



COMMUNITY DEVELOPMENT DIVISION

Community Development Board Meeting Minutes

2825 3rd Avenue North, Billings, MT 59101 Phone: 406.657.8281 Fax: 406.294.7595 Relay: 711 www.ci.billings.mt.us/ComDev

Regular Meeting of the Community Development Board February 7, 2017

Board Members Present: Patt Leikam, Jim Corson, Katrina Kruger, Rebecca Noell, Joe Stockburger, Bret Rutherford, Kathleen Candelaria, Laura Gittings-Carlson

Staff Present: Brenda Beckett, Dina Harmon, Tam Rodier, Sandra Lopez, Wyeth Friday

Board Members Excused: Becky Bey

Welcome / Introductions / Announcements: The Community Development Board met at its regular monthly meeting located in the 6th Floor Conference Room, Miller Building, 2825 3rd Avenue North, Billings, Montana. Vice Chair, Jim Corson, called the meeting to order at 3:00pm. Introductions were made around the table.

Public Comment: Katrina Kruger shared a publication she received regarding the rise of the national rate of Hispanic homeownership (*see attachment*).

Meeting Minutes: Board member Patt Leikam moved to approve the January meeting minutes and Katrina Kruger seconded the motion. A vote was taken and the minutes were approved unanimously.

Staff Reports:

- **Foreclosure Acquisition / Housing Rehab Program:** Staff reported that there is funding available to purchase and rehabilitate one to two foreclosed homes. Staff does plan to bid on a home that was viewed in December, as soon as the home is listed. No new Manufactured Home Repair Program applications were received, but funding remains available to assist one to two homeowners. No new Housing Rehabilitation Program applications have been received since December, but 14 projects continue in various stages, and funding is still available to assist more than five homeowners. Marketing for the Housing Rehabilitation program and potential contractors continues with an article submitted for publication in the spring issue of the CityLink.
- **First Time Home Buyer Program:** Staff reported funding is available now includes program income funding, increasing the assistance to an estimated seven more households using HOME funds, 28 households using CDBG funds, and 13 households using Council funds. There are four pending closings for January. There is also a buy/sell agreement that is expected to close on one of the NeighborWorks Montana project properties by the end of the February. Staff reminded the Board of the site visit at 4pm.
- **VISTA:** The January VISTA class has ended their service. The class was able to attend a Life After Service training session, followed by a dinner where their supervisors were invited to attend. All VISTA members also received the President's Volunteer Service Award and are now proud alumni. Jim Corson also notified the Board that a VISTA alumni has recently obtained employment at Community 7 in Billings, so will be staying in town.

Preliminary Budget Review: Staff presented the board with a preliminary look at the potential estimated revenue and budget (*see attachment*).

CDBG / HOME Applications: Staff handed out the Community Development Proposed Activities for FY 2017-2018 (*see attachment*). One change to be discussed is the change in the foreclosure program from operating

predominantly in or adjacent to low-income neighborhoods to also include other neighborhoods citywide as part of the City's housing choice strategic goal.

Task Force Presentations: The Board and staff assigned presenters to confirmed Task Force Meetings (*see attachment*).

Program Outreach: Board members and staff agreed to reschedule program outreach for the March 7th meeting.

Neighborhood Concerns and Happenings: No new concerns or happenings were shared.

Next Meeting: Jim Corson adjourned the meeting and set the next for March 7th, 2017.



Hispanic homeownership rate surged in 2016

Only ethnic demographic to increase homeownership rate

Kelsey Ramírez

February 3, 2017

The homeownership rate for Hispanics increased in 2016, contrary to other ethnic groups, who all saw a decrease in homeownership.

The homeownership rate among Hispanics increased to 46% in 2016, up from 45.6% the year before, according to a report from the **National Association of Hispanic Real Estate Professionals**. Data from the **U.S. Census Bureau** shows the overall homeownership rate dropped from 63.7% in 2015 to 63.4% in 2016. At the same time, the African-American rate also dipped from 43% to 42.2% and the Asian-American rate dropped from 56.5% to 55.5%.

Hispanics were the only ethnic demographic with an increase in their homeownership rate. Hispanics also led the nation in household formations with a net increase of 330,000 households in 2016.

