

RESOLUTION NO. 3841

A RESOLUTION APPROVING THE WAIVER OF 40% OF BUILDING PERMIT FEES AND 40% OF WATER AND SEWER CONNECTION FEES AND REDUCING PARKING REQUIREMENTS TO 1.5 STALLS PER UNIT FOR THE STOWER COMMONS AFFORDABLE HOUSING PROPERTY

WHEREAS, Alex Burkhalter of Housing Solutions, LLC has requested that the City of Miles City commit to reducing building permit fees, water and sewer connection fees, and reduce the required number of parking spaces per unit, for the proposed Stower Commons Affordable Housing property which is being planned for construction in Miles City;

AND WHEREAS, the City has deemed the request to be appropriate and beneficial to the community;

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

1. The City of Miles City agrees to waive 40% of the building permit fees, being the portion of the fee attributable to the City under its contract with the Building Inspector, 40% of the water and sewer connection fees, and to reduce the required number of parking spaces per unit to 1.5, related to the proposed Stower Commons Affordable Housing property which is being planned for construction in Miles City.
2. The Mayor of the City of Miles City is hereby authorized to execute and deliver the approval letter attached hereto as Exhibit "A," the contents of which are hereby ratified and adopted by the City Council.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS 8th DAY OF SEPTEMBER, 2015.



C.A. Grenz, Mayor

ATTEST:



Lorrie Pearce, City Clerk



CITY OF MILES CITY

17 S. 8th, P.O. Box 910
Miles City, MT 59301-0910

Telephone: 406-234-3462
Fax: 406-234-2903

September 9, 2015

Alex Burkhalter

Housing Solutions LLC

5014 Elk Hills Ct

Missoula MT 59803

RE: Stower Commons Affordable Housing Property

Dear Mr. Burkhalter,

Please accept this letter as our continued and renewed support of your proposed Stower Commons Affordable Housing Property. We appreciate the commitment you have shown to Miles City by making a second application for the Housing Tax Credits for this project.

Stower Commons will meet at great and ongoing need in Miles. Our community is experienced the effects of the Bakken Oil Development in a big way. Even with the slowdown in drilling in Eastern Montana and Western North Dakota safe, decent and affordable housing has continued to be a problem in Miles City. Our local employers are struggling to fill jobs in of our service, hospitality, medical and retail sectors. In the last two years Miles City has seen two new apartment complexes totaling 72 units open, but those who need it most can't afford the rents charged at these new properties.

The proposed property is ideally located in Miles City. Grocery/Pharmacy, Miles City Community College, Wal-Mart, Banking, Highland Park Elementary, Billings Clinic, and our popular Wibaux Park are all within walking distance, along established streets with sidewalks. Not only are these places able to offer services to the residents, but these and other businesses in the immediate area will provide job opportunities for your residents. In turn, you will provide homes for the badly needed workers.

Miles City recognizes the incredible need for very low to low income housing in our community. We so desire to see this project in our community, the city council has agreed to reduce the building permit and tap fees by 50% for this project. Further, recognizing every dollar counts, we are willing to reduce the parking requirement to 1.5 stalls per unit to reduce your land costs. As our economy and community continues to grow, our desire is to see all residents, at all stations on the economic ladder, benefit and be able to enjoy safe, decent and affordable housing.

Please contact us with any further questions for needs for your project.

Kindest Regards,

A handwritten signature in black ink, appearing to read "C.A. Gray", is positioned below the typed name.

NOTICE OF PUBLIC HEARING

Housing Solutions LLC, PO Box 2099, Missoula, MT, 59806, Tel: (406) 203-1558, hereby notifies all interested persons of Custer County, Montana, that Housing Solutions LLC is planning to develop Stower Commons, an affordable multi-family rental housing complex on the site at NHN Stower Street, Miles City, MT (behind Albertsons). The project will consist of 4 one bedroom, 14 two bedroom units and 6 three bedroom units for families. There will be public hearing on whether the proposed qualifying low-income housing meets a community housing need at the Miles City Council Meeting September 8th, 2014 at 7:00 P.M. in the City Council Chambers, 17 S 8th Street in Miles City. You are encouraged to attend and comment.

