



NeighborWorks[®]
MONTANA



10 YEARS

**CREATING HOMEOWNERSHIP
OPPORTUNITIES FOR
HARDWORKING
MONTANA FAMILIES**

10 YEARS OF WORKING TOGETHER SPELLS SUCCESS

Working together over ten years,
NeighborWorks Montana Partners have:

- Assisted 3,683 Montana families into homeownership
- Graduated 14,474 families from Homebuyer Education
- Made 2,826 down payment and closing costs loans
- Loaned a total of \$36,086,000
- Leveraged \$240,882,000 in first mortgages

Working together over ten years,
NeighborWorks Montana Homebuyer Programs have:

- Created \$212,364,000 in equity for home-owning families
- Generated \$153,149,000 in income for lenders
- Paid \$1,904,000 in local government filing fees
- Created revenues of \$19,045,000 in real estate commissions

Working together over ten years, NeighborWorks Montana
Sustainable Homeownership Programs have:

- Assisted 378 families keep their homes by avoiding foreclosure
- Made 121 foreclosure prevention loans totaling \$900,432
- Saved \$5,153,000 in homeowner's equity
- Assisted with 2,466 homeowners with planning for home renovation, foreclosure avoidance and home equity preservation

NeighborWorks Montana provides direct services to homebuyers and homeowners through a network of 27 non-profit partners across the state. The success of NeighborWorks Montana is due to the dedication and vision of these partners.

Without the assistance of banks, credit unions, mortgage companies title companies, and real estate sales professionals, NeighborWorks Montana would be unable to reach homebuyers and home-owners in every county in Montana. The active participation of the private sector has allowed NeighborWorks Montana to reach thousands of families in 203 Montana cities and towns.

EXTENDING A HAND TO ALL WHO NEED IT

Two young men in Red Lodge, Jeremy Shields and Brad Evans, are homeowners because of the collaboration of partners and colleagues of NeighborWorks Montana.

Jeremy, a Crow tribal member, is a longtime Red Lodge resident who works at Beartooth Industries. Brad moved to Red Lodge about 11 years ago from Billings, where his family still lives. Brad, who became a homeowner a year before Jeremy did, holds down several part-time jobs in Red Lodge. He told Jeremy, “You should buy a home, too.”

Brad had become a homeowner through the Homeownership Demonstration Project of the Montana Home Choice Coalition and the Montana Department of Public Health and Human Services Developmental Disabilities Program (DDP) in partnership with NeighborWorks Montana. The Montana Home Choice Coalition, led by A.W.A.R.E. Inc., works to create better housing choices for those with disabilities. Both Jeremy and Brad have developmental disabilities and both are served through the DDP program. Brad is 36; Jeremy is 34.

NeighborWorks Montana partners who worked together to make homeownership dreams come true for Brad and Jeremy included: The Developmental Disabilities Program; the Montana Home Choice Coalition, which provided homebuyer counseling, down-payment assistance, and coordinated the home buying process; Rural Development Housing Services-Bozeman; Beartooth Industries; A.W.A.R.E. Inc.; Beartooth RC&D and Red Lodge Realtors. ®

Jeremy and Brad were both able to secure Rural Development Housing Services low-interest first mortgages. Additional financing from NeighborWorks Montana in the form of a deferred mortgage at no interest allowed Jeremy to purchase a small condo in downtown Red Lodge, not far from the small, cottage-style home that Brad owns. Both Brad and Jeremy benefited from affordability gap loans of the DDP Home Choice Coalition Homeownership Initiative.

Michael O’Neil, director of the Montana Home Choice Coalition and A.W.A.R.E. Program Officer, facilitated the process helping both men become homeowners. “They have all the things we look for in a homeowner,” O’Neil said, such as “a record of paying bills on time, good credit and a history of being hard workers.”

O’Neil says, “NeighborWorks Montana defines partnership — without their consistent support, the Coalition’s work to create homeownership opportunities would not be nearly as successful.”