The overall homeownership rate in the U.S. is currently hovering at the lowest level in 50 years. Hispanics broke the trend due to their high workforce participation rate, according to NAHREP's report.

Also helping advance the growth is the increase of Hispanic entrepreneurs in mortgage banking and the real estate brokerage business.

“With credit remaining tight and limited housing inventory in several markets, these numbers are extremely encouraging and a testament to the economic resilience of the Hispanic community,” 2016 NAHREP President Joseph Nery said. “As the mortgage industry continues to recognize the exceptional opportunities in serving the Hispanic market and adjusts accordingly, we expect these numbers to only improve.”

COMMUNITY DEVELOPMENT DIVISION

ESTIMATED Revenue FY 2017-2018

| | CDBG | HOME | Totals |
|--|-----------|-----------|-----------|
| HUD Entitlement Grant | \$580,000 | \$295,000 | \$875,000 |
| 20% Cap on CDBG / 10% on HOME Admin | \$116,000 | \$29,500 | \$145,500 |
| 15% CDBG Public Service Cap | \$87,000 | - | \$87,000 |
| 15% HOME CHDO Allocation Minimum | - | \$44,250 | \$44,250 |
| CDBG Available for Home Repair & Buyer | \$377,000 | - | \$377,000 |
| HOME Available for Home Buyer | - | \$221,250 | \$221,250 |

Current Balances as of February 1, 2017

| CDBG Accounts | New Revenue | Balance |
|------------------------------------|-------------|-----------|
| FY14-15 Manufactured Home | | \$20,405 |
| FY15-16 Housing Rehabilitation | | \$46,532 |
| FY16-17 Housing Rehabilitation | | \$91,903 |
| FY16-17 CDBG First Time Home Buyer | \$304,782 | \$288,795 |
| FY16-17 Foreclosure | | \$245,589 |
| FY16-17 VISTA | | \$7,628 |

Home Repair
\$158,840

Home Buyer
\$394,785

Council
\$172,821

| HOME Accounts | New Revenue | Balance |
|---|-------------|-----------|
| FY14-15 NeighborWorks Riverfront Pointe | \$45,822 | \$0 |
| FY16-17 HOME First Time Home Buyer | \$120,897 | \$105,990 |

Staff Recommendations as of February 7, 2017

| Budget Estimates | CDBG | HOME | Totals |
|---------------------------------------|-----------|-----------|-----------|
| CDBG Administration | \$116,000 | - | \$116,000 |
| VISTA Administration (Public Service) | \$60,000 | - | \$60,000 |
| HOME Administration | - | \$29,500 | \$29,500 |
| Set-Aside for CHDOs | - | \$44,250 | \$44,250 |
| Affordable Housing Development | \$0 | \$30,750 | \$30,750 |
| First Time Home Buyer Program | \$104,000 | \$190,500 | \$294,500 |
| Housing Rehabilitation Loan Program | \$200,000 | - | \$200,000 |
| Manufactured Home Repair | \$0 | - | \$0 |
| Foreclosure Acquisition Rehab | \$100,000 | - | \$100,000 |
| Total Allocated | \$580,000 | \$295,000 | |
| Estimated \$ Available | \$580,000 | \$295,000 | |
| Difference | \$0 | \$0 | |

