MISSION STATEMENT:
Montana Housing works with community partners across the state, and together we ensure Montana Families have access to safe and affordable homes.

MONTANA BOARD OF HOUSING
BOARD TRAINING & STRATEGIC PLANNING

Date: Monday, September 12, 2022
Time: 8:30 a.m. – 4:00 p.m.
Location: Heritage Inn – 1700 Fox Farm Rd, Great Falls MT 59404 – 406.761.1900

Or join Zoom Meeting
https://mt-gov.zoom.us/j/82195208260?pwd=Y2ZSQ1IkV0NtaZ2ci9XRnRUblo2dz09

Meeting ID: 821 9520 8260
Password: 980517

Dial by Telephone
+1 646 558 8656
Meeting ID: 821 9520 8260
Password: 980517
Find your local number: https://mt-gov.zoom.us/u/kE4JtnXiX

Join by SIP
82195208260@zoomcrc.com

Join by H.323 (Polycom)
162.255.37.11##82195208260

AGENDA ITEMS

8:30 - Breakfast

- Meet & greet board members, staff and partners
- Ice Breaker: What do you admire most in a work colleague OR what quality do you appreciate the most is in a friend?
## 9:15 - Multifamily Program (Nicole McKeith & Mark Shelbourne)
- 2024 Qualified Allocation Plan
- Multifamily Program Updates:
  - American Rescue Plan Act State Local Fiscal Recovery Funds (ARPA SLFRF)
  - Multifamily Loan Program (MFLP)
  - Coal Trust Multifamily Homes (CTHP)

## 10:45 - Public Participation Policy / Legal Refresher (Greg Gould)
- Refresher: Open meetings, Public Participation, Duties, Ethics and Standards of Conduct
- Draft Public Participation Rule Amendment

## 11:45 – Lunch

## 1:00 – Montana Continuum of Care (David O’Leary)
- [www.mtcoc.org](http://www.mtcoc.org)

## 1:30 – Housing & Healthcare (Traci Clark)
- Interdepartmental Housing Integration Project (IHIP)

## 2:00 – Legislative Goals, Objectives and Metrics (Cheryl Cohen)
- Montana Housing Goals & Objectives
- Metrics / OGSM

## 2:45 – Break
- Snacks

**MISSION STATEMENT:**

Montana Housing works with community partners across the state, and together we ensure Montana Families have access to safe and affordable homes.
MISSION STATEMENT:
Montana Housing works with community partners across the state, and together we ensure Montana Families have access to safe and affordable homes.

3:00 – Board Action Plan and Schedule (Shelia Rice)
- Board discussion on goal setting and annual action plan
- 2023 proposed schedule

5:30 – Dinner
- www.thecelticcowboy.com
- Dinner Hosted by Montana Housing at 6:00 pm
Qualified Allocation Plan (QAP)

Revision for 2024 Draft
What’s a QAP again?

- The federal Low Income Housing Tax Credit program requires each state agency that allocates tax credits to have a QAP.
- The QAP sets out the state’s eligibility priorities and criteria for awarding federal tax credits to housing properties.
- The QAP is a tool advocates can use to influence how their state’s share of annual low-income housing tax credits is allocated to affordable housing properties.

Advocates can use the public hearing and comment requirements to convince their housing finance agency to better target tax credits to properties that house people with extremely low incomes, locate projects in priority areas, and preserve the existing stock of affordable housing.
What have we done differently this year with this revision?

• Identified key stakeholders to be in a working group to solicit feedback
  – Started meeting monthly in May
• Contracted with Mark from Novogradac whose expertise is QAP revisions for Housing Finance Agencies (HFAs)
• Reformatted the document and reorganized content.
  – 2022 QAP: 33,502 words 2023 QAP: 19,513 words
  – 2023 & 2024 QAP focused on policy issues. 18,216 words
  – Identified policy issues to review more intently
• Networked at NCSHA & compared our policies with several other HFAs
2023 Policy Revisions & Discussions

• Cost Per Unit Limit
• Broadband
• Income & Rent Level Targeting
• Extended Use Period Increase
• Homeownership
• Qualified Contract Addition
• Inclusion of energy efficient appliances as threshold

• Other Topics Discussed:
  – Radon & Meth Testing
  – Twinned Projects
  – 4% Bond Projects/Volume Cap Allocation
2024 Policy Revisions

Discussed:
• LOI Process
• Cost Per Unit Limit
• Scoring Criteria & Development Criteria
• Application Submissions
• Selection Process
• Rent Increases
• Max Credit Award Amount

Actual Revisions:
• Cost Per Unit Limit
• Scoring Criteria & Development Criteria
• Rent Increases
Scoring Criteria & Development Criteria

- Several items moved to the Threshold list
- Reordered Board Consideration & Development Evaluation Criteria

1. Factors Considered by the Board
2. Lower Income Tenants
3. Project Characteristics
4. Local Involvement
5. Green Building
6. Tenant Populations with Special Housing Needs
Cost Per Unit

2023 TOTAL COST PER UNIT LIMIT.

- Total Project Cost Per Unit may not exceed $280,000.
- For purposes of applying this limit to Applications for the 4% and 9% Projects in Twinned 4%/9% Projects, Total Project Cost Per Unit will be calculated as an average of the Total Project Cost Per Unit amounts for the included 4% Project(s) and 9% Project(s).
- Applications exceeding this limit will receive no further consideration. Projects must meet this limit at LOI, Application, 10% Cost Certification and Final Cost Certification. MBOH will assess negative points in the future if a Project exceeds this limit at Final Cost Certification. This negative points assessment will apply only prospectively to Projects Awarded Credits in the 2017 or later Award rounds.
- The $280,000 limit amount also applies to Projects awarded Credits in prior years and for which an IRS Form 8609 has not yet been issued, if MBOH staff approves such limit amount based upon submission of a written request with supporting justification for cost.
- Applicants must submit requests for exception to the Total Cost Per Unit limit no later than thirty (30) day prior to the LOI submission deadline. MBOH will consider exceptions based upon documented justification. The MBOH Board may grant exceptions in

2024 TOTAL COST PER UNIT LIMIT

- Owners must notify and explain to MBOH a greater than a 10% increase in cost per unit, or 5% in any line-item totalling more than $50,000, from the amount at the time of Award. Failure to do so may result in being ineligible for a waiver request to the Board.
- If a project’s cost per unit is above $350,000 or has an increase that results in the cost per unit of over $350,000 then MBOH will require a waiver request to the Board. In addition if a project has 20% cost increase from the time of award, a waiver request is also required.
Next year…

Comprehensive review of design requirements and green building, and 504 Accessibility Requirements
Data Sets for Awards & Timelines

• Posting the packets in groups instead of one large packet
  – September 19th
    • Demographic info, maps and bar graphs
  – October 3rd
    • Cover letters, mini market study, amenities, support letters from apps, summary project and comparative spreadsheets
  – October 12th
    • Staff summary cover page with site photos
Qualified Contract Process

- A qualified contract is a bona fide contract to acquire a low income housing tax credit property for the sum of the existing debt, adjusted investor equity and other capital contributions less the property cash distributions as set forth in IRC §42(h)(6)(F).

- Waive their right to a Qualified Contract in the LURA

- No requests since revision
Multifamily Update

Multifamily Loan Program

&

ARPA SLFRF
Multifamily Loan Program

- New loan program
- Projects will need to be approved by board
- Additional gap financing
- Utilizes existing loan guidelines
- Multifamily Indenture Funds
  - $8.7 million
In Progress MFLP Loans

- Comstock I,II,III $1.3 Million
- Cabinet Affordable $1.1 Million
- Creekside 4% $1.25 Million
- Oakwood Village $1.5 Million

- We receive approximately $36,000 per month in payments to use towards future loans
Multifamily Loan Program- Program Guidelines

Type of Program:
- Permanent financing for multifamily rental homes. Loans may be insured or noninsured depending on security of asset.

Eligible Applicants:
- For-profit, non-profit, and governmental entities as Single Asset Mortgagors.

Types of Projects:
- Residential rental homes that may be new construction and acquisition with substantial rehabilitation with complete living units. Preservation projects will be prioritized.

Security:
- First Mortgage; may be a loan participation or pari-passu.

Loan-to-Value:
- Loan amount will be less than 75% of appraised replacement cost/value and may be reduced depending on security of the asset. If an insured loan it can be above 75% depending on insurance.

Loan Amounts:
- Maximum loan based on security of the asset but will generally not exceed $1,500,000.

Debt Service Coverage:
- Minimum of 1.15 to 1.

Loan Term:
- 30-year fixed rate max but will consider other variations.
Affordability Term
• A minimum of a 15-year affordability period enforced through a regulatory agreement recorded against the land and may include prepayment penalties if needed.

Reserve Requirements:
• Escrows established for property taxes and hazard insurance, operating reserve, and reserve for replacement.

Loan Servicing
• The loan will be serviced by Montana Housing including escrow and reserve requirements. Servicing fee will be absorbed by loan rate charged below.

Loan Rate: (will generally follow Housing Montana Fund rates but exceptions may be considered)
• 2% if targeting 30% or less AMI households.
• 3% if targeting from 31% to 50% AMI households.
• 4% if targeting from 51% to 80% AMI households.
• 6% if targeting from 81% to 95% AMI households; and
• Weighted average rate if targeting multiple ranges. Existing projects will use incomes of tenants at application.
  o Example:
    ▪ 10-unit property, 5 units @ 30%, 2 units at 50%, 3 units @ 60%
    ▪ 5 x .02 = .10
    ▪ 2 x .03 = .06
    ▪ 3 x .04 = .12
    ▪ Total = .28 Final rate: .28 / 10 = .028 (2.8%)

Underwriting and Project Fee Limitations:
• Underwriting assumptions and fee limitations will follow the most current Qualified Allocation Plan for Housing Credits.

MH Loan Fees:
• Total of 1% of mortgage loan amount, including origination fees.

Mortgage Insurance Premium:
• Depends on the type of MIP being used.