THE HOMEOWNERSHIP EXPERIMENT PANS OUT

A short 10 years ago, the success of NeighborWorks Great Falls (then Neighborhood Housing Services of Great Falls) prompted the Montana Board of Housing, USDA Rural Development Housing Services, and NeighborWorks America to request that NWGF study ways to expand the geographic area it served. The advisory committee, realizing the enormity of the task of providing homebuyer education throughout the vast state of Montana, proposed the novel solution of a partnership of local agencies who could expand their services to include homebuyer education. This was a truly Montana solution, to create a statewide network that could cover the far reaches of Montana.

It all started with the North Central Resource Conservation and Development Area (RC&D), and then other RC&Ds were added. The network brought on homeWORD and the Missoula Housing Corporation, and then branched out to include tribal housing authorities, Human Resource Councils and local housing planning groups. Today MHN is supported by 27 local partners who share a single common goal — to create sustainable homeownership opportunities for hard-working Montana families. MHN has become a model for delivery of homebuyer services to rural communities and has won national awards for its performance successes. Just as our partnership has grown, so has our mission expanded and our name changed to fit that expanded mission.

In May, 2008, the Montana HomeOwnership Network became NeighborWorks Montana. In the past ten years, NeighborWorks Montana has helped more than 3,200 families achieve the American Dream of homeownership. With homebuyer education, individual homeownership planning and down payment loans, NeighborWorks Montana has helped thousands of families make good choices when faced with the biggest financial decision they will ever make — the purchase of their home. Their chances of avoiding foreclosure and growing their equity are greatly enhanced because of the education they have received and are reflected in our low foreclosure rates.

A few years ago, NeighborWorks Montana realized that our mission needed to be expanded in order to meet three additional housing needs: development of new affordable rental and ownership homes to enhance Montana's economic growth; preservation of existing affordable housing; and foreclosure intervention services. Since that time we have been working with partners to develop pilot projects to meet these needs. We have many supporters in Montana, without whom NeighborWorks Montana would not be successful. Special thanks go to the Montana Board of Housing, National Rural Funder's Collaborative, First Interstate BancSystem Foundation, HUD, Rural Development Housing Services, Fannie Mae, NeighborWorks America, the Hearst Foundation and the Heron Foundation for their belief in and understanding of the statewide network.

As you read through this ten-year report, I hope you share my sense of admiration at the dedication of this powerful partnership of Montana agencies. Thank you for your interest in NeighborWorks Montana and for helping us help Montana families find safe and affordable homes.

A handwritten signature in black ink that reads "Jack Prothero". The signature is written in a cursive, flowing style.

Jack Prothero
Chairman, NeighborWorks Montana Board of Directors.

Samie Jo Nava sits at her dining room table and talks about her home. Her dark eyes sparkle and she grins. Her children run through the house, free to play in the neighborhood out the front door or in the huge fenced backyard where the dogs have a roomy kennel. "I'm so happy," she said. "It's amazing."

Almost exactly a year ago, Nava and her sons, Angelo, 8, and Kain, 6, moved into their own home. Home ownership could have seemed impossible for a 23-year-old single mother who had been living in apartments that accepted Section 8 payments, rental assistance for families with low incomes. With diligence, good budgeting and a willingness to work, Nava is the first in her family to own a home.

It was around 18 months after Nava first visited a lender, Jacquelyn Wagner at First Interstate Bank in Billings, that she closed on the three-bedroom, two-bath house on Byrd Street on the city's South Side. Wagner has worked with NeighborWorks Montana loan products for many years, and she helped Nava get a down-payment and closing cost loan as well as handling her first mortgage. Nava had been saving money toward a house. She had to learn about budgeting and attend some classes, including a first-time homebuyer course offered by NWMT partner homeWORD of Billings. "I was determined," Nava said. "It took time and effort, but it was totally worth it."

The first-time homebuyer course was key for Nava. "I felt so much smarter," Nava said. "I knew what to look for."

Vicki Lapp, former community development program coordinator for the city of Billings, was one of the people who worked with Nava. The program uses Housing and Urban Development program funding to help low- and moderate-income people get into homes and maintain them. Nava received a "silent second" loan that will be paid back when she sells or refinances the home. If she stays in the house for 30 years, the no-interest, no-monthly-payment loan is forgiven. Nava put up \$1,000 to be eligible.

