

**ONE-FOR-ONE REPLACEMENT PLAN OF
LOWER-INCOME DWELLING UNITS
HOUSING MONTANA HEROES PROJECT**

Date: February 6, 2023

Background

On July 18, 1990, The U.S. Department of Housing and Urban Development (HUD) published a final rule implementing the revision to Section 104(d) of the Housing and Community Development Act of 1974, as amended. This rule specifies the replacement requirements that are triggered when Community Development Block Grant (CDBG) or Home Investment Partnership (HOME) funds are used either for the demolition of a low/moderate-income (LMI) dwelling unit, or for the conversion of a LMI dwelling unit to another use. Under the one-for-one replacement rule, the grantee must provide replacement dwelling units whenever LMI dwelling units are demolished or converted to another use. The intent of this rule is to ensure the maintenance of the LMI housing stock. The City of Missoula and Missoula County will replace all occupied and vacant occupiable lower-income dwelling units demolished or converted to a use other than lower-income housing in connection with a project assisted with funds provided under the CDBG or HOME Program in accordance with 24 CFR 42.375.

Project Description

The Poverello Center currently operates a transitional housing program called Housing Montana Heroes (HMH) that provides 20 semi-private units in their main congregate shelter facility to veterans experiencing homelessness. This program is funded through a per-diem grant with the Veterans Administration (VA).

The Housing Montana Heroes program has served an average of 38 veterans per year since its inception in 2014. Prior to the pandemic, the program operated consistently at full occupancy and 60% of program participants transitioned to permanent housing. The feedback received regarding the program has been positive, with many participants describing the sense of community they've gained through HMH. However, the number of participants enrolled, as well as the number of successful transitions to permanent housing, has declined in the past two years due to the impacts of the pandemic and the congregate living environment offered by the program. In fact, 16% of participants left HMH in 2021 due to safety concerns associated with COVID-19 in a congregate setting.

Currently, HMH rooms are semi-private and house two veterans per room. The bathrooms are shared with up to 20 other individuals. In order for participants to access meals, they are required to join the rest of the shelter population that currently houses 88 individuals. This is not the optimal environment for recovery, especially for those facing chemical dependency, post-traumatic stress disorder (PTSD), and other mental health diagnoses, and participants have voiced this concern. Veterans who experience PTSD, and even those who don't, have a deep need for physical and emotional safety. This feeling of safety includes having a private space to sleep, which is a time when veterans feel especially vulnerable.

In 2021, the Poverello Center received a commitment from the VA for a \$1,000,000 capital grant that will allow this program to move out of the Poverello Center's main congregate shelter and into a new, non-congregate setting. This is part of a VA initiative to get programs like Housing Montana Heroes moved into non-congregate settings. Utilizing the VA funds as well as funds from the city, county, State of Montana, and foundations, the Poverello Center has purchased the Clark Fork Inn Apartments located at 1010 West Broadway with the intent to convert the 17 existing units to transitional housing units, as well as add office space to meet the needs of the Housing Montana Heroes program.

Renovation of the Clark Fork Inn will increase capacity for both housing and support services specifically dedicated to veterans and separate those from the congregate shelter. Support services at the facility will include case management assisting them in obtaining permanent and stable housing.

The City of Missoula has committed Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to help with this project. Missoula County has secured additional Community Development Block Grant (CDBG) funding from the State of Montana.

The existing dwelling units are to be converted from low-income housing units to transitional housing units, and the current tenants are being provided assistance in accordance with the Uniform Relocation Act and Section 104(d) mandates.

Source of Funding

HMH Funding Sources	Amount
Veterans Administration	\$1,000,000
City of Missoula CDBG	\$650,000
City of Missoula ARPA	\$834,000
Missoula County ARPA	\$833,000
State of Montana CDBG	\$600,000
Brownfields	\$40,000
Poverello Center	\$315,545
Missoula Redevelopment Agency*	\$75,000
Total	\$4,347,545

*unconfirmed

Units to be Demolished

All units to be converted are found on the property located at: 1010 West Broadway, Missoula, MT.

