance Program set aside request. This program provides the permanent financing for new constructed homes that are built on lots where the homebuyer has title to the lot but still owes on the lot and the title is encumbered. Currently, there are \$726,440 available funds and Staff recommends extending the expiration date to June 30, 2014.

Sheila Rice moved to approve the all three set asides and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The Habitat for Humanity, Disabled Accessible Affordable Homeownership Program, and Lot Refinance Program set asides with expiration date of June 30, 2014 were approved unanimously.

MULTIFAMILY PROGRAM

Mary Bair provided the Board with the Multifamily Program update. The Reverse Annuity Mortgage is doing well. MBOH has received three new requests and has also received three payoffs for current loans.

Mary Bair provided an update on The Palace in Missoula. This is a Low Income Housing Tax Credit project. While attending the 2013 Montana Housing Conference, a tour of The Palace was given. Mary shared pictures of the rehabilitation of the project.

Mary Bair brought to the Board a request from Soroptimist Village for an additional \$58,662 Low Income Housing Tax Credits. Heather McMilin, Homewood, provided an explanation of the need of additional credits. Mary stated Staff has received new financials for the Soroptimist Village and Staff supports this request. Bob Gauthier moved to approve the request to fund Soroptimist Village an additional \$58,662 in Low Income Housing Tax Credits. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The motion was approved unanimously with Sheila Rice abstaining from the vote.

RE-SCORING AND RECONSIDERATION REGARDING 2012 LIHTC AWARD DETERMINATION

These minutes include the following description of the Re-Scoring and Reconsideration meeting for general informational purposes. The following description is not intended to be a complete or exhaustive record of the Re-Scoring and Reconsideration meeting. A formal meeting record ("Record") has been made, certified and filed in the pending Court proceeding. The Record includes materials submitted to Board both prior to and at the meeting, all motions and spreadsheets adopted by the Board at the meeting, a verbatim transcript of the meeting and a written explanation of the Board's decision. In the event of any conflict between these minutes and the Record, the Record is authoritative and shall control.

Mary Bair and Board Counsel, Greg Gould, introduced the 2012 Tax Credit Reconsideration required by Court Order in regards to the Fort Harrison Freedoms Path litigation. Greg reviewed the District Court's Order. The Court reversed the denial of tax credits to Fort Harrison and asked the Board to take several steps in terms of scoring or rescoring, and reviewing scoring to determine whether Fort Harrison should have received an award of tax credits under its 2012 application. Greg stated the Court did not require the Board to reconsider the awards that actually were made in 2012. Awards were made to Soroptimist, Blackfeet V, Depot Place and Parkview Village. Those projects have moved forward and the Court has indicated in its order that it doesn't intend to disturb those awards.

Greg Gould reviewed the process staff recommends for the Board to review the initial scoring and rescoring, according to Court Order. Mike Green, Crowley Fleck, representing Fort Harrison Freedoms Path, thanked the Board and agreed to the format, which will Fort Harrison to present its comments and arguments. Chairman Crowley asked for any public comment on the process.

Greg Gould reviewed the rescoring of the Energy and Green Criteria. Greg reviewed the original scoring in this area. Originally, Staff made a decision to award ten points to each applicant instead of awarding points based upon actual scores. The Court ordered the Board to re-score the applications according to the actual scoring. Greg reviewed the re-scoring based on the QAP criteria.

Mr. Green stated the QAP's definition of threshold is not consistent with the staff's scoring. He argued that threshold is defined within the QAP to provided that if an application does not satisfy a threshold item, then the application is thrown out of the process. Staff does not follow this definition.

Pat Melby questioned where in the QAP it states that an application would be thrown out if threshold was not met. Bruce Brensdaal stated that Mr. Green may be talking about the provision requiring that an application in its entirety must meet certain threshold items, otherwise the application is eliminated. Greg

clarified that there are overall threshold requirements for an application on pages 17-19 of the QAP, which if not met, prevent further consideration of an application. However, those do not apply here, where the term ‘threshold’ is simply used in the context of the Energy and Green scoring provisions.

Pat Melby moved and Bob Gauthier seconded to approve staff’s recommended Motion 1:

The Board ratifies and approves the following interpretation of the 2012 Qualified Allocation Plan ("QAP") Energy and Green scoring criteria (included at pages 20-22 of the QAP as part of the Project Characteristics scoring category):

1. The 2012 QAP Energy and Green scoring criteria require that applicants meet all Energy threshold item requirements in full to obtain any points for discretionary items under the Energy category; and
2. The 2012 QAP Energy and Green scoring criteria require that applicants meet all Green threshold item requirements in full to obtain any points for discretionary items under the Green category.

Chairman Crowley asked for comments. Roll Call vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 1 passed unanimously.

Greg Gould reviewed the Energy and Green Scoring Criteria (Staff Document 2.2). Greg presented the architect letter for Freedom’s Path Staff Document 2.3.6(b)) and showed that the Architect letter stated Freedoms Path would meet standards and did not state that it would exceed IECC 2009 standards for windows and insulation. While Freedoms Path exceeded some components of the insulation standards, it would only meet on another component of the standard. Thus, the application was scored as “meets” but not “exceeds.” Mr. Green argued that Freedoms Path exceeded on the insulation standard, based on exceeding on 2 components of the standard and because these buildings are 100 years old and are being enhanced in regards to insulation standards.

Mr. Green brought to the Board’s attention the architect letter submitted by Hillview Apartments (Staff Document 2.3.9(b)). The letter states the Hillview Apartments is a rehab project. Hillview’s architect letter does not mention changes to insulation in walls or floors and suggests that there is no requirement for rehabs to comply with the IECC 2009 standards so that improvements that they make will bring them into compliance. Hillview Apartments received full credit for the enhancement of ceiling insulation only, yet Freedoms Path received

fewer points for exceeding on requirements on the insulations. Mr. Green stated Freedoms Path should at least receive as many points as Hillview Apartments.

Greg Gould and Mary Bair confirmed that Hillview Apartments should not have received a point for exceeding the insulation standards, and explained how the scoring should have been awarded to Hillview, indicating that Hillview should have received 7 rather than 10 points for Energy and Green. Mr. Green stated the he finds it completely capricious that he has identified this error and Hillview's score is reduced rather than giving Freedoms Path more points. Pat Melby stated the Court found it arbitrary and capricious that everyone was awarded ten points, and that the Court told the Board to apply the scoring correctly to all the applicants, not just Freedoms Path. If an error was found during this scoring, it should be adjusted.

The Board considered and amended staff's recommended Motion 2 to provide for the correction of Hillview's Energy and Green score. Jeanette McKee moved and Doug Kaercher seconded to approve Motion 2 (as adjusted):

The Board finds and determines that:

1. Staff properly scored the Depot Place and Aspen Place 2012 applications under the 2012 QAP Energy and Green criteria by awarding Depot Place and Aspen Place full points for the Energy threshold window requirements;
2. Staff properly scored the Ft. Harrison (Freedom's Path) 2012 application for Energy and Green requirements under the 2012 QAP Energy and Green criteria by not awarding Ft. Harrison (Freedom's Path) points for the Energy threshold window or insulation requirements;
3. Hillview application is decreased by 1 point for the energy threshold item for insulation, decreased by 2 points for energy discretionary items and its total energy and green score is reduced from 10 to 7 points.
4. The 2012 QAP Energy and Green scoring criteria, interpreted as provided in Motion No. 1, were consistently and equally applied to all 2012 applicants;
5. With the correction reflected in item 3 above, all 2012 applications were scored properly under the 2012 QAP Energy and Green scoring criteria, interpreted as provided in Motion No. 1; and
6. The Energy and Green criteria actual scores determined by staff, as reflected in the Energy and Green (Reviewed) Scoring Comparison Spreadsheet (Staff Document 2.4 (REV)*), are the proper Energy and Green scores under the 2012 QAP, such scores will be applied for purposes of this re-scoring and reconsideration, and all applicant total scores are revised to reflect such actual scores.

Chairman Crowley asked for comments. Doug asked whether this is a change to the QAP as it was written in 2012. Greg Gould clarified the first motion was to determine how the Board is to interpret the 2012 QAP with

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respect to discretionary and threshold, and that reflected how staff applied the QAP when they did the original scoring in 2012. This motion is to score based on the interpretation approved in Motion 1. Mr. Green stated that staff awarded 10 points because it found the language confusing, so at this point reinvention and reinterpretation is inappropriate.

Kale Galen, Aid Montana Chief Engineer, spoke to the federal facilities guidelines which are different than the IECC 2009. Bob Gauthier called for question. The question called was approved unanimously.

Roll Call vote was taken for motion 2 (as adjusted):

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 2 (as adjusted) which includes the re-scoring of applications on Energy and Green as reflected in Staff Document 2.4 (REV), was approved unanimously.