NeighborWorks Montana, then known as the Montana Homeownership Network, provided \$20,000 at 2.5 percent for 30 years. There is a lien against the property until it is paid off. Nava's payments on that loan are around \$80 a month.

HOME- OWNER- SHIP MADE REAL

Nava also received help from Temporary Aid for Needy Families.

Sheila Rice, executive director of NWMT, said the agency has helped thousands of Montana families become homeowners in the past seven years. "There are a number of programs available to help people become homeowners," Rice said. "All of them have some hoops attached, but if you are willing to stick with it, you can become a homeowner."

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RURAL COMMUNITIES GET HELP, TOO

Jennifer Blekestad and her husband, Orville Jr., are first-time homeowners of a comfortable home inside the city limits in Sidney. After completing homebuyer education, the pair received first-mortgage financing in Sidney and then obtained a loan from NeighborWorks Montana to cover their down payment and closing costs. “It was so great to tell our daughter, ‘This is your room, and we can paint it any color you want.’ We were so glad to be safe in our own home and to know we don’t have to move again.”

The Blekestads are one of the thousands of Montanans who live in rural, ag-based areas.

Yet they do not lack homeownership planning and education. In Jennifer and Orville’s case, those services were provided by Eastern Plains Resource and Development Area. “We drove from Sidney to the training (in Glendive), but a lot of the people at the class drove from all over this part of the state. Some drove for 45 minutes to get to the class,” Jennifer said.

The partnership between Montana’s eight RC&Ds is an enduring one; the RC&Ds were part of the original collaborative when NeighborWorks Montana began ten years ago. The RC&Ds are charged with improving the area’s economy, environment, and standard of living. Helping residents with housing needs is a key goal.

That can be a real challenge, given the size of the geographic area served by the Eastern Plains homebuyer educator. The educator serves a huge 16-county area that covers 15,000 square miles. That is the size of Maryland and Massachusetts put together. That means that either the instructor or the clients — and in many cases, both — often drive at least sixty miles for a homebuyer education class. The instructor regularly drives quite a bit more than that, in order to cover the entire geographic area.

Jennifer first heard about homebuyer education while she was attending a college class on personal finance at Dawson Community College in Glendive. She said information abounds regarding the class and the down-payment help that is available.

“It was easy to find the class, and she (the instructor) was organized and helpful. The best thing was that she treated every question as if it was really important. That made us very comfortable,” Jennifer said. “It was just right for us.”

LOAN-PROCESSING HUB STREAMLINES PROCESS

In 2007, NeighborWorks Montana was a first place winner in the “Innovative Strategies for HomeOwnership Program” competition sponsored by the NeighborWorks Center for Housing Education and Counseling. NWMT’s centralized loan processing system captured the crown in the category of “Innovative Strategies to Create Cost Efficiencies.”

Using a centralized loan department allows efficient service across Montana’s many miles for homebuyers and for partner agencies. Instead of each agency having its own loan processing department, all loans are created and serviced in Great Falls by a full-time loan department at NeighborWorks Montana. Local lenders act as the intake operation for NWMT when they qualify the borrower for their first mortgage. The lenders forward all the documentation to NWMT so the applicants can be quickly qualified for second mortgages for downpayment and closing cost help.

The collaboration with local lenders makes NWMT efficient and streamlined. Since lenders throughout the state already qualify borrowers for their first mortgage, NWMT loan processors can use the same information to qualify the borrower for the second mortgage. NWMT has loan products available for incomes up to 150% of median income. NWMT processes the second mortgage and forwards those loan documents directly to the lender’s title company, which handles the closings of both loans.

The second cost efficiency is central loan services. Each month, NeighborWorks Montana services about 600 loans for its own portfolio, for partner agencies and for loans sold to the secondary market. Consolidated loan servicing saves the partners money, assures that delinquencies are addressed quickly and provides an income stream for NeighborWorks Montana. In addition, NeighborWorks Montana can respond quickly with foreclosure intervention actions if a borrower is financially stressed.

Centralized processing and servicing has meant homeownership loans for 2,826 families for a total of \$36 million, leveraging \$241 million in first mortgages.



OK, YOU OWN A HOME. NOW WHAT?

