

## **DRAFT Program Year 2020 Method of Distribution of funds for the HOME Investment Partnerships Program (HOME) and Housing Trust Fund (HTF)**

The Method of Distribution, related to the HOME and HTF Programs, is outlined within the State of Montana's Consolidated Plan, which is submitted to the U.S. Department of Housing and Urban Development (HUD) every five years. Program Year 2020 is the first year of Montana's 2020-2024 Consolidated Plan, which is being developed with public input on a delayed timeline due to the State's coronavirus response. HUD has provided entities until August 2021 to have the 2020-2024 Consolidated Plan, including the 2020 Annual Action Plan, submitted to and approved by HUD. In order for the State of Montana to access its Program Year 2020 allocations from HUD for HOME and HTF, the Department of Commerce is soliciting public input now regarding the way in which it will allocate its HOME and HTF funds. This input will impact the 2020 HOME and HTF Application and Guidelines, as well as the 2020-2024 Consolidated Plan, including the 2020 Annual Action Plan. This separate process is being undertaken this year to ensure Commerce can award its 2020 HOME and HTF funds in a timely manner to ensure projects continue through 2021.

**State Program Name:** HOME Single-Family Noncompetitive (Homebuyer Assistance)

**Funding Sources:** HOME

**Describe the State Program addressed by the Method of Distribution:** Within the Priority Needs to Preserve and Construct Affordable Housing, HOME funds will be awarded to any eligible applicant (non-profit organizations, CHDOs, and local governments) who may apply for funding individually or with housing partners to provide down payment and closing cost assistance within the maximum amounts established annually by HUD to income-eligible homebuyers to help them purchase a home. All eligible applicants will be required to identify how HOME funds will meet the goals and objectives of the *2020-2024 Consolidated Plan* and local planning efforts. Assisted homebuyers must complete homebuyer education and counseling, and the purchased home must meet Universal Physical Conditions Standards (UPCS). The purchase price for the property cannot exceed HUD purchase-price limits, which are established annually. Recapture and Resale provisions are enforced through deed restrictions placed on the HOME-assisted homes for the applicable period of affordability.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** Those applicants that can demonstrate capacity to comply with the HOME regulations and requirements for homebuyer down payment and closing cost assistance are eligible for HOME funds. HOME 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/Programs/HOME>.

**Describe how resources will be allocated among funding categories:** For the 2020 Program Year, the State of Montana will allocate \$600,000 in HOME resources to HOME Single-Family Noncompetitive activities. The HOME Single-Family Noncompetitive 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 HOME Single-Family Noncompetitive activities must meet HOME requirements. HOME funds may be provided in an amount up to 30% of the purchase

price limit (as presented in the following table) per homeowner for down payment and closing cost assistance as a zero percent interest, deferred loan. HOME funds may be provided in an amount up to 40% of the purchase price limit per homeowner for down payment and closing cost assistance as a zero percent interest, deferred loan to individuals with a disability or individuals who are enrolled members in a state-recognized Native American tribe. The purchase price for the property cannot exceed HUD purchase price limits, which are published annually and listed below. Resale or recapture provisions must be placed on the HOME-assisted home for the applicable period of affordability, assistance is provided as a zero-percent interest, deferred loan, and projects must follow all applicable HOME regulations and guidelines for homebuyer assistance. The HUD-published purchase price limits for Montana are listed below.

#### 2020 HOME Purchase Price Limits

Metropolitan FMR Area Name	Existing Single Family Home	Newly Constructed Single Family Home
Carbon Co – Billings	\$228,000	\$271,000
Yellowstone Co – Billings	\$228,000	\$271,000
Golden Valley Co	\$157,000	\$271,000
Cascade Co – Great Falls	\$176,000	\$271,000
Missoula Co – Missoula	\$285,000	\$285,000
Beaverhead Co	\$171,000	\$271,000
Big Horn Co	\$157,000	\$271,000
Blaine Co	\$157,000	\$271,000
Broadwater Co	\$218,000	\$271,000
Carter Co	\$157,000	\$271,000
Chouteau Co	\$157,000	\$271,000
Custer Co	\$157,000	\$271,000
Daniels Co	\$157,000	\$271,000
Dawson Co	\$160,000	\$271,000
Deer Lodge Co	\$157,000	\$271,000
Fallon Co	\$158,000	\$271,000
Fergus Co	\$157,000	\$271,000
Flathead Co	\$264,000	\$271,000
Gallatin Co	\$315,000	\$315,000
Garfield Co	\$157,000	\$271,000
Glacier Co	\$157,000	\$271,000
Granite Co	\$183,000	\$271,000
Hill Co	\$157,000	\$271,000
Jefferson Co	\$265,000	\$271,000
Judith Basin Co	\$157,000	\$271,000
Lake County	\$227,000	\$271,000
Lewis & Clark Co	\$243,000	\$271,000
Liberty Co	\$157,000	\$271,000
Lincoln Co	\$180,000	\$271,000
McCone Co	\$171,000	\$271,000
Madison Co	\$219,000	\$271,000
Meagher Co	\$157,000	\$271,000
Mineral Co	\$172,000	\$271,000
Musselshell Co	\$185,000	\$271,000
Park Co	\$223,000	\$271,000
Petroleum Co	\$157,000	\$271,000
Phillips Co	\$157,000	\$271,000
Pondera Co	\$157,000	\$271,000
Powder River Co	\$157,000	\$271,000