Compliance Fees:
• Will match current compliance fees for Housing Credits.
ARPA State & Local Fiscal Recovery Funds

GL Development

JACKSON COURT APARTMENTS
Affordable Housing for Billings Coming Spring 2023

MONTANA
## ARPA State & Local Fiscal Recovery Projects

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Construction Type</th>
<th>County</th>
<th># Units</th>
<th>ARPA Project</th>
<th>Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family</td>
<td>Acq/Rehab</td>
<td>Big Horn</td>
<td>43</td>
<td>anha</td>
<td>$1,580,483.00</td>
</tr>
<tr>
<td>Family</td>
<td>Adaptive Re-Use</td>
<td>Fergus</td>
<td>16</td>
<td>crowley</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>New</td>
<td>Flathead</td>
<td>38</td>
<td>alpenglow</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>Acq/Rehab</td>
<td>Hill</td>
<td>60</td>
<td>oakwood</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>Acq/Rehab</td>
<td>Hill</td>
<td>32</td>
<td>highland</td>
<td>$409,517.00</td>
</tr>
<tr>
<td>Family</td>
<td>New</td>
<td>Lake</td>
<td>24</td>
<td>meadowlark</td>
<td>$210,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>Acq/Rehab</td>
<td>Lewis &amp; Clark</td>
<td>44</td>
<td>firetower</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>New</td>
<td>Missoula</td>
<td>200</td>
<td>villagio</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Family, PSH</td>
<td>New</td>
<td>Missoula</td>
<td>202</td>
<td>trinity</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>Adaptive Re-use</td>
<td>Park</td>
<td>37</td>
<td>bluebunch</td>
<td>$520,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>New &amp; Adaptive Re-use</td>
<td>Yellowstone</td>
<td>29</td>
<td>mmm</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>New</td>
<td>Yellowstone</td>
<td>24</td>
<td>laurel depot</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Family</td>
<td>New</td>
<td>Yellowstone</td>
<td>38</td>
<td>jackson ct</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Senior</td>
<td>Acq/Rehab</td>
<td>Yellowstone &amp; Co</td>
<td>62</td>
<td>spruce grove</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>

*Note: County names may be abbreviations.*
Montana Board of Housing

Structure, Authority, Requirements & Conduct

Gregory G. Gould, Board Counsel
Jackson, Murdo & Grant, P.C.  May 12, 2021
Scope of Presentation

• Statutory Structure of Board

• Board’s Statutory Purposes, Powers and Authority

• Important Requirements
  • Rulemaking
  • Open Meetings
  • Confidentiality

• Duties and Standards of Conduct

• Board Member (Non-)Liability
The Board is a unique governmental financial organization created by Mont. Code Ann. § 2-15-1814:

- Governor appoints members informed and experienced in housing, economics or finance
- Members are *not* considered to have a conflict of interest under state ethics law *merely* because member is stockholder, officer or employee of a lending institution that may participate in Board’s programs

**Statutory Structure of Board**
The Board elects its own Presiding Officer (Chair) and other Officers (Vice Chair, Secretary & Treasurer)

At least one member must be an attorney licensed to practice law in Montana


Members may be removed by Governor only for cause
• A majority of Board membership constitutes a quorum

• A favorable vote of at least a *majority of all Board members* is required to adopt any resolution, motion or other decision
  
  • *e.g.*, if only 4 members are present, the Board has a quorum to conduct business, but all 4 members present must vote favorably to take action
Board is allocated to Department of Commerce (DOC) for administrative purposes (Mont. Code Ann. § 2-15-121):

- Board exercises its quasi-judicial, quasi-legislative, licensing and policymaking functions independent of, and without control or approval of, DOC
  - Board submits budgetary requests and any required reports through DOC
  - DOC Director represents Board in communications with Governor
- DOC handles clerical, administrative, financial, staffing and publications and provides office space
- Board does not hire, fire or do performance evaluations

DOC provides all staff (state employees) and services that Board determines necessary to carry out its programs - assesses Board for costs
Board Purposes and Powers

Montana Housing Act

Mont. Code Ann. Title 90, Chapter 6, part 1.
Legislative Declaration (90-6-102)

The legislature finds and declares that there is a shortage in Montana of decent, safe, and sanitary housing which is within the financial capabilities of lower income persons and families. In order to alleviate the high cost of housing for these persons, the legislature believes that it is essential that additional public moneys be made available through the issuance of revenue bonds to assist both private enterprise and governmental agencies in meeting critical housing needs.
Board Powers – Finance & Loan Programs

• Operate Housing Finance Programs
  • Purchase loans originated by lending institutions for purchase, construction, rehabilitation, leasing or refinancing of housing for persons of lower income
  • Make mortgage loans, including federally insured mortgage loans, to housing sponsors to finance construction or rehabilitation of housing for persons of lower income
  • Make loans to persons and families of lower income for housing, including persons eligible for federally insured loans or assistance, when board determines loans are not otherwise available from private lenders on reasonably equivalent terms
  • Require collateral to secure loans and set and agree to modification of loan terms

• Single Family and Multi-Family Loan Programs

• Other Programs (discussed below)
Board Powers – Bond Programs

• Issue Notes and Bonds
  • Obligations of Board are payable solely from Board’s assets and revenues – not obligations of the State
  • State has pledged not to impair Board’s bond obligations
  • Board members and staff are not personally liable on bonds

• Generates funding for Board programs and operations

• Last Week’s presentations by Bond Counsel (Kutak), Bond Underwriters (RBC) and Financial Advisors (CMG)
Board Powers – Housing Tax Credits

• Federal Low-Income Housing Tax Credits (Housing Credits)
• Board designated by Governor’s 1987 Executive Order as Montana’s Housing Finance Agency for purposes of allocating federal low-income housing tax credits (Housing Credits) in Montana
• Governed by federal law and Board’s Qualified Allocation Plan
• QAP adopted through federally required process and as Montana Administrative Rules
• Earlier presentations by Nicole Whyte and Mark Shelburne
Reverse Annuity Mortgage Loan Program
(Mont. Code Ann. Title 90, Chapter 6, part 5):

“Many elderly citizens in Montana own their own homes and have little or no remaining mortgage debt. Many of these homeowners are persons of lower income who would benefit from an additional income source from the use of the equity in their homes. The legislature finds that reverse annuity mortgage loans would enable elderly homeowners to provide more substantially for their own in-home support and specialized care.” (90-6-502)

- Age 68 or older (exceptions on case-by-case basis)
- Completion of Reverse Annuity Mortgage Counseling Program required
- Owner-occupied single-family dwellings
- Initial lump sum plus monthly tax-free cash payments to borrower over 10 years
- Repayment if borrower vacates property, home sold or borrower dies
Veterans’ Home Loan Mortgage Program

(Mont. Code Ann. Title 90, Chapter 6, part 6):

• Coal tax trust funds loaned to first-time homebuyer veterans
• Originated by lenders and purchased by Board
• Interest rate 1% lower than Board’s lowest rate
• First-time home buyer education required
• Minimum borrower contribution ($2,500)
• Subject to maximum loan amount but no borrower income limit
• Loan must be insured or federally guaranteed
Coal Tax Trust Multifamily Loan Program
(Mont. Code Ann. § 90-6-137)

• Provides funding to fill gaps in financing *multifamily* rental housing projects that provide low-income and moderate-income housing

• May not be used to replace other existing or available sources of funding

• Reduced Interest rate

• First lien position

• Project must be subject to property tax

• Cap on available funds for loans
**General Board Powers**

Statutes grant broad powers to carry out purposes of Housing Act, including power to:

- Make agreements with other governmental agencies, private entities, housing sponsors and lenders
- Make agreements and transactions with, accept grants and cooperation of other governmental agencies
- Acquire, hold and dispose of property (e.g., notes and mortgage interests, title at foreclosure, etc.) consistent with contractual obligations
- Invest funds subject to bondholder agreements
- Service Board and other loans
- Collect interest, fees and charges in connection with making and servicing loans, bonds and other obligations (limited to costs of operation, administration and loss allowances)
- Procure mortgage loan insurance
Rulemaking Authority
Rulemaking to implement and administer Montana Housing Act
• 90-6-104 General
• 90-6-106 General
• 90-6-507 (RAM Loan Program)
• 90-6-605 (Veterans’ Home Loan Mortgage Program)
In addition to the Governor’s appointment authority and the Legislature’s authority to create the Board and govern its programs through legislation, the Board and its programs are subject to other authority and oversight:

• Federal laws, regulations and guidance, *e.g.*, through IRS and HUD in single family, Housing Credit and other programs

• Financial standards and guidelines, *e.g.*, through rating agencies and capital markets
Rulemaking

Open Meetings
Rulemaking

The Montana Administrative Procedure Act (MAPA) (Mont. Code Ann. Title 2, Chapter 4) addresses rulemaking and contested cases.

The Legislature has authorized the Board to develop and operate certain programs as discussed above and has granted rulemaking authority to the Board to carry out those programs.

"Rule" means each agency regulation, standard, or statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedures, or practice requirements of an agency. The term includes the amendment or repeal of a prior rule. (2-4-102(11)(a))
Rulemaking

Every rule must be authorized by statute and the rule must be consistent with the statute implemented and other applicable law

• MAPA contains numerous additional substantive and procedural requirements for rulemaking

A Board requirement, standard, fee, etc., that is adopted as a rule according to MAPA requirements has the effect of law

• On the other hand, a Board requirement, standard, fee, etc., that is not adopted as a rule according to MAPA requirements is not enforceable as law

• May be enforceable as interpretation of statute but less certainty

Rulemaking is both a sword and a shield

• Specify requirements under more general statutory provisions

• Make those requirements binding and insulate them from challenge
Rulemaking

Important that certain requirements be adopted as MAPA rules to ensure enforceability and validity of determinations made on the basis of such requirements

• *Example*: Housing Credit allocation award standards, such as mandatory threshold items. If an award is made based upon standards not adopted as rules under MAPA, the resulting awards may be subject to challenge, disrupting expectations and investment

• Rulemaking considerations and concerns may impact the content and procedures for adoption of certain items, such as the content and drafting of the Housing Credit Qualified Allocation Plan (QAP)

Legal Counsel and Board staff will advise the Board when they believe rulemaking is required or warranted
Open Meetings

Montana Constitutional provisions:

- **Right to Participate** - Article II, Section 8: Citizens are granted the right to participate in the operation of government agencies prior to final decision-making.

- **Right to Know** - Article II, Section 9: Citizens are granted the right to examine documents and observe the deliberations of state agencies.
Open Meetings

Public Participation
(Mont. Code Ann. Title 2, Chapter 3).