Buying a home is not the final step in the homeownership process. Now you are responsible for the upkeep and improvement of your newly acquired property.

NeighborWorks Montana offers fun, interesting and helpful programs, so its customers can succeed at homeownership.

BUDGETING: Several NWMT partners offer budgeting assistance, financial fitness classes and one-on-one financial counseling. Homeowners learn about the importance of making their mortgage payments and staying on top of their bills.

HOME REPAIR: In some areas of the state, homeowners can apply for home repair loans. The homeowners are required to get bids on the work and after the repair is completed the work is assessed by a NeighborWorks professional. At NeighborWorks Great Falls offers hands-on home repair training for homeowners.

TOOL LENDING: The Missoula Urban Demonstration Project operates a tool-lending library, an idea that has appeal to many other NeighborWorks Montana partners. Homeowners in that community say they could not perform the tasks they do around their home without access to the tools.

REVERSE MORTGAGE COUNSELING: Helping homeowners age in place is important to NeighborWorks Montana partners. They want to do all they can to assist elderly folks in keeping their own homes. Many older people have paid off their houses, which have appreciated over the years. That leaves the owners cash poor but equity rich. NeighborWorks Montana counselors help older owners explore whether a reverse mortgage loan would be a good move for them. A reverse mortgage pays a monthly stipend to the owner by creating a lien upon the eventual sale of the home.

All of these services make it possible for people to sustain homeownership and increase their equity through carefully planned improvements.

Throughout Montana, well-trained staff members at partner agencies offer full-cycle homeownership choices.



RENTERS GET A PIECE OF THE PIE, TOO.

Rocky Mountain Development Council, headquartered in Helena, understands the word partnership through and through. Rocky's development and preservation of rental housing for aging residents requires working with city, county and state entities, pursuing grants and tax credits and collaborating with other non-profit organizations.

Since 1999, Rocky has rehabilitated or constructed 146 multi-family units. Rocky recently completed renovation of the 66 unit Eagle Manor rental facility in Helena, and it has 30 one-bedroom units under construction in Phase II of the Eagle Manor project. Phase III is in the design phase. It will deliver an additional 44 renovated units by the end of calendar year 2009, which will bring the total unit count to 140 new or newly renovated units.

Grant and tax-credit money is important for such projects, according to Jeff Miller, community development director. These sources of funding take the place of borrowing and help maintain the lowest rents possible by ensuring the projects are brought on line with the minimum amount of debt service. Rocky did an extensive energy audit as it developed the rental units and used energy-efficient appliances and design to help defray costs. The development and oversight work was done by Rocky's Executive Director, Gene Leuwer.

Miller said he's also excited about a courtyard in Phase II of the Eagles Project, which will add to the campus' other gathering places and give residents a sheltered private outdoors setting.

Miller said Rocky Mountain Development Council is fortunate to have good relationships with city and county officials, who have readily agreed to partner on grant applications.

"These housing solutions are only accomplished through a whole series of partnerships," he said. Other NeighborWorks Montana partners have found the same is also true in their communities. In Billings, homeWORD worked with government officials and the Hispanic community to build Southern Lights, a 20-unit rental complex aimed at low-income families. NeighborWorks Montana loaned homeWORD of Billings money for pre-development work. In Missoula, homeWORD has developed rental housing with pre-development help from NeighborWorks Montana. The emphasis homeWORD places on green building creates a tremendous boost for low-income renters, helping keep energy costs low.

NeighborWorks Montana has provided training to partners to build capacity in rental housing development and asset management.



BUILD- ING IT WITH THEIR OWN HANDS

The young girl stood between her mother and her grandmother; all three were holding hands. They were watching the groundbreaking for what would be their new home. “I know I can build a house,” she said confidently. “I just helped my dad do that.”

The 10-year-old girl and her mother, with the help of her grandmother, were about to become owner-builders in the Mutual Self-Help program, which helps families build their own homes. NeighborWorks Montana partners offer a self-help program, under which a group of families works together to build their houses. Under professional construction guidance, everyone works on everyone’s home, and no one moves in until all the homes are finished.

