

ORDINANCE NUMBER 3663

**An ordinance amending Missoula Municipal Code Title 3 establishing Chapter 3.24 entitled "Affordable Housing Trust Fund" to create a funding mechanism for financing affordable housing in the City of Missoula.**

**Be it ordained that Chapter 3.24 Missoula Municipal Code is hereby established:**

**Chapter 3.24  
Affordable Housing Trust Fund**

Sections:

- 3.24.010 Purpose
- 3.24.020 Establishment
- 3.24.030 Definitions
- 3.24.040 Dedication
- 3.24.050 Use of Affordable Housing Trust Fund
- 3.24.060 Other Requirements
- 3.24.070 Affordable Housing Trust Fund Administration
- 3.24.080 Affordable Housing Citizen Oversight Committee

**3.24.010 Purpose**

It is the intent of the City Council to create an Affordable Housing Trust Fund (AHTF) as a permanent and annually renewable source of revenue to meet, in part, the housing needs of the City's low- and moderate-income households. The Affordable Housing Trust Fund is intended to become a sustainable source of funding that can leverage other private and public investments to help address Missoulians' housing needs in conformance with agreed-upon community housing goals and objectives. The purpose of the Affordable Housing Trust Fund Ordinance is to establish the fund, identify the initial sources of funds which shall be dedicated to the Affordable Housing Trust Fund, and to restrict allowable uses of the fund. The Affordable Housing Trust Fund is not intended to be the sole source of funding for affordable housing and any activity or project eligible for support from the Affordable Housing Trust Fund is expected to develop additional sources of funds.

**3.24.020 Establishment**

There is hereby established a fund to be known and denominated as the Missoula Affordable Housing Trust Fund. The Affordable Housing Trust Fund shall consist of funds identified in the Dedication section below and any other appropriations as determined from time to time by legislative action of the City Council. The City Finance Director shall maintain a separate Affordable Housing Trust Fund and any required related subsidiary funds.

**3.24.030 Definitions**

*Administrative Policies & Procedures – the administrative policies and procedures approved by a majority vote of at least five (5) of the nine (9) member the Citizen's Oversight Committee that outline application, evaluation, and all other administrative policies and procedures associated with the Affordable Housing Trust Fund.*

*Affordable Housing* – residential housing primarily for persons or households of low or moderate-income as defined by the administrative policies and procedures.

*Allowable Uses* – those uses for the Affordable Housing Trust Fund that are set forth in the Use of the Housing Trust Fund section below.

*Consumer Housing Programs* – programs and services provided to housing consumers to support them in meeting their housing needs and reaching their housing goals. These might include financial support or counseling and education programs.

*Gap Financing* – a short-term or long-term loan for the purpose of meeting an immediate financial obligation.

*Match* – the dollar value of other resources committed to projects funded by the Affordable Housing Trust Fund. Each dollar committed to the project that is not generated from the Affordable Housing Trust Fund shall be considered as match.

*Infrastructure* – any basic physical structures, systems, and facilities needed for an affordable housing project.

### **3.24.040 Dedication**

- A. The following funds or revenues shall be dedicated to the Affordable Housing Trust Fund:
  - 1. Private Donations or contributions designated for the Affordable Housing Trust Fund;
  - 2. Principal and interest payments made by the borrowers to the City for outstanding Affordable Housing Trust Fund loans;
  - 3. Fines and penalties that may be imposed in the terms of any grant or loan made from the Affordable Housing Trust fund.
- B. The City shall annually place general fund dollars into the trust fund to support fund operations and to fund programs and projects.
- C. Revenue generated from the sale of City-owned land and assets that is not, by law or other City policy, dedicated to an existing enterprise fund or previously designated use will be dedicated to the Affordable Housing Trust Fund.
- D. The Affordable Housing Trust Fund may receive bequests, donations, or grants of money, property, or services or other advantages from any person, firm, corporation, or other public or private entity, including without limitation grants of funds or other property tendered to the trust.
- E. Other funds may be identified from time to time that are suitable and appropriate for allocation to the Affordable Housing Trust Fund. These may include ongoing, dedicated funding sources as well as one-time funding that is specifically approved by the governing body.

### **3.24.050 Use of the Affordable Housing Trust Fund**

The City may use the Affordable Housing Trust Fund for the following, in compliance with 7-1-4124(9) MCA:

- A. Grant or loan all or a portion of the costs of land for the construction of affordable housing on that land;
- B. Grant or loan all or a portion of the cost for the preservation of existing affordable housing;
- C. Grant or loan all or a portion of the costs of conversion or renovation of existing buildings into affordable housing;
- D. Grant or loan all or a portion of the costs of financing or infrastructure to support affordable housing projects;
- E. Grant or loan all or a portion of the costs of acquisition, development, construction, financing, operating, or owning affordable housing;
- F. Grant or loan all or a portion of the up-front costs associated with permitting and development fees;
- G. Grant or loan all or a portion of the costs associated with consumer housing programs and services;
- H. Provide loan guarantees to affordable housing projects;
- I. Provide gap financing for affordable housing projects;
- J. Pay the costs incurred by the city associated directly with the administration of the funds; provided, however, in no event shall the amount expended from the funds for such administrative expenses in any year exceed eight (8) percent of the amount of revenue received in the fund that year.

