

Housing Update

Dan Villa, Executive Director

April 8, 2024

investmentmt.com

HOMES Act +

Revolving Bond/Loan Program

- \$106 Million from HB819
 - Bond Program can purchase up to 50% of public infrastructure bonds at 25% of market rate
 - Loan Program can participate up to the lesser of 50% or \$1M of public infrastructure loans

Linked Deposit Program

- Using HOMES assets prior to lending in Bond/Loan Program
 - Banks may request BOI deposits to reduce construction cost for housing developments
 - Deposits are fully collateralized and will return to fund within 24 months

Impact Fee Loan Program

- \$15 Million from ARPA Funds
 - May participate in up to \$3M in 0% loans for impact fees payable to local government

Revolving Loan/Bond Program

Ravarra Project (Estimate)			20 Year Term		
Project Cost	\$ 5,780,817.00				
Market Sale	\$ 2,890,408.50	6.00%	\$251,998.98	\$5,039,979.69	
BOI Purchase	\$ 2,890,408.50	1.50%	\$168,353.97	\$3,367,079.40	
Total Cost				\$8,407,059.09	
Total Financing Costs				\$2,626,242.09	
Market Sale	\$ 5,780,817.00	6.00%	\$503,997.97	\$10,079,959.38	
Total Financing Costs				\$4,299,142.38	
<i>Total Financing Savings</i>				\$1,672,900.29	63.70%

Linked Deposit

Bigfork Senior Housing			24 Month Term	
Project Cost	\$ 3,600,000.00			
Original Rate		8.00%	\$156,329.72	\$3,751,913.28
Linked Deposit Rate		5.00%	\$153,937.41	\$3,694,497.89
Original Financing Costs			\$151,913.28	
Linked Deposit Financing Costs			\$94,497.89	
Total Savings			\$57,415.39	37.79%

- Bigfork, Billings, Bozeman, Butte, Great Falls, Hamilton, Havre, Libby, Missoula
- \$53,475,000 allocated in Round 1
- ~1240 units

Impact Fee

<u>Project X</u>		24 Month Term
Impact Fees	\$ 2,215,800.00	
Original Rate		8.25%
Impact Fee Rate		0%
Original Financing Costs		\$ 365,607.00
Impact Fee Financing Costs		\$0

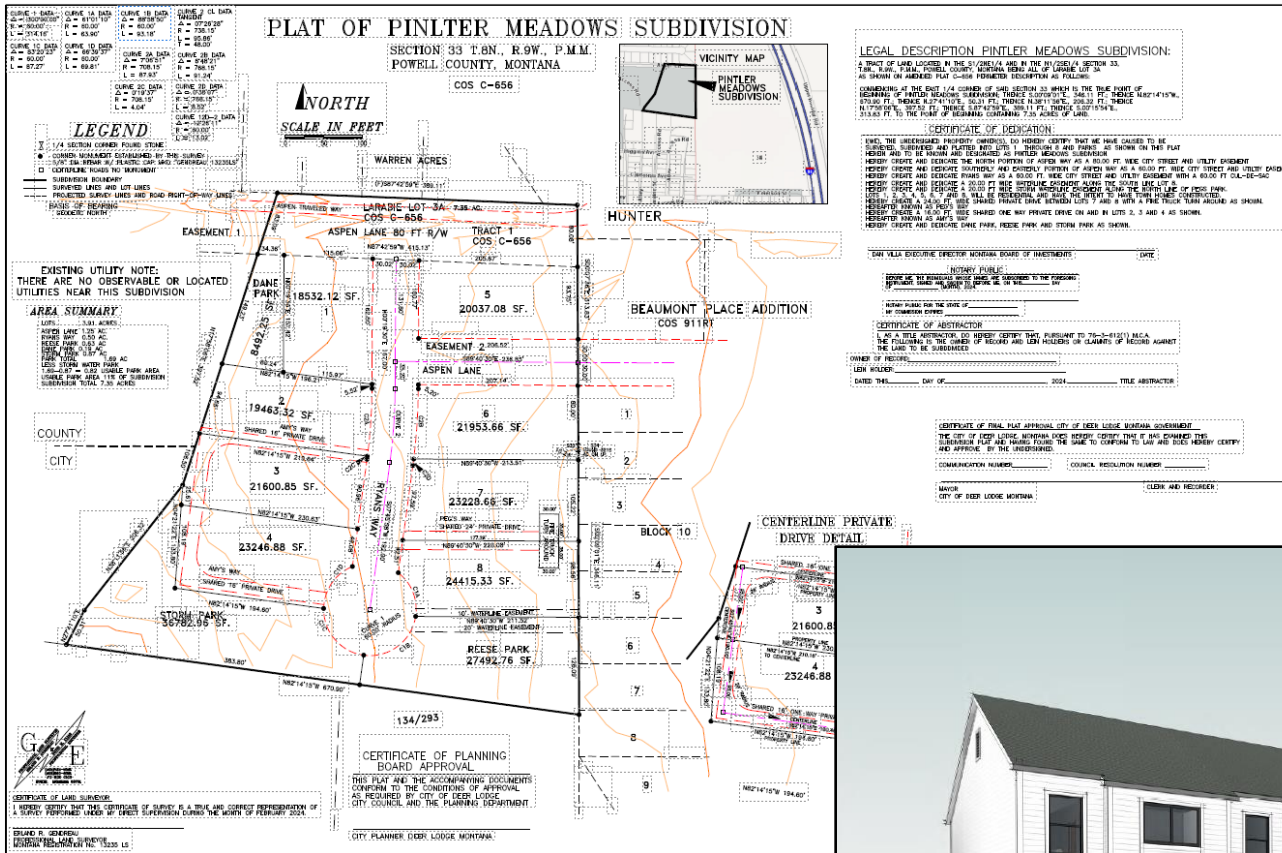
Successes

- Speed
 - Link Deposit can be a same day approval
 - Impact Fee can be approved within a week
 - Bond/Loan Program depends on size and complexity
- Leveraging private financial and human resources with state assets
 - Private lender assets and underwriting
 - Federal/state review
- Reduce financial risk for the state
 - Fully collateralized deposits with return guarantee
- Ongoing sources of liquidity and return
- Low administrative costs (.0005%)

Challenges

- **Construction Costs and Rate Environment**
 - HOMES Act helps with the rate environment
 - Working on recommendation to address upfront costs that also meets the needs of local governments, builders, and buyers
- The revolving funds don't revolve...
- Linked deposit is and will remain oversubscribed
- Balance between margins and affordability/accessibility
- Opportunities for owner participation (rehab/purchase)

Workforce Housing



- 56-unit major subdivision in Deer Lodge (28 in Phase I)
- 80/20 MSP/MSH
- Market rents
- Option for permanent private financing for employees after five years