- **Notice**: Advance notice of meeting must be “adequate.”
  - No specific amount of advance notice required by statute
  - DOC and Board post notice on website with agenda at least 72 hours before meeting.

- **Agenda**: The agenda for a meeting must include an item allowing public comment on any public matter that is not on the agenda of the meeting and that is within the jurisdiction of the agency conducting the meeting. (2-3-103)
  - Action items must be on agenda
  - Board may not take action on any matter discussed *unless* specific notice of that matter is included on the agenda and public comment has been allowed on that matter. (2-3-103)
Open Meetings

All Board meetings must be open to the public. (2-3-203(1))

• "Meeting" means the convening of a quorum of the constituent membership of the agency, whether in person or by electronic means, to hear, discuss, or act upon a matter over which the agency has supervision, control, jurisdiction or advisory power. (2-3-202)

• Exceptions:

  • **Individual Privacy**: The presiding officer of any meeting may close the meeting during the time the discussion relates to a matter of individual privacy, if the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open. (2-3-203(3))

  • **Litigation Strategy**: A meeting may be closed to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position of the public agency. (2-3-203(4))
Open Meetings

Board Practice:

• Provide notice of meetings on website at least 72 hours before meeting with meeting agenda.

• No Board action on any issues unless specific notice of that matter is included on the agenda and public comment has been allowed on that matter. Any new items may be discussed but any action must be carried over to next meeting.

• The public should be provided the opportunity to obtain public documents and information before meeting so that participation will be meaningful.

A decision made in violation of open meeting laws may be declared void and the person who brings the action may be awarded their costs expended and reasonable attorney fees. (2-3-213)
Open Meetings

Board staff will provide notice and agenda for scheduled meetings, so Board members need not worry about that.

- Concern is that a Board member does not inadvertently participate in an unnoticed meeting.
  
  - Do not participate in discussions of Board matters with a quorum of Board members present in person or electronically except in a properly notice meeting.

- Discussion: Does “reply all” to email with all Board members copied constitute an open public meeting in violation of the statute? (see “meeting” definition above)
Duties, Ethics and Standards of Conduct
Standards of Conduct

**Board Member Duties**

General Duties of Board Members similar to other corporate boards

- **Fiduciary duty**: duty to act for benefit of Board and its purposes, subordinate personal interests to Board’s
- **Duty of Care**: broad duty to exercise ordinary and reasonable care and to act honestly and in good faith
- **Duty of Loyalty**: avoid conflicts of interest and provide undivided allegiance to Board purposes, even though member may be representative of particular group (e.g., lenders)
- **Duty of Disclosure**: material information (e.g., knowledge regarding financially troubled applicant, lender)

More detail: See MBOH Board Members Summary of Legal Duties
Ethics Rules: Code of Ethics/Standards of Conduct

Purpose: Prohibit conflict between public duty and private interest

• Holding of public office is a public trust, created by confidence that electorate reposes in integrity of public officers

• A public officer shall carry out their duties for the benefit of the people of the state

Most of the rules address some form of conflict of interest issue
Standards of Conduct - Miscellaneous

A public officer may not:

- Disclose or use confidential information acquired in course of official duties to further substantially their personal economic interests (see also confidentiality disclosure issues)

- Assist any person for a fee, contingent fee or other compensation in obtaining a contract, claim, license, or other economic benefit from the agency

- Accept a gift of substantial value
  - that would tend improperly to influence a reasonable person to depart from faithful and impartial discharge of duties, or
  - That the person knows or should know under the circumstances is primarily for the purpose of rewarding the person for official action taken

- Accept salaries from 2 separate public positions that overlap for hours being compensated (ok if using leave or comp time)
Standards of Conduct – Business Interests

A public officer may not:

• Acquire interest in a business or undertaking where public officer has reason to believe the business or undertaking will get direct and substantial economic benefit by official action

• Perform an official act giving direct and substantial economic benefit to a business or other undertaking in which the public officer either has a substantial financial interest or is engaged as counsel, consultant, representative, or agent
  • Exceptions may apply where public officer discloses interest and officer’s participation is necessary to the administration of a statute or for Board to obtain a quorum or to otherwise enable the body to act.

• Perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when the public officer has a substantial personal interest in a competing firm or undertaking
Standards of Conduct

A public officer may not participate in a proceeding when an organization (other than an organization or association of local government officials) of which the public officer or public employee is an officer or director is:

• involved in a proceeding before agency that is within the scope of the public officer's duties; or

• attempting to influence a local, state, or federal proceeding in which the public officer represents the state or local government.
Standards of Conduct

When member is required to take official action on a matter as to which the member has a conflict created by a personal or private interest that would directly give rise to an appearance of impropriety as to the member's influence, benefit, or detriment in regard to the matter, the member shall disclose the interest creating the conflict prior to participating in the official action.

• Disclosure required

• Nonparticipation in discussion and action may also be advisable or even required
Standards of Conduct – Handling Conflicts

If you have a conflict of interest:

• Disclosure of the conflict is required (at a minimum)

• Nonparticipation in discussion and action may also be advised or required

Remember: Members are *not* considered to have a conflict merely because member is stockholder, officer or employee of a lending institution that may participate in Board’s programs

• Additional facts may create conflict

• Situations vary and proper response is fact-dependent
Standards of Conduct

Standards of Conduct – Conflict Examples

• Member is bank employee handling project loan to tax credit applicant
• Member is CEO of partner in tax credit project
• Member is officer in organization selling land to tax credit project, making loan to project, etc.
• Member employed by financial institution purchasing and holding Board bonds
• Member employed by loan originator participating in Board loan programs
• Member employed by tax credit purchaser
• Tax credit application for project in Member’s locality
Standards of Conduct – Handling Conflicts

Considerations and factors:

• Nature of Member interest in matter under consideration
• Nature of benefit to Member (direct, indirect, remote, uncertain, etc.)
• Program participation vs. application for benefit
• Actual vs. apparent conflict
• Potential need for Member’s participation (quorum, tie-breaker, etc.)
• Status of relationship – potential or actual

How to handle conflicts or potential

• Listen to your internal barometer
• Obtain advice from ED or Board Counsel
• Consider at least disclosing on record before participation, possibly disclosure and recusal from discussion and decision
Standards of Conduct

Standards of Conduct – Additional Guidance

Examples and Guidelines

• Guidance from various sources
  • Orientation Handbook
  • Employee Guide to Standards of Conduct
  • State Ethics Policy
  • COPP Guidance on Gifts
  • DOA Fact Sheet on Political Activity

• Previous Board counsel opinions
  • Board Counsel will consider in similar situations
Ex Parte Communications

- *Ex parte*: “on one side only” or “by or for one party.” Ex parte communication is when one party has contact with the adjudicator when the opposing party is not present (“back-dooring the judge”).
  
  - In Board context, essentially means communication with member outside a properly noticed meeting.
  
  - When sitting as a quasi-judicial body, Board decisions should be based upon the evidence presented on the record at a public meeting. If member engages in ex parte communications concerning the issue, the resulting decision is suspect and may be subject to challenge because it may not be grounded solely upon evidence presented at the meeting.
  
  - May also violate open meeting and public participation requirements
Standards of Conduct

*Ex Parte Communications*

Quasi-judicial: where the process must be based on consideration of facts in the record and taking action based upon such facts, applying an essentially judicial discretion – not a set or automatic outcome

- *e.g.*, applications from particular applicants for benefits (competitive tax credit award selections)
- Not legislative action such as adoption of general rules, guidelines, policies (*e.g.*, adoption of QAP)
**Standards of Conduct**

**Ex Parte Communications – MBOH Policy**

Members should refrain from “ex parte” contacts with parties who will appearing before Board in “quasi-judicial” matters:

- Don’t receive evidence individually or collectively except as part of record at publicly noticed meeting scheduled for that purpose
- If Member cannot avoid receipt of information or contact with parties outside meeting, disclose the communication and full content of the information at the public meeting
- Avoidance of *ex parte* communications is preferred to disclosure because disclosure may not be complete and outcome may be affected, subjecting Board action to challenge

MBOH Ex Parte Communication Policy is available on Board website
**Standards of Conduct**

*Ex Parte Communications – MBOH Policy*

Examples:

- Letters or calls from applicant or interested party to individual board members urging favorable action on application
- Conversations with applicants outside Board meeting during Board meeting breaks, at conferences, etc.
- OK to discuss matters of Board policy with members of public, at breaks, conferences, etc.
Confidentiality

- Member cannot use confidential information for member’s personal economic benefit (see Rules of Conduct above)

- Additional aspect involves protecting confidential information from improper disclosure

- Must disclose “public information” under Right to Know and Public Disclosure Laws

- But certain information is Protected from Disclosure:
  - *Individual Privacy*: personal financial and other information
  - *Trade Secrets*. Information or computer software, including a formula, pattern, compilation, program, device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (Title 30, Chapter 14, part 4)
Standards of Conduct

Confidential Information

• If you are asked for Board-related documents or information that may include information of individuals or companies, ask for guidance before disclosing.

• Before disclosure, requested records are reviewed to identify any potentially protected information so that confidential information is protected from disclosure.

• Be aware that Board member communications (e.g., emails, texts) involving or related to Board matters are public records, so they should be preserved and may be subject to disclosure.
Board Member
(Non) Liability

(Non) Liability
Board Member (Non) Liability

Personal liability: there is a very low risk of personal liability, unless the member is grossly negligent, knowingly violates the law, commits fraud, acts beyond the Board member’s role or engages in some other egregious form of conduct.
**Immunity, Defense and Indemnification (2-9-305)**

Montana law provides certain immunities from suit and liability, and provides you with a legal defense and indemnification for claims so long as you have acted within the course and scope of your Board role.

- **Exceptions**: fraud, malice, oppression, acts outside course and scope, criminal acts, settlement of a claim without the State’s consent, failure to cooperate in defense of a claim.

