



**Neighborhood
Stabilization
Program (NSP) &
Community
Land Trust (CLT)**



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Community Action
Partnership of Northwest
Montana

Helping People. Improving Lives.
Strengthening Communities.



NSP funds were authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008. NSP is a component of the Community Development Block Grant (CDBG). The CDBG regulatory structure is the platform utilized to implement NSP.

NSP I – 3.92 Billion on a formula basis to 309 grantees (55 states and 254 selected local governments). The program was designed to stabilize communities across America hardest hit by foreclosures. The State of Montana was awarded \$19.6 million. Montana’s agreement with the federal government is in place for these monies. The goals of the program will be realized locally through the purchase and redevelopment of abandoned and foreclosed homes that are then placed in the CLT. The City of Kalispell will meet its goal of providing long term housing affordability for its work force and service base.

City of Kalispell applied for \$4 Million of NSP funds in a partnership with the Community Action Partnership of Northwest Montana (CAP) . We are utilizing NSP Eligible Use A: Financing Mechanisms. Funds must be obligated or drawn within the designated 18 month period (9/2010) and expended within 4 years of receipt by the State with the intent of addressing an emergency situation.



HERA states, “Not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned and foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income (AMI).” The State gave priority to those proposals that met the 50 percent area median income (AMI) requirement, and are at the highest risk of foreclosures and unemployment.

CAP's role & responsibilities, with guidance from the City of Kalispell

- **Preparation and submittal of the NSP proposal;**
- **Identify, acquire foreclosed homes within the jurisdiction (Kalispell City Limits) for re-sale/rehab and place within the CLT; prepare all potential buyers for CLT homeownership and CLT membership through pre-and post-purchase housing counseling and homebuyer programs.**
- **All activities associated with the funding mechanism: administrative plan, grant agreement, draw downs, monitoring, and close-out;**

- **Formation and start-up of the CLT. Educational, administrative and fiscal development, stewardship and implementation. Public relations and marketing;**
- **Fundraising (Pursue private foundations, businesses, corporations, government, and CLT specific funding entities for financial support);**
- **And, hand-off CLT to tri-partite board within 2 years of formation. CLT staff will then develop and maintain the CLT membership, monitor units, manage and oversee development of and/or re-sale of units, and carry-out day-to-day administrative functions.**

City of Kalispell's role & responsibilities

- **Environmental approval for each home acquisition within the jurisdiction;**
- **Work in partnership with CAP to raise awareness, educate, and develop funding opportunities;**
- **Expedite City approval for various program activities;**
- **And, provide CLT stewardship through Board participation.**

Northwest Montana Community Land Trust

A Community Land Trust (CLT) functions to preserve public investment and to recycle and protect affordability. The CLT is an entity, typically a non-profit organization, that acquires and retains ownership of the real property and, in effect, sells the improvements via a 99-year ground lease to a homeowner, another non-profit, a cooperative housing corporation, or for-profit entity. This arrangement between the owner and the CLT protects housing affordability in perpetuity by ensuring that the housing is made affordable to low- to moderate income persons upon the sale of a single-family, multi-family, and/or commercial property. The resale price restrictions contained in the ground lease stipulate the resale price formula that provides for a fair return (not a “market” return) on the homeowner’s investment. For purposes of this report, the CLT focus will be on residential housing models.

The Community Land Trust Model provides an opportunity for the City of Kalispell to preserve its investment in housing by developing permanently affordable homeownership opportunities for low-income households. The Community Land Trust structure allows the public investment in affordable housing to be recycled. By design, the CLT is committed to preserving the affordability of housing and other structures – one owner after another, one generation after another, in perpetuity.