Advertisements Dates

August 21st, 2015

September 7th, 2015



HOUSING
SOLUTIONS

"Unless the Lord builds the house, its builders labor in vain"

August 5th, 2015

Mayor Grenz
City of Miles City
17 S 8th St.
Miles City, MT 59301

RE: Stower Commons, Affordable Housing
Request for Support of Application to MBOH for Housing Tax Credits

Dear Mayor Grenz,

It was good to catch up with you this week. Sounds like things remain busy in Miles City and rental housing is still a scarce resource. As we discussed on the phone, Housing Solutions LLC would like to make a second application to the Montana Board of Housing for Housing Tax Credits.

We first presented the Stower Commons project to City Council on July 8, 2014. I have attached the July 8th presentation material, updated with current information, for the city council review and refresh themselves on. For 2015, we have reduced the project size from 30 to 24 apartment homes. There have been nominal changes to the rental rates and income limits to reflect the published 2015 figures.

Our second meeting with the City Council was on August 12th, 2014 to hold a public hearing and take action on a letter of support and assistance to the to formally request support for and assistance to the project. During this meeting the council did approve a letter of support and a reduction in fees and parking requirements.

With this new application, we would again like to request the city hold a public hearing and take action to support of Stower Commons with a letter of support, reduction in Building Permit & Water/Sewer Tap Fees, and reduction of the parking requirements. These items will need to be on the city council agenda for September 8th, 2015.

Building Permit & Water/Sewer Fees:

Attached please find a summary of the anticipated city fee's that would be paid specifically related to the construction of the proposed Stower Commons; Building Permit Fee and Water/Sewer Fee. Based on my estimates at this time, the total Fee's paid to the city would be \$14,932.44 for a building permit and Water/Sewer Fee's of \$11,790.00. In order to position the Housing Tax Credit application best, I request the council approve a ~~50%~~ 40% reduction in these to fee's for this project in exchange for a commitment from the project to serve lower income households 46 years.

Parking Requirements:

In addition to the fee reduction, a non-financial concession from the city that will demonstrate the city's support and commitment to affordable housing is a reduction in the parking requirements. The 2.5 stalls per unit required under Section 24-67 C. Residential of the Zoning Code is onerous on, and I feel not directed at, affordable housing. I have attached a summary of zoning requirements from several other cities around Montana. Miles City is the heaviest. I understand the concern of under parking an apartment complex, but mitigating factors built into the Housing Tax Credit program make 2.5 stalls per unit unnecessary. The income limit keeps nearly all households to one working adult, therefore one car is all that is necessary and often can be afforded under the income limit. I would like to request the council approve a 30% reduction of the parking requirement, making it 1.5 stalls per unit in place of 2.5 stall per unit.

Letter of Support

The last item requested would be the council's support of the project. This, at a minimum, would be in the form of a letter. It would be greatly beneficial to the projects success in earning Housing Tax Credits if the council designated a council person to speak in favor of the project, and about the need in Miles City, at the Montana Board of Housing Meeting on November 9th, 2015 and January 11th, 2016 in Helena.

Thank you for your help and ongoing support of this project. I look forward to seeing you again at the September 8th meeting. Please feel free to call anytime with questions.

Kindest Regards,


Alex Burkhalter

Enclosure

City Council Update

On

Housing Solutions LLC,

Housing Tax Credits in Montana

and the

Proposed Stower Commons Affordable Rental Housing

In

Miles City

Introduction

- Alex Burkhalter
 - 10 Years Experience with HTC
 - 15 Properties
 - 597 Apartment Homes
 - Montana, North Dakota, Wyoming
- Housing Solutions LLC
 - Formed in 2012
 - 4 Properties (Kalispell, Missoula, Glendive, Dickinson ND)