Greg Gould reviewed the QAP's Project Location criteria (Staff Document 3.1) and staff's historic interpretation of this provision, in which it based scoring upon availability of amenities and services for the tenants who live there. Staff's recommended Motion No. 3 reflects staff's historical application of the Project Location criteria.

Mr. Green pointed out to the Board that Freedoms Path's tenants would be closest to the services they need the most, being at Fort Harrison. Mr. Green further stated the Blackfeet Homes application is very similar to that of Freedoms Path in regards to project location; however, the scoring is different. Mr. Green stated Freedoms Path should be entitled to the same scoring as Blackfeet homes, which is the three points. Mr. Green objected to the interpretation of Project Location as rewriting history by going back and providing the level of detail a year and half after applications were submitted.

Mr. Gould noted that it is not unusual for Courts or agencies to interpret rules, because rules cannot discuss everything. The Board has to interpret the criteria. Mr. Gould disagreed that the items considered by staff were not addressed in the applications and stated that most of them were addressed in Freedoms Path's own materials.

Doug Kaercher moved and Bob Gauthier seconded to approve staff's recommended Motion 3:

The Board ratifies and approves Staff's approach in applying the 2012 QAP's Project Location scoring criteria, as follows:

1. The 2012 QAP Project Location scoring criteria provide for award of points based upon location in an area where amenities and services will be *available* to tenants.
2. Relative distances to services and amenities are considered in evaluating and scoring applications under the Project Location category. If services and amenities are located adjacent or relatively closer to a project, availability is greater because many tenants can walk in order to access the services and amenities, and need not depend upon finding other transportation. If services and amenities are located relatively farther from a project, services will be less readily available or unavailable to tenants.
3. The availability or lack of availability of transportation may be more or less significant depending upon the relative distances of services and amenities from the project location and whether services and amenities are accessible by routes suitable for walking, bicycling or other forms of non-motorized transportation. Other location and area considerations may apply if such considerations relate to or indicate relative availability or lack of availability of services and amenities.

Chairman Crowley asked for comments. A roll call vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	No
J.P. Crowley	Yes

Motion 3 – regarding the interpretation of Project Location - passed.

Mary Bair reviewed staff visits to all of the project locations. She noted that the project would be located near the VA medical center, in a rural setting, about 1.3 miles from Highway 12. She noted there are no sidewalks or shoulders on most of the roads that access the location. She noted that here is a fairly large undeveloped area between Helena and the project location. She noted that Blackfeet V is located in Browning on city streets with sidewalks. Greg Gould reviewed Staff Document 3.3 summarizing the various project locations. He reviewed the items that made Freedoms Path's location different from the other project locations. Sheila Rice clarified that both Blackfeet Homes and Freedoms path has curb to curb transportation for tenants to travel to amenities.

Jeanette McKee moved and Pat Melby seconded to approve staff's recommended Motion 4:

The Board finds and determines that:

1. Staff properly scored the Freedom's Path, Blackfeet V and other 2012 applications under the 2012 QAP Project Location scoring criteria, consistently and equally applying such criteria to all applicants; and
2. The Project Location scores determined by staff as set forth in the 2012 Project Location (Reviewed) Scoring Comparison Spreadsheet (Staff Document 3.3) are the proper Project Location scores under the 2012 QAP and such scores will be applied for purposes of this rescoring and reconsideration.

Chairman Crowley asked for comments. Craig Taylor, Freedom's Path, stated that placing this project anywhere other than Fort Harrison VA Medical Center would be a disservice to veterans.

A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	No
J.P. Crowley	Yes

Motion 4 confirming the correct scoring for project location as reflected in Staff Document 3.3 passed.

Greg Gould presented Motion 5 regarding Montana Presence. The Court did determine that this provision is unconstitutional and thus directed the Board not to consider this item for scoring.

Bob Gauthier moved and Pat Melby seconded to approve staff's recommended Motion 5:

The Board finds and determines that:

1. The 2012 QAP Demonstration of Montana Presence scoring provision will not be applied for purposes of this re-scoring and reconsideration;
2. Points awarded under the 2012 QAP for Demonstration of Montana Presence will not be considered for purposes of this re-scoring and reconsideration and all such points awarded to any applicant will be deducted from such applicant's total score for purposes of this re-scoring and reconsideration; and
3. For purposes of this reconsideration, all applicants' total scores are revised to reflect removal of any and all points awarded to any applicant under the 2012 QAP's Demonstration of Montana Presence provision.

Chairman Crowley asked for comments. Mr. Green indicated Freedom's Path supported this motion. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 5 which provides that Montana Presence will not be applied or considered for the reconsideration was approved unanimously.

Greg Gould reviewed Motion 6, which reflects interpretation of the Special Needs Targeting factor based upon the Court's Order. Greg explained Staff's scoring of Special Needs Targeting and staff's "no double counting" rule which prevented counting the same units for more than one. Because of the Court's discussion of this item, staff recommended that the "no double counting" rule not be applied and that the Board not revisit whether FHVR should have received credit for its services agreement for disability targeting.

Pat Melby moved and Jeanette McKee seconded to approve Motion 6:

The Board finds and determines that:

1. The 2012 QAP Special Needs Targeting scoring criteria will not include the "no double counting" interpretation for purposes of this re-scoring and reconsideration; and
2. For purposes of this re-scoring and reconsideration, Ft. Harrison's (Freedom's Path) score will not be adjusted under the written agreement requirement for the disability target group and Ft. Harrison (Freedom's Path) will continue to receive scoring credit for the service agreement submitted as part of its 2012 application.

Chairman Crowley asked for comments. Mr. Green stated Freedom's Path supported this motion. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 6 was approved unanimously.

Greg Gould presented Motion 7, which reflects the proper scoring of the applications under the interpretation reflected in Motion No. 6.

Bob Gauthier moved and Pat Melby seconded to approve Motion 7:

The Board finds and determines that:

1. Staff properly scored the 2012 applications under the 2012 OAP Special Needs Targeting scoring criteria (with the Revised Interpretation adopted in Motion No. 6), consistently and equally applying such criteria to all applicants; and
2. The Special Needs Targeting re-scores determined by staff, as set forth in the 2012 Special Needs Targeting (Re-Scoring) Comparison Spreadsheet (Staff Document 5.3), are the proper Special Needs Targeting scores under the 2012 OAP, such scores will be applied for purposes of this re-scoring and reconsideration, and all applicant scores are revised to reflect such re-scores.

Chairman Crowley asked for comments. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 7 was approved unanimously.

Greg Gould presented Motion 8A, clarifying correction of Parkview Village's Special Needs Targeting score.

Pat Melby moved and Doug Kaercher seconded to approve Motion 8A:

The Board finds and determines that:

1. Parkview Village's proper score for Special Needs Targeting under the Revised Interpretation of the 2012 QAP Special Needs Targeting scoring criteria (with the Revised Interpretation adopted in Motion No. 6) is 8 of 10 possible points; and
2. Parkview Village's Special Needs Targeting score of 8 points, determined by staff as set forth in the 2012 Special Needs Targeting (Re-Scoring) Comparison Spreadsheet (Staff Document 5.3), will be applied for purposes of this re-scoring and reconsideration, and Parkview's score is revised to reflect this re-score.

Chairman Crowley asked for comments. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 8A was approved unanimously.

Greg Gould presented 8B1, which reflects Staff's interpretation of Intermediary Cost Scoring criteria. Greg provided a breakdown of how Staff scored Soft costs to Hard costs and compared Small unit projects to Large unit projects.

Mr. Green provided a brief history how Intermediary Cost Scoring became an issue. In review of the Haggerty Lane application under Intermediary Costs, the applicant received 7 out of 10 points for exceeding the stated maximum of 30 percent of soft costs to hard costs. However, Haggerty Lane was awarded 10 points in the "points awarded" column. Freedoms Path exceeded the maximum by the same amount and was awarded 8 points. Mr. Green stated Mary Bair admitted these errors within a deposition; however, the Board was not presented this finding.

Mary Bair stated the error was found prior to any lawsuit filing and discussion between developers took place and the Board was provided the scoring sheets which reflect the error. Greg Gould clarified these scoring matrix sheets were part of the Board packet given to the Board in advance to the award determining meeting.