The City Council from time-to-time may authorize additional activities and support that may be funded through the Affordable Housing Trust Fund.

### **3.24.060 Other Requirements**

Use of the Affordable Housing Trust Fund shall comply with the following:

- A. **Beneficiaries.** The beneficiaries of the housing shall be limited to households of low- or moderate-incomes. Lower or higher income requirements may be established for specific projects to meet community housing goals as detailed in "A Place to Call Home: Meeting Missoula's Housing Needs."
- B. **Match.** All projects and programs funded from the Affordable Housing Trust Fund shall have some committed match requirement. Sources of match may include other project financing, federal community development block grants, federal HOME investment funds, low-income housing tax credits and owner equity, or any other sources in accordance with the approved administrative policies and procedures. Financing and funding from other sources must be committed prior to the release of Affordable Housing Trust Fund funds.
- C. **Terms of the Loan.** Loan terms will vary with the type of development proposal. Loan terms and conditions will be outlined in the administrative policies and procedures, which may be amended and approved by a majority vote of at least five (5) of the nine (9) member the Citizen's Oversight Committee from time to time.
- D. **Protection of Investment.** Projects funded by the trust fund must secure appropriate legal mechanisms identified to preserve affordability, as defined in the administrative policies and procedures.
- E. **Restriction.** Funds loaned or granted to an organization shall only be used for the activity or project for which the loan or grant was approved. The funds cannot be expensed (thereby reducing the amount of the asset on the organization's balance sheet) except in cases where an unpreventable loss occurs and when approved by the governing body.

### **3.24.070 Affordable Housing Trust Fund Administration**

- A. The Affordable Housing Trust Fund shall be administered under the direction of the Mayor. The administrative policies and procedures for the Affordable Housing Trust Fund shall be prepared by staff, and approved by majority vote of at least five (5) of the nine (9) member the Citizen's Oversight Committee, and shall be periodically updated to respond to changing housing needs and market conditions.
- B. All funds shall be allocated in a manner consistent with the provisions of this section and administrative guidelines. Loans and grants shall be disbursed according to standard City procurement practices.
- C. Applications for funding shall be reviewed according to evaluation criteria contained within the administrative policies and procedures.
- D. The City department responsible for Affordable Housing Trust Fund administration, as designated by the Mayor, in conjunction with the City Chief Administrative Officer and City Finance Director, may establish and maintain a reserve fund account adequate to preserve the ability of the Affordable Housing Trust Fund to take maximum advantage of unforeseen opportunities in assisting housing and to ensure prudently against unforeseen expenses. The amount to be maintained in this reserve fund shall be determined by the administering department and City's Chief Administrative Officer.

### **3.24.080 Affordable Housing Citizen Oversight Committee**

A Citizen Oversight Committee will work on trust fund goals, strategy, and allocation of resources.

- A. There shall be nine (9) voting members and two (2) alternates of the Citizen Oversight Committee. Three voting members shall be the mayor or designee, the president of the City Council or designee, and the executive director of the Missoula Housing Authority or designee; two (2) voting members and one (1) alternate shall be appointed by the mayor; and three (3) voting members and one (1) alternate shall be appointed by the city council; one (1) voting member shall be appointed by the county commissioners.
- B. The membership must include at a minimum:
  - a. three community members, two of whose households are currently receiving, or have received in the past two years, some form of assistance in securing and/or maintaining their housing;
  - b. one representative of a city nonprofit organization working in the field of housing;
  - c. one professional in the field of housing or real estate; and

- d. one professional in the field of banking or finance.
- C. With initial appointment, terms of appointed voting and alternate members shall be staggered: one-third for a one-year term, one-third for a two-year term, and one-third for a three-year term. Thereafter, members shall be appointed for a term of three years, beginning on Jan. 1, or as soon as possible thereafter, and expire on Dec. 31.
- D. In the event of a member's inability to serve or resignation, the Mayor, Missoula City Council, or Missoula Board of County Commissioners shall appoint another person to serve for the remainder of the unexpired term. No term limits shall apply to the Citizen Oversight Committee membership. A committee member may be re-appointed to serve on the committee.
- E. The board will maintain diversity of race, economic condition, and expertise.
- F. The board will select its own chairperson and adopt its own bylaws.

**Severability.** If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, phrase and words thereof, irrespective of the fact that any one or more sections, subsections, sentences, for any reason this ordinance should be declared invalid or unconstitutional, then the remaining ordinance provisions will be in full force and effect.

**Effective date**

This ordinance will go into effect 30 days after adoption.

First reading and preliminary adoption on the 22nd day of June, 2020, by a vote of :  
 AYES: (12): Alderperson Anderson, Alderperson Becerra, Alderperson Contos, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Ramos, Alderperson Sherrill, Alderperson Vasecka, Alderperson von Lossberg, and Alderperson West

Second and final reading and on the 20th day of July, 2020, by a vote of:  
 AYES: (9): Alderperson Anderson, Alderperson Becerra, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Sherrill, Alderperson von Lossberg, and Alderperson West  
 NAYS: (2): Alderperson Contos, and Alderperson Vasecka  
 ABSENT: (1): Alderperson Ramos

ATTEST:

/s/ Martha L. Rehbein

---

Martha L. Rehbein, CMC  
 City Clerk

(S E A L)

APPROVED:

/s/ John Engen

---

John Engen  
 Mayor