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## Case Study

### The Wolf Avenue Collective, a Community Land Trust Housing Cooperative

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#### **Introduction**

This Case Study summarizes the establishment of a resident-owned community land trust (CLT) housing cooperative in Missoula, Montana. The property included a group of three buildings containing a total of eight apartments on Wolf Avenue in Missoula's Northside neighborhood. The property was known to be serving working people in the community and was at risk of being targeted for redevelopment. With a willing landowner, interested building residents, and a significant grant award from the city government, two local non-profits worked together to place the property in the ownership and control of the residents, with legal protections to ensure the apartments will continue to be affordable to future residents in perpetuity.

#### **The Stakeholders**

The following key stakeholders were involved in establishing the Wolf Avenue Collective:

*Residents* – The group of tenants living at the subject property.

*The Co-op* – The Wolf Avenue Collective, a cooperative organization formed by the Residents. Under Montana law, this took the form of a “cooperative association.”

*NeighborWorks Montana (NWMT)* – The Montana branch of a national non-profit that provides housing education and lending services.

*North Missoula Community Development Corporation (NMCDC)* – A non-profit community development organization and an established CLT steward in Missoula.

*City of Missoula* – The local city government, which provided a grant to purchase the land.

*Seller* – A private party who owned the property.

#### **Land Control**

Identifying and securing control of the land is a critical early step in any housing project. In this case, a local resident contacted NWMT after learning that the property was to be listed for sale. The property was known to be serving working people in the community and was in an area experiencing redevelopment and gentrification. NWMT and NMCDC worked with the local resident to identify an intermediary buyer who was enthusiastic about the possibility of securing the property's future as permanently affordable housing.

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This buyer successfully purchased the property to give NWMT and NMCDC the time needed to identify and work through a viable strategy to preserve this housing for the existing residents and maintain long-term affordability. The goal was to complete a resident purchase within two years.

NMCDC entered into a contract to purchase the land from the Seller. As originally conceived, NMCDC would purchase the *land only* at the agreed-upon fair market value, and the Seller would continue to own the buildings for some period of time until the Co-op could be organized and ownership of the building could be transferred to the Co-op. In the meantime, the Seller would continue to operate and lease the buildings, subject to the income-qualification and affordability restrictions in the ground lease. To this end, the contract between NMCDC and the Seller was contingent on (1) securing the necessary grant funds, (2) a lender's commitment to provide necessary financing, and (3) preparation of a ground lease mutually acceptable to both parties.

However, as the project began to materialize, for various reasons it became clear that it would be best to defer the closing until the Co-op was organized, all funding was raised, and the entire property – the land and the buildings – could be purchased from the Seller at the same time. Importantly, the contract allowed this flexibility and the Seller continued to cooperate and support the project.

### **Developing a Roadmap**

Early on, NWMT and NMCDC identified the hybrid CLT/co-op model as a possible solution for permanent affordability. NWMT prepared a roadmap for identifying and exploring this model in greater detail. This roadmap was based in large part on NWMT's 12 years of experience supporting residents of manufactured home parks through the ROC program in which residents purchase and cooperatively own and operate their communities. In addition, the project partners reached out to cooperative and land trust organizations in other states who shared their experience, best practices, and sample documents. These contacts are included in the acknowledgements.

This roadmap was key to identifying the various goals and objectives and laying out a process and some of the threshold questions related to the project, including (1) assessing the residents' interests and goals, (2) assessing NWMT and NMCDC's interests and goals, (3) identifying threshold questions about the CLT/co-op model, (4) evaluating the condition of the buildings, (5) assessing and allocating value, (6) identifying funding sources, (7) engaging with residents, and (8) dividing roles and responsibilities. An abridged version of the roadmap is included in the Appendix.

### **Timeline and Work Plan for the Residents**

The project depended on the residents' interest in participating in forming and running a co-op. This, in turn, depended on establishing a working relationship founded upon the principles of resident control and transparency. While communication with the residents was established early in the process and involved innumerable conversations among the various parties including the residents, NWMT, NMCDC, and the Seller, it was also necessary to establish a more formal timeline and work plan for the residents to make key

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decisions. NMWT developed a preliminary timeline and work plan for the residents' participation and decision-making. The preliminary timeline and work plan is included in the Appendix. Ultimately from the time the intermediary buyer went under contract on the property to the time the resident co-operative purchased the buildings was a two-year process. The intermediary buyer went under contract on the property 5/10/2021 and completed the purchase on 7/7/2021. The co-op purchased the property and NMCDC purchased the land on 5/10/2023.