Pat Melby moved and Doug Kaercher seconded approval of staff's recommended Motion 8-B1:

Moved that the Board ratify and approve the following interpretation of the 2012 Qualified Allocation Plan ("QAP") Intermediary Cost scoring criteria:

Applicants will be awarded points for Intermediary Costs in the specified categories as indicated below:

Contractor Overhead	Maximum 2%	Full points
General Requirements	Maximum 6%	Full points
Contractor Profit	Maximum 6%	Full points
Developer Fees (new and rehab)	Maximum 15%	Full points
Developer Fees (acquisition)	Maximum 8%	Full points

Soft Costs to Hard Costs

More than 24 units	Maximum 30%	Full points
	>30%	minus 2 points
24 or less units	Maximum 35%	Full points
	>35% up to 40%	minus 1 point
	>40% up to 45%	minus 2 points
	>45%	minus 3 points

Pat Melby moved to amend Motion 8-B1 to remove the language providing a different set of soft-to-hard cost ratio percentages for projects with more than 24 units towards the bottom and removing “24 or less units” and everything after that. Jeanette McKee seconded the motion. Jeannette inquired on removing this language, resulting in unfairness to small projects. Mary Bair stated prior to 2012 the Board received very few small projects, which made it difficult to meet some of the overall 30 percent of soft to hard costs and this is why Staff separated the projects with 24 or less units. Pat stated that he moved to amend this motion to make this issue as easy as possible to understand for legal reasons. Doug Kaercher asked whether the Board was provided the information on Intermediary Costs prior to the meeting for review. Mary Bair stated the Board was provided the information prior to the award determination Board meeting.

Mr. Green stated Freedoms Path’s position that it is inappropriate for the Board to go back now and endorse the use of numerical criteria which were not included in the original adoption of the QAP. He stated that he didn’t believe there was any number that can be inserted for evaluation of soft costs that will stand up to legal scrutiny.

A Roll Call Vote was taken on amending Motion 8B1 to remove the language providing a separate set of percentages for projects with less than 24 units.

Bob Gauthier	Yes
Doug Kaercher	No
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	No

The motion was approved unanimously.

A Roll Call Vote was taken on Motion 8-B1 (As Amended):

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 8-B1 (As Amended) was approved unanimously.

Greg Gould presented Staff Document 6.2 Rev), reflecting scoring under the approach adopted by the Board in Motion 8-B1 (As Amended), several adjustments were made to correctly reflect the proper scores. Greg then presented alternative Motion 8-B2 (REV), which reflects that scoring of all

applicants have been consistently and equally applied according to Motion 8-B1 (As Amended).

Pat Melby moved and Bob Gauthier seconded to approve Motion 8-B2 (REV):

The Board finds and determines that:

The Intermediary Cost scoring criteria, interpreted as set forth in Motion 8-B1 (REV), having been consistently and equally applied to all applicants, the Intermediary Cost scores set forth in the REVISED 2012 Intermediary Cost (Reviewed) Scoring Comparison Spreadsheet (Staff Document 6.2 REV) are the proper Intermediary Cost scores under the 2012 QAP, and such scores will be applied for purposes of this re-scoring and reconsideration.

Chairman Crowley asked for comments. Mr. Green stated he has the same concerns as the previous motion but nothing more to add. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 8-B2 (REV) was approved unanimously.

Greg Gould reviewed Staff Document 7.1, which was revised to reflect the re-scoring for each applicant according to the several motions approved by the Board previously today. With the adjustment of scores based on approved motions as reflected in Staff Document 7.1 (REV), Bob Gauthier moved and Jeanette McKee seconded to approve Motion 9 (REV):

The Board finds and determines that:

1. The 2012 Re-Scoring Comparison Matrix (Staff Document 7.1 REV) completely and accurately reflects the proper re-scoring of Ft. Harrison's 2012 application and other 2012 applications based upon the 2012 QAP interpretations, scoring review, and scoring revisions made and adopted by the Board in Motions 1 through 8-B2 (REV); and
2. The revised total scores shown in the 2012 Re-Scoring Comparison Matrix (Staff Document 7.1 REV) are hereby adopted and will be used by the Board for purposes of this re-scoring and reconsideration.

Chairman Crowley asked for comments. Mr. Green reiterated Freedoms Path's prior points and opposition to the Board adopting this motion. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	No
J.P. Crowley	Yes

Motion 9 (REV) was approved.

Greg reviewed the 2012 QAP provision which the Board selected projects for an award (Staff Document 8.1):

The awarding of points to projects pursuant to the QAP is for the purpose of determining that the projects meet at least the minimum development selection criteria of the QAP and to assist the Board in evaluating projects, but does not control the selection of projects that will receive an award for credits. The Board will select the projects to receive an award of tax credits that it determines best meet the needs of low income people within the state of Montana regardless of the points scored by each of the several projects or staff recommendations. The Board may consider the following factors in selecting projects for an award of tax credits to qualified projects.

Greg Gould discussed staff's recommend Motion No. 10 to reflect that the 2 small projects awarded credits met the minimum threshold and were entitled to the awards, and that amount of credits remaining to be allocated remained the same as at the 2012 award meeting.

Pat Melby moved and Jeanette McKee seconded to approve Motion 10:

The Board finds and determines that:

1. Under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, the small projects that received awards (Haggerty Lane and Sweet Grass) met the minimum threshold score and qualified for awards under the Small Project Set Aside; and
2. The re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, does not change the amount of credits available for awards to the non-profit and general pool from such amount considered available at the 2012 award determination meeting on April 9, 2012.

Chairman Crowley asked for comments. A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes

J.P. Crowley Yes

Motion 10 was approved unanimously.

Greg Gould presented Staff Document 8.2 (REV), which shows the rank of scoring based upon the re-scoring adopted by the Board in the previous motions and as shown by Staff Document 7.1 (REV). Greg then presented staff's recommended Motion 11, which reflects that after re-scoring based on the approved motions from today and the adoption of scores approved in Motion 10, based on scoring alone, Freedoms Path ranks seventh in scoring among qualifying 2012 applications.

Jeanette McKee moved and Doug Kaercher seconded to approve Motion 11:

The Board finds and determines that:

1. Under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, Ft. Harrison ranks 7th in scoring among qualifying 2012 projects competing for available credits in the non-profit/general pool, as reflected in the 2012 LIHTC Application Rank Based Solely Upon Re-Scoring (Staff Document 8.2 (REV));
2. Sufficient low-income housing tax credits were not available for 2012 to fund more than 3 or 4 applications from the non-profit/general pool, depending upon the particular projects selected; and
3. Assuming that selection of projects to receive 2012 tax credit awards was based solely upon scoring rank under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-scoring Comparison Matrix, Ft. Harrison (Freedom's Path) should not have received an award of LIHTCs for its 2012 application.

Chairman Crowley asked for comments. Bob Gauthier stated his concern with this motion due to the fact that this is implying that tax credits are awarded by score. During his six years on the Board, Bob stated the Board has only looked at scoring to determine if the project meet the minimum criteria of the QAP. The Board has discretion to select the projects.

Pat Melby moved to amend Motion 11 – #3, to insert “, contrary to the specific language of the 2012 OAP and long standing Board interpretation,”. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. Mr. Green expressed his concerns that the motion was not necessary.

A Roll Call Vote was taken on amending Motion 11:

Bob Gauthier Yes
Doug Kaercher Yes
Jeanette McKee Yes

Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Amending Motion 11 was approved unanimously.

A Roll Call Vote was taken on the Motion 11 (As Amended):

Bob Gauthier	No
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Amended Motion 11 (As Amended) was approved.

Mary Bair reviewed the originally awarded projects and how each addressed the most pressing housing needs of the people of the state of Montana.

Soroptimist Village is a rehabilitation project with 50 units. The maintenance costs are increasing and the conditions are deteriorating. This project has wide community support. In addition, Great Falls has only a few tax credit projects awarded in the last ten years.

Hillview Apartments is rehabilitation project. Hillview did not apply within the nonprofit pool and has a vacancy rate of 5%.

Blackfeet Homes is rural versus urban and provides geographic distribution. There is a 0% vacancy rate on the reservation. There are few financial resources for housing and tax credits allow for leverage for entity's commitment.

Parkview allows for geographic distribution and is rural. It addresses one of the greatest housing issues due to the oil boom. There has been no tax credits awarded to Sidney or Richland County.

Depot Place is designed to help the growing need for senior housing in western Montana. This creates an urban project with amenities within walking distance.

Chairman Crowley reviewed the process in which the Board awarded the 2012 applications. The Board approved two small projects that met threshold, followed by a motion for three other projects and then two other motions.

Pat Melby moved to approve staff's recommended Motion 12. Jeanette McKee seconded Motion 12:

The Board finds and determines that:

1. Considering the information before the Board, including but not limited to the re-scoring adopted by the Board in Motion No. 9 (REV) and the other project information, and considering QAP factors other than or in addition to project rank based on the re-scoring, and in comparison to other qualifying projects, Ft. Harrison's (Freedom's Path) project did

not best meet the housing needs of low income people within the State of Montana and Ft. Harrison (Freedom's Path) would not have received an award of tax credits based upon its 2012 application. The Board properly declined to select Freedom's Path for an award of tax credits based upon its 2012 application.

