From:	Bob Oaks
To:	Grp. City Council and City Web Site
Cc:	Adelheid West; Bailey Zook; Bob Jaffe; Hermina Harold; Kari Neal; Kayje Booker; KD Dickinson; linzie790@gmail.com; Maggie Brown; Mike McCarthy; Pam Walzer; Paul Herendeen; Sam Duncan; Terri Roberts
Subject:	RE: Comment on the Housing Trust Fund
Date:	Friday, July 17, 2020 2:53:42 PM

Hello Councilmembers,

I'm writing as Director of the North-Missoula Community Development Corporation to second the excellent points in Hermina Harold's letter regarding the need for public investment in permanent affordability. Like Hermina, my experience has been primarily in the encouragement of entry-level homeownership.

In my case, that experience goes back to the mid-1990s and the North Missoula Housing Partnership, run under the auspices of the now shuttered Missoula Housing Corporation. That broadly supported program coupled $2,000 in down payment assistance with 2 percent second mortgages of up to $20,000. It worked for about five years. Approximately 35 households were able to participate. After that, appreciating land and housing costs made that amount of assistance insufficient to close the affordability gap. Today, all those homes have market rate resale values far beyond the means of average Missoula households.

In retrospect, I think that program, even though a huge help for those individual households, could have done better for the larger community. It was only when faced with the question of how much subsidy was too much subsidy, we turned to the Community Land Trust model in 2001. In a CLT, larger subsidies are warranted because they are captured for the future. Now twenty-years later, we remain committed to the wisdom of affordability in perpetuity. We believe we need to create ownership opportunity for generations and go beyond simply creating one-time affordable mortgages for individual buyers.

Missoula's workforce housing efforts over the past twenty-five years confirm that without permanent affordability requirements for a decent percentage of our housing, both rented and owed, we'll continue to be the dog forever chasing its affordability tail.

The NMCDC appreciates the moment now at hand and the City Administration's and City Council's work to establish a HTF focused on housing for all, now and on into our future.

Bob Oaks
E.D., NMCDC

From: Hermina Harold <hermina@trustmontana.org>
Sent: Friday, July 17, 2020 1:05 PM
To: Grp. City Council and City Web Site <council@ci.missoula.mt.us>
Subject: Comment on the Housing Trust Fund

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,

--

Hermina J. Harold
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