PARK COUNTY
HOUSING COALITION

Housing Funds

Voluntary Fees & Impact Funds

October 30, 2024

HRDC
BUILDING A BETTER COMMUNITY

Key Considerations

Total amount

Administration

Eligible uses

Revenue source/s

Definition

Housing Investment (or impact or trust) Funds

A flexible source of funding

created and administered at the local level

that can be used to support a variety of affordable housing activities.

Because they are created and administered at the local level, HIFs are not subject to the restrictions of federal subsidy programs and therefore can be tailored to address local priorities and needs.

THREE EXAMPLES FROM MONTANA

Missoula Affordable Housing Trust Fund

https://ci.missoula.mt.us/3068/Affordable-Housing-Trust-Fund

Voter-approved fund

Whitefish Community Support Fund (aka 1% for Whitefish)

https://explorewhitefish.com/csf

Voluntary fee added to lodging, food, and transportation receipts

Gallatin Community Housing Impact Fund

https://www.nwmt.org/gallatin-housing-impact-fund/

Fund that provides up to 2% returns for investors

PARK COUNTY COMMUNITY HOUSING INVESTMENT FUND

Purpose: To provide stable returns for long-term investments to fund housing solutions.

Fund Amount: $3M. Anticipated $4 of total development impact per $1 invested.

Revenue Sources:
TBD.

Administration: TBD. Potentially NeighborWorks Montana, Park Local Development Corporation, Park County Community Foundation, or other entities.

Eligible Projects:

- **30% community rentals** (e.g., ADU loans, lease local grants)
- **30% community ownership** (e.g., community land trust loans or grants, down payment assistance loans)
- **40% developer operations gaps/incentives** (e.g., LIHTC development gaps, land banking, grants for emergency housing)

COMMUNITY SUPPORT FUND (AKA 1% FOR WHITEFISH)

https://explorewhitefish.com/csf

Purpose: Ths CSF is a voluntary program that supports various programs that balance economic vitality with community sustainability while maintaining the quality of life for local residents.

Administration: Explore Whitefish and Housing Whitefish

Eligible Projects:

- Spending is at the discretion of Explore Whitefish Board of Directors
- Funding has been used to support grant writing by Housing Whitefish and the Housing Whitefish Rental Assistance Program

Fund Amount: Varies depending on spending at member businesses. Goal of contributing $150,000 annually to Housing Whitefish.

Revenue Sources:
A 1% fee is added to lodging, food, and transportation receipts for about 55 of Explore Whitefish's 145 members. Guests may ask to have the fee removed if they wish. Explore Whitefish will reimburse the guest for the charge if the fee can't be removed.

COMMUNITY SUPPORT FUND (AKA 1% FOR WHITEFISH)

https://explorewhitefish.com/csf

History:

- **2006** - Explore Whitefish created 1% pass-through fee at restaurants and hotels to stimulate tourism.
- **2018** - Booming tourism industry; about $0.57 per dollar spent by visitors. Membership started declining as anti-visitation sentiment grew. Protests outside of Explore Whitefish.
- **2022** - Unanimous decision by board to put half of the 1% fee toward housing, as part of the tourism management strategy.

COMMUNITY SUPPORT FUND (AKA 1% FOR WHITEFISH)

ADMINISTRATION

Fee Collection

- 1% collected at each businesses POS as a business fee, similar to a destination fee
- Businesses calculate the fee and send it to Explore Whitefish monthly via ACH or check.
- Explore Whitefish's business manager spends about 30% of their time on soliciting funds and follow-up.

COMMUNITY SUPPORT FUND (AKA 1% FOR WHITEFISH)

ADMINISTRATION

Education & Outreach

- Housing is now part of Explore Whitefish's messaging
- Article in the local paper every 2 weeks
- 1-2 social media posts per quarter about fund benefits
- Quarterly publicity when checks are cut to Housing Whitefish
- Housing Whitefish writes thank yous to participating businesses and does social media

COMMUNITY SUPPORT FUND (AKA 1% FOR WHITEFISH)

UTILIZATION OF FUNDS

https://www.housingwhitefish.org/whitefish-workforce-assistance-info

- **Operations**
  - Supports Executive Director's time
- **Whitefish Workforce Assistance Program**
  - Based on similar program in Winter Park, CO
  - Provides rental assistance for 12 months to households with local workers. Average amount is $319/month.
  - Workers must be employed on average 32 hours a week or 1,600 hours a year at a job w/in local zip code.
  - Priority for City of Whitefish employees
  - Reach:
    - Currently serves 50 households with 90 individuals
    - Working with 35 landlords
  - Income eligibility: 100% AMI or less
    - Prioritizes households with greatest economic need
    - Average household AMI is 60%
    - Housing Whitefish has an income review committee
    - Mortgage lender is the board chair, who uses her tools to income qualify folks for the program.