*See Memorandum to Board Regarding Board Member Immunity and Indemnification (10/19/2018).*
Common sense suggestions to avoid liability

- Attend training and ask for guidance when needed
- Consider staff and counsel advice and guidance
- Be informed - prepare for and attend meetings
- Exercise care and independent judgment in conducting Board activities
- Protect confidential information
- Disclose conflicts/ex parte communications and observe ethics rules
- Follow Board policies
- Act in the best interests of the Board and the Public – not in personal interest
- Act honestly and in good faith
- Stay in your lane – act within role and authority of Board member
More Information and Details:

- See Board Member Resources page on Board website for statutes, rules and policies
Conclusion
Questions?

If you have questions later, please contact me or Board staff.
BEFORE THE DEPARTMENT OF COMMERCE
OF THE STATE OF MONTANA

In the matter of the adoption of New Rule I pertaining to public participation and the amendment of ARM 8.111.201 Incorporation of Model Rules, 8.111.202 Meetings of the Board and 8.111.602 definitions

NOTICE OF PUBLIC HEARING ON
PROPOSED ADOPTION AND AMENDMENT

TO: All Concerned Persons

1. On __________, 2022, at ___:00 __.m., the Department of Commerce will hold a public hearing in Room 228 of the Park Avenue Building at 301 South Park Avenue, Helena, Montana, to consider the proposed amendment of the above-stated rules.

2. The Department of Commerce will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Department of Commerce no later than 5:00 p.m. on __________, 2022, to advise us of the nature of the accommodation that you need. Please contact Bonnie Martello, Board of Housing, Department of Commerce, 301 South Park Avenue, P.O. Box 200501, Helena, Montana, 59620-0501; telephone (406) 841-2596; fax (406) 841-2771; TDD (406) 841-2702; or e-mail bmartello@mt.gov.

3. The rule as proposed to be adopted provides as follows:

NEW RULE I PUBLIC PARTICIPATION IN BOARD OF HOUSING OPERATIONS

(1) The board welcomes and encourages public participation in its operations in accordance with the requirements of state law and board rules.

(2) The board will conduct contested cases and rulemaking in accordance with the applicable provisions of the Montana Administrative Procedure Act. The board will conduct its meetings and other non-MAPA proceedings in accordance with 8.111.202 and other applicable board rules.

(3) Members of the public may submit written comment to the board regarding any matter within the jurisdiction of the board by electronic mail to the email address provided on the board’s website www.housing.mt.gov. To be considered in any board rulemaking, such comment must be submitted within the time specified in any relevant rule notice. To be considered in any board meeting under 8.111.202, such comment must be received at least 2 business days before the board meeting.

(4) The board shall provide continuing policy, program and technical information at the earliest practicable times and at places reasonably accessible to interested or affected persons and organizations so that they can make informal and constructive contributions to board decision-making.

MAR Notice No. ______________
(5) The board shall maintain a current list of interested persons and organizations including any who have requested inclusion on such list for the distribution of information such as that listed in (4) or notice of public hearings or meetings. This shall be in addition to lists maintained as required by the Montana Administrative Procedure Act. The board shall provide any interested persons and organizations that have requested inclusion on such list with information as provided in (4) and, in addition to providing general notice of board meetings in accordance with 8.111.202, provide such interested persons and organizations with informal advance notice of its public hearings and meetings.

(6) The board shall make available for public inspection all rules and all other written statements of policy or interpretations formulated, adopted, or used by the board in the discharge of its functions and, upon request, provide a copy of any rule. Unless otherwise provided by statute, the board may require the payment of the cost of providing such copies.

(7) The board’s public records, not including confidential information, are open to public inspection in accordance with the applicable provisions of Title 2, Chapter 6, part 10. The board may charge a fee for fulfilling public record requests determined in accordance with 2-6-1006.

AUTH: 2-4-201, MCA
IMP: 2-3-101 through 2-3-114, 2-3-301, 2-4-103, 2-4-201, 2-6-1001 through ___, MCA

REASON: Proposed Rule I is necessary to provide for and describe the board’s procedures implementing public participation statutes by permitting and encouraging public participation in board operations, including decisions of significant interest to the public, as required by 2-3-102 and 2-4-201, MCA. Proposed Rule I would supplement board rules in ARM 8.111.201 and 202, which also describe board procedures and public participation opportunities.

4. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

8.111.201 INCORPORATION OF MODEL RULES

(1) The board of housing has herein adopted and incorporates by reference the attorney general's model organizational and procedural rules for contested cases and declaratory rulings one through twenty-eight by reference to such rules as stated in ARM 1.3.101 1.3.201 through ARM 1.3.234 1.3.233, copies of which may be obtained by contacting the Board of Housing by mail at P.O. Box 200528, Helena, MT 59620-0528, by telephone at (406) 841-2845 or (406) 841-2838, or at the board's web site www.housing.mt.gov.

AUTH: 2-4-202, MCA
IMP: 2-4-202, MCA

REASON: The proposed amendments are necessary to correct the current rule’s reference incorporating the Attorney General's model rules and to comply with
MAPA requirements for incorporations by reference. The current rule incorporates by reference ARM 1.3.101 and 102, which generally direct state agencies to adopt rules facilitating and providing reasonable opportunity for public participation in agency actions of significant interest to the public. However, ARM 1.3.101 and 102 are not part of the Attorney General’s model rules. The current rule also incorporates 1.3.234, which does not exist. The proposed amendments would revise the rule to incorporate only the Attorney General’s model rules and to delete reference to non-existent 1.3.234. Other existing rules, including 8.111.202 and Proposed New Rule I address the content of ARM 1.3.101 and 102 in a manner specific to the Board of Housing. The proposed amendments would also revise the rule to comply with the requirements of the Montana Administrative Procedure Act at 2-4-301, MCA, which provide that a rule adopting material by reference must contain a citation to the adopted material and a statement of its general subject matter and must state where a copy of the material may be obtained.

8.111.202 MEETINGS OF THE BOARD
(1) All meetings of the board are open to the public pursuant to 90-6-105, MCA, except to the extent any meeting is closed during discussion of a matter of individual privacy or litigation strategy in accordance with 2-3-203, MCA.
(2) Notice of the board’s regular meetings shall be given by:
(a) posting a statement of the time, place, and agenda of the meeting on the state’s electronic bulletin board calendar at https://app.mt.gov/cal/html/event/statewide/; and
(b) mailing said notice to any interested parties who have notified the board in writing.
(3) Notice of the board’s special or emergency meetings and notice of committee meetings shall be given by posting a statement of the time, place, and nature of the meeting on the state’s electronic bulletin board calendar at https://app.mt.gov/cal/html/event/statewide/.
(4) In the case of matters determined by the board to be of significant interest to the public, adequate and appropriate notice shall be given in accordance with 2-3-101 through 2-3-114, MCA.
(5) The agenda for all board meetings shall include an item allowing opportunity for public comment on any public matter that is not on the meeting agenda and that is within the jurisdiction of the board.
(6) The board may not take action on any matter discussed at a meeting unless specific notice of that matter is included on the meeting agenda and public comment has been allowed on that matter.
(7) Minutes of board meetings shall be kept and shall be available for inspection by the public on the board’s website www.housing.mt.gov.
(a) The opportunity for public comment provided in (5), public comment received at a meeting and comment received in accordance with [Rule I][3] shall be included in the minutes.
(b) If the presiding officer closes a meeting pursuant to 2-3-203, MCA, minutes shall be kept of the closed portion of the meeting but may not be made available for public inspection except pursuant to a court order.

MAR Notice No. ____________
(8) Meetings of the board are not contested cases or rulemaking proceedings unless specifically designated as such in written notice by the board. Rulemaking proceedings, contested cases and other adjudicatory proceedings are not board meetings for purposes of this rule.

AUTH: 2-4-201, MCA
IMP: 2-3-101 through 114, 2-3-201 through 221, 2-4-201 and 90-6-105, MCA

REASON: The proposed amendments are necessary to revise the rule to more completely and accurately provide for and describe the board’s procedures encouraging and permitting public participation in board operations, including decisions of significant interest to the public, as required by 2-3-102 and 2-4-201, MCA.

8.111.602 DEFINITIONS (1) and (2) remain the same.

(3) "QAP" means the board’s "Housing Credit Program 20232024 Qualified Allocation Plan," which sets forth the application process and selection criteria used by the board for evaluation and selection of projects to receive awards for allocation of housing credits for calendar year 20222024. The board adopts and incorporates by reference the Housing Credit Program 20232024 Qualified Allocation Plan, copies of which may be obtained by contacting the Board of Housing by mail at P.O. Box 200528, Helena, MT 59620-0528, by telephone at (406) 841-2845 or (406) 841-2838, or at the board's web site www.housing.mt.gov.

(4) and (5) remain the same.

AUTH: 90-6-106, MCA
IMP: 90-6-104, MCA

REASON: The proposed amendments to 8.111.602 are necessary to adopt and incorporate by reference the Board’s Housing Credit Program 2024 Qualified Allocation Plan ("QAP").

Federal low income housing tax credits are allocated by the federal government to the states, according to their population, for allocation to particular buildings. Each state’s share of federal low income housing tax credits is allocated to particular buildings under programs administered by the respective states’ housing credit agencies. The Montana Board of Housing is Montana's housing credit agency for purposes of administering the tax credit program and allocating tax credits in the state of Montana. In Montana, the program is known as the Montana Housing Credit Program. Federal law requires that tax credits allocated to the state by the federal government must be allocated by the state pursuant to a "qualified allocation plan" or "QAP".

Prior to publication of this notice, the Board conducted several public meetings to consider suggestions and comments regarding the provisions of the 2024 QAP. Thereafter, at its _____________, 2024 meeting, the Board considered and approved public notice and distribution of the proposed 2024 QAP. After public
notice of the proposed 2024 QAP and of the opportunity for public comment was published and distributed, a public hearing on the proposed 2024 QAP was held on ____________, 2024 and written comments were also received. At its ____________, 2024 meeting, after considering all written and oral comments on the proposed 2024 QAP, staff recommendations, additional public comment and various proposed revisions in response to comments, the Board approved the 2024 QAP for submission to and approval by the Montana Governor, as required by the federal tax credit statute, 26 U.S.C. § 42. [Select and complete applicable option:] [The 2024 QAP has been submitted to the Governor for approval. Adoption of the proposed rule is contingent upon the Governor’s approval of the 2024 QAP.] [The Governor approved the 2024 QAP on ____________, 2024.]