NeighborWorks Great Falls has completed 26 self-help homes, with 10 homes under construction and 10 in the planning stages. NWGF has shared its knowledge statewide, and even nationally, through technical assistance. The organization shared its construction supervisor with Northwest Montana Human Resources, which has the largest Mutual Self-Help program in the state. NWGF self-help staff members have given national presentations on establishing a successful program. They also have offered orientation and start-up training to other program managers around the state.

Self-help is aimed at families whose low income would prohibit them from becoming homeowners through more traditional lending. Rural Development’s extremely low-interest loans, NWGF’s credit repair help and construction supervision and the families’ willingness to invest the sweat equity to make the project work all play a role in the success of self-help. Throw in the collaboration of other volunteers, local businesses and local government, and the program is destined to prosper.

Many customers can’t get much financial help from parents and other family members, but family members often are willing to contribute “sweat equity” to help their loved ones build their own home. Add in friends, church members and co-workers, and most builder-owners are able to meet the commitment of 32 hours a week toward construction of their homes.



IT'S GREAT TO SAY "I'M HOME!"

Jacque and Jeanie Morigeau are long-time residents of the Salish-Kootenai Reservation and enrolled members of the confederated tribes. Jacque suffers from a degenerative illness that may confine him to a wheelchair in a few years. They were looking for a home that would provide accessibility options. They needed an accessible bathroom and kitchen — somewhere they could live far into the future.

Working with staff at the Salish-Kootenai Housing Authority, the Morigeaus discovered the manufactured housing program of NeighborWorks Montana. As a participant in the IM HOME (Innovations in Manufactured Homes) programs with the Corporation for Enterprise Development (CFED) and the Ford Foundation, NeighborWorks Montana has created a new home development program for small towns in need of housing.

Working with local partners, such as the Salish-Kootenai Housing Authority, NeighborWorks Montana places new energy efficient manufactured homes on lots in small subdivisions or in-fill lots, which are empty lots in established neighborhoods. The local partners provide the lots, foundations and buyers, while NeighborWorks Montana provides the new homes. The homes, which feature horizontal siding, front porches and 4/12 roof pitches, are built to Energy Star standards and placed on permanent foundations.

The IM HOME project seeks to determine whether manufactured housing, when built right, shipped right, sited right, financed right and placed on a permanent foundation, will have the same equity-building features of a stick-built home, but with lower cost and higher quality.

In Shelby, Browning, Ronan and other Montana towns, NeighborWorks Montana is creating new homes to meet the housing needs of Montana families. NeighborWorks partners are building condominiums, townhouses, apartment houses and single family dwellings — so that Montana workers, seniors and Montanans with disabilities are able to live in the home of their choice.

The Human Resource Council in Missoula is working on developments in St. Regis and Superior.



MANUFACTURED HOME OWNERS CLIMB INTO DRIVER'S SEAT

In the United States, roughly 35 percent of owners of manufactured homes live in communities or “parks” where they rent the lot their home sits on. Living on rented land denies homeowners many financial benefits and security available to people who own the land beneath their homes.

In 2003, a study by Consumer Union concluded that, generally, manufactured or “mobile” homes in communities or “parks” tend to depreciate. Two recommendations to help homeowners curb depreciation are: to gain control of the land and access more conventional, fixed-rate home financing.

NeighborWorks Montana and several of its partners helped residents of Mountain Springs Villa in Red Lodge in purchasing their park, transforming Mountain Springs Villa into a Resident-Owned Community, or a ROC. Studies have shown that homes in ROC parks appreciate in value, qualify for better financing and are easier to sell.

As soon as the residents of Mountain Springs Villa realized their potential to own the land under their homes, their attitude toward the park changed. Neighbors started organizing clean-up and landscaping days; a Residents' Association was formed and leaders began to emerge.

One leader was Tammy Hoth, who was elected president of the association. Tammy purchased her manufactured home so she would be able to pay it off quickly and start saving for a “real” home. Now that residents will be able to get long-term land leases, Tammy wants to purchase a newer model home, put it on a permanent foundation and continue to live in the Resident-Owned Community, where she can benefit from the wealth-building of homeownership.

Not only will all of the residents benefit from ROC ownership, so will Red Lodge as a community. By creating a ROC, residents ensure the park is free from the threat of re-development, which would displace all of the homeowners, who are employed throughout Red Lodge in many small businesses.