GALLATIN COMMUNITY HOUSING IMPACT FUND

https://www.nwmt.org/gallatin-housing-impact-fund/

Purpose: To provide stable, long-term investment returns to fund co-investments for housing solutions.

Administration: NeighborWorks Montana

Eligible Projects:

- Renters with incomes up to $70,000 per household
- Homeowners with incomes up to $150,000 per household.
- At least 60% of the fund dollars and projects funded will serve households making less than 80% of the area median income
- Three projects: 2 LIHTC, one Family Promise, all rental

Fund Amount: $10M. $5M raised to date.

Revenue Sources:
Pooled investments from local financial institutions, businesses, and individuals.

- $50K minimum investment
- 5- to 15-year investment term
- Interest rate up to 2.00%
- Repayment: quarterly interest-only payments with principal due at maturity

GALLATIN COMMUNITY HOUSING IMPACT FUND

ADMINISTRATION

NeighborWorks Staff

- 1.5% difference between 3.5% floor for loan interest rates and 2% return for investors provides money for fund management
  - Recommend at least 2% for admin
- Investors work directly with NWMT Executive Director Kaia Peterson to complete paperwork.
  - Banks often have their own agreements
  - Individuals can use NWMT's documents that the state has reviewed
- Partnership with DA Davidson if investor wants to contribute a gift or an investment with stocks.
- NWMT provides quarterly investors newsletters.
- Risk management
  - NWMT underwrites every deal and has never had a loan go into default since 2009.
  - Most projects are looking to fill a gap and have been rigorously vetted to arrive at this point.
  - NWMT is a patient lender.
- Quarterly interest-only payments via check, IRA account, etc.

Advisory Committee

- meets twice annually
- 6-8 people
  - two on NWMT board
  - anyone with $250K invested, including:
    - NWMT
    - City of Bozeman
    - First Security Bank

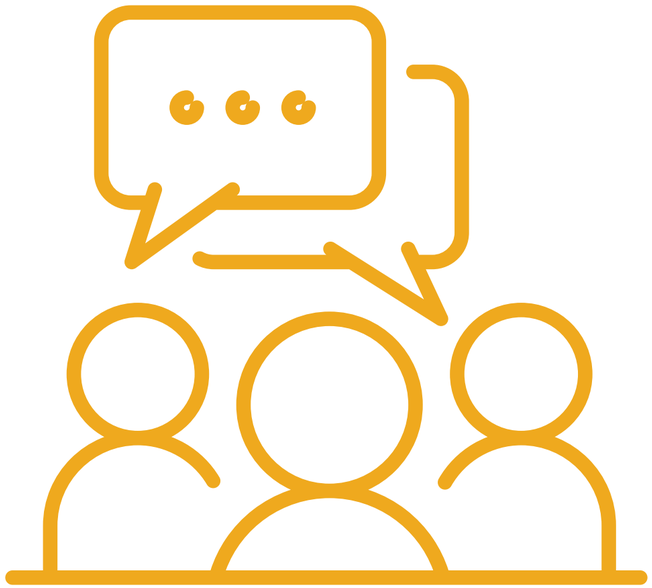
GALLATIN COMMUNITY HOUSING IMPACT FUND

USES OF FUNDS

Project Types:

- Mix of permanent and revolving loans
- Rentals:
  - $1M - Family Promise rehab (48 homes)
  - LIHTC $1.5M - North Third & Peach Apts. (216 homes)
  - LIHTC $2.5M - Lumberyard Apts. (155 homes)
- No ownership projects
- Fund not great at grants; participants want their money back

Interest Rates

- Targeted interest rate is dependent upon the affordability term and the first mortgage
  - 30-year affordability term can achieve 2% below first mortgage
  - 15-year affordability term can achieve 1% below first mortgage
- 3.5% interest rate floor for housing development
- 4.5% interest rate for land acquisition and predevelopment

Q & A and Discussion