A copy of the 2024 QAP is available on the internet at http://housing.mt.gov/MFQAP or by requesting a copy from: Nicole McKeith, Board of Housing, Department of Commerce, 301 South Park Avenue, P.O. Box 200528, Helena, Montana, 59620-0528; telephone (406) 841-2048. fax (406) 841-2841; or e-mail nicole.mckeith@mt.gov.

5. Concerned persons may submit their data, views, or arguments either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Nicole McKeith, Board of Housing, Department of Commerce, 301 South Park Avenue, P.O. Box 200528, Helena, Montana, 59620-0528; telephone (406) 841-2845; fax (406) 841-2048; or e-mail Nicole.mckeith@mt.gov, and must be received no later than 5:00 p.m., ____________, 2022.

6. Bonnie Martello, Paralegal, Department of Commerce, has been designated to preside over and conduct this hearing.

7. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 4 above or may be made by completing a request form at any rules hearing held by the department.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.
Rule Reviewer

Director
Department of Commerce

Certified to the Secretary of State ____________, 2022.

MAR Notice No. ____________
INTERDEPARTMENTAL HOUSING INTEGRATION PROJECT (IHIP)

Funder: Montana Healthcare Foundation  
Recipient: Montana Department of Public Health and Human Services (DPHHS)  
Amount: $150,000  
Duration: January 2020 – December 2022

PROJECT OVERVIEW
This project focuses on housing as a social determinant of health (SDOH). Unmet social needs such as homelessness and housing instability affect every population and geographic, have an impact across multiple service systems, and result in increased health care costs. Access to safe, stable housing can have a positive impact on health outcomes, health care management, and health system crisis spending.
 Funding streams for affordable housing and health care service delivery systems are complex. Challenges include populations being served by many health care programs; health care services are provided without coordination to housing service providers; partners don’t fully understand how they could collaborate to provide better outcomes to homeless or housing unstable individuals; data integration needs improvement; individuals who are homeless tend not to be linked to the healthcare system and without general medical support these individuals may utilize emergency services or go without general health maintenance activities.
 The IHIP project seeks to collaboratively inform and align strategies and action plans between agencies that address homelessness, housing instability, and health service integration priorities across state departments, agencies, and local stakeholders.

PROJECT PURPOSE
The IHIP will establish an interdepartmental housing and healthcare collaborative of stakeholders to develop and implement shared priorities to address homelessness, housing insecurity, and health service integration.

KEY STAKEHOLDERS
• Department of Public Health and Human Services
• Department of Commerce – Montana Housing Division
• Statewide Continuum of Care
• Montana Healthcare Foundation

STAKEHOLDER PRIORITIES
IHIP collaborative stakeholders identified the following priorities for the IHIP project:

1) **Administer Emergency Rental Assistance funds and Housing Stability Services.** The Department of Commerce and DPHHS are collaborating to provide Emergency Rental Assistance and Housing Stability Services to individuals who meet Federal eligibility requirements through September 30, 2025.

2) **Align tenancy support services.** IHIP stakeholders support the alignment of definitions for Housing Stability Services (including pre-tenancy, tenancy support, and tenancy sustaining service definitions) throughout the DPHHS programs that provide these services.

3) **Demonstrate and implement interdepartmental service delivery framework for affordable housing for vulnerable populations.** The previous two priorities fall within this larger priority of developing affordable and accessible housing options for those in need of supportive services. The availability of a service delivery framework of Housing Stability Services with connections to other supportive services will demonstrate a clear partnership to potential developers.

4) **Enhance Continuum of Care (CoC).** This priority seeks to support the restructuring and development of the Montana CoC.
Interdepartmental Housing Integration Project (IHIP)

GRANT FROM THE MONTANA HEALTHCARE FOUNDATION
TO THE
DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES
Introductions

JACKIE HOOVER - IHIP PROGRAM MANAGER
JACQUELYN.HOOVER@MT.GOV

TRACI CLARK - POLICY AND INNOVATION SPECIALIST
TRCLARK@MT.GOV
Project Purpose

The IHIP will establish an interdepartmental housing and healthcare collaborative of stakeholders to develop and implement shared priorities to address homelessness, housing insecurity, and health service integration.

Stakeholders

- Department of Public Health and Human Services
- Department of Commerce – Montana Housing Division
- Statewide Continuum of Care
- Montana Healthcare Foundation
Stakeholder Priorities

**Priority One**

Administer Emergency Rental Assistance funds and Housing Stability Services.

The Department of Commerce and DPHHS are collaborating to provide Emergency Rental Assistance and Housing Stability Services to individuals who meet Federal eligibility requirements through September 30, 2025.

**Outcomes**

- Signed MOU between Department of Commerce and DPHHS, October 2021
- Developed and implemented Housing Stability Services Program, January 2022
- Contracted with new provider network to deliver Housing Stability Services via Housing Navigators
- Served over 2,600 unduplicated households by the end of June 2022
- Expended $373,985 as of June 2022
Stakeholder Priorities

Priority Two
Align tenancy support services.

IHIP stakeholders support the alignment of definitions for Housing Stability Services (including pre-tenancy, tenancy support, and tenancy sustaining service definitions) throughout the DPHHS programs that provide these services.

Outcomes
- Identified DPHHS programs that provide Tenancy Support Services
- Participating in the HEART Waiver development of Tenancy Support Services
- Creating alignment between HEART Waiver service definitions and Housing Stability Services Program service definitions
Stakeholder Priorities

Priority Three
Demonstrate and implement interdepartmental service delivery framework for affordable housing for vulnerable populations.

The previous two priorities fall within this larger priority of developing affordable and accessible housing options for those in need of supportive services. The availability of a service delivery framework of Housing Stability Services with connections to other supportive services will demonstrate a clear partnership to potential developers.

Outcomes

- Identified potential Permanent Supportive Housing (PSH) developers
- Reviewed the Montana Healthcare Foundation landscape analysis regarding gaps in providing Tenancy Support Services for current and proposed PSH unit developments
- In progress
Stakeholder Priorities

Priority Four

Enhance Continuum of Care (CoC).

This priority seeks to support the restructuring and development of the Montana CoC.

Outcomes

- Participated in the MT CoC strategic planning process
- Engaged the new Executive Director in the IHIP Grant
- Reviewed other state’s CoC structures
- In progress
Housing Division:

The Department of Commerce Housing Division, conducting business and known in the community as Montana Housing (MH), strengthens our vibrant communities by supporting access to safe, affordable and sustainable homes for Montanans whose housing needs are not met by the market.

Website:  http://housing.mt.gov/

Vision:

Where all Montanans can afford a safe home.

Mission:

Montana Housing works with community partners across the state and together we ensure Montana families have access to safe and affordable homes.

Background:

Montana Housing – in collaboration with community, local and tribal government partners - offers financial and technical resources to facilitate new construction, acquisition and rehabilitation of affordable single and multifamily homes, and supports opportunities for first-time homebuyers including homeownership counseling, down payment assistance and affordable 30-year fixed rate mortgages to qualified Montanans who are ready to purchase a home. MH also administers rental assistance to low-income Montanans, including working families, seniors and persons with disabilities.

Montana Housing primarily administers federal programs with long-term income and rent or purchase price restrictions generally serving households at or below 80% of Area Median Income (AMI). Many of these programs have deeper income restrictions at 30% to 60% of AMI. MH programs help meet critical needs of lower income Montanans, but are not designed to support broader missing middle- or moderate-income workforce housing needs.

Montana Housing is composed of three component units:

- **Board of Housing**, Montana’s statewide Housing Finance Agency (HFA) created under the Montana Housing Act of 1975, is administratively attached to the Department of Commerce. The Board is comprised of seven members appointed by the Governor and confirmed by the state Senate. The Board of Housing is funded by enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed; the Board does not receive any general fund and is completely self-supporting. The Board provides policy direction for the following programs:

  - Low-Income Housing Tax Credits (LIHTC) Governor EO 2-87 | 90-6-109, MCA | 8.111.601 to 8.111.603, ARM
  - Private Activity Bonds (PAB) 17-5-13, MCA | 90-6-125, MCA
  - Coal Trust Multifamily Homes program (CTMH)* 90-6-137, MCA | 8.111.801 to 8.111.807, ARM
  - Housing Montana Fund (HMF) 90-6-133, MCA | 90-6-134, MCA | 8.111.501 to 8.111.515, ARM
  - Homeownership Loan & Mortgage Servicing programs 32-9-101 to 32-9-172, MCA | 90-6-108, MCA | 90-6-125, MCA | 8.111.301 to 8.111.307, ARM

*CTMH and VHLP funding is provided from the Montana Coal Tax Trust Fund. See HB16 ($15M) passed in 2019 legislative session for CTMH, and SB326 ($15M) passed in the 2011 session for VHLP. Subsequent bills in 2013, 2015 and 2019 collectively added $35M for a total of $50M allocated for the VHLP.
- **Montana Veterans’ Home Loan program (VHLP)** 90-6-601 to 90-6-605, MCA | 8.111.701 - 8.111.707, ARM
- **Mortgage Credit Certificate program (MCC)**
- **Reverse Annuity Mortgage program (RAM) 90-6-501 to 90-6-507, MCA | 8.111.401 to 8.111.409, ARM**

- **Rental Assistance Bureau**, Montana’s statewide Public Housing Authority (PHA), is charged with the administration of the following federally funded U.S. Department of Housing and Urban Development (HUD) programs in accordance with Governor Executive Order 28-81. All Rental Assistance Bureau programs are funded by enterprise funds with revenues derived under HUD administrative fees and performance based contracts:
  - **Housing Choice Vouchers (HCV)** also known as Section 8 Vouchers
    - Veteran Affairs Supportive Housing (HUD-VASH)
    - Mainstream Vouchers
    - Emergency Housing Vouchers (EHV)
  - **Project-Based Section 8 Contract Administration (PBS8)**
  - **Moderate Rehabilitation Contract Administration (Mod Rehab)**
  - **Section 811 Project Rental Assistance (PRA)**