Stower Commons

Projects



Union Place, Missoula, MT



Depot Place, Kalispell, MT

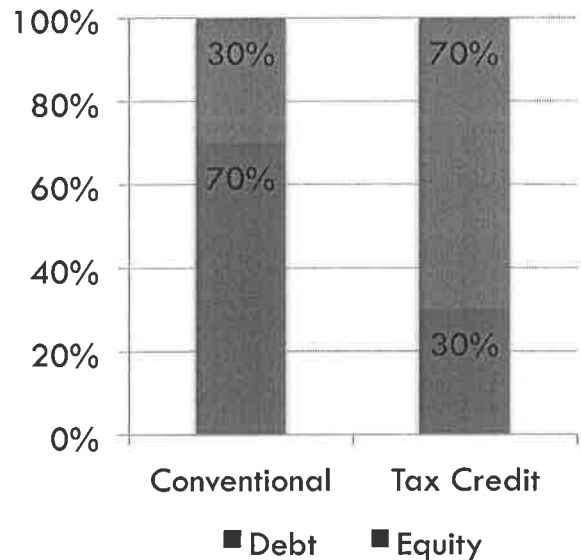


Stower Commons

Housing Tax Credits

- Federal Program, enacted 1986
- For Households at or below 60% AMI
 - Custer County Income Limit @ 60% AMT
4 people - \$36,000
- 90% of New Affordable Rental Housing created with HTC's
- Success comes from Public/Private Partnership
- Assistance with Construction and Development Costs, no rental assistance
 - By creating tax incentive for Investors, equity is increased and debt is lowered.
 - Lower debt servicing allows lower rents.

**Debt/Equity Structure
Conventional vs. Tax Credit**



Stower Commons

Montana Board of Housing

- State Agency designated by the IRS to administer the the program
- 7 person board – appointed by Governor
- Monitors projects under development and throughout operations
- Enforcement of remedies against non-compliant projects
- Tasked with awarding the Housing Tax Credits annually
- Publish the Qualified Allocation Plan
- ***Very strong demand for this valuable resource***



Stower Commons



STOWER COMMONS



HOUSING
SOLUTIONS

Miles City, MT

Unit Features

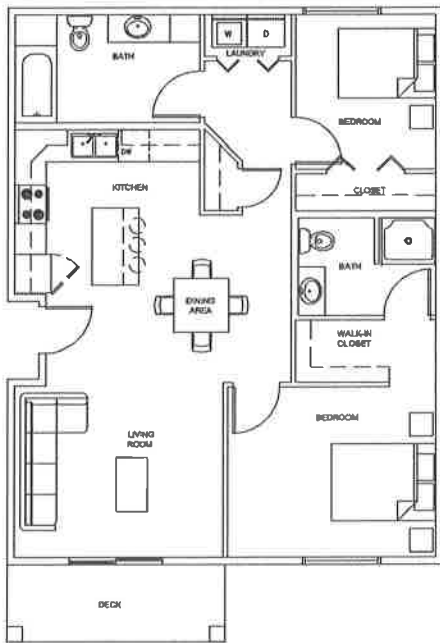
- 24 Apartment Homes
 - 4 One Bedroom, One Bath
 - 14 Two Bedroom, Two Bath
 - 6 Three Bedroom, Two Bath
- Individual Amenities
 - all standard appliances
 - dishwasher, microwave/hood combo, garbage disposal, double sink, hardwood cabinets
 - In unit washer/dryer, machines included!
 - Patio or Balcony
 - Forced air heating, air conditioning, programmable thermostats, blinds and ceiling fans



