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Housing Trust Fund Program

Phase Two – 2017 Rental Housing Application Guidelines

DRAFT

Applications due June 8, 2017

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

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PROJECT GRANT APPLICATION GUIDELINES FOR HOUSING TRUST FUND ACTIVITIES

I. Introduction

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. 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 relevant information and resources are available on the Commerce website <http://comdev.mt.gov/Programs/HTF>. Interested persons may also e-mail HTF Program staff 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 within the 2015-2020 Consolidated 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>.

These Phase Two application guidelines will be useful to organizations that submitted Phase One Letters of Intent (LOI) to Apply and were invited to participate in Phase II. If you did not submit an LOI in Phase One, and would like to apply for next year's HTF funds, please contact HTF staff at Commerce. Phase Two is the submission of a complete and detailed application for a project previously proposed in an LOI, submitted by invitation by the June 8, 2017 due date, followed by the review and scoring of applications.

II. Eligible Applicants

Montana's entitlement communities (Billings, Great Falls, and Missoula) and non-profit organizations are eligible to apply for HTF funding, alone or in partnership. Non-entitlement local governments may apply in partnership with an eligible entity. Non-profit organizations must have an Internal Revenue Service 501(c)(3) or 501(c)(4) non-profit designation to be an eligible recipient of HTF funds. Partner organizations may include for-profit entities, other non-profit organizations, community housing development organizations, human resource development councils, and public housing authorities.¹

III. Eligible Projects

HTF funding may be used to develop affordable housing units for rent by persons of extremely low income. HTF-assisted units are anticipated to be a part of a project that also contains non-NHTF-assisted units.

¹ HTF funds may be used for affordable housing in a project that contains public housing units, if the HTF funds are not used for the public housing units.

New Construction and Reconstruction

All housing units newly constructed or reconstructed with HTF funds must meet Uniform Physical Conditions Standard (UPCS) and comply with all zoning ordinances and building codes adopted by the state and local government, and alignment with MDOC Building Design Standards (See Application Toolkit for more information.). Grantees are required to adopt smoke-free requirements in all housing units and include the three basic visitability features that increase access to friends and family for individuals with disabilities (a zero-step entrance, doors with 32 inches of clear passage space, and a wheelchair-accessible half-bathroom on the main floor).

Eligible project activities include, but are not limited to:

Rehabilitation

All housing units rehabilitated with HTF funds must meet HTF rehabilitation standards (See Application Toolkit for more information.) Grantees are strongly encouraged, to the maximum extent possible, to adopt smoke-free requirements in all housing units and include the three basic visitability features that increase access to friends and family for individuals with disabilities (a zero-step entrance, doors with 32 inches of clear passage space, and a wheelchair-accessible half-bathroom on the main floor).

Eligible Project Activities

Eligible project activities include, but are not limited to:

- Demolition of existing substandard housing that is not suitable for rehabilitation², or of non-residential structures that are not suitable for conversion to housing units;
- Site improvements, such as landscaping, paving, sidewalks, curbs and gutters, on-site utilities, etc.;
- Construction of new housing units;
- Rehabilitation of existing substandard housing³, including manufactured housing, that is suitable for rehabilitation;
- Conversion of existing non-housing structures into housing units; and/or
- Reconstruction of an existing housing project destroyed by fire or natural disaster.

IV. Additional Considerations for Eligible Applicants

Underwriting and Subsidy Layering

Commerce will determine a reasonable level of profit or return on a recipient's investment in a project and ensure that:

² "Substandard not suitable for rehabilitation" means any housing unit or a building containing housing units where the estimated cost of making the needed replacements and repairs is greater than or equal to 75 percent of the estimated cost of new construction of a comparable unit or units.

³ "Substandard suitable for rehabilitation" means any housing unit or a building containing housing units where the estimated cost of making necessary replacements and repairs is less than 75 percent of the estimated cost of new construction of a comparable unit or units.

- Any grant will be only what is necessary to provide quality affordable housing that is financially viable for, at a minimum, the affordability period required by the regulations;
- The sources and uses of funds (including any operating cost assistance and reserves) for the project are reasonable and will not provide an undue profit; and
- Prior to the signing of any contract, the HTF recipient documents:
 - an assessment of the current market conditions;
 - its experience and capacity; and
 - firm written financial commitments for the project.

Match

No match is required for the use of HTF funds, but Commerce will carefully consider applications that leverage other funding sources to achieve the goals of HTF.