- **Community Housing** administers HUD Community Planning and Development (CPD) programs for the production and preservation of affordable homes. These programs provide grant funds to communities and non-profits to rehabilitate single- and multifamily homes, finance new construction and rehabilitation of single- and multifamily homes and provide down payment assistance and closing assistance to eligible homebuyers. Community Housing administers federal funds and state special revenue account programs appropriated via HB 2.
  - **Community Development Block Grant program (CDBG) 90-1-103, MCA | 8.94.37, ARM**
  - **HOME Investment Partnerships program (HOME) 90-6-106, MCA**
  - **Housing Trust Fund program (HTF) 90-6-106, MCA**

**Summary of Federal Authorities:**
- Low-Income Housing Tax Credits pursuant to 26 U.S. Code 42
- Mortgage Revenue Bonds pursuant to 26 U.S. Code 103A, 143 and 146
- Mortgage Credit Certificates established under Deficit Reduction Act of 1984 and Tax Reform Act of 1986
- Rental Assistance Bureau and Community Housing programs under purview of the U.S. Department of Housing and Urban Development (HUD):
  - Housing and Economic Recovery Act of 2008
  - Consolidated Appropriations Act of 2008
  - Cranston-Gonzalez National Affordable Housing Act, as amended
  - Housing and Community Development Act of 1974, as amended
  - United States Housing Act of 1937, as amended
  - 24 CFR Part 5, 91, 93, 245, 570, 792, 813, 882, 887, 891, 982 and 984
Goals and Objectives:

Goal #1: Maximize supply of new and rehabilitated affordable rental homes through efficient use of federal and state resources

- Objectives:
  - Deploy new Multifamily Loan Program using currently available Bond Indenture and Project-Based Section 8 Reserves
  - Factor the leveraged ratio of other resources in competitive grant and application review and ranking processes
  - Incentivize financing methods to increase the efficiency of the Housing Credit program, such as twinned 4% / 9% project designs

- Metrics:
  - Number of units awarded 4% and 9% Housing Credits
  - Number of CDBG, HOME and HTF assisted units and total project units
  - Leverage ratio of other sources in CDBG, Housing Credit, HOME and HTF investments

Goal #2: Provide increased opportunities for low- and moderate-income Montanans to obtain and retain affordable homeownership

- Objectives:
  - Collaborate with financial partners and advisors to maximize bond proceeds and lock-in competitive interest rates for first-time homebuyer programs
  - Assess options under federal regulations to increase IRS and HOME purchase price limits
  - Pursue conventional financing opportunities in partnership with participating lenders

- Metrics:
  - Number of total home primary and secondary loans funded
  - Percent of homebuyers utilizing down payment assistance
  - Number of communities participating in CBDG housing stabilization program
  - Average servicing cost per loan

Goal #3: Maximize use of federal rental assistance programs to serve extremely low- and very low-income Montanans

- Objectives:
  - Increase training and coordination with field agency partners
  - Pursue maximum flexibility for HUD Fair Market Rents / Voucher Payment Standards within parameters of federal regulations
  - Release Request for Proposals (RFP) for project-basing Housing Choice Vouchers and other to-be-identified RFPs for improved service delivery for HCV participants and landlords
  - Expand rental assistance special programs as federal opportunities arise, in partnership with the Department of Public Health and Human Services, MT Continuum of Care and other partners

- Metrics:
  - Number of open and leased Housing Choice Vouchers
  - Deploy baseline and on-going surveys to Housing Choice Voucher participants and landlords
  - Utilization and growth of special program vouchers
# MONTANA HOUSING FY2023 1-YEAR STRATEGIC PLAN - DRAFT 8.29.2022

## BOARD GOALS

<table>
<thead>
<tr>
<th>Program Initiatives</th>
<th>Phase</th>
<th>Strategic Action</th>
<th>Current Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOAL: Integration with Other Industry Sectors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engage Housing Industry Partners</td>
<td>x</td>
<td>Continue to engage developers, lenders, HRDCs, economic development agencies, advocates and other community organizations (MECO, MEDA etc.)</td>
<td>Trained, workshops and events. NSCHA offers online trainings on LIHTC and other types of trainings. Staff can forward these opportunities to board members.</td>
</tr>
<tr>
<td>Collaborate with Health Care Sector on Supportive Housing</td>
<td>x</td>
<td>Identify opportunity for board member education and collaboration on intersection of housing and healthcare.</td>
<td>Supportive Housing 101 / Housing First? Facilitated conversation with Partners with Montana Community Health Centers. Housing as key to improved health outcomes.</td>
</tr>
<tr>
<td><strong>GOAL: Board Engagement Activities and Service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Board Relations</td>
<td>x</td>
<td>Ensure education and involvement of Board Members</td>
<td>Solicit specific training topics</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Training opportunity - MPRHS</td>
<td>May 2023 - South Dakota</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Training opportunity - NCSHA</td>
<td>NCSHA Annual Conference &amp; Showplace October 22 - 25, 2022 in Houston, TX.</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Project event attendance and leadership engagement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>MT Housing Legislative (Rotunda) Day</td>
<td>Tentatively 2/21/2023</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Housing Conference</td>
<td>May 2023 - Helena. Participation: panelist or presenter.</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>New Board onboarding</td>
<td>Provide feedback on 2021 - 2022 Board member onboarding, trainings and materials?</td>
</tr>
<tr>
<td><strong>GOAL: Education of Delegation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congressional Staff Education</td>
<td>x</td>
<td>101 Education opportunities</td>
<td>LegCon NCSHA conference in Washington D.C. March 2023</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>Housing Champion Contact list</td>
<td>Discuss with Board</td>
</tr>
<tr>
<td><strong>GOAL: Support Statewide Efforts to Increase Resources for Affordable Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget Advocacy</td>
<td>x</td>
<td>Solicit Board member input as part of Governor’s budget process</td>
<td>Executive Director to provide written or oral updates on legislative session at January to April board meetings.</td>
</tr>
</tbody>
</table>
## Goals & Metrics

### Goal #1: Maximize supply of new and rehabilitated affordable rental homes through efficient use of federal and state resources

<table>
<thead>
<tr>
<th>Housing Credit Units Awarded</th>
<th>HTF, HOME, CDBG Assisted &amp; Total Units</th>
<th>Other Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>756</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>2022</td>
<td>236</td>
</tr>
<tr>
<td></td>
<td>158</td>
<td></td>
</tr>
</tbody>
</table>

- **4% Credit Type**
- **9% Credit Type**
- **Assisted Units**
- **Total Units**

**Leverage Ratio**
- 4% HC: 1:10
- 9% HC: 1:10
- HOME: 10:1
- HTF: 10:1
- CDBG: 8:1

### Goal #2: Provide increased opportunities for low- and moderate-income Montanans to obtain and retain affordable homeownership

<table>
<thead>
<tr>
<th>Number of Loans by Type</th>
<th>% of Borrowers Utilizing DPA</th>
<th>Servicing Cost per Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>First Mortgage</td>
<td>393</td>
<td>51.3%</td>
</tr>
<tr>
<td>DPA</td>
<td>200</td>
<td>63.3%</td>
</tr>
<tr>
<td>HOME Homebuyers</td>
<td>364</td>
<td></td>
</tr>
<tr>
<td></td>
<td>231</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

**Servicing Cost per Loan**
- Operating Expenses: $226
- Personnel Expenses: $214
- Operating Expenses: $402
- Personnel Expenses: $361

### Goal #3: Maximize use of federal rental assistance programs to serve extremely low- and very low-income Montanans

<table>
<thead>
<tr>
<th>Housing Choice Vouchers</th>
<th>Special Program Vouchers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Leased Vouchers</td>
<td>3,190</td>
</tr>
<tr>
<td>Total Vouchers</td>
<td>3,895</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>VASH</td>
<td>230</td>
</tr>
<tr>
<td>Mainstream</td>
<td>7</td>
</tr>
<tr>
<td>Emergency Housing</td>
<td>811</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DPA = Down Payment Assistance | VASH = Veterans Affair Supported Housing | HTF = Housing Trust Fund | CDBG = Community Development Block Grant
TO: Chris Dorrington, DEQ Director & Housing Task Force Chair
FROM: Cheryl Cohen, Montana Housing Division Administrator
DATE: September 8, 2022
RE: Affordable Housing Sector – Resource Landscape & Industry Challenges

BACKGROUND:

The Department of Commerce Housing Division, conducting business and known in the community as Montana Housing (MH), strengthens our vibrant communities by supporting access to safe, affordable and sustainable homes for Montanans whose housing needs are not met by the market.

Governor Gianforte’s Executive Order No. 5-2022 establishing this Housing Task Force states that “the availability of affordable, attainable housing is critical to the wellbeing of individuals, communities, businesses and organizations of all sizes, and the economy at large." This affirmation is fully aligned with the future Montana Housing envisions “where all Montanans can afford a safe home”.

In collaboration with community, local and tribal government partners, Montana Housing offers financial and technical resources to facilitate new construction, acquisition and rehabilitation of affordable single and multifamily homes, and supports opportunities for first-time homebuyers including homeownership counseling, down payment assistance and affordable 30-year fixed rate mortgages to qualified Montanans who are ready to purchase a home. MH also administers rental assistance to low-income Montanans, including working families, seniors and persons with disabilities.

Montana Housing primarily administers federal programs with long-term income and rent or purchase price restrictions generally serving households at or below 80% of Area Median Income (AMI) for rental programs and up to 140% AMI for homeownership programs. Many of our multifamily development and rental assistance programs have deeper income restrictions at 30% to 60% of AMI. MH programs help meet critical needs of lower income Montanans, but are not designed to support broader missing middle- or moderate-income workforce housing needs.