City of Billings

FY 2017-2018 Community Development Proposed Activities



| Community Development Division <i>Staff: 4 Full Time Employees (FTEs), one ½ FTE vacancy VISTA Members: ≈36 to date Current Budget: \$1.2 Million (CDBG, HOME, & VISTA)</i> | | | | | | | | |
|---|--|--|---------------------|---|------------------------|----------------|--------------------|----------------------|
| <i>Project Title</i> | <i>CDBG Request</i> | <i>HOME Request</i> | <i># Households</i> | <i>Description</i> | <i>HUD Eligibility</i> | <i>Benefit</i> | <i>HUD Outcome</i> | <i>HUD Objective</i> |
| CDBG / HOME Administration | \$125,000 <i>or maximum allowed</i> | \$30,000 <i>or maximum allowed</i> | - | 20% of new CDBG allocation and program income received is to be allocated to CDBG Administration. 10% of the new HOME allocation and eligible program income is to be allocated to HOME Administration. General grant administration expenditures and salary and benefits to implement CDBG and HOME programs. Salaries, benefits, supplies, office space, and direct services to administer federal funding and programs. | - | - | - | - |
| Community Housing Development Organization | - | \$45,000 <i>or required minimum</i> | 2 | A minimum of 15% of the HOME annual allocation is required by HUD to be reserved for Community Housing Development Organizations (CHDOs). CHDO funds are made available by the City of Billings through an application and approval process. Funds are used to achieve affordable housing for lower income households in Billings. Funding for a specific project would be awarded following separate approval through the Community Development Board and City Council as a separate process. | LMH | LMH | 2 | 2 |
| Affordable Housing Development | - | \$30,000 | | An allocation to support the development of an affordable housing project to support the CHDO required set-asides (see above). Funding for a specific project would be awarded following separate approval through the Community Development Board and City Council as a separate process. | LMH | LMH | 2 | 2 |
| First Time Home Buyer Loan Program | \$100,000 | \$200,000 | 24 | HOME and CDBG funding would be awarded on close-ready basis through the First Time Home Buyer (FTHB) program provides down payment and closing costs assistance loans to low income households who have not owned a home in at least three years to purchase their first home within city limits. Households with incomes in the 61% to 80% of the area median income will be prioritized for CDBG funding which requires the applicant to contribute a minimum of 50% of the required down payment to the acquisition. Households with an income below 60% of the area median income will be prioritized for HOME funds which require the applicant to contribute a minimum of \$1,000 to the acquisition. Funds will be spent on loans for down payment and closing costs for approved low income first time home buyers and administrative costs to administer the program, including staff salaries. Awards in this program are based on subsidy layering and underwriting review and range up to \$15,000. | LMH | LMH | 2 | 2 |
| Housing Rehabilitation Loan Program | \$200,000 | - | 10 | Funding would be awarded on close-ready basis through the Housing Rehabilitation Loan Program to assist low income homeowners to make necessary repairs to their homes. This program is intended to revitalize established neighborhoods and improve the City's affordable housing stock. The <i>Deferred Loan</i> is available to low-income homeowners up to 80% of the area median income. The funds are provided to the homeowner in the form of a 0% interest, deferred loan due when the property transfer title. Program funds will be spent on direct services for homeowners to make substantial improvement on their homes ensuring safe, decent, sanitary, and energy efficient housing. Additionally, funds may be used for staff costs and salaries to implement the program. Loans up to \$25,000 are available to homeowner for repair / replacement of basic systems, structural improvements, correction of code violations, improvements to increase energy efficiency, and general improvements. | LMH | LMH | 1 | 2 |

