



Governor Steve Bullock

*Montana Housing  
Trust Fund  
Allocation Plan  
2016*



301 S Park Avenue — PO Box 200523  
Helena, MT 59620-0523  
406-841-2770

<http://comdev.mt.gov/Programs/HTF>

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**Montana Department of Commerce**  
Meg O'Leary, Director

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## I GENERAL INFORMATION

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### HTF Allocation Plan

The Housing Trust Fund (HTF) Interim Rule (24 CFR Part 93) made the consolidated plan regulations at 24 CFR Part 91 applicable to the HTF. As a result, the State of Montana (State) will include HTF in its citizen participation plan (§ 91.115), strategic plan (§ 91.315), and annual action plan (§ 91.320). In addition, the State will submit to HUD for review and approval an HTF allocation plan with its annual action plan (§ 91.320(k)(5)). Also, as required in § 91.10, the HTF program will be administered by the State on the same program year it established for all grant programs covered by its Consolidated Plan.

The Housing Trust Fund Program (HTF) is an affordable housing production program that will complement existing federal, state and local efforts to increase the supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families, particularly the homeless, disabled, elderly, and other disadvantaged populations. Beginning in 2016, the State of Montana will receive and administer an annual allocation of federal funds from the Department of Housing and Urban Development (HUD) for HTF grants through the Montana Department of Commerce (Commerce). The HTF program will help qualified subrecipients direct funds to foster and maintain the construction, rehabilitation, and preservation of affordable rental housing for Montana's most vulnerable families.

HTF program grant application guidelines, the project grant administration manual, and other information and resources are available on the HTF website (<http://comdev.mt.gov/Programs/HTF>). Interested persons may also e-mail Commerce's HTF Program at DOCHTF@mt.gov or call staff at (406) 841-2770, or Montana Relay Service at (406) 841-2702 or 711 regarding any questions they may have about the HTF Program.

HUD will distribute HTF Program funds to the State of Montana's Department of Commerce, who will award grants through a two-phase application process outlined in the HTF Allocation Plan to eligible grantees. Commerce will allocate approximately \$2,700,000 to complete HTF Program Activities. These application guidelines establish the process for obtaining HTF financial assistance for housing activities. The application form for these activities is available at the <http://comdev.mt.gov/Programs/HTF>.

The HTF allocation plan is an annual submission to HUD that describes how the State will distribute the HTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with HTF funds and how recipients and projects will be selected. This document is provided as the Montana Housing Trust Fund (HTF) Allocation Plan. It provides responses to all HUD HTF Allocation Plan requirements to amend the sections of the 2015-2020 Montana Consolidated Plan and the 2016-2017 Annual Action Plan, relevant to the HTF program.

## II. GRANTEE INFORMATION

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**State:**

Montana

**FY 2016 HTF Allocation Amount:**

\$3,000,000

## III. CONSOLIDATED PLAN REQUIREMENTS

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### Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the State to include HTF in its citizen participation plan. For the purposes of HTF, the State will make the following information available to the public:

- the amount of HTF assistance the State expects to receive,
- the range of activities the State may undertake, including the estimated amount that will benefit extremely low-income households, and
- the State’s plans to minimize displacement and to assist any persons displaced.

The state conducted a citizen participation process for the HTF Allocation Plan following the state-prescribed Citizen Participation Plan. The Montana Citizen Participation Plan, Appendix A, is attached to this document and includes the citizen participation process for all HUD-related programs, including HTF.

### Revised Consolidated Plan Screens

**ES-05 Executive Summary:** § 91.320(b) - *The Executive Summary includes seven narratives:*

(1) Introduction

As the lead agency for the Consolidated Plan (Plan), Commerce follows HUD’s guidelines for citizen and community involvement, and is responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the Community Development Block Grant (CDBG), HOME Investment Partnerships, Housing Trust Fund (HTF), and Emergency Solutions Grant (ESG) programs, as well as those that complement the Commerce planning processes already at work in the state.

This HTF Allocation serves both as a stand-alone document and as an integral part of the 2015-2020 Montana Consolidated Plan, which is modified to include HTF information as required in 24 CFR 93.320(k)(5). The HTF Allocation Plan that describes the distribution of HTF funds, establishes the application requirements, and identifies the selection criteria for eligible applications.

(2) Summary of Objectives and Outcomes

The following list presents the objectives and outcomes of the 2010-2015 Montana Consolidated Plan for Housing and Community Development. The objectives and intended outcomes the state will pursue with HTF funds over the next four years are to support the goals and objectives identified in the 5-year Strategic Consolidated Plan.

### **Overall Objectives and Outcomes of the 2015-2020 Consolidated Plan**

Specific to the HTF program, the goal and intended outcome is to provide equitable and affordable housing to extremely low income households through the preservation and construction of rental housing thereby reducing homelessness. These overall objectives and outcomes explicitly describe the established Consolidated Plan and HTF goals that Commerce will use to carry out the program. HTF will achieve these objectives through permanent rental housing for extremely low-income households, particularly the homeless, disabled, elderly, and other disadvantaged populations. The use of HTF funds for these goals are listed in Table 5 and described in section SP-45.

1. Support existing Montana communities:
  - a. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources;
  - b. Encourage appropriate and comprehensive planning, market studies, preliminary engineering and/or architectural reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
  - c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban;
  - d. Encourage the rehabilitation of existing rental and owner-occupied homes, particularly for those with special needs and the elderly;
  - e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for those with special needs and the elderly.
  
2. Invest in vital public infrastructure:
  - a. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
  - b. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment; and
  - c. Provide funding opportunities to serve eligible Montanans, particularly those special needs and elderly populations, with safe, efficient public infrastructure.
  
3. Enhance Montana’s economic competitiveness:
  - a. Provide reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets;
  - b. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
  - c. Provide job opportunities to eligible Montanans to strengthen communities within the State;
  - d. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services;

- e. Encourage housing and mixed-use development that contribute to broader revitalization efforts in Montana communities; and
  - f. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single investment.
4. Promote equitable, affordable housing in Montana
- a. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation through the preservation and construction of rental housing;
  - b. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target;
  - c. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives through the preservation and construction of rental housing;
  - d. Encourage appropriate and comprehensive planning, market studies, preliminary engineering and/or architectural reports, and other studies or plans in support of the efficient construction of affordable housing;
  - e. Encourage financial mechanisms that increase homeownership opportunities and provide rental assistance to eligible Montanans, particularly those with special needs and the elderly.
5. Reduce homelessness in Montana:
- a. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness;
  - b. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing; and
  - c. Encourage the development and rehabilitation of non-rental facilities for the shelter of temporarily homeless Montanans.

*(3) Evaluation of Past Performance*

As this is the inaugural HTF Allocation Plan, the state cannot provide an evaluation of past performance. Future updates to the Plan documents will include an evaluation of past performance related to HTF.

*(4) Summary of the Citizen Participation and Consultation Process*

Please see the narrative provided in PR-15 and Table 1 for information related to the Citizen Participation and Consultation Process (see also Montana’s Citizen Participation Plan, Appendix A).

*(5) Summary of Public Comments*

Please see the narrative provided in Appendix B for information related to the Summary of Public Comments.

*(6) Summary of Comments Not Accepted*

All comments were taken into consideration during the development of the 2015-2020 Consolidated Plan Amendment.

*(7) Summary.*

The Montana Department of Commerce has successfully completed the citizen participation process and finalized the HTF Allocation Plan to announce the method of distribution regarding the \$3,000,000 in HTF funds that will provide for administration funding (\$300,000) and activity funds (\$2,700,000) to assist eligible recipients; and complete construction, rehabilitation and redevelopment activities for rental housing; including using 100% of the HTF funds to benefit extremely low-income households, and, when applicable, actions to minimize displacement.

*AP-05 Executive Summary: § 91.320(b) - The Executive Summary includes seven narratives.*

Specific to the HTF program, the goal and intended outcome is to provide equitable and affordable housing to extremely low income households through the preservation and construction of rental housing, thereby reducing homelessness. HTF will achieve these objectives through permanent rental housing for extremely low income households and homeless persons or persons at risk of homelessness. The use of HTF funds for these goals are listed in Table 5 and described in section SP-45.

*(1) Introduction*

As the lead agency for the Consolidated Plan (Plan), Commerce follows HUD's guidelines for citizen and community involvement, and is responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the Community Development Block Grant (CDBG), HOME Investment Partnerships, Housing Trust Fund (HTF), and Emergency Solutions Grant (ESG) programs, as well as those that complement the Commerce planning processes already at work in the state.

The Montana Department of Commerce modified the 2015-2020 Montana Consolidated Plan (Plan) and considers this HTF Allocation Plan a substantial amendment to the Plan. The modifications impact several areas of the Plan to include HTF information as required in 24 CFR 93.320(k)(5). The modifications the distribution of HTF funds, establishes the HTF application requirements, and identifies the selection criteria for eligible HTF applications.

*(2) Summary of Objectives and Outcomes*

The following list presents the objectives and outcomes of the 2010-2015 Montana Consolidated Plan and 2016-2017 Annual Action Plan for Housing and Community Development. The objectives and intended outcomes the state will pursue with HTF funds over the next four years are to support the goals and objectives identified in the Consolidated Plan as follows:

- I. Support existing Montana communities:



- a. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources;
- b. Encourage appropriate and comprehensive planning, market studies, preliminary engineering and/or architectural reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
- c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban;
- d. Encourage the rehabilitation of existing rental and owner-occupied homes, particularly for those with special needs and the elderly;
- e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for those with special needs and the elderly.

II. Invest in vital public infrastructure:

- a. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
- b. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment; and
- c. Provide funding opportunities to serve eligible Montanans, particularly those special needs and elderly populations, with safe, efficient public infrastructure.

III. Enhance Montana's economic competitiveness:

- a. Provide reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets;
- b. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
- c. Provide job opportunities to eligible Montanans to strengthen communities within the State;
- d. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services;
- e. Encourage housing and mixed-use development that contribute to broader revitalization efforts in Montana communities; and
- f. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single investment.

IV. Promote equitable, affordable housing in Montana

- a. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation;
- b. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target;

- c. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives;
- d. Encourage appropriate and comprehensive planning, market studies, preliminary engineering and/or architectural reports, and other studies or plans in support of the efficient construction of affordable housing;
- e. Encourage financial mechanisms that increase homeownership opportunities and provide rental assistance to eligible Montanans, particularly those with special needs and the elderly.

V. Reduce homelessness in Montana:

- a. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness;
- b. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing; and
- c. Encourage the development and rehabilitation of non-rental facilities for the shelter of temporarily homeless Montanans.

*(3) Evaluation of Past Performance*

As this is the inaugural HTF Allocation Plan, the state cannot provide an evaluation of past performance. Future updates to the Plan documents will include an evaluation of past performance related to HTF.

*(4) Summary of the Citizen Participation and Consultation Process*

Please see the narrative provided in PR-15 and Table 1 for information related to the citizen participation and consultation process.

*(5) Summary of Public Comments*

Please see the narrative provided in Appendix B for the summary of public comments.

*(6) Summary of Comments Not Accepted*

All comments were taken into consideration during the development of the amendments.

*(7) Summary*

The Montana Department of Commerce has successfully completed the citizen participation process and finalized the HTF Allocation Plan to announce the method of distribution regarding the \$3,000,000 in HTF funds that will provide for administration funding (\$300,000) and activity funds (\$2,700,000) to assist eligible recipients; and complete construction, rehabilitation and redevelopment activities for rental housing; including using 100% of the awarded HTF funds to benefit extremely low-income households, and, where applicable, minimizing displacement.

*PR-15 Citizen Participation: § 91.115 and § 91.300(c) – The State will revise this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a*

*written explanation of comments not accepted and the reasons why these comments were not accepted.*

During the 2016 Montana Housing Conference, a presentation and open discussion regarding the HTF program was conducted to solicit feedback in the development of the HTF program in anticipation of HTF Allocation Plan. Various comments in support of HTF and feedback regarding the development of the program were made. Over 50 people attended this meeting.

Commerce announced the HTF process prior to developing the allocation plan to encourage participation and solicit feedback regarding the proposed HTF plan. Throughout the process, documents related to the development of the HTF Allocation Plan, including draft application materials, were posted on the website for public review. Comments were received for 30 days related to the inclusion of HTF in the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan.

Commerce followed the Citizen Participation Plan (CPP), attached to this document (see Appendix A) to accept comments on these proposed modifications. The public comment period for this Draft Amendment began July 1, 2016 and ended August 1, 2016. A public hearing was held on July 20, 2016, in conjunction with the statewide Housing Coordinating Team meeting, to encourage a public discussion of the development of the HTF program, HTF Allocation Plan, and application process. The meeting was held simultaneously in person, and via conference call to encourage maximum participation. The public meeting was held at Commerce, 301 South Park Ave. Helena, MT. The Consolidated Plan website has additional details regarding this process and can be found at <http://commerce.mt.gov/conplan> or contact [DOCConPlan@mt.gov](mailto:DOCConPlan@mt.gov) for details.

Commerce announced and published the draft HTF Allocation Plan by placing an advertisement in a statewide newspaper, provided copies of the draft HTF Allocation Plan available at accessible locations across Montana, and announced and published the draft HTF Allocation Plan by emailing notice to the Consolidated Plan contact list.

The public hearing was announced through the Commerce website, listserv, Housing Coordinating Team meeting agenda, and distribution in a statewide newspaper. Thirteen (13) people attended the public hearing in person and twenty-six (26) people attended the public hearing via webinar/teleconference. The public comment period ended and a record of the public hearing and comments received is provided in Appendix B of this document. Commerce received twelve (12) verbal comments and four (4) written comments. All comments were taken into consideration during the development of the HTF Allocation Plan.

To receive HTF funds, applicants for grants must carry out citizen participation in a manner that complies with the 2015-2020 Montana CPP. Commerce encourages applicants to engage with their stakeholders (e.g. community organizations, general public, housing partners, etc.) through informal meetings or planning sessions that make information available, inform of the design of their proposed HTF activity, and otherwise contribute to a meaningful citizen participation process. Applicants are recommended to retain documentation, which may include posters, agendas, sign-ins, presentations materials and handouts, photos, and survey responses of such meetings and sessions.

**Table 1 – HTF Program Citizen Participation Outreach**

#	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	URL (If applicable)
<b>Summary of comments not accepted and reasons: No comments have been received on Draft Amendments.</b>					
1	Public Meeting	All interested citizens	During the 2016 Montana Housing Conference a presentation and open discussion regarding the HTF program was conducted to solicit feedback in the development of the HTF program in anticipation of HTF Allocation Plan.	Various comments in support of HTF and feedback regarding the development of the program were made. Over 50 people attended this meeting.	<a href="http://www.cvent.com/events/2016-annual-montana-housing-partnership-conference/agenda-afe0fe283abf4765bf7fc998654b686a.aspx">http://www.cvent.com/events/2016-annual-montana-housing-partnership-conference/agenda-afe0fe283abf4765bf7fc998654b686a.aspx</a>
2	Internet Outreach	All interested citizens	Commerce announced the HTF process prior to the allocation plan release to encourage participation and solicit feedback regarding the proposed HTF plan. Throughout the process, documents related to the development of the HTF Allocation Plan, including draft application materials, have been posted on the website for public review.	Comments received for 30 days on documents related to the inclusion of HTF in the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan.	<a href="http://commerce.mt.gov/conplan/documents">http://commerce.mt.gov/conplan/documents</a>
3	Newspaper Ad	All interested citizens	Commerce has announced and published the draft HTF Allocation Plan by publishing an advertisement in a statewide newspaper	N/A	<a href="http://commerce.mt.gov/conplan/documents">http://commerce.mt.gov/conplan/documents</a>
4	Other-Public Repositories	All interested citizens	Commerce has provided copies of the draft HTF Allocation Plan available at accessible locations across Montana	See Appendix A for a list of all public repositories	<a href="http://commerce.mt.gov/conplan/documents">http://commerce.mt.gov/conplan/documents</a>
5	Other – Email listserv	All interested citizens	Commerce has announced and published the draft HTF Allocation Plan by emailing notice to the Consolidated Plan contact list	See Appendix B for comments received.	
6	Public Hearing	All interested citizens	A public hearing is scheduled during the statewide Housing Coordinating Team meeting on July 20, 2016 to discuss the development of the HTF Allocation Plan.	See Appendix B for comments received.	<a href="http://housing.mt.gov/Portals/93/shared/HCTagenda20July2016_1.pdf">http://housing.mt.gov/Portals/93/shared/HCTagenda20July2016_1.pdf</a>

#### **IV. STRATEGIC PLAN REQUIREMENTS**

*The State will amend the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the State hopes to achieve and will specify the number of extremely low-income families to which the State will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time. The State will complete this requirement by including HTF on the **SP-45 Goals screen**.*

#### **Revised Strategic Plan Screens**

*In addition to updating the affordable housing section of the strategic plan, the following screens in the eCon Planning Suite consolidated plan template in IDIS will be revised to include HTF.*

- SP-10 Geographic Priorities: § 91.315(a)(1)-** *The State will revise this screen to discuss how investments are allocated geographically.*

HTF application guidelines will consider geographic diversity based on socio-economic factors gathered from federal, state and regional sources that correspond to the State of Montana

Consolidated Plan and HTF Program goals and objectives to serve the homeless and those at risk of homelessness. HTF program guidelines include consideration of socio-economic factors, by county, to determine priority targets. Applications for projects located in Targeted Priority Counties will receive first consideration for HTF funding. A description of the method by which this information is used is included with Recipient Application Information. Appendix C identifies all counties and lists each one's priority for HTF funding. However, because it is impossible to predict in advance which applicants will apply, this information will be reported in a future Consolidated Annual Performance and Evaluation Report (CAPER).

*SP-25 Priority Needs: § 91.315(a)(2)- The State will revise this screen to indicate the general priorities for allocating investment of available resources among different needs.*

HTF funds will exclusively benefit extremely low-income households through the construction, rehabilitation and redevelopment activities for rental housing and administrative costs. Therefore, \$2,700,000 will be used for rental housing activities for extremely low-income households; and \$300,000 will be used for administrative costs.

**Table 2 - Priority Needs Summary**

Priority Need	Priority Level	Population – Income Level	Family Types	Homeless Categories	Non-Homeless Special Needs
Affordable Housing Preservation and Construction	High	All	All	N/A	Elderly/Frail Elderly Disabled – All Addicted Persons HIV/AIDS Domestic Violence Victims
	<p><b>Description:</b> Encourage the rehabilitation of existing and development of new rental and owner-occupied affordable housing located within walkable neighborhoods and/or served by public transportation systems, particularly for the homeless, disabled, elderly, and other disadvantaged populations. The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</p>				
	<p><b>Basis for Relative Priority:</b> As determined in the Needs Assessment, approximately 105,000 households (26%) in the State of Montana have one or more housing problems. The majority of these renters and homeowners are cost burdened, paying greater than 30% of their household income for housing expenses. Further, according to the Housing + Transportation Index and HUD’s Location Affordability Portal, the average household in the State of Montana spends approximately 56% of household income on housing plus transportation costs. Finally, of the 13% of Montanans living with a disability, over 75% of them are 65 years of age or older. Nationally, 32% of persons with a disability in this age category report needing help with or having trouble getting transportation. While Montana is perceived as vast and largely rural, preserving existing housing stock and encouraging higher-density infill housing projects that take advantage of existing buildings, infrastructure and transportation options to recognize the opportunity for mixed-use, flexible-use, and mixed-income projects is an appropriate focus for reducing cost burden. Prioritizing housing options in existing neighborhoods (“location efficiency”) has the additional benefit of increasing walking and cycling options and the health and well-being of all family types, income levels, and populations with special needs.</p>				
Reducing Homelessness	High	All	All	All	All
	<p><b>Description:</b> Encourage activities that provide assistance and shelter to homeless Montanans and those at risk of homelessness, particularly homeless veterans, youths and children, and the chronically homeless living in unsheltered locations. The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</p>				
	<p><b>Basis for Relative Priority:</b> The U.S. Department of Housing and Urban Development (HUD) released the 2014 Annual Homeless Assessment Report (AHAR) documenting the national issues related to homelessness. As documented in the AHAR, Montana had an 84.4% increase in the number of homeless individuals between 2007 through 2014; and has the 5<sup>th</sup> highest rate (57.8%), among all states, of unsheltered homeless individuals in 2014 (1,167 homeless and 674 unsheltered individuals). Unfortunately the AHAR report stated, “Montana also had very high rates of unsheltered unaccompanied children and youth with 74 percent”. Additionally, Montana has the highest rate of unsheltered veterans in the nation (63.3%). Montana’s population has a high percentage of veterans, one in ten individuals in the state are veterans. Lastly, between 2007 and 2014, Montana has experienced the largest change in the number of chronically homeless individuals in the nation, at a staggering 208.4% increase in a seven year period. While homelessness has declined nationally, reducing homelessness for veterans, children and youths, and the chronically homeless is a critical priority in Montana.</p>				

**☒ SP-30 Influence of Market Conditions: § 93.315(b)-** *The State will revise this screen to describe how the characteristics of the housing market influenced the State’s decisions regarding allocation priorities among the types of housing assistance.*

**Table 3 - Influence of Market Conditions**

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
New Unit Production	As shown by this Market Analysis section, housing production has not been keeping pace with demand, resulting in an increase in price. New unit production will increase the number of affordable units available to Montana households. The 2014 Housing and Community Development Survey results indicated a high level of need for new unit production, especially for rental housing. The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.
Rehabilitation	The State of Montana has seen a slowdown in housing production, and an increase in demand for rental units. This combination calls for a rehabilitation of existing units, both rental and homeowner, in order to meet the needs of households throughout the state. The results of the 2014 Housing and Community Development Survey also indicated a high level of need for unit rehabilitation for both rental units and homeowner units. The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.
Acquisition, Including Preservation	As shown in this Plan, there are a number of subsidized units at risk of expiring. As the demand for affordable rental units continues to increase, the loss of these units will place additional households in need. This, in addition to survey results, has indicated a high level of need for preservation of affordable units. The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.

**☒ SP-35 Anticipated Resources: § 91.315(a)(4); § 91.320(c)(1) and (2)-** *The State will revise this screen to identify the federal, state, local, and private resources expected to be available to the State to address priority needs and specific objectives identified in the strategic plan.*

The following table (Table 4) illustrates the HTF resources expected for the first year of this Plan. The State expects to receive \$3,000,000 in HTF funds for the 2016-2017 Annual Action Plan year. The HTF funds will be used exclusively to serve extremely low-income households through HTF-eligible activities. Specifically, \$2,700,000 of HTF funding will serve extremely low-income households through rental rehabilitation, redevelopment, and new construction activities. HTF funds, in an amount not to exceed \$300,000, will be used for administrative purposes. The State anticipates no program income from HTF projects, because this is the first year of the program.

**Table 4 - Anticipated Resources**

Program	Source of Funds	Expected Amount				Expected Amount Available Remainder of Con Plan	Narrative Description
		Annual Allocation	Program Income	Prior Year Resources	Total		
Housing Trust Fund (HTF)	Public/Federal	\$3,000,000	\$0	\$0	\$3,000,000	\$12,000,000	State Allocation; HTF funds will be matched with additional resources by sub-recipients who may also receive CDBG, HOME, or LIHTC assistance; eligible CHDOs and local governments will also provide matching funds within their projects.
	Uses of Funds: Acquisition, Demolition, Reconstruction to support Rental Housing; Rehabilitation of Rental Housing, New Rental Housing Development, Administration						

**SP-45 Goals:** § 91.315(a)(4) and § 91.315 (b)(2)- *The State will revise this screen to summarize the State’s priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan. The State will also ensure its five-year goals include any accomplishments due to HTF funds and will also enter the number of extremely low-income families to which the State will provide assistance with its HTF funds.*

The following list presents the objectives and outcomes of the 2010-2015 Montana Consolidated Plan and 2016-2017 Annual Action Plan for Housing and Community Development. The objectives and intended outcomes the state will pursue with HTF funds over the next four years are to support the goals and objectives identified in the Consolidated Plan as follows:

- I. Support existing Montana communities:
  - a. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources;
  - b. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports (See Appendix F), and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
  - c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban;
  - d. Encourage the rehabilitation of existing rental homes, particularly for the homeless, disabled, elderly, and other disadvantaged populations;
  - e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for the homeless, disabled, elderly, and other disadvantaged populations.
  
- II. Invest in vital public infrastructure:
  - a. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
  - b. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment; and
  - c. Provide funding opportunities to serve eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations, with safe, efficient public infrastructure.



### III. Enhance Montana's economic competitiveness:

- a. Provide an opportunity rich community, with reliable access to employment centers, education, transportation, youth employment, and school partnerships, as well as expanded access to fresh and healthy food markets;
- b. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
- c. Support job training opportunities to extremely low-income Montanans to strengthen communities within the State;
- d. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services;
- e. Encourage housing and mixed-use development that contributes to broader revitalization efforts in Montana communities; and
- f. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single HTF investment.

### IV. Promote equitable, affordable housing in Montana

- a. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation;
- b. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target;
- c. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives;
- d. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans in support of the efficient construction or rehabilitation of affordable housing;
- e. Encourage financial mechanisms that provide rental assistance to eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations.

### V. Reduce homelessness in Montana:

- a. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness;
- b. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing; and
- c. Partnering with community resource agencies to implement the 'Housing First' model and to transition temporarily homeless Montanans with alcohol or drug dependency or mental illness from non-rental shelter facilities to affordable housing with nearby access to appropriate supportive services, with the goal of achieving stability in housing.

The overarching goal of the HTF program is to complement existing federal, state and local

efforts to increase the supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families, particularly the homeless, disabled, elderly, and other disadvantaged populations.

To receive HTF funds, both Commerce and applicants for grants must carry out citizen participation in a manner that complies with the 2015-2020 Montana Consolidated Plan. Commerce encourages applicants to engage with their stakeholders (e.g. community organizations, general public, housing partners, etc.) through informal meetings or planning sessions that make information available, inform of the design of their proposed HTF activity, and otherwise contribute to a meaningful citizen participation process.

The application process for HTF funds is two-phased. Phase One is the submission of an Intent to Apply form, which gives the applicant an opportunity to demonstrate how closely aligned the proposed project is with the State of Montana's targeted geographical priorities, the Consolidated Plan and HTF Program goals, objectives, and regulations, and intent to assist disadvantaged ELI families without requiring extensive work by the applicant prior to a baseline determination of eligibility. Commerce will review the Intent to Apply and either:

1. Deny the applicant's project proposal and offer technical assistance for creating a successful future proposal; or
2. Invite the applicant to submit a full Phase Two application.

Phase Two is the submission of a complete and detailed application. Department staff will review and rank all Phase Two full applications on the following priority criteria:

- 1) The extent to which the proposed project aligns with the goals and objectives of the State of Montana's Consolidated Plan and HTF Program;
- 2) The extent to which the proposed project leverages other sources and assists the homeless, disabled, elderly, or other disadvantaged populations;
- 3) The community support for the project, the long-term financial feasibility of the project, the consistency of the project with the community's comprehensive planning efforts, and the capacity of the applicant to implement and manage the grant and the project; and
- 4) The technical feasibility and appropriateness of the proposed project in light of identified needs, potential alternatives, available resources, financing, environmental considerations, and cost estimates.
- 5) The targeted geographical data points representing the housing difficulties faced by ELI households and the communities in which they reside;

Applications will be evaluated and scored, based upon the extent to which the proposed project relates to each criterion. The amount of HTF funding to be recommended will be based upon an analysis of the applicant's proposed level of other financial commitment and participation. Staff may take additional information, based upon knowledge and information about a proposed project or particular community problems, into account in the scoring of an application. The applicant may not submit any additional information after the application deadline unless requested by Commerce staff in order to clarify information already presented in the application.

The Review Team will prepare and submit a report containing the recommended projects. The Director of Commerce will make the final decision on grant awards and funding.