Partners involved: The Montana Board of Housing, Billings HRDC 7, the city of Red Lodge, First Interstate Bank, Carbon County, consultant Julie Flynn and park residents.



SAVING THE FAMILY HOME

In a small town in eastern Montana, Phoebe rented a home. (Her name has been changed here to protect her privacy.) She worked at the local laundry until she hurt her back and was unable to continue to lift laundry loads. She now works at the sheltered workshop for persons with developmental disabilities. Although Phoebe has been developmentally disabled from birth, she is a hard worker and has lived for years on her own.

When Phoebe's rental was sold and she had to move, she decided to become a homeowner. She found just the right home at just the right price for her disability income and small wages from the sheltered workshop. Unfortunately, she didn't find the right mortgage.

Phoebe was talked into an adjustable rate mortgage. After two years, her mortgage rate jumped to 13%, which together with taxes and insurance, took more than half of her monthly income. But Phoebe did the right thing – even though she had not yet missed a house payment, she knew that she could not make these high payments – and she called NeighborWorks Montana for help.

NWMT was able to give her a new mortgage at a reasonable interest rate that brought her total housing costs to just 30% of her monthly income, just where they should be. Thanks to Phoebe's early call (before she got behind on her payments) and thanks to NeighborWorks Montana funders, like NeighborWorks America and Montana's lenders, Phoebe can afford her home. Now that she has just the right house AND just the right mortgage, Phoebe can keep her house and her dignity.

Stories like Phoebe's are more and more common across Montana. Some kind of loss usually brings Montanans to the brink of foreclosure: loss of a loved one, loss of a job, loss of health, loss of a formerly low interest rate. NWMT counselors intervene and work with the customer to find a way to save the home. If that is not possible, counselors help customers sell their home to avoid foreclosure.

There are more than 1,000 foreclosures in Montana each year, with the number expected to increase as interest-only mortgages and adjustable-rate mortgages are adjusted.

The foreclosure rate among homeowners who have undergone homebuyer education is much lower than among the general population of homebuyers. We now know that proper pre-purchase education can give homeowners tools to avert the kind of financial trouble that leads to foreclosure.



PARTNER HIGHLIGHTS

WE COVER ALL THE HOUSING BASES

The North Missoula Community Development Corporation has created two land trust projects and is working on a third, which will include a food co-op. Land trusts represent a form of homeownership where the land is owned by a non-profit organization, while the home itself belongs to the homeowner. Land trusts are a method of keeping homes affordable into the future, because the rising value of the land is no longer part of the sales price.

Rural Dynamics, Inc (RDI), also known as Consumer Credit Counseling Services of Montana, has offices in every Montana city that fields a Class AA high school team. The eight offices of RDI provide valuable phone and face-to-face counseling on credit repair, foreclosure intervention and financial fitness. On an annual basis, RDI serves nearly one-third of all NeighborWorks Montana customers.

Homebuyer education is offered in rural Montana by the Resource Conservation and Development Areas (RC&D), a U.S. Department of Agriculture program. The RC&D organizations were drawn into housing programs when their community surveys showed constituents have a high need for housing. RC&Ds are also active in development of new affordable housing and in preservation of existing homes. These RC&D organizations have been essential to the statewide reach of NeighborWorks Montana:

Beartooth (Joliet), Eastern Plains (Sidney), Headwaters (Butte), Northern Rocky Mountain (Bozeman and Livingston), Northwest Montana (Libby), Central Montana (Roundup and Lewistown), North Central Montana (Shelby), and Bitterroot (Hamilton).

NeighborWorks Montana works with tribally-sponsored tribal housing entities and other tribal organizations in all seven Montana reservations to create homeownership opportunities for tribal members. American Indian partners include:

Chippewa-Cree Housing Authority (Rocky Boy's Reservation), Salish-Kootenai Housing Authority (Flathead Reservation), Fort Peck Housing Authority, A&S Tribal Enterprises (Fort Peck Reservation), Apsaalooke Housing Authority (Crow Reservation), Northern Cheyenne Housing Authority, People's Partners for Community Development (Cheyenne Reservation), Blackfeet Housing Authority and Fort Belknap Housing Division.