### **Financial Modeling**

As part of the feasibility analysis, NWMT and NMCDC prepared a preliminary financial model for the project. This model included:

- Assessing the Seller's financial statements including the property's operating income and operating expenses in recent years.
- Assessing the Seller's rent roll for the buildings, which provided detail on the residents' individual rent obligations.
- Querying residents and conducting a property conditions assessment, which provided information about needed maintenance and capital repairs and improvements.
- Assembling affordability data including area median income (AMI) statistics and applying that data to the unit mix in the buildings to determine possible affordable rent limitations to be included in the Co-op governing documents and the Ground Lease. A sample of this data is included in the Appendix.
- Developing projections regarding available financing including loan-to-value ratio, term, and interest rates.
- Modeling the purchase of the land and buildings, taking into account the purchase price and all other costs and expenses of the acquisition (loan fees, title insurance, appraisal fees, property conditions assessment, insurance, real estate taxes, and establishing initial working capital and capital reserves).
- Identifying ongoing operating expenses associated with the buildings, such as maintenance, insurance, real estate taxes, professional fees, management fees, utilities, CLT ground lease fees, and reserves.

The financial model helped inform the stakeholders on the amount of conventional financing, subsidies, proceeds of co-op resident share purchases (funded by share loans), and other sources of funding that would be necessary at closing. The financial model also served to assess the long-term viability of the CLT/co-op model by quantifying the anticipated ongoing expenses and reserves that would be the residents' responsibility. Ultimately this information allowed NWMT and NMCDC to estimate the residents' financial obligations in terms of share purchases and ongoing "rent" (referred to as "carrying charges" in the Co-Op documents).

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The financial model went through several iterations over the course of due diligence. The final financial model including the acquisition and the year 1 operating budget is in the Appendix.

### **Securing Funds**

Critical to many CLT projects is a project subsidy – a source of funds or land donation – that enables the CLT to acquire the land. By acquiring and holding the land, the CLT is able to remove the cost of the land from the homeowner’s side of the ledger. While the homeowner purchases and owns their home, they lease the land from the CLT under a long-term ground lease (in Montana, 75 years plus extensions). The ground lease restricts the price at which the homeowner may resell the home (allowing limited equity growth). In this way, the homeowner pays a reduced purchase price for the home, and the land subsidy remains with the home and benefits future homeowners. In the CLT/Co-Op model, the “homeowner” is the group of residents organized as the co-op, and the co-op is the tenant under the ground lease.

Having established “control” of the land through the contract with the Seller, NMCDC sought a grant from the City of Missoula’s affordable housing trust fund so that NMCDC could purchase the land. The City approved the grant award in the amount of \$300,000 in June 2022. The City’s award of grant funds catalyzed the project, ensuring that NMCDC could purchase the land and hold it in trust.

While the City grant funds provided the necessary funding to purchase the land, it was also necessary to secure funding to purchase the buildings, pay closing costs, establish an escrow for property taxes, establish a debt service reserve and working capital account, and pay the premiums for property and liability insurance for the co-op. The buildings also needed repairs and upgrades to be set on a sustainable course, and so there was a need to establish a significant capital improvement reserve.

Originally the intent was to seek primary financing from a local bank or credit union. However, even with the land purchase through NMCDC low-cost financing was necessary so that the cost of debt service would be affordable. NWMT provided the primary financing at a below market interest rate and with a 40-year amortization which allowed the project to have lower debt service burden. Affordable financing is one important element of this project which directly translated into lower monthly costs for residents.

### **Share Purchases**

One of the considerations for the overall structure was whether it would be possible to not only secure resident housing stability and affordability, but also to create a wealth building equity opportunity for co-op members. Through a generous private donation NWMT was able to provide share loans to residents at 0% interest and no payments. These loans are deferred until a resident moves out of the property and sells their share. The share price was set at \$15,000 with a 3.00% annual appreciation cap. This was based on input from residents and project partners, examples from other states, and the financial needs and opportunities for this project.

