

Minutes
Railroad TIF Advisory Board Meeting
June 16, 2022, 10:00 a.m.
Held via Zoom Virtual Platform

Board Members Present:

(Chair) Max Pigman, L&C Brewery
(Vice Chair) Rose Casey, 6th Ward Neighbor
Jon Iverson, Property Owner
Anne Pichette, MBAC
Janelle Mickelson, School District
Bruce Day, Helena Food Share

City Staff Present:

Ellie Ray, City Planner II & Grants Coordinator
Chris Brink, Community Development Director
April Sparks, Administrative Assistant III
Kara Snyder, Housing Coordinator

Members of the Board Absent:

Terri Hamilton, URD Resident

Public in Attendance:

HCTV

Call to Order & Staff Introduction:

Meeting was called to order.

Minutes from Last Meetings:

Minutes from last meeting, May 19, 2022, were not ready.

Budget Report

Ms. Ray presented the updated financial report for the URD.

Discussion Topics

- **Presentation on Affordable Housing Trust Fund**

Ms. Snyder presented information on the Affordable Housing Trust Fund with a PowerPoint presentation (see attached). Ms. Casey asked a question about the funding priority (of the Trust Fund), Projects that do not duplicate existing services or funding options, and if Stewart Homes is part of the funding possibilities. Ms. Snyder stated that they are eligible but not within this TIF district but possibly the Capital Hill URD. Mr. Pigman asked if this program is available for low-income people looking to become homeowners or if it is for developers creating affordable housing. Ms. Snyder stated that this fund is not for individuals to apply for but for organizations to apply to, however that does not preclude an organization applying for funding of a down payment assistance program for individuals. Ms. Casey asked if organizations mean a building company can apply for funds. Ms. Snyder confirmed that the Fund is not limited to non-profits and that developers would be able to apply for funds as long as the development is for those earning 80% or less of the area median income. Mr. Pigman asked if this was connected

to Section 8. Ms. Snyder stated that it is separate but could be a component of a project applying. Ms. Snyder continued her presentation. Mr. Pigman asked if this is a grant or a low/no interest loan that rides on top of another loan. Ms. Snyder stated that she will go into more detail later, but that yes, it is a low interest loan which requires match funding. Ms. Snyder continued her presentation. Mr. Iverson asked about a hypothetical situation about a housing development of 12 units built with Trust Funds and how the developer would impose those income limits. Ms. Snyder stated that the developer would have to advertise that there are income limits, and while they could sell 6 of those to people beyond the income limit, the other 6 would have to be sold to those at or below the income limit and the developer would have to screen people. Mr. Pigman asked if this would apply to a rental, with the hypothetical that a developer renovates a house for the rental market with money from the Trust Fund, if that would qualify for the program and if so, how is it decided what the rent will be, are there guidelines or a chart. Ms. Snyder replied that there are and there are links to rent limits in the guidelines and the city is using HUDs standards for income and rent limits. Ms. Casey asked given the number of abandoned properties in the neighborhood if demolition is included in eligible projects for these funds. Ms. Snyder stated that as long as it is part of a larger project to create affordable housing development on that land. Ms. Snyder continued her presentation. Mr. Pigman asked if the single-family development loans have the forgiveness component as well. Ms. Snyder stated it is not written that way, but applicants do have the option of requesting terms that are not specified. Ms. Snyder continued her presentation speaking about Land Trust Developments and stated that it would be the only situation that money would be granted instead of loaned. Ms. Ray related information about a Habitat for Humanity project, in which the organization either purchased a house or were gifted the land, and the land was put into a community land trust to ensure permanent affordability of the dwelling units on that land. The single-family home was rehabbed, and an adjacent garage structure was repurposed as a dwelling unit, and each became for-sale units, and this is a tool that could be used to address some of the dilapidated properties in the neighborhood Ms. Casey mentioned. Ms. Snyder continued her presentation and then opened up to additional questions upon conclusion. Mr. Pigman asked from the perspective of an employer having difficulty hiring staff due to the lack of affordable housing if the program requires for tenants of a rental property created with this funding to come from a specific pool; such as Section 8 or that if they meet the income requirements and the developer (also the potential employer) followed the guidelines for the rent charged, one of the developer's employees could be the tenant. Ms. Snyder stated that is possible as long as the income is within the 80% area median income and can be documented. Mr. Pigman asked further if it is possible to create rental opportunities, such as tiny houses, in say the backyard of an existing home as long as they go through permitting. Ms. Snyder stated that to her knowledge you are allowed to develop an "accessory dwelling unit" under our current code and rent that out as long as it passes the review process. Ms. Ray confirmed this and stated that the city does not distinguish between housing unit types, the zoning district for the property determines the number of units allowed on the property and the units must meet dimensional, use, and parking requirements for the zoning. Mr. Day asked about the fund will be built over time, the continuation of funding, and sources of funding, as well as the allocation from the TIF districts. Ms. Snyder stated that the TIF district funds are not included in the budget breakdown of the Trust Fund. Those funds are meant to be used to leverage projects within the TIF districts. The Trust Fund is currently funded yearly with \$100,000 from the