**Table 5 - Goals Summary**

Goal Name	Years	Category	Area	Needs Addressed	Funding*	Goal Outcome Indicator
<b>Preserve and Construct Affordable Housing</b>	2015 to 2019	Affordable Housing	Statewide	Affordable Housing Preservation and Construction	CDBG: \$1 million HOME: \$2 million HTF: \$1.7 million	Rental units constructed: 125 Household / Housing Units
						Rental units rehabilitated: 125 Household / Housing Units
						Homeowner Housing Added: 25 Household / Housing Units
						Homeowner Housing: 20 Rehabilitated Household / Housing Units
						Direct Financial Assistance to Homebuyers: 250 Households Assisted
<b>Description:</b> The State of Montana will use CDBG, HOME, and HTF funds to fund affordable housing activities that primarily benefit Montanans of low to moderate income or less.						
<b>Reduce Homelessness</b>	2015 to 2019	Homeless	Statewide	Reducing Homelessness	CDBG: \$1 million HOME: \$1 million ESG: \$680,000 HTF: \$1 million	Tenant-based rental assistance/Rapid Rehousing: 3,000 Households Assisted
						Homeless Person Overnight Shelter: 600 Persons Assisted
						Overnight/Emergency Shelter/Transitional Housing Beds Added: 23 Beds
						Homelessness Prevention: 3,000 Persons Assisted
						Housing for Homeless added: 50 Household/Housing Units
<b>Description:</b> The State of Montana will use CDBG, HOME, HTF, and ESG funds to provide permanent housing, shelter and services for homeless persons and persons at risk of homelessness. Activities may include construction, rehabilitation, and direct assistance to serve this clientele throughout the state.						

\* Funding shown in annual estimates

Based on the information above, the number of persons of low to moderate income or less to whom the State of Montana will provide affordable housing will be significant. Approximately 100 persons of LMI or less income will be assisted annually utilizing CDBG, HOME, and HTF resources. Through the HTF Program, approximately 70 ELI units will be created, with coordination from other resources, over the course of the five-year plan.

## V. ANNUAL ACTION PLAN REQUIREMENTS

*The State will include HTF in its annual action plan or amend the plan to include HTF information as required in § 93.320(k)(5). The action plan includes an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the State’s priority housing needs.*

### **Revised Annual Action Plan Screens**

*The State will revised the following screens in the eCon Planning Suite consolidated plan template in IDIS to include HTF:*

**AP-15 Expected Resources:** § 91.320(c)(1) and (2)- The State will revise this screen to provide a concise summary of the federal resources expected to be available. The HTF resources added to the **SP-35 Anticipated Resources** screen will carry over to this screen.

The following table (Table 6) illustrates the HTF resources expected for the first year of this Consolidated Plan. The State expects to receive \$3,000,000 in HTF funds for the 2016-2017 Annual Action Plan year. The HTF funds will be used exclusively to serve extremely low-income households through HTF-eligible activities. Therefore, \$2,700,000 of HTF funding will serve extremely low-income households through rental rehabilitation, redevelopment, and new construction activities. HTF funds, in an amount not to exceed \$300,000, will be used for administrative purposes. The State anticipates no program income from HTF projects, because this is the first year of the program.

**Table 6 - Anticipated Resources**

Program	Source of Funds	Expected Amount				Expected Amount Available Remainder of Con Plan	Narrative Description
		Annual Allocation	Program Income	Prior Year Resources	Total		
Housing Trust Fund (HTF)	Public/Federal	\$3,000,000	\$0	\$0	\$3,000,000	\$12,000,000	State Allocation; HTF funds will be matched with additional resources by sub-recipients who may also receive CDBG, HOME, or LIHTC assistance; eligible CHDOs and local governments will also provide matching funds within their projects.
	Uses of Funds: Acquisition, Demolition, Reconstruction to support Rental Housing; Rehabilitation of Rental Housing, New Rental Housing Development, Administration						

**AP-20 Annual Goals and Objectives:** § 91.320(c)(3) and (e)- The State will revise this screen to summarize the specific goals it intends to initiate and/or complete within the term of the program year. Any HTF related goals and objectives entered on the **SP- 45 Goals** screen will carry over to this screen.

**Table 7 - Goals Summary**

Goal Name	Years	Category	Area	Needs Addressed	Funding*	Goal Outcome Indicator
Preserve and Construct Affordable Housing	2015 to 2019	Affordable Housing	Statewide	Affordable Housing Preservation and Construction	CDBG: \$1 million HOME: \$2 million HTF: \$1.7 million	Rental units constructed: 125 Household / Housing Units
						Rental units rehabilitated: 125 Household / Housing Units
						Homeowner Housing Added: 25 Household / Housing Units
						Homeowner Housing: 20 Rehabilitated Household / Housing Units
						Direct Financial Assistance to Homebuyers: 250 Households Assisted
<b>Description:</b> The State of Montana will use CDBG, HOME, and HTF funds to fund affordable housing activities that primarily benefit Montanans of low to moderate income or less.						

- ☒ **AP-25 Allocation Priorities:** § 91.320(d) – The State will revise this screen to describe the reasons for its allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.

The State of Montana will prioritize the award of HTF funds to eligible applicants that propose to preserve and construct affordable housing and reduce homelessness.

**Funding Allocation Priorities**

**Table 8 – Funding Allocation Priorities**

	Preserve and Construct Affordable Housing	Plan for Communities	Improve and Sustain Public Infrastructure	Revitalize Local Economies	Reduce Homelessness
CDBG	17.27%	8.63%	35.61%	25.99%	7.77%
HOME	73.46%	0	0	0	16.54%
ESG	0	0	0	0	100%
HOPWA	\$N/A	12.5%	25%	12.5%	50%
Housing Trust Fund	56.7%	0	0	0	33.33%

**Reasons for Allocation Priorities**

The State of Montana identified the allocation priorities set forth above for the HTF Allocation Plan through the 2015-2020 Consolidated Plan Needs Assessment and Market Analysis, past experience administering the competitive and non-competitive CDBG and HOME grant programs, collaboration with other state agencies and local governments on disaster resiliency priorities in communities with presidentially declared disasters in 2011, 2012, and 2013, HUD HTF guidance on prioritization, and consultation with the state’s local government, non-profit, and private sector partners. The allocation priorities also reflect the extent to which eligible entities have other sources of funding available to accomplish each priority. HTF funds are planned for use to preserve and construct affordable housing and to reduce homelessness. These priorities will be achieved through rehabilitation, redevelopment, or new construction of rental housing for extremely low income populations with a focus on those households that are homeless or at risk of homelessness.

The priority needs, and the allocation of funds to address those needs as set forth above, are designed to specifically address the State of Montana’s HTF objectives described in the Annual Action Plan, as listed below.

Objective 1: Support existing Montana communities. Montana will target CDBG, HTF, and HOME funding towards existing communities to increase community revitalization, improve the efficiency of public infrastructure, and safeguard rural landscapes and natural resources through comprehensive planning, rehabilitate existing homes, build social, economic, and environmental resiliency to severe events, and develop and rehabilitate community facilities and services within walkable neighborhoods and/or neighborhoods served by public transportation systems.

Objective 2: Promote equitable, affordable housing in Montana. Montana is committed to being a great place to live, work, and play, and that quality of life starts with equitable access to affordable housing. Montana will use CDBG, HTF, and HOME funding for preserving and constructing affordable housing that increases mobility and lowers the combined cost of housing and transportation, advancing solar and other on-site renewable energy installations aligned with the Federal Renewable Energy Target, building social and economic resiliency to

severe events, and increasing homeownership and rental opportunities for eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations.

Objective 3: Reduce homelessness in Montana. Montana and its partners have adopted a strategic plan to end family homelessness by 2016, veteran homelessness by 2019, individual chronic homelessness by 2022, and all homelessness in the State by 2023. Montana will target CDBG, HOME, HTF, and ESG funds to activities that address the housing needs and increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness.

**☒ AP-30 Method of Distribution:** § 91.320(d) and (k5)- *The State will revise this screen to include a description of its method(s) for distribution for the “Other – Housing Trust Fund” selection based on the entry made on the SP-35 Anticipated Resources screen.*

### **Introduction**

The Method of Distribution is identified for HTF below.

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**State Program Name:** Housing Trust Fund (HTF) Program

**Funding Sources:** HTF

**Describe the State Program addressed by the Method of Distribution:** Within the Priority Needs to Preserve and Construct Affordable Housing and Reduce Homelessness, \$2,700,000 in HTF funds will be used to increase and preserve the supply of rental housing for extremely low income families, particularly the homeless, disabled, elderly, and other disadvantaged populations. The rental units will not exceed the HTF/HOME maximum per-unit subsidy limits and HUD/HTF-established rents will be used for each HTF-assisted unit. Commerce will not use HTF funds to assist first-time homebuyers, for homeownership housing financing, or for refinancing existing debt.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** Commerce proposes to establish a two-phase competitive grant process to receive and prioritize project proposals from eligible entities (entitlement communities, public housing agencies, as well as for-profit, non-profit, and tribally-designated entities). The Phase One application (Letter of Intent to Apply, or LOI) will identify how closely a proposed project meets the intent of the State of Montana Consolidated Plan and HTF Program goals and objectives without requiring extensive work by applicants prior to a determination of project readiness. Those projects that best demonstrate alignment with these goals and objectives will be invited to the Phase Two application process. Phase Two applications will be ranked according to the applicant’s ability to best meet the intent of the State of Montana Consolidated Plan and HTF Program goals and objectives, demonstrate long-term financial feasibility, staff capability, and documentation of public engagement and community support. HTF Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two of the Annual Action Plan and this HTF Allocation Plan, Commerce will allocate approximately \$2,700,000 in HTF resources to complete HTF rental activities and \$300,000 for administrative costs. Of the activity portion, \$1,700,000 is designated for preserving (rehabilitation and redevelopment) and constructing affordable rental housing; and \$1,000,000 is designated for

reducing homelessness through rental housing development. The allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

**Describe threshold factors and grant size limits.** All funded HTF activities must meet HTF requirements, including the HOME program’s maximum per-unit development subsidy limit for housing assisted with HTF funds. The State has elected to use maximum per-unit subsidy for the HOME program (24 CFR 93.300(a)), which is calculated using the Uniform Application Form for Montana Housing Programs, available on the HTF website.

**Anticipated Outcome Measure:** 5 rental units will be constructed; 5 rental units will be rehabilitated; and 4 additional units of permanent housing will be either constructed or rehabilitated specifically to reduce homelessness.

**☒ AP-50 Geographic Distribution:** § 91.320(f)- *The State will revise this screen to describe the geographic areas of the state in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.*

As described in the Consolidated Plan, Commerce will not target any particular geographic area for special assistance, but will allow organizations, agencies, and other entities (including public housing agencies, for-profit entities, or nonprofit entities) to apply for HTF program funding, dependent on eligible activities and programs.

HTF application guidelines will consider geographic diversity based on data points gathered from federal, state and regional sources that correspond to the State of Montana Consolidated Plan and HTF Program goals and objectives to serve the homeless and those at risk of homelessness. Eligible Recipients are organizations, agencies, or other entities (including public housing agencies, for-profit entities, or nonprofit entities) that receive HTF assistance from the State as an owner or developer to carry out an HTF-assisted project. However, because it is impossible to predict what applicants will apply to address local needs, the Geographic Distribution table generated by the IDIS system has been left blank.

**☒ AP-55 Affordable Housing:** § 91.320(g)- *The State will revise this screen to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.*

Below, Tables 9 and 10 list Plan Year Two goals for specific categories (Support Requirement and Type) that relate to HTF-assisted affordable housing. These goals are related only to the federal resources provided through HTF, and do not include numbers for those persons assisted through other federal or state resources, although they may coordinate and contribute to the achievement of the goals.

**Table 9 – One Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households to be Supported	
Homeless:	100
Non-Homeless	150
Disadvantaged (may be duplicated):	75
Total:	250

**Table 10 – One Year Goals for Affordable Housing by Support Type**

One Year Goals for the Number of Households Supported Through:	
The Production of New Units:	100

Rehab of Existing Units:	100
Acquisition of Existing Units:	50
Total:	250

**Discussion**

A significant number of households are served annually through the State of Montana’s affordable housing programs: CDBG, HOME, and ESG. With the addition of the HTF program, new emphasis will be place on those who are homeless or at risk of homelessness.

The production of new units will be completed primarily through CDBG, HOME, and HTF resources in coordination with Low Income Housing Tax Credits, private financing, and other state, federal, and local funding sources.

**☒ AP-65 Homeless and Other Special Needs Activities: § 91.320(h)-** *The State will revise this screen to describe how HTF will help to address the State’s one-year goals and actions for reducing and ending homelessness, where applicable.*

**Introduction**

The HTF Program intends to provide approximately one-third of its total funds spent to assist the homeless and those at risk of homelessness.

The causes of the homelessness for individuals and families in Montana vary. An individual or family may become homeless as a result of domestic violence, lack of medical assistance, or lack of stable employment. Many households experiencing homelessness are doubled up with family or friends or able to find assistance from a faith-based community for a few days. Special needs populations in the state include the elderly and frail elderly, persons living with disabilities, persons with alcohol or other drug addiction, victims of domestic violence, and persons and the families of persons living with HIV. These populations may either be homeless or at the risk of becoming homeless and, therefore, often require housing and service programs. Commerce responds to the specific needs of special needs groups with variations within the programs currently provided.

The State of Montana will work to encourage activities that address the housing needs of those at risk of homelessness and that increase the level of assistance to programs serving the special needs groups including those at risk of homelessness. This includes supporting activities to reduce homelessness and encouraging the development and rehabilitation of non-rental facilities for the shelter and transition of temporarily homeless Montanans. Additionally, HTF will support efforts by local governments and partner organizations providing services for those diagnosed with Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS), substance abusers, individuals with mental illness or disabilities, victims of domestic violence, to also improve housing stability for those served.

Montana divides itself into twelve districts to participate annually in the National Point-in-Time Counts of homeless, unduplicated one-night estimates of both sheltered and unsheltered homeless populations, occurring during the last week in January of each year. One finding from that survey is that a growing segment of the homeless population is women, children, and families that have experienced life-altering situations, such as job loss, disaster, divorce, or abuse that have driven them into homelessness.

Montana uses the Continuum of Care model that originated with U.S. Department of Housing and Urban Development, with the goal of supporting the transition of homeless individuals into



stabilized self-sufficiency in affordable housing. It is important to note that the Montana Continuum of Care feels that multiplying a single night's data into an annual estimate does not necessarily result in an accurate representation. The HTF program intends to extend information to organizations that assist homeless persons so as to encourage their participation in the development of the HTF program.

Because preventing homelessness is much less costly than addressing the problem after housing has been lost, Montana also supports efforts that will help people in crisis who are at risk of losing existing housing (homeless prevention) and place homeless people into permanent and affordable housing accompanied by intensive services that will aid them in establishing long-term stability (rapid re-housing). As indicated in the Needs Assessment and Market Analysis, the longer one is homeless, the more difficult and costly it is to stabilize and re-house that person.

HTF funds will support activities by increasing and preserving the supply of rental housing for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations at risk of homelessness.

**☒ AP-75 Barriers to Affordable Housing:** § 91.320(i)- *The State will revise this screen to describe how HTF will help with any actions the State will take during the next year to reduce barriers to affordable housing, where applicable.*

Several barriers to affordable housing development and maintaining residency in housing were identified in the Needs Assessment, Market Analysis, and draft Analysis of Impediments to Fair Housing Choice in Montana (AI) of the Draft 2015-2020 Montana Consolidated Plan for Housing and Community Development, including:

- Rental unit owners or managers refusing to rent to prospective tenants based on their status in a protected class, particularly disability, race, and familial status;
- Negative patterns of lending and investment, particularly with respect to denial of loans and predatory loan terms for American Indian residents, Hispanic residents, and women;
- Lack of knowledge or understanding regarding fair housing laws or housing opportunities;
- Inadequate access to public transportation;
- Insufficient monitoring, oversight, or enforcement of fair housing laws; and
- Lack of local capacity to plan, obtain funding for, administer, and complete affordable housing projects.

Due in part to its rural nature, Montana's non-entitlement communities tend to have limited regulatory barriers to the development of new housing. Instead, barriers to affordable housing in Montana are generally a result of a lack of training, education, and outreach on fair housing rights.

Action 1: The State of Montana will engage partnerships that support and enhance outreach to and education of landlords and property management companies about fair housing rights.

Action 2: The State of Montana will support efforts to conduct audit tests on rental units.

Action 3: The State of Montana will ensure fair housing training is provided at the annual Montana Housing Conference and other local, regional, and statewide conference and education events, and will broadcast such meetings statewide using internet/online, digital, and phone capabilities.

Action 4: The State of Montana will help distribute fair housing informational flyers or brochures to grantees, applicants, and the general public.

Action 5: The State of Montana will create partnerships that enhance outreach and education for American Indian homebuyers through educational forums, credit counseling, and home purchase training.

Action 6: The State of Montana will continue to engage with the network of local fair housing organizations in Montana, and will encourage creation of inclusion of an additional fair housing participant specific to the American Indian population.

Action 7: The State of Montana will consider the extent to which a project addresses an identified barrier to affordable housing in its competitive review and ranking of applications for CDBG, HOME, and HTF grant awards.

Action 8: The State of Montana will provide outreach to and train prospective grantees and units of local government on affirmatively furthering fair housing.

Action 9: The State of Montana will sponsor or co-sponsor events during Fair Housing Month and throughout the year and work to increase awareness of fair housing rights.

Action 10: The State of Montana will help create model “best practice” fair housing practices for distribution to grantees and units of local government.

Through the above identified actions during Plan Year Two, the State of Montana will continue to address barriers to affordable housing. The State of Montana is committed to addressing these barriers throughout the implementation of the 2015-2020 Consolidated Plan and through the recently formed steering committee working on addressing goals and objectives identified in the 2015-2020 Analysis of Impediments.

Commerce has established ongoing meeting process with large public participation to discuss the gaps and steps to accomplish the goals identified in the Analysis of Impediments that informs the Affirmative Fair Housing Plan. Additional work will continue to achieve these goals and objectives.

**AP-85 Other Actions:** § 91.320(j) – *The State will revise this screen to describe how HTF will help with any actions the State will take during the next year to carry out the following strategies outlined in the consolidated plan:*

- *Foster and maintain affordable housing;*
- *Evaluate and reduce lead-based paint hazards;*
- *Reduce the number of poverty-level families;*
- *Develop institutional structure; and*
- *Enhance coordination.*

*In addition, the State will identify obstacles to meeting under-served needs and propose actions to overcome those obstacles using HTF funds, where applicable.*

All of the activities which will be funded under the State of Montana’s HTF Program will address obstacles to meeting under-served needs. The State will fund applications responding to identified needs as they arise from local self-evaluation and citizen participation. In addition, the State of Montana continually provides technical assistance and planning resources to help

communities engage in comprehensive planning, downtown master planning, business development planning, market studies, preliminary architectural reports, asset management, needs analysis, preliminary engineering reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment.

The State of Montana has identified preserving and constructing affordable housing as one of its high priority needs. As set forth in the Consolidated Plan, actions planned to foster and maintain affordable housing include developing additional rental housing; and other housing activities. These actions will be funded through the HTF, as set forth above.

The State of Montana will continue to diligently support acquisition and rehabilitation activities in order to ensure that households, particularly those with children, benefitting from federal housing programs are safe from lead-based paint (LBP) hazards and comply with current requirements of Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992. Both Commerce and DPHHS provide education and information on LBP hazards to parents, families, healthcare providers, grant recipients, and contractors. Commerce requires that any contractor or subcontractor engaged in renovation, repair and paint activities that disturb lead-based paint in homes, child and care facilities built before 1978 must be certified and follow specific work practices to prevent lead contamination. In addition to complying with Title X, UPCS inspections will be performed at HTF-assisted rental properties throughout the state.

The Community Development and Housing Divisions added HUD's on-line Lead-Based Paint Visual Assessment Training to its employee on-boarding process to ensure that all staff involved in the funding of housing projects through the Department of Commerce are trained in identifying deteriorated paint and increased risk of the presence of LBP hazards.

The State of Montana, in coordination with non-profit organizations and the private sector, can influence the chances of helping individuals and families in poverty by supporting local and regional efforts to improve family and individual incomes. All of the strategies and priorities identified in the 2015-2020 Consolidated Plan and this 2016-2017 Annual Action Plan target the improvement of economic conditions of Montanans of lower income, from the rehabilitation and construction of affordable housing, homebuyer assistance, and temporary shelter services to investment in compact, walkable development where efficiencies of public infrastructure, community services, and employment center encourage health, vital, and resilient communities through the use of HTF funds.

Gaps in the institutional delivery system exist primarily due to funding limitations that are outside the control of the State of Montana. HTF resources are not adequate to meet the needs of Montanans of low-moderate income or less particularly the homeless, disabled, elderly, and other disadvantaged populations. However, the ability to effectively relay information regarding existing grant opportunities and technical assistance from the State of Montana for eligible entities continues to be one of the State's greatest challenges. There are areas of opportunity for increased collaboration vertically and horizontally across and between agencies, organizations, and the private sector to ensure that services are delivered to the greatest number of eligible entities and individuals in the state. During Plan Year Two, the State will actively engage across state agencies and with the public and private sectors in broad discussions and educational opportunities regarding the economic, social, environmental, and health benefits of opportunity-rich communities with walkability, resilience, and increased access to affordable housing, community services, existing public infrastructure, transportation, and jobs.

The State of Montana, using the HTF program, will continue to coordinate with public and private partners to discuss current projects and methods to coordinate efforts throughout the State.

To further the goals and objectives of the HTF program, the Anti-displacement and Relocation Assistance Plan is included with the 2016-2017 Annual Action Plan.

***HTF Funding Priorities-§ 91.320(k)(5)(i)***

*The State is responsible for distributing HTF funds throughout its jurisdiction according to its housing priority needs. The State will revise the **AP-30 Method of Distribution** screen in IDIS. Distribution is described below.*

1. *The State will not distribute HTF funds through grants to subgrantees.*
2. *The State will distribute HTF funds by selecting applications submitted by eligible recipients. The eligibility requirements for applicants as defined in § 93.2- definition of recipient are below:*

Eligible Recipients are organizations, agencies, or other entities (including public housing agencies, for-profit entities, or nonprofit entities) that receive HTF assistance from the State as an owner or developer to carry out an HTF-assisted project.

To be eligible for HTF assistance, a recipient must:

- (1) Make acceptable assurances to the State that it will comply with the requirements of the HTF program during the entire period that from the time the State selects the recipient to receive HTF funds until the conclusion of all HTF-funded activities;
  - (2) Demonstrate its ability and financial capacity to undertake the eligible activity, comply with HTF regulations and State requirements, and manage the eligible activity;
  - (3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
  - (4) Have demonstrated experience and capacity to carry out an eligible HTF activity as evidenced by its ability to own, construct/rehabilitate, manage, and/or operate an affordable multifamily rental housing development.
3. *The State will distribute HTF funds by selecting application submitted by eligible recipients. At a minimum, as required in § 91.320(k)(5)(i), the selection criteria will include:*
    - *Priority based upon geographic diversity*
    - *Applicant’s ability to obligate HTF funds*
    - *Applicant’s ability to undertake eligible activities in a timely manner*
    - *For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low- income families*
    - *For rental housing, the duration of the units’ affordability period*
    - *The merits of the application in meeting the State’s priority housing needs*
    - *The extent to which application makes use of non-federal funding sources*

## **Recipient Application Process and Requirements**

Montana will distribute HTF funds at the conclusion of a two-phased application process.

### **Phase One**

Applicants will enter Phase One by submitting a Letter of Intent (LOI) to Apply. This LOI includes

- brief project details,
- a projected budget outline,
- an acknowledgement of HTF design requirements,
- an indication of design options that are likely to be undertaken,
- four brief project narratives, and
- a certification by the Applicant to comply with HTF rules and regulations.

If a Phase One LOI is satisfactorily completed, the prospective applicant will receive an invitation to progress to Phase Two. Essentially, Phase One challenges the prospective applicant to clarify whether HTF funding for the project proposal is suitable and appropriate. Applicants whose LOIs are not satisfactorily completed may receive technical assistance to either sharpen the focus of the proposal or to find a more appropriate funding source, if possible.

### **Phase Two**

Phase Two begins with the receipt of an application on deadline, followed by the review of applications submitted by eligible recipients. One hundred percent (100%) of the HTF funds awarded will benefit extremely-low income households and all funds designated for activities must be used to support rental housing.

## **HTF Scoring Criteria**

Commerce will carefully consider each criterion. Each is weighted individually and carries emphasis from the overall goals and objectives of the HTF Program. In general, the descriptors below will assist the Review Team in the process of scoring application narratives, in an effort to reduce subjectivity:

### **POOR**

The application presents serious weaknesses in the narrative responses to the criterion, issues, and lack critical supporting documentation, or fails to adequately document compliance with one or more of the general, threshold HTF requirements or a critical special requirement for the category applied for. The Applicant's response to the criterion (or the Applicant's actions or situation relative to the criterion) is considered very weak, seriously inadequate, or inconsistent with the intent of the criterion. The application either did not address or did not provide sufficient information regarding several critical issues.

### **FAIR**

The applicant provides some narration addressing the overall criterion, issues, and minimum requirements, but may have provided weak or inadequate responses and/or documentation to clearly or completely support its claims or compliance with a requirement. The Applicant's response to the criterion (or the Applicant's actions or situation relative to the criterion) is considered below average, inadequate, or not entirely consistent with the intent of the criterion. The application has not met all the minimum requirements for responding to the criterion or has not complied with all the special requirements that are pertinent to the criterion. The application may not have been complete or did not consider or adequately address some issues that are considered to be important.

## **GOOD**

The applicant provides an adequate narrative addressing the overall criterion, applicable issues, and minimum requirements, with acceptable documentation to support its claims. The Applicant's response to the criterion (or the Applicant's actions or situation relative to the criterion) is considered average, adequate, or to be generally consistent with the intent of the criterion. The application meets the minimum requirements for responding to the criterion and has documented compliance with the special requirements that are pertinent to the criterion; however, the application may not have adequately considered some issues that may be potentially important.

## **EXCELLENT**

The applicant provides a solid narration addressing the overall criterion, applicable issues, and minimum requirements, with strong documentation to support its claims. The Applicant's response to the criterion (or the Applicant's actions or situation relative to the criterion) is considered above average, very thorough, or to be very consistent with the intent of the criterion.

### **Criterion A. Alignment with Consolidated Plan and HTF Program Goals (31 points possible)**

Commerce will consider the extent to which an applicant demonstrates that the project aligns with and will contribute to the achievement of the twenty-two objectives of the HTF Program, as well as the goals of the HTF program. Prospective applicants will

- provide a single, global narrative addressing the relationship of the project to HTF goals, and
- indicate, by checkmark, as many of the objectives as the project is proposed to achieve, if constructed and put into service. Scores for Criterion A accumulate as noted following each objective, below.

#### HTF Goals and Objectives

- I. Support existing Montana communities (6 points, total):
  - f. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources (1 point);
  - g. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment (2 points);
  - h. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban(1 point);
  - i. Encourage the rehabilitation of existing rental homes, particularly for the homeless, disabled, elderly, and other disadvantaged populations (2 points);
  - j. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for the homeless, disabled, elderly, and other disadvantaged populations (1 point).
  
- II. Invest in vital public infrastructure (3 points, total):
  - d. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans (1 point);
  - e. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment (1 point); and

- f. Provide funding opportunities to serve eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations, with safe, efficient public infrastructure (1 point).

III. Enhance Montana's economic competitiveness (6 points, total):

- g. Provide an opportunity rich community, with reliable access to employment centers, education, transportation, youth employment, and school partnerships, as well as expanded access to fresh and healthy food markets (1 point);
- h. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities (1 point);
- i. Support job training opportunities to extremely low-income Montanans to strengthen communities within the State (1 point);
- j. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services (1 point);
- k. Encourage housing and mixed-use development that contributes to broader revitalization efforts in Montana communities (1 point); and
- l. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single HTF investment (1 point).

IV. Promote equitable, affordable housing in Montana (10 points, total)

- f. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation (2 points);
- g. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target (2 points);
- h. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives (2 points);
- i. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans in support of the efficient construction or rehabilitation of affordable housing (2 points);
- j. Encourage financial mechanisms that provide rental assistance to eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations (2 points);

V. Reduce homelessness in Montana (6 points total):

- d. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness (2 points);
- e. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing (2 points); and
- f. Partnering with community resource agencies to implement the 'Housing First' model and to transition temporarily homeless Montanans with alcohol or drug

dependency or mental illness from non-rental shelter facilities to affordable housing with nearby access to appropriate supportive services, with the goal of achieving stability in housing (2 points).

**Criterion B. Extent to which Proposal Assists Disadvantaged Populations (21 points possible)**

Commerce will consider the extent to which the applicant will produce affordable housing to complement existing federal, state and local efforts to increase the supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families, particularly the homeless, disabled, elderly, and other disadvantaged populations, as follows. While HTF will establish no preference for the type of funds, applicants with committed matched funds of at least 25% of the total project budget will receive one additional point toward their total score.

