

Regular Meeting of the Community Development Board  
January 20, 2015

**Board Members Present:** Patt Leikam, Michele Zahn, Fred Button, Katrina Kruger

**Excused Board Members:** Kathleen Candelaria, Neil Kiner

**Unexcused Board Members:** Martha Sanford

**Staff Present:** Brenda Beckett, Gina Simonetti, Lynda Woods, Dina Harmon, Candi Millar

**Welcome / Introductions / Announcements:** The Community Development Board met at its regular monthly meeting located in the 6<sup>th</sup> Floor Conference Room, Miller Building, 2825 3<sup>rd</sup> Ave North, Billings, Montana. Vice-chair Patt Leikam called the meeting to order at 3:00 p.m.

**Public Comment:** None.

**Meeting Minutes:** *Fred Button moved that the minutes of the December meeting be approved as written. Michelle Zahn seconded. Motion carried.*

**Election of Officers:** Fred Button nominated Patt Leikam for Chair and Katrina Kruger seconded. Motion carried. Katrina Kruger nominated Fred Button for Vice Chair. Patt Leikam seconded. Motion carried.

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

- **Billings Metro VISTA Project:** 14 members have been recruited to begin service in January! Additionally, for the VISTAs Martin Luther King, Jr. service day, a food & paper drive will be held to benefit Billings Community Connect. If you are interested in donating, please contact Gina Simonetti at 406-247-8675.

**Allocations Process & Estimated Revenues - Review:** See attached slides.

**Community Development Applications Review for FY2015-2016:** There are no changes on the Billings Metro VISTA Project application. The only change for the First Time Home Buyer program application is the asset limitation is being changed from \$10,000 to \$15,000. The proposed changes for the Housing Rehabilitation Program include increase length of time in residence for applicants with FTHB liens, increase length of time before eligibility for homeowners with more than X late house payments over the life of the loan and increase eligibility requirements for homeowners with bankruptcies and paid judgments on record. The proposed changes for Manufactured Rehabilitation Program is maintain currently funding level, investigate feasibility of the creation of a “decommission/replacement” manufactured home program and investigate collaboration with a non-profit to create “resident owned community.” The proposed change for the Foreclosure, Acquisition & Rehab Program is to allocate \$250,000 for a project. Please find all the information attached.

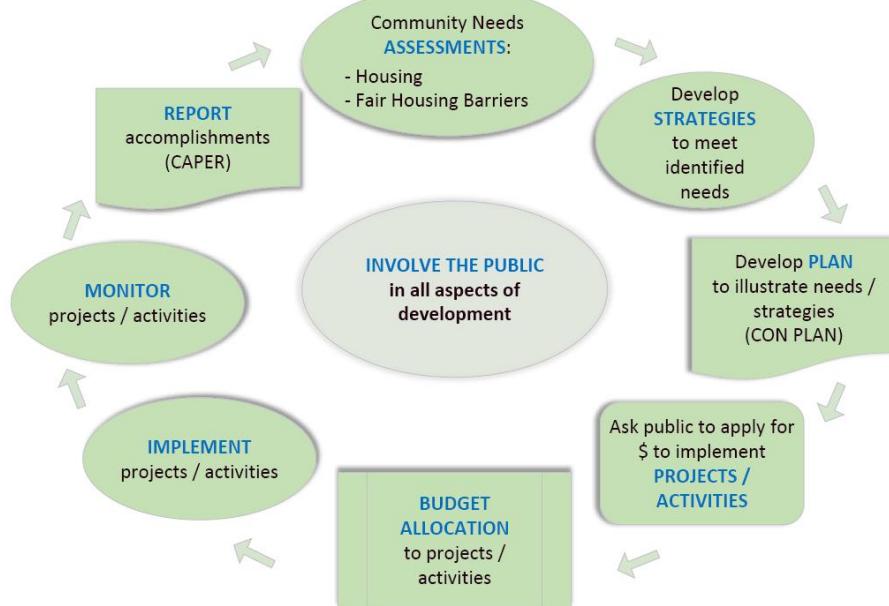
**Neighborhood Concerns and Happenings:** None.

Patt Leikam adjourned the meeting and the next meeting is set for February 3<sup>rd</sup>.