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## **Financing Structure**

The sources of funds for the project ultimately consisted of a combination of proceeds from a first-position amortizing mortgage loan, a second-position deferred loan, and resident share loans, all provided by NWMT and the grant from the City for the land. The final sources and uses of funds for the acquisition are generally summarized as follows:

### **SOURCES**

City Grant Funds	\$ 300,000
NWMT Amortizing Loan	\$ 567,000
NWMT Deferred Loan	\$ 15,000
Co-Op Share Purchases	\$ 105,000
<hr/> Total Sources:	<hr/> \$ 987,000

### **USES**

Land	\$ 300,000
Buildings	\$ 521,000
Closing Costs	\$ 1,715
Property Tax Escrow	\$ 4,700
Financing Fees (incl. origination, appraisal, legal)	\$ 8,020
Co-Op Insurance	\$ 6,540
Co-Op Debt Service Reserve	\$ 2,025
Co-Op Operating Capital	\$ 5,000
Co-Op Capital Reserve	\$ 138,000
<hr/> Total Uses:	<hr/> \$ 987,000

## **Exploring Legal and Organizational Issues**

Early in the process there was consideration of whether a cooperative shared ownership model or an individual ownership model through conversion of the buildings to condominiums would be of most interest to residents and partners. Ultimately a condo structure was ruled out as many residents would not have been able to access or qualify for condo financing. Once a cooperative model was the primary focus there were many questions and considerations in establishing the legal and organizational structure. Historically NWMT has supported resident purchases in the ROC program as public benefit non-profit corporations or more recently as mutual benefit non-profit corporations and did not have prior experience incorporating under Montana cooperative association laws. Navigating the particulars of cooperative incorporation, as well as addressing the particulars of cooperative governance and operating considerations, and the relationship between the land trust and the cooperative, required a lot of discussion and research by the residents, partners, and attorneys.

## **Preparing the Legal Documents**

Ultimately the CLT/Co-Op Model is a legal relationship among all the parties involved. Legal counsel for the Co-Op and NMCDC helped develop the legal structure and prepare

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the necessary documents and contracts. Described below are some of the key legal documents.

*The Co-Op Governance Documents.* The Co-Op is a legal entity. After conducting research, the stakeholders agreed that under Montana law, the Co-Op should be organized as a cooperative association. The Residents are the members of the cooperative association and are responsible for its governance and operations. The Co-Op governance documents include articles of incorporation filed with the Montana Secretary of State and bylaws providing the rules of governance of the cooperative association. These documents set out the purpose of the Co-Op, describe the property and dwelling units, create the shares that may be purchased by Residents, define the eligibility requirements for purchasing shares, impose a maximum resale price for shares based on an annual appreciation formula, provide rules for voting and election of directors and officers, and set out other legal provisions for the Co-Op.

*The Co-Op/Resident Documents.* In addition to the Co-Op governance documents, there are legal documents governing the relationship between the Co-Op and each individual Resident. These include a Subscription Agreement, in which each Resident agrees to purchase a share in the Co-Op for a specified price and acknowledges that they understand the transaction and the limitations imposed on share ownership, and a Proprietary Lease, which grants each Resident their right to occupy a specific unit or mobile home lot and obligates the Resident to pay their fair share of carrying charges, along with other provisions typical of a long-term lease. These documents also define the limited equity aspect of the co-op and limit share appreciation to a maximum of 3.00% annually.

*The Ground Lease.* The Ground Lease is the agreement in which NMCDC agrees to lease the land to the Co-Op for 75 years (the longest period allowed under Montana law as applicable to the property) plus extensions. The Ground Lease contains affordability provisions which require Residents to be income-qualified and limit the amount of rent (carrying charges) that the Co-Op can charge for the purpose of maintaining permanent affordability.

Under the Ground Lease, NMCDC is responsible for qualifying new Residents based on the affordability restrictions. In general, the Ground Lease caps the monthly carrying charges, fees, and assessments payable by each Resident to the Co-Op (under their Proprietary Lease) at 30% of 80% of the AMI for Missoula County, with certain exclusions and exceptions. A Resident is only subject to qualifications at the beginning of their Proprietary Lease – Residents are encouraged to pursue higher incomes and will not risk having to relocate if their incomes increase over time. The Ground Lease contains other restrictions consistent with owner-occupied, rent-restricted housing, including a minimum period of owner-occupancy of 270 days each calendar year (with exceptions for extenuating circumstances), and restrictions on subleasing and vacation rentals.