2. Because the Board has determined that Ft. Harrison (Freedom's Path) should not have received an award of credits either based upon scoring or based upon QAP factors other than or in addition to the scoring, the Board affirms its selection of the projects awarded tax credits at the 2012 award determination meeting and its decision not to select Freedom's Path for an award of tax credits based upon its 2012 application. The Board declines to award low-income housing tax credits to FHVR, whether under the 2013 Corrective Award Set-Aside or otherwise.

Chairman Crowley asked for comments. Doug Kaercher stated that having just going through this process for the 2013 allocation; it was a very difficult decision. Doug stated the previous year's Board made the right decision based off of what information they had at the time, even with the inconsistencies the Board saw today, and this motion is the right decision.

Pat Melby agreed with Doug's comments. Pat stated there were really great projects, Freedom's Path being one of them. He admired Hillview and Aspen Place for their perseverance in reapplying for 2013. Aspen Place has been through three application processes prior to getting a contingent award. This was a tough decision last year and Pat respects the Board's decision.

Jeanette McKee stated the Board had approximately \$7.2 million in requests last year. The Board received approximately \$2.5 million in allocation. The Board had to disappoint a lot of people, as well as this year. Jeanette stated she was offended by the May 24, 2013 letter that stated the Board should not place a stamp of approval on an arbitrary application of the 2012 QAP that places an unnecessary burden on Montana's veterans. Jeanette stated that at the 2012 award meeting Freedom's Path received the motion for approval and the Board debated their project more so than others that were scored higher than Freedom's Path.

Jim Morton, HRDC IX Director and sponsor of Aspen Place, stated he supported the motion. Aspen Place has been awarded partial credits in the past. In the 2012 scoring, Aspen Place scored higher than Freedom's Path and was not awarded. Even with the rescoring today, Aspen Place still scored higher. As a developer, Mr. Morton stated he understands the tough decision placed on the Board on the award process and it is not about scoring.

Mr. Green stated this reconsideration process pointed out flaws in the QAP process and hopes this will improve the scoring process. Mr. Green stated in

2012 the top scores were awarded tax credits and that is why scoring is important in this litigation. Mr. Green stated he thought some of the things that were approved in this meeting fall within the definition of arbitrary and capricious, and therefore, opposed this motion and proposed the funding of Freedoms Path with the conditional set aside from the 2013 Award.

Mr. Taylor addressed the concerns regarding the VA's support of this project expressed during the decision last year. Mr. Taylor stated from the time the lease was signed and the application deadline was less than 20 days. There wasn't enough time to gather all the support from the VA. Mr. Taylor introduced Teresa Bell who is the facility planner for the VA medical system. Ms. Bell stated this is the third time trying to secure a developer for these underutilized properties. Having this project is very exciting and we wholeheartedly support this project.

Mr. Taylor stated due to the lack of funding of this project the state of Montana didn't receive HUD VASH vouchers for the project. Mr. Taylor stated reapplying for the 2013 awards wouldn't have made a difference because this project is limited to the specific location and the criteria did not change. Mr. Taylor stated Freedoms Path had no other recourse to address these issues except through legal action. Mr. Taylor stated that he can't imagine a more deserving, worthy, meritorious group of people than veterans for housing, so the Board's 'no' vote to the Freedom's Path project was more than just a no to Communities for Veterans and Beneficial Communities and the developers. The Board's 'no' was a no to the veterans of the United States of America and the state of Montana who served you. Mr. Taylor stated that there is no higher need on the face of the planet or certainly in the United States than veterans.

A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

Motion 12 was approved unanimously.

Greg Gould reviewed Freedoms Path's argument that the Board is required to provide a written explanation of the award determination on re-scoring and reconsideration of Ft. Harrison Veterans Residence 2012 LIHTC Application. Although staff does not agree with that interpretation, staff recommends that the Board do so to avoid further argument on the point.

The Board recessed to allow Greg to prepare a draft written explanation for the Board's consideration.

Upon reconvening, Sheila Rice moved and Bob Gauthier seconded the written explanation of the Board's decision (See Attachment I).

Chairman Crowley asked for comments. Several revisions were made to the language of the document. Mr. Green noted for the record that this is a fairly lengthy document and the Board is endorsing material which it has only had approximately fifteen minutes to review. Pat Melby stated Mary Bair did review the projects. Greg Gould stated in addition to Mary's review today, the Board in February 2012 listened to presentations by the projects and received this information in the Board packet prior to the award meeting in 2012. All of the information contained in the written explanation is included in the materials that were provided to the Board for the reconsideration meeting.

A Roll Call Vote was taken:

Bob Gauthier	Yes
Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Sheila Rice	Yes
J.P. Crowley	Yes

The written explanation of award determination on re-scoring and reconsideration of Ft. Harrison Veterans Residence 2012 LIHTC Application was approved unanimously.

See Attachment II for Motions and supporting documentation.

EXECUTIVE DIRECTOR

Bruce Brensdal oversaw the Board elections. Bob Gauthier moved to re-elect JP Crowley as President, Jeanette McKee as Vice President and Sheila Rice as Secretary. Doug Kaercher seconded the motion. The nominations were approved unanimously.

Bruce recognized Penny Cope for all her hard work on the Mountain Plains Housing summit and the 2013 Housing Conference. Sheila Rice stated Penny was a key role in making the Housing Conference as successful as it was. With each passing year the Conference becomes better and the content is so informative.

Meeting adjourned at 2:55 p.m.

Sheila Rice, Secretary

Date

RECONSIDERATION MEETING MOTION NO. 1

Moved that the Board ratify and approve the following interpretation of the 2012 Qualified Allocation Plan ("QAP") Energy and Green scoring criteria (included at pages 20-22 of the QAP as part of the Project Characteristics scoring category):

1. The 2012 QAP Energy and Green scoring criteria require that applicants meet all Energy threshold item requirements in full to obtain any points for discretionary items under the Energy category; and
2. The 2012 QAP Energy and Green scoring criteria require that applicants meet all Green threshold item requirements in full to obtain any points for discretionary items under the Green category.

Moved By: Melby
Seconded By: Gauthier

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 2 (REV)

Moved that the Board find and determine that:

1. Staff properly scored the Depot Place and Aspen Place 2012 applications under the 2012 QAP Energy and Green criteria by awarding Depot Place and Aspen Place full points for the Energy threshold window requirements;
2. Staff properly scored the Ft. Harrison (Freedom's Path) 2012 application for Energy and Green requirements under the 2012 QAP Energy and Green criteria by not awarding Ft. Harrison (Freedom's Path) points for the Energy threshold window or insulation requirements;
3. Hillview application is decreased by 1 point for the energy threshold item for insulation, decreased by 2 points for energy discretionary items and its total energy and green score is reduced from 10 to 7 points.
4. The 2012 QAP Energy and Green scoring criteria, interpreted as provided in Motion No. 1, were consistently and equally applied to all 2012 applicants;
5. With the correction reflected in item 3 above, all 2012 applications were scored properly under the 2012 QAP Energy and Green scoring criteria, interpreted as provided in Motion No. 1; and
6. The Energy and Green criteria actual scores determined by staff, as reflected in the Energy and Green (Reviewed) Scoring Comparison Spreadsheet (Staff Document 2.4 (REV)*), are the proper Energy and Green scores under the 2012 QAP, such scores will be applied for purposes of this re-scoring and reconsideration, and all applicant total scores are revised to reflect such actual scores.

*Staff Document 2.4 is revised to reflect the corrections and adjustments adopted by the Board in item 3 above and, as revised, is labeled as 2.4 (REV).