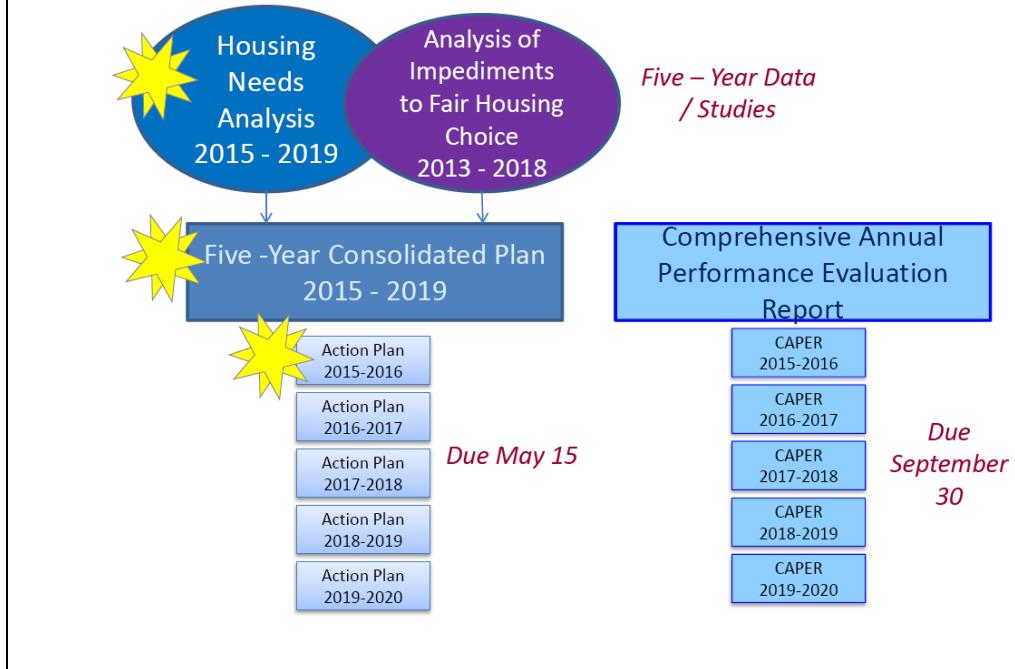
# Allocation Process & Estimated Revenues

Time to gear up for FY2015-2016!