Metropolitan FMR Area Name	Existing Single Family Home	Newly Constructed Single Family Home
Powell Co	\$157,000	\$271,000
Prairie Co	\$157,000	\$271,000
Ravalli Co	\$266,000	\$271,000
Richland Co	\$228,000	\$271,000
Roosevelt Co	\$157,000	\$271,000
Rosebud Co	\$157,000	\$271,000
Sanders Co	\$205,000	\$271,000
Sheridan Co	\$157,000	\$271,000
Silver Bow Co	\$157,000	\$271,000
Stillwater Co	\$238,000	\$271,000
Sweet Grass Co	\$185,000	\$271,000
Teton Co	\$170,000	\$271,000
Toole Co	\$157,000	\$271,000
Treasure Co	\$157,000	\$271,000
Valley Co	\$157,000	\$271,000
Wheatland Co	\$157,000	\$271,000
Wibaux Co	\$157,000	\$271,000
Limits effective April 1, 2020		

**Anticipated Outcome Measure:** 50 homebuyers will be assisted with down payment and closing cost assistance.

**State Program Name:** Competitive HOME Program

**Funding Sources:** HOME

**Describe the State Program addressed by the Method of Distribution:** Within the Priority Needs to Preserve and Construct Affordable Housing and Reduce Homelessness, HOME funds can be used to acquire, rehabilitate, or construct affordable rental units, homeownership units, or permanent housing for homeless individuals or youth. HOME funds will be awarded to any eligible applicant (non-profit organization, CHDO, and/or local government) who may apply for funding individually or with housing partners. Commerce will set aside a minimum of 15% of HOME funds for activities sponsored, developed, or owned by CHDOs. CHDO or CHDO-partnered applicants will receive first consideration on eligible projects that meet the criteria of the Competitive HOME Program. The HOME program may not award any project activities until at least 15% of the HOME program funds have been allocated to meet the HUD CHDO set-aside requirement. All eligible applicants will be required to identify how the investment of HOME funds will meet the goals and objectives of *2020-2024 Consolidated Plan* and the local planning efforts. Eligible applicants are encouraged to partner with other organizations to provide collaborative and cost-effective projects that will benefit the community and households receiving HOME assistance.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** Competitive HOME applications are ranked according to the applicant's ability to meet the application criteria and align with the goals in the *2020-2024 Consolidated Plan*. HOME Program requirements, grant application and guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <https://comdev.mt.gov/Programs/HOME>.

**Describe how resources will be allocated among funding categories:** For Program Year 2020, the State of Montana will allocate \$2,223,701 in HOME resources to HOME Competitive activities. The Competitive HOME 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 Competitive HOME activities must meet HOME requirements. The amount of grant ceiling will be determined through underwriting criteria and subsidy limit determinations reviewed during the application process. No grant will be awarded that exceeds the HOME maximum subsidy limit as established by HUD.

**Anticipated Outcome Measure:** 10 rental or homeowner units will be constructed; 10 rental or homeowner units will be rehabilitated; and 5 units of permanent housing for homeless individuals or youth will be constructed or rehabilitated.

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**State Program Name:** 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, HTF funds will be used to increase and preserve the supply of rental housing for extremely low-income households, particularly those who are disabled, elderly, experiencing homelessness. The HTF funds invested in rental units must not exceed the per-unit subsidy limits under the HOME Program and HUD-established HTF rent limits will apply to each HTF-assisted unit. Commerce will not use HTF funds to assist first-time homebuyers to finance housing for homeownership or to refinance existing debt.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** Commerce will accept HTF applications on a competitive basis. Commerce will then prioritize project proposals from eligible entities through a ranking process. Applications will be ranked to determine how closely a project aligns with the intent of the *2020-2024 Consolidated Plan* and HTF Program goals and objectives and ranking criteria. HTF Program requirements, grant application and guidelines, the project administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/Programs/HTF>.

**Describe how resources will be allocated among funding categories:** For Program Year 2020, Commerce will allocate \$2,700,000 in HTF resources to complete HTF program activities, with \$2,000,000 designated for preserving and constructing affordable housing and \$700,000 designated for reducing homelessness. 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. If no applications are submitted to the HTF program to address homelessness activities, 100% of the funds will be used for housing preservation and new construction activities to benefit extremely low-income households.

**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 maximum per-unit subsidy is the same as for the HOME program (24 C.F.R. 93.300(a)) and is calculated using the Uniform Application Form for Montana Housing Programs, available on the Commerce website.

**Anticipated Outcome Measure:** 5 rental units will be constructed; 5 rental units will be rehabilitated; and 10 units of permanent housing to reduce homelessness will be constructed or rehabilitated.

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