Moved By: McLee
Seconded By: Kaercher

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

Staff Document 2.4 (REV) p.1

Threshold items: 2 points for insulation, 1 point each for remaining scoring items
 Discretionary items for new construction - 1 point for 4 to 7 of 15 items; 2 points for 8 to 15 of 15 items
 Discretionary items for rehab construction - 1 point for 3 to 5 of 12 items, 2 points for 6 to 12

Energy and Green Scoring Criteria

Energy Scoring Items

Threshold: Insulation, Windows - Exceed IECC 2009 standards, Add Air Lock Doors (single Bldg hi-rise Rehab) (2 pts)
 Threshold: Furnace/Boiler - exceeds IECC 2009 standards, Electric Heating - Energy Star (1 point)
 Threshold: Energy Star Appliances (1 point)

- Discretionary - Water Flow Saving Devices
- Discretionary - Fluorescent Lights
- Discretionary - Photovoltaic Panels
- Discretionary - Ceiling Fans -LR & Bdfm
- Discretionary - Hydromatic heating/Ground Source
- Discretionary - Light Colored Roofing/Metal Roofing
- Discretionary - Whole Unit Circulating Fan
- Discretionary - Permeable Paving
- Discretionary - Programmable Thermostats
- Discretionary - Hot Water Pipe Insulation
- Discretionary - Minimize Glass on East/West Exposure
- Discretionary - Building Orientation
- Discretionary - Commissioning Conducted
- Discretionary - Window Overhang
- Discretionary - Other
- Discretionary - Other
- Discretionary - Other
- Discretionary - Other

Small Projects Large Projects

	Small Projects					Large Projects					Points Awarded		
	Sweet Grass	Haven Homes	Aspen Place	Depot Place	Deer Park	Hillview	Red Fox	Parkview Village	Freedom Path	Soroptmist Village	Stonridge	Courtyards	Blackeet Homes V
Threshold points	0	4	4	4	3	3	4	3	2	4	4	2	4
Discretionary - Water Flow Saving Devices	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Fluorescent Lights	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Photovoltaic Panels	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Ceiling Fans -LR & Bdfm	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Hydromatic heating/Ground Source												0	
Discretionary - Light Colored Roofing/Metal Roofing	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Whole Unit Circulating Fan					0	0		0				0	
Discretionary - Permeable Paving													
Discretionary - Programmable Thermostats	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Hot Water Pipe Insulation	X	X	X	X	0	0	X	0	0	X	X	0	X
Discretionary - Minimize Glass on East/West Exposure							X	0		X	X		X
Discretionary - Building Orientation							X	0		X	X		X
Discretionary - Commissioning Conducted					0	0			0	X		0	
Discretionary - Window Overhang	X						X						X
Discretionary - Other	X	X	X	X	0	0			0				
Discretionary - Other	X								0				
Discretionary - Other													
Discretionary - Other													
discretionary total	0	2	0	2	0	0	2	0	0	2	2	0	2

Staff Document 2.4 (REV) P.2

Threshold items - 1 point for each scoring item
 Discretionary items - 1 point for 3 to 5 of 15 items, 2 points for 6 to 10 of 15 items

	Small Projects			Large projects										
	Haggerty Lane	Sweet Grass	Haven Homes	Aspen Place	Depot Place	Deer Park	Hillview	Red Fox	Parkview Village	Freedoms Path	Soroptimist Village	Stonridge	Courtyards	Blackfeet Homes V
Green Scoring Items														
Threshold - Low/No VOC paint/adhesive (1 point)														
Threshold - Use of Montana products (1 point)														
Total threshold points	0	2	0	2	2	2	2	2	2	2	2	2	1	2
Discretionary - Engineered Lumber (Glulam etc)														
Discretionary - Flaysh Concrete Greater than 30%														
Discretionary - Recycled Insulation														
Discretionary - Recycled Sheetrock														
Discretionary - Water Efficient Landscaping														
Discretionary - Formaldehyde Free/Full Sealed countertop & Cabinets														
Discretionary - Dimmable Lights (Common Areas)														
Discretionary - Task Lighting (shine down)														
Discretionary - Motion Sensor Light Switches														
Discretionary - On-Site recycle of construction material														
Discretionary - Vented Range/Bathroom fans														
Discretionary - Recycled material carpet/flooring														
Discretionary - Other														
Discretionary - Other (list)														
Discretionary - Other (list)														
total	0	2	0	2	2	2	2	2	2	2	2	2	0	2
TOTAL (up to 10 points)	0	10	0	10	10	7	7	10	7	6	10	10	3	10

RECONSIDERATION MEETING MOTION NO. 3

Moved that the Board ratify and approve Staff's approach in applying the 2012 QAP's Project

Location scoring criteria, as follows:

1. The 2012 QAP Project Location scoring criteria provide for award of points based upon location in an area where amenities and services will be *available* to tenants.
2. Relative distances to services and amenities are considered in evaluating and scoring applications under the Project Location category. If services and amenities are located adjacent or relatively closer to a project, availability is greater because many tenants can walk in order to access the services and amenities, and need not depend upon finding other transportation. If services and amenities are located relatively farther from a project, services will be less readily available or unavailable to tenants.
3. The availability or lack of availability of transportation may be more or less significant depending upon the relative distances of services and amenities from the project location and whether services and amenities are accessible by routes suitable for walking, bicycling or other forms of non-motorized transportation. Other location and area considerations may apply if such considerations relate to or indicate relative availability or lack of availability of services and amenities.

Moved By: Kaercher
Seconded By: Gauthier

In Favor: 5
Opposed: 1

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 4

Moved that the Board find and determine that:

1. Staff properly scored the Freedom's Path, Blackfeet V and other 2012 applications under the 2012 QAP Project Location scoring criteria, consistently and equally applying such criteria to all applicants; and
2. The Project Location scores determined by staff as set forth in the 2012 Project Location (Reviewed) Scoring Comparison Spreadsheet (Staff Document 3.3) are the proper Project Location scores under the 2012 QAP and such scores will be applied for purposes of this re-scoring and reconsideration.

Moved By:

McKee

Seconded By:

melby

In Favor:

5

Opposed:

1

Passed/Not Passed:

Passed

Staff Document 3.3

PROJECT LOCATION	Small Projects						Large Projects							
	Haggerty Lane Apartments	Sweet Grass Apartments	Haven Homes	Aspen Place	Depot Place	Deer Park Apartments	Hillview Apartments	Red Fox Apartments	Parkview Village	Freedoms Path	Soroptimist Village	Stonridge Apartments	Courtyards Apartments	Blackfeet Homes V
	miles		SR	SR	SR	miles	miles	SR	SR	SR	miles	miles	miles	miles
Elementary School	1.5	0.2	1			0.8	0.3	0.8	0.4	1.58	0.4	0.4	1	1.5
High School	2.5	0.2	2.1			0.5	2	2.4	0.6	2.52	1.7	1.7	1	3
Medical services	0.8	0.2		0.2				0.3		3.39	0.5	3	0.5	2
VA Medical services									adjacent					
Hospital	0.8	0.4	1.8	2	1.7	1	1	3.5	0.5		0.2	4.6		0.7
VA Hospital									adjacent					
Grocery store	1.4	0.6	0.4	0.2	0.1	0.04	2.1	1	0.3	3.95	0.4	0.6	0.5	1.6
Shopping	2.8	0.6	0.7	0.1	0.2	0.5	0.3	1	0.3	4.63	1.5	0.6	1	
Transportation			at site	at site	at site			0.1		on-call	0.2			on-call
Pharmacy	1.4	0.5	0.8	0.2	0.1	0.04	1.6	0.4	0.5	3.95	0.25	0.6	0.5	0.7
VA Pharmacy										adjacent				
Restaurants				0.2		0.14		0.4	0.5				0.5	1.6
Bank	1.4	0.5	0.5	0.1	0.1	0.13		0.3	0.2		0.5	0.6		1.3
Library	1.3	0.8	3.8	2.4	0.2	0.7	0.7	4.3	0.3	3.18	3.4	3.4		1.3
Post Office	1.8	0.8	1.8	0.3	0.4			0.7	0.4		0.3	0.3		1.3
Fire Station	1.5	0.7	0.6		0.3			3.3	0.2		0.7	0.7		1.3
Sr. Center				2.8	0.5									
points earned	3	3	3	3	3	3	3	3	3	2	3	3	3	3

RECONSIDERATION MEETING MOTION NO. 5

Moved that the Board find and determine that:

1. The 2012 QAP Demonstration of Montana Presence scoring provision will not be applied for purposes of this re-scoring and reconsideration;
2. Points awarded under the 2012 QAP for Demonstration of Montana Presence will not be considered for purposes of this re-scoring and reconsideration and all such points awarded to any applicant will be deducted from such applicant's total score for purposes of this re-scoring and reconsideration; and
3. For purposes of this reconsideration, all applicants' total scores are revised to reflect removal of any and all points awarded to any applicant under the 2012 QAP's Demonstration of Montana Presence provision.

Moved By: Gauthier
Seconded By: Melby

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 6

Moved that the Board find and determine that:

1. The 2012 QAP Special Needs Targeting scoring criteria will not include the "no double counting" interpretation for purposes of this re-scoring and reconsideration; and
2. For purposes of this re-scoring and reconsideration, Ft. Harrison's (Freedom's Path) score will not be adjusted under the written agreement requirement for the disability target group and Ft. Harrison (Freedom's Path) will continue to receive scoring credit for the service agreement submitted as part of its 2012 application.

Moved By: Me/ly
Seconded By: McFce

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 7

Moved that the Board find and determine that:

1. Staff properly scored the 2012 applications under the 2012 QAP Special Needs Targeting scoring criteria (with the Revised Interpretation adopted in Motion No. 6), consistently and equally applying such criteria to all applicants; and
2. The Special Needs Targeting re-scores determined by staff, as set forth in the 2012 Special Needs Targeting (Re-Scoring) Comparison Spreadsheet (Staff Document 5.3), are the proper Special Needs Targeting scores under the 2012 QAP, such scores will be applied for purposes of this re-scoring and reconsideration, and all applicant scores are revised to reflect such re-scores.