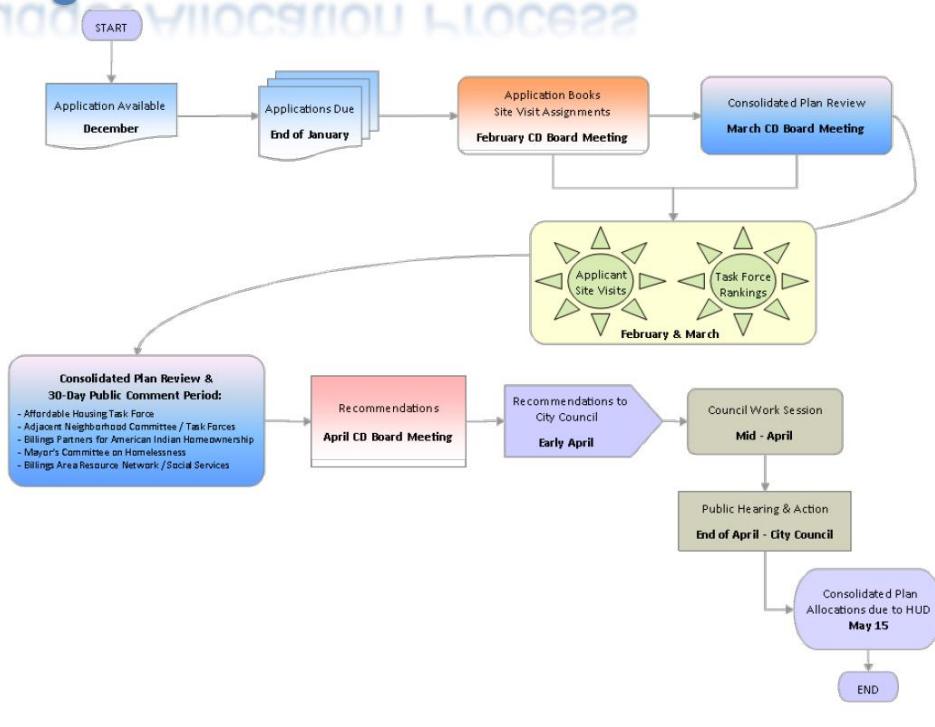
## Consolidated Planning



# Consolidated Planning

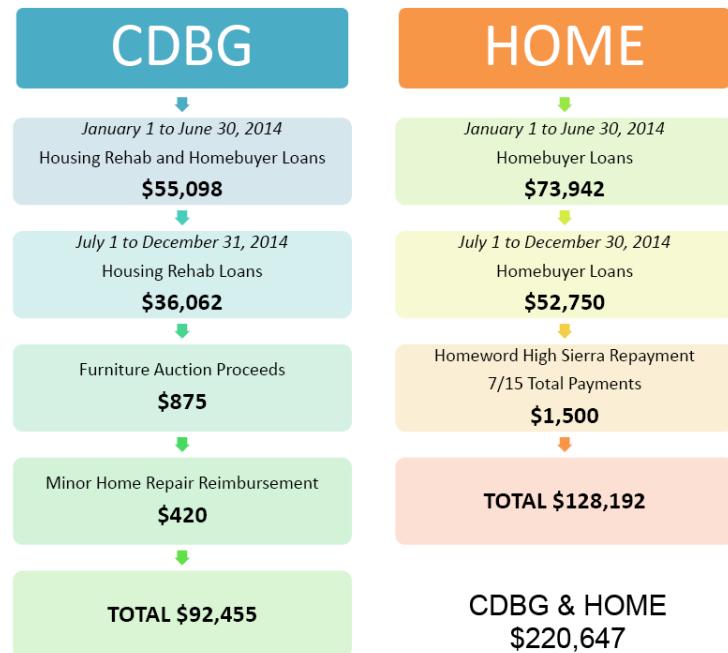


## Budget Allocation Process



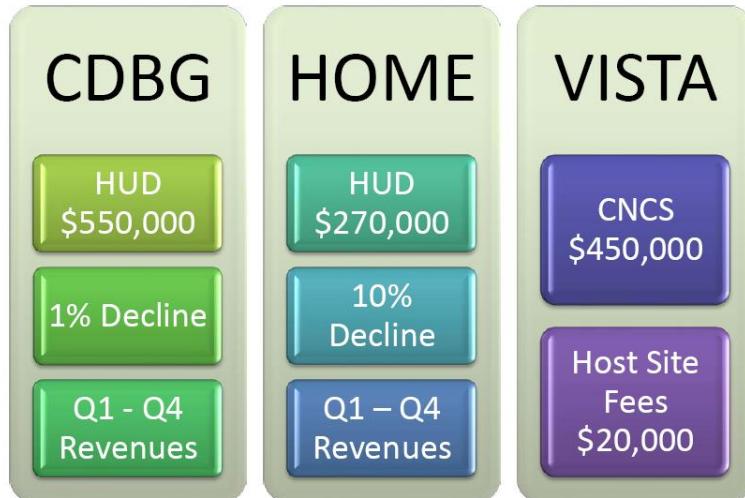