(0 points) The project, as proposed, neither demonstrates nor documents the need for the increase in the local supply of decent, safe, and sanitary affordable housing for extremely low-income (ELI) families;

(1-10 points) The project, as proposed, clearly demonstrates and documents the need for the increase in the local supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families;

(10-20 points) The project, as proposed, clearly demonstrates and documents the need for the increase in the local supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families and focuses particularly on the needs of homeless, disabled, elderly, and other disadvantaged populations.

(1 Point) for committed matched (non-HTF) funds of at least 25% of the total project budget.

**Criterion C. Construction Preparation: Finance/Readiness to Proceed, Community Support, Capacity, Technical Feasibility, and Environmental Considerations (23 points possible)**

All projects, as proposed, must be eligible in nature upon submission of Phase II, that is, they must be compliant with the Montana Environmental Protection Act and HTF environmental regulations at § 93.301(f). All projects proposing new construction and substantial or 'gut' rehabilitation must submit a Preliminary Architectural Report (PAR – See Appendix F) that meets the minimum standards of Commerce's PAR Outline (Appendix F). If a project must be evaluated from an engineering perspective, Commerce's Preliminary Engineering Report Outline is available upon request. All projects proposing moderate rehabilitation must submit a Capital Needs Assessment (CNA) that meets the minimum standards of Commerce's CNA Outline (Appendix H). All such documents must be prepared by a construction professional, such as a licensed architect or professional engineer and will be reviewed by Commerce's own licensed professionals during application. Final design is likely to be completed only after award, and, at that time, those plans and specifications must be submitted to Commerce for review of compliance and completeness prior to bid advertisement. Please note that HTF funds may not be used for rental subsidy.

**C-1.** Commerce will consider the extent to which each application includes other funding sources and/or concessions (such as a negotiated reduction in loan interest or other financial mechanism to increase project feasibility), as follows:

(0-1 points) Other eligible funding sources or concessions are proposed in the HTF application;



(2 points) Other eligible funding sources or concession requests have been submitted to a funding agency and are under consideration at the time the HTF Phase Two application is submitted.

(3 points) All other eligible funding sources or concessions are documented as firmly committed.

**C-2.** Commerce will consider the extent to which proposals demonstrate fiscal ‘readiness to proceed’. All HTF units in rental housing projects must remain affordable as HTF units for a minimum of 30 years, as follows:

(0 points) Proposals which do not demonstrate cash flow throughout the 30-year period of affordability.

(1-4 points) Proposals for which underwriting demonstrates a supported project cash flow throughout the HTF 30-year period of affordability, in part due to a request for HTF Operating Assistance and/or for which the pro forma includes the documented availability of federal, state, or local project-based rental subsidy.

(5-8 points) Proposals for which underwriting demonstrates a supported cash flow beyond the HTF 30-year period of affordability, in part due to a request for HTF Operating Assistance and/or for which the pro forma includes the documented availability of federal, state, or local project-based rental subsidy, and for which the owner documents that affordability will continue for extremely low-income households during any additional period (beyond the HTF 30-year period of affordability), as required by other funding sources.

**C-3.** Commerce will consider the extent to which proposals demonstrate and document *organizational capacity* to coordinate and fulfill programmatic requirements *during the construction phase*, as follows:

(0 points) Proposals which lack sufficient documentation of organizational capacity, experience, and the availability of qualified professionals to oversee and administer the construction phase of the project.

(1-2 points) Proposals which include acceptable documentation of organizational capacity, experience, and the availability of qualified professionals to successfully

- oversee, and
- administer, and
- develop and/or rehabilitate

rental housing during the construction phase of the project, with one or two federal funding sources. Specifically, the experience should be in meeting the requirements of other federal funding sources adequately.

(3 points) Proposals which include sufficient documentation of organizational capacity, experience, and the availability of qualified professionals to successfully

- oversee, and
- administer, and
- develop and/or rehabilitate

rental housing during the construction phase of the project, with three or more federal funding sources. Specifically, the experience should be in meeting the requirements of other federal funding sources expertly.

**C-4.** Commerce will consider the technical feasibility and appropriateness of the proposed project in light of the Applicant’s identified need;

(0 points) Proposals for which the Preliminary Architectural Report (PAR) submitted does not fully comply with the minimum standards of Commerce’s PAR Outline (See Appendix F) or with the CNA Outline (See Appendix G), as appropriate.

(1-2 points) Proposals for which the Preliminary Architectural Report (PAR) or Capital Needs Assessment (CNA) submitted complies with the minimum standards of either Commerce’s PAR Outline (See Appendix F) or CNA Outline (see Appendix G), as appropriate. The PAR/CNA is considered to be average, adequate, or to be generally consistent with the intent of the PAR/CNA Outline. The PAR/CNA meets the minimum requirements and has documented compliance with any pertinent special requirements; however, the PAR may not have adequately considered some issues that may be potentially important. Project alternatives are examined (PAR only). Cost estimates are included.

(3 points) Proposals for which the Preliminary Architectural Report (PAR) or Capital Needs Assessment (CNA) submitted complies with the minimum standards of Commerce’s PAR Outline (See Appendices F and G). The PAR/CNA includes solid narration addressing the overall criterion, applicable issues, and minimum requirements, with strong documentation to support its claims. The PAR/CNA is considered above average, very thorough, or to be very consistent with the intent of the criterion. Project alternatives are examined (PAR only). Cost estimates are included. The preferred alternative (PAR only) and cost estimates are well-justified.

**C-5** Commerce will consider the applicant’s experience in meeting *timely obligation of funds* and experience *completing affordable housing construction activities in a timely manner*, in coordination with other federally-sourced funds.

(0 points) Proposals without documented experience in meeting timely obligation of funds or for completing activities in a timely manner.

(1-2 points) Proposals with one or two examples of documented experience in meeting timely obligation of funds and for completing activities in a timely manner.

(3-4 points) Proposals with three or more examples of documented experience in meeting timely obligation of funds and for completing activities in a timely manner.

**C-6.** Commerce will consider the extent to which proposals include documentation of community support and consistency with the community’s comprehensive planning efforts and public participation, as follows:

(1 point) Proposals which include at least one letter of support from each of three categories:

- potential project beneficiaries,
- local government officials from the community in which the project is to be located, and
- a member of the general public with no direct connection to the project.

(1 point) Proposals that include narrative and documentation of efforts to reach and involve the public in information, planning, design, and decision-making.

**An Example:  
Montana's HTF  
Application Process**

*In the first Housing Trust Fund opportunity for applicants across Montana, Commerce receives Phase One Letters of Intent to Apply from both Fergus County and Lincoln County. The projects are similar and the narratives contained within the LOI indicate that the both projects are worthy of closer examination for potential funding. Both counties are invited to submit Phase Two Applications, which are received, complete and timely. Both projects propose new construction of ten units, have a good mix of funding sources, have qualified and experienced capacity for the construction and operation of such a project. Both have procured a professional architect. The PARs submitted are of medium to high quality and the projects appear technically feasible. Both projects have community support and qualified personnel and are essentially "shovel ready". Fergus County's final score is 36. Lincoln County's final score is 34. Both projects qualify for funding. The Commerce Review Team refers to the Targeted Priority List in Appendix C. Priority for Fergus County is low; Lincoln County is high. Qualified projects are funded, based on priority as funds are available. Lincoln County would receive an HTF award before funds would be awarded to Fergus County. Projects with the same priority score will be funded according to the higher score from A-D.*

**Criterion D. Long-Term Financial Feasibility, Project Operation and Management (12 points possible)**

Commerce will consider the applicant's past experience owning, managing, and operating a publicly-assisted property in compliance with 'period-of-affordability' obligations and requirements. Scores may be averaged if years of experience overlap in separate scoring divisions; for instance, one staff member has three years' experience, and another has twelve. The average is eight, so the score would fall into the 7-12 point category.

(0 Points) Proposals which do not include acceptable documentation of either organizational or procured capacity and experience of professionals to successfully manage, operate, and meet regulatory period-of-affordability requirements of rental housing.

(1-6 Points) Proposals which include acceptable documentation of either organizational or procured capacity and experience of professionals to successfully manage, operate, and meet regulatory period-of-affordability requirements of rental housing of at least five concurrent years, that is, each staff member with a given task assignment has at least five years' successful experience at that assignment. Resumes are provided.

(7-12 Points) Proposals which include acceptable documentation of either organizational or procured capacity and experience of professionals to successfully manage, operate, and meet regulatory period-of-affordability requirements of rental housing of at least ten concurrent years, that is, each staff member with a given task assignments has at least ten years' successful experience at that assignment. Resumes, monitoring letters, and other documentation representing past experience are provided.

The maximum score any project application may achieve to qualify for HTF funding is 87 points, based on the above four criteria. Applicants must at least score a minimum of 50 points to first qualify and then progress to geographic prioritizing (see below: Target Geographical Data Points). Commerce will rank the qualified projects using the priorities outlined below in 'E'. Projects with scores below 50 points may not qualify or progress, but will receive technical assistance to improve their scores for future funding rounds, where appropriate.

**E. Targeted Geographical Data Points (30 points possible)**

The final criterion considers Geographic Diversity (IDIS Con Plan and Action Plan SP-10). All projects that have qualified by scoring at least 50 points (per A-D, above) will be prioritized for funding (to the extent that funding is available), as follows:

The State will prioritize applications for all qualified projects. Projects located in counties with higher total score will receive low, medium, or high funding priority. Priority is calculated using the following metrics compiled by the Montana Department of Commerce, using 2010-2014 American Community Survey data (see Appendix C for specific county-by-county data):

- a. Percentage of families in poverty (5 points);
- b. Available and affordable housing units (5 points);
- c. Rental housing cost burden (5 points);
- d. Transportation plus housing cost burden (5 points);
- e. Substandard housing conditions (5 points); and
- f. Percentage of total population experiencing homelessness. (5 points).

The Director of Commerce will make the final decision on grant awards and funding.

See ‘An Example’ in the sidebar on the prior page, and ‘Montana’s HTF Priority Scoring’, in the sidebar to the right.

**Recipient Application Requirements- § 91.320(k)(5)(ii)**

1. Will the State require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200- Eligible activities?

Yes

2. Will the State require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements?

Yes

Please see attached certification for application (See Appendix D).

**Performance Goals and Benchmarks- § 91.320(k)(5)(iii)**

The plan will include performance goals and benchmarks against which the State will measure its progress, consistent with the State’s goals established at § 91.315(b)(2). To comply with this requirement, the State will include HTF housing goals in the housing table on the **SP-45 Goals and AP-20 Annual Goals and Objectives** screens in the eCon Planning Suite consolidated plan template in IDIS.

**VI. OTHER REQUIREMENTS**

**Maximum Per-unit Development Subsidy Amount- § 91.320(k)(5) and § 93.300(a)**

The State will **not** establish its own maximum limitations on the total amount of HTF funds that can be invested per-unit for development of non-luxury housing. The State has adopted limits used in another federal program, specifically HOME, and is submitting them with this HTF allocation plan. Please see the State’s description of how existing limits developed for another program are being adopted for HTF to meet the HTF requirements.

**Example Two:  
Montana’s HTF Priority  
Scoring**

*Commerce thoughtfully approached the task of considering geographic diversity and the prioritization of HTF funds for communities with greatest need. Montana is neatly divided into 56 counties. Commerce looked at independent and objective data available from HUD, the U.S. Census, and Montana’s own Census and Economic Information Center (CEIC). The data selected had two simple requirements: they must apply to each and every county, and they must define relevant problems with which the HTF Program could assist by funding solutions. The five categories are listed on the prior page. The only data that was not county-specific was the percentage of total population experiencing homelessness. Montana’s counties are grouped into 12 regions, each represented by a Human Resource Development Council (HRDC). These councils work with Montana’s Continuum of Care program to conduct an annual Point in Time count of homelessness and counties in each region received the homelessness score for that region. Any score that was above average was marked as priority and given a score of 5. If a county’s accumulated score, considering all categories, was five or less, it was categorized as low priority; ten to fifteen was categorized as medium priority, and an accumulated score of 20 or greater was categorized as high priority.*

Indicate below what maximum per-unit development subsidy limits the State will use for its FY 2016 HTF program.

The State adopted limits used in other federal programs, and the limits are:

Montana’s Maximum Per-Unit Subsidy is the same as for the HOME program (24 CFR 93.300(a)), and is calculated using the Uniform Application Form for Montana Housing Programs, available on the Commerce website: (also, see the chart below). By using the HOME subsidy limits, Montana applicants will be better able to apply HTF subsidy limits to projects across the state. Housing organizations across the state are accustomed to the use of the HOME subsidy limits and how to leverage other sources into their projects. Additionally, these subsidy limits accurately reflect the market conditions and housing construction costs do not vary significantly across the state. These subsidy limits have historically served all areas of Montana well in the HOME program, and are expected to work similarly in the HTF program.

Montana	0 bedrooms	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Cost per Unit	\$140,107	\$160,615	\$195,304	\$252,662	\$277,344

**Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)**

As the State intends to use its HTF funds for housing being rehabilitated, it has established rehabilitation standards that all HTF-assisted housing undergoing rehabilitation will meet at the time of project completion in accordance with §93.301(b). The standards provide details on what work is required, how that work should be performed and what materials should be used. The State’s standards refer to applicable codes and establish requirements that exceed the minimum requirements of the codes. At a minimum, the rehabilitation standards address:

- Health and safety;
- Major systems;
- Lead-Based Paint;
- Accessibility;
- Disaster Mitigation;
- State and local Codes, Ordinances, and Zoning Requirements; and
- Inspectable Areas and Observable Deficiencies from HUD’s Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing.

The State plans to use HTF funds for the rehabilitation of housing and has attached its rehabilitation standards (below).

Eligible HTF projects must adhere to minimum standards for buildings constructed under HUD housing program, found at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg/4910.1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4910.1) , as well as Montana’s Rehabilitation Standards (See Appendix E). The standards refer to applicable codes and in some circumstances establish requirements that exceed the minimum requirements of codes. In specifying materials and methods, the owner and its consulting architect/engineer will consider all materials and methods normally suitable for the project commensurate with sound architecture and engineering practices and project requirements. In addition, methods and materials are specified in some of the incorporated applicable codes, including International Building Code (IBC). The rehabilitation standards address the following categories: health and safety; major systems; lead-based paint; accessibility; disaster mitigation; State and local codes, ordinances, and zoning requirements; and inspectable areas and observable deficiencies from HUD’s Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing. Applicants must be able to demonstrate

compliance with these standards. If any particular element of the project does not meet the standards, applicants must bring this to the attention of Commerce staff.

State and Local Codes, Ordinances, and Zoning Requirements: Eligible Projects must meet all applicable state and local codes, ordinances, and requirements. In the absence of state or local building codes, the housing must meet the most recently adopted edition of the International Building Code of the International Code Council.

Lead Paint Hazards: Eligible Projects must mitigate lead hazards in accordance with the applicable provisions of 24 CFR Part 35, as further detailed in Montana’s Rehabilitation Standards (Appendix E).

Accessibility:

Eligible Projects proposed for new construction must provide accessibility in accordance with the applicable provisions of 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36. Eligible Projects that are “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205 and the required inclusion of:

- i. A smoke-free housing policy;
- ii. Broadband internet connectivity, that includes but is not limited to, cable, fiber optics, wiring and, other components to provide access; and
- iii. Minimum visitability features, including one zero-step entrance, one first-floor wheelchair-accessible bathroom, and first-floor doorways of 35 inches width or more.

Eligible Projects proposed for rehabilitation, requirements include all rehabilitation standards as set forth 24 C.F.R. § 93.301(b), and the *optional and encouraged* inclusion of:

- i. A smoke-free housing policy;
- ii. Broadband internet connectivity, that includes but is not limited to, cable, fiber optics, wiring and, other components to provide access; and
- iii. Minimum visitability features, including one zero-step entrance, one first-floor wheelchair-accessible bathroom, and first-floor doorways of 35 inches width or more.

Disaster Mitigation: Where relevant, plans for both construction and rehabilitation will design so as to mitigate the potential impact of potential disasters (i.e. earthquakes, hurricanes, floods and wildfires) in accordance with state or local codes, ordinances and requirements, or such other requirements that HUD may establish.

Capital Needs Assessment: A Capital Needs Assessment (CNA) must be submitted with an application package involving rehabilitation. The CNA must be completed by a competent, independent third party, such as a licensed architect or engineer, including information about past repairs and improvements, pending repairs and existing or chronic physical deficiencies. The assessment will include a site visit and a physical inspection of the interior and exterior of all units and structures. The assessment must determine the work to be performed and identify the long-term physical needs of the project. For example, if a proposed project is likely to address roofing deficiencies, there should be at least a generalized assessment of other building systems (i.e. mechanical, electrical, structural, etc.). The level of detail will vary with each project and should be commensurate with the deficiencies noted. The purpose of assessing the entire facility is to ensure that problems are appropriately prioritized, or that repairs to one building component won’t be adversely affected by future repairs to another building component.

The assessment must address Health and Safety issues identifying life-threatening deficiencies (which must be corrected immediately) and must address major systems including structural support, roofing; cladding and weatherproofing (i.e. windows, doors, siding, and gutters); plumbing; electrical; and heating, ventilation and air conditioning. The assessment must provide an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system. The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project.

The assessment must consider the presence of environmental hazards such as asbestos, lead paint and mold on the site. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify major building systems or components that have reached or exceeded their expected useful lives. If the remaining useful life of any component is less than fifty percent (50%) of the expected useful life, rehabilitation will be required unless capitalized. If the remaining useful life of a component is less than the term of the HTF loan, the application package must provide for a practical way to finance the future replacement of the component.

The assessment will examine and analyze the following:

1) The site, including

- topography,
- drainage and soil suitability,
- pavement,
- curbing,
- sidewalks,
- parking,
- landscaping,
- amenities,
- water,
- sewer,
- storm drainage and
- gas and electric utilities and lines;

2) Structural systems, both substructure and superstructure including

- exterior walls and balconies,
- exterior doors and windows,
- roofing system and drainage; and
- interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint).

***Resale and/or Recapture Provisions- § 91.320(k)(5)(v) and § 93.304(f)***

*Indicate below if the State intends to use HTF funds for first-time homebuyers.*

*The State will **not** use HTF funds to assist first-time homebuyers.*

***HTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305***

*Indicate below if the State will use HTF funds for homeownership housing and what affordable homeownership limits it will use.*

*The State will **not** use HTF funds for homeownership housing.*

**State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)**

Indicate below if the State will limit beneficiaries or give preferences to a particular segment of the extremely low-income population.

- The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population. The groups listed have also been identified in the action plan (below, from AP-25).

Montana will use CDBG, HTF, and HOME funding for preserving and constructing affordable housing that increases mobility and lowers the combined cost of housing and transportation, advancing solar and other on-site renewable energy installations aligned with the Federal Renewable Energy Target, building social and economic resiliency to severe events, and increasing homeownership and rental opportunities for extremely low-income Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations. Montana has developed a scoring matrix to target priority counties (see Appendix C).

**Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)**

Indicate below if the State will permit the refinancing of existing debt.

- The State will **not** permit the refinancing of existing debt.

**VII GRANTEE CERTIFICATIONS**

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*In addition to submitting an HTF allocation plan, the State will submit all the required certifications identified at § 91.225 (for new action plans). The State is amending the action plan to include HTF; therefore, it will resubmit the following certification to include HTF:*

- Consistency with plan- The jurisdiction will submit a certification that the housing activities to be undertaken with CDBG, HOME, HTF, ESG, and HOPWA funds are consistent with the strategic plan.*

**VIII REQUIRED FORMS**

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*In addition to submitting an HTF allocation plan, the State will submit and/or complete the following standard forms for its HTF program.*

- Standard form- 424: [Application for Federal Assistance](#) (§91.320(a))
- Standard form- 1199 A : [Direct Deposit Sign up Form](#)

These documents have already been submitted and are on file in the Denver field office.



# **2016 Housing Trust Fund Allocation Plan (HTF) Appendices**

**Appendix A:** Citizen Participation Plan

**Appendix B:** Summary of Public Comments

**Appendix C:** Montana's Targeted Priority Counties

**Appendix D:** Certification for Application

**Appendix E:** Montana's Housing Rehabilitation and Property Standards

**Appendix F:** Preliminary Architectural Report (PAR) Outline

**Appendix G:** Capital Needs Assessment (CNA) Outline

**APPENDIX  
A: CITIZEN PARTICIPATION PLAN**

**STATE of MONTANA  
HOUSING TRUST FUND**

# **Montana Citizen Participation Plan 2015 – 2019 Consolidated Plan**



## ***Introduction***

In 1994, the U.S. Department of Housing and Urban Development issued new rules consolidating the planning, application, reporting, and citizen participation processes of three formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Housing Trust Fund (HTF) and Emergency Shelter Grants (ESG). The new single-planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities.

Provision of decent housing may involve assisting homeless persons in obtaining appropriate housing, retaining and improving the affordable housing stock, increasing the availability of permanent or transitional affordable housing for low-income households without discrimination or increasing supportive housing to assist persons with special needs. Providing a suitable living environment might entail improving the safety and livability of neighborhoods, including the provision of adequate public or community facilities; de-concentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources by promoting planning and thoughtful design. Expanding economic opportunities can involve creation of accessible jobs, providing access to resources for community development, assisting low-income persons in achieving self-sufficiency, and fostering a competitive workforce.

The Consolidated Plan is actually a three-part planning process required by HUD. The Consolidated Plan is comprised of a five-year strategic plan, annual action plans (including annual allocation plans for the HTF program), and annual performance reports; these documents construct the framework whereby Montana can identify its housing, homeless, community, and economic development needs. This process helps identify resources that will be employed and actions to be taken that will address the needs, as well as review and evaluate the State's progress toward achieving its strategic goals. Completing these documents on time and in a manner that is acceptable to HUD ensures program funding.

The Consolidated Plan process begins with the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Montana, particularly persons of low and moderate income, persons living in slum and blight areas, units of local government, housing agencies and other interested parties, are provided the opportunity to participate in the planning and preparation of the Consolidated Plan, including amendments to the 5-Year Strategic Plan, Annual Action Plans and the Annual Performance Reports. In doing so, the CPP sets forth general policies and procedures for implementing and carrying out the Consolidated Plan process, such as how the Consolidated Plan documents will be developed, dates and milestones along which the process will proceed, and methods for citizens to offer the State assistance and guidance in the formulation of the Plan. Furthermore, the provisions of the CPP fulfill statutory and regulatory requirements for citizen participation specified in the U.S. Department of Housing and Urban Development's rules for the Consolidated Plan, the HOME, CDBG, HTF and ESG programs. In Montana, the participation process will be developed and monitored by a Consolidated Plan Coordinating Committee consisting of representatives from the Montana Department of Commerce (Commerce) and the Montana Department of Public Health and Human Services (MDPHHS)

## ***Purpose of the Citizen Participation Plan***

In order to ensure maximum participation in the Consolidated Plan process among all populations and

needs groups, and in order to ensure that their issues and concerns are adequately addressed, the State of Montana followed the standards set forth in this Citizen Participation Plan during development of Consolidated Plan documents including: 5-Year Consolidated Plan, Annual Action Plans, Housing Trust Fund Allocation Plans prepared during the five year period and Consolidated Annual Performance, Evaluation Report (CAPER) documenting the State's performance during the five year period of the Consolidated Plan, and the Citizen Participation Plan.

The Citizen Participation Plan also provides citizens an opportunity to evaluate and comment on the State's Consolidated Plan documents, including this Citizen Participation Plan. Alternative formats of the Consolidated Plan documents are available upon request.

Citizens are invited to provide comments on all documents required under the Consolidated Plan electronically at [DOCCP@mt.gov](mailto:DOCCP@mt.gov) or by mail to the Community Development Division in the Montana Department of Commerce <http://comdev.mt.gov>.

### ***Relevant Areas***

The term "entitlement areas" refers to cities and counties that qualify to receive one or more formula grants. Entitlement areas must each complete a Consolidated Plan separate from the State's in order to receive funding. Montana's entitlement cities are Billings, Great Falls, and Missoula. Individuals wishing to contribute to the Consolidated Planning process in non-entitlement areas should contact housing and community development specialists in these cities.

For purposes of this Citizen Participation Plan, the phrase "non-entitlement areas" refers to cities and towns that neither file Consolidated Plans individually nor as part of a consortium and are not eligible to receive formula funding from HUD directly.

### **Encouraging Citizen Involvement**

#### ***Public Notice and Outreach***

An informed citizenry is critical to effective and responsive housing and community development programs. Efforts to educate residents and empower participation are an ongoing element of the Consolidated Planning process.

The CPP is the fundamental means of notifying interested citizens about the Consolidated Plan and related activities, such as the Annual Action Plan, Housing Trust Fund Allocation Plan, or the Consolidated Annual Performance and Evaluation Report. The State utilized display advertisement notices in newspapers of general circulation and through Commerce or MDPHHS websites and list serves. All notices are published at least 10 days prior to public hearings. All notices are written in plain, simple language and direct efforts are taken to publish and/or post information at locations that would elicit maximum low- and moderate-income and minority participation.

Public education and outreach are facilitated through the use of public advertisements that describe the Consolidated Planning process, opportunities for citizen participation and available funding through the CDBG, ESG, HTF and HOME programs. The State's Consolidated Plan mailing list includes social service organizations, local jurisdictions, low-income housing consumers, neighborhood groups, previous participants and commentators, businesses, developers, and other interested parties.

The Consolidated Plan offers many other opportunities for citizen participation. The State use surveys, general feedback or listening meetings for specific programs, and other means to solicit input in the development of the consolidated plan documents. The State particularly encourages participation of

persons with special needs and/or persons who are often underrepresented in public process (low-income, persons of color, non-English speaking persons, persons with disabilities, persons who are homeless). The State also encourages the participation of statewide and regional institutions and organizations that are involved or affected by the formula grants in the process of developing and implementing the Consolidated Plan. Participation is solicited and encouraged.

### ***Public Hearings and Input Meetings***

Two public input meetings are held before the publication of the final Consolidated Plan. The primary purpose of the first public hearing is to gather citizen input on housing and community development needs and the proposed Consolidated Plan before it is published for comment. The second public hearing is held during the Consolidated Plan 30-day public comment period for review and comment on the Consolidated Plan draft. The public hearings are announced at least 10 days prior to being held. Announcements are made through Commerce or Montana Department of Public Health and Human Services websites, list-servs, and at least one newspaper of statewide circulation.

The public hearings take place in locations identified in the announcement of the public hearings that are accessible to persons with disabilities. The dates, times and locations for public hearings are convenient to potential and actual beneficiaries. Non-English speaking persons and those with disabilities are encouraged to attend. Where a significant number of non-English speaking residents are expected to participate, the State provides translators, when notified of this need, prior to the public meetings. Contact information is provided in all public announcements.

### ***Regional, Interest Area Hearings, Focus Groups, and Other Meetings***

In addition to the public hearings, Commerce and the MDPHHS solicits input on housing and community development issues and needs of the homeless population at regional or interest area forums or focus groups. Agencies, advocates, statewide and regional institutions and organizations, and community residents are informed of the meetings through state agency websites, personal contact, media releases, and other methods that the State believes as productive. All sites selected for the forums or focus groups are accessible to disable persons. The State works with advocacy groups to accommodate special needs groups and non-English speaking attendees.

The forums are conducted with the intention of providing Montana residents the opportunity to voice their opinions and provide insight into the issues prevalent in their communities. The forums provide an opportunity for citizens and interested parties to obtain information about state housing and community development programs, the administering agencies, and funding requirements.

### ***Publication of Consolidated Plan Documents***

The State publishes its draft Consolidated Plan documents for public review in a manner that affords citizens, public agencies and other interested parties a reasonable opportunity to examine its contents and submit comments.

The draft Consolidated Plan documents are available at selected repositories for the full public comment period. A list of the repositories appears at the end of this Citizen Participation Plan. The draft Consolidated Plan documents are available for viewing on the Montana Department of Commerce website, located at <http://comdev.mt.gov>. Although interested parties are encouraged to use the repositories' copies or view the Consolidated Plan on the Internet, a reasonable number of hard copies of the proposed Consolidated Plan are made available from Commerce during the public comment period.

Citizens or groups that attended any of the forums or public hearings are notified by mail or e-mail of the

Consolidated Plan's availability for comment.