Montana's Human Resource Development Councils (HRDC), our Community Action Program agencies, provide homebuyer education, homeownership planning and housing counseling to NeighborWorks Montana customers. These agencies, headquartered in Billings, Missoula, Bozeman, Helena and Kalispell, work in many counties of our state. Human Resource Development Councils are also active in development and preservation of rental and homeownership homes.

Newest partners to the NeighborWorks Montana effort are Lake County Community Housing and Sanders County Housing Task Force.

Three other partners, A.W.A.R.E., and homeWORD and NeighborWorks Great Falls, are featured in articles in this report.

Original signers to the first partnership agreement, the foundation of NeighborWorks Montana, were: Neighborhood Housing Services of Great Falls; Missoula Housing Corporation; the State Resource Conservation and Development Board; the Natural Resource Conservation Service of the Department of Agriculture; the Montana Board of Housing and Housing Division; U.S.D.A. Rural Development; U.S. Department of Housing and Urban Development; Assiniboine and Sioux Tribal Enterprise Community; NeighborWorks America; the City of Great Falls; the City of Billings; Fannie Mae; First Interstate BancSystem; Heritage Bank; US Bank; Wells Fargo Bank; Western Security Bank (now Stockman Bank); Montana Building Industry Association, and the Career Training Institute in Helena.

FAMILIES NEED WORKFORCE HOUSING

In his State of Labor address on Labor Day, 2007, Governor Brian Schweitzer noted that he had been in every county seat in Montana, all 56 of them, in the past two years. In every county, Governor Schweitzer said, he heard a common refrain: The biggest problem facing Montana business owners and operators was the lack of workforce housing. Montana's economic growth engine was threatening to stall because workers could not find a place to live.

At the same time, Montana's professional economic developers were coming to the same conclusion: Businesses could not expand and new businesses could not come to Montana because their employees had no place to live. The same was true for schools, hospitals, and local governments – lack of houses meant that jobs went unfilled.

Working with the Montana Economic Developers Association (MEDA) Housing Work Group and the state's Housing Coordination Task Force, NeighborWorks Montana is developing a comprehensive workforce housing strategy for Montana.

Meanwhile, NeighborWorks Montana is creating pilot workforce housing programs which can be replicated across the state. In Shelby, a thriving small city on Montana's Hi-Line where 400 employees drive into work from out of town everyday, a manufactured home project has replaced dilapidated shacks with brand-new homes on permanent foundations. Working together with the City of Shelby, Rural Development and the Community Development Block Grant program, NeighborWorks Montana has created homes that are high quality, yet affordable, and will appreciate at the same rate as stick-built homes. Families purchasing the homes also improve their quality of life because they no longer have to take time away from their families to commute to work.

In Missoula and Billings, NeighborWorks Montana provided pre-development loans to homeWORD which led to the creation of two multi-family rental developments. Southern Lights and Equinox will provide affordable homes to working families. HomeWORD projects have won national honors for green building, using the most energy-efficient construction processes and using materials that are easier on the environment.

NeighborWorks Montana will continue this effort of workforce housing development. Workforce housing is another area where the NeighborWorks model of partnership with local agencies and governments leads to synergisms that expand the resources available.





HOUSING KEY TO STATE'S ECONOMIC ENGINE

In a uniquely Montana collaboration, non-profit organizations have joined business and government interests to tackle the problem of housing costs and shortages.

Business owners and developers are realizing that economic development is slowed by a lack of plentiful and affordable housing. Businesses need homes for their workforce if they wish to grow and create new jobs.

In early 2007, the Montana Economic Developers Association (MEDA) started a Housing Working Group to address the stalling effect that the lack of workforce housing was having on Montana's economic development.

In January, 2008, the Montana Chamber of Commerce hosted a housing panel, which was attended by 55 Montana business leaders, looking for the answer to the question: What can be done to create more housing in Montana?

In Great Falls, the Executive Director of the Great Falls Development Authority sells Great Falls on the basis of affordable housing stock, saying "your employees can still afford to buy or rent a home in Great Falls."