## FY2014-2015 Substantial Amendment

Allocates Revenues via City Council – January 12, 2015

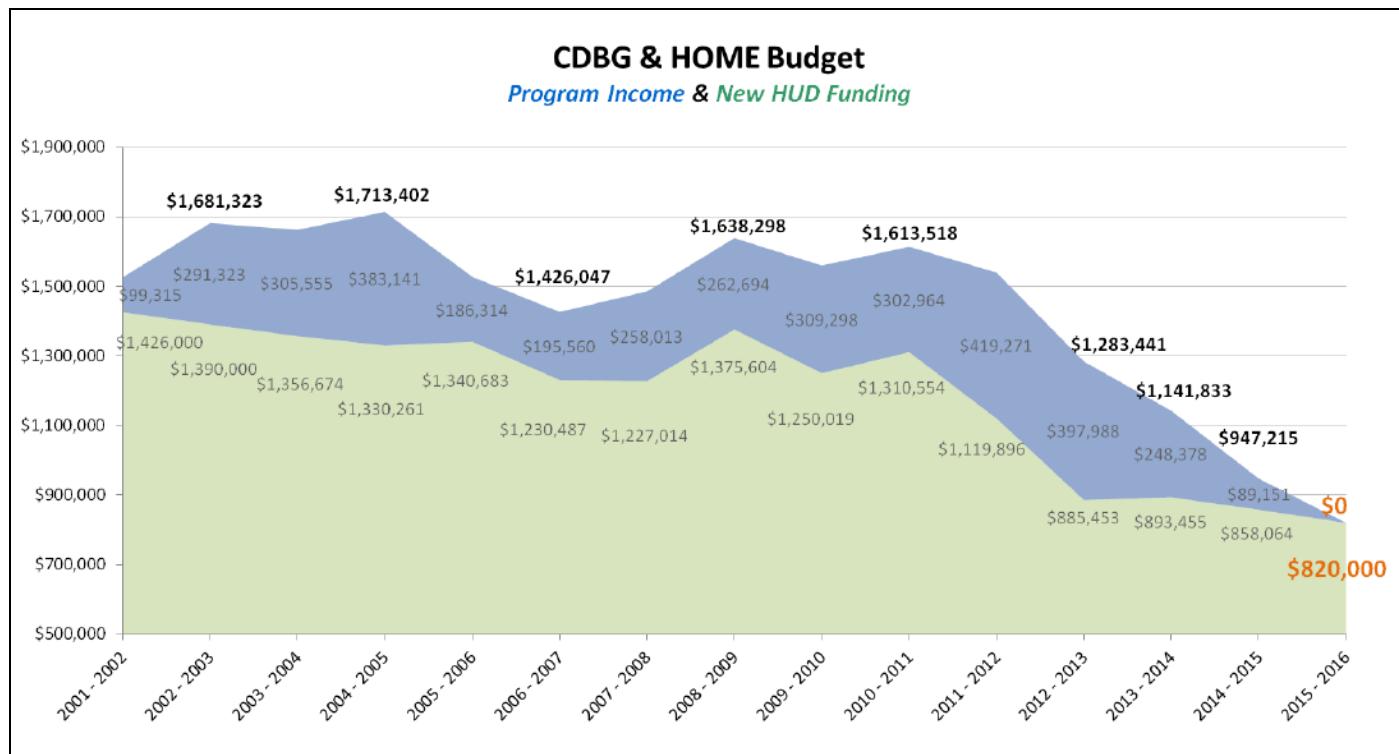
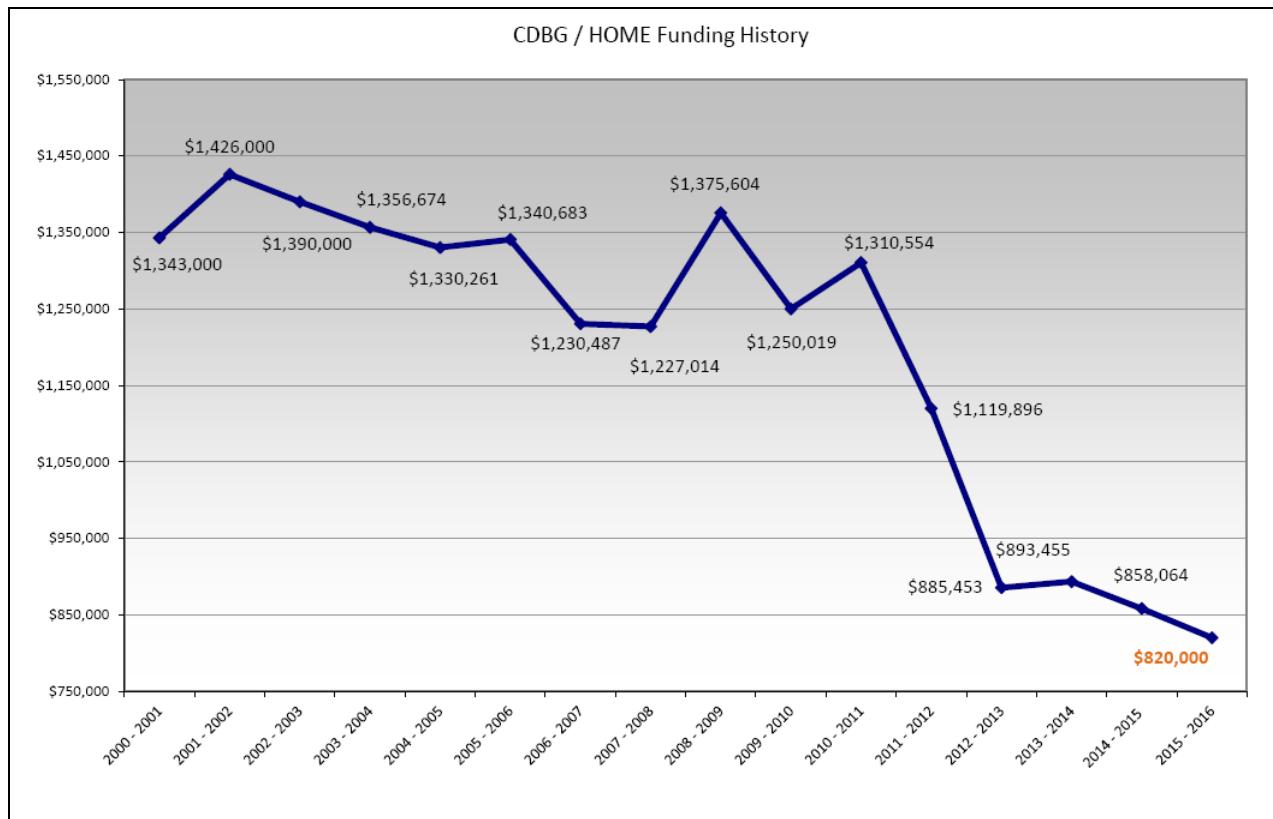