Eligible and Ineligible Project Expenses

Project activities *eligible* for reimbursement with HTF funding include, but are not limited to:

- Expenses that directly relate to construction or rehabilitation activities that implement the scope of work identified in the HTF grant contract, including materials, labor, land acquisition, and permanent furnishings, equipment, and fixtures;
- Professional services that directly relate to design activities that implement the scope of work identified in the CDBG grant contract;
- Direct grant administration expenses pro-rated with other funding sources, up to a maximum 2.5% of the total HTF budget for the project;
- The costs associated with financing, such as insurance premiums, title and recording, and financing fees;
- Relocation costs for tenants who must be temporarily relocated during rehabilitation. Such relocation must be less than a year in length;
- Planning and design costs associated specifically with the project, including architecture and engineering fees and costs for other professional services directly related to the construction or rehabilitation of the project;
- Costs to construct or rehabilitate community facilities for the use of project residents and located within the same building as the HTF-funded housing units. The cost of providing broadband internet access or to construct a computer room must be prorated based on the percentage of total HTF-assisted units.
- Operating cost reserves of rental housing constructed or rehabilitated with HTF funds, when the project does not receive project-based assistance and Montana Housing Tax Credits are part of the total funding package and is capped at 30% of capital costs. The eligible amount is determined during underwriting, not included in the maximum per-unit subsidy, and represents a deficit remaining after the monthly rent payment for HTF-assisted units is applied to the HTF-assisted units' share of monthly operating costs. Only that share of the total deficit may be addressed with HTF operating cost reserves. Eligible operating costs include insurance, utilities, real property taxes, maintenance, and scheduled payments to a reserve for replacement of major systems (up to 5 years) or for an initial operating deficit reserve during project rent-up. Operating cost reserves (when HTF funds are non-appropriated) may be funded for the amount estimated to be necessary for the entire period of affordability up front. Any HTF funds placed in an operating deficit reserve

(for project rent-up) that remains unexpended after 18 months may be retained for project reserves if approved by Commerce.

Expenses that are *not eligible* for HTF grant funding include, but are not limited to:

- Operation and maintenance costs, except as specifically allowed above;
- Temporary furnishings, fixtures, or equipment;
- Any unauthorized costs incurred prior to the date identified in the Notice of Award letter;
- Assistance to a project previously assisted with HTF funds during the affordability period;
- The acquisition of property owned by the State of Montana;
- Delinquent taxes, fees, or charges on properties to be assisted with HTF funds;
- Political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns;
- Infrastructure outside of the HTF project property;
- Rental subsidies
- Administration, outreach, or other costs to manage and operate the grantee of HTF funds; or
- Any other ineligible cost listed in the HTF regulations.

Manufactured Housing

If HTF funds are used to acquire and/or rehabilitate manufactured homes for rental, or to acquire land to develop or relocate manufactured homes for rental, the manufactured housing must be secured by a foundation system capable of transferring all design loads to the ground and which meets the requirements of 24 CFR Part 3280, and all units must have an affixed certification label that of conformance with the Federal Manufactured Home and Safety Standards. If an applicant proposes to rehabilitate a manufactured home park, all tenants of the park must be ELI households.

Lead-Based Paint

Any contractor or subcontractor engaged in renovation, repair, and paint activities that disturb lead-based paint in units built before 1978 must be certified and follow specific work practices to prevent lead contamination. Each tenant of units built before 1978 must be provided proper notice and must sign an acknowledgement of the "Lead Based Paint" form and has been given a copy of the signed form. In addition to complying with Title X, UPCS inspections will be performed at HTF-assisted rental properties throughout the state.

Displacement, Relocation, and Acquisition

The grantee must ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) because of a project assisted with HTF funds. To the extent feasible, displaced residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project.

Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

Funding Accountability and Transparency Act

HTF assistance provided to subgrantees and recipients shall be considered a Federal award for purposes of the Federal Funding Accountability and Transparency Act of 2006.

Eminent Domain

HTF funds cannot be used in conjunction with property taken by eminent domain, unless eminent domain is employed only for a public use, except that, public use shall not be construed to include economic development that primarily benefits any private entity.

V. Application Submission

Phase Two HTF Program applicants must submit one (1) hard copy and one (1) electronic copy of the full HTF application submittal, as described below. The hard copy of the full HTF application submittal must be postmarked or delivered to the Department of Commerce on or before May 1, 2017, at:

Community Development Division
Montana Department of Commerce
301 South Park Ave
P.O. Box 200523
Helena, MT 59620-0523

The electronic copy of the full HTF application submittal may be submitted by CD, DVD, compressed file by email, or preferably through the State File Transfer service at <https://transfer.mt.gov>. To use the latter, create an account in the transfer service, upload the files, and email the transfer to DOCCDBG@mt.gov no later than the close of business on March 3, 2017. Please include the name of the applicant and 'HTF' in files uploaded to the transfer service.