*Closing and Financing Documents.* There are a number of other legal documents involved, primarily related to the closing and financing. These included, for example, the deeds for the land and the buildings and the loan documents for NWMT's amortizing and deferred loans to the Co-Op and share loans to the Residents. Additionally, Flying S Title

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& Escrow provided legal descriptions for the land and the buildings so they could be sold to separate purchasers.

### **Closing**

The transaction closed on May 10, 2023. At the closing, NMCDC acquired the land and the Co-Op acquired the buildings, and they entered into the Ground Lease. NMCDC purchased the land with cash from the City's grant funds. NWMT financed the purchase of the buildings for which the Co-op executed both an amortized and a deferred loan, secured by the buildings and an assignment of rents. NMCDC prepared the ground lease rider in favor of NWMT which would allow NWMT to remove the affordability restrictions in the event of default should NMCDC choose not to exercise its right to intervene. NWMT also financed the share loans to the individual Residents allowing them to purchase their shares and receive their Proprietary Leases from the Co-Op.

### **Stewardship and Technical Assistance**

NMCDC and NWMT each provided pre- and post-purchase stewardship and technical assistance to residents. During the pre-purchase period, NWMT and NMCDC staff met with residents both as a large group and in 1:1 meetings. Pre-purchase stewardship included assisting the residents in understanding pre-purchase legal documents (articles of incorporation, bylaws, ground lease, proprietary lease, and share subscription agreement) and creating additional governing documents such as community rules, a communication agreement, a conflict of interest policy, a procurement policy, and insurance and property management contracts. NWMT and NMCDC additionally supported the residents in establishing their Board of Directors and educated board members on how to run a meeting using parliamentary procedure.

Post-purchase stewardship documents that NWMT and the NMCDC support residents in creating are a new member policy and application, a community rules enforcement policy, a yard shared-use and maintenance plan and policy, a conflict resolution policy, and a budget policy and procedure. Staff from NMCDC attends the first year of board meetings and provides additional support as needed. The NMCDC will also income-qualify new co-op members and provide technical assistance to the cooperative and individual members as needed.

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## **Acknowledgements**

Residents of the Wolf Avenue Collective

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## **Appendix**

Roadmap for Exploring the Co-Op/CLT Model

Resident Meeting Timeline/Work Plan

Financial Model – Acquisition Budget

Financial Model – Year 1 Operating Budget

Area Median Income Statistics

Resident Carrying Charges

# Appendix

## Roadmap for Exploring the Co-Op/CLT Model

### **(1) Resident Interest and Goals**

- Assessing the Residents' interest in and support of the project
- Providing stable housing
- Affordable home ownership with the opportunity to gain limited equity
- Improve the quality and comfort of the homes

### **(2) NWMT/NMCDC Interests and Goals**

- Best meet the needs of current residents based on their interests and goals
- Establish a model that is replicable (including maximize use of existing conventional financing, limit reliance on federal funding such as CDBG and HOME)
- Ensure long-term success and sustainability (including long-term operation of the building and the Co-Op – strong property assessment and capital repair/improvement planning, adequate reserves, etc.)

### **(3) Threshold Questions About the Model**

- Do we need 100% participation in the Co-Op, or can some residents continue to rent? What happens if not all residents want to participate?
- What are the appropriate income limits, equity appreciation allowances, and fees under the CLT ground lease?
- What form of entity is appropriate for the Co-Op considering the facts and circumstances and Montana law?
- What are the options for resident ownership and decision-making (with the goals of giving residents as much control as possible and keeping the decision-making process uncomplicated)?
- What community rules and ownership parameters need to be defined?
- What restrictions should be put in place for future residents? What income level? Any other requirements?

### **(4) Evaluating the Property**

- Critical to the long-term success of the project is understanding the state of the buildings and any current and future property maintenance and capital improvement needs.
- Depending on funding sources, specific property assessments and environmental assessments may need to be conducted. What are these, what do they cost, and what is the timeline?
- Based on property conditions assessment, documents available, resident assessments, and input from the Seller, there should be initial property improvement plan covering at least a 10-year, and ideally a 20-year, time period.

### **(5) Assessing Value and Identifying Funding Sources**

- Identify all reasonably possible sources of funds.
- How much would a conventional lender be willing to lend to a project like this and with what rates and terms?
- Depending on the cooperative structure, residents may need a share loan to fund the purchase of the buildings. How are these structured? (These would likely be issued by NWMT, and it would be necessary to identify an underlying funding source.)
- What is an appropriate allocation of value between the land and the buildings?
- What sources are available to support property capital repair needs?