The Consolidated Plan documents describe the amount of assistance the State expects to receive, or has received, and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income and plans to minimize displacement. The State openly considered any comments of individuals or groups received verbally or in writing, including e-mail, during the Consolidated Plan process or at public hearings. A summary of the written and public hearing comments are included in the final Consolidated Plan, along with the State's response to the comments.

### ***Public Comment on the Consolidated Plan Documents***

Prior to the adoption of the 5-year Strategic Consolidated Plan, Annual Action Plans, HTF Allocation Plans, and any amendments, the State makes available to interested parties the draft documents for a comment period of no less than 30 days. Notification of the availability of the proposed documents appeared in at least one newspaper that is circulated throughout the state.

Before the State submits Consolidated Annual Performance and Evaluation Reports (CAPER) to HUD, the State makes available to interested parties the proposed CAPER for a comment period of no less than 15 days. Citizens are notified of the CAPER's availability through newspaper and email notification informing citizens of the day the CAPER is available to view on the Department of Commerce Community Development Division's website and the specific time period available for comments and the contact information to submit comments.

Consolidated Plan documents are available on Commerce's website for the full public comment period. Hard copies of the documents are available upon request from Commerce during the applicable public comment period. The State considers any comments of individuals or groups received verbally or in writing, including e-mails, or at public hearings. A summary of the written and public hearing comments and the State's responses are included in applicable final documents.

### ***Public Access to Records***

The State provides all interested parties with access to information and records related to the State's Consolidated Plan and the State's use of assistance under all programs covered by the Consolidated Plan during the preceding five years. The public is provided with reasonable access to housing assistance records, subject to laws regarding privacy and obligations of confidentiality.

### ***Consultation with Organizations and State Agencies***

When preparing the Consolidated Plan, the State consults with public and private agencies that provide housing, health and social services in order to ensure that the interests and needs of all groups are adequately addressed. This consultation occurs through regional and interest area forums, interviews conducted with such organizations (especially those that provide services to special needs populations), and incorporation of data and reports produced by such organizations into the Consolidated Plan documents.

### ***Amendments to the Consolidated Plan***

There are two types of amendments to the Consolidated Plan: administrative amendments and substantial amendments. Pursuant to HUD regulations, a substantial amendment to the Consolidated Plan occurs whenever the jurisdiction determines on or more of the following criteria have been met:

- Substantially (15% or less) change the allocation priorities or its method of distributing HUD

- formula grant funds;
- Utilize formula grant funds (including program income) to carry out an activity not previously described in the action plan; or
- Change the purpose, scope, location or beneficiaries of an activity.

Such changes, prior to their implementation, are reviewed under various federal or local requirements, particularly rules on procurement and/or policies on the allocation of public resources. Substantial amendments to the Consolidated Plan are subject to a formal citizen participation process. Notice and the opportunity to comment is provided to citizens through public notices in local newspapers and other appropriate means. A public comment period of not less than 30 days is provided prior to implementing any substantial amendment to the Consolidated Plan. State staff prepares a summary of all comments received in writing and, in cases where any citizens' views are not accepted, provide reasons for the decision. This documentation is attached to the Substantial Amendment, which is made available to the public and submitted to HUD. After the program year has elapsed by 6 months, the Commerce Director, at his/her discretion, may reallocate up to 15% of the annual HUD CDBG, HOME, or HTF award that has not been expended or awarded to state grantees, in between normal grant application cycles, to expedite necessary projects and meet the expenditure of funds consistent with HUD regulation and the objectives of the programs.

Occasionally, public comments or events warrant an amendment to the Consolidated Plan. Montana uses Substantial Amendment Criteria to determine the need to amend the Consolidated Plan. The State's Substantial Amendment Criteria includes a change in the described method of distributing funds to local governments or nonprofit organization subrecipients to carry out activities. Application process for subrecipients and criteria for selecting subrecipients are elements of the "method of distribution."

"Standard amendments" are those that are not considered substantial in nature and chiefly pertain to minor administrative modifications of the programs. Thus they do not require in-depth citizen participation.

### ***Citizen Participation in the Event of a Substantial Amendment***

In the event of a substantial amendment of Consolidated Plan documents, the State will comply with the following citizen participation process:

1. The State will notify citizens of the availability of the draft substantial amendments, a minimum 30-day comment period, and, if in the State's judgment a public hearing is warranted, the time and location of the public hearing through a newspaper of statewide circulation.
2. Depending on which of the formula grant programs is affected, the substantially amended sections of the Consolidated Plan will be made available on the Commerce website, <http://comdev.mt.gov>.

Hard copies will also be available from Commerce and MDPHHS for the full duration of the public comment period.

### ***Consideration of Public Comments on the Substantially Amended Plan***

In the event of substantial amendments of Consolidated Plan documents, the State will openly consider any comments on the substantially amended Consolidated Plan from individuals or groups. Comments must be received in writing, including e-mail, or at public hearings if hearings are conducted. A summary

of the comments received on the substantial amendments will be included in the final substantially amended Consolidated Plan. A summary of all comments not accepted and reasons for their dismissal will be included in the final substantially amended Consolidated Plan.

### ***Changes in Federal Funding Level***

Change to federal funding levels that affect the distribution of funds identified in the documents will not be considered either an administrative amendment or a substantial amendment.

### ***Complaints and Grievances***

Citizens, administering agencies, local governments and other interested parties may submit complaints regarding violations of this Citizen Participation Plan or federal regulations regarding the preparation of the Consolidated Plan documents or amendments to the documents.

Citizens may also present complaints and grievances orally or in writing at the community meetings, and/or public hearings. All public comments, including complaints and grievances, made either orally or in writing within the 30-day public comment period, are included in the final Consolidated Plan. Such complaints or grievances should be directed to the Consolidated Plan representative, Jennifer Olson, Community Grants Bureau Chief, Community Development Division (or successor) at 301 S Park Ave, Helena MT 59602; 406-841-2770; or DOCConPlan@mt.gov.

### ***Timely Response to Complaints or Grievances***

Within 15 calendar days of receiving the complaint, the entity or individual receiving the complaint should forward the complaint to the Consolidated Plan representative listed above to respond to the complainant in writing. A copy of the State's response from the Consolidated Plan representative will be transmitted, concurrently, to the complainant and to the Commerce Director or MDPHHS Director, as programmatically applicable. If, due to unusual circumstances, the Consolidated Plan representative finds that it is unable to meet the prescribed time limit, the limit may be extended by providing written notice to the complainant. Such notice will include the reason for the extension and the date by which a response is expected to be generated, which may be based on the nature and complexity of the complaint.

Public review materials and performance reports will include data, as appropriate under confidentiality policy and regulations, on any written complaints received and how each was resolved.

### ***Citizen Participation Requirements for Local Governments Receiving CDBG (Small Cities Development Program) Funds from the State***

Units of general local government must provide for and encourage citizen participation as prescribed at 24 CFR 570.486. All Small Cities Program applicants for CDBG funds are required to provide citizen notification and involvement in planning and implementation of the proposed projects through two public hearings and other informational efforts. Public hearings must be held at times and in places that are convenient to all stakeholders. The needs of persons with disabilities and non-English speaking persons must be considered for the dissemination of information and the location of public hearings and meetings must be accessible to persons with disabilities. In addition, applicants are required to conduct a community development survey to allow for citizen input on the housing and community needs of the jurisdiction.

### ***Availability of the Citizen Participation Plan***



Copies of the CPP may be obtained by contacting Commerce’s website, <http://comdev.mt.gov>. Upon request, the State will make the Plan available in an alternative format accessible to persons with disabilities or non-English speaking persons.

**Repositories**

Copies of the draft Consolidated Plan documents may be reviewed at the following list of repositories across the state. Repositories will have hard copies of the documents available for review during the public comment periods only. Repositories are not responsible to receive public comments on the draft documents, as those must be submitted to Commerce as described earlier.

<b>Entity</b>	<b>Address</b>	<b>City, State</b>
Montana Department of Commerce	301 South Park Ave	Helena, MT
Montana Department of Public Health and Human Services	1400 Carter Drive	Helena, MT
Montana Human Rights Bureau	1625 11 <sup>th</sup> Ave	Helena, MT
Montana State Library	1515 E 6 <sup>th</sup> Ave	Helena, MT
Rocky Mountain Development Council	200 South Cruse	Helena, MT
Mountain Plains Equity Group	2825 3 <sup>rd</sup> Ave North	Billings, MT
District IX HRDC	32 South Tracy Ave	Bozeman, MT
Montana Fair Housing	519 E Front St	Butte, MT
Action for Eastern Montana	2030 North Merrill	Glendive, MT
NeighborWorks Montana	509 1 <sup>st</sup> Ave South	Great Falls, MT
Opportunities, Inc.	905 First Ave North	Great Falls, MT
District IV HRDC	2229 Fifth Ave	Havre, MT
Community Action Partnership of NW Montana	214 Main St	Kalispell, MT
District VI HRDC	300 First Ave North	Lewistown, MT
District XI HRC	1801 South Higgins	Missoula, MT
Homeward	1535 Liberty Ln Ste 116A	Missoula, MT
Montana Community Development Corporation	229 E Main St	Missoula, MT
Great Northern Development Corporation	233 Cascade St	Wolf Point, MT

**APPENDIX  
B: SUMMARY OF PUBLIC COMMENTS**

**STATE of MONTANA  
HOUSING TRUST FUND**

## Public Comments and Agency Responses

The drafts of the Amendments to the 2016-2017 Annual Action Plan and the 2015-2020 Consolidated Plan were made available on July 1, 2016 for a 30-day public comment period, ending August 1, 2016. Once the public comment period ended, a record of the public hearing transcript was made available at the following website: <http://commerce.mt.gov/conplan/documents>. All comments were considered and responses provided in Appendix A of this document.

After the release of the draft Amendments to the 2016-2017 Annual Action Plan and 2015-2020 Consolidated Plan, Commerce received public comments beginning July 1, 2016 for a 30-day public comment period ending August 1, 2016. All comments received were recorded in this appendix and responses provided before final submission to HUD. This appendix is available at the following website: <http://commerce.mt.gov/conplan/documents>

### ***Summary of Comments Received on the Amendments to the 2016-2017 Annual Action Plan and the 2015-2020 Consolidated Plan***

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**Missoula Housing Authority  
Lori Davidson, Executive Director**

***Comment #1:***

Under Section II of the Program Overview: Eligible Applicants

MHA requests that the Department of Commerce revise the Program Overview to include public housing authorities as eligible recipients.

The draft program overview does not list public housing authorities as eligible applicants for Housing Trust Funds, and states they are only eligible to apply as partner organizations. This is not in accordance with federal law. In the comments section of *FR-5246-I-03 Housing Trust Fund* it is stated that PHAs are eligible to apply for HTF funding if they have the required capacity defined as Section 93.2 (see excerpt below). It is correct that HTF cannot be used for the expansion of public housing inventory, but many housing authorities are developing projects that do not include public housing units. They are, by law, eligible applicants as long as the funds are not being used for an excluded purpose and they meet the capacity requirements defined in Section 93.2. It is not required that they partner with another organization. That applicable comment is cited below:

Comments: Several commenters requested that HUD's rule explicitly include public housing authorities as eligible recipients of HTF funding. Some commenters requested that the development, preservation, and rehabilitation of public housing be allowed as an eligible activity, as the exclusion of public housing was not clearly mentioned in HERA or the Act; public housing tenants meet the HTF eligibility requirements and public housing funding sources are inadequate to meet the demands.

HUD Response: Public housing agencies (PHAs) are already eligible entities to be HTF recipients. They are eligible to apply for HTF funding if they have the required capacity defined in the HTF statute and at § 93.2. PHAs, if qualified as recipients, can compete for HTF funding to develop HTF-assisted projects. HUD has considered the comments that the HTF should be permitted to be used for public housing projects and agrees that there is a role for the HTF in public housing. HUD has decided to allow the use of HTF funds (1) in connection with the Choice and LIHTC programs for construction of new units that replace existing public housing properties; and (2)

for the rehabilitation of existing public housing units in connection with the Rental Assistance Demonstration (RAD), Choice, and LIHTC programs.

When the HTF program proposed rule was published on October 29, 2010, RAD was not yet established. RAD was established by HUD's 2012 Appropriations Act (Pub. L. 112-55, 125 Stat. 552, approved November 18, 2011, at 125 Stat. 673). Consequently, there were no public comments submitted on the HTF program proposed rule about the possible interplay between HTF and RAD. However, with RAD now an active demonstration program, questions have been raised to HUD about whether HTF may be used for RAD units, and HUD takes the opportunity to address those questions in this preamble. HTF funds can be used in connection with RAD for the rehabilitation of public housing properties in which assistance will be converted and used. HTF funds can also be used for rehabilitation of "RAD units" (that is public housing properties in which assistance has been converted) after conversion takes place. Such uses are not contrary to HUD's position that use of HTF funds for public housing is limited to use with other programs to rehabilitate or replace public housing properties, and not for the expansion of the public housing inventory, which can be achieved through other funding sources.

#### Section 93.2: Definitions

Recipient means an organization, agency, or other entity (including a public housing agency, or a for-profit entity or a nonprofit entity) that receives HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project. A recipient must:

(1) Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;

(2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

(3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

(4) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:

(i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or

(ii) Design, construct, or rehabilitate, and market affordable housing for homeownership.

(iii) Provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

#### ***Agency Response #1:***

Thank you for your comment. The Department of Commerce used language in an effort to simplify the eligible entity list, from the HTF regulations, and provide a list of partners with which to collaborate. We agree that the language has caused some confusion in the HTF Overview. This language has been modified to follow the HTF regulatory definition of eligible entity where entitlement communities, public housing agencies, for-profit and non-profit entities are eligible to apply for HTF funds from Commerce.

#### **Housing Authority of Billings**

**Lucy Brown, Executive Director**

#### ***Comment #2:***

I have the exact same comment, unbelievable that you would think of leaving Public Housing Authority's out of being direct recipients. I have the exact same comment as Lori Davidson, and will be taking this to our Mayor and of Board of Commissioner's. If you are worried about

environmental reviews, it is not enough of a reason to exclude us; we are all going to make sure due diligence is done before the state needs to sign them.

**Agency Response #2:**

Thank you for your comment. Please see the Agency Response to Comment #1.

**Housing Authority of the City of Anaconda**  
**Kaitlin Leary, Executive Director**

**Comment #3:**

The Montana NAHRO and Housing Authority of the City of Anaconda request that the Department of Commerce revise the Program Overview to include public housing authorities as eligible recipients.

It has come to the attention of the Board of Montana NAHRO that the draft program overview does not include public housing authorities as eligible recipients for Housing Trust Funds. It also states they are only eligible to apply as a partner organization. This is directly not in compliance with federal law. In the comments section of FR-5246-I-03 Housing Trust Fund it states that PHAs are eligible to apply for HTF funding if they have the capacity as defined at Section 93.2. We are aware that HTF cannot be used for the expansion of public housing inventory, however, many PHAs within the state are developing housing projects that are not public housing units. PHAs are by law eligible to apply for HTF monies as long as they are not being used for an excluded purpose and they meet the capacity requirements as defined under Section 93.2. It is also not required to partner with another organization.

HUD's response to comments states that PHAs are already eligible entities to be HTF recipients. They are eligible to apply for HTF funding if they have the required capacity as defined in the HTF statute and at Section 93.2. PHAs can compete for HTF funding to develop HTF-assisted projects.

**Agency Response #3:**

Thank you for your comment. Please see the Agency Response to Comment #1.

**Unknown Public Comment**

**Comment #4:**

Is that cap set by HUD or set by you?

**Agency Response #4:**

Thank you for your comment. The Housing Trust Funds will not have a cap on the amount of funds an eligible entity can apply to receive. The amount of funds awarded to the state for HTF funds are established by HUD and listed in the Housing Trust Fund Federal Register Notice Vol.81, No.87 issued May 5, 2016.

**Missoula Housing Authority**  
**Lori Davidson, Executive Director**

**Comment #5:**

Have you split out the metropolitan areas in that or is just solely county based?

**Agency Response #5:**

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual

Action Plan. The Department of Commerce will be publishing a final draft of all the application materials in the coming weeks. Your comment will be considered during the development of these materials.

**North Central Independent Living Services**  
**Shyla Patera, Specialist**

***Comment #6:***

If a project is submitted, how will the grantees account for universal design or newer projects in aging construction if they rehab because the Centers for Independent Living have advocated for visitable housing in new construction and we have our website up called VisitableMT.com through Summit Independent Living Center, we want pictures of newer construction, but for purposes of HTF – somebody wants to rehab, how will that be accounted for so that if a person with a disability, particularly a mobility disability, or sensory disability, can move into some of those projects?

***Agency Response #6:***

Thank you for your comment. The Department has included minimum visit-ability features, including one zero-step entrance, one first-floor wheelchair accessible bathroom, and first-floor doorways of 35 inches width or more, will be required in all new construction and encouraged in all rehabilitation of multi-family housing activities. Additionally, HTF funds are not eligible to rehabilitate single family homes; however, the CDBG program does have funding available to rehabilitate single family homes of income eligible households.

**North Central Independent Living Services**  
**Jerry Clarke**

***Comment #7:***

That's one of the biggest calls the centers get on older homes. After somebody falls or they've gone into a nursing home or rehab or extended stay – it's, how do I build my home so I can come back to it because I now own it and unless it's really bad I don't want to go down into an apartment and then struggle, so how can we encourage? They have the option, you've made it flexible, but a lot of the calls we hear are "How can I get a ramp for my home? "How can I make a bathroom more accessible?" And unless you, pretty much, have access to Medicaid, or a ton of money, or know a contractor, a lot of seniors and people with disabilities are kind of left out. That's a huge reason why Brian gets calls from MFP, I would assume, because a lot of the people have had accidents where they've had to go into nursing homes, or they've aged and their home isn't fit for them anymore.

***Agency Response #7:***

Thank you for your comment. The Department has included minimum visit-ability features, including one zero-step entrance, one first-floor wheelchair accessible bathroom, and first-floor doorways of 35 inches width or more, will be required in all new construction and encouraged in all rehabilitation of multi-family housing activities. Additionally, HTF funds are not eligible to rehabilitate single family homes; however, the CDBG program does have funding available to rehabilitate single family homes of income eligible households.

**Department of Public Health & Human Services**  
**Brian Barnes**

***Comment #8:***

I agree, so is this set in stone, that the money has to be used towards, the whole \$2.7 million has

to be used for rehabilitation or as a supplement to building new construction? Have there been any suggestions on trying to have the funding for something else, like a modification fund? That was a huge component for us, because I've got certain consumers in rural areas and some of them don't want, they don't want to, I don't know how to help them apply because they have to work through their own planning department.

***Agency Response #8:***

Thank you for your comment. The use of HTF funds is guided by federal statute as established through the federal legislative process and is not subject to modification at the state level.

**Missoula Housing Authority**

**Lori Davidson, Executive Director**

***Comment #9:***

I am looking at the draft allocation plan about what the eligible operating costs are, and I am curious as to why you are, in order to be eligible for operating costs the project cannot receive project based assistance and tax credits must be a part of the total funding package. I'm wondering if that's a HUD rule or your rule and why you came up with that.

***Agency Response #9:***

Thank you for your comment. The use of HTF funds is guided by federal statute, and this particular use of funds was established as part of HUD guidance and is not subject to modification at the state level.

**GL Development**

**Gene Leuwer, Owner**

***Comment #10:***

The Board of Housing folks have struggled for years to serve people at 40% or less because of the limit that places on the rent that projects can collect. It's kind of going forward as an operating budget, whatever you're thinking in terms of your operating budget, projects make pro-form estimations that on the short end are 15 years and long end are 47 years. If a project from an operating stand point really depended on HTF money, my experience would say that the value of that is pretty limited if it's a year at a time. And understanding the source of these funds and whether or not they'll be available each year. You can't commit them because you don't know if you'll have them. So I think the lenders, or the operators, or the investors that look at projects will find it difficult to consider a one or two year operating commitment isn't going to matter a heck of a lot. It almost seems like given your fund limitations, and I missed whether or not if HTF required the product to code – if it doesn't you might be able to make some significant improvements in the living conditions in an individual unit or two. But it seems in the design of it there's a tie with the tax credit program and probably with whether it's Section 8 rental assistance, project based HUD rental assistance, or whether it's rural development rental assistance, to get to those 30% levels – you're almost going to need a rent subsidy source or from a cash-flow standpoint, it won't work. It does make some sense to me that in their design they've said we don't want to double dip. This thing is going to have to be used in conjunction with rural development and tax credits, so the operating costs will come from the other subsidy programs, the rental subsidy programs. Your Board of Housing and your tax credits folks, and I'm going to skip on a variety of things here, but they've got, in essence, a 46 year commitment, and your Board of Housing and their allocation process for tax credits, puts these restrictions on projects that functionally require them to be in that income assisted thing for the next 46 years. Rural development's got 40 or 50 year mortgages and rental assistance contracts, HUD's going back to 20 year Section 8 contracts – I guess, I think a fundamental question you got to kind of answer

from a policy standpoint, are you going to marry this program with tax credits, rural development, or HUD projects? And if you are, I think in some ways your timelines need to be compatible with those. The current letter of intent for tax credits is past. The Board of Housing will decide in January, in October I think, which projects they invite to submit an application. Actually they'll decide in August which ones to invite to submit an application by October - they'll fund it in January. Those projects need to have spent 10% of their estimated project costs, this point, essentially, by the end of December. A discussion with the Board of Housing it might add on a year to that. But, if your Phase 1 and Phase 2 process isn't compatible with the IRS requirements on the tax credits, you will functionally preclude yourself from participating in those. Because the folks that put those applications in and the agencies, like – you need to know whether their money is available. They need to know whether your money is available. And if the timeline's off or you got a 3 million or 6 million dollar project, and your funds are \$700,000 of it, if the project is stalled or the tax credits go away because your timing's off – unless there's an assurance up front that the timing will work, I don't know if you will see applications from that end of the world. I think there's nervousness now or there's historically been a reticence in some, by some folks that do that work to use HOME money because of the timing limitations. If you're looking at a 6-month process in a Phase 1 and kind of an extended process in a Phase 2, that won't work with the IRS required tax credit timelines.

***Agency Response #10:***

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and the 2016-2017 Annual Action Plan.

MDOC has included the opportunity to apply for operating cost assistance and/or operating reserves to assist HTF-assisted units in HTF-assisted properties to ensure the long-term financial feasibility. The HTF funds used for operating costs and operating reserves cannot be greater than 30% of the funds annually allocated to Montana. HTF funds do not go through an appropriation process, but are annually allocated to Montana through proceeds from GSEs (Freddie Mac and Fannie Mae). HUD and MDOC recommend bringing rent subsidy to a HTF-assisted project to bring financial stability over the long term.

HTF regulations are not identical to the Rural Development or LITHC requirements, but those sources, as well as others, can be leveraged with HTF funds. MDOC will continue, similar to the HOME and CDBG programs, to work with other funding sources to limit the duplication of efforts and increase the coordination of requirements, where possible.

***Comment #11:***

Maybe it works around the second cycle, I mean I think functionally, I think an advantage of the HTF would be it's a relatively inexpensive application to submit; as opposed to a tax credit that's got a lot of ingrained expenses to submit. Folks' willingness to use it, if they had a tentative commitment on the project from HTF, assuming they could get tax credits, it might make some sense to build it into an application. If you had a tax credit application that required HTF money, given that timeline and the uncertainty of the process – you know, I just don't think you'd see people put those applications in.

***Agency Response #11:***

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan. The Department of Commerce will be publishing a final draft of all the application materials in the coming weeks. Your comment will be considered during the development of these materials.



**Comment #12:**

Let me phrase it this way. In a tax credit project you got to get the allocation from Board of Housing who has the competitive process and makes a judgement on the project's viability. For instance, if it's an acquisition rehab, which I think is what's going to have to fit for this, and if it's got rental assistance in it, the State has a process in place that determines both staff and Board judgement on viability through a pretty competitive process. The investors in a tax credit project look at it and from their point of the view will say, is this thing viable? You know, we're going to put 5 million dollars into this project and if it doesn't work, we're going to lose that 5 million dollars. That's their perspective - not only during construction, but during first 15 years of it. So, you've got a governmental and private sector industry that has a pretty sophisticated, and pretty robust underwriting process that from their perspective determines eligibility. I'd suggest that if you want to move money, I would trust those two processes and say we will let them determine whether the project is viable. Our role might be best used to understand whether our money is used – whether the project will be able to use our money in compliance with the HUD regulations. Will it serve 30% people? Is the rental assistance available to allow the project to be viable in the Board of Housing and the private investor world – I think if you get into making judgements on project viability, given what looks like the overall design of this program to me, I really think you're setting up some duplicative processes that will grind it to a halt.

**Agency Response #12:**

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan. The Department of Commerce will be publishing a final draft of all the application materials in the coming weeks. MDOC will continue, similar to the HOME and CDBG programs, to work with other funding sources to limit the duplication of efforts and increase the coordination of requirements, where possible. Your comment will be considered during the development of these materials.

**Comment #13:**

I absolutely understand that. And I wouldn't argue that you not have a system in place to assure that accountability. I think assuring that accountability and technical compliance might be a little bit different than making a qualitative judgement about project viability. I think assuring compliance over a 30 year period - you clearly need a structure and a process to do that. From a developer perspective, I'd be really worried about the timing, the contradictions, and the tax credit requirements or you lose it. They go away. And in the commitment process, I wouldn't argue at all with the monitoring and the reporting and the oversight of compliance. In a tax credit project, if you've got soft costs under about 20- 21% on new construction, you get extra points for that. I think we tend to use sometimes soft costs interchangeably with administration. And I don't know what which are which. I think a tax credit project pays 20 or 30% soft costs because of third party reports professional service as legal fees – nothing to do with administration. And I think as you combine your 2.5% limitation with, whether it's soft cost of a different definition or whether it is admin costs. I think you hit that limit real easily. I think if you run a program separately it would be really helpful to distinguish the difference between admin and soft costs and which were allowable. Soft costs will run big percentages of programs in a lot of housing projects. Admin is almost nothing. But soft costs are high.

**Agency Response #13:**

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan. The Department of Commerce will be publishing a final draft of all the application materials in the coming weeks. Your comment will be considered during the development of

these materials.

**Department of Public Health & Human Services**

**Brian Barnes**

***Comment #14:***

Was it another route that the funds could go towards a TBRA, tenant-based rental system?

***Agency Response #14:***

Thank you for your comment. TBRA is not an eligible activity under the HTF program.

**NeighborWorks Great Falls**

**Sheila Rice, Executive Director**

***Comment #15:***

Want to echo to some agree Gene's comments that timing and collaborative regulations between the various funding sources is critical here - and I just want to be sure, thank you if you have, but also call out that those differences make a huge difference in a project being built so we just want to make sure we're within the timeline.

***Agency Response #15:***

Thank you for your comment on the HTF application processes, which were available during the public review of the amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan. MDOC will continue, similar to the HOME and CDBG programs, to work with other funding sources to limit the duplication of efforts and increase the coordination of requirements, where possible. The Department of Commerce will be publishing a final draft of all the application materials in the coming weeks. Your comment will be considered during the development of these materials.

**North Central Independent Living Services, Inc.**

**Shyla Patera**

***Comment #16:***

I, Shyla Patera, submit the following comments to HTF consolidated plan amendment. My agency North Central Independent Living Services, Inc. and the other centers for Independent living have been a advocating for visitability. We believe and we hope that visitability in new construction will become the norm in Montana. We also advocate for universal design in newer construction.

We also advocate for Housing Trust funds to be used to rehab homes for lower income individuals to meet accessibility and universal design standards so that people may remain in their homes and communities where possible. We hope and know that while housing trust funds will primarily be utilized to construct a rehab new homes, we in Montana will find a way to use CDBG funding to fix and preserve pavement and streets to in order to access pathways. NCILS hopes that partnerships will continue to develop between commerce, DPHHS, as well as MDT to make this happen.

Emergency Shelter Grants and rapid rehousing are becoming a prime concern for all housing advocates. We understand that this may be an operational issue and that housing trust fund monies may only be used for construction. However, when one becomes homeless or in need of more accessible and affordable housing options, Montana may need to open up further funding sources to ensure that housing options are available. We support linking the 811, TBRA programs and funding streams, and HCBS waiver and veteran programs and funding streams where

possible Depending upon accessibility and housing availability needs, Montana may need to enhance funding for and redefine rapid rehousing and transition.

In order to ensure new housing stock and rehab existing stock, Montana may have to renegotiate HUD contracts find and new ways of maintaining housing stock if newer construction cannot be undertaken. Thank you for allowing me to submit these comments on the Housing Trust Fund. Montana's independent living centers and it's disability community will be monitoring housing projects, programmatic rules, and opportunities for further comments.