- Each unit was a single bedroom unit

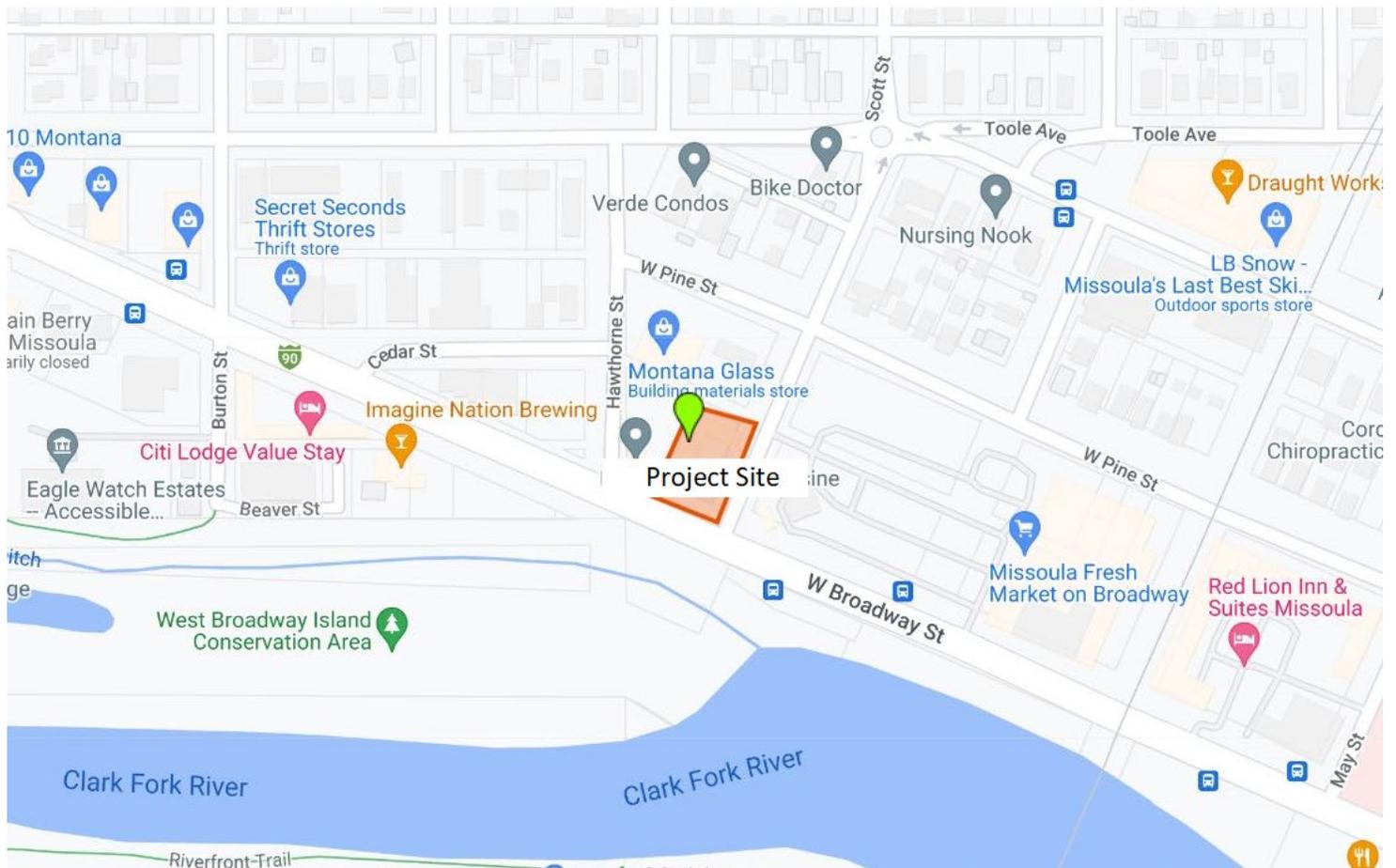
This property currently provides 13 units and an office in Building 1 (comprised of a North Wing and a West Wing) and 4 units in Building 2. Building 2 will not undergo any rehabilitation or other construction activities. The North Wing of Building 1 will be demolished and reconstructed. Upon completion, the North Wing will offer 3 1-bedroom apartments and a community space. The West Building of Building 1 will be rehabilitated and will offer 9 1-bedroom apartments, an office, and shared laundry facilities.