### **(6) Resident Engagement**

- Establish a monthly standing meeting with the residents to maintain momentum and transparency.
- Establish a shared file or document system. This could be electronic or paper depending on resident technology preferences.
- Prioritize a resident decision-making structure to put control of the process in the hands of the residents.

### **(7) Dividing Roles and Responsibilities**

#### *NMCDC:*

- Help develop model, structure, and funding.
- Secure grant funding to purchase the land component.
- With legal counsel, prepare ground lease and other legal documents.
- Support the land purchase and provide ongoing stewardship of the land.
- Engage with residents and provide long-term support.

#### *NWMT:*

- Help develop model, structure, and funding.
- Financial projections.
- May play a role in long-term support, depending on whether this will be duplication with the role of NMCDC.
- Likely serve as a lender to the Co-Op and/or to the residents for share loans.
- NWMT will pay for legal and other technical support as necessary related to development of the model.
- Resident communication.
- Meeting and process facilitation.

#### *Residents:*

- Provide input and be part of research into the model and structure.
- Establish cooperative, governance, and operating agreements with support of partners.
- Define community rules.
- Review and provide input on the budget and financial plan.
- Ultimately, approve of the model and implementation.

## **Resident Meeting Timeline/Work Plan**

### **MAY/JUNE**

- Continue property conditions discussion
- Continue model & finance discussion
- Potluck and discussion about governance
- Decide on a name for the cooperative

### **JULY/AUGUST**

- Go through full initial financial model
- Review 1<sup>st</sup> full draft of property conditions plan
- Review list of documents and more detail on the process
- Decide on pre-purchase governance, decision making and communication
- Discuss property management and roles of NMCDC and NWMT
- Begin discussion of community rules

### **SEPTEMBER**

- Review draft property conditions plan
- Review 2<sup>nd</sup> draft of financing model
- Discuss process for share loan application(s)
- Review 1<sup>st</sup> drafts of Bylaws, Ground Lease, and Community Rules

### **OCTOBER-DECEMBER**

- Review 1<sup>st</sup> draft of Proprietary Leases and Share Subscription Agreements
- Review drafts of key policies including Conflict of Interest and Procurement
- Discuss and establish community communication ground rules

### **JANUARY-MARCH**

- Update and refine all legal documents
- Loan and financing structure and applications
- Identify property manager and draft property management plan
- Initial cooperative incorporation and authorization of commissioners to issue shares

### **APRIL**

- Official meeting of subscribers:
  - o Elect Directors and Officers – VOTE
  - o Approve Bylaws – VOTE
  - o Approve Proprietary Lease – VOTE
  - o Approve Community Rules – VOTE
  - o Approve Ground Lease – VOTE
  - o Review final financing, budget, and capital improvement plan – VOTE
  - o Decide whether to proceed with purchase – VOTE

### **MAY**

- Residents finalize and sign Share Loans
- Review final draft of Property Management Agreement/Plan – VOTE
- Review and approve final key policies – VOTE
- Complete the purchase
- Celebrate!

## Financial Model – Acquisition Budget

<b>Assumptions</b>		<b>Notes</b>
Number of Units:	8	
Vacancy (actual)	0.0%	
Vacancy (assumed)	3.00%	
Share Price	\$15,000	
 <b>Acquisition Budget:</b>		
Purchase Price - Land	\$ 300,000	Purchased by NMCDC
Purchase Price - Buildings	\$ 521,000	Purchased by Wolf Avenue Collective
Financing Fees (1.00%)	\$ 5,670	NWMT origination
Legal Fees	\$ 850	Majority of legal services pro bono.
Title Insurance	\$ 765	
Recording & Misc Fees	\$ 950	
Appraisal	\$ 1,500	
Property Conditions Assessment	\$ -	Provided by local contractors.
Phase I Environmental	\$ -	Not required. Desktop review.
Property Tax and Insurance Escrow	\$ 4,700	Covers one year until CLT exemption.
Insurance Premium - First Year	\$ 6,540	Building, Liability, and Directors.
Debt Service Reserve	\$ 2,025	Covers one month.
Working Capital	\$ 5,000	Covers 45 days.
Immediate Improvements	\$ 115,000	Electrical. Windows. Unit updates.
Capital Reserves	<u>\$ 23,000</u>	
<b>Total Financing Needed:</b>	<b>\$ 987,000</b>	
 <b>Financing Package:</b>		
NMCDC Land Purchase	\$ 300,000	Grant from Missoula Housing Trust Fund
NWMT Financing	\$ 567,000	3.00% 40-year amortization, 10-year term
Deferred Loan to Co-Op	\$ 15,000	0.00% deferred
Proceeds from Share Purchases	<u>\$ 105,000</u>	\$15,000 per unit. 7 out of 8 joining co-op.
<b>Total:</b>	<b>\$ 987,000</b>	

