Enhancing Lives, Impacting Communities: The Federal Home Loan Bank System

FHLB
DES MOINES
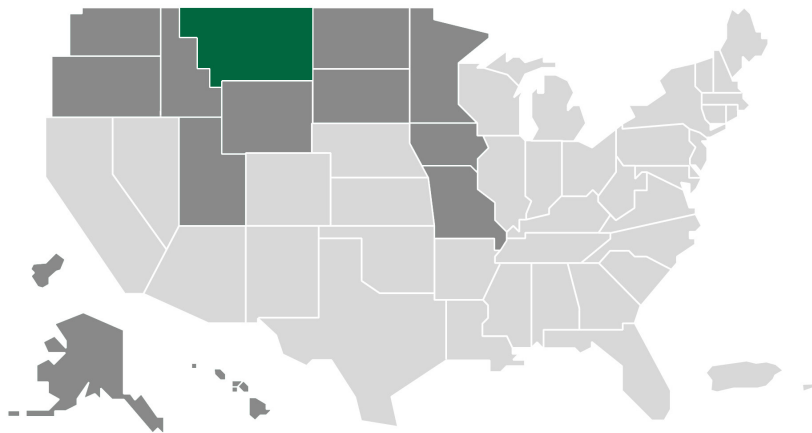
MONTANA

STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System's Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than $4.1 billion ($5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with $65.7 billion ($83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling $69.9 billion ($89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately $1.0 billion ($1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Montana is in the Des Moines district. This report details the economic impact of housing within Montana that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Montana may have received AHP funding from a Federal Home Loan Bank other than FHLBank Des Moines. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.t.

$14.84 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

$18.96 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED

$212.48 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

$276.39 MILLION

DEVELOPMENT COST INFLATION-ADJUSTED

83

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

2,084

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, $100 in 1990 is worth $192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

MONTANA
Home Purchase Activities

Economic Basis

$**9.48** MILLION

TOTAL AHP SUBSIDY
AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

$**12.18** MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED

$**100.85** MILLION

FIRST MORTGAGES
First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

$**114.52** MILLION

FIRST MORTGAGES INFLATION-ADJUSTED

1,928

TOTAL UNITS
Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, $100 in 1990 is worth $192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

$**505.65** MILLION

TOTAL ECONOMIC BENEFITS
Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.

1.83

MULTIPLIER (IMPLAN Factor)
Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

4,143 JOBS

JOB CREATION
Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.

$**13.66** MILLION

TAX REVENUE
Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

$**176.37** MILLION

LABOR INCOME
Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

All dollars are in inflation-adjusted dollars.

MONTANA
Home Purchase Activities

Economic Impact

$**132.36** MILLION

TOTAL ECONOMIC BENEFITS
Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.

1,057 JOBS

JOB CREATION
Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.

$**28.32** MILLION

LABOR INCOME
Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.90

MULTIPLIER (IMPLAN Factor)
Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

$**3.53** MILLION

TAX REVENUE
Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

Fireweed Court

Fireweed Court is Homeword's first rental property financed with Low- Income-Housing Tax Credit equity, grant funding and mortgage debt. The 12-unit townhome-style development was built in 1998.

Conveniently located in central Missoula, Fireweed Court features small yards, a design that encourages community and fits into the neighborhood context. Alternative building materials were used, including cement composite siding, cellulose insulation made of used newspaper, glass fill underneath the paving and recycled content carpeting made of plastic PET bottles.

Central to the homes is a woonerf, meaning "common outdoor space" in Dutch. The kitchen windows face the woonerf pedestrian walkway. The woonerf also serves as the drive for cars, which park next to the homes in a tandem fashion, allowing greater space efficiency. To combat noise and traffic hazards of nearby busy Russell Street, Homeword organized building a strawbale wall to act as a sound barrier. Fireweed Court residents came together in a community event to build the wall and work with a local artist to create mosaic art that depicted their sense of home.

SOURCES		
Low-Income-Housing Tax Credit Equity	$	688,750
HOME Partnership Grant	$	325,457
Housing and Urban Development Appropriation	$	127,000
Debt	$	102,684
FHLB Des Moines AHP	$	45,000
Missoula Redevelopment Agency	$	25,955
City of Missoula	$	10,000
Total	$	1,324,846