

Regular Meeting of the Community Development Board
September 2, 2014

Board Members Present: Fred Button, Katrina Kruger, Kathleen Candelaria, Michele Zahn, Martha Sanford, Trent Currie

Excused Board Members: Kamber Kelly

Unexcused Board Members: Patt Leikam, Neil Kiner

Staff Present: Lynda Woods, Dina Harmon, Candi Millar

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. Volunteer chair Fred Button called the meeting to order at 3:00 p.m. New VISTA members Erica Zutz, John Forest, Forrest Theisen, Christina Escamilla, Kelly Merdinger, Summer Red and Yvonne Johnson introduced themselves to the board.

Public Comment: None.

Meeting Minutes: *Trent Currie moved that the meeting minutes of the August meeting be approved as written. Martha Sanford seconded. Motion carried.*

Staff Reports: The monthly reports were sent out from August which everyone received. Staff reviewed and there were no questions from the Board.

- **Affordable Housing Development Program:** The contractors are quickly trying to finish outside work for the project to beat the possibility of an early winter. It is looking like it will be finished in October.
- **First Time Home Buyer Program:** The First Time Homebuyer Program has enough funding for approximately 28 more households.
- **Foreclosure Acquisition / Rehab Program:** Funding for the Manufactured Home Repair Program is 13% committed and funding is 10% committed for the Housing Rehab Program. A Housing Rehab Loan recipient was [featured in the Billings Gazette](#) which featured repairs made for a disable homeowner which focused on quality of life and accessibility.

Housing Rehabilitation Program Suggestions / Recommendations: Slides attached. The sentences in red on the Recommendations & Impact slide have been implemented. A sub-committee is being formed to help implement the last two recommendations which Kathleen, Trent, and Martha volunteered to be on.

Comprehensive Annual Evaluation Report (CAPER): An accomplishments overview form for FY2013-2014 was distributed and reviewed. Please see the attached form for the figures – CD Board Caper Accomplishments Overview.

Neighborhood Concerns and Happenings: None.

Fred Button adjourned meeting and the next meeting is set for October 7.

Housing Rehabilitation

LOOKING FORWARD

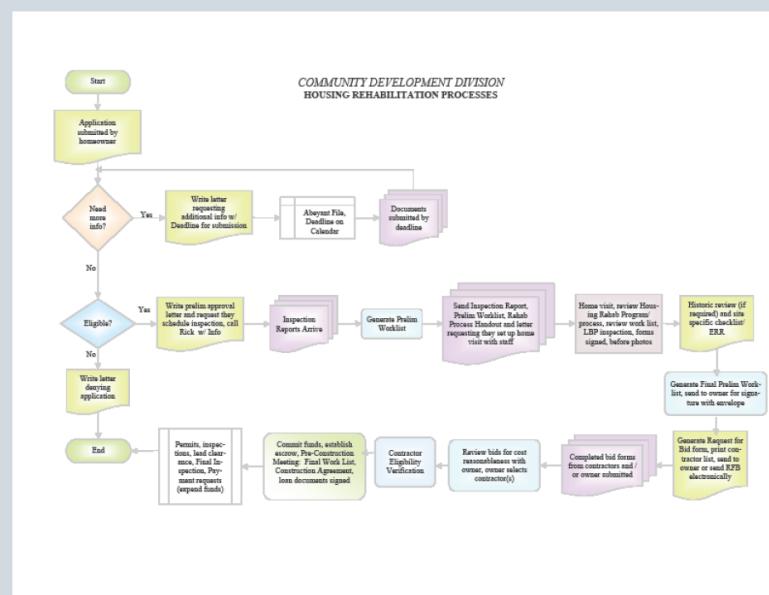
Presenting Issue

Recent request to disregard the City's short sale policy prompted review of eligibility criteria for project approval.