General Fund. There have been discussions on expanding the amount put in the Trust Fund and finding alternative funding sources, to expand the base of the fund. The sale of public property contributed to the initial amount in the Trust Fund. Mr. Iverson asked about the income requirements and the amount that is considered affordable for rent, and if \$1375 for a one bedroom is actually affordable. Ms. Snyder stated she would need to look that up. Ms. Ray stated that the area median incomes and HUD rents change annually, so they are two separate and distinct things, and that the supposition is not that 30% of their net income goes towards housing in the rents. Ms. Snyder stated that the city is using the restrictive rent limits established by the low-income housing tax credit program or the HOME program. Ms. Snyder stated she would send the information on rent and income limits to the Board. With no further questions the topic was closed.

- **Review of Project Prioritization Matrix**

Ms. Ray led the Board discussion about the Project Prioritization Matrix, picking up where the Board left off in May under Goal 2 and Item 2, "Provide a mix of uses within the District". Ms. Casey asked Ms. Ray to define the terms for priority and timeframe. Ms. Ray explained short-term is 1-2 years, medium-term is 2-5 years, and long-term is beyond that, and this is something that you want to encourage. Mr. Pigman stated that he had medium and medium on this item, as this is based upon what comes up and what makes sense, and some items are like maintenance items and the Board deals with them as they come up. Mr. Day agreed with the medium/medium ranking. Ms. Ray reminded the Board that at the end of the exercise the Board would go back and look at items that were designated as High Priority/Short-Term or possibly Ongoing and those might be the areas the Board opts to focus on in the workplan as the prioritized areas for funding with the district money. The Board agreed on the medium/medium designation. Ms. Ray moved the discussion on to the item "Strive for neighborhood commercial options – places to shop and eat within walking distance of work, schools, and homes." Ms. Casey stated she feels that is high priority and isn't sure why she overlooked this one. Mr. Pigman stated he had ranked this as high and short. Ms. Casey stated she thought this was key. Ms. Ray explained her notations in the spreadsheet. The Board agreed on high/short for that item. The next item "Provide for a variety of residential housing, including affordable workforce housing and special needs housing" was brought forward, and Mr. Pigman stated that has become a bigger impact to him and his business than when the TIF district was formed. Mr. Pigman thought that housing would take care of itself and it has not, as a result his thoughts have changed on that over the past 24 months, so it needs to become an important part of the Board's function at least now, because there is such a shortage and to Ms. Casey's point there are many places that could be revitalized and provide decent housing for people, so this is important. Ms. Casey agreed, but cautioned, she likes the idea of residential housing with not too many people in one spot, because that integrates people into a solid neighborhood of mixed economic development and would not like to see a large building. Mr. Pigman stated he thinks there is such a stigma to low-income housing, and to Mr. Iverson's point, \$55,000 a year is a decent amount of money for the demographic he works with, and unlike programs of the past that force you to go through a government entity to get a renter, the [Trust Fund] program is exciting and the Board can do stuff like that, and it makes it too easy for people take the risk and do the work and provide affordable housing. Ms. Ray asked for a prioritization and time frame.