## FY2015-2016 Budget Estimates

As of January 6, 2015



CDBG & HOME  
\$820,000



# Community Development Applications

## Overview

Status of CDBG & HOME Activities						For Period Ending 12/31/2014
<i>Fiscal Year</i>	<i>CDBG Activities</i>	<i>Current Budget</i>	<i>Year to Date Expenditures</i>	<i>Balance</i>	<i>% Remaining</i>	<i>Notes</i>
FY2012-2013	Manufactured Home Loan	\$19,385	\$18,731	<b>\$654</b>	3%	
FY2013-2014	CDBG VISTA Administration	\$32,258	\$32,258	<b>\$0</b>	0%	Living allowance cost share
FY2014-2015	CDBG Administration	\$118,175	\$53,935	<b>\$64,240</b>	54%	
	Housing Rehabilitation Loans	\$375,176	\$93,043	<b>\$282,133</b>	75%	
	CDBG VISTA Administration	\$50,000	\$34,359	<b>\$15,641</b>	31%	Living allowance cost share
	Manufactured Home Loan	\$50,000	\$0	<b>\$50,000</b>	100%	
<i>Fiscal Year</i>	<i>Foreclosure Program</i>	<i>Current Budget</i>	<i>Year to Date Expenditures</i>	<i>Balance</i>	<i>% Remaining</i>	<i>Notes</i>
FY2014-2015	CDBG Foreclosure	\$62,372	\$0	<b>\$62,372</b>	100%	Includes proceeds from Conway, North Park and CDBG homebuyer programs
	NSP Foreclosure	\$96,730	\$0	<b>\$96,730</b>	100%	
	Council Fund	\$50,000	\$0	<b>\$50,000</b>	100%	
<i>Fiscal Year</i>	<i>HOME Activities</i>	<i>Budget</i>	<i>Year to Date Expenditures</i>	<i>Balance</i>	<i>% Remaining</i>	<i>Notes</i>
FY2013-2014	HOME Administration	\$6,974	\$4,567	<b>\$2,407</b>	35%	
FY2013-2014	HOME Administration	\$30,171	\$6,725	<b>\$23,446</b>	78%	
	Affordable Housing Administration	\$55,000	\$19,755	<b>\$35,245</b>	64%	Subject to time card calculations
	First Time Homebuyer Program	\$542,008	\$273,572	<b>\$268,436</b>	50%	
	CHDO Reserve	\$45,257	\$0	<b>\$45,257</b>	100%	