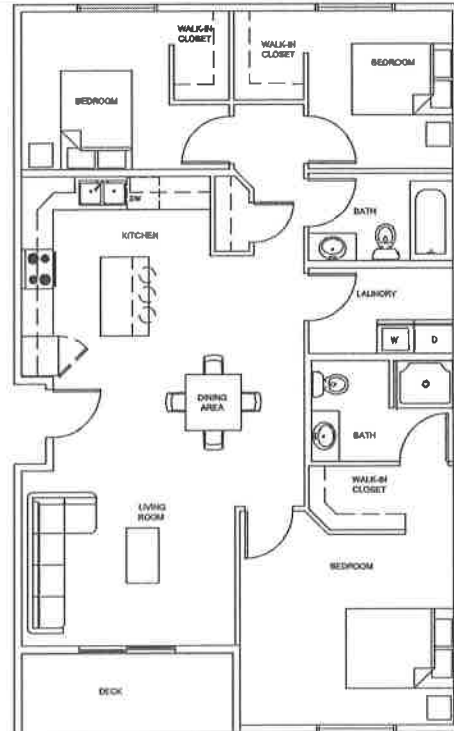
Stower Commons

Floor Plans

2 Bedroom – 1,000 sq ft



3 Bedroom – 1,260 sq ft



Stower Commons

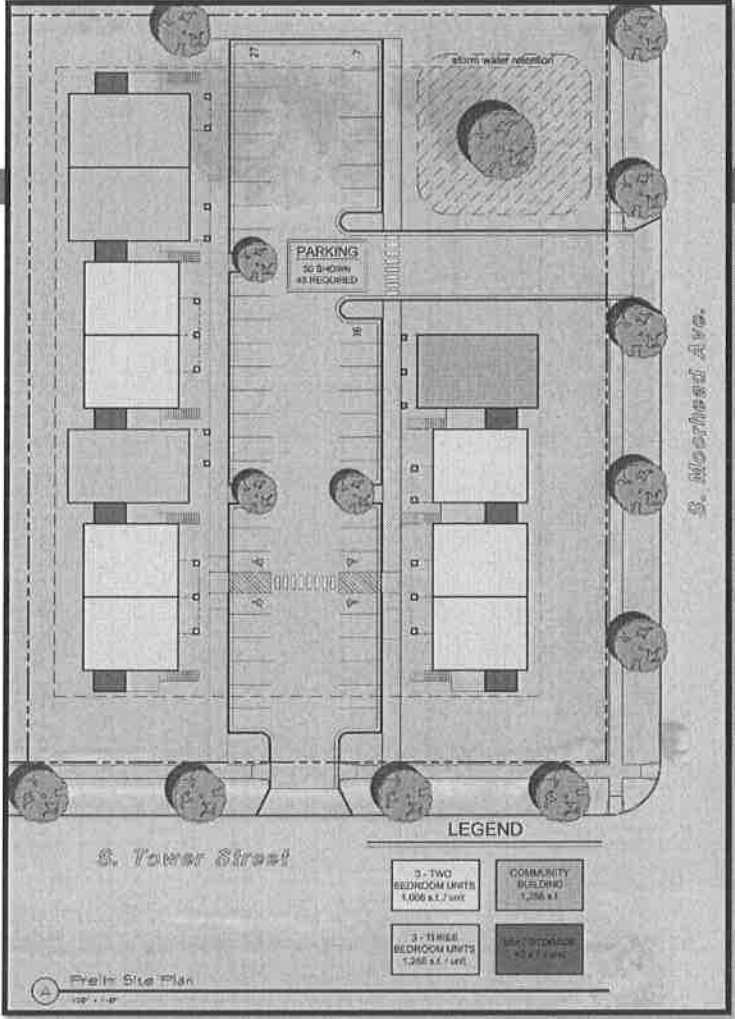
Building & Amenities

- ❑ Community Room with Kitchen
- ❑ Onsite Manager's Office
- ❑ Covered Parking
- ❑ Children's Play Area
- ❑ Covered Parking
- ❑ Energy & Green Items
 - ❑ Photovoltaic Panels
 - ❑ LED Exterior Lighting
 - ❑ Motion sensing, dimmable switches
 - ❑ Smoke Free Policy
 - ❑ Project Location, walk able!

