

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
June 10, 2009 1:05pm**

Members present: Stacy Rye, Chair; Ed Childers; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; John Hendrickson; Dave Strohmaier; and Jon Wilkins; Bob Jaffe.

Members absent: Pam Walzer.

Others present: Nancy Harte, Rick Wishcamper, Mike Bouchee, Dee Kreyev.

I. Administrative Business

A. Approve committee minutes dated: [June 3, 2009](#)-approved as submitted.

B. **Public Comment on items not listed on the agenda-None**

II. Consent Agenda

A. Approve claims (accounts payable). -Consent Agenda (Brentt Ramharter)

MOTION: The committee recommends the City Council approve [claims](#) totaling \$260,542.85 ([Detailed Claims](#))

B. Authorize the Mayor to sign an application for Neighborhood Stabilization Program (NSP) funds to the Montana Department of Commerce from the City of Missoula on behalf of the Rocky Mountain Development Group to construct 115 units of affordable housing ([memo](#)).—Regular Agenda (Nancy Harte) (Referred to committee: 06/08/09) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council approve and authorize the Mayor to sign an application from the City of Missoula on behalf of the Rocky Mountain Development Group for Neighborhood Stabilization Program funds with the Montana Department of Commerce in the amount of five million dollars.

Nancy Harte, Office of Planning and Grants (OPG), reviewed the Neighborhood Stabilization Program (NSP) and the [handout](#) provided. She stated that within the NSP program there is a narrow range of projects that Missoula is eligible for. She presented an application proposal from Rocky Mountain Development Group to construct *Silvertip Apartments*. A 115 unit multi-family rental property for low- and moderate- income households on the site of the now closed Missoula Athletic Club, located on East Broadway. The now vacant and blighted 3.38-acre site was foreclosed several years ago, making it eligible for the NSP funding and providing an excellent opportunity for Missoula to receive much needed additional funding for affordable housing.

She explained the sources of funding for this project are a HUD multifamily loan for \$4.45 million, and assistance from the Federal Home Loan in the form of \$300,000 loan and \$300,000 grant. The \$5 million balance is being sought from the NSP, administered by the Montana Department of Commerce. The NSP funds are expected to be in the form of a grant. No City finds are being used in this project. If NSP funding is granted, the property will be purchased for \$1.9 million, which is 16% below the appraised value. Demolition of the existing structures, architectural and engineering costs and construction costs will be about \$8.3 million. Administration of the grant will be by the Office of Planning and Grants. OPG's role will be reviewing draw down requests from the developer for eligibility, submitting requests to the State, dispensing funds, and monitoring the project for compliance with the state and federal laws and regulations.

She pointed out that this project meets the D and E uses in the NSP guidelines, and that the A & B uses need to be funded for the entire State of Montana, before this application will be reviewed for consideration. The Montana Department of Commerce has been unable to estimate how long it might take for this project to be awarded the funds, and the program is a first-come, first served, so an early application is advantageous. The development of this project is contingent upon NSP

funding. If NSP funds are awarded at a lower level than requested, the project can be modified to build fewer units. The project site would need to be rezoned to allow residential construction. A rezoning request will wait until NSP funding is confirmed.

The developers from Rocky Mountain Development Group (RMDG), Rick Wishcamper President, and Mike Bouchee, Vice President, offered to answer any questions regarding this project.

Bob Jaffe asked what the total amount of subsidy is and how does it break down per unit.

Rick Wishcamper said the total is \$5,300,000 approximately \$50,000 per unit.

Mr. Jaffe asked how much the rent will be per unit.

Mr. Wishcamper explained in detail that the way the rents are calculated, with NSP the tenants will pay the lesser of 30% of their gross income, or Fair Market Rent.

Ms. Harte added for a 2 bedroom unit the rent will be \$722.00 per month, utilities included.

Mr. Wilkins asked if the funding comes through, when the project would begin.

Mike Bouchee said their goal is to deliver these units as fast as possible.

Mr. Wilkins moved to approve the application and requested adequate parking is available for these units.

Dick Haines asked if the RMDG defaulted on this project would the property go back to the City.

Ms. Harte said it would go to the State, which is where the funding is coming from.

Mr. Haines asked if RMDG is a nationwide company.

Mr. Wishcamper explained that RMDG is a Missoula based company that has projects across the country, and is currently involved on two NSP projects in New Jersey and Mississippi.

Mr. Childers asked if there would be elevators installed in this three story building, and added that these units will impact traffic in the area.

Mr. Bouchee commented that there are no plans for an elevator, but they will offer ADA accessible units on the ground floor.

Mr. Haines asked if there were back taxes owed on this property.

Mr. Bouchee said that there are \$400,000 of back taxes, which will be paid at closing.

Renee Mitchell expressed concerns about the traffic impact and the demographic of the renters who qualify under this program. If they are transient in nature, it might degrade the general area.

Jason Wiener added that his income qualifies for this program.

Stacy Rye added that her family purchased their first home under a similar program, and that many people at this meeting qualify for this program.

Dave Strohmaier said there should be no social stigma attached to qualifying for this program and doesn't think the area will suffer from this at all. He expressed support for this project.

Upon a voice vote the motion carried unanimously.

Held in committee

- A. Update from the Missoula Performing Arts Center ([memo](#)).—Regular Agenda (Dave Strohmaier) (Referred to committee: 04/07/08)
- B. [Resolution](#) revising the City’s sewer use fee structure and increasing sanitary sewer rates by 5% per year for four years to support infrastructure improvements required to operate the city’s sanitary sewer system. ([A&F](#)) ([Slideshow presentation as a webpage](#)) (Returned from Council floor: 11/03/08)
- C. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
- D. Amend City Council Rule 21(a) to clarify quorum requirements ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 04/28/08) (*Tabled in Committee on 02/11/09*)
- E. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
- F. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
- G. Consider the establishment of Parks and Street Maintenance Districts ([memo](#)).—Regular Agenda (Bob Jaffe) (Referred to committee: 05/04/09)

III. Adjournment

The meeting was adjourned at 1:45pm

Respectfully submitted,

Dee Krevey
Administrative Secretary
Finance Department