From:	Hermina Harold
To:	Grp. City Council and City Web Site
Subject:	Comment on the Housing Trust Fund
Date:	Friday, July 17, 2020 1:05:09 PM

Dear Councilmembers,

Thanks to each of you, and everyone at the City's Housing Office and the MRA, for supporting the establishment of the HTF. This is a very important piece of Missoula's housing policy. We have needed a trust fund for housing for a long time, and I'm so excited to see what kinds of creative, life-changing projects we will be empowered to develop.

Trust Montana, the statewide community land trust that I direct, is a member of the Home Coalition, so many of our concerns were reflected in the public comment given by Karssa Trujillo on Monday evening. My comment mostly pertains to home ownership, as we do not currently develop or preserve rental units.

My remaining concern has to do with permanent affordability. I believe we will be able to greatly increase the number of affordable units in our city only if we preserve the subsidy we invest in homes. Trust Montana preserves the subsidy in homes for the long-term by holding the land under affordable homes in trust, and entering into 75 year ground leases with home buyers to cap their future equity. Our CLT home owners would otherwise be excluded from purchasing anything and would be stuck in the increasingly competitive rental market. Because of the CLT tool, they can earn equity instead of paying a landlord, and when they sell, they must sell to another income qualified household at a low price as calculated by a resale formula. Nationally, CLT home owners are ten times less likely to enter foreclosure than their market rate counterparts.

As home prices soar in our community and more people move to our state to escape Covid-19 in cities, the market is becoming increasingly merciless for people who earn Montana wages. I believe permanent affordability via subsidy preservation is even more important than it was 6 months ago. If we don't preserve homes as permanently affordable once we invest thousands of dollars of public subsidy into them, I do not believe we will be able to grow our stock of affordable units -- instead we will always be racing to keep up with the need, and falling short. If we place permanent affordability restrictions on all HTF-funded homes, we will be able to watch the stock of homes people can afford grow over time.

Other ways of preserving subsidy include deed restrictions and trust indentures. I am not an expert on those tools, and I prefer the ground lease whenever possible because it's such a strong and flexible tool. However, **I think we need to use all available tools to preserve our public dollars for the long-term.** Otherwise, one household gets a boost from being able to sell their subsidized home for a windfall profit, and the benefit to the larger community is short-lived.

There are a couple different definitions of "permanent affordability" in the housing world, and either one would be better than the default HUD affordability period of 15 years (for home ownership units). For LIHTC rental projects, I believe "permanent" is considered 40 years. For community land trusts in Montana, our leases span for 75 years, but each new home owner gets a new 75 year lease, so the affordability is meant to be truly permanent. I support my organizational heroes like Homeword and

the Housing Authority, who work very hard to bring LIHTC projects to fruition. I believe the ordinance could establish requirements based on both of these definitions, depending on the project.

I hope you will add some language into the ordinance that clearly requires that the homes built using this public funding will be affordable for the long term -- whether they are rentals or home ownership units.

Thank you,

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