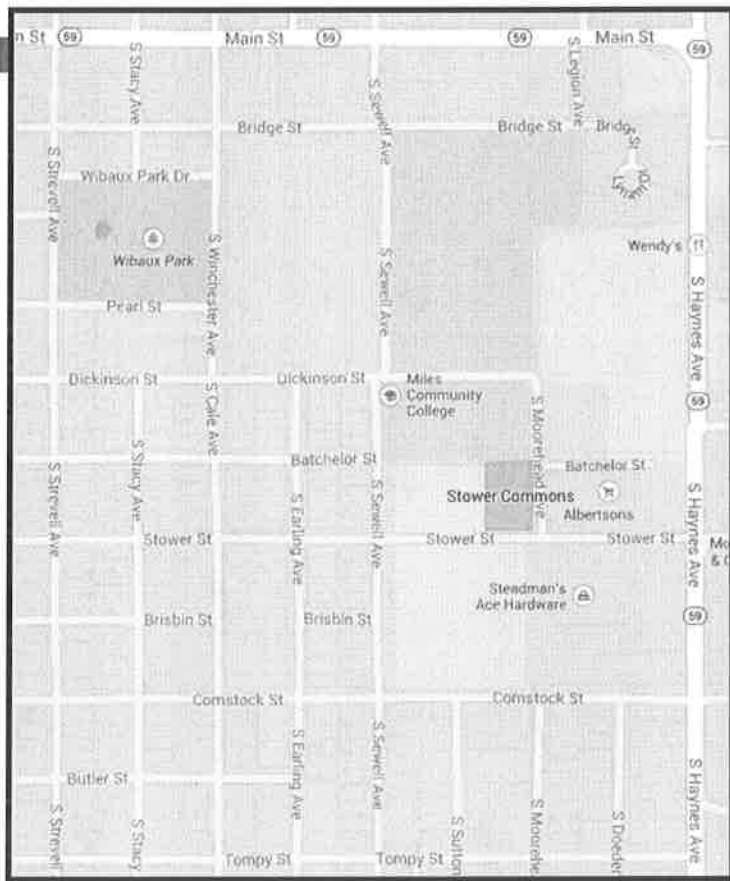


Stower Commons

Site Plan



Project Location



Affordability

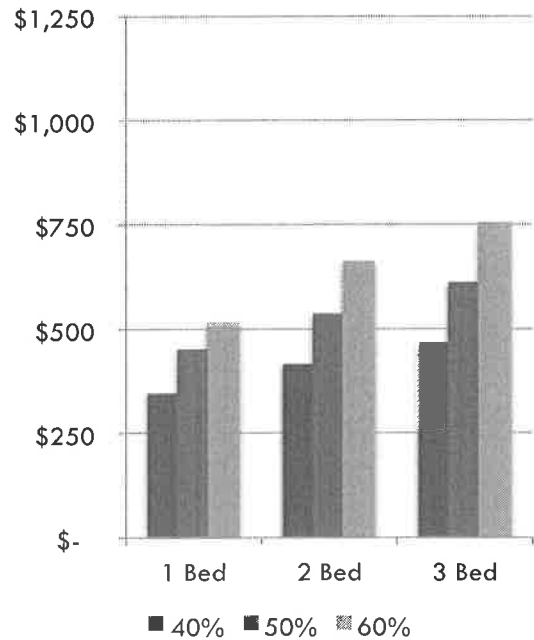
Tenant Income Limits

AMI	1 Person	2 Person	4 Person	6 Person
40%	16,800	19,200	24,000	27,840
50%	21,000	24,000	30,000	34,800
60%	25,200	28,800	36,000	41,760

4 Person 100% AMI

AMI	4 Person
Custer County	60,000
National Non-Metro	54,100

Monthly Rental Rates



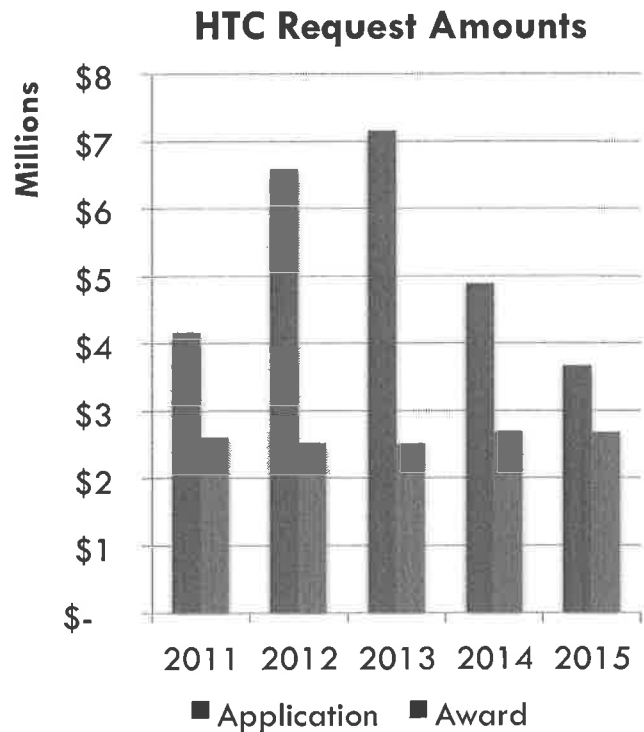
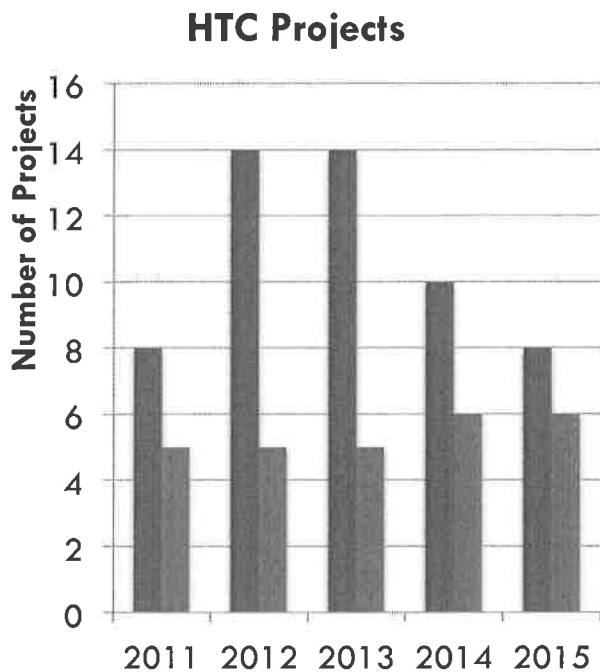
Stower Commons