# New Budgeting Process - Egg Concept



## Budget Process

Focus on  
Approving  
Programs



Budget Using  
New Allocation

Program Income  
Uses  
Identified in  
Consolidated Plan

## COMMUNITY DEVELOPMENT DIVISION

### Preliminary Revenue FY 2015-2016

#### CDBG REVENUE

##### New Funding Sources - Eligible for use in Admin Cap

HUD CDBG Grant \$550,000 HUD Allocation Estimate

##### Reallocated Funding Sources - Not Eligible for use in Admin Cap

Nada...yet

Total Reallocated Funding: \$0

CDBG Revenue Total: \$550,000

20% CDBG Administration Cap: \$110,000 Budget 20% HUD Allocation Only

##### Public Service Cap Calculation

Program Income FY2014-2015 to Date \$36,908 July 1 to December 31, 2014

Considered 'Prior Year' for FY15-16 Planning

15% of Prior Year Program Income \$5,536

15% of New CDBG Allocation \$82,500

15% Public Services Cap: \$88,036

##### Housing Rehabilitation Revolving Loan Fund - Minimum Allocation Calculation

FY2014-2015 New CDBG Allocation \$556,352

Considered 'Prior Year' for FY15-16 Planning

1/12 of Prior Year's New CDBG Allocation Calculation \$46,363 Program income over 1/12 of last year's new CDBG allocation allowed for reallocation if part of revolving loan fund.

Maximum Program Income Allowed

Total New Program Income on CAPER: \$57,637

\$ Over Maximum to be Re-Allocated to Housing Rehab: \$11,274

**\$357,500 for Projects**

after Administration and Public Services at Maximum

#### HOME REVENUE

##### New Funding Sources - Eligible for use in Admin Cap

HUD HOME Grant \$270,000 HUD Allocation Estimate

FTHB Loans Program Income \$0 Repayments post affordability period

Total New Funding: \$270,000

10% Cap on HOME Administration: \$27,000

15% CHDO Allocation Minimum: \$40,500

##### Reallocated Funding Sources - Not Eligible for use in Admin Cap

Nada...yet

Total Reallocated Funding: \$0

HOME Revenue Total: \$270,000

**Total Available in CDBG & HOME: \$820,000**

**\$202,500 for Projects**

after Administration and CHDO Reserve

# CDBG – Home Repair Programs

City of Billings

## Rehabilitation Programs

- **Housing Rehab Loan Program**
  - Deferred Loan Program (up to 60% AMI)
  - Interest Subsidy (up to 80% AMI)
- **Manufactured Home Repair Program**
- **Foreclosure, Acquisition & Rehab Program**

## Purpose

- Preserve affordable housing stock
- Improve the supply of decent, safe, sanitary and affordable housing
- Enhance the stability and standard of living in existing neighborhoods

## Housing Rehab Loan Program

- Loans up to \$25,000
- 0% Interest
- No monthly payments – Deferred
- Loan is due when the house is sold / refinanced or if the property becomes a rental. Subordination Policy in effect.

## General Eligibility

- Own & occupy property for one year
- Low income homeowner
- Liquid assets <\$15,000
- Property >25 year old
- Within the City limits

## Manufactured Home Repair Loan

- Loans up to \$10,000 based on the unsecured value & age of the home.
- Only program available for mobile / manufactured housing.

## General Guidelines

- Owned and occupied by homeowner for at least one year
- Low income homeowner below 60% of AMI
- Liquid assets <\$10,000
- Within the City limits