Applicants that plan to commence a project before it has been awarded HTF grant funding should discuss their plans with program staff to ensure they do not take any steps that could violate the various federal, state, and programmatic laws and requirements that apply to projects involving HTF funds. Some project activities, such as land acquisition, are subject to HTF regulations even if performed prior to the submission of an application for HTF funding or receiving an award of HTF funds.

Application Contents: Sections 1-18.

A complete Phase Two HTF application must include **Sections 1-18**, as applicable and following. *Please note: Wherever questions are applicable to a given proposal, those questions must be responded to individually.*

- 1. Table of Contents**
- 2. a. Certification for Application to the HTF Program (Appendix A)**
b. Resolution to Authorize Submission of a HTF Application (Appendix B)
c. Letter(s) of Funding Commitment
- 3. Responses to Criteria Questions for all Proposals (Appendix C)**

4. Documentation to Support Appendix A – Criteria Questions

The applicant should provide documentation and sources of supporting data for all information and responses provided in the Phase One Intent to Apply, Uniform Application, and Phase Two Full Application. If referencing a larger document available on the internet, the applicant should include hardcopies of relevant pages of documents, with a web address to the complete document. If a survey or other original research was conducted to support the application, the methodology must be described and a copy of the research or survey form and a composite summary of all responses must be submitted.

5. Uniform Application for Montana Housing Loan, Grant, and Tax Credit Programs

Each applicant must provide a completed copy of the current *Uniform Application Form for Montana Housing Programs*: <http://housing.mt.gov/UniformApplication#>. Each relevant section that is a confirmed or proposed funding source must be complete. If an applicant or partner is a non-profit or for-profit organization that currently owns and operates the rental housing, or will own and operate a proposed housing project, the financial information on the Uniform Application must include the information for the organization as well as a copy of the organization's IRS Form 990 (if non-profit organization) or tax returns (for-profit corporation) for the three most recent years of operation.

6. Preliminary Architectural Report (PAR) or Capital Needs Assessment (CNA)

For New Construction or Significant "Gut" Rehabilitation (See definitions in CNA Outline):

The applicant must provide a copy of a final Preliminary Architectural Report that thoroughly addresses the requirements in the MDOC PAR outline. See Application Toolkit for more information.

For Standard Rehabilitation:

The applicant must provide a copy of a final Capital Needs Assessment that thoroughly addresses all the other issues identified in the MDOC CNA outline. See Application Toolkit for more information.

9. Residential Anti-displacement and Relocation Assistance Plan (if applicable)

URA requirements apply when HTF funds are proposed for acquisition, demolition, or rehabilitation of any property or structures. If applicants are proposing the use of HTF funds for property or structures already occupied by residential households, a General Information Notice (GIN) should be sent as soon as possible (even prior to application) to all occupants informing them that the land on which they reside or building which they occupy is being considered to receive HTF assistance and informing them that there is no intent to evict the occupants or involuntarily relocate them because of the proposed HTF activity.

If proposing acquisition, applicants must provide documentation that the property can be purchased or leased within six (6) months of the date of tentative grant award. Contact HTF staff for technical assistance, if necessary.

Neither land nor easements must be firmly committed for purchase with HTF funds or with any other proposed project funds until a release of funds by Commerce, has been completed.

Each application for HTF funds for acquisition, demolition, or rehabilitation of any property or structures must be accompanied by a Residential Anti-displacement and Relocation Assistance Plan, which provides the policy that the applicant will follow if project activities trigger the URA. See Application Toolkit for more information for a template for a Residential Anti-displacement and Relocation Assistance Plan.

Additionally, applicants for URA-applicable projects must provide responses to the following questions:

1. Does the applicant own the property and/or permanent easement(s) on which the proposed project will take place? If yes, please answer the following questions and provide supporting documentation:
 - a. When were the property and/or easements acquired?
 - b. When did the applicant begin considering the use of federal funds for the proposed project?
2.
 - a. Will property need to be acquired to complete this project?
 - b. Will a permanent easement(s) need to be acquired to complete this project?
3. If the answers to questions 2. or 3.a./b. is 'yes', the applicant will need to document compliance with URA and answer the following questions.
 - a. If property or permanent easements will be acquired to complete this project, what steps will the applicant take to document compliance with URA?
 - b. If property or permanent easements have been acquired to complete this project, please provide evidence, including dated signatures, documenting the following:
 - The fair market value of the property or permanent easement was established by a certified, licensed appraiser
 - The seller has been made aware of his/her rights under the URA;
 - The seller was made aware of the fair market value of the land and/or easement, and his/her right to just compensation;
 - The sale is voluntary; and
 - The acquisition process is URA-compliant.
5.
 - a. Will any person or business need to temporarily relocate to complete this project? Will this temporary relocation last for more than one year?
 - b. Will any person or business be prohibited from returning after temporarily relocating?
6. If HTF assistance is proposed for a project involving a property that is currently occupied, please provide documentation demonstrating the General Information Notice (GIN) was received by all occupants informing them that the land on which they reside or building which they occupy is being considered to receive HTF assistance and informing them that

