



Homewood

Creekside Apartments FAQs

As of June 15, 2022



1) What are the Creekside Apartments?

- a. Creekside Apartments is 161 apartment homes in Missoula, Montana, that people can afford to rent. These homes benefit a wide range of people with varying incomes. Rents will be set for those earning 60% or less of the Area Median Income (AMI) for Missoula. This is approximately \$16.50/hour (\$34,320/year) or less for one person/ \$48,960 or less for a household of four, depending on the size of the household. Please note these numbers are adjusted annually by HUD.
- b. In 2017 Creekside was marketed to sell, highlighting to prospective buyers the “Qualified Contract” provision in older Montana Housing’s Declaration of Restricted Covenants that permits owners to take properties out of the program. (Montana Housing worked to fix this issue.) It was clear from the sales prospectus the owners were selling to potential buyers with the intent to convert Creekside to conventional, market rate apartments putting these 161 households at risk of losing the homes they could afford. Missoula was at risk of losing this valuable affordable housing resource. With the property being directly across the river from the University, it was clear there was ample market value in the property.
- c. Homewood successfully acquired Creekside in 2017, preventing it from being converted to market rate by using a 501 (c)(3) conduit bond via the City of Missoula.

2) Why is preserving Creekside important?

- a. When Creekside was acquired in 2017, it was a very important project to keep “affordable,” a specifically defined term by HUD (defined as home costs being 30% or less of gross income for those earning 80% Area Median Income and below). With the impacts of the last two years, it is critical this was achieved and underscores the importance of preservation of existing deed-restricted affordable apartments. The gap between market-rate and affordable rents has increased quickly and significantly since 2020, causing challenges for Montanans to find rentals or keep the ones they currently afford.

3) Who lives there?

- a. There are 161 households made up of 298 parents, children, veterans, workers and seniors call Creekside home. Twenty-five are seniors, 34 are living with a disability and 92 are children.
- b. Creekside Apartments are available to people living on 60% or less of the Area Median Income. This is approximately \$16.50/ hour (\$34,320/year) or less for one person and \$48,960 or less for a

household of four, depending on the size of the household. Note: these numbers are adjusted annually by HUD.

4) Who owns Creekside, and who is the property manager?

- a. Homeword owns Creekside; Tamarack Property Management is the property manager.

5) Why is rehab needed?

- a. Creekside was built in 1996, followed building codes at the time and was also built at an efficient price point using vinyl siding, cost effective windows, etc.
- b. When Homeword acquired the property to preserve its critical affordability, we were aware that significant rehabilitation would be required within 5-7 years.
- c. The 2017 Capital Needs Assessment identified major building systems were nearing the end of their useful lives. Currently operational income is covering routine repair and maintenance. Reserves are being stretched to repair and replace failing roofing, siding, mechanical units and water heaters.

6) Why rehab and not tear down/new construction?

- a. Rehabilitating Creekside and continuing its existing rent restrictions is critical. With current construction pricing, building new apartments would be far more expensive. More importantly, if Creekside was either replaced with new construction or even sold to investors planning to charge market rents, the nearly 300 residents would most likely have no homes they could afford to live in, resulting in displacement that could lead risk of homelessness.

7) What is the timeline for the rehabilitation? What phase is it in now?

- a. Since 2017, Homeword and Tamarack Property Management have been prioritizing critical repairs through limited operational income and exhausting replacement reserves. Ideally, replacement reserves would be saved annually for future building replacement projects. Creekside's replacement reserves have had to be accessed as the buildings have aged.
- b. The roofs are being patched as far as resources will go. As many decks as possible have been reinforced, waterproofed and rehabilitated. 64 have been repaired via operational income over two summers and 16 decks remain to be addressed.
- c. If funded, Homeword would begin the larger rehabilitation project in Summer or Fall of 2023.
- d. Homeword is estimating a \$9 million rehab budget for necessary repairs and replacements.
 - i. An updated Capital Needs Assessment is planned for Summer 2022. Creekside needs full repair and replacement of many major building systems, operational income and reserves are not sufficient to address long term sustainable operations. Items that need to be addressed include full replacement of roofs, siding, windows, and mechanical units. Interior improvement will include identified appliances, cabinet, flooring, or other interior finishes.
 - ii. A portion of the rehab project will be funded through a competitive application to Montana Housing for Federal Housing Tax Credits for 25% of the apartments. A Housing Tax Credit allocation and tax-exempt bond package (mortgage) will round out the financing package for the other 75% of the homes, with the potential for gap funding to be provided with grant dollars.
 - 1. *Homeword uses a variety of financing to fund our construction projects. One of our main tools is the Low Income Housing Tax Credit (aka LIHTC). Tax credits from the Federal government are allocated to the state of Montana, which then allocates to feasible projects. The Montana Board of Housing accepts applications annually from organizations like Homeword and awards tax credits to those it selects. Those organizations then find private investors (like banks) who buy the tax credits. The investors get the tax credits over a 10-year period to offset their federal tax obligation. The organizations use the money from the sale of the tax credits to help build the homes. This program brings millions of dollars of private funding into Montana communities each year and creates temporary and permanent jobs. (Link: How-Housing-Credits-Strengthen-Montana.pdf (secureservercdn.net/))*

8) What is the scope of work?

- a. Creekside includes 15 buildings – 14 residential and one mixed-use building with manager’s office, manager apartment, workout and laundry rooms. We currently estimate repairs to all 161 homes. The competitive application to Montana Housing for the 9% Housing Tax Credits includes three buildings and 40 homes. The remaining homes will be financed using the 4% Housing Credit coupled with a tax-exempt loan. This model using two types of Housing Tax Credit is called a “twinned project.”

9) Is there moisture in the building?

- a. There are some moisture issues at the property. The proposed building envelope rehabilitation will wrap the building properly to correct any unintended points of moisture intrusion.

10) How long will construction take?

- a. Due to the complexities of working in an occupied property, with potential temporary relocation of the residents, the project is expected to take 14 to 18 months

11) How long will these updates last?

- a. Our scope of rehabilitation aims to set Creekside up for long-term operational success. More durable materials will be used in the rehab, which reduces frequency of replacement and operational costs.
- b. Durability is essential for long-term sustainable operations. Homeword is proposing a full building envelope replacement, including metal roofing for wind resistance and longevity, concrete composite siding with longer life and lower operational costs and windows with a higher efficiency rating.

12) Where will people live during rehab of their apartments, and who will pay for it?

- a. If temporary relocations are required due to the scope of the work, it is anticipated that residents will be relocated on the same property to a vacant apartment. The Owner will pay for the temporary relocations.

13) What is the anticipated noise level during construction, and what hours will it take place?

- a. We expect typical construction noises during construction, hammers hammering, drills drilling, saws cutting, etc. It is anticipated that noise-producing work will occur between the hours of 7 a.m. to 8 p.m. on weekdays and, if needed, between 9 a.m. and 5 p.m. on Saturdays.

14) Are residents in danger? What is being done to keep them safe?

- a. There is no known danger to residents. These are typical repairs done to properties when they are more than 25 years old.

15) What should I do if I, as a resident, have a concern or question about this construction?

- a. Contact the property manager.

16) How will residents be notified of work, timelines, etc.?

- a. Residents will receive a General Information Notice with more details through certified mail or direct delivery in the Summer of 2022. Ongoing updates will be provided through the development.