Ten Factors Required to Create a Successful Community Land Trust:

- 1. Ability to unite the private sector, the public sector, and the low-income community to attract both public and private investment;**
- 2. Financial resources to own land debt-free;**
- 3. Guaranteed operational funding for the initial two year start-up period;**
- 4. Focus on educating potential homeowners, lenders, and the community;**
- 5. Strong commitment to and partnership with neighborhood-based nonprofits and community housing development organizations (CHDOs) to produce permanent, affordable housing opportunities;**
- 6. Ability to be nimble and flexible in order to negotiate land acquisition in the private market;**
- 7. Ability to produce units over the initial two-year start-up period, in order to become self-sufficient;**
- 8. Ability to provide a fair return on the CLT homeowner's investment, in order to provide incentives to participate in the program;**
- 9. Ability to adopt a comprehensive property tax strategy to reduce the tax burden and prevent market rate appreciation that would occur if the land and improvements were owned in fee simple; and**
- 10. Ability to offer housing of competitive quality and location that is more affordable than what is available in the private market.**

Foreclosure Data

(From Courthouse Records)

The following table shows a five-year history of the Notices of Trustee Sales which have been recorded at the Flathead County Courthouse as well as the number which have been cancelled each year:

Month	2005	2006	2007	2008	2009	% Chg.2008	% Chg.2009
1	17	18	20	25	47	25.0%	88.0%
2	10	20	20	38	61	90.0%	60.5%
3	10	21	21	35	88	66.7%	151.4%
4	12	8	22	37	81	68.2%	118.9%
5	6	5	27	40	99	48.1%	147.5%
6	16	17	27	33	83	22.2%	151.5%
7	12	14	19	36	101	89.5%	180.6%
8	26	23	26	37	70	42.3%	89.2%
9	3	13	17	36	89	111.8%	147.2%
10	19	25	34	54	114	58.8%	111.1%
11	14	20	30	47	103	56.7%	119.1%
12	13	23	27	59	92	118.5%	55.9%
Total	158	207	290	477	1028	64.5%	224.3%
NTS Cancelled		168	245	243	413		
Not Cancelled		39	45	234	615		
% Cancelled		81.2%	84.5%	50.9%	40.2%		
% Change		31.0%	40.1%	64.5%	115.5%		

In 2008, there was 125 Trustee sales and in 2009, there have been 285 Trustee sales, which represents a 128% increase over 2008.

Note: The Notice of Trustee's Sale must be recorded 120 days prior to the actual Trustee's Sales – Information provided by Kelley Appraisal

Market Trends Update

Flathead County Foreclosure Data from Foreclosure.com

<u>Date</u>	<u>Housing Units</u>	<u>Preforeclosures</u>	<u>Foreclosures</u>	<u>Sheriff Sale</u>	<u>Total</u>	<u>Units per 1,000</u>
July. 09	37,311	72	22	16	110	2.95
Aug. 2009	37,311	81	38	11	130	3.48
Sept. 2009	37,311	74	41	12	127	3.4
Oct. 2009	37,311	97	45	17	159	4.26
Nov. 2009	37,311	100	63	21	184	4.93
Dec. 2009	37,311	100	66	18	184	4.93
Jan. 2010	37,311	95	65	24	184	4.93

Note: The actual figures from the Flathead County Courthouse are more accurate.

Montana Foreclosure Data from Foreclosure.com

<u>Date</u>	<u>Housing Units</u>	<u>Preforeclosures</u>	<u>Foreclosures</u>	<u>Sheriff Sale</u>	<u>Total</u>	<u>Units per 1,000</u>
July. 09	432,023	347	187	73	607	1.41
Aug. 2009	432,023	360	228	72	660	1.53
Sept. 2009	432,023	366	254	62	682	1.58
Oct. 2009	432,023	430	268	62	760	1.76
Nov. 2009	432,023	433	355	100	888	2.06
Dec. 2009	432,023	431	365	73	869	2.01
Jan. 2010	432,023	384	399	118	901	2.09

Overall Foreclosure Data in the United States from Foreclosure.com

<u>Date</u>	<u>Housing Units</u>	<u>Preforeclosures</u>	<u>Foreclosures</u>	<u>Sheriff Sale</u>	<u>Total</u>	<u>Units per 1,000</u>
July. 09	126,316,181	470,631	495,040	54,959	1,020,630	8.08
Aug. 2009	126,316,181	495,922	477,852	53,076	1,026,850	8.13
Sept. 2009	126,316,181	514,198	459,197	68,825	1,042,220	8.25
Oct. 2009	126,316,181	515,400	440,334	69,306	1,025,040	8.11
Nov. 2009	126,316,181	544,401	452,377	61,750	1,058,528	8.38
Dec. 2009	126,316,181	531,946	447,752	59,570	1,039,268	8.23
Jan. 2010	126,316,181	466,295	452,856	91,180	1,010,331	8

