

<p>City of Bozeman</p> <p>Community Housing Fund Allocation Process & Priorities</p>
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Community Housing Fund Philosophy: The intent City of Bozeman Community Housing Fund is to create more housing units in Bozeman through investment that provides a demonstrably significant return on the investment of the funds provided from the Community Housing Fund. In order to provide the greatest impact possible, funds may be accumulated over several years. Funds may be used to support projects large or small, as long as the impact of the project on Community Housing is significant and provides a valuable return on investment for the Bozeman Community.

The following describes the allocation process and priorities for the City of Bozeman’s Community Housing Fund.

Available Funding Determination:

Prior to each fiscal year, Community Development Department and CAHAB will review the following information to determine available funding from the Community Housing Fund for the coming fiscal year:

Available Funds & Projected Revenues:

1. Carry-Over Fund Balance:
 - a. Remaining uncommitted funds from previous fiscal year.
2. Additional General Funds budgeted for Community Housing Fund For Coming Fiscal Year.

Projected Expenditures:

1. Projected Contracted Services:
2. Community Housing Fund Obligations & Projections:
 - a. Community Housing Manager salary & expenses.
 - b. Committed consulting services.
 - c. Anticipated consulting services not yet awarded.
 - d. Commission-approved projects from prior year not yet expended.
 - e. Commission-approved projects for next fiscal year.
 - f. CAHAB recommended projects for next fiscal year.

Available Funds:

1. Projected revenues minus projected expenses = available funds for the coming fiscal year.

Fund Allocation Process:

During the City’s budget development cycle the Community Development Department and CAHAB will collaborate in the preparation of the budget revenue and expense line items to be submitted for inclusion as a part of the City’s Community Housing Fund for the upcoming Fiscal Year. Allocation of funds will be based on the priorities detailed below and each request will be evaluated using the Community Housing Fund Proposal Scoring Methodology. Proposals for the use of unallocated funds will be reviewed by CAHAB and City Staff as they are received using the Community Housing Fund Proposal Scoring Methodology and may be recommended to the City Commission for funding during the current fiscal year.

Fund Allocation Priorities:

The City of Bozeman will use the following criteria to allocate available funds from the Community Housing Fund. When multiple projects are before CAHAB projects scoring the highest in the Community Housing scoring process will be given priority.

1. **Down-Payment Assistance & Impact Fee Reimbursement Funds:** Each fiscal year, based on anticipated requirements for down payment assistance, impact fee reimbursement, and Community Housing strategies for the coming fiscal year, an amount will be budgeted, if available funds exist, from the Community Housing Fund to ensure there is adequate funding for units developed under the city's inclusionary zoning ordinance. At the discretion of the City Commission this set aside may be changed at any time during the fiscal year when it is determined that the need for down payment assistance or impact fee reimbursement will not require these funds, the need for down payment assistance or impact fee reimbursement is greater than anticipated, or the goal of increasing community housing would be better served by using the funds in some other manner.
2. **Low-Interest Loans or No-Interest Loans:** Low or no interest loans will be offered, if funds exist, to projects that provide or facilitate the provision of housing affordable to those making less than 80% of the area median income. The city's preference is to offer such loans in lieu of non-reimbursable project funding whenever possible in order to ensure the long-term viability of the fund. Loan stipulations would include the following:
 - a. Funding would require that the property be deed restricted for the term of the loan plus five years.
 - b. Loans will be made available for not more than 50% of the total project cost.
 - c. Interest rates for general projects would be equal to the current interest rate available to the City when financing capital projects.
 - d. Non-profit and governmental agencies would not be expected to pay interest.
 - e. Example; the owner of a house could borrow funds for an ADU at a lower than market rate and the program would get a deed restricted unit.
 - f. Example; HRDC could borrow money from the fund with no interest to purchase property or for construction funding.
3. **Low-Income Tax Credit or Deed Restricted Grants:** Grant funding may be made available, if funds exist, for low income tax credit projects or other deed restricted housing projects serving those making less than 70% of the area median income at a one to one match.
 - a. Additional funding may be made available through low-interest loans as described above.
4. **Land Acquisition for Community Land Trust:** Grant or loan funding will be made available, if such funds exist, for the acquisition of land that has the necessary restrictions to ensure the affordability of dwelling units in perpetuity.
5. **Grants for Infrastructure:** Grant or loan funding will be made available, if such funds exist, for the design and / or construction of infrastructure that would provide a direct benefit to the creation of community housing.
6. **Housing Preservation:** Grant or loan funding will be made available, if such funds exist, for such other projects that demonstrate a significant positive impact on the creation or preservation of community housing.

7. **Innovative Projects or Ideas:** Funding may be provided, if available, for projects, processes, or procedures that demonstrate a significant return on investment that advances the creation of Community Housing in Bozeman.