General Eligibility

- Income determination
- Own and occupy the property > 1 year
- No liquid assets over \$15,000
- Before-rehab Yellowstone County Tax value < \$85,000
- Billings city limits, residentially zoned, 1-2 units, 25+ years old
- Applicant **cannot have a 2nd mortgage**
 - *Exception: First time homebuyer liens*
- **No late house payments** 12 months pre-application
- Taxes / assessments current
- No delinquent liens / encumbrances

Current Rehab Process



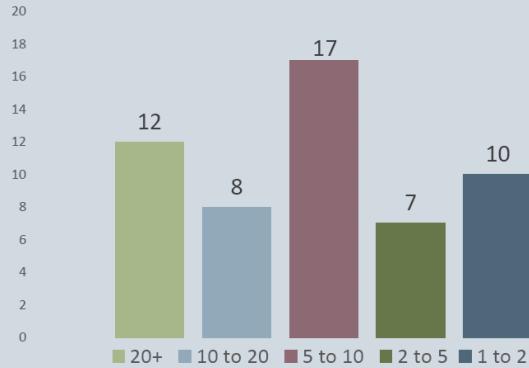
| | | | | |
|--|------------------------|---|--|---|
| Date of Application: | | Family Size | Deferred | Interest Subsidy |
| Name: | | 1 | \$25,500 | \$33,950 |
| Address: | | 2 | \$29,100 | \$38,800 |
| # Years at Address (must be at least one year): | | 3 | \$32,760 | \$43,650 |
| Home: | | 4 | \$36,360 | \$48,500 |
| Work: | | 5 | \$39,300 | \$52,400 |
| Income on Application: | | 6 | \$42,180 | \$56,300 |
| Income Reported on Taxes: | | 7 | \$45,120 | \$60,150 |
| Liquid Assets Less Than \$15,000? | | 8+ | \$48,000 | \$64,050 |
| Repair Items Listed: | | | | |
| <input type="checkbox"/> DEFERRED <input type="checkbox"/> LOW INTEREST | | | | |
| Eligibility Investigation: | | | | |
| Owned by Applicant? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Tax ID: | Taxes delinquent: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Taxable Market Value Less Than \$85,000? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Value: \$ | |
| Feasible Based on Market Value? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Feasibility Concerns? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within City Limits? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Zone: | Residentially Zoned? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Year Built: 25+ Years? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Date of Last Remodel: | |
| Square Feet: | | <input type="checkbox"/> Yes <input type="checkbox"/> No | One - Two Units? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Previous Assistance: | | | | |
| Date Credit Report Requested: | | Late House Payments Last 12 Months? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| 2nd Mortgage? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Only owns one home? <input type="checkbox"/> Yes <input type="checkbox"/> No Checked: <input type="checkbox"/> Tax Data & <input type="checkbox"/> Credit Report | | |
| <i>The applicant appears to meet current eligibility criteria and appears to be qualified for the program:</i> | | | | |
| CD Staff Signature / Date: | | | | |
| Project Progress: | | | | |
| Initial Inspection Date: | Prelim Work List Sent: | Prelim Work List Received: | | |
| Lead Paint Notification: | | Lead Testing Required? | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Site Review: | Historical Review? | Environmental Review? | | |
| Contractor(s) Eligibility / Insurances: | | | | |
| Documents | | Deferred Loan | Bank Low Interest: % | |
| Date Title Insurance Request: | | | Not Applicable | |
| Title Clear? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | Not Applicable | |
| Construction Agreement: | | | | |
| Promissory Note: | | | Subsidy Amount: \$ | |
| Trust Indenture / Date Recorded: | | | Not Applicable | |
| Proceed Order: | | | | |
| Escrow Requested / Established: | | | | |
| Escrow / Loan Company: | | American Title | First Interstate Bank | |
| Escrow / Loan Amount: | | | | |
| Project Completion Date: | | Final Inspection Date: | | |

5 Year Review

- **56 Properties Assisted – Deferred Loans**
- **All properties benefited < 60% Area Medium Income homeowners**
- **Average length of time in home upon application – 11 years**
- **Ranged from 1 year to 54 years:**

| | |
|----------------|----|
| Over 20 years: | 12 |
| 10 – 20 years: | 8 |
| 5 – 10 years: | 17 |
| 2 – 5 years: | 7 |
| 1 – 2 years: | 10 |

- **Only ONE loan has been reconveyed (repaid)**







Givens

- ✓ City is a risky lender
- ✓ Serve risky homeowners
- ✓ New issue: granted \$ in past
- ✓ Protect the City's investment
- ✓ Ensure program utilization

City
Investment

Assisting
Homeowners

Eligibility Criteria

Federal
Requirements

Expenditure
Deadlines

Low Income

Credit Issues

Home Safety

Affordable Housing
Stock

Risk Factors



- 2nd and 3rd Position Liens
- Late house payments
- Length of time in residence
- Previous bankruptcy

2nd / 3rd Position Liens

- First Time Homebuyer (*16 properties, \$5k to \$15k*)
- HUD Foreclosure Savior Programs (*2 properties*)

7 properties currently over-burdened:

- Average **\$5,700** per property
- 5 include first time homebuyer liens
- 5 have been in home from 1 – 2 years
- 1 HUD foreclosure assistance

Finding:

Households recently assisted with first time homebuyer funds may be slightly overburdened by the Housing Rehab program.