Moved By: Gauthier
Seconded By: melby

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

Staff Document 5.3

	Small Projects			Large Projects										
	Hagerty Lane Apartments	Sweet Grass Apartments	Haven Homes	Aspen Place	Depot Place	Deer Park Apartments	Hillview Apartments	Red Fox Apartments	Parkview Village	Freedoms Path	Soroptimist Village	Stonridge Apartments	Courtyards Apartments	Blackfeet Homes V
10/11	4/12						8/52	20/30	12/20	27/40		20/40	9/32	
	4/12		4/4				36/52	6/30	2/20	2/40		20/40	2/32	24/24
5/11	1/12		4/4					18/30	3/20	6/40		20/40	18/32	24/24
15/11	9/12	8/4						44/30	17/20	45/40		60/40	29/32	48/24
136.0%	75.0%	200.0%						146.6%	85.0%	112.5%		150.0%	90.6%	200.0%
10	7	10	10	10	10	10	10	10	8	10	10	10	9	10

Tenant Populations with Special Housing Needs

Family Units (2 bedrooms)

Large Family (3 & 4 bedrooms)

Accessible Units

Units targeted specifically for elderly, or disabled

of units targeted/total # of units in project

points earned with a maximum score of 10

RECONSIDERATION MEETING MOTION NO. 8-A

Moved that the Board find and determine that:

1. Parkview Village's proper score for Special Needs Targeting under the Revised Interpretation of the 2012 QAP Special Needs Targeting scoring criteria (with the Revised Interpretation adopted in Motion No. 6) is 8 of 10 possible points; and
2. Parkview Village's Special Needs Targeting score of 8 points, determined by staff as set forth in the 2012 Special Needs Targeting (Re-Scoring) Comparison Spreadsheet (Staff Document 5.3), will be applied for purposes of this re-scoring and reconsideration, and Parkview's score is revised to reflect this re-score.

Moved By: Melby
Seconded By: Kaercher
In Favor: 6
Opposed: 0
Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 8-B1 (REV)

Moved that the Board ratify and approve the following interpretation of the 2012 Qualified Allocation Plan ("QAP") Intermediary Cost scoring criteria:

Applicants will be awarded points for Intermediary Costs in the specified categories as indicated below:

Contractor Overhead	Maximum 2%	Full points
General Requirements	Maximum 6%	Full points
Contractor Profit	Maximum 6%	Full points
Developer Fees (new and rehab)	Maximum 15%	Full points
Developer Fees (acquisition)	Maximum 8%	Full points
Soft Costs to Hard Costs		
	Maximum 30%	Full points
	>30%	minus 2 points

Moved By: Melby
Seconded By: Kaercher

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 8-B2 (REV)

Moved that the Board find and determine that:

The Intermediary Cost scoring criteria, interpreted as set forth in Motion 8-B1 (REV), having been consistently and equally applied to all applicants, the Intermediary Cost scores set forth in the REVISED 2012 Intermediary Cost (Reviewed) Scoring Comparison Spreadsheet (Staff Document 6.2 REV) are the proper Intermediary Cost scores under the 2012 QAP, and such scores will be applied for purposes of this re-scoring and reconsideration.

Moved By: Melby
Seconded By: Gauthier

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

*Staff Document 6.2 (REV)***2012 LIHTC Intermediary Cost
Scoring Approach & Comparison****1. QAP Intermediary Cost Scoring Approach As Applied in 2012 scoring***Soft/Hard Cost Ratio Percentage Scoring – All Applications:*

- 30% or lower = Full Points
- Over 30% = minus 2 points

Note: No applicant exceeded maximum percentage on any Intermediary cost category other than soft/hard cost ratio.

2. 2012 Intermediary Cost Scoring Comparison

Applicant	Number of Units in Project	Soft/Hard Cost Ratio	Original Score	Re-Score
Aspen Place	36 Units	26.91%	10 points	10 points
Blackfeet V	24 Units	12.71%	10 points	10 points
Courtyard	32 Units	36.53%	8 points	8 points
Deer Park	24 Units	45.59%	7 points	8 points
Depot Place	40 Units	27.18%	10 points	10 points
Freedom's Path	40 Units	32.79%	8 points	8 points
Haven Homes	4 Units	18.45%	10 points	10 points
Haggerty Lane	11 Units	32.44%	10 points	8 points
Hillview	52 Units	27.85%	10 points	10 points
Parkview Village	20 Units	32.22%	10 points	8 points
Red Fox	30 Units	26.97%	10 points	10 points
Soroptimist	50 Units	33.22%	8 points	8 points
Stoneridge	40 Units	25.74%	10 points	10 points
Sweet Grass	12 Units	35.43%	9 points	8 points

RECONSIDERATION MEETING MOTION NO. 9 (REV)

Moved that the Board find and determine that:

1. The 2012 Re-Scoring Comparison Matrix (Staff Document 7.1 REV) completely and accurately reflects the proper re-scoring of Ft. Harrison's 2012 application and other 2012 applications based upon the 2012 QAP interpretations, scoring review, and scoring revisions made and adopted by the Board in Motions 1 through 8-B2 (REV); and
2. The revised total scores shown in the 2012 Re-Scoring Comparison Matrix (Staff Document 7.1 REV) are hereby adopted and will be used by the Board for purposes of this re-scoring and reconsideration.

Moved By: Gauthier
Seconded By: McKee

In Favor: 5
Opposed: 1

Passed/Not Passed: Passed

Staff Document 7.1 (REV)

Selection Criteria

1. Extended Low Income Use (0-10 pts)
2. Serves lowest income tenants (0-22 pts)
3. Project Location (3 pts)
4. Housing Needs Consideration (14 pts)
5. Project Characteristics (16 pts)
6. Development Team Characteristics (6 pts)
7. Demonstration of Montana Presence (4 pts)
8. Participation of Local Entity (5 pts)
9. Tenant Populations with Special Housing Needs (10 pts)
10. Preservation of Affordable Housing Projects (3 pts)
11. Market Need (5 pts)
12. Intermediary Costs (10 pts)
13. Developer Prior Performance and Response (-20 pts)

PROJECT MINIMUM THRESHOLD = 80
 MAXIMUM THRESHOLD = 108

	Small Projects			Large Projects							Points Aw			
	Hagerty Lane Apartments	Sweet Grass Apartments	Haven Homes	Aspen Place	Depot Place	Deer Park Apartments	Hillview Apartments	Red Fox Apartments	Parkview Village	Freedom's Path		Soroptimist Village	Stoneridge Apartments	Courtyards Apartments
	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded	Points Awarded
	10	10	0	10	10	10	10	10	10	10	10	10	10	10
	17	17	12	22	22	22	22	17	22	22	22	22	12	22
	3	3	3	3	3	3	3	3	3	2	3	3	3	3
	13	14	13	14	14	14	14	13	14	14	14	14	14	14
	6	16	3	14	16	13	13	14	13	12	16	14	9	16
	6	6	3	6	6	6	6	6	6	6	6	6	3	5
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5	5	0	5	5	5	5	5	5	5	5	5	5	5
	10	7	10	10	10	10	10	10	8	10	10	10	9	10
	0	0	0	0	0	0	2	0	0	3	3	0	3	1
	5	5	5	5	5	5	5	5	5	5	5	5	5	5
	8	8	10	10	10	8	10	10	8	8	8	10	8	10
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	83	91	59	99	101	96	100	93	94	97	102	99	81	101

RECONSIDERATION MEETING MOTION NO. 10

Moved that the Board find and determine that:

1. Under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, the small projects that received awards (Haggerty Lane and Sweet Grass) met the minimum threshold score and qualified for awards under the Small Project Set Aside; and
2. The re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, does not change the amount of credits available for awards to the non-profit and general pool from such amount considered available at the 2012 award determination meeting on April 9, 2012.

Moved By: Melby
Seconded By: McKee

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

RECONSIDERATION MEETING MOTION NO. 11 (REV)

Moved that the Board find and determine that:

1. Under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-Scoring Comparison Matrix, Ft. Harrison ranks 7th in scoring among qualifying 2012 projects competing for available credits in the non-profit/general pool, as reflected in the 2012 LIHTC Application Rank Based Solely Upon Re-Scoring (Staff Document 8.2 (REV));
2. Sufficient low-income housing tax credits were not available for 2012 to fund more than 3 or 4 applications from the non-profit/general pool, depending upon the particular projects selected; and
3. Assuming, contrary to the specific language of the 2012 QAP and long standing Board interpretation, that selection of projects to receive 2012 tax credit awards was based solely upon scoring rank under the re-scoring adopted by the Board in Motion No. 9 (REV), as reflected in the adopted 2012 Re-scoring Comparison Matrix, Ft. Harrison (Freedom's Path) should not have received an award of LIHTCs for its 2012 application.