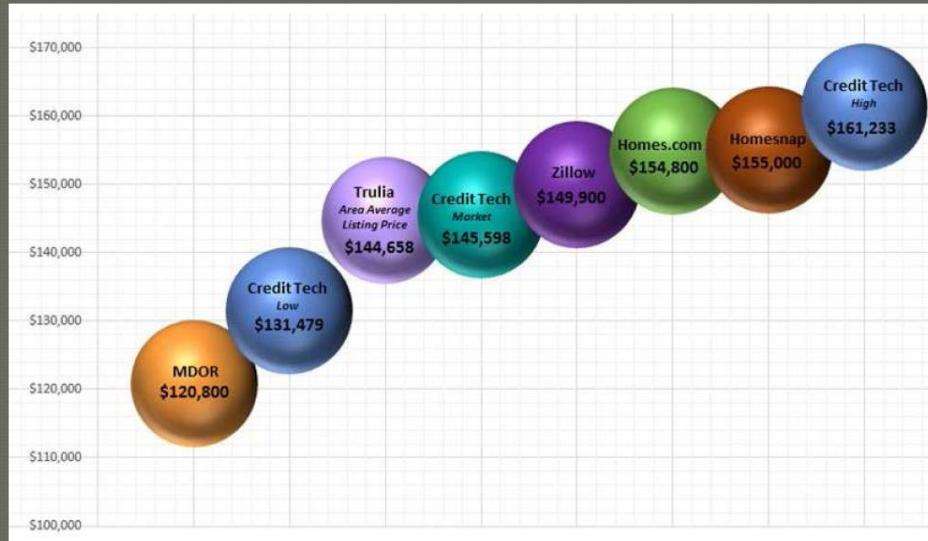
## Foreclosure, Acquisition & Rehab

- Purchase of vacant, foreclosed housing
- Rehabilitate to standards with focus on revitalizing neighborhood, energy efficiency and improving accessibility.
- Available to low-income FTHB homeowners (below 80% AMI)

## Housing Rehab Loan Program Changes Implemented FY 2014 -2015

- Included valuation calculation in the eligibility criteria (loan burden below Automatic Valuation Model calculation)
- Order title commitments at approval
- Restrict 2<sup>nd</sup> position liens to FTHB assistance
- Updated Subordination Policy

## Housing Rehab Loan Program Automated Value Model



# Housing Rehab Loan Program

## Automated Value Model

<b>Valuation Determination</b>	Mortgage Balance	
	FTHB 2 <sup>nd</sup> Amount (if any)	
	Projected Housing Rehab Loan	
	Projected Burdened Amount = Total	
	<b>AMV Market Value:</b>	<b>This amount must be greater than the total burdened amount.</b>

# Housing Rehab Loan Program

## Updated Subordination Policy

### General Requirements

- Total loan-to-value ratio for the property cannot exceed 85% (based on appraisal).
- The City Administrator must approve all requests – may take up to six weeks or longer.
- Homeowner(s) must provide financial documentation demonstrating household income is at or below 80% of current Area Median Income.
- The City will only subordinate once. A second request for subordination will be denied.
- Subordination may not be requested within three years of the Rehabilitation Loan origination.
- Lender must provide written documentation outlining:
  - The amount of the original mortgage.
  - The amount of the new first mortgage.
  - Details of debts being incorporated into new mortgage.
  - Copy of appraisal.
  - Name of Bank Trustee.

## Housing Rehab Loan Program Proposed Changes for FY 2015 - 2016

● FY 2015 – 2016 Application: \$350,000

● Expand Deferred Loan program to 80% of AMI / Eliminate Interest Subsidy Program

- Provide assistance to 60-80% AMI households.

### Housing Rehab Loan Program Expand Deferred Program to 80% AMI

HH Size	Current 60% - Deferred Loan	Current 80% - Interest Subsidy
PROPOSED: Deferred Loan Program up to 80% AMI		
1	\$25,500	\$33,950
2	\$29,100	\$38,800
3	\$32,760	\$43,650
4	\$36,360	\$48,500
5	\$39,300	\$52,400
6	\$42,180	\$56,300
7	\$45,120	\$60,150
8	\$48,000	\$64,050

## Housing Rehab Loan Program Proposed Changes for FY 2015 - 2016

- Increase length of time in residence for applicants with FTHB liens.
  - New homeowners have longer waiting period, may decrease # eligible households
- Increase length of time before eligibility for homeowners with more than **X** (3?, 5?) late house payments over the life of the loan
  - May decrease # eligible households
- Increase eligibility requirements for homeowners with bankruptcies and paid judgements on record.
  - May decrease # eligible households

## Manufactured Home Loan Changes Implemented FY 2014 -2015

- Calculated unsecured value on the Assessed Value of the property.
  - Increased number of eligible units
  - Barriers – aging mobile / manufactured home stock

## Manufactured Home Loan Proposed Changes for FY 2015 - 2016

- Maintain current funding level
- Investigate the feasibility of the creation of a “decommission / replacement” manufactured home program.
- Investigate collaboration with non-profit to create a “resident owned community”

## Foreclosure, Acquisition & Rehab Changes Implemented FY 2014 -2015

- Not funded through CDBG allocation.
- Later funded through City Council reallocation.

## Foreclosure, Acquisition & Rehab Proposed Changes for FY 2015 - 2016

### ● FY 2015 – 2016 Application - \$250,000

## New For FY 2015 - 2016 Poverty Initiatives

### ● Poverty Initiatives

- Application for budget authority for approximately \$250,000 for “shovel ready” project for Sobering Center: Community Innovations