## Financial Model – Year 1 Operating Budget

### Operating Expenses:

Real Estate Taxes	\$ 7,092	Based on 2022 actual.
Real Estate Tax Abatement	\$ (1,773)	Land to be tax exempt.
Financials + Tax Prep	\$ 2,250	
Property Management	\$ 6,230	9% of carrying charges + rents
Maintenance + Repairs	\$ 5,750	Buildings and groundskeeping.
Insurance	\$ 4,000	
Electric + Gas	\$ 6,000	2022 actual.
Water + Sewer	\$ 2,205	2022 actual.
Trash	\$ 1,640	2022 actual.
Ground Lease Fees	\$ 4,800	\$50 per unit per month.
Replacement Reserve	<u>\$ 2,400</u>	\$25 per unit per month.
<b>Total Annual Operating Expenses:</b>	<b>\$ 40,594</b>	

<b>Per Unit Operating Costs/Year</b>	\$ 5,074
<b>Per Unit Operating Costs/Month</b>	\$ 423
<b>Co-Op Operating Costs as % of Income</b>	61.35%

### Monthly Revenue: Carrying Charges

Unit 1	\$ 550	
Unit 2	\$ 668	
Unit 3	\$ 649	
Unit 4	\$ 682	
Unit 5	\$ 692	
Unit 6	\$ 824	
Unit 7	\$ 498	
Unit 8	\$ 1,022	
Garage	<u>\$ 100</u>	
Gross Income	\$ 5,685	
Less: Vacancy	<u>\$ (171)</u>	3.00% of revenue.
<b>Monthly Effective Gross Income:</b>	<b>\$ 5,514</b>	

### Annual Cash Flow Analysis:

Annual Effective Gross Income	\$ 66,171	
Less Annual Operating Expenses	\$ 40,594	
Total Debt	\$ 24,365	\$2,030 per month for NWMT loan.
Total Debt Coverage Ratio (min. 1.05)	1.05	
<b>Surplus &amp; Debt Coverage Ratio:</b>	<b>\$ 1,212</b>	

## Area Median Income (AMI) Statistics

### Fair Market Rents for 2022

Efficiency / Studio	\$717
One-Bedroom	\$813
Two-Bedroom	\$1,020

### Missoula Area Income Limits as of June 1, 2021

	Number of People in Household			
	1	2	3	4
50%	\$26,344	\$30,094	\$33,844	\$37,594
60%	\$31,613	\$36,113	\$40,613	\$45,113
80%	\$42,150	\$48,150	\$54,150	\$60,150
100%	\$52,688	\$60,188	\$67,688	\$75,188

### Resident Carrying Charges

Unit	Sq Ft	Share	Flat Rate \$125/Month	Annual Charge	Monthly Charge	Current Rent
Unit 1	450	9.27%	\$ 1,500	\$ 5,099	\$ 550	\$ 525
Unit 2	575	11.84%	\$ 1,500	\$ 6,516	\$ 668	\$ 550
Unit 3	555	11.43%	\$ 1,500	\$ 6,289	\$ 649	\$ 625
Unit 4	590	12.15%	\$ 1,500	\$ 6,686	\$ 682	\$ 625
Unit 5	600	12.36%	\$ 1,500	\$ 6,799	\$ 692	\$ 550
Unit 6	740	15.24%	\$ 1,500	\$ 8,386	\$ 824	\$ 875
Unit 7	395	8.14%	\$ 1,500	\$ 4,476	\$ 498	\$ 485
Unit 8	950	19.57%	\$ 1,500	\$ 10,766	\$ 1,022	\$ 600
Estimated Annual Operating Costs				\$ 40,594		
Estimated Annual Vacancy Loss				\$ 2,040		
Estimated Annual Debt Service at 1.05 DCR				\$ 25,584		
				\$ 68,218		
Garage Rental Revenue				\$ 1,200		
Total Carrying Charges to Cover				\$ 67,018		