BOZEMAN MT

Memorandum

REPORT TO: City Commission

FROM: Brit Fontenot, Economic Development Director

SUBJECT: Authorize the City Manager to sign the Scope of Work with Baker Tilly for a Housing Revenue Bond Proof of Concept for Affordable Multifamily Housing

MEETING DATE: July 14, 2026

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Authorize the City Manager to sign the Scope of Work with Baker Tilly for a Housing Revenue Bond Proof of Concept for Affordable Multifamily Housing.

STRATEGIC PLAN: 4.5 Housing and Transportation Choices: Vigorously encourage, through a wide variety of actions, the development of sustainable and lasting housing options for underserved individuals and families and improve mobility options that accommodate all travel modes.

BACKGROUND:

Staff was directed to develop a proof of concept evaluating whether housing revenue bonds could serve as a feasible and repeatable financing tool to support affordable multifamily housing development in Bozeman. The study is intended to examine a specific financing approach rather than compare a broad range of alternatives.

Under the proposed scope, Baker Tilly will:

1. Develop assumptions and prototype project characteristics for affordable multifamily housing;
2. Create a conceptual housing revenue bond financing framework;
3. Build illustrative financial models showing how bond proceeds could be used to finance affordable housing projects;
4. Analyze bond sizing, repayment capacity, debt service coverage, and project feasibility;
5. Evaluate affordability scenarios and funding-gap requirements under varying assumptions; and
6. Prepare a proof-of-concept memorandum summarizing findings.

The work will provide information regarding project revenues, affordability restrictions, operating performance, capital stack feasibility, public subsidy needs, and key factors affecting the viability of a housing revenue bond structure.

The study will be completed on a time-and-materials basis with a not-to-exceed amount of $9,000, plus any approved out-of-pocket expenses. The project is anticipated to be completed for use at the August 4th Commission work session on housing.

Bozeman continues to face significant housing affordability challenges. As housing costs increase, the City has an interest in identifying financing mechanisms that could help expand the supply of affordable multifamily housing while leveraging private and public resources effectively.

This proof-of-concept study will help determine whether housing revenue bonds could support affordable housing development in Bozeman by identifying potential debt capacity, affordability outcomes, funding gaps, and implementation considerations. The analysis will provide City officials, housing partners, and the community with a practical framework for evaluating whether housing revenue bonds could become part of the City's broader affordable housing strategy.

The study is not intended to authorize or initiate a bond issuance. Rather, it will provide the financial modeling and policy analysis necessary to inform future discussions regarding housing finance tools, potential legislative changes, and project-specific implementation opportunities.

UNRESOLVED ISSUES: None.

ALTERNATIVES: As directed by the City Commission.

FISCAL EFFECTS: The cost of the analysis is up to $9,000 and will be coded to the Community Housing Fund.

Attachments:
Bozeman MT - Affordable Housing Revenue Bond Proof Of Concept Scope of Work.pdf

Report compiled on: June 24, 2026