Late House Payments

7 out of 54 homeowners had late house payments on credit reports:

- **One homeowner:** last late payment was 2 years prior application
- **One applicant:** Housing Rehab required owner to wait for 2 months before application
- **Two homeowners:** 14+ late payments over the life of the loan
 - Length of residency: 23 years and 3 years
- **Two households:** utilized HUD foreclosure assistance
 - Many late house payments, none within last year
- **One homeowner:** Type 1 Unemployment Forbearance for 4 months; every payment was received in a timely manner.

Finding:

Applicants with history 10+ late house payments increase the City's risk of non-repayment.

Length of time in residence before application

- 10 applicants lived in the home 1-2 years
- 6 first time homebuyer liens

Previous Bankruptcy

6 of 54 homeowners had previous bankruptcies:

- 1 first time homebuyer 2nd position lien
- 1 HUD foreclosure savior lien

Finding:

Bankruptcy in addition to foreclosure savior liens present a high risk to the City.

Recommendations & Impact

Include valuation calculation in Eligibility Checklist and consider limits

- May decrease # of eligible households
- Consider increase in home value post rehab & over time

Order title commitments at initial approval

- Ensures early lien review

Restrict 2nd position liens to homebuyer assistance

- HUD savior program participants ineligible

High # late house payments requires # years free of late payments

- Limits may decrease # eligible households

Increase length of time in residence if applicant has 2nd position FTHB lien

- New homeowners have longer waiting period, may decrease # eligible households

CD BOARD CAPER ACCOMPLISHMENTS OVERVIEW

| Strategies | FY2013-2014 Accomplishments |
|---|--|
| A: Promote the preservation of the existing supply of safe, affordable housing in the community. | <p>20 units were rehabilitated through City-supported programs, including to one home through the Foreclosure Acquisition / Rehabilitation program (see below).</p> <p>Of these units, 17 received energy-efficiency improvements.</p> <p>Four units resulted in accessibility improvements for the disabled.</p> |
| B: Promote new affordable housing opportunities. | <p>51 households achieved home ownership through the City's First Time Homebuyer program:</p> <ul style="list-style-type: none"> - 30 through the HOME program - 17 through CDBG - Four households were funded through a special Billings City Council allocation released for distribution on May 1, 2013 |
| | <p>The City has assisted a total of 643 households achieve homeownership since the mid-1990s.</p> <p>### households received pre-purchase homebuyer education.</p> <p>This year marks the culmination of the Kings Green project resulting in the construction of 49 new single-family affordable housing units.</p> <p>The average mortgage for all phases to date was approximately \$112,000 and the average income of the purchasing households was approximately \$27,000. Average monthly mortgage payments were \$750.</p> |
| C: Active partnerships with non-profits, neighborhood groups and others to address housing and community development specific to lower income and special needs households. | <p>City staff facilitated the following partnerships:</p> <ul style="list-style-type: none"> - Affordable Housing Task Force - Billings Partners for American Indian Homeownership - Mayor's Committee on Homelessness <p>18 full-year AmeriCorps VISTA members were placed in Billings to support poverty / homelessness impact initiatives (seven in July 2013 and 11 in January 2014) in addition to 12 Summer Associate members. A total of 104 members have been placed in Billings since 2007 and total project financial impact is valued at \$4.4 million.</p> |
| D: Promote the preservation and revitalization of the community's older neighborhoods. | <p>One foreclosed home in the North Park area was purchased, rehabilitated and sold to a low income family this fiscal year. Another home was sold during this fiscal year in the Billings Heights area. Five total homes have been purchased through the foreclosure acquisition rehabilitation program to date.</p> |
| E: Provide assistance to agencies serving lower income and special needs populations, particularly the homeless, the elderly, minorities and those with disabilities. | <p>1,617 individuals were served through the VISTA program this year; 494 through the 2013 Summer Associate program, 936 through FY2013-2014 and an additional 187 from July 2013 to January 2014 members.</p> |