Mr. Pigman stated he would be comfortable with high/short or high/medium, but that it was a very relevant topic right now. Ms. Casey added her understanding is that if Mr. Pigman wanted to buy a property [with funds from the program] you wouldn't have to go off a list of people you would have to rent to, but you can choose whomever you want as long as their [income] falls into the guidelines. Mr. Pigman stated that is correct. Mr. Day stated he would think the timeframe is more realistic to have it as medium. Mr. Pigman stated that does sound a bit more realistic, but it seems more relevant than it would have a few years ago. Mr. Pigman stated that the next item "Prepare properties for redevelopment" sounds more like the Board is going to provide funds for demolition and is unsure if the Board has the money to be as flexible with that now but feels that it is important. Mr. Iverson agreed with Mr. Pigman and that there are many vacant properties that need demolished and he thought that was the purpose of TIF districts. Mr. Pigman stated he would rate it as high priority, and Ms. Casey suggested medium time frame. Mr. Pigman asked how to encourage this type of activity. Ms. Ray stated that she thinks this item has less to do with clearing blight but more to do with land assemblage and property transfer matters, and this will be driven by individual developers coming forward and tidying up and transferring land ownership, not the physical clearing of properties, but noted that the Board had recommended funding for two such projects already and is an eligible activity. Mr. Pigman revised his rating to medium priority and medium time frame. Ms. Casey suggested that it could be left as high priority, and that it may be valuable to have a conversation with the president of the Realtors Association, as they should be aware of what is going on in the neighborhood regarding available properties. Ms. Ray stated that the Realtors Association is part of the Housing Task Force that Ms. Snyder runs meetings for monthly, so the City does have connections with them and they come to the table, and then mentioned Mr. Brink's planned office hours the following week. Ms. Casey asked if specific developers are aware of the TIF funds. Ms. Ray stated that some of the developers are, but others that were mentioned don't tend to work on developments in the urban core. Ms. Casey stated that she needed to leave in a few minutes, and Ms. Ray stated they could continue or end the meeting. Mr. Pigman stated he would be happy to end the meeting and pick up where the group left off at the next one. Ms. Ray suggested that the Board finish reviewing the items from the 2nd goal before adjourning. Mr. Pigman asked how the Board can help with the item "Work with city planning and zoning and private interests to identify regulatory roadblocks to improving property and identify solutions." Ms. Ray stated that the neighborhood plan would be moving forward this year, and ties into this item directly, and a similar process was done in the Downtown, and many things came forward from that including a rewrite of the Downtown zoning. Upon that Mr. Pigman suggested the priority high and short term for the item. The Board agreed. Mr. Pigman introduced the next item, "Consider the unique differences in various parts of the District and identify planning and project approaches as necessary for those areas." Ms. Casey asked if the Railroad URD is going to have a planning entity separate from the TIF Board like the Downtown Business Association. Ms. Ray stated that it could come out of the neighborhood planning process as a recommendation, this item speaks to as part of that neighborhood planning process looking at the unique defining characteristics of subareas of the Railroad District, and the whole effort will be informed by stakeholders, such as the Board, so that is what this item is and tied into the last two items. Ms. Casey stated that she feels there should be a wholistic view to the process. Ms. Ray stated that the Downtown neighborhood plan identified three distinct subareas and saw that there were unique patterns of historic

development and building designs in each of those subareas, and Rodney Street was tacked on as an additional subarea. Mr. Pigman asked where that puts the Railroad District. Ms. Ray stated as the neighborhood plan hasn't started yet, there have been no subareas identified, but suggested some ways it played out. Ms. Casey asked if the Board could make some recommendations. Ms. Ray stated that the Board would be involved in the process as they are stakeholders in the District. Mr. Pigman suggested high priority and short-term for the item as it's already underway. Ms. Casey stated she agreed.

Board Discussion

Ms. Casey suggested that the next meeting start at 9:00 AM, and Ms. Ray stated that it could be decided by email later.

Public Comment:

There was no public comment.

Next Meeting:

The next meeting is scheduled for July 21, 2022.

Adjournment:

The meeting was adjourned.