Montana Housing is composed of three component units:

- **Board of Housing**, Montana’s statewide Housing Finance Agency (HFA) created under the Montana Housing Act of 1975, is administratively attached to the Department of Commerce. The Board is comprised of seven members appointed by the Governor and confirmed by the state Senate. The Board of Housing is funded by enterprise funds with revenues derived from an administrative charge applied to projects and interest-rate spread on mortgages financed; the Board does not receive any general fund and is completely self-supporting. The Board provides policy direction for the following programs:
**Low-Income Housing Tax Credits (LIHTC)** [Governor EO 2-87](#) | [90-6-109, MCA](#) | [8.111.601 to 8.111.603, ARM](#)

**Private Activity Bonds (PAB)** [17-5-13, MCA](#) | [90-6-125, MCA](#)

**Coal Trust Multifamily Homes program (CTMH)*** [90-6-137, MCA](#) | [8.111.801 to 8.111.807, ARM](#)

**Housing Montana Fund (HMF)** [90-6-133, MCA](#) | [90-6-134, MCA](#) | [8.111.501 to 8.111.515, ARM](#)

**Homeownership Loan & Mortgage Servicing programs** [32-9-101 to 32-9-172, MCA](#) | [90-6-108, MCA](#) | [90-6-125, MCA](#) | [8.111.301 to 8.111.307, ARM](#)

**Montana Veterans’ Home Loan program (VHLP)*** [90-6-601 to 90-6-605, MCA](#) | [8.111.701 - 8.111.707, ARM](#)

**Mortgage Credit Certificate program (MCC)**

**Reverse Annuity Mortgage program (RAM)** [90-6-501 to 90-6-507, MCA](#) | [8.111.401 to 8.111.409, ARM](#)

**Rental Assistance Bureau**, Montana’s statewide Public Housing Authority (PHA), is charged with the administration of the following federally funded U.S. Department of Housing and Urban Development (HUD) programs in accordance with Governor Executive Order 28-81. All Rental Assistance Bureau programs are funded by enterprise funds with revenues derived under HUD administrative fees and performance based contracts:

- **Housing Choice Vouchers (HCV)** also known as Section 8 Vouchers
  - Veteran Affairs Supportive Housing (HUD-VASH)
  - Mainstream Vouchers
  - Emergency Housing Vouchers (EHV)

- **Project-Based Section 8 Contract Administration (PBS8)**
- **Moderate Rehabilitation Contract Administration (Mod Rehab)**
- **Section 811 Project Rental Assistance (PRA)**

**Community Housing** administers HUD Community Planning and Development (CPD) programs for the production and preservation of affordable homes. These programs provide grant funds to communities and non-profits to rehabilitate single- and multifamily homes, finance new construction and rehabilitation of single- and multifamily homes and provide down payment assistance and closing assistance to eligible homebuyers. Community Housing administers federal funds and state special revenue account programs appropriated via HB 2.

- **Community Development Block Grant program (CDBG)** [90-1-103, MCA](#) | [8.94.37, ARM](#)
- **HOME Investment Partnerships program (HOME)** [90-6-106, MCA](#)
- **Housing Trust Fund program (HTF)** [90-6-106, MCA](#)
MONTANA’S AFFORDABLE HOUSING NEED:

<table>
<thead>
<tr>
<th>Total</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>137,320</td>
<td>Total number of renter households (31%)</td>
<td></td>
</tr>
<tr>
<td>56,727</td>
<td>Number of VLI renters (41%)</td>
<td></td>
</tr>
<tr>
<td>67%</td>
<td>VLI Cost Burdened</td>
<td></td>
</tr>
<tr>
<td>23%</td>
<td>VLI Severely Cost Burdened</td>
<td></td>
</tr>
<tr>
<td>33,598</td>
<td>Number of ELI renters (24%)</td>
<td></td>
</tr>
<tr>
<td>83%</td>
<td>ELI Cost Burdened</td>
<td></td>
</tr>
<tr>
<td>64%</td>
<td>ELI Severely Cost Burdened</td>
<td></td>
</tr>
<tr>
<td><strong>-18,538</strong></td>
<td>Shortage of rental homes affordable and available for ELI renters</td>
<td></td>
</tr>
</tbody>
</table>

EXTREMELY LOW INCOME RENTER HOUSEHOLDS

Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or a person with a disability, and other. At the national level, 15% of extremely low income rent households include a single adult caregiver, more than half of whom usually work more than 20 hours per week. Eleven percent of extremely low-income renter households are enrolled in school, 48% of whom usually work more than 20 hours per week. Source: 2020 5-Year ACS PUMS
# Existing Affordable Housing Resources:

<table>
<thead>
<tr>
<th>2022 Funding</th>
<th>State or Federal</th>
<th>Programs for New Construction and/or Acquisition Rehabilitation of Affordable Rental Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,118,580</td>
<td>Federal</td>
<td>Housing Credits - 9% Competitive Credits</td>
</tr>
<tr>
<td>96,178,005</td>
<td>Federal</td>
<td>Housing Credits - 4% Noncompetitive Credits (Volume Bond Cap 70% State Portion, 41% Housing Set-aside)</td>
</tr>
<tr>
<td>106,396</td>
<td>State</td>
<td>Coal Trust Multifamily Homes – Fund Balance 8.1.2022</td>
</tr>
<tr>
<td>452,894</td>
<td>State</td>
<td>Housing Montana Fund – Fund Balance 8.1.2022</td>
</tr>
<tr>
<td>3,420,477</td>
<td>Federal</td>
<td>HOME Program</td>
</tr>
<tr>
<td>2,982,433</td>
<td>Federal</td>
<td>Housing Trust Fund</td>
</tr>
<tr>
<td>1,000,000</td>
<td>Federal</td>
<td>CDBG for Housing</td>
</tr>
<tr>
<td>134,258,785</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Letters of Intent (# of Projects)</th>
<th>Housing Credit – 9% Requested</th>
<th>Awarded (# of Projects)</th>
<th>Housing Credit – 9% Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>17</td>
<td>95,000,000</td>
<td>5</td>
<td>31,600,000</td>
</tr>
<tr>
<td>2020</td>
<td>16</td>
<td>85,800,000</td>
<td>6</td>
<td>32,200,000</td>
</tr>
<tr>
<td>2021</td>
<td>14</td>
<td>72,400,000</td>
<td>4</td>
<td>32,200,000</td>
</tr>
<tr>
<td>2022</td>
<td>12</td>
<td>70,749,600</td>
<td>Est. 5</td>
<td>Est. 30,118,580</td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
<td>323,949,600</td>
<td>20</td>
<td>126,118,580</td>
</tr>
</tbody>
</table>

Competitive 9% Housing Credits are routinely oversubscribed 3:1.
Nearly forty (40) viable & needed projects have gone unfunded over the last 4 years.
<table>
<thead>
<tr>
<th>Units</th>
<th>Estimate number of affordable rental homes that can be awarded funds with existing 2022 resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>Housing Credits – 9%. Based on the limited number of 9% Credits available, the Montana Board of Housing will be able to award ~5 projects comprised of approximately 150 rental homes.</td>
</tr>
<tr>
<td>266</td>
<td>Housing Credits – 4% allocations for 2022 include 62 units in Laurel / Joliet, 144 units in Kalispell and 60 units in Bozeman.</td>
</tr>
<tr>
<td>0</td>
<td>Coal Trust Multifamily Homes – Montana Board of Housing awarded preliminary loan commitments to 7 projects comprising 252 rental homes in the spring of 2020. Most of these projects have closed and funds will accrue as mortgage payments are made, but the current fund balance is insufficient for the production of additional units in 2022.</td>
</tr>
<tr>
<td>0</td>
<td>Housing Montana Fund – current fund balance is insufficient to originate a new loan. There is no on-going fund source designated for HMF.</td>
</tr>
<tr>
<td>32</td>
<td>HOME Program – anticipated outcome measures include 12 rental (or homeowner) units will be constructed, 20 rental units will be rehabilitated and 10 units of permanent housing for homeless individuals will be constructed or rehabilitated.</td>
</tr>
<tr>
<td>65</td>
<td>Housing Trust Fund – anticipated outcome measures include 55 rental units to be rehabilitated and 10 units of permanent housing to reduce homelessness will be constructed or rehabilitated.</td>
</tr>
<tr>
<td>10</td>
<td>CDBG for Housing – anticipated outcome measures include 10 rental units will be constructed or rehabilitated.</td>
</tr>
<tr>
<td><strong>523</strong></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Current state and federal resources can support the production of ~500 affordable rental homes on an annual basis.
### Number of Housing Credit Units Created since program's inception in 1987

<table>
<thead>
<tr>
<th>Years</th>
<th>Competitive Credits (9%) Units</th>
<th>Noncompetitive Credits (4%) Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>165</td>
<td>700</td>
</tr>
<tr>
<td>2011 – 2020</td>
<td>2,056</td>
<td>1,267</td>
</tr>
<tr>
<td>2001 – 2010</td>
<td>2,003</td>
<td>440</td>
</tr>
<tr>
<td>1991 – 2000</td>
<td>2,682</td>
<td>180</td>
</tr>
<tr>
<td>1987 – 1990</td>
<td>493</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,399</strong></td>
<td><strong>2,587</strong></td>
</tr>
</tbody>
</table>

### Number of units in Housing Credit projects with Affordability Periods Ending

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 – 2030</td>
<td>2,181</td>
</tr>
<tr>
<td>2031 – 2040</td>
<td>1,680</td>
</tr>
<tr>
<td>2041 – 2050</td>
<td>1,163</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,024</strong></td>
</tr>
</tbody>
</table>

**STATE COMPARISON:**

Thirty-one (31) states have a funded state housing trust fund: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Iowa, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington and West Virginia.

Nineteen (19) states have a state housing tax credit: Arkansas, California, Colorado, Connecticut, Georgia, Hawaii, Illinois, Maryland, Massachusetts, Missouri, Nebraska, Nevada, New Mexico, New York, Oklahoma, South Carolina, Utah, Vermont and Wisconsin.

Twenty-nine (29) states, including Montana, have dedicated ARPA State Fiscal Recovery funds for affordable housing.
<table>
<thead>
<tr>
<th>State</th>
<th>ARPA State Fiscal Recovery $ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>$4.75 billion</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$595 million</td>
</tr>
<tr>
<td>Colorado</td>
<td>$550 million</td>
</tr>
<tr>
<td>Nevada</td>
<td>$500 million</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$425 million</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$345 million</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$250 million</td>
</tr>
<tr>
<td>Illinois</td>
<td>$225 million</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$205 million</td>
</tr>
<tr>
<td>Vermont</td>
<td>$159 million</td>
</tr>
<tr>
<td>Michigan</td>
<td>$130 million</td>
</tr>
<tr>
<td>Delaware</td>
<td>$104 million</td>
</tr>
<tr>
<td>Washington</td>
<td>$102.7 million</td>
</tr>
<tr>
<td>Utah</td>
<td>$100.3 million</td>
</tr>
<tr>
<td>Georgia, Iowa, New Hampshire</td>
<td>$100 million</td>
</tr>
<tr>
<td>Maine</td>
<td>$61.5 million</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$50 million</td>
</tr>
<tr>
<td>Idaho</td>
<td>$50 million</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$50 million</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$39.5 million</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$27 million</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$25 million</td>
</tr>
<tr>
<td>Kansas</td>
<td>$20 million</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$16.3 million</td>
</tr>
<tr>
<td>Montana, Tennessee</td>
<td>$15 million</td>
</tr>
<tr>
<td>Oregon</td>
<td>$13.9 million</td>
</tr>
</tbody>
</table>

AFFORDABLE HOUSING INDUSTRY CHALLENGES:

The affordable housing sector is impacted by all of the same challenges faced by private market developers, including zoning and other housing supply regulations, but there are a number of industry-specific factors that further limit the menu of solutions available to our industry. Federal programs like Housing Credits, HOME and HTF require long-term periods of affordability that limit occupancy to income-eligible renters, restrict rents, and—in some cases—cap the percent of annual rent increases. While private market landlords can raise rental rates in response to increases in market demand and/or in response to rising operating expenses, affordable housing operators are not at liberty to capitalize on high demand market conditions by increasing rents.