Participant Qualification

50% of the Area Median Income

Gross Income = \$27,850

Maximum Purchase Price = \$97,115

80% of the Area Median Income

Gross Income = \$44,550

Maximum Purchase Price = \$155,385

120% of the Area Median Income

Gross Income = \$66,840

Maximum Purchase Price = \$232,885

(No additional Debt Included in Debt Ratio)

Assumptions:

Household of Four

Housing Ratio (F.E.) = 29%

Total Debt Ratio (B.E.) = 41%

Interest Rate = 4.75 (Based on USDA –RD 502 Direct Loan Program. No corporate overlay)



Flathead County Historical Job Salaries Data

<u>Anesthesiologist</u>	<u>Glacier Anesthesia And Pain Management Pllc</u>	\$175,000	<u>Kalispell, MT, 59901</u>
<u>Director of Pharmacy</u>	<u>Kalispell Regional Medical Center</u>	\$115,336	<u>Kalispell, MT, 59901</u>
<u>Chief Operations officer</u>	<u>Coldwell Banker Wachholz & Co.</u>	\$100,000	<u>Kalispell, MT, 59901</u>
<u>Process Engineer</u>	<u>Semitool, Inc.</u>	\$82,000	<u>Kalispell, MT, 59901</u>
<u>Programmer/analyst</u>	<u>Teksystems, Inc.</u>	\$81,931	<u>Kalispell, MT, 59901</u>
<u>Senior Process Development Engineer</u>	<u>Semitool, Inc.</u>	\$72,155	<u>Kalispell, MT, 59901</u>
<u>Senior Software Engineer</u>	<u>West Coast Consulting, Llc</u>	\$70,000	<u>Kalispell, MT, 59901</u>
<u>Chemical Research Engineer</u>	<u>Semitool, Inc.</u>	\$69,431	<u>Kalispell, MT, 59901</u>
<u>Senior Process Development Engineer</u>	<u>Semitool, Inc.</u>	\$63,240	<u>Kalispell, MT, 59901</u>
<u>Programmer Analyst Ii</u>	<u>Igate Mastech, Inc.</u>	\$60,000	<u>Kalispell, MT, 59901</u>
<u>Senior Process Dev Engineer</u>	<u>Semitool Inc</u>	\$56,700	<u>KALISPELL, MT, 59901</u>
<u>Programmer Analyst</u>	<u>Internet Systems Global Inc.</u>	\$52,000	<u>KALISPELL, MT, 59901</u>
<u>Production Superintendent</u>	<u>Keystone Contractors, Inc.</u>	\$50,000	<u>Kalispell, MT, 59901</u>
<u>Programmer Analyst</u>	<u>Sunmerge Systems Inc</u>	\$42,000	<u>KALISPELL, MT, 59901</u>
<u>Pilot</u>	<u>Eagle Helicopters Inc,</u>	\$41,600	<u>KALISPELL, MT, 59901</u>
<u>Field Service Engineer</u>	<u>Semitool, Inc.</u>	\$39,000	<u>Kalispell, MT, 59901</u>
<u>Research Associate</u>	<u>Montana State University, office of Intl Programs</u>	\$33,280	<u>Kalispell, MT, 59901</u>
<u>Land Surveyor In Training</u>	<u>Sands Surveying Incorporated</u>	\$33,280	<u>Kalispell, MT, 59901</u>
<u>Programmer Analyst</u>	<u>Global Infotech Corporation</u>	\$30,160	<u>KALISPELL, MT, 59901</u>
<u>Electronic Home Entertainment Equipment Installers</u>	<u>Eyehear Audio Video Designs, Inc.</u>	\$28,080	<u>Kalispell, MT, 59901</u>
<u>Youth Pastor</u>	<u>Central Bible Church</u>	\$23,920	<u>Kalispell, MT, 59901</u>

THANK YOU



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