***Agency Response #16:***

Thank you for your comment. The Department has included minimum visit-ability features, including one zero-step entrance, one first-floor wheelchair accessible bathroom, and first-floor doorways of 35 inches width or more, will be required in all new construction and encouraged in all rehabilitation of multi-family housing activities. Additionally, HTF funds are not eligible to rehabilitate single family homes, however, the CDBG program does have funding available to rehabilitate single family homes of income eligible households. Due to the regulatory 10% limitation on the use HTF funds for purchase of single family homes, HTF funds will be focused on acquisition and multi-family housing activities. The HOME program does provide funding to assist with the purchase of single family housing for very-low income households.



**APPENDIX**  
**C: MONTANA'S TARGETED PRIORITY COUNTIES**

**STATE of MONTANA**  
**HOUSING TRUST FUND**

## Montana's Targeted Priority Counties - DRAFT

County	% of Families in Poverty	Available Units per 100 ELI HH	Median Gross Rent as a % of HH Income	% of HH in Poor or Unsound Conditions	% of MT's Total Homeless Population by District*	Transportation + Housing Cost as a % for Renters	Total Priority Score	Priority Target
								0-5 - Low
<b>PRIORITY BASELINE MET</b>	>11	<50	>26	>11	>8	>51		10-15 - Medium
<b>PRIORITY SCORE</b>	5	5	5	5	5	5		20-30 - High
Beaverhead	8.9%	52	28.7%	6.17	8.5%	53.0%	15	Medium
Big Horn	22.8%	52	23.6%	7.87	16.2%	55.2%	15	Medium
Blaine	21.7%	52	25.4%	9.43	1.6%	53.3%	10	Medium
Broadwater	8.4%	52	27.8%	2.46	14.4%	48.4%	10	Medium
Carbon	7.2%	52	25.4%	9.44	16.2%	44.9%	5	Low
Carter	8.2%	52	17.2%	40.02	1.4%	52.9%	10	Medium
Cascade	10.7%	44	26.4%	4.53	12.1%	47.5%	15	Medium
Chouteau	16.2%	52	19.1%	18.26	12.1%	52.9%	20	High
Custer	10.1%	52	24.8%	16.42	1.4%	46.7%	5	Low
Daniels	3.1%	52	31.7%	21.81	1.4%	51.8%	15	Medium
Dawson	9.9%	52	24.2%	15.61	1.4%	41.1%	5	Low
Deer Lodge	10.5%	52	27.5%	6.50	8.5%	54.5%	15	Medium
Fallon	5.2%	52	19.8%	13.69	1.4%	45.0%	5	Low
Fergus	6.4%	52	25.8%	8.18	0.3%	50.4%	0	Low
Flathead	9.4%	46	30.6%	2.04	14.1%	48.7%	15	Medium
Gallatin	6.6%	26	30.1%	0.40	4.8%	45.0%	10	Medium
Garfield	7.2%	52	15.3%	19.33	1.4%	53.1%	10	Medium
Glacier	25.7%	52	23.5%	8.35	12.1%	51.3%	15	Medium
Golden Valley	12.4%	52	21.8%	17.99	0.3%	54.9%	15	Medium
Granite	10.1%	52	20.7%	6.34	8.5%	55.2%	10	Medium
Hill	14.3%	52	26.8%	6.25	1.6%	49.0%	10	Medium
Jefferson	6.8%	52	27.3%	3.36	14.4%	41.8%	5	Low
Judith Basin	8.4%	52	18.5%	12.79	0.3%	53.4%	10	Medium
Lake	15.8%	34	27.4%	7.74	14.1%	54.4%	25	High
Lewis and Clark	8.1%	50	27.4%	2.29	14.4%	42.2%	15	Medium
Liberty	7.4%	52	22.8%	8.28	1.6%	54.8%	5	Low
Lincoln	11.6%	52	28.0%	5.33	14.1%	56.5%	20	High
McCone	6.9%	52	15.8%	17.42	1.4%	46.0%	5	Low
Madison	6.7%	52	24.6%	2.26	8.5%	48.2%	5	Low
Meagher	7.6%	52	25.0%	5.11	4.8%	56.1%	5	Low

Mineral	9.1%	52	31.9%	4.97	26.6%	59.6%	15	Medium
Missoula	8.9%	33	32.5%	0.45	26.6%	48.3%	15	Medium
Musselshell	9.8%	52	29.0%	14.11	0.3%	50.0%	10	Medium
Park	5.8%	52	27.4%	4.53	4.8%	51.4%	10	Medium
Petroleum	7.3%	52	50.0%	13.33	0.3%	59.1%	15	Medium
Phillips	11.4%	52	22.8%	5.29	1.4%	49.2%	5	Low
Pondera	13.6%	52	25.1%	8.10	12.1%	53.0%	15	Medium
Powder River	6.4%	52	25.4%	23.92	1.4%	52.6%	10	Medium
Powell	11.2%	52	20.1%	10.03	8.5%	52.4%	15	Medium
Prairie	13.1%	52	50.0%	22.37	1.4%	58.2%	20	High
Ravalli	13.7%	33	32.6%	3.37	26.6%	52.0%	25	High
Richland	8.5%	52	23.7%	12.37	1.4%	42.0%	5	Low
Roosevelt	19.3%	52	17.6%	35.54	1.4%	50.0%	10	Medium
Rosebud	13.0%	52	20.1%	18.13	1.4%	46.1%	10	Medium
Sanders	16.6%	52	28.2%	7.18	14.1%	62.3%	20	High
Sheridan	6.4%	52	26.8%	15.95	1.4%	45.8%	10	Medium
Silver Bow	13.9%	50	30.0%	6.09	8.5%	49.4%	20	High
Stillwater	4.2%	52	20.6%	3.25	16.2%	46.2%	5	Low
Sweet Grass	7.8%	52	26.1%	3.41	16.2%	50.7%	10	Medium
Teton	6.1%	52	26.1%	5.66	12.1%	51.4%	15	Medium
Toole	12.5%	52	25.6%	14.24	12.1%	47.9%	15	Medium
Treasure Co	11.5%	52	19.2%	17.07	1.4%	57.0%	15	Medium
Valley Co	7.7%	52	20.2%	27.11	1.4%	48.3%	5	Low
Wheatland Co	8.6%	52	23.1%	19.60	0.3%	64.3%	10	Medium
Wibaux County	11.8%	52	23.6%	19.54	1.4%	47.7%	10	Medium
Yellowstone Co	8.6%	32	28.5%	5.90	16.2%	44.7%	15	Medium

\*Because HRDC Districts encompass more than one county, the district numbers are repeated for each county within the District; as a result, the total of this column is more than 100%.



**APPENDIX  
D: CERTIFICATION FOR HTF APPLICATION**

**STATE of MONTANA  
HOUSING TRUST FUND**

### **Certification for Application**

- Each applicant must agree to comply with all applicable state and federal laws and regulations in implementing their proposed HTF project, if selected for funding.
- A copy of the Certifications for Application (provided below), signed by the chief elected official or executive officer of the applicant must accompany the application for HTF funds.
- Applicants should carefully review the following certifications for application and consider their potential impact when designing and implementing the HTF project.
- Since this is a brief summary and not intended to be a comprehensive description of each law, local officials who have any questions or concerns regarding the applicability of these requirements should contact Commerce for guidance.



## MONTANA HTF CERTIFICATION FOR APPLICATION



### ***The Applicant hereby certifies that:***

It will comply with all requirements established by the Montana Department of Commerce (Commerce) and applicable state laws, regulations, and administrative procedures and accept all Montana Housing Trust Fund (HTF) program requirements.

It accepts the terms, conditions, selection criteria, and procedures established by the HTF program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of HTF funds.

### National Objective

It will complete a project that meets the benefit to extremely low- and very low-income national objective, by granting at least 80 percent to rental housing, up to 10 percent for homeownership, and up to 10 percent for reasonable administrative and planning costs.

### State Objectives

It will complete project activities that meet one or more of the goals and objectives established in the most current version of the Montana Consolidated Plan.

Goals of the HUD programs administered by the State of Montana are:

- *Providing decent housing* by obtaining appropriate housing for homeless persons and assisting those at risk of homelessness; preserving the affordable housing stock; increasing the availability of permanent affordable housing, without discrimination; increasing the supply of supportive housing for persons with special needs; and providing affordable housing near job opportunities.
- *Providing suitable living environments* by improving the safety and livability of neighborhoods; improving access to quality facilities, infrastructure, and services; reducing the isolation of income groups within communities through de-concentration of low-income housing; revitalizing deteriorating neighborhoods; restoring and preserving properties of special historic architectural or aesthetic value; and conserving energy resources.
- *Expanding economic opportunities* by creating and retaining jobs; establishing, stabilizing, and expanding small businesses; providing public employment services; encouraging the employment of low-income persons in projects funded under this Plan; providing reasonable mortgage financing rates without discrimination; providing access to capital and credit for development activities that promote long-term economic and social viability of the community; and reducing generational poverty of those living in publicly assisted housing by providing empowerment and self-sufficiency opportunities.

The objectives and outcomes of the Montana Consolidated Plan are:

*1. Support existing Montana communities:*

- a. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources;
- b. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
- c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban;
- d. Encourage the rehabilitation of existing rental and owner-occupied homes, particularly the homeless, disabled, elderly, and other disadvantaged populations;
- e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly the homeless, disabled, elderly, and other disadvantaged populations.

*2. Invest in vital public infrastructure:*

- a. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
- b. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment; and
- c. Provide funding opportunities to serve eligible Montanans, particularly those special needs and elderly populations, with safe, efficient public infrastructure.

*3. Enhance Montana's economic competitiveness:*

- a. Provide reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets;
- b. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
- c. Provide job opportunities to eligible Montanans to strengthen communities within the state;
- d. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services;
- e. Encourage mixed-use development that contributes to broader revitalization efforts in Montana communities; and
- f. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single investment.

*4. Promote equitable, affordable housing in Montana*

- a. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation;
- b. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target;
- c. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives;

- d. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans in support of the efficient construction of affordable housing;
- e. Encourage financial mechanisms that increase homeownership opportunities and provide rental assistance to eligible Montanans, particularly those with special needs and the elderly.

5. *Reduce homelessness in Montana:*

- a. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness;
- b. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing; and
- c. Encourage the development and rehabilitation of non-rental facilities for the shelter of temporarily homeless Montanans.

ACQUISITION, DISPLACEMENT AND RELOCATION

It will minimize displacement as a result of activities assisted with HTF funds and assist persons actually displaced. It will comply with:

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (The Uniform Act) as amended, and the implementing regulations 49 CFR part 24. These laws and accompanying regulations require the recipient to provide relocation payments and offer relocation assistance to all persons displaced as a result of acquisition of real property for an activity assisted under the HTF program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children). The recipient must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children); and
- The grantee must also inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 49 CFR, Part 24, Subpart B, and found in the local government's Anti-displacement and Relocation Assistance Plan.
- The Residential Anti-displacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the HTF program and the Anti-displacement and Relocation Assistance Plan adopted by the applicant.

*Assessments for Public Improvements*

It will not attempt to recover any capital costs of public improvements assisted with HTF funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

- a. HTF funds are used to pay the proportion of such fee or assessment that relates to the capital

costs of such public improvements that are financed from revenue sources other than HTF funds; or,

- b. for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient HTF funds to comply with the requirements of clause a., above.

### *Building Standards*

It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the HTF program to comply with State or local residential and building codes, as applicable. If there is not an applicable State or local building code, new construction projects must meet the International Building Code of the International Code Council.

It will also comply with the accessibility requirements of 24 CFR part 8 and 28 CFR parts 35 and 36, and the Fair Housing Act (42 U.S.C. 3601-3619) as applicable. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor; and will comply with HUD Cost-Effective Energy Standards, 24 CFR Part 39, and section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709).

### *Citizen Participation*

It will comply with the detailed Citizen Participation Plan adopted by Commerce for the HTF program.

## CIVIL RIGHTS, EQUAL OPPORTUNITY, FAIR HOUSING REQUIREMENTS

### *Civil Rights*

It will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4 ), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

### *Equal Opportunity*

It will comply with 24 CFR Part 5, subpart A including the following:

- 24 CFR Part 107, which provides prohibits discrimination against individuals on the basis of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with federal funds;
- The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to

discrimination on the basis of age under any program or activity receiving federal funding assistance;

- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her disability, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal assistance funds;
- Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a HTF recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The grantee and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over \$10,000 the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

### *Fair Housing*

It will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (also known as The Fair Housing Act) (42 U.S.C. 3601 et seq.), as amended by the Fair Housing Amendments Act of 1988 and the regulations issued pursuant thereto. The law states that it is the policy of the United States prohibiting any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, disability, or familial status. HTF grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and
- Executive Order 11063, as amended by Executive Order 12259, requires HTF recipients to take

all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

#### *Prohibition Against Discrimination on Basis of Religion*

It will comply with section 109(a) of the Housing and Community Development Act that prohibits discrimination on the basis of religion or religious affiliation. No person will be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with HTF funds on the basis of his or her religion or religious affiliation.

#### *Prohibition Against Excessive Force*

It will, if awarded HTF funds, adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 104(1) of the Housing and Community Development Act, as amended.

#### *ADA Compliance*

It will do a self-assessment of impediments to accessibility in compliance with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12131-12189). Grantees are required to find a means of making HTF program activities and services accessible to persons with disabilities; to review their communities for impediments to disabled citizens; and develop a plan to address those impediments.

#### CONFLICT OF INTEREST

It will comply with the provisions of 2 CFR 200.318 or 24 CFR 93.353 as applicable and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

#### ENVIRONMENTAL REQUIREMENTS

##### *Air Quality*

It will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the state implementation plan for national primary and secondary ambient air quality standards.

##### *Environmental Impact*

The undersigned certifies that:

- it will comply with environmental requirements under 24 CFR 93.301(f)(1) or (2) at project completion;
- the project complies with the requirements of Part 93 (including the property standards under

- 24 CFR § 93.301);
- it will maintain documentation demonstrating that the project meets the HTF Environmental Provisions at project completion [§ 93.407(a)(2)(iv)];
- It will meet the specific requirements for historic preservation, archaeological resources, farmland, airport zones, Coastal Barrier Resource System, coastal zone management, floodplains, wetlands, explosives and hazards, contamination, noise, endangered species, wild and scenic rivers, safe drinking water, and sole source aquifers. ; and
- The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq.). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to the Department of Commerce when requesting that funds be released for the project. The grantee must certify that the proposed project will not significantly impact the environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

When a local government is an HTF recipient, its chief executive officer or other officer of the applicant approved by the state:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the HTF program; and
2. is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

#### *Farmlands Protection*

It will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq.) and activities must not result in the conversion of unique, prime, or statewide or locally significant agricultural properties to urban sites.

#### *Floodplain Management and Wetlands Protection*

It must:

- Avoid construction and other activities in the 100-year floodplain when practicable and if no practicable alternative is available to construction or other activities within the 100-year floodplain, then the structure must be elevated to at least the base flood elevation or flood proofed to one foot above the base flood elevation.
- Not conduct activities that adversely affect wetlands. Wetlands mean areas that are inundated by surface or ground water with a frequency sufficient to support, and under normal circumstances, does or would support a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction (24 CFR 93.301(f)(1)(vii)(B)).

### *Historic Preservation*

It will comply with:

- Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Project activities must not be performed on properties that are either listed in or determined eligible for listing in the National Register of Historic Places. Compliance with these procedures should include:
  1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist with a proposed HTF project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and
  2. consulting, with the SHPO and THPO, Keeper of the National Register of Historic Places, and the Advisory Council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by HTF work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

### *Lead-Based Paint*

It will comply with current requirements of Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992. It will comply with the requirement found in section 24 CFR part 35. Both Commerce and DPHHS provide education and information on LBP hazards to parents, families, healthcare providers, grant recipients, and contractors. Commerce requires that any contractor or subcontractor engaged in renovation, repair and paint activities that disturb lead-based paint in homes, child and care facilities built before 1978 must be certified and follow specific work practices to prevent lead contamination. In addition to complying with Title X, UPCS inspections will be performed at rental properties assisted with HTF, HOME, Section 8, and other public rental properties throughout the state.

### *Noise, Facility Siting*

It will comply with conducting all activities in a manner to ensure internal noise levels are no more than 45 decibels and external noise levels are no more than 65 decibels.

### *Water Quality*

It will use only lead-free pipes, solder, and flux for projects with a potable water system and comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and



- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

### *Wildlife*

It will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

### *Wild and Scenic Rivers*

It will comply with the Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.). The purpose of this Act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers and to fulfill other vital national conservation goals. Federal assistance by loan, grant, license or other mechanism may not be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

### FINANCIAL MANAGEMENT

It will comply with the applicable requirements of:

- 2 CFR part 200. It will maintain a financial management system that includes records to document compliance with Federal and State laws and regulations and the terms and conditions of the HTF program. The records must be sufficient to allow for the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes and program requirements.
- 24 CFR part 93, subpart I. It will comply with the program administration requirements relating to the following: disbursement of funds, program income, uniform administrative requirements, cost principles, audits, recordkeeping, property management, and performance reports.

It will promptly refund to Commerce any HTF funds determined by an audit to have been spent in an unauthorized or improper manner or for ineligible activities.

It will give Commerce, the Montana Legislative Auditor, HUD, and the Comptroller General, through any authorized representatives, access to and the right to examine all records, books, papers, or

documents related to the grant.

### *Labor Standards*

It will comply with:

- State regulations regarding the administration and enforcement of labor standards. All laborers and mechanics employed by contractors or subcontractors on construction work assisted HTF funds shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276-1- 276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) may also apply.;
- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and
- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.).The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

### *Legal Authority*

It possesses legal authority to apply for the grant and to execute the proposed project under Montana law and, if selected to receive a HTF grant, will make all efforts necessary to assure timely and effective implementation of the project activities described in the submitted application.

### *Lobbying*

It certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influencing an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

*Political Activity*

It will comply with the Hatch Act (5 U.S.C. 1501, et seq.; 5 CFR Part 151), which restricts the political activity of individuals principally employed by a state or local agency in connection with a program financed in whole or in part by federal loans or grants. An affected employee may not be a candidate for public office in a partisan election.

*Procurement*

All services will be procured in a manner that provides fair and unbiased, full and open competition, without conflicts of interest.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

DUNS Number: \_\_\_\_\_

EIN Number: \_\_\_\_\_



**APPENDIX**  
**E: HOUSING REHABILITATION AND PROPERTY STANDARDS**

**STATE of MONTANA**  
**HOUSING TRUST FUND**



Governor Steve Bullock

**STATE of MONTANA**

**MINIMUM HOUSING  
REHABILITATION AND PROPERTY STANDARDS**

**HOUSING TRUST FUND**

Montana Department of Commerce  
Community Development Division  
PO Box 200523  
Helena, MT 59620-0523

406-841-2770  
406-841-2702 (TTY)  
ComDev.mt.gov or DOCHTF@mt.gov



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## I. Preface

This document is intended to provide the minimum acceptable standards for existing multi-family household dwelling units rehabilitated in whole or in part with Housing Trust Fund (HTF) program funds in Montana. Any reference in this document to “rehabilitation” is meant to include rehabilitation of existing housing and redevelopment of existing non-residential building(s) which create new multifamily rental housing. These standards are not intended to reduce or exclude the requirements of any local or state building or housing codes, standards, or ordinances that may apply. In the event of any conflicting code(s), the more restrictive code(s) will apply. Housing rehabilitated with HTF assistance must meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.

These standards were designed to assist in achieving consistency throughout the state for all rehabilitation activities funded with HTF funds. These standards explicitly describe the work required to address health and safety issues (Sections III - XVI); major systems (Sections III- XII & XV); lead-based paint (Section XIII); accessibility (Section XIV); disaster mitigation (Section XVI); state and local codes, ordinances and zoning requirements (Sections III – XVI); and the Uniform Physical Condition Standards (Section XV). The Montana standards require that a licensed architect or engineer be responsible for the evaluation, design and oversight of all rehabilitation projects.

These standards assume that a knowledgeable inspector, such as a licensed professional architect or engineer, will thoroughly inspect each dwelling to verify the presence and condition of all components, systems, and equipment within the dwelling. All components, systems, and equipment of a dwelling referenced in this document shall be in good working order and condition and be capable of being used for the purpose for which they were intended and/or designed. Components, systems and/or equipment that are not in good working order and condition shall be repaired or replaced. When it is necessary to replace items (systems, components, or equipment), the replacement items must conform to these standards. These standards also assume that the inspector will consider any extraordinary circumstances of the occupants of the dwelling (e.g., physical disabilities) and reflect a means to address such circumstances in their inspection and in the preparation of project specifications for that dwelling.

All interior ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing components or other serious damage. The roof must be structurally sound and weather-resistant. All exterior walls (including foundation walls) must not have any serious defects such as leaning, buckling, sagging, large holes, or defects that may result in the structure not being weather-resistant or that may result in air infiltration or vermin infestation. The condition of all interior and exterior stairs, halls, porches, walkways, etc. must not present a danger of tripping or falling.

If an inspector (i.e. professional architect or engineer) determines that the specific individual standards of this document cannot be achieved on any single dwelling due to it being structurally impossible and/or cost prohibitive, the inspector shall document the specific item(s) as non-conforming with these standards. The inspector shall prepare, for the Montana Department of Commerce’s (Commerce) consideration, a list of any and all non-conforming items along with the recommendation to waive, or not to waive, the individual non-conforming items. Any waiver of non-conforming items is at the sole discretion of Commerce. Items necessary to meet HUD Uniform Physical Conditions Standards may not be waived.

Rehabilitation projects (including redevelopment) must address any and all deficiencies identified in Section XV of this Property Standards document as part of the project’s scope of work so that, upon completion, all such deficiencies are cured. For projects which include acquisition and/or rehabilitation of occupied housing, any life threatening health and safety deficiencies, as defined in Section XV, must be addressed and corrected immediately.

Energy Star rated systems, components, equipment, fixtures and appliances are required.

## II. Definitions

- A. **Egress** – A permanent and unobstructed means of exiting from the dwelling in an emergency escape or rescue situation.
- B. **Habitable Space (Room)** – Space (rooms) within the dwelling for living, sleeping, eating, or cooking. Bathrooms, toilet rooms, closets, halls, storage, or utility spaces, and similar areas (rooms) are not considered habitable spaces (rooms).
- C. **Energy Star Rated** – Includes all systems, components, equipment, fixtures, and appliances that meet strict energy efficiency performance criteria established, as a joint effort, by the federal Environmental Protection Agency, the U.S. Department of Energy, and the U.S. Department of Housing and Urban Development and that carry the Energy Star label as evidence of meeting the criteria.
- D. **Building Envelope:** - Defined as the air barrier and thermal barrier separating exterior from interior space.
- E. **Major Systems:** - Include, but not limited to, structural support, roofing, cladding, weatherproofing, plumbing, electrical, and HVAC.
- F. **Moderate Rehabilitation** - Defined as rehabilitation improvements that do not alter major systems or the building envelope.
- G. **Multifamily (MF)** - Defined as any project or Dwelling Unit (DU) where the occupant(s) are renters and do not own the property. Multifamily projects may include single family homes, duplexes, townhomes, elevator-type buildings, multi-storied buildings, etc. Please contact HTF staff for clarification, if needed.
- H. **Redevelopment** – Defined as the conversion of a non-residential structure into rental housing for extremely low income households.
- I. **Single Family (SF)** - Defined as single family homes, duplexes and townhomes where the occupant owns the dwelling and the project is administered through Minnesota Housing’s Single Family Division.
- J. **Substantial or ‘Gut’ Rehab** - Defined as a project that involves extensive (substantial) rehabilitation in terms of total removal and replacement of all interior (non-structural) systems, equipment, components or features of the existing structure. Gut rehabilitation may also include structural and nonstructural modifications to the exterior of the structure.

## III. Minimum Standards for Basic Equipment and Facilities

**Required Rehabilitation Activities:** In addition to remediation of any deficiencies resulting from property assessment required by local, state, and federal regulations, rehabilitation activities shall include the following:

1. Any environmental remediation triggered by the rehabilitation project (for example, mitigation of lead-based paint, hazardous or explosive facilities, radon, or asbestos) in accordance with applicable federal, state, and local laws, regulations, and ordinances.
2. Conduct mold and/or water infiltration mitigation, if mold or water infiltration is observed during the Assessment. Any moldy materials that cannot be properly cleaned must be removed.
3. U.L. approved smoke detection in all locations as required for new construction. At least one smoke detector must



be hardwired (preferably located near sleeping rooms).

4. GFCI receptacle protection in locations required for new construction.
5. Carbon Monoxide detection.
6. Replace older obsolete products and appliances (such as windows, doors, lighting, water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-qualified products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
7. If gut rehabilitation (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls), housing shall comply with Rehabilitation requirements as described herewith and applicable New Building Design requirements (see Part XVIII., below).

**NOTE:** An estimate based on age and condition of the remaining useful life of major systems is required upon project completion. If the remaining useful life of any major system is less than the period of affordability established for HTF projects, a replacement reserve must be established which includes adequate monthly payments to repair or replace systems as needed.

**A. Kitchens – Every dwelling shall have a kitchen room or kitchenette equipped with the following:**

1. **Kitchen Sink.** The dwelling shall have a kitchen sink, connected to both hot and cold potable water supply lines under pressure and to the sanitary sewer waste line. When replacing such components, water supply shut off valves shall be installed.
2. **Oven and Stove or Range.** The dwelling shall contain an oven and a stove or range (or microwave oven) connected to the source of fuel or power, in good working order and capable of supplying the service for which it is intended.
3. **Refrigerator.** The dwelling shall contain a refrigerator connected to the power supply, in good working order and capable of supplying the service for which it is intended.
4. **Counter Space Area.** Every kitchen or kitchenette shall have an adequate storage area. Every kitchen or kitchenette shall have adequate counter space.

**B. Toilet Room:** Every dwelling shall contain a room which is equipped with a flush toilet and a lavatory. The flush water closet shall be connected to the cold potable water supply, under pressure, and to the sanitary sewer system. The lavatory shall be connected to both a hot and cold potable water supply, under pressure, and connected to the sanitary sewer system. When replacing such components, water supply shut-off valves shall be installed.

**C. Bath Required:** Every dwelling shall contain a bathtub and/or shower.

1. The bathtub and/or shower unit(s) need not be located in the same room as the flush water closet and lavatory. The bathtub and/or shower unit may be in a separate room.
2. The bathtub and/or shower unit shall be connected to both hot and cold potable water supply lines, under pressure, and shall be connected to the sanitary sewer system. Where feasible, shut off valves shall be installed on the water supply lines. All faucets, when replaced, shall be water

balancing scald guard type faucets.

- D. Privacy in Room(s) Containing Toilet and/or Bath:** Every toilet room and/or every bathroom (the room or rooms containing the bathtub and/or shower unit) shall be contained in a room or rooms that afford privacy to a person within said room or rooms. Every toilet room and/or bathroom shall have doors equipped with a privacy lock or latch in good working order.
- E. Hot Water Supply:** Every dwelling shall have supplied water-heating equipment (water heater and hot water supply lines) that is free of leaks, connected to the source of fuel or power, and is capable of heating water to be drawn for general usage.
1. No atmospheric water heaters shall be allowed in a confined space. No water heaters shall be allowed in the toilet rooms, bathrooms, bedrooms, or sleeping rooms. No gas water heaters shall be allowed in a clothes closet.
  2. All gas water heaters shall be vented in a safe manner to a chimney or flue leading to the exterior of the dwelling. Unlined brick chimneys must have a metal liner installed to meet manufacturer's venting requirements. If metal chimney venting cannot be added, a power vented water heater may be installed. Install according to manufacturer's specifications.
  3. All water heaters shall be equipped with a pressure/temperature relief valve possessing a full-sized (non-reduced) approved discharge pipe to within six (6) inches of the floor. The discharge pipe shall not be threaded at the discharge end.
  4. All water heaters must be installed to manufacturer's installation specifications.
  5. Replacement water heaters shall meet Energy Star requirements at the time of installation.
  6. Where feasible, tankless water heaters may be installed in accordance with manufacturer's guidelines and sized to provide adequate hot water supply to all fixtures. Gas supply lines and/or electrical capacity must be evaluated before installing tankless water heaters. Before installing, careful consideration should be made regarding supply and water temperature to owners.
- F. Exits:** Every exit from every dwelling shall comply with the following requirements:
1. Every habitable room shall have two (2) independent and unobstructed means of egress. This is normally achieved through an entrance door and an egress window.
  2. All above grade egress windows from habitable rooms shall have a net clear opening of 5.7 square feet. The minimum net clear opening width dimension shall not be less than twenty inches (20") wide, and the minimum net clear opening height dimension shall not be less than twenty-four inches (24") wide. Note that the combination of minimum window width and minimum window height opening size does not meet the 5.7 square feet requirements. Therefore, the window size will need to be greater than the minimum opening sizes in either width or height. Where windows are provided as a means of escape or rescue, they shall have a finished sill height of not more than forty-eight inches (48") above the floor in basements. Egress windows with a finished sill height of more than forty-eight inches (48") shall have a permanently installed step platform that is in compliance with stair construction standards.

