



Item: Meeting a community need - Vista Villa Apartments, an existing affordable multi-family rental housing complex on the sites at 429 56th Street S, 3200, 3201, 3205, 3416 and 3424 11th Avenue S, and 701 and 715 3rd Avenue NW, Great Falls, Cascade County.

From: Craig Raymond, CBO, Director of Planning and Community Development

Initiated By: Vista Villa Housing Associates LP, a Montana limited partnership

Presented By: Craig Raymond, CBO, Director of Planning and Community Development

Action Requested: Conduct Public Hearing to solicit comment on whether the Vista Villa, a multi-family low-income housing development, meets a community need.

Public Hearing:

1. Mayor opens public hearing to solicit comment on whether the Vista Villa Apartments, a multi-family low-income housing development, meets a community need.
2. Mayor closes public hearing.

Suggested Motions:

No action is required by the City Commission. A record of the public hearing will be forwarded to the Montana Board of Housing and the property owners.

Staff Recommendation: Pursuant to Section 15-6-221, MCA, Exemption for rental housing providing affordable housing to lower-income tenants, staff requests City Commission conduct a public hearing to solicit comment on whether the proposed qualifying low-income rental housing property meets a community need. No action is required by the City Commission. A record of the public hearing will be forwarded to the Montana Board of Housing and the property owners.

Background: Vista Villa Apartments, an existing affordable multi-family rental housing complex on the sites at 429 56th Street S, 3200, 3201, 3205, 3416 and 3424 11th Avenue S, and 701 and 715 3rd Avenue NW. Vista Villa includes 96 units of affordable housing. It is a scattered development (4 primary locations) of eight identical 12-plexes built in 1971. These 96 apartment homes (16-one bedroom and 80-two bedroom) have served low income families of the Great Falls community for over 40 years without ever receiving a substantial rehabilitation. The property is beyond its useful life, in substandard condition, and in need of re-development. Vista Villa Housing Associates LP, a limited partnership with a non-profit General Partner, is planning to re-develop Vista Villa Apartments. The renovation will include new roofs, windows, doors (interior and exterior), new flooring, new kitchen and bath cabinetry, new bathtubs and

plumbing fixtures, Energy Star appliances, improved insulation, energy efficient boilers and water heaters, installation of security cameras and secured entry door, and improved landscaping. These improvements will turn a dated, substandard property into a new, clean, safe and efficient property for the benefit of residents and the City of Great Falls for many years to come.

As defined in M.C.A. 15-6-221, the property meets a public purpose in providing housing to an underserved population if 50% of the units in the property are rented to tenants at 50% of the median family income for the area, with rents restricted to a maximum of 30% of 50% of median family income. It is proposed that 74% (71/96) of the units will be restricted to tenants earning 50% or less of the median family income, and the tenant's portion of rent shall be restricted to the lesser of 30% of adjusted gross income or 30% of max 50% Low Income Housing Tax Credit rents. Additionally, 26% (29/96) of the units will be restricted to tenants earning 60% or less of the median family income, and rents will be restricted to the lesser of 30% of adjusted gross income or 30% of maximum 60% Low Income Housing Tax Credit rents. The property shall be legally restricted to the above described use by lower-income households for a period of 45 years.

Section 15-6-221, MCA reads:

15-6-221. Exemption for rental housing providing affordable housing to lower-income tenants.

(1) That portion of residential rental property that is dedicated to providing affordable housing for lower-income persons is exempt from property taxation in any year that:

(a) the property is owned and operated by an entity, including but not limited to a limited partnership, limited liability corporation, or limited liability partnership in which a general partner is a nonprofit corporation exempt from taxation under section 26 U.S.C. 501(c)(3), as amended, and incorporated and admitted under the Montana Nonprofit Corporation Act as provided in Title 35, chapter 2, or is a housing authority as defined in 7-15-4402 and the nonprofit general partner actively participates in accordance with the definition found in 26 U.S.C. 469(i). Section 26 U.S.C. 469(i) is applicable without reference to section 26 U.S.C. 469(i)(6).

(b) the board of housing, established in 2-15-1814, has allocated low-income housing tax credits to the owner under 26 U.S.C. 42, which requires that:

(i) at least 20% of the residential units in the property are rent-restricted, as defined in 26 U.S.C. 42, and rented to tenants whose household incomes do not exceed 50% of the median family income, adjusted for family size, for the county in which the property is located; or

(ii) at least 40% of the residential units in the property are rent-restricted, as defined in 26 U.S.C. 42, and rented to persons whose household incomes do not exceed 60% of the median income, adjusted for family size, for the county in which the property is located;

(c) a deed restriction or other legally binding instrument restricts the property's usage and provides that the units designated for use by lower-income households must be made available to or occupied by lower-income households for the period required to qualify for low-income housing tax credits at rents that do not exceed those prescribed by the terms of the deed restriction or other legally binding instruments;

(d) the property meets a public purpose in providing housing to an underserved population and provides a minimum of 50% of the units in the property to tenants at 50% of the median family income for the area, with rents restricted to a maximum of 30% of 50% of median family income, as calculated under 26 U.S.C. 42; and

(e) the owner's partnership or operating agreement or accompanying document provides that at the end of the compliance period, as that term is defined in 26 U.S.C. 42, the ownership of the property may be transferred to the nonprofit corporation or housing authority general partner as provided for in 26 U.S.C. 42(i)(7).

(2) Prior to the allocation of low-income housing tax credits to the owner, as provided in subsection (1)(b), the unit of local government where the proposed project is to be located shall give due notice, as defined in 76-15-103, and hold a public hearing to solicit comment on whether the proposed qualifying low-income rental housing property meets a community housing need. A record of the public hearing must be forwarded to the board of housing for consideration in granting the allocation of tax credits.

(3) For purposes of this section the following definitions apply:

(a) "Median family income" means the household income, adjusted for family size, determined annually by the United States department of housing and urban development, or its successor agency, to be the median family income for persons residing within each county of the state.

(b) A residential unit is "rent-restricted" if it satisfies the criteria of 26 U.S.C. 42(g)(2).

Pursuant to the public notice requirements in 76-15-103, MCA, public hearing notices have been published in the *Great Falls Tribune* Legal Section on September 17, 2015, and October 2, 2015.

Fiscal Impact: Vista Villa Apartments will be exempt from property taxes, but will pay special assessments.

Alternatives: The City Commission is required to hold a public hearing pursuant to 15-6-221, MCA.

Cc: Tyson R. O'Connell, Wishrock Housing Partners and Investment Group,
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