| <i>Project Title</i> | <i>CDBG Request</i> | <i>HOME Request</i> | <i># Households</i> | <i>Description</i> | <i>HUD Eligibility</i> | <i>Benefit</i> | <i>HUD Outcome</i> | <i>HUD Objective</i> |
|--|---|---------------------|---------------------|--|------------------------|----------------|--------------------|----------------------|
| Manufactured Home Repair Loan Program | \$0 <i>Remaining funds from prior year, program income allocated based on need</i> | - | 0/1 | Funding would be awarded on close-ready basis through the Manufactured Home Repair Deferred Loan Program to provide deferred, 0% interest loans to qualified low income home owners to make essential repairs to their eligible mobile / manufactured home. Program funds will be spent on direct services for homeowners to make vital repairs / improvement on their homes ensuring safe, decent, sanitary, and energy efficient housing. Additionally, funds may be used for staff costs and salaries to implement the program. Loans of up to \$10,000 based on the age and the unsecured value of the home calculated on the Total Assessed Value (according to Yellowstone County Property Tax Data) of the property, are available to homeowner for repair/replacement of basic systems, correction of hazardous conditions, repairs that eliminate exterior deterioration, improvements to increase energy efficiency, and improvements that increase accessibility for disabled individuals. | LMH | LMH | 1 | 2 |
| Foreclosure Acquisition / Rehabilitation Loan Program | \$100,000 | - | 1 | Funding will be allocated on a close-ready basis and utilized to purchases vacant and foreclosed properties for the purpose of rehabilitation and direct homeownership assistance to income qualified homebuyers as their primary residence. The purpose of the program is to stabilize neighborhoods, stem the decline of house values of neighboring homes due to foreclosure, and to preserve decent affordable housing. Program funds will be spent on the acquisition of foreclosed properties, rehabilitation costs, holding costs (insurance, taxes, utilities, property maintenance, etc.), project management costs (appraisal, property inspections, lead-based paint testing / management, etc.), and marketing / resale costs (marketing, broker reserve, title / closing costs, etc.). Additionally, funds may be used for staff costs and salaries to implement the program. Homes in or near low income neighborhoods have been historically prioritized for this program. In order to promote low income housing opportunity city-wide in accordance with the City's housing choice priority in the Consolidated Plan, staff recommends homes city-wide be considered for the program. Homes requiring substantial rehabilitation would be prioritized, as they are less likely to be purchased on the private market. Post February 7, 2017 Staff Note: The Community Development Board may also recommend housing in low income areas as a priority over properties in higher-income neighborhoods, given there are multiple foreclosed properties available for purchase. | LMH | LMH | 2 | 2 |
| Billings Metro VISTA Project | \$60,000 | - | 500 Individuals | A maximum 15% new CDBG funding can be allocated to support the Billings Metro VISTA Project to place AmeriCorps VISTA members to reduce of risk of homelessness and create the tools people in poverty need to build sustainable futures. Priority focus areas include <i>education, financial literacy, housing, employment, food security, access to healthcare and services benefiting Veterans and military families</i> . Funds would be utilized to pay for cost share for the Community Development Division to further anti-poverty and homeless initiatives. Funds may also be utilized to pay for staff time, supplies and other administration items necessary to implement the program. This allocation fulfills the City's federal requirement to implement an anti-poverty strategy. The allocation also demonstrates the City's financial commitment to bringing an additional \$500,000 in federal funds to the City to support VISTA members to work on area poverty issues. Host Sites support the budget with approximately \$20,000 in administrative fees per year. Additionally, VISTA members fundraise for non-profit Host Site organizations, which has resulted in \$3.2 million in funds raised to support 37 local non-profit, poverty-impact services. VISTA members reside in Billings and spend living allowances locally. Since 2007, members have locally expended over \$1.26 million for rent, groceries, fuel and other necessities. | LMH | LMC | 1 | 2 |

HUD ELIGIBILITY

This project meets at least one of the HUD national objectives listed below (please indicate all applicable).

- **LMH:** Benefits low / moderate income individuals / households.
- **Blight:** Addresses the prevention or elimination of slums or blight.

BENEFIT

Indicate all statements that describe how this project / activity meet one or both of the national objectives above.

- **LMA: Low / Moderate Area Benefit** - The project serves only a limited area which is proven by census data or survey to be a low-income area. Applicants choosing this category must be able to prove their project / activity primarily benefits low / moderate income households.
- **LMC: Low / Moderate Limited Clientele** - The project benefits a specific group of people (rather than all areas in a particular area), at least 51% of whom are low / moderate income persons.
- **LMH: Low / Moderate Housing** - The project adds or improves permanent residential structures that will be / are occupied by low / moderate income households upon completion.

HUD OBJECTIVE

1. **Suitable Living Environment:** Activity benefits communities, families, or individuals by addressing issues in their living environment.
2. **Decent Affordable Housing:** Housing activity that meets individual or community needs. This objective should not be used for activities where housing is an element of a larger effort.
3. **Creating Economic Opportunity:** Activity relates to economic development, commercial revitalization, and job creation.

HUD OUTCOME

1. **Availability / Accessibility:** Activity makes services, infrastructure, or shelter available and accessible. Note: accessibility does not refer only to physical barriers.
2. **Affordability:** Activity provides affordability in a variety of ways including: creation / maintenance of affordable housing; infrastructure hookups; services such as transportation / daycare.
3. **Sustainability:** Activity provides livable / viable communities / neighborhoods by providing services or by removing slums / blight.