Replacement housing needs for eligible tenant occupants are based on the ratio of the household's number of bedrooms, and on the number of persons who are lawfully present in the U.S. Under this Plan, the City of Missoula and Missoula County have adopted a "2+1" occupancy standard. This standard is acceptable to HUD and is also reasonable under the Fair Housing Act. This policy allows for two occupants per bedroom and one occupant able to occupy a separate living, den or family room based on the number of lawfully present persons in the household. Thus, a one-bedroom dwelling may accommodate three people; a two-bedroom may accommodate up to five people, and a three-bedroom up to seven people .

Each displaced household in this project includes only a single person.

Location of Units to be Demolished

1010 West Broadway, Missoula, MT



Project Schedule

Zoning requirements for the project are currently being determined. Depending on the type of zoning determined applicable to the project, commencement of conversion will begin in mid to late 2023 with completion in 2024.

Conditional Use-Group Living

February 6 - March 6, 2023: Design Development (MRA concurrent)

March 7 - April 18: Construction Documents

April 19 - June 6, 2023: Permitting/ Bidding Concurrent

June 7, 2023 - June 1, 2024: Construction

Replacement Units

The Trinity Apartments, located on two sites, will contain a total of 201 low-income housing units. All units will be available only for low-income residents, up to 80% AMI. The project site located at 2200 Mullan Rd will include 130 rental units of 1, 2, 3, and 4 bedrooms (the second project site includes no single bedroom units). Estimated completion date of the Mullan Road site is March 2023.