All at-grade egress windows from habitable rooms may be reduced in size to 5.0 square feet of operable window area, but the area must meet the minimum width and height requirements of all

egress windows.

When windows are being replaced within existing openings, the existing window size shall be determined to be of sufficient size even if current window sizes do not meet current egress standards. However, if the specification writer determines that changing the window size is beneficial; such egress window size modification will be allowed, but not required. If new construction windows are being installed, these windows must meet all egress window requirements (for example, if adding on to existing building in a rehabilitation or redevelopment).

3. In habitable basements (or habitable rooms within a basement) where one means of egress is a window, the window shall have a net clear opening of 5.0 square feet. The window shall open directly to the street or yard or, where such egress window has a finished sill height that is below the adjacent ground elevation, shall have an egress window/area well. The egress window/area well shall provide a minimum accessible net clear opening of nine square feet that includes a minimum horizontal dimension of thirty-six inches (36") from the window. Egress window/area wells with a depth of more than forty-four (44") shall be equipped with an affixed ladder, stairs or platform according to local code that are accessible with the window in the fully opened position. Such ladder will have rungs at 12 inches on-center and projecting out a minimum of three inches from the side of the window well.

**G. Stairs:** If replacing existing stairs, stairs will need to conform as close as possible to new construction standards, but replacement stairs do not need to be in compliance with new codes. All newly constructed stairs (interior and exterior stairways) shall comply with the following requirements and local code requirements:

1. All stairways and steps of four (4) or more risers shall have at least one (1) handrail. All stairways and steps which are five (5) feet or more in width shall have a handrail on each side.
2. All handrails shall be installed not less than thirty-four inches (34") nor more than thirty-eight inches (38"), measured plumb, above the nosing of the stair treads. Handrails adjacent to a wall shall have a space of not less than one and one-half inches (1 1/2") between the wall and the handrail. All handrails shall be turned back into the wall on railing ends. The size of a round railing must be a minimum of 1.25 inches, but not more than 2 inches. Railings must be continuous from the top riser to the bottom riser.
3. Porches, balconies, decks, or raised floor surfaces, including stairway riser and/or landing, located more than thirty (30) inches above the floor or the grade, shall have guardrails installed that are not less than thirty-six inches (36") in height. Open guardrails and stair railings shall have intermediate rails or ornamental pattern such that a sphere four inches (4") in diameter cannot pass through.
4. All stairs and steps shall have a riser height of not more than eight inches (8") and a tread depth of not less than nine inches (9'). All newly constructed stairs, not replacement stairs, shall have a riser height of not more than seven and three quarters (7 3/4") and a tread depth of not less than ten inches (10"). Risers and treads cannot be different in size by more than 3/8 of an inch from the top to the bottom of the stairs.

**H. Smoke Detectors:** All smoke detectors shall be dual sensor detectors. They shall be hard-wired with battery back-up and interconnected with all other alarms. Smoke detectors shall be located as follows:

1. On the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms.
2. In each room used for sleeping purposes, and

3. In each story within a dwelling unit, including basements but not including crawl spaces and uninhabitable attics. In dwellings or dwelling units with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level if the lower level is less than one full story below the upper level.

4. All smoke detectors shall be installed per manufacturer's installation instructions.

I. **Carbon Monoxide Detectors:** Where a heating system source, other than solid fuel burning appliances (e.g., wood stoves), and/or water heater that burns solid, liquid or gaseous fuels is located horizontally adjacent to any habitable room, a hard-wired with battery back-up carbon monoxide detector is required and is to be installed per the manufacturer's instructions. Any dwelling that has a fuel source heating system (not electric), other solid fuel burning appliances (e.g., wood stoves, pellet, or corn stoves), and/or fuel source water heater (not electric), a hard-wired with battery back-up combination smoke alarm/carbon monoxide detector is required to be installed per the manufacturer's instructions on the main living area floor.

#### IV. Minimum Standards for Ventilation

A. In general, sufficient ventilation shall be present to ensure adequate air circulation in the dwelling.

B. Bathrooms, including toilet rooms, shall be provided with an exhaust fan. If it is being installed or replaced, it shall be rated at a minimum of 60 CFM and 4 sones or less. Fans shall have insulated ducting vented to the exterior. A fan needs to be installed if there is no window or a non-operable window is present.

#### V. Minimum Standards for Electrical Service

A. **Minimum Electrical Service:** Every dwelling unit, at a minimum, shall have a 100-ampere breaker controlled electrical panel. All electrical work shall be in compliance with adopted State electrical code requirements. The panel, service mast, etc. shall also be installed to local utility company requirements.

##### B. Convenience Outlets:

1. Every habitable room within the dwelling shall contain at least two (2) separate duplex, wall-type electrical outlets. Placement of such outlets shall be on separate walls. All newly installed receptacles shall be grounded duplex receptacles or GFCI protected.

2. All electrical outlets used in bathrooms and toilet rooms, all outlets within six foot (6'-0") of a water source (excluding designated simplex equipment circuits for clothes washing machines and sump pumps), outlets located on open porches or breezeways, exterior outlets, outlets located in garages and in non-habitable basements, except those electrical outlets that are dedicated appliance outlets. All kitchen receptacles serving the countertop area shall be ground fault circuit interrupter (GFCI) protected. All exterior receptacles shall be covered by a receptacle cover that when a cord is plugged in, the GFCI outlet will stay covered and protected.

3. All accessible knob and tube, unsafe, and/or illegal wiring shall be removed and replaced with type NM cable (Romex) or as required by code.

4. All broken, damaged or nonfunctioning switches or outlets shall be replaced. All fixtures and wiring shall be adequately installed to ensure safety from fire so far as visible components are observed.

5. All missing or broken switch and outlet covers (including junction boxes) shall be replaced. Each

receptacle or switch located on an exterior wall shall have a foam seal placed under the cover.

**C. Lighting:**

1. Every habitable room and every bathroom (including toilet room), laundry room, furnace or utility room, and hallway shall have at least one (1) ceiling or wall-type electric light fixture, controlled by a remote wall switch. Habitable rooms (except kitchens or kitchenettes) may have a wall-type electrical outlet controlled by a remote wall switch in lieu of a ceiling or wall-type light fixture. Energy efficient fixtures that meet energy star ratings and compact florescent bulb equivalent or better shall be installed in all new fixture installations.
2. All stairwells shall have at least one light fixture controlled by a remote wall switch at the top and bottom of the stairs.
3. Porcelain type fixtures with pull chains are acceptable for use in basements (except for the one controlled by a remote wall switch) cellars, and attics.
4. All pendant type lighting fixtures that are supported only by the electrical supply wire shall be removed or replaced. If replaced, replace with Energy Star rated fixtures.

**VI. Minimum Standards for Heating Systems**

**A. Heating System:** All heating systems (and central air-conditioning systems where they exist) shall be capable of safely and adequately heating (or cooling as applicable) for all living space.

**B. Cooling System:** Non-working or improperly functioning central air conditioning systems may be replaced as part of the rehabilitation work. The installation of a central air conditioning system, where it currently does not exist, is permissible where feasible and practical. New A/C installation will not be a priority unless project funds are available.

**C. Requirements for Heating and or Cooling Systems:**

1. All existing heating systems, including but not limited to, chimneys and flues, cut-off valves and switches, limit controls, heat exchangers, burners, combustion and ventilation air, relief valves, drip legs and air, hot water, or steam delivery components (ducts, piping, etc.) that are not being replaced, shall be inspected to be in a safe and proper functioning condition at the time of inspection, by means of written project file documentation.
2. Every heating system burning solid, liquid or gaseous fuels shall be vented in a safe manner to a chimney or flue leading to the exterior of the dwelling. The heating system chimney and/or flue shall be of such design to assure proper draft and shall be adequately supported.
3. No heating system source burning solid, liquid or gaseous fuels shall be located in any habitable room or bathroom, including any toilet room.
4. Every fuel burning appliance (solid, liquid or gaseous fuels) shall have adequate combustion air and ventilation air. All new furnaces will have sealed combustion with combustion air brought in from the exterior of the house and installed in accordance with manufacturer's guidelines.
5. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended. All accessible duct joints must be sealed

with mastic or any other acceptable product. Newly installed ductwork must also be sealed. All accessible steam piping and hot water piping must be installed with an approved material.

6. Every seal between any of the sections of the heating source(s) shall be air-tight so that noxious gases and fumes will not escape into the dwelling.
7. No space heater shall be of a portable type.
8. Minimum requirements for forced air furnaces, when installed, will be no less than a 92% AFUE, or the minimum AFUE, if greater than 92%, to obtain a local utility rebate (Energy Star rated for northern climates). A digital programmable thermostat must be installed. Condensate lines will drain to a floor drain or have a condensate pump installed and piped to discharge. All furnace ductwork shall be equipped with an air filter clean out location that has a tight fitting cover installed over it.
9. All boilers, when replaced, will have an "A" rating and be no less than 90% AFUE rating. All combustion air will be from the exterior of the house. The addition of zone valves may be useful to reduce energy cost. Heat lines shall be insulated with approved material. Programmable thermostats will be installed.
10. A/C units, if added or replaced, shall not be less than 14.5 SEER or the lowest SEER rating that is available at the time of installation but not less than 14.5 SEER. All units shall be installed, when possible, on either the north or east side of the dwelling or in an area that will provide shade for the unit. The correct coil will be installed that is compatible with both the furnace and A/C unit. Homeowners who use window air conditioners will be encouraged to purchase Energy Star rated air conditioners. No window A/C units may be purchased with HTF funds.
11. All wood, pellet, corn, switch grass, hydrogen, or other biomass fuel stoves must be installed to manufacturer's guidelines. Where such guidelines are not available, the heating unit will be removed. Venting and combustion air must be installed in accordance with manufacturer's requirements.

**D. Energy Conservation:** All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

1. When siding is being replaced and/or interior wall finishes of exterior walls are being replaced on a dwelling, such exterior walls are to be provided with insulation and at the recommended resistance factor (R-value) or R-11, or that which is allowed by the stud cavity space. In addition, an air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. If new walls are being framed and insulated, the minimum R factor is R-19 or R-13 plus R-5 foam. The installation of fan-fold foam or foam sheathing may be added to increase household R-ratings.
2. When new windows are to be installed, windows must be current Energy Star rated for northern climates. All rope weight openings will be insulated and all new windows will have the window jamb sealed. Where SHPO requirements will restrict the installation of vinyl windows, the specifications will be written to come as close as possible to achieving Energy Star requirements.
3. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces. Similarly, distribution piping for general use hot water shall also be protected from heat loss where such

pipng is located in unheated spaces. All water distribution piping shall be protected from freezing.

4. Attic access passage ways (scuttle holes) shall be no less than 22" by 30" or the size of original construction. If it is impossible to conform to this standard, the largest attic access hole possible will be installed.

## **VII. Minimum Standards for the Interior of Structures**

### **A. Interior Walls, Floors, Ceilings, Doors, and Windows:**

1. All interior walls, floors, ceilings, doors and windows shall be capable of being kept in a clean and sanitary condition by the owner.
2. Every bathroom and/or toilet room, kitchen or kitchenette, and utility room floor surface shall be constructed such that they are impervious to water and can easily be kept in a clean and sanitary condition by the owner.
3. All interior doors shall be capable of affording the privacy for which they are intended.
4. No dwelling containing two or more bedrooms shall have a room arrangement that access to a bathroom, toilet room, or a bedroom can be achieved only by going through another bathroom, toilet room, or another bedroom.
5. It is encouraged that all paints, stains, varnishes, lacquers and other finishes used in the rehabilitated dwelling shall be low or no VOC paint finishes and installed as required by the manufacturer.

## **VIII. Minimum Standards for the Exterior of Structures**

### **A. Foundations, Exterior Walls, Roofs, Soffits and Fascia:**

1. Every foundation, exterior wall, roof, soffit and fascia shall be made weather resistant. Products for exterior walls, roofs, soffits, and fascia shall be installed in accordance with the manufacturer's guidelines.
2. Roof replacement shall be installed in accordance with the manufacturer's requirements. When installing asphalt or fiberglass shingles, a minimum of a 30-year shingle shall be used. Other products such as metal roofing may be considered.

### **B. Drainage:**

1. All rainwater shall be conveyed and drained away from every roof so as not to cause wetness or dampness in the structure. No roof drainage systems shall be connected to a sanitary sewer, or directly to a storm sewer system.
2. The ground around the dwelling shall be sloped away from foundation walls to divert water away from the structure.
3. If feasible, the collection of roof water is encouraged.

### **C. Windows, Exterior Doors and Basement Entries (Including Cellar Hatchways):**

1. Every window, exterior door, basement entry and cellar hatchway shall be tight fitting within their frames, be rodent-proof, insect-proof and be weatherproof such that water and surface drainage is prevented from entering the dwelling. In addition, the following requirements shall also be met:
  - a. All exterior doors and windows shall be equipped with security locks. Deadbolts are not required.
  - b. Every window sash shall be fully equipped with glass windowpanes which are without cracks or holes. Every window sash to be replaced shall use Energy Star rated for northern climate windows unless the existing windows have insulated glass. Stained or leaded glass found to be historically significant may be protected by a fixed low-E glass storm window. Every window sash shall fit tightly within its frame, and be secured in a manner consistent with the window design. All window jambs will be sealed. All rope weight openings shall be insulated before installing the new window. Energy Star rated for Northern climate.
  - c. Storm doors, when installed, shall also be equipped with a self-closing device.
  - d. Every exterior door, when closed, shall fit properly within its frame and shall have door hinges and security locks or latches. All exterior doors will be no less than metal clad insulated (foam filled) doors. All jambs and thresholds will be sealed.
  - e. Every exterior door shall be not less than two foot-four inches (2'-4") in width and not less than six foot-six inches (6'-6") in height. Existing door sizes will be grandfathered, but an attempt shall be made to have at least one exterior door that is not less than 36 inches wide and no less than 6'-8" high.

## **IX. Minimum Space, Use, and Location Requirements**

- A. No cellar space shall be converted to habitable space.
- B. **Habitable Basement Space:** No basement space shall be used as habitable space unless all habitable space requirements are met and all the following requirements are met:
  1. The floor and walls are waterproof or damp proof construction.
  2. Such habitable space has a hard-surfaced floor of concrete or masonry.
  3. Such space shall have a minimum of two exits. In addition to the stairs, this would normally consist of one egress window.

## **X. Minimum Standards for Plumbing Systems**

- A. All dwelling plumbing systems shall be capable of safely and adequately providing a water supply and wastewater disposal for all plumbing fixtures. Every dwelling plumbing system shall comply with the following requirements.



1. All existing plumbing systems and plumbing system components shall be free of leaks. When repairing or adding to such systems, any type of pipe allowed by the State plumbing code shall be allowed.
2. All plumbing system piping shall be of adequate size to deliver water to plumbing fixtures and to convey wastewater from plumbing fixtures (including proper slope of wastewater piping) as designed by the fixture manufacturer).
3. All plumbing fixtures shall be in good condition, free of cracks and defects, and capable of being used for the purpose in which they were intended.
4. The plumbing system shall be vented in a manner that allows the wastewater system to function at atmospheric pressure and prevents the siphoning of water from fixtures. Venting by mechanical vents is accepted as an alternative to exterior atmospheric venting.
5. All fixtures that discharge wastewater shall contain, or be discharged through, a trap that prevents the entry of sewer gas into the dwelling.
6. All plumbing system piping and fixtures shall be installed in a manner that prevents the system, or any component of the system, from freezing.
7. All plumbing fixtures and water connections shall be installed in such a way as to prevent the backflow of water from the system into the plumbing system's water source.
8. Valves shall be installed with the valve in the upright position. When replacing valves, the use of a full port ball-valve shall be encouraged.

#### **XI. Minimum Standards for Potable Water Supply**

- A. Every dwelling shall be connected to an approved (by the jurisdiction having authority) potable water source.
- B. All potable water fixtures and equipment shall be installed in such a manner as to make it impossible for used, unclean, polluted or contaminated water, mixtures or substances to enter any portion of the potable water system piping. All equipment and fixtures shall be installed with air gaps (traps) to prevent back siphon age. All outlets with hose threads (except those serving a clothes washing machine) shall have a vacuum breaker for use with the application. Any plumbing equipment or fixtures that allow, or appear to allow, the previous conditions, or are otherwise deemed to be unhealthy, unsanitary, or unsafe shall be replaced. No water piping supplied by a private water supply system shall be connected to any other source of water supply without the approval of the jurisdiction having authority over the installation.

#### **XII. Minimum Standards for Connection to Sanitary Sewer**

Every dwelling shall be connected to an approved (by the jurisdiction having authority) sanitary sewer system.

#### **XIII. Lead-Based Paint**

Housing assisted with HTF funds is subject to the regulations at 24 CFR Part 35, subparts A, B, J, K, and R which govern lead-based paint poisoning prevention in residential structures. Applicants, developers, and builders of any

project requiring the rehabilitation or redevelopment of structures built prior to 1978 must read, fully understand, and comply with 24 CFR Part 35, subparts A, B, J, K, and R.

#### **XIV. Accessibility**

Housing assisted with HTF funds must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR Parts 35 and 36, as applicable. “Covered multifamily dwellings”, as defined at 24 CFR Part 100.201, must also meet the design and construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act. All projects must meet minimum standards for accessibility [24 CFR, Part 8; 28 CFR, Parts 35 and 36; 24 CFR § 100.205, as applicable; and 24 CFR § 100.205 as applicable]. Rehabilitation projects are encouraged to provide minimum visitability features of at least one zero-step entrance, one first-floor wheelchair accessible half-bathroom, and first-floor door widths of 32 inches or greater.

#### **XV. Uniform Physical Condition Standards**

Housing assisted with HTF funds and which are placed in service must follow property standards which include all inspectable items and inspectable areas specified by the US Department of Housing and Urban Development (HUD) based on the HUD physical inspection procedures, known as the Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR Part 5, subpart G. Any and all deficiencies identified during annual compliance monitoring site visits of HTF-assisted properties must be cured. Commerce will monitor property condition standards using the same process and procedures as for the federal Low Income Housing Tax Credit Program which does not employ a scoring protocol or grade levels of deficiencies; all identified deficiencies must be corrected.

Rehabilitation projects (including redevelopment) must address any and all deficiencies identified in this section as part of the project’s scope of work so that, upon completion, all such deficiencies are cured. For projects which include acquisition and/or rehabilitation of occupied housing, any life threatening health and safety deficiencies, identified in this section in ALL CAPS, must be addressed and corrected immediately.

Reference is made to the following HUD documents: “Uniform Physical Conditions Standards – Comprehensive Listing” and the “Dictionary of Deficiency Definitions, DCD Version 2.3” for Real Estate Assessment Center System Physical Assessment Subsystem, March 8, 2000.

Life threatening health and safety deficiencies include, but are not limited to, the following:

- Site – propane/natural gas/methane gas detected; exposed wires/open panels; water leaks on/near electrical equipment.
- Building Exterior – fire escapes with blocked egress/ladders or visibly missing components; exposed wires/open panels; water leaks on/near electrical equipment; emergency/fire exits blocked/unusable; windows with security bars that prevent egress.
- Building Systems – misaligned chimney/ventilation system; missing breakers/fuses or missing electrical covers; missing/damaged/expired fire extinguishers; propane/natural gas/methane gas detected; exposed wires/open panels; water leaks on/near electrical equipment; emergency/fire exits blocked/unusable.
- Common Areas – missing electrical breakers or covers; misaligned chimney/ventilation system; missing/broken outlets/switches/cover plates; missing/inoperable smoke detector; windows with security bars that prevent egress; propane/natural gas/methane gas detected; exposed wires/open panels; water leaks on/near electrical equipment; emergency fire exits blocked/unusable.
- Unit – missing electrical breakers/fuses or covers; propane/natural gas/methane gas detected; exposed wires/open panels; water leaks on/near electrical equipment; emergency/fire exits blocked/unusable;

misaligned chimney/ventilation system; missing/broken outlets/switches/cover plates; missing/inoperable smoke detector; windows with security bars that prevent egress.

**A.** Housing assisted with HTF funds must be decent, safe, sanitary, and in good repair. Owners of HTF-assisted property must maintain such housing in a manner that meets the physical condition standards set forth in this section in order to be considered decent, safe, sanitary, and in good repair. These standards address the major areas of the HTF-assisted housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

1. **Site:** The inspectable items related to Site, such as fencing and gates, retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, market appeal, storm drainage, walkways, and steps must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulation of trash, vermin or rodent infestation, or fire hazards.

Examples of observable deficiencies for inspectable items related to Site include, but are not limited to, the following.

- Fencing and Gates (both security/safety and non-security fences and gates): Damaged, falling, or leaning; Holes; Missing sections.
- Grounds: Erosion; Rutting areas; Overgrown or penetrating vegetation; Ponding or poor site drainage.
- Mailboxes/Project Signs: Missing or damaged.
- Market Appeal: Graffiti, Litter
- Parking Lots/Driveways/Roads: Cracks; Ponding; Potholes; Loose material; Settlement or heaving.
- Play Areas and Equipment: Damaged or broken equipment; Deteriorated play area surface.
- Refuse Disposal: Broken or damaged enclosure; Inadequate outdoor storage space.
- Retaining Walls: Damaged, falling, or leaning.
- Storm Drainage: Damaged or obstructed.
- Walkways/Steps: Broken or missing handrail; Cracks; Settlement; Heaving; Spalling; Exposed rebar.

2. **Building exterior:** Each building on the site must be structurally sound, secure, habitable, and in good repair. The inspectable items related to Building Exterior, which includes each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.

Examples of observable deficiencies for inspectable items related to Building Exterior include, but are not limited to, the following.

- Doors: Damaged frames, threshold, lintels, or trim; Damaged hardware or locks; Damaged surface (Holes, paint, rusting, glass); Damaged or missing screen, storm or security door; Deteriorated or missing caulking or seals; Missing door.
- FIRE ESCAPES: BLOCKED EGRESS OR LADDERS; VISIBLY MISSING COMPONENTS.
- Foundations: Cracks or gaps; Spalling; Exposed rebar.
- Lighting: Broken fixtures or bulbs.
- Roofs: Damaged soffits or fascia; Damaged vents; Damaged or clogged drains; Damaged or torn membrane; Missing ballast; Missing or damaged components from downspout or gutter; Missing or damaged shingles; Ponding.
- Walls: Cracks or gaps; Damaged chimneys; Missing or damaged caulking or mortar; Missing pieces, holes, or spalling; Stained, peeling, or needs paint.

- Windows: Broken, missing, or cracked panes; Damaged sills, frames, lintels, or trim; Damaged or missing screens; Missing or deteriorated caulking, seals, or glazing compound; Peeling or missing paint; SECURITY BARS PREVENT EGRESS.
3. Building systems: The inspectable items related to Building Systems, which includes each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, roof exhaust system, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.

Examples of observable deficiencies for inspectable items related to Building Systems include, but are not limited to, the following.

- Domestic Water: Leaking central water supply; Missing pressure relief valve; RUST OR CORROSION ON HEATER CHIMNEY; IMPROPER ANGLE OF OR DISCONNECTED FLUE ON WATER HEATER; Water supply inoperable.
  - Electrical System: Blocked access or improper storage; Burnt breakers; Evidence of leaks or corrosion; Frayed wiring; MISSING BREAKERS OR FUSES; MISSING OUTLET COVERS.
  - Elevators: Not operable.
  - Emergency Power: Auxiliary lighting inoperable; Run-up records/Documentation not available.
  - Fire Protection: Missing/damaged/painted/blocked/capped sprinkler head; Missing, damaged, or expired extinguishers.
  - HVAC: Boiler or pump leaks; Fuel supply leaks; General rust or corrosion; MISALIGNED CHIMNEY OR VENTILATION SYSTEM.
  - Roof Exhaust System: Roof exhaust fan(s) inoperable.
  - Sanitary System: Broken, leaking, or clogged pipes or drains; Missing drain, cleanout, or manhole covers.
4. Dwelling units: Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All inspectable items of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC, kitchen, lighting, laundry area, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair. Examples of observable deficiencies for inspectable items related to the Dwelling Units include, but are not limited to, the following.
- Bathroom: Bathroom cabinets damaged or missing; Lavatory sink damaged or missing; Plumbing has clogged drains or faucets or leaking faucet or pipes; Shower or tub is damaged or missing; Ventilation or exhaust system is absent or inoperable; Water closet or toilet is damaged, clogged, or missing.
  - Call-for-Aid (if applicable): Inoperable.
  - Ceiling: Bulging, bucking, or leaking; Holes, missing tiles, panels, or cracks; Peeling or missing paint; Water stains, water damage, mold or mildew.
  - Doors: Damaged frames, threshold, lintels, or trim; Damaged hardware or locks; Damaged or missing screen, storm or security door; Damaged surface, including holes, bad paint, rusting, broken glass, or rotting; Deteriorated or missing seals on the entry door; Missing door.
  - Electrical System: Blocked access to electrical panel; Burnt breakers; Evidence of leaks or corrosion; Frayed wiring; GFI inoperable; MISSING BREAKERS OR FUSES; MISSING COVERS.
  - Floors: Bulging or buckling; Hard floor covering damage; Missing flooring tiles; Peeling or missing paint; Rotten or deteriorated subfloor; Water stains, water damage, mold, or mildew.
  - Hot Water Heater: MISALIGNED CHIMNEY OR VENTILATION SYSTEM; Inoperable unit or components; Leaking valves, tanks, or pipes; Pressure relief valve missing; Rust or corrosion.

- HVAC System: Convection or radiant heat system covers missing or damaged; Inoperable system; MISALIGNED CHIMNEY OR VENTILATION SYSTEM; Noisy, vibrating, or leaking system; Rust or corrosion.
  - Kitchen: Cabinets are missing or damaged; Countertops are missing or damaged; Dishwasher or garbage disposal is inoperable; Plumbing has clogged drains, leaking faucets, or pipes; Range hood or exhaust fans are inoperable; Excessive grease buildup; Range or stove is missing, damaged, or inoperable; Refrigerator is missing, damaged, or inoperable; Sink is damaged or missing.
  - Laundry Area: Dryer vent is missing, damaged, or inoperable.
  - Lighting: Missing or inoperable fixture.
  - Outlets/Switches: Missing outlet or switch; MISSING OR BROKEN COVER PLATE.
  - Patio/Porch/Balcony: Baluster or side railings damaged.
  - SMOKE DETECTOR: MISSING OR INOPERABLE.
  - Stairs: Broken, missing, or damaged steps or handrail.
  - Walls: Bulging or buckling; Damaged wall surface; Damaged or deteriorated trim; Peeling or missing paint; Water stains, water damage, mold, or mildew.
  - Windows: Cracked, broken, or missing panes; Damaged window sill; Missing or deteriorated caulking, seals, glazing; Inoperable or not lockable; Peeling or missing paint; SECURITY BARS PREVENT EGRESS.
5. Common areas: The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair.

Examples of observable deficiencies for inspectable items related to the Common Areas include, but are not limited to, the following. Common Areas include Basement, Garage, Carport, Closet, Utility or Mechanical Room, Community Room, Halls, Corridors, Stairs, Kitchens, Laundry Room, Lobby, Office, Patio, Porch, Balcony, Restrooms, Storage Areas, Pedestrian or Wheelchair Ramps, Pools and Related Structures, Trash Collection Areas, or Other Community Spaces.