Moved By: Mckee
Seconded By: Kaercher

In Favor: 5
Opposed: 1

Passed/Not Passed: Passed

Staff Document 8.2 (REV)

2012 PROJECT RANK SOLELY BY RE-SCORING
PER COURT ORDER

<u>Rank</u>	<u>Score</u>	<u>Project</u>	<u>Location</u>
1	102	Soroptimist Village*	Great Falls
T2	101	Depot Place*	Kalispell
T2	101	Blackfeet V*	Browning
4	100	Hillview	Havre
5	99	Aspen Place	Missoula
6	99	Stoneridge	Bozeman
7	97	Freedom's Path	Fort Harrison
8	96	Deer Park	Dillon
9	94	Parkview Village*	Sidney
10	93	Red Fox	Billings
11	81	Courtyards	Kalispell

Small projects

91	Sweet Grass*	Shelby
85	Haggerty Lane*	Bozeman
59	Haven Homes**	Missoula

*Credits awarded and reserved by Reservation Agreement in 2012 allocation round

**Did not meet minimum scoring threshold for award consideration

RECONSIDERATION MEETING MOTION NO. 12

Moved that the Board find and determine that:

1. Considering the information before the Board, including but not limited to the re-scoring adopted by the Board in Motion No. 9 (REV) and the other project information, and considering QAP factors other than or in addition to project rank based on the re-scoring, and in comparison to other qualifying projects, Ft. Harrison's (Freedom's Path) project did not best meet the housing needs of low income people within the State of Montana and Ft. Harrison (Freedom's Path) would not have received an award of tax credits based upon its 2012 application. The Board properly declined to select Freedom's Path for an award of tax credits based upon its 2012 application.
2. Because the Board has determined that Ft. Harrison (Freedom's Path) should not have received an award of credits either based upon scoring or based upon QAP factors other than or in addition to the scoring, the Board affirms its selection of the projects awarded tax credits at the 2012 award determination meeting and its decision not to select Freedom's Path for an award of tax credits based upon its 2012 application. The Board declines to award low-income housing tax credits to FHVR, whether under the 2013 Corrective Award Set-Aside or otherwise.

Moved By: melby
Seconded By: mckee

In Favor: 6
Opposed: 0

Passed/Not Passed: Passed

MONTANA BOARD OF HOUSING

WRITTEN EXPLANATION OF AWARD DETERMINATION ON RE-SCORING AND RECONSIDERATION OF FT. HARRISON VETERANS RESIDENCE 2012 LIHTC APPLICATION

The Montana Board of Housing adopts the following Written Explanation of its Low Income Housing Tax Credit (“LIHTC”) Award Determination on Re-Scoring and Reconsideration of the Ft. Harrison Veteran’s Residence 2012 LIHTC Application.

1. Introduction

On June 3, 2013, the Montana Board of Housing (“Board”) met to conduct its re-scoring and reconsideration (the “Reconsideration Meeting”) as required by the Court’s April 26, 2013 Order on Motions for Summary Judgment issued in *Ft. Harrison Veterans Residence v. Montana Board of Housing, et al.*, Cause No. DDV-2012-356, Montana First Judicial District, Lewis and Clark County (the “Order”).

Prior to the Board’s June 3, 2013 meeting, all Board members were provided with documents, comment and recommendations relating to the re-scoring and reconsideration by or on behalf of Ft. Harrison Veterans Residence (Ft. Harrison”) and its attorneys, and Board Staff and Board counsel. In addition, at the Reconsideration Meeting, additional documents and comment were heard and received by the Board. The Board has considered all of the foregoing documents, comment and recommendations (the “Submissions”) for purposes of the re-scoring and reconsideration and has made the Submissions part of the record of the Reconsideration Meeting.

The Board has caused the Reconsideration Meeting to be transcribed by a court reporter and has directed the court reporter to prepare and submit a transcript of the Reconsideration Meeting. The transcript of the Reconsideration Meeting (the “Transcript”) will be and is hereby made a part of the record of the Reconsideration Meeting.

Based upon consideration of the Submissions, at the reconsideration Meeting, the Board by motion made various determinations with respect to certain 2012 Qualified Allocation Plan (“QAP”) provisions, scoring and re-scoring of 2012 applications under such QAP provisions, threshold scoring requirements for Small Projects, and whether, taking into consideration the Re-Scoring, Ft. Harrison should have received an award of LIHTCs for its 2012 application. These determinations are set forth in writing in Reconsideration Meeting Motions No. 1 through 12, respectively (the “Board Determinations”).

The Submissions, the Transcript and the Board Determinations, having been considered and/or made by the Board, are hereby incorporated into this Written Explanation. The Submissions, the Transcript and the Board Determinations, together with this Written Explanation, shall constitute the record (the “Record”) of the Board’s Re-Scoring and Reconsideration pursuant to the Order.

2. Purpose of Written Explanation

The 2012 QAP provides as follows:

The awarding of points to projects pursuant to the QAP is for the purpose of determining that the projects meet at least the minimum development selection criteria of the QAP and to assist the Board in evaluating projects, but does not control the selection of projects that will receive an award of tax credits. The Board will select the projects to receive an award of tax credits that it determines best meet the needs of low income people within the state of Montana regardless of the points scored by each of the several projects or staff recommendations. The Board may consider the following factors in selecting projects for an award of tax credits to qualifying projects:

- **The geographical distribution of tax credit projects;**
- **The rural or urban location of the projects;**
- **The overall income levels targeted by the projects;**
- **Rehabilitation of existing low income housing stock;**
- **Sustainable energy savings initiatives;**
- **Financial and operational ability of the applicant to fund, complete and maintain the project through the extended use period;**
- **Past performance of an applicant in initiating and completing tax credit projects; and**
- **Cost of construction, land and utilities.**

2012 QAP, pages 24-25.

Under these 2012 QAP provisions, the Board is to select the projects to receive an award of tax credits that it determines best meet the needs of low income people within the state of Montana. In doing so, the Board may consider the application scoring (the “Scoring”) and the bulleted factors (the “Factors”). The 2012 QAP contains additional discussion regarding these Factors, which discussion may be relevant in applying the Factors.

The 2012 QAP further provides:

If the Board awards credits to an applicant where the award is not in keeping with the established priorities and selection criteria of this Plan, it will publish a written explanation that will be made available to the general public pursuant to Section 42(m)(1)(A)(iv) of the Internal Revenue Code.

The Board interprets “in keeping with the established priorities and selection criteria” of the QAP to mean made according to the project selection standard stated in the QAP, i.e., a Board determination of what project or projects best meet the needs of low income people within the state of Montana, taking into consideration the Scoring and/or any of the Factors. This QAP language was not intended to mean, and the Board does not interpret this language to mean, that a written explanation is required for an award that is based on the listed factors other than scoring rank alone.

The foregoing QAP provision requires that the Board publish a written explanation if the Board awards credits to an applicant where the award is not in keeping with the established priorities and selection criteria of the QAP. This 2012 QAP provision requires a written explanation only if the Board affirmatively makes an award of tax credits that is not in keeping with the Scoring and/or the Factors. An award to a project that is outside scoring rank, but that is based upon consideration of one or more of the Factors, does not trigger this written explanation requirement.

b. Awards Based Upon Scoring

Under the 2012 QAP, scoring does not control the selection of projects for award of credits. *If*, contrary to the specific language of the QAP and longstanding Board interpretation, the Board were to select projects for award of credits based *solely* upon the rank of applications under the re-scoring adopted by the Board in Motion No. 9, awards would be made as follows:

1. Soroptimist Village (102)	\$ 480,000
2. (Tie) Depot Place (101)	\$ 608,000 <i>OR</i>
(Tie) Blackfeet V (101)	\$ 631,225
Total	\$1,719,225
Remaining Credits	\$ 436,126

Under this scenario, if the Board awarded credits to the top 3 scoring applications, only \$436,126 in available credits would remain. This amount is insufficient to fully fund the next project in scoring rank, Hillview at \$563,715. Additional projects could be fully funded only if the Board went outside the order of scoring rank.

Under the re-scoring adopted by the Board in Motion No. 9, Ft. Harrison ranks 7th in scoring among qualifying 2012 projects competing for available credits in the non-profit/general pool. See Motion No. 11. Sufficient LIHTCs credits would not be available for 2012 to award the requested amounts of credits to any more than the first three applications in order of scoring rank from the non-profit/general pool. Further, under a scoring-only approach, the awards would lack a reasonable geographical distribution, and would not be balanced among senior/family projects, urban/rural projects, or rehabilitation/construction of new units.