Affordable rental developments are tightly underwritten to ensure sufficient revenues for property expenses and required deposits to replacement reserves for future capital expenditures are made, but the operating margins are extremely slim. Affordable properties are thus highly susceptible to inflationary impacts, labor shortages, supply chain disruption and interest-rate increases. A single high-cost unit turnover can easily make the difference in whether a project breaks even or operates at a loss.
Affordable housing operators also have increased administrative costs associated with complex state and federal regulatory compliance, reporting, audits, site inspections and requirements to maintain properties in accordance with federal property condition standards that are not a factor for private market developers.

The broad market conditions noted in the Governor’s Executive Order No. 5-2022 including population growth exceeding housing unit growth over the last decade, vacancy rates falling to unhealthy levels, rising rental rates (and purchase prices in the homeownership space) and a surge in short-term vacation rentals (7,800 in June of 2020 to 11,600 in June of 2022), have exacerbated the existing development and operating challenges in the affordable housing sector.

Finally, the National Council of State Housing Agencies (NCSHA) recently conducted a survey of state Housing Finance Agencies as well as affordable housing developers, accountants, attorneys, syndicators and investors. Survey results found that nearly all projects allocated Housing Credits from 2019 to the present have experienced project delays and funding gaps averaging 30 percent due to unanticipated construction cost increases. The Wall Street Journal published an article earlier this month that focused on these impacts.

CONCLUSION:

Montana is facing an acute shortage of over 18,500 affordable rental units just to meet the needs of our most vulnerable households, including seniors and persons with disabilities on extremely-low, fixed incomes. Montana’s existing state and federal resources for affordable rental development are insufficient to replace the number of affordable units at risk of converting to market rate by 2030. In addition to Housing Credit properties with affordability periods ending by 2030, there is a separate universe of USDA-RD and HUD affordable properties also at risk of exiting the state’s affordable housing portfolio (see Housing Preservation Resources for details).

Affordable housing developers, Montana Housing, the Montana Board of Housing Directors and the Department of Commerce have and will continue to face difficult funding decisions as production goals for new units competes with the preservation of current stock. It is anticipated that, absent a significant influx of additional resources, there will be a net loss of affordable rental homes in Montana this decade.

Furthermore, existing resources are also inadequate to make any meaningful or measurable dent in the known shortage of rental housing affordable and attainable for Montana’s extremely low-income households. A recent report from the Government Accountability Office (GAO) found that “a $100 increase in rent is associated with an approximately 9 percent average increase in the homelessness rate.” Lewis & Clark County experienced a 37 percent rent increase from Q1 of 2020 to Q1 of 2022 – only four other counties in the nation experienced higher rent increases during this time period. In addition to recommending a set of implementable solutions to address Montana’s housing supply shortages, it is critical to also consider that Montana may be at the brink of an expanding homelessness crisis.
DEFINITIONS:

**Affordable Housing** – In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.

**Cost Burden** – Monthly housing costs (including utilities) exceeding 30% of monthly income.

**Severe Cost Burden** – Monthly housing costs (including utilities) exceeding 50% of monthly income.

**HUD Area Median Family Income (HAMFI)** – Median family income calculated by the U.S. Department of Housing and Urban Development for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs. FY2022 Median Family Income (state level) is $81,200.

**Fair Market Rent (FMR)** – Primarily used to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, to determine initial rents for housing assistance payment contracts in Moderate Rehabilitation Single Room Occupancy program, and to serve as a rent ceiling in the HOME rental assistance program. HUD’s current regulations require it to set FMRs at the 40th percentile of rent paid by recent movers. In a recent notice, HUD acknowledges “assessing the accuracy of FMRs is difficult because at any given time the true 40th percentile rent paid by recent movers is unknown.” The current FMR for a two-bedroom apartment is $918 per month.

**Extremely Low-Income (ELI)** - Households whose incomes do not exceed 30 percent of the median area income for the area, as determined by HUD. Maximum annual income for a 4-person ELI household (state level) is $26,200.

**Very Low-Income (VLI)** – Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families. Maximum annual income for a 4-person VLI household (state level) is $40,350.

**Low-Income** – Households whose incomes do not exceed 80 percent of the median area income for the area, as determined by HUD. Maximum annual income for a 4-person LI household (state level) is $64,550.

**Moderate-Income** – Households whose incomes are between 81 and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families.

**Workforce Housing** – Definitions vary but most commonly intended for households with incomes between 80 and 120% of Area Median Income. Target population may include moderate-income households who earn too much to qualify for traditional affordable housing subsidies, including professions such as police, firefighters, teachers and service workers.
SOURCES:

Definitions:
- https://archives.huduser.gov/portal/glossary/glossary_all.html
- https://mf.freddiemac.com/about/workforce-housing

Needs:
- https://nlihc.org/housing-needs-by-state/montana
- https://nlihc.org/oor/state/mt
- https://nlihc.org/sites/default/files/oor/Montana_2022_OOR.pdf

Existing resources:

State Comparison:
- 2020 NCSHA Annual Housing Finance Agency Factbook
### 2023 CALENDAR

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
</tr>
<tr>
<td>1  2  3  4  5  6  7</td>
<td>1  2  3  4</td>
<td>1  2  3  4</td>
</tr>
<tr>
<td>8  9 10 11 12 13 14</td>
<td>5  6  7  8  9 10 11</td>
<td>5  6  7  8  9 10 11</td>
</tr>
<tr>
<td>15 16 17 18 19 20 21</td>
<td>12 13 14 15 16 17 18</td>
<td>12 13 14 15 16 17 18</td>
</tr>
<tr>
<td>29 30 31</td>
<td>26 27 28</td>
<td>26 27 28</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
</tr>
<tr>
<td>1  2  3  4  5  6  7</td>
<td>1  2  3  4  5  6</td>
<td>1  2  3</td>
</tr>
<tr>
<td>8  9 10 11 12 13 14</td>
<td>7  8  9 10 11 12 13</td>
<td>4  5  6  7  8  9 10</td>
</tr>
<tr>
<td>15 16 17 18 19 20 21</td>
<td>14 15 16 17 18 19 20</td>
<td>11 12 13 14 15 16 17</td>
</tr>
<tr>
<td>22 23 24 25 26 27 28 29</td>
<td>21 22 23 24 25 26 27</td>
<td>18 19 20 21 22 23 24</td>
</tr>
<tr>
<td>30</td>
<td>28 29 30 31</td>
<td>25 26 27 28 29 30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
</tr>
<tr>
<td>1  2  3  4  5  6  7</td>
<td>1  2  3  4  5  6  7</td>
<td>1  2  3</td>
</tr>
<tr>
<td>8  9 10 11 12 13 14</td>
<td>6  7  8  9 10 11 12</td>
<td>3  4  5  6  7  8  9</td>
</tr>
<tr>
<td>15 16 17 18 19 20 21</td>
<td>13 14 15 16 17 18 19</td>
<td>10 11 12 13 14 15 16</td>
</tr>
<tr>
<td>22 23 24 25 26 27 28 29</td>
<td>20 21 22 23 24 25 26</td>
<td>17 18 19 20 21 22 23</td>
</tr>
<tr>
<td>30</td>
<td>27 28 29 30 31</td>
<td>24 25 26 27 28 29 30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
<td>Su Mo Tu We Th Fr Sa</td>
</tr>
<tr>
<td>1  2  3  4  5  6  7</td>
<td>1  2  3  4</td>
<td>1  2</td>
</tr>
<tr>
<td>8  9 10 11 12 13 14</td>
<td>5  6  7  8  9 10 11</td>
<td>3  4  5  6  7  8  9</td>
</tr>
<tr>
<td>15 16 17 18 19 20 21</td>
<td>12 13 14 15 16 17 18</td>
<td>10 11 12 13 14 15 16</td>
</tr>
<tr>
<td>22 23 24 25 26 27 28</td>
<td>19 20 21 22 23 24 25</td>
<td>17 18 19 20 21 22 23</td>
</tr>
<tr>
<td>29 30 31</td>
<td>26 27 28 29 30</td>
<td>24/31 25 26 27 28 29 30</td>
</tr>
</tbody>
</table>

**October 2022**
- 13 – Board Meeting via Zoom

**November 2022**
- No Board Meeting

**December 2022**
- No Board Meeting

**January 2023**
- 9 – Board Meeting via Zoom

**February 2023**
- 13 – Board Meeting via Zoom

**March 2023**
- 13 – Board Meeting via Zoom

**April 2023**
- 10 – Board Training – location?
- 11 - Board Meeting – location?

**May 2023**
- 15 - 16 Board meeting Letter of Intent Presentations - Delta Colonial Helena MT
- 15-17 – Housing Partnership Conference - Delta Colonial Helena MT

**June 2023**
- 12 – Board Meeting via Zoom

**July 2023**
- 10 – Board Meeting via Zoom

**August 2023**
- 14 – Board Meeting via Zoom

**September 2023**
- 11 – Board Strategic Planning – location?
- 12 – Board Meeting – location?

**October 2023**
- 16 – Board Meeting Housing Credit Award Determinations / QAP – via Zoom

**November 2023**
- 13 - No Board Meeting

**December 2023**
- 11 - No Board Meeting