- Missing or damaged balusters or side railings.
- Cabinets missing or damaged.
- Call-for-Aid system (if applicable) inoperable.
- Ceiling: Holes, missing tiles or panels, cracks; Peeling or missing paint; Water stains, water damage, mold, or mildew; Bulging or buckling.
- Chutes: Damaged or missing components.
- Countertops missing or damaged.
- Dishwasher or garbage disposal inoperable.
- Doors: Damaged frames, threshold, lintels, or trim; Damaged hardware or locks; Damaged surface (holes, paint, rust, glass); Damaged or missing screen, storm, or security door; Deteriorated or missing deals on entry door; Missing door.
- Dryer Vent: Missing, damaged, or inoperable.
- Electrical: Blocked access to electrical panel; Burnt breakers, Evidence of leaks or corrosion; Frayed wiring; MISSING BREAKERS; MISSING PLATES OR COVERS; Inoperable GFI; Missing or broken outlets, switches, or cover plates.
- Fencing: Damaged or not intact.
- Floors: Bulging or buckling; Floor covering damaged; Missing flooring or tiles; Peeling painted surface; Rotten or deteriorated subflooring; Water stains, water damage, mold, or mildew.

- Graffiti
  - HVAC: Convection or radiant heat system covers missing or damaged; General rust or corrosion; Inoperable unit or system; MISALIGNED CHIMNEY OR VENTILATION SYSTEM; Noisy, vibrating, or leaking.
  - Lavatory Sink: Damaged or missing fixture.
  - Lighting: Missing, damaged, or inoperable fixture.
  - Mailbox: Missing or damaged.
  - Plumbing: Clogged drains; Leaking faucet or pipes.
  - Range Hood/Exhaust Fans: Excessive grease buildup; Inoperable.
  - Range/Stove: Missing, damaged, or inoperable.
  - Refrigerator: Missing, damaged, or inoperable.
  - Shower/Tub/Sink: Damaged or missing.
  - SMOKE DETECTORS: MISSING OR INOPERABLE.
  - Stairs: Broken, damaged, or missing steps or handrail.
  - Ventilation/Exhaust system inoperable.
  - Walls: Bulging or buckling; Damaged surface, peeling or missing paint; Damaged or deteriorated trim; Water stains, water damage, mold, or mildew.
  - Water Closet/Toilet: Damaged, clogged, or missing.
  - Windows: Cracked, broken, or missing panes; Damaged window sill; Inoperable or missing lock; Missing or deteriorated caulking, seals, or glazing; Peeling or missing paint; SECURITY BARS PREVENT EGRESS.
6. Health and safety concerns: All areas and components of the housing must be free of health and safety hazards. The inspectable areas related to Health and Safety include, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, general hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have handrails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or of garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have proper certifications of such (see 24 CFR part 35). For projects which include acquisition of occupied housing, life threatening deficiencies in areas of health and safety must be addressed and corrected immediately. Life threatening health and safety deficiencies are identified below by ALL CAPS.

Examples of observable deficiencies for inspectable items related to Health and Safety include, but are not limited to, the following.

- Air Quality: Mold and/or mildew observed; PROPANE, NATURAL GAS, OR METHANE GAS DETECTED; Sewer odor detected.
- ELECTRICAL HAZARDS: EXPOSED WIRES; OPEN PANELS; WATER LEAKS ON OR NEAR ELECTRICAL EQUIPMENT.
- Elevator: Elevator is misaligned with floor by  $\frac{3}{4}$  inches or more.
- Emergency Fire Exits: EXITS BLOCKED OR UNUSABLE; Missing exit signs.
- Flammable or Combustible Material: Improperly stored and secured.
- Garbage and Debris: Present indoors or outdoors.
- General Hazards: Sharp edges; Tripping; unsafe or missing handrails.
- Infestation: Insects, rats, mice, or other vermin.

***A table outlining the types and degrees of observable deficiencies begins on page 20 of this***

***document. The table serves as a guide for observable deficiencies that all HTF-assisted properties must remediate during rehabilitation activities and throughout the period of affordability as they are identified or reported. Additionally, the table prioritizes the immediate emergent deficiencies that must be addressed within 24 hours of identification and/or report.***

***To demonstrate compliance grantees must conduct initial, progress, and final inspections and submit inspection reports to document these tasks have been identified and work has been completed verifying the deficiency no longer exists. These reports will be submitted regularly during rehabilitation activities and annually during the period of affordability. Failure to address observable deficiencies in HTF-assisted housing may trigger repayment of HTF funds.***

8. Compliance with state and local codes: These physical condition standards do not supersede or preempt State and local codes for building and maintenance with which HTF-assisted housing must comply. HTF-assisted housing must continue to adhere to those codes.
- B.** Commerce is responsible for conducting physical inspections of HTF-assisted housing to determine compliance with these standards, and will conduct such inspections every one to three years at its sole discretion.

## HTF Units: Observable Deficiencies and Rehab/Repair Standards - Type and Degree

**All items in orange are Health and Safety Hazards that must be corrected immediately in any HTF-assisted project.**

### Requirements for Site

	Observable Deficiency	Type and Degree of Deficiency that must be addressed
Fencing and Gates	Damaged/Falling/Leaning	<i>Fence or gate is missing or damaged to the point it does not function as it should</i>
	Holes	<i>Hole in fence or gate is larger than 6 inches by 6 inches</i>
	Missing Sections	<i>An exterior fence, security fence or gate is missing a section which could threaten safety or security</i>
Grounds	Erosion/Rutting Areas	<i>Runoff has extensively displaced soils which has caused visible damage or potential failure to adjoining structures or threatens the safety of pedestrians or makes the grounds unusable</i>
	Overgrown/Penetrating Vegetation	<i>Vegetation has visibly damaged a component, area or system of the property or has made them unusable or unpassable</i>
	Ponding/Site Drainage	<i>There is an accumulation of more than 5 inches deep and/or a large section of the grounds--more than 20%--is unusable for its intended purpose due to poor drainage or ponding</i>
Health & Safety	Air Quality - Sewer Odor Detected	<i>Sewer odors that could pose a health risk if inhaled for prolonged periods</i>
	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Flammable Materials - Improperly Stored	<i>Flammable materials are improperly stored, causing the potential risk of fire or explosion</i>
	Garbage and Debris - Outdoors	<i>Too much garbage has gathered--more than the planned storage capacity, or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Hazards - Other	<i>Any general defects or hazards that pose risk of bodily injury</i>
	Hazards - Sharp Edges	<i>Any physical defect that could cause cutting or breaking of human skin or other bodily harm</i>
	Hazards - Tripping	<i>Any physical defect in walkways or other travelled area that poses a tripping risk</i>
	Infestation - Insects	<i>Evidence of infestation of insects--including roaches and ants--throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk</i>
	Infestation - Rats/Mice/Vermin	<i>Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present</i>



		<i>health and safety risk</i>
Mailboxes/Project Signs	Mailbox Missing/Damaged	<i>Mailbox cannot be locked or is missing</i>
	Signs Damaged	<i>The project sign is not legible or readable because of deterioration or damage</i>
Parking Lots/Driveways/Roads	Cracks	<i>Cracks that are large enough to affect traffic ability over more than 5% of the property's parking lots/driveways/roads or pose a safety hazard</i>
	Ponding	<i>3 inches or more of water has accumulated making 5% or more of a parking lot/driveway unusable or unsafe</i>
	Potholes/Loose Material	<i>Potholes or loose material that have made a parking lot/driveway unusable/unpassable for vehicles and/or pedestrians or could cause tripping or falling</i>
	Settlement/Heaving	<i>Settlement/heaving has made a parking lot/driveway unusable/unpassable or creates unsafe conditions for pedestrians and vehicles</i>
Play Areas and Equipment	Damaged/Broken Equipment	<i>More than 20% of the equipment is broken or does not operate as it should or any item that poses a safety risk</i>
	Deteriorated Play Area Surface	<i>More than 20% of the play surface area shows deterioration or the play surface area could cause tripping or falling and thus poses a safety risk</i>
Refuse Disposal	Broken/Damaged Enclosure-Inadequate Outside Storage Space	<i>A single wall or gate of the enclosure has collapsed or is leaning and in danger of falling or trash cannot be stored in the designated area because it is too small to store refuse until disposal</i>
Retaining Walls	Damaged/Falling/Leaning	<i>A retaining wall is damaged and does not function as it should or is a safety risk</i>
Storm Drainage	Damaged/Obstructed	<i>The system is partially or fully blocked by a large quantity of debris, causing backup into adjacent areas or runoffs into areas where runoff is not intended</i>
Walkways/Steps	Broken/Missing Hand Railing	<i>The hand rail is missing, damaged, loose, or otherwise unusable</i>
	Cracks/Settlement/Heaving	<i>Cracks, hinging/tilting or missing sections that affect traffic ability over more than 5% of the property's walkways/steps or any defect that creates a tripping or falling hazard</i>
	Spalling/Exposed rebar	<i>More than 5% of walkways have large areas of spalling--larger than 4 inches by 4 inches--that affects traffic ability</i>

### Requirements for Building Exterior

<b>Inspectable Item</b>	<b>Observable Deficiency</b>	<b>Type and Degree of Deficiency that must be addressed</b>
Doors	Damaged Frames/Threshold/Lintels/Trim	<i>Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim</i>
	Damaged Hardware/Locks	<i>Any door that does not function as it should or cannot be locked because of damage to the door's hardware</i>

	Damaged Surface (Holes/Paint/Rusting/Glass)	<i>Any door that has a hole that penetrates the full depth of the door, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass</i>
	Damaged/Missing Screen/Storm/Security Door	<i>Any screen door or storm door that is damaged or is missing screens or glass--shown by an empty frame or frames or any security door that is not functioning or is missing</i>
	Deteriorated/Missing Caulking/Seals	<i>The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should</i>
	Missing Door	<i>Any exterior door that is missing</i>
Fire Escapes	Blocked Egress/Ladders	<i>Stored items or other barriers restrict or block people from exiting</i>
	Visibly Missing Components	<i>Any of the functional components that affect the function of the fire escape--one section of a ladder or railing, for example--are missing</i>
Foundations	Cracks/Gaps	<i>Cracks in foundation more than 1/4 inches wide by 1/4 inches deep by 6 inches long that present a possible sign of a serious structural problem, or opportunity for water penetration or sections of wall or floor that are broken apart</i>
	Spalling/Exposed Rebar	<i>Significant spalled areas affecting more than 10% of any foundation wall or any exposed reinforcing material--rebar or other</i>
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or another condition blocks exit</i>
	Emergency Fire Exits - Missing Exit Signs	<i>Exit signs that clearly identify all emergency exits are missing or there is no illumination of the sign</i>
	Flammable/Combustible Materials - Improperly Stored	<i>Flammable materials are improperly stored, causing the potential risk of fire or explosion</i>
	Garbage and Debris - Outdoors	<i>Too much garbage has gathered--more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Hazards - Other	<i>Any general defects or hazards that pose risk of bodily injury</i>
	Hazards - Sharp Edges	<i>Any physical defect that could cause cutting or breaking of human skin or other bodily harm</i>
	Hazards - Tripping	<i>Any physical defect in walkways or other travelled area that poses a tripping risk</i>
	Infestation - Insects	<i>Evidence of infestation of insects--including roaches and ants--throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk</i>
	Infestation - Rats/Mice/Vermin	<i>Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk</i>
Lighting	Broken Fixtures/Bulbs	<i>10% or more of the lighting fixtures and bulbs surveyed are broken or missing</i>
Roofs	Damaged Soffits/Fascia	<i>Soffits or fascia that should be there are missing or so damaged that water penetration is visibly possible</i>

	Damaged Vents	<i>Vents are missing or so visibly damaged that further roof damage is possible</i>
	Damaged/Clogged Drains	<i>The drain is damaged or partially clogged with debris or the drain no longer functions</i>
	Damaged/Torn Membrane/Missing Ballast	<i>Ballast has shifted and no longer functions as it should or there is damage to the roof membrane that may result in water penetration</i>
	Missing/Damaged Components from Downspout/Gutter	<i>Drainage system components are missing or damaged causing visible damage to the roof, structure, exterior wall surface, or interior</i>
	Missing/Damaged Shingles	<i>Roofing shingles are missing or damaged enough to create a risk of water penetration</i>
	Ponding	<i>Evidence of standing water on roof, causing potential or visible damage to roof surface or underlying materials</i>
Walls	Cracks/Gaps	<i>Any large crack or gap that is more than ¼ inches wide or deep and 6 inches long that presents a possible sign of serious structural problem or opportunity for water penetration</i>
	Damaged Chimneys	<i>Part or all the chimney has visibly separated from the adjacent wall or there are cracked or missing pieces large enough to present a sign of chimney failure or there is a risk of falling pieces that could create a safety hazard</i>
	Floors - Bulging/Buckling	<i>Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types</i>
	Floors - Floor Covering Damaged	<i>More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.</i>
	Floors - Missing Floor/Tiles	<i>More than 5% of the flooring or tile flooring is missing</i>
	Floors - Peeling/Needs Paint	<i>Any painted flooring that has peeling or missing paint on more than 10% of the surface</i>
	Floors - Rot/Deteriorated Subfloor	<i>Any rotted or deteriorated subflooring greater than 3 inches by 3 inches</i>
	Floors - Water Stains/Water Damage/Mold/Mildew	<i>Evidence of a leak, mold or mildew--such as a darkened area--covering a flooring area greater than 1 foot square</i>
	GFI - Inoperable	<i>The GFI does not function</i>
	Graffiti	<i>Any graffiti on any exposed surface greater than 6 inches by 6 inches</i>
	HVAC - Convection/Radiant Heat System Covers Missing/Damaged	<i>Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans</i>
	HVAC - General Rust/Corrosion	<i>Significant formations of metal oxides, flaking, or discoloration--or a pit or crevice</i>
	HVAC - Inoperable	<i>HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged</i>
	HVAC - Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
	HVAC - Noisy/Vibrating/Leaking	<i>HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged</i>
	Lavatory Sink - Damaged/Missing	<i>Sink has extensive discoloration or cracks in over 50% of the basin or the sink or associated hardware have failed or are missing and the sink can't be used</i>
	Lighting - Missing/Damaged/Inoperable Fixture	<i>More than 10% of the permanent lighting fixtures are missing or damaged so they do not function</i>

	Mailbox - Missing/Damaged	<i>The U.S Postal Service mailbox cannot be locked or is missing</i>
	Outlets/Switches/Cover Plates - Missing/Broken	<i>Outlet or switch is missing or a cover plate is missing or broken, resulting in exposed wiring</i>
	Pedestrian/Wheelchair Ramp	<i>A walkway or ramp is damaged and cannot be used by people on foot, in wheelchair, or using walkers</i>
	Plumbing - Clogged Drains	<i>Drain is substantially or completely clogged or has suffered extensive deterioration</i>
	Plumbing - Leaking Faucet/Pipes	<i>A steady leak that is adversely affecting the surrounding area</i>
	Range Hood /Exhaust Fans - Excessive Grease/Inoperable	<i>A substantial accumulation of dirt or grease that threatens the free passage of air</i>
	Range/Stove - Missing/Damaged/Inoperable	<i>One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning</i>
	Refrigerator - Damaged/Inoperable	<i>The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way which substantially impacts its performance</i>
	Restroom Cabinet - Damaged/Missing	<i>Damaged or missing shelves, vanity top, drawers, or doors that are not functioning as they should for storage or their intended purpose</i>
	Shower/Tub - Damaged/Missing	<i>Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing</i>
	Sink - Missing/Damaged	<i>Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing</i>
	Smoke Detector - Missing/Inoperable	<i>Smoke detector is missing or does not function as it should</i>
	Stairs - Broken/Damaged/Missing Steps	<i>A step is missing or broken</i>
	Stairs - Broken/Missing Hand Railing	<i>The hand rail is missing, damaged, loose, or otherwise unusable</i>
	Ventilation/Exhaust System - Inoperable	<i>exhaust fan is not functioning or window designed for ventilation does not open</i>
	Walls - Bulging/Buckling	<i>Bulging, buckling or sagging walls or a lack of horizontal alignment</i>
	Walls - Damaged	<i>Any hole in wall greater than 1 inch by 1 inch</i>
	Walls - Damaged/Deteriorated Trim	<i>10% or more of the wall trim is damaged</i>
	Walls - Peeling/Needs Paint	<i>10% or more of interior wall paint is peeling or missing</i>
	Walls - Water Stains/Water Damage/Mold/Mildew	<i>Evidence of a leak, mold or mildew--such as a common area--covering a wall area greater than 1 foot square</i>
	Water Closet/Toilet - Damaged/Clogged/Missing	<i>Fixture elements--seat, flush handle, cover etc.--are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed</i>
	Windows - Cracked/Broken/Missing Panes	<i>Any missing panes of glass or cracked panes of glass where the crack is either greater than 2" and/or substantial enough to impact the structural integrity of the window pane</i>
	Windows - Damaged Window Sill	<i>The sill is damaged enough to expose the inside of the surrounding walls and compromise its</i>

		<i>weather tightness</i>
	Windows - Inoperable/Not Lockable	<i>Any window that is not functioning or cannot be secured because lock is broken</i>
	Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound	<i>There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure</i>
	Windows - Peeling/Needs Paint	<i>More than 10% of interior window paint is peeling or missing</i>
	Windows - Security Bars Prevent Egress	<i>The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks</i>
Health & Safety	Air Quality - Mold and/or Mildew Observed	<i>Evidence of mold or mildew is observed that is substantial enough to pose a health risk</i>
	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Air Quality - Sewer Odor Detected	<i>Sewer odors that could pose a health risk if inhaled for prolonged periods</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or another condition blocks exit</i>
	Emergency Fire Exits - Missing Exit Signs	<i>Exit signs that clearly identify all emergency exits are missing or there is no illumination around the sign</i>
	Flammable/Combustible Materials - Improperly Stored	<i>Flammable or combustible materials are improperly stored, causing the potential risk of fire or explosion</i>
	Garbage and Debris - Indoors	<i>Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Garbage and Debris - Outdoors	<i>Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Hazards - Other	<i>Any general defects or hazards that pose risk of bodily injury</i>
	Hazards - Sharp Edges	<i>Any physical defect that could cause cutting or breaking of human skin or other bodily harm</i>
	Hazards - Tripping	<i>Any physical defect in walkways or other travelled area that poses a tripping risk</i>
	Infestation - Insects	<i>Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk</i>
	Infestation - Rats/Mice/Vermin	<i>Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk</i>
Pools and	Fencing - Damaged/Not Intact	<i>Any damage that could compromise the integrity of the fence</i>

Related Structures		
Trash Collection Areas	Chutes - Damaged/Missing Components	<i>Garbage has backed up into chutes, because the collection structure is missing or broken, or compactors or components (chute, chute door, an/or other components) have failed</i>
<b>Requirements for Unit</b>		
<i>Inspectable Item</i>	<i>Observable Deficiency</i>	<i>Type and Degree of Deficiency that must be addressed</i>
Bathroom	Bathroom Cabinets - Damaged/Missing	<i>Damaged or missing shelves, vanity tops, drawers, or doors that are not functioning as they should for storage or their intended purpose</i>
	Lavatory Sink - Damaged/Missing	<i>Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing</i>
	Plumbing - Clogged Drains, Faucets	<i>Drain or faucet is substantially or completely clogged or has suffered extensive deterioration</i>
	Plumbing - Leaking Faucet/Pipes	<i>A steady leak that is adversely affecting the surrounding area</i>
	Shower/Tub - Damaged/Missing	<i>Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing</i>
	Ventilation/Exhaust System – Absent/Inoperable	<i>exhaust fan is not functioning or window designed for ventilation does not open</i>
	Water Closet/Toilet - Damaged/Clogged/Missing	<i>Fixture elements--seat, flush handle, cover etc.--are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed</i>
Call-for-Aid (if applicable)	Inoperable	<i>The system does not function as it should</i>
Ceiling	Bulging/Buckling/Leaking	<i>Bulging, buckling or sagging ceiling or problem with alignment</i>
	Holes/Missing Tiles/Panels/Cracks	<i>Any holes in ceiling, missing tiles or large cracks wider than 1/8 of an inch and greater than 6 inches long</i>
	Peeling/Needs Paint	<i>More than 10% of ceiling has peeling paint or is missing paint</i>
	Water Stains/Water Damage/Mold/Mildew	<i>Evidence of a leak, mold or mildew--such as a darkened area--over a ceiling area greater than 1 foot square</i>
Doors	Damaged Frames/Threshold/Lintels/Trim	<i>Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim</i>
	Damaged Hardware/Locks	<i>Any door that does not function as it should or cannot be locked because of damage to the door's hardware</i>
	Damaged/Missing Screen/Storm/Security Door	<i>Any screen door or storm door that is damaged or is missing screens or glass--shown by an empty frame or frames or any security door that is not functioning or is missing</i>
	Damaged Surface - Holes/Paint/Rusting/Glass/Rotting	<i>Any door that has a hole penetrating the depth of the door, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass</i>
	Deteriorated/Missing Seals (Entry	<i>The seals/caulking is missing on any entry door, or they are so damaged that they do not</i>

	Only)	<i>function as they should</i>
	Missing Door	<i>Any door that is required for security (entry) or privacy (bathroom) that is missing or any other unit door that is missing and is required for proper unit functionality</i>
Electrical System	Blocked Access to Electrical Panel	<i>One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency</i>
	Burnt Breakers	<i>Carbon residue, melted breakers or arcing scars are evident</i>
	Evidence of Leaks/Corrosion	<i>Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware</i>
	Frayed Wiring	<i>Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire</i>
	GFI - Inoperable	<i>The GFI does not function</i>
	Missing Breakers/Fuses	<i>Any open and/or exposed breaker port</i>
	Missing Covers	<i>A cover is missing, which results in exposed visible electrical connections</i>
Floors	Bulging/Buckling	<i>Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types</i>
	Floor Covering Damage	<i>More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.</i>
	Missing Flooring Tiles	<i>Any flooring or tile flooring that is missing</i>
	Peeling/Needs Paint	<i>Any painted flooring that has peeling or missing paint on more than 10% of the surface</i>
	Rot/Deteriorated Subfloor	<i>Any rotted or deteriorated subflooring greater than 3 inches by 3 inches</i>
	Water Stains/Water Damage/Mold/Mildew	<i>Evidence of a leak, mold or mildew--such as a darkened area--covering a flooring area greater than 1 foot square</i>
Health & Safety	Air Quality - Mold and/or Mildew Observed	<i>Evidence of mold or mildew is observed that is substantial enough to pose a health risk</i>
	Air Quality - Sewer Odor Detected	<i>Sewer odors that could pose a health risk if inhaled for prolonged periods</i>
	Air Quality - Propane/Natural Gas/Methane Gas Detected	<i>Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled</i>
	Electrical Hazards - Exposed Wires/Open Panels	<i>Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)</i>
	Electrical Hazards - Water Leaks on/near Electrical Equipment	<i>Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion</i>
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	<i>The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or another condition blocks exit</i>
	Emergency Fire Exits - Missing Exit Signs	<i>Exit signs that clearly identify all emergency exits are missing or the sign is not illuminated</i>
	Flammable Materials - Improperly Stored	<i>Flammable materials are improperly stored, causing the potential risk of fire or explosion</i>

	Garbage and Debris - Indoors	<i>Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Garbage and Debris - Outdoors	<i>Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris</i>
	Hazards - Other	<i>Any general defects or hazards that pose risk of bodily injury</i>
	Hazards - Sharp Edges	<i>Any physical defect that could cause cutting or breaking of human skin or other bodily harm</i>
	Hazards - Tripping	<i>Any physical defect in walkways or other travelled area that poses a tripping risk</i>
	Infestation - Insects	<i>Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk</i>
	Infestation - Rats/Mice/Vermin	<i>Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk</i>
Hot Water Heater	Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
	Inoperable Unit/Components	<i>Hot water from hot water taps is no warmer than room temperature indicating hot water heater is not functioning properly</i>
	Leaking Valves/Tanks/Pipes	<i>There is evidence of active water leaks from hot water heater or related components</i>
	Pressure Relief Valve Missing	<i>There is no pressure relief valve or pressure relief valve does not drain down to the floor</i>
	Rust/Corrosion	<i>Significant formations of metal oxides, flaking, or discoloration--or a pit or crevice</i>
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	<i>Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans</i>
	Inoperable	<i>HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged</i>
	Misaligned Chimney/Ventilation System	<i>Any misalignment that may cause improper or dangerous venting of gases</i>
	Noisy/Vibrating/Leaking	<i>The HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged</i>
	Rust/Corrosion	<i>Deterioration from rust or corrosion on the HVAC system in the dwelling unit</i>
Kitchen	Cabinets - Missing/Damaged	<i>10% or more of cabinet, doors, or shelves are missing or the laminate is separating</i>
	Countertops - Missing/Damaged	<i>10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate -- not a sanitary surface to prepare food</i>
	Dishwasher/Garbage Disposal - Inoperable	<i>The dishwasher or garbage disposal does not operate as it should</i>
	Plumbing - Clogged Drains	<i>Drain is substantially or completely clogged or has suffered extensive deterioration</i>
	Plumbing - Leaking Faucet/Pipes	<i>A steady leak that is adversely affecting the surrounding area</i>
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable	<i>A substantial accumulation of dirt or grease that threatens the free passage of air</i>
	Range/Stove - Missing/Damaged/Inoperable	<i>One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning</i>
	Refrigerator-	<i>The refrigerator has an extensive accumulation of ice or the seals around the doors are</i>



	Missing/Damaged/Inoperable	<i>deteriorated or is damaged in any way which substantially impacts its performance</i>
	Sink - Damaged/Missing	<i>Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing</i>
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable	<i>The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside</i>
Lighting	Missing/Inoperable Fixture	<i>A permanent light fixture is missing or not functioning, and no other switched light source is functioning in the room</i>
Outlets/ Switches	Missing	<i>An outlet or switch is missing</i>
	Missing/Broken Cover Plates	<i>An outlet or switch has a broken cover plate over a junction box or the cover plate is missing</i>
Patio/Porch/ Balcony	Baluster/Side Railings Damaged	<i>Any damaged or missing balusters or side rails that limit the safe use of an area</i>
Smoke Detector	Missing/Inoperable	<i>Smoke detector is missing or does not function as it should</i>
Stairs	Broken/Damaged/Missing Steps	<i>A step is missing or broken</i>
	Broken/Missing Hand Railing	<i>The hand rail is missing, damaged, loose, or otherwise unusable</i>
Walls	Bulging/Buckling	<i>Bulging, buckling or sagging walls or a lack of horizontal alignment</i>
	Damaged	<i>Any hole in wall greater than 1 inch by 1 inch</i>
	Damaged/Deteriorated Trim	<i>10% or more of the wall trim is damaged</i>
	Peeling/Needs Paint	<i>10% or more of interior wall paint is peeling or missing</i>
	Water Stains/Water Damage/Mold/Mildew	<i>Evidence of a leak, mold or mildew covering a wall area greater than 1 foot square</i>
Windows	Cracked/Broken/Missing Panes	<i>Any missing panes of glass or cracked panes of glass where the crack is either greater than 2" and/or substantial enough to impact the structural integrity of the window pane</i>
	Damaged Window Sill	<i>The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness</i>
	Missing/Deteriorated Caulking/Seals/Glazing Compound	<i>There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure</i>
	Inoperable/Not Lockable	<i>Any window that is not functioning or cannot be secured because lock is broken</i>
	Peeling/Needs Paint	<i>More than 10% of interior window paint is peeling or missing</i>
	Security Bars Prevent Egress	<i>The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks</i>

8. Compliance with state and local codes: These physical condition standards do not supersede or preempt State and local codes for building and maintenance with which HTF-assisted housing must comply. HTF-assisted housing must continue to adhere to those codes.

B. Commerce is responsible for conducting physical inspections of HTF-assisted housing to determine compliance with these standards, and will conduct such inspections every one to three years at its sole discretion.

## **XVI. Disaster Mitigation**

Housing assisted with HTF funds and which involve rehabilitation, reconstruction, or redevelopment be improved to mitigate the impact of potential disasters (e.g., earthquake, flooding, wildfires) in accordance with state and local codes, ordinances, and requirements.

## **XVII. Capital Needs Assessment**

All housing assisted with HTF funds involving rehabilitation or redevelopment must commission a Capital Needs Assessment (CNA). HTF regulations at 24 CFR Part 93.301(b)(1)(ii) allow projects under 26 units in size to forego a CNA. However, in order to ensure that all needed rehabilitation work is performed so that, upon completion, the project will be decent, safe, sanitary, and in good repair, Commerce has chosen to establish requirements which exceed 24 CFR Part 93. **All rehabilitation projects must commission a CNA; all gut rehabilitation must commission a PER/PAR, as applicable.**

A. The CNA must be completed by a competent, independent third party acceptable to Commerce, such as a licensed architect or engineer, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs and improvements, pending repairs, and existing or chronic physical deficiencies.