Therefore, if awards were based solely upon scoring rank under the re-scoring adopted by the Board in Motion No. 9 and as reflected in the 2012 Re-scoring Comparison Matrix (Staff Document 7.1 (REV), Ft. Harrison (Freedom's Path) would not have received an award of LIHTCs for its 2012 application.

c. Awards Based Upon Factors Other Than/In Addition to Scoring

The 2012 QAP provides that the Board is to select the projects to receive an award of tax credits that it determines best meet the needs of low income people within the state of Montana. The point scoring is for the purpose of determining that the projects meet at least the minimum development selection criteria of the QAP and to assist the Board in evaluating projects, but does not control the selection of projects that will receive an award of tax credits.

The Board may consider the Scoring and any of the Factors listed in the QAP, which include the following:

- The geographical distribution of tax credit projects;
- The rural or urban location of the projects;
- The overall income levels targeted by the projects;
- Rehabilitation of existing low income housing stock;

- Sustainable energy savings initiatives;
- Financial and operational ability of the applicant to fund, complete and maintain the project through the extended use period;
- Past performance of an applicant in initiating and completing tax credit projects; and
- Cost of construction, land and utilities.

The 2012 QAP contains additional discussion regarding these Factors, which discussion may be relevant in applying the Factors.

Applying the selection approach and Factors from the 2012 QAP, and considering the re-scoring adopted by the Board as reflected in the 2012 Re-scoring Comparison Matrix (Staff Document 7.1 REV), the other project information, and the QAP Factors other than or in addition to project scoring rank, the Board finds and determines that it properly made the following awards of 2012 tax credits:

1. *Soroptimist Village (\$480,000)*. This project best meets the needs of low income people within the state of Montana for the following reasons:

- Selection of this project addresses the most pressing need among the applicant projects for rehabilitation of existing low income housing stock:
 - The existing housing provides 50 housing units serving elderly and disabled tenants in Great Falls.
 - The facility has been in service for 50 years and it is critical to keep this existing housing stock in place. The costs of maintaining the existing facility are rapidly increasing and the negative effects of deteriorating conditions on tenants are escalating. This project has widespread community support and strong and longstanding affiliations with community providers of related services.
 - Selection of this project is also supported by geographical distribution, as there is great need in the large Great Falls community but few projects have been awarded tax credits in Great Falls over the last 10 years.
- The project is a non-profit project and an award applies to the federally mandated non-profit set aside.
- The project's strong score indicates that it is a viable project that is consistent with the priorities and considerations of the QAP.
- The Board notes that the Hillview Apartments project presents another needed rehabilitation of existing low income housing stock. Although there is need for the Hillview rehabilitation project and it has presented a strong application that scored highly, the Board finds that the Soroptimist project better meets the housing needs of low income Montanans at the time of the 2012 allocation awards. An award to Hillview would not apply to the non-profit set aside. Soroptimist's market study indicates a 2% vacancy rate for the area as compared to a 5% vacancy rate for the Hillview area. Soroptimist also offers a lower cost per unit and lower total cost. For these reasons, Hillview is not selected despite its high scoring rank.

2. *Blackfeet V (\$631,225)*. This project best meets the needs of low income people within the state of Montana for the following reasons:

- Selection of this project is supported by geographical distribution and rural vs. urban location, because the project addresses the acute low income housing needs within the Blackfeet Reservation, which is generally underserved rural area of the state.

- The needs of low-income Montanans in this area and community are more acute than in areas that would be served by most competing applications. This family project addresses an area and community facing severe housing overcrowding and waiting lists. Much existing housing in the area lacks adequate facilities and plumbing. The project's market study indicates a 0% vacancy rate. The project provides for very low rents and eventual home ownership. Few other housing finance resources are available in this area and, without the ability to leverage available resources with tax credits, entities are not willing to commit to developing and building drastically needed housing.
- Cost considerations also favor this project, as the proposal does not provide contractor profit and the project is well below the maximum percentages on every intermediary cost category.
- The project's strong score indicates that it is a viable project that is consistent with the priorities and considerations of the QAP.

3. Parkview Village (\$403,013). This project best meets the needs of low income people within the state of Montana for the following reasons:

- Selection of this project is supported by geographical distribution and rural vs. urban location, because the project addresses an extreme low income housing need within the area of the state suffering the greatest housing impacts created by the current oil boom.
 - Selection of this project serves geographical distribution because there have been no previous tax credit awards in Sidney or Richland County.
 - The Board finds and determines that the housing needs of low-income Montanans in this area and community of the State are as pressing as any addressed by the competing applications.
 - Rents in Sidney and the surrounding area are skyrocketing as a result of the economic boom generated by resource development and production. Many highly paid workers have come into the area and are willing and able to pay high rents. As a result, low and moderate income critical service workers, teachers and others have been displaced from their existing housing by rapidly rising rent and are unable to obtain decent, affordable housing. People are living in tents, campers, garages, motels and any possible shelter, many without adequate facilities, creating health and safety issues. Commenters report rent increases as great as 200 – 400% within a period of 18 months. The market study indicates a 0% vacancy rate.
 - The extreme need for additional low-income housing in this community is further reflected by the community support expressed for this project. This project has the broadest and deepest level of community support of any project applicant. The support letters come from a wide variety of interest, from local workers to even local landlords who benefit from the high area rents.
 - The low income and rent levels targeted by the project are especially significant given the extremely high incomes and rent levels in the area driven by the current economic boom.
 - Although this project was not among the top scoring applications, the project meets and exceeds all QAP requirements and presents a viable project by an experienced development team that addresses one the most pressing housing needs and underserved geographical locations within the state.

4. *Depot Place (\$608,000)*. This project best meets the needs of low income people within the state of Montana for the following reasons:

- Selection of this project is supported by geographical distribution, because the project addresses a growing need for senior housing in the western part of the state, particularly in Kalispell, an area increasingly attractive for senior retirees.
- The project addresses this need in an urban setting and in a location particularly conducive to senior residence, within close walking distance of many amenities and with available public transportation to other services.
- This project is comparable to another senior project, Aspen Place in Missoula. However, as a larger community, Missoula has more housing resources and recent competitive tax credit awards than Kalispell.
- The project's strong score indicates that it is a viable project that is consistent with the priorities and considerations of the QAP.

After award of tax credits to these 4 projects in the amounts, there were insufficient credits remaining to fully fund any additional projects.

d. Addressing the Maximum Number of High Priority Needs With Available 2012 Tax Credits.

The strong pool of applicant projects indicates that there are many and varied low-income housing needs in the State of Montana. Tax credits totaling approximately \$7 million were requested through the 2012 applications. Most if not all of the 2012 applicant projects have merit. Unfortunately, only about \$2.5 million in tax credits is available for award and allocation, and the Board must exercise its discretion to select only a few of those projects for award of credits. Therefore, the Board has sought to use the available tax credits to address the greatest number of pressing low-income housing needs possible with the available tax credits.

The combination of projects selected for award, as set forth above, allows the Board to fully fund 4 rather than only 3 projects. After making the mandatory small project set-aside awards to Haggerty Lane and Sweet Grass, there are not sufficient credits remaining available to fully award all of the top 4 scoring projects. As stated above, Soroptimist and Parkview are 2 of the 2012 projects that best meet the housing needs of low-income Montanans. In addition, they reflect 2 of the lowest credit request amounts in the applicant pool. Selection of these projects simultaneously addresses 2 of the highest priority needs in the state, while also allowing full funding of 4 rather than 3 projects.

If either Soroptimist or Parkview were not selected, there would be insufficient credits to fully fund a fourth project. Any unawarded credits would be carried over to the next allocation round. However, while the Board does not consider the ability to fully fund more projects alone as grounds to select a particular project, when considered together with the strong reasons supporting selection of the 4 projects noted above, this selection allows the Board to leverage available tax credits to the greatest number of low income housing needs in the state of Montana at the earliest date. The group of projects selected for 2012 tax credit awards best meets the most pressing housing needs of low-income Montanans, while striking a fair and reasonable balance among family and senior projects, urban and rural projects, rehabilitation and new construction, and geographical areas of the State.

Conclusion.

Based upon the Record and for the foregoing reasons, the Board finds and determines that Ft. Harrison's (Freedom's Path) project did not best meet the needs of low income people within the State of Montana. Freedom's Path should not have received an award of tax credits based upon its 2012 application and the Board properly declined to select Freedom's Path for such an award.

Therefore, the Board affirms its selection of the Soroptimist, Blackfeet V, Parkview Village and Depot Place projects for award of 2012 tax credits and its decision not to select Freedom's Path for an award of tax credits based upon its 2012 application. The Board declines to award low income housing tax credits to Freedom's Path, whether under the 2013 Corrective Award Set-Aside or otherwise.

DATED this 3rd day of June, 2013.

Moved By: Rice

Seconded By: Gauthier

In Favor: 6

Opposed: 0

Passed/Not Passed: Passed