Throughout Montana, in small towns and large cities, the lowest income families, those that work two or three jobs at minimum wage, live on Social Security payments, and scrape by on disability income are in danger of being priced out of their local housing market. Montana's governor hopes to address both of these issues: the shortage of workforce housing, which is hampering economic development, and a lack of affordability, which is harming core groups of citizens across the state.

In December 2007, Governor Brian Schweitzer called a special meeting of the Housing Coordinating Team, resulting in a convergence of more than 80 individuals who represent a broad range of organizations, from local, state and federal agencies, non-profits, developers, builders, Realtors®, bankers, union representatives and tribal governments. The governor asked the team to create a Housing Initiative for Montana. "Be bold; be creative," the governor said. "Be inclusive and address not only the problems with affordable workforce housing, but also the hard problems of housing for seniors, for the very low income, and on Indian reservations."

The primary reason that the Montana HomeOwnership Network has changed its name to NeighborWorks Montana is to allow for an expansion of our mission — never to leave homeownership, but to include rental housing development and preservation, workforce housing creation, and preservation of manufactured housing communities.

Montanans can work together in their uniquely collaborative way to solve the housing problems we face. Together, the state, our counties, cities and towns, our business community and our non-profit agencies can find the set of answers that creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities. NeighborWorks Montana partners will be major contributors to the solution.

PARTNERS SPAN ENTIRE STATE

A&S Tribal Industries, Poplar, 406-768-3155

Apsaalooke Housing, Crow Agency, 406-638-2665

A.W.A.R.E./Home Choice Coalition, Helena, (406) 449-3120

Beartooth Resource Conservation and Development Area, Joliet, 406-962-3914

Bitterroot Resource Conservation and Development Area, Hamilton, 406-363-5450

Blackfeet Housing Authority, Browning, 406-338-5031

Central Montana Resource Conservation & Development Area, Roundup & Lewistown, 406-323-2755

Chippewa-Cree Housing, Box Elder, 406-395-4370

Consumer Credit Counseling Services, statewide, 406-761-8721

Eastern Plains Resource Conservation and Development Area, Sidney, 406-433-5024

Fort Belknap Housing, Harlem, 406-353-2601

Fort Peck Housing, Poplar, 406-768-3155

Headwaters Resource Conservation and Development Area, Butte, 406-782-7333

homeWORD, Billings, 406-255-0298

homeWORD, Missoula, 406-543-3550

Human Resource Council, Missoula, 406-728-3710

HRDC 7 of Billings, (406) 247-4732

HRDC of District IX, Bozeman, 406-585-4878

Lake County Community Housing, Ronan, 406-676-5900

NeighborWorks Great Falls, 406-761-5861

North Central Resource Conservation and Development Area, Shelby, 406-434-9161

Northern Cheyenne Housing Authority, Lame Deer, 406-477-8271

Northwest Montana Human Resources Council, Kalispell, 406-758-5432

People's Partners for Community Development, Lame Deer, (406) 461-5732

Rocky Mountain Development Council, Helena, 406-457-7354

Salish-Kootenai Housing Authority, Pablo, 406-675-4491

Sanders County Housing Task Force, Sanders County, 406-758-5432

Prospective buyer contacts NeighborWorks Montana (NWMT), using e-mail or the toll-free number, and is referred to nearest local partner,

Buyer completes home-buyer education (HBE), homeownership planning, financial fitness and credit repair (if necessary) with local partner.

Buyer takes HBE certificate to a lender and gets pre-qualified for loans.

Buyer finds home to purchase in desired location and within price range.

Buyer signs purchase and sale agreement, completes loan process with local lender.

NWMT Steps to Homeownership

Local lender sends the loan package to NWMT.

NWMT qualifies the borrower for down payment and closing costs mortgage. (Depending on family size, income and circumstances, the loan may be deferred, low-interest or amortizing at market rates).

NWMT sends documents and loan funds to closing agent.

NeighborWorks Montana thanks Fannie Mae for their assistance with this 10-year-report.

Closing agent closes both the lender and the NWMT loan with buyer, records mortgage(s). County sends confirmation of lien to NWMT.

NWMT services mortgages.

Local partner remains a resource for homeowners; rehab loans, foreclosure prevention, etc.