B. The assessment will include a site visit and a physical inspection of the interior and exterior of all units and structures. The assessment will consider the presence of environmental hazards such as asbestos, lead paint and mold on the site.

C. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. If the remaining useful life of any component is less than 50 percent of the expected useful life, immediate rehabilitation will be required unless capitalized. If the remaining useful life of a component is less than the term of the HTF period of affordability, the application package must demonstrate sufficient periodic payments to a replacement reserve to finance the future replacement of the component.

D. The assessment will examine and analyze the following:

1. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;

2. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;

3. Interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition,

etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and

4. Mechanical systems, including plumbing and domestic hot water; HVAC, electrical, lighting fixtures, fire protection, and elevators.

E. Applicants are advised to also consider the requirements of other funding sources when ordering a CNA.

## **XVIII. New Building Design Requirements**

1. **Laundry** – Housing shall have access to laundry facilities and shall comply with the following requirements:
  - a. Common laundry is required unless laundry equipment is provided in each dwelling unit.
  - b. If common laundry, one (1) washer and one (1) dryer must be provided for every twelve (12) dwelling units. Provide folding table and seating area.
  - c. If laundry equipment is provided in each dwelling unit, stackable equipment is acceptable in non-accessible dwelling units.
  - d. Every clothes washer shall have a disaster pan with floor drain, or be located in a room with concrete flooring whereby the floor slopes to floor drain.
  - e. Avoid locating clothes washers near areas with carpeting.
2. **Elevator** – Housing required to have an elevator shall meet the following requirements associated with an elevator:
  - a. The maximum length of travel from any dwelling unit to an elevator shall not exceed two hundred fifty (250) lineal feet.
  - b. The number of required elevators in each building shall be dictated by the number of stories above grade as follows:
    1. (3 – 5) stories above grade: one (1) elevator required.
    2. (6 – 9) stories above grade: two (2) elevators required.
    3. (>9) stories above grade: consult Commerce.
3. **Dwelling unit** – Housing shall meet the following requirements associated with decent living space:
  - a. Living room
    1. Least dimension shall be 11'-6" and appropriately sized for anticipated household size.
    2. Must have window (or glass patio door) to exterior for natural lighting.
  - b. Primary or Master bedroom
    1. Least Dimension shall be 10'-0"
    2. Least square footage shall be 115 sq. ft.
    3. Window to exterior for natural lighting.
    4. Closet (5 lineal ft. of net rod/shelf length).
    5. Door and walls to ceiling for privacy.
    6. Exception: Efficiency Dwelling Unit/Single Room Occupancy (SRO)
  - c. Secondary bedroom(s)

1. Least dimension 9'-6".
2. Least square footage shall be 100 sq. ft..
3. Window to exterior for natural lighting.
4. Closet (4 lineal ft. of net rod/shelf length)
5. Door and walls to ceiling for privacy.
6. Exception: Efficiency Dwelling Unit/Single Room Occupancy (SRO)

d. Kitchen

1. Kitchen countertop work area.
  - a. Minimum length shall be 6'-0" measured along the front footage (excluding sink and appliances) for one bedroom dwelling units;
  - b. 7'-0" for two and three bedroom dwelling units;
  - c. And 8'-0" for larger dwelling units.
2. Snack bar or eat-in kitchen area. (Required in 3-bedroom and larger dwelling units.)
  - a. Snack bar shall be 4'-0" long (minimum).
3. Range/oven in all dwelling units.
  - a. All units with two or more bedrooms must be equipped with 30" wide range/self-cleaning oven.
  - b. All other units shall be equipped with 24" (min.) range/self-cleaning oven.
  - c. Avoid locating range in corner or at the end of the counter.
  - d. A protective shield must be provided for the section of wall directly behind all ranges and on any abutting partition. Protective shields shall either be high-pressure plastic laminate, enameled steel or stainless steel.
4. "Frost Free" refrigerator/freezer with 15" minimum wide counter on latch side. 14 cu. ft. (min.) for one bedroom and smaller dwelling units, appropriately-sized for intended household or larger dwelling units.
5. Hard-surface flooring.

e. Dining

1. Dining room/area designated with hard-surface flooring distinct from living room is required in 2-bedroom and larger dwelling units.
2. The dining room/area must be appropriately sized for the intended household size and accommodate the following:
  - a. 2-bedroom dwelling units: Table w/ four (4) chairs
  - b. 3-bedroom dwelling units: Table w/ six (6) chairs
  - c. ≥ 4-bedroom dwelling units: Table w/ seven (7) chairs
3. Must have window to exterior, or opening to living room.
4. Exceptions:
  - a. An eat-in kitchen may be substituted for dining room/area as long as kitchen and dining area are appropriately sized for the intended household size plus two (2) guests.
  - b. A 4' long snack bar located on rear side of kitchen countertop may be used in lieu of designated dining room/area in 1-bedroom and smaller dwelling units.

f. Bathroom

1. Definitions:
  - a. Full Bathroom: (vanity, water closet, and tub w/ showerhead)
  - b. (½) Bathroom or Powder Room: (vanity and water closet)
  - c. (¾) Bathroom: (vanity, water closet, and shower)
2. A minimum of one (1/2) bathroom required at ground floor of any two-story dwelling unit.
3. A minimum of one Full bathroom required at 2-bedroom and smaller dwelling units
4. A minimum of (1 3/4) bathrooms required at 3-bedroom and larger dwelling units
5. Any “Split” bedroom design (bedrooms on opposite sides of living room): At least a 3/4 bathroom adjacent to any bedroom to avoid having to travel through living space when traveling from bedroom to a bathroom.
6. In 3-bedroom or larger dwelling units, Commerce encourages main bathroom to be compartmentalized for simultaneous, multiple use.
7. Minimum Accessories:
  - a. Medicine cabinet (at least one per dwelling unit);
  - b. Towel bar(s) (within reach of lavatory and tub/shower);
  - c. Toilet paper holder;
  - d. Shower curtain rod (if applicable); and
  - e. Mirror

g. Storage space/closets

1. Entry coat closet is required for 1-bedroom or larger dwelling units.
2. Designated linen/towel storage space is required.
3. General storage space for household cleaning supplies, vacuum, etc. is required.

h. Multi-Story Dwelling Unit Living Areas

1. Individual units with multi-stories shall have a kitchen/ kitchenette, living area, dining (or eat-in kitchen) on the same, main level. See Visitability Standards for additional multi-story unit requirements.

**C. Mechanical and electrical systems** – Housing shall have plumbing, mechanical, and electrical systems that comply with the following standards:

1. *Independent technical analysis* – Commerce requires independent technical analysis of any or all building components to determine life expectancy and anticipated ongoing lifecycle costs, as well as a maximum of 10 year payback on energy-efficient investment premiums.
2. *Utility incentives* – Commerce encourages exploring design options early in the design development phase to determine if any energy assistance program resources or other utility rebate options are available.
3. *Plumbing systems* – Plumbing systems shall meet the following requirements:
  - a. All kitchen sinks shall be double compartment (33”x 22” min.), 7” deep minimum. Exception: Efficiency dwelling unit/Single room occupancy (SRO) with dishwasher may have single compartment sink.

- b. Disaster drain pan with floor drain shall be provided under any water heater and clothes washer located above ground level.
  - c. Water softening is required where the hardness exceeds 14 grains except where special circumstances exist. The system must conform to the following:
    - 1. Unsoftened water must be provided to all hose bibs and the cold water tap of each kitchen sink. All other water – hot and cold – is to be softened when water softening is required.
  - d. Plumbing chases and plumbing walls shall not be located in/at new building exterior walls. If required at existing buildings, chases shall be designed to keep plumbing from freezing.
4. *Heating, ventilating, and air-conditioning (HVAC) system – HVAC systems shall meet the following requirements:*
- a. Bathroom exhaust fans shall be ENERGY STAR-labeled and shall exhaust to the outdoors. Fans shall operate either continuously; or when the light is turned on; or with a humidistat and timer.
  - b. Exhaust ductwork for clothes dryers shall be rigid type and vented to outside.
  - c. Kitchen range hood shall meet the requirements
    - 1. By providing direct exhaust to the exterior; or
    - 2. By placing a recirculating range hood as part of a heat recovery central ventilation system.
  - d. Intake and exhaust ductwork located in unheated spaces shall be insulated.
  - e. Air-conditioning shall be provided to all dwelling units.
5. *Electrical systems – Electrical systems shall meet the following requirements:*
- a. Ceiling or wall mounted light fixture in all bedrooms.
  - b. Task lighting above kitchen range and kitchen sink.
  - c. Each dwelling unit shall be capable of receiving hi-speed Internet access.
  - d. Exterior light fixtures and lamps shall be rated for -20 degree F weather.
  - e. Carbon Monoxide (CO) Alarms as required by 2006 state legislation.

**D. Building components** – Commerce encourages the advancement of green/sustainable building strategies, as defined by the U.S. Green Building Council [<http://www.usgbc.org/>]. The following building components shall also meet the following minimum standards:

- 1. *Millwork*
  - a. All new kitchen cabinets and new wood bathroom cabinets shall have solid wood face-frames, doors, and drawer fronts.
  - b. Drawer-box construction shall have dovetail or other reinforced joint construction.
  - c. All millwork shall meet the Kitchen Cabinet Manufacturers Association (KCMA) ANSI/KCMA A161.1 standards. KCMA Certification is suggested but not required.
- 2. *Exterior windows and doors*
  - a. All new windows and doors must be ENERGY STAR-qualified.
    - 1. ENERGY STAR regularly updates its requirements for qualification. The applicable version current for qualification at the time windows and/or doors are ordered/ purchased shall be applied.
    - 2. ENERGY STAR “Qualified” is based upon standards set for the region in which the window/door is being installed. The applicable region for Montana shall be applied.
  - b. All windows and windows within doors shall be furnished with window coverings for privacy and control of heat/solar shading.

- c. All operable windows and operable windows within doors shall have insect screens.
- d. The sill of all windows must be solid wood, stone, or man-made solid surface material.

3. *Roofing*

- a. Low Slope Roofing
  - 1. Shall have a minimum of ¼" inch per foot (finished) slope unless otherwise approved by a qualified Architect and Building Code Official
  - 2. Approved Systems include 60 mil adhered EPDM & TPO, or 4 ply asphalt/gravel built-up assembly.
  - 3. Ballasted or mechanically fastened single ply membranes are not accepted.
  - 4. A Minimum 20-year manufacturer's warranty required.
- b. Sloped Roofing
  - 1. A minimum 25-year manufacturer's warranty is required.

4. *Patio and entrance slabs* – All patio and entrance slabs shall comply with the following requirements:

- a. Stoop/footing frost protection required at all entrance slabs.
- b. Where soils are frost susceptible, stoop/footing frost protection required at all patio slabs.
- c. ¼" per foot maximum slope.
- d. Protect front entrance slab from rain/snow accumulation. (i.e.: overhang, canopy)

5. *Closet door* – Conventional, residential grade, bi-fold doors and hardware package are not acceptable in new construction. Side-hinged or swing-type doors shall be provided.

**E. Ineligible improvements** include, but are not limited to, the following:

- 1. Any furniture or other personal household items;
- 2. Payment, wholly or in part, of assessments for public improvements;
- 3. Construction of or improving existing garage space which will result in personal use garage space per property, exceeding 640 square feet and 2 stalls;
- 4. Construction of or aesthetic improvements to recreational facilities including, but not limited to, patios, gazebos, tennis courts, hot tubs, swimming pools, saunas;
- 5. Costs associated with a project which will be incomplete (i.e. framing in a room addition);
- 6. Greenhouse;
- 7. Improvements begun or purchase of property prior to date of award letter;
- 8. Improvements to portions of buildings or real estate owned by an association or condominium project;
- 9. New construction or expansion of an area used in a trade or business;
- 10. Playground equipment;
- 11. Repairs to or construction of outbuildings including, but not limited to, sheds, utility buildings, shops, barns, silos;
- 14. Underground sprinkler systems; and landscaping and sod, except for restoration of the site following an eligible activity, or for health, safety or accessibility reasons.





**APPENDIX**  
**F: PRELIMINARY ARCHITECTURAL REPORT OUTLINE**

**STATE of MONTANA**  
**HOUSING TRUST FUND**



## **A. Applicability**

A Preliminary Architectural Report (PAR) must be submitted with any application package involving rehabilitation of an existing building using Housing Trust Funds.

## **B. Requirements**

A PAR must:

- be prepared by a professional architect or engineer licensed to practice in the State of Montana;
- include a site visit and physical inspection of the interior and exterior of all units and structures, where applicable;
- determine the work to be performed and identify the long-term physical needs of the project;
- adequately describe existing building conditions and problems, and propose a specific course of action for solving the identified problems, where applicable;
- provide sufficient information to adequately assess the need for, feasibility, and general, estimated cost of the proposed project; and
- thoroughly address all of the other issues identified in this outline.

## **C. Environmental Considerations**

Proposed projects must be eligible upon submission of Phase II, that is, each must be compliant with the Montana Environmental Protection Act (MEPA), as well as HTF environmental regulations at §93.301(f) which seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds. MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a Montana state agency.

- Architects and project representatives should consult the [Uniform Environmental Checklist](#), which must be completed and submitted as part of any application using HTF funds. Contact Commerce for a copy of the most current checklist.
- In order to avoid delays, applicants to HTF should consider potential environmental impacts during project planning. In this way, applicants can avoid or mitigate potential environmental impacts through project design or location decisions by carefully considering consequences and subsequent actions that could be required to mitigate adverse consequences.
- Various funding agencies have different requirements related to the environmental review process, the selection of the preferred alternative, and adoption of the PAR. Applicants should contact those agencies that they are considering applying to so that each agency's specific requirements can be met concurrently and avoid any unnecessary delays in project completion.

## ***I. Problem Definition***

1. ***Describe and document the need for the project and the problems to be solved.*** Describe the need for the project according to the following criteria:
  - a. ***Health and Safety*** - Describe concerns, compliance issues, and relevant regulations such as the Uniform Building Code, zoning ordinances, asbestos, lead-based paint, and other federal, state, local, or tribal requirements. Attach pertinent correspondence to/from appropriate federal and state regulatory agencies.
  - b. ***Facility Operation and Maintenance (O&M)*** - Describe O&M concerns with an emphasis on those with the greatest financial and operational impact. Discuss operational, administrative and management capacity.
  - c. ***Growth*** - Describe the facility capacity necessary to meet projected needs during the planning period. Discuss any potential for future expansion, if applicable, or any consideration given to designing for phased construction. Provide number of current and projected new users to be served by this project.
  
2. ***Identify the planning area and existing or potential location of the facility. Using narrative and drawings, describe the area(s) under consideration. The description should include the following information:***
  - a. ***Location*** - Indicate legal and natural boundaries, major obstacles, environmental constraints, etc. using maps, photographs, and sketches of the planning area or alternative sites, as applicable.
  - b. ***Environmental Resources Present*** - Provide information on the location and significance of important land resources (farmland, range land, forestland, wetlands, and 100 year floodplains, including stream crossings), historic sites, endangered species or critical habitats, etc., using maps, photographs, studies and narrative, as applicable.
  - c. ***Growth Areas and Projected Population Trends*** - Identify specific areas of concentrated growth. Provide population projections for the project planning area and concentrated growth areas for the project design period. Base population projections on historical records, or economic projections, citing recognized sources.
  
3. ***Evaluate the condition of existing facility(ies).*** Describe the existing facilities including at least the following information:
  - a. ***Layout of The Existing Facility(ies)*** - Provide a floor plan for the existing structure(s). Illustrate current space occupied and proposed space requirements.
  - b. ***History*** - Provide a brief history of the facility (ies), including when the structure was constructed, major improvements and any past problems.
  - c. ***Condition of Facility(ies)*** - Describe present condition, capacity, and if there are existing facilities suitable for continued use.
  - d. ***Evaluate Presence of Lead-based Paint and Asbestos*** - If the project is related to housing, provide a full evaluation of the presence of lead-based paint and asbestos when existing facilities are being considered.

e. **Financial Status of Facility(ies)** - Provide information regarding annual O&M costs, tabulation of users, and revenue received for the last three fiscal years. Give status of existing debts associated with the facility(ies).

4. **General design requirements for improvements** - Describe the general design requirements that will need to be met in discussing the potential alternatives to remedying the facility's problems. Discussion should include consideration of the following, and any other pertinent factors.

1. Site availability,
2. Square footage requirements,
3. Site geometry and topography,
4. Property acquisition at reasonable price,
5. Adequate water supply,
6. Adequate wastewater disposal,
7. Public services such as emergency medical, fire protection, law enforcement, and solid waste pickup,
8. Compatible adjacent and nearby land uses, safety and security, traffic; address hazards such as utility corridors or high traffic or other public safety hazards,
9. Access to paved streets and sidewalks for automobiles, emergency vehicles, deliveries, public transit, bicycles, and pedestrians,
10. Site conditions or (environmental or geologic) hazards presenting increased construction or operational costs such as expansive soils, high ground water, rock outcroppings, etc.,
11. Handicapped accessibility (ADA and HUD 504),
12. Location with respect to significant aircraft routes or runway protection zones deemed hazardous by FAA,
13. Location with respect to 100-year floodway of floodplain storm water system as determined by FEMA maps,
14. Local, state, tribal, and federal statutory and code (IBC) requirements, and
15. Other pertinent design requirements.

## II. **Alternative Analysis**

Address items 1 through 6 above for each alternative.

1. **Description.** Describe each alternative site, i.e. existing buildings with potential for rehabilitation or alteration, or alternative building sites.
  - a. **Existing Buildings** - Describe existing buildings within the community that could be modified to accommodate the proposed facility(ies). Describe potential benefits and deficiencies with each, including code compliance issues, floor space, handicapped accessibility, potential for expansion, as applicable.
  - b. **Building Sites** - If proposing new construction, describe alternative building sites available for new construction, any existing structures on the site(s), potential for expansion, proximity to other services, etc.
2. **Regulatory Compliance and Permits.** Describe compliance with appropriate regulations such as Uniform Building Code, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility, and other federal state, local or tribal requirements.

3. **Land Acquisition.** Identify sites and easements required, if applicable. Specify whether these properties are currently owned, to be acquired or leased, and whether options have been obtained, contingent upon receipt of funding.
  4. **Environmental Considerations.** For the alternative selected for the project, discuss the following:
    - a. **Affected Environmental Consequences** - Describe and document the environmental resources of the area to be affected (see the *Full Environmental Checklist*). The checklist must be attached as part of this report. If there has been a previous environmental assessment completed for the project area, please include a copy of the assessment in addition to the completed checklist. Identify each environmental resource that will be affected, as applicable.
    - b. **Mitigation** - Evaluate appropriate short and long-term measures to mitigate each potentially adverse impact. Describe the mitigation measure(s) necessary to minimize adverse impacts upon identified environmental resources. Projects contemplating the renovation of existing structures should thoroughly discuss mitigation measures to address asbestos and lead-based paint, where identified, in accordance with federal and state requirements.
    - c. **Correspondence** - Include any environmentally related correspondence and agency comments as required by the Environmental Checklist, e.g., the State Historic Preservation Office (SHPO).
    - d. **Exhibits/Maps** - Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.
  5. **Construction Problems.** Discuss unique concerns such as geological constraints, limited access, underground storage tanks, high water table, asbestos, lead-based paint, contaminated soil, noise, odors, or other conditions that may affect cost of construction or operation of the facility.
  6. **Cost Estimates.** Include both:
    - a. **Project Costs** (i.e., administrative, financial, engineering, architecture, and construction costs.)
    - b. **Projected Annual Operation and Maintenance (O&M) Costs**
- ### III. Selection of Preferred Alternative
1. **Basis of the selection of the preferred alternative.** Provide an analysis of why the preferred alternative was selected over other alternatives.
  2. **Site location and characteristics.** Discuss the site location of any current or proposed facilities, and describe the characteristics of the site(s).
  3. **Preliminary Architectural Plans.** Provide preliminary architectural plans (including a proposed floor plan) for the proposed facility.
  4. **Operational requirements.** Discuss the expertise required to operate the facility and any unique operational requirements of the facility.
  5. **Impact on existing facilities.**

6. **Design.** Describe design issues for this project, such as the location of the facility, cost effectiveness, technical feasibility, local resources and suppliers, etc.
7. **Cost summary.**
  - a. **Project Cost Estimate** - Provide an itemized estimate of the project cost based on the anticipated period of construction. Include administrative, development and construction, land and rights, legal, engineering, interest, equipment, contingencies, refinancing, and other costs associated with the proposed project.
8. **Annual Operating Budget -**
  - a. **Income** - Project income realistically. Base projections on likely revenues, membership dues, subsidies, etc.
  - b. **O&M Costs** - Project costs realistically. In the absence of other reliable data, base projections on actual costs of other existing facilities of similar size and complexity. Include facts to substantiate O&M costs estimates. Include salaries, wages, taxes, accounting, auditing fees, legal fees, interest, utilities, insurance, fuel, repairs and maintenance, supplies, chemicals, office supplies, printing, medical supplies and/or equipment, and miscellaneous expenses.
  - c. **Capital Improvements** - Describe annual costs of purchasing or replacing equipment necessary to the function of the facility.
  - d. **Debt Repayments** - Describe existing and proposed project financing from all sources, and any effect on facility user fees, including any debt coverage requirements.

#### **D. Public Participation.**

Describe any public participation, meetings, hearings, or comments received from the public about the PAR or proposed project.

#### **E. Conclusions and Recommendations**

Provide any additional findings and recommendations that should be considered in the evaluation of this project.

**APPENDIX**  
**G: CAPITAL NEEDS ASSESSMENT OUTLINE**

**STATE of MONTANA**  
**HOUSING TRUST FUND**



## A. Applicability

A Capital Needs Assessment must be submitted with any application package involving rehabilitation of an existing building using Housing Trust Funds.

## B. Requirements

A Capital Needs Assessment must:

- be prepared by a professional architect or engineer licensed to practice in the State of Montana;
- include a site visit and physical inspection of the interior and exterior of all units and structures;
- determine the work to be performed and identify the long-term physical needs of the project;
- adequately describe existing building conditions and problems, and propose a specific course of action for solving the identified problems;
- provide sufficient information to adequately assess the need for, feasibility, and general, estimated cost of the proposed rehabilitation; and
- thoroughly address all of the other issues identified in this outline.

## C. Environmental Considerations

Proposed projects must be eligible upon submission of Phase II, that is, each must be compliant with the Montana Environmental Protection Act (MEPA), as well as HTF environmental regulations at §93.301(f) which seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds. MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a Montana state agency.

- Architects and project representatives should consult the [Uniform Environmental Checklist](#), which must be completed and submitted as part of any application using HTF funds. Contact Commerce for a copy of the most current checklist.
- To avoid delays, applicants to HTF should consider potential environmental impacts during project planning. In this way, applicants can avoid or mitigate potential environmental impacts through project design or location decisions by carefully considering consequences and subsequent actions that could be required to mitigate adverse consequences.
- Various funding agencies have different requirements related to the environmental review process, the selection of the preferred alternative, and adoption of the PAR. Applicants should contact those agencies that they are considering applying to so that each agency's specific requirements can be met concurrently and avoid any unnecessary delays in project completion.



## D. CNA Outline

### I. Problem Definition

#### a) Need for the Project and the Problem to be Solved

Describe and document the need for the project according to the following criteria:

1. HEALTH AND SAFETY - Describe concerns and deficiencies, compliance issues, and relevant regulations such as the International Existing Building Code, asbestos, lead-based paint, handicapped accessibility, zoning ordinances, and other federal, state, local, or tribal requirements concerning the existing facility.

Attach pertinent correspondence to or from appropriate federal, state, and local regulatory agencies, especially information that provides documentation of health and safety concerns and deficiencies.

2. FACILITY OPERATION & MAINTENANCE (O&M) - Describe O&M concerns regarding the existing facility with an emphasis on those with the greatest financial and operational impact.
3. GROWTH - Describe the facility's capacity to meet projected growth needs from the completion of construction through the anticipated useful life of the building.

Discuss any potential for future expansion, if applicable, or any consideration given to designing for phased construction or incremental expansion of the facility in the future.

Provide both the number of current users served by the facility and the projected number of users to be served by the proposed project upon completion.

#### b) Evaluate the Condition of the Existing Facility

Include a discussion on each of the following in the evaluation of the existing facility:

1. HISTORY - Provide a brief history of the facility, including when the structure was constructed, major improvements implemented in the past, and any past problems. Include information about past repairs and improvements, pending repairs and existing or chronic physical deficiencies.
2. CONDITION OF FACILITIES - Evaluate the present building and site conditions and any problems such as code deficiencies, general structural decay, presence of asbestos, mold or moisture, lead based paint, subsidence issues, overcrowding, or handicapped accessibility. Describe the adequacy or capacity of the existing facility to meet existing and long-term needs.
  - Utilize the HUD document "Uniform Physical Conditions Standards, Comprehensive Listing" to assist in identifying the building condition and include a copy of that list in the CNA.
  - The assessment must address health and safety issues identifying life-threatening deficiencies.
  - The assessment must consider the presence of environmental hazards such as asbestos, lead paint and mold on the site.
  - The assessment must identify critical building systems that have reached or exceeded their expected useful lives.
  - The assessment must address major systems including structural support; roofing; cladding; and weatherproofing (i.e. windows, doors, siding and gutters); plumbing; electrical; and HVAC. The

assessment must provide an estimate (based on age and condition) of the remaining useful life of these systems.

- The assessment will include, but not be limited to, a review and analysis of the following site elements: topography, drainage and soil suitability, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage and gas and electric utilities.
- The assessment will include, but not be limited to, a review and analysis of the following building systems: exterior walls and balconies; exterior doors and windows; roofing systems and drainage; interiors, including unit and common area finishes (e.g. carpeting, tile, plaster walls, paint, etc.)

*Note: The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project. For example, if a proposed project is likely to address roofing deficiencies, there should be at least a generalized assessment of other building systems (i.e. mechanical, electrical, structural, etc.). The level of detail will vary with each project and should be commensurate with the deficiencies noted. The purpose of assessing the entire facility is to ensure that problems are appropriately prioritized, or that repairs to one building component won't be adversely affected by future repairs to another building component.*

## II. Proposed Solution

3. Prepare an alternative analysis to compare the cost of rehabilitation versus the cost of new construction. The comparison must include a life-cycle cost analysis of alternatives.
4. Describe issues that need to be addressed concerning compliance with appropriate regulations such as the International Existing Building Code and other relevant codes, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility (American Disabilities Act and HUD 504 regulations), designated 100-year floodplains, and other applicable federal, state, local or tribal requirements.
5. Identify sites to be purchased or leased and any easements needed, if applicable. Specify whether these properties are currently owned, to be purchased or leased, and whether options have been obtained, contingent upon receipt of funding.
6. Describe the mitigation measure(s) necessary to minimize potentially adverse impacts upon identified environmental resources. Projects contemplating the renovation of existing structures should thoroughly discuss mitigation measures to address any existing hazards, such as asbestos and lead-based paint, where identified, in accordance with federal and state requirements. Include any environmentally-related correspondence and agency comments (e.g., comments from the State Historic Preservation Office). Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.
7. Discuss potential concerns such as geological constraints, limited access, underground storage tanks, high water table, asbestos, lead-based paint, contaminated soil, noise, odors, or other conditions that may affect cost of construction or long-term operation of the proposed rehabilitated facility.
8. Provide preliminary architectural drawings (including a proposed floor plan) for the proposed rehabilitated facility.
9. Discuss the expertise required to operate the facility and any unique operational requirements or benefits of the facility.
10. Include an opinion as to the proposed budget for recommended improvements and identify critical building systems that have reached or exceeded their expected useful lives.
  - If the remaining useful life of any component is less than fifty (50%) percent of the expected useful life, rehabilitation will be required unless capitalized.
  - If the remaining useful life of a component is less than the terms of the Housing Trust Fund loan, the application package must provide for a practical way to finance the future replacement of the component.

### III. Cost Estimates

Include the following:

**a) Project Costs**

Provide an itemized estimate of the project cost based on the anticipated period of construction including administrative, development and construction, land and utilities, legal, engineering, interest, equipment, contingencies, refinancing, and other costs associated with the proposed project

**b) Projected Annual Operation and Maintenance Costs**

In responding to items a and b for housing projects, consult Section C (Financial Analysis, Parts I-VI) of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#).

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### IV. Conclusions and Recommendations

Provide any other conclusions and recommendations and any additional findings that should be considered in the evaluation of the existing facility and the selection of the proposed solution.