Development Timeline

- Application and Award
 - ▣ Submit Letter of Intent – August 3rd, 2015
 - ▣ Board Discussion of Projects – August 10th
 - ▣ Complete Application Due – October 5th
 - ▣ Presentations to Board of Housing – November 9th
 - ▣ Projects Selected for Awards – January 11th, 2016
- Development
 - ▣ Complete Plans & Construction Start – May 2016
 - ▣ Construction Complete – April 2017



Housing Tax Credits in Montana



Stower Commons

Miles City and Housing Tax Credits

- “Geographical Distribution”
- No New Construction HTC in Miles City, ever
- Last Award was 2006
 - ▣ Cornerstone Apartments
 - ▣ Acquisition/Rehab
- Miles City expected to be very competitive
 - ▣ Low Vacancy Rates 1-2%
 - ▣ Long waiting lists at existing affordable properties
- Last Years Application Not Funded



Information on Requested Reductions

for

Proposed Stower Commons Affordable Rental Housing

in

Miles City

Building Permit Fee

Cost	Discription	This Project
\$5,608.75	First \$1,000,00 in cost	
\$3.15	per each additional \$1,000 cost	
\$3,475,880.00	Project Costs	
	First \$1,000,00 in cost	\$5,608.75
	per each additional \$1,000 cost	\$7,799.02
	Total Building Permit Fee	\$13,407.77
	<i>50% Reduction</i>	<i>\$6,703.89</i>

Water/Sewer Fees

Cost	Discription	This Project
\$300.00	2" Water Tap Fee	
\$1,920.00	2" Water Meter Fee	
\$1,920.00	2" Water/Sewer Development Fee	
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\$4,140.00	Total 2" Tap	
\$450.00	3" Water Tap Fee	
\$3,600.00	3" Water Meter Fee	
\$3,600.00	3" Water/Sewer Development Fee	
<hr/>		
\$7,650.00	Total 3" Tap	
	One - 2" Tap - Total	\$4,140.00
	One - 3" Tap - Total	\$7,650.00
	<hr/>	
	Total Water/Sewer Fees	\$11,790.00
	<i>50% Reduction</i>	<i>\$5,895.00</i>

Parking Requirements

City	Multi Family Parking Requirement	Stalls Required for Stower under zoning code
Miles City	2.5 stalls per unit	60
Kalispell	1 stall per efficiency, 2 per 1 bed or more	48
Sidney	2 stall per unit	48
Bozeman	1.5 stall per 1 bed, 2 stall per 2 bed, 3 stall per 3 bed	50
Bozeman-Affordable	1.5 stall per 1 bed, 2 stall per 2 or more bed	46
Havre	1.3 stalls per 1 bed, 1.5 per 2 bed, 2 per 3 bed	38.2
Glendive	1.5 stalls per unit	36
Lewistown	1.5 stalls per unit	36
Manhattan	1.5 stalls per unit	36
Billings	1 stall per 1 bed, 1.5 stall per 2 or more bedrooms	46
Missoula	1 stall per < 850 sq ft, 1.5 stall per 850 - 1999 sq ft	36
Missoula- Affordable	.75 stall per < 850 sq ft, 1 stall per 850 - 1999 sq ft	24
	Average	42.0
	Proposed Parking Stalls for 24 units	36
	<i>Reduction from Requirement</i>	<i>40%</i>



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Kindest Regards,

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