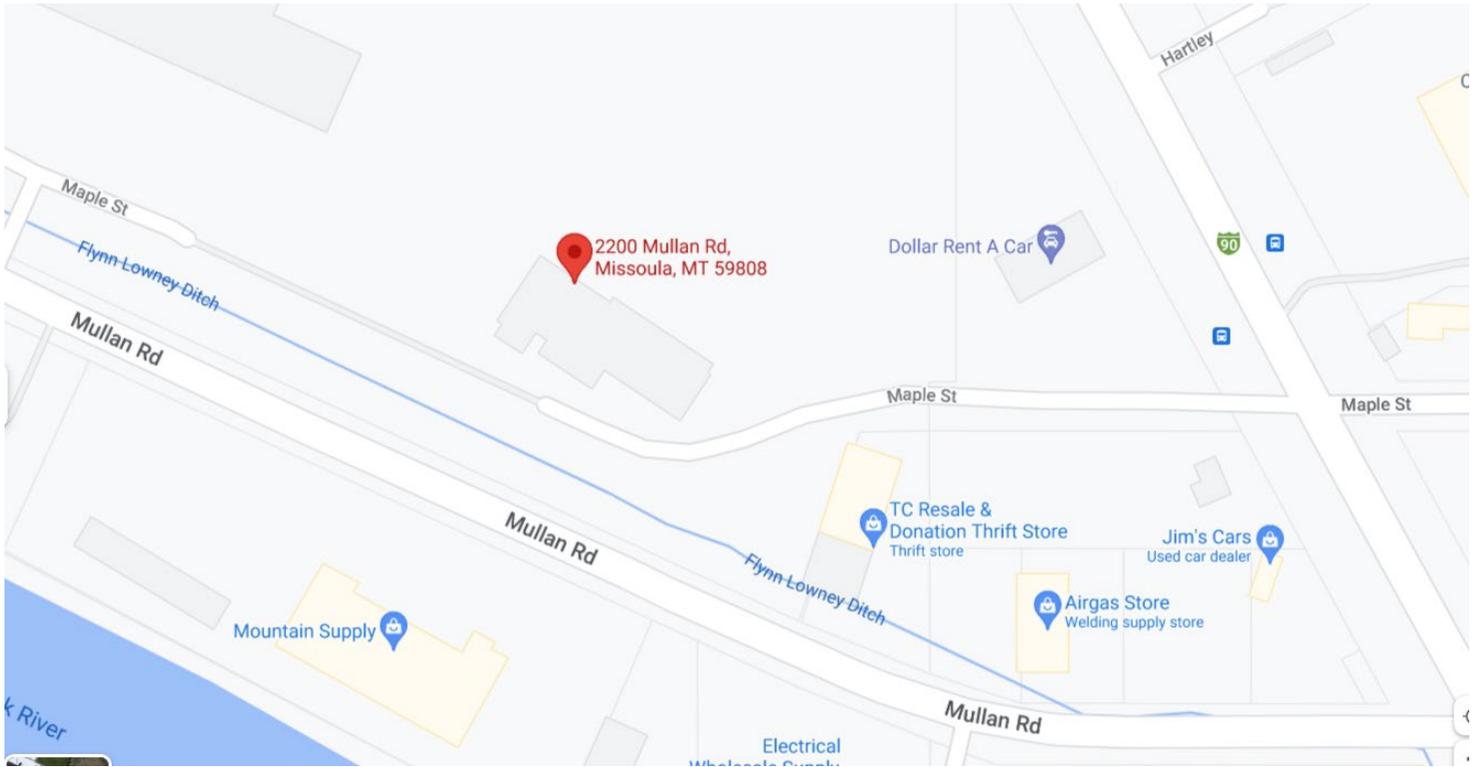
Seventeen one-bedroom units are being demolished or converted at the 1010 West Broadway site, requiring that the City of Missoula and the County of Missoula replace at least 17 low-income units. As required by Section 104(d) regulations, the replacement units cannot be smaller than the units from which the households were displaced. The Trinity Apartments Mullan site includes 100 one-bedroom, low-income units, more than enough to replace the units being demolished.

Bedroom Size	Demolished Units	Replacement Units (Trinity Mullan)
1	17	100

Number of 1 BR Units Available per Income Level Trinity Apartments, Mullan site		
% AMI	Number of Units Available	Number of 1 BR Units Available
30% AMI	30	30
50% AMI	12	5
60% AMI	129	62
70% AMI	30	3
Total	201	100

Mullan Apartment Homes and Navigation Center





Funding Commitment for Trinity Apartments

Both the City of Missoula and Missoula County have invested a considerable amount of funding to support the development of the Trinity Apartments. Funding includes HOME funds, City ARP funds, as well as Missoula County funds. In addition, the City of Missoula is the current lease holder for the on-site Navigation Center.

Trinity Funding Sources	Amount
City of Missoula HOME	\$1,438,000
Housing Credit Equity	\$21,691,516
Solar Credit Equity	\$811,405
Deferred Dev Fee	\$1,376,300
State ARPA	\$2,000,000
Net Operating Income	\$449,688
County CTMG Grant	\$64,000
State Housing Trust Fund	\$2,500,000
Missoula County Land Donation	\$3,330,000
City CIP/MRA	\$153,256
State HOME	\$822,000
Mortgage – Glacier Bank	\$20,775,000
Total	\$55,411,165

Long Term Affordability

The time period per a regulatory agreement and declaration of restrictive covenants is 20 years from the date of initial occupancy.

Public Comment

Any individual, group, or agency wishing to comment on the project may submit written comments online

on Engage Missoula at: <https://www.engagemissoula.com/hud-funded-programs>, by emailing Kendra Lisum at LisumK@ci.missoula.mt.us, or by writing to the City of Missoula Community Development Division, 435 Ryman Street, Missoula, MT 59802.

All comments received by **Wednesday, February 22, 2023**, will be considered by the City of Missoula and Missoula County and included with this plan. This provides a 15-day comment period for the One-for-One Replacement Plan.