there is no intent to evict the occupants or involuntarily relocate them because of the proposed HTF activity.

7. Will any person or business need to temporarily relocate to complete this project? Will this temporary relocation last for more than one year? If the proposed project involves temporary relocation:
 - a. Identify each household and/or business that will need to be temporary relocated.
 - b. How will the temporary relocation affect the project budget?
 - c. How will the temporary relocation affect project implementation and/or project construction?
 - d. Who will be responsible for documenting compliance with URA?

10. Draft Project Implementation Schedule

Each application for HTF funds must be accompanied by a draft project implementation schedule that describes the overall schedule for project completion, including engineering or architectural and construction. See the Application Toolkit for a sample Project Implementation Schedule.

11. Draft Construction Management Plan

Each application for HTF funds must be accompanied by a draft project construction management plan that identifies all the project partners, capacity, responsibilities, and roles. See Application Toolkit for a Construction Management Plan template.

12. Procurement of Professional Services

If procurement is necessary for design, implementation, and/or management of the project and has already been completed, please provide the following documents:

- a. Affidavit of publication for the Section 3 Notice;
- b. Direct Solicitation of Disadvantaged Business Enterprises;
- c. The full Request for Proposals (RFP) or Request for Qualifications (RFQ);
- d. The affidavit of publication for the RFP/RFQ;
- e. Meeting minutes and/or interviews with prospective entities; AND
- f. The scoring criteria used to select the successful entity.

If procurement is necessary for design, implementation, and/or management of the project and has **not** already been completed, describe who will be carrying out the procurement and the steps that will be taken to comply with HUD procurement requirements and State law.

13. Status of Past and Current HTF Funded Projects (Not applicable in HTF's inaugural year.)

The applicant may provide narrative and documentation, as applicable. In general, HTF staff will consider the following:

1. What is the status of any open HTF project, including project closeout reports, quarterly update reports, project completion information and closeout schedule?
2. In the case of any currently open HTF project: Is the applicant compliant with the current project implementation schedule contained in the HTF contract with Commerce?
3. Were any state and/or HTF audit findings or monitoring findings directly related to a previous HTF grant award satisfactorily addressed?

14. Program Income Planning (Not applicable in HTF’s inaugural year.)

Program Income is income earned by a recipient from a HTF-supported activity, such as the pro-rated portion of revenue generated (over and above operations and maintenance) of a rental development. These funds are usually received after a construction project has been completed and closed out and are retained by the recipient to be used for HTF-eligible activities at the local level. All PI funds must be used strictly according to an adopted Program Income Plan, which must serve a HTF objective.

If an applicant received program income from a project funded after 2016, include program income earnings to date, activities funded, and any available balance. This is in addition to required annual reporting of program income received from HTF-supported activities.

1. If applicable, document HTF program income expenditures (if any) for the last three years, in accordance with Commerce requirements.
2. If program income is expected because of this or other HTF projects, include a draft or previously-approved HTF Program Income Plan, that
 - a. indicates how the grantee will generate PI;
 - b. describes the key person who will be responsible (name, title, phone) for tracking receipt and expenditure as well as annually reporting PI funds;
 - c. describes the process that will be used to approve expenditure of PI.
3. If HTF Program Income from previous HTF grants is available for the proposed project, describe the commitment of those program income funds.

15. Energy Conservation

Commerce will review the proposed project’s design for energy efficiency measures including solar deployment and other on-site renewable energy installations that are aligned with the Federal Renewable Energy Target (FRET). (http://portal.hud.gov/hudportal/HUD?src=/program_offices/economic_resilience/eegb/renew300) Additionally, Commerce will use the National Renewable Energy Laboratory (NREL) online tools (<http://www.nrel.gov/>) to calculate potential energy production, financial and economic impacts, and solar data. Commerce may score higher those projects that further FRET goals and objectives as more consistent with the intent of the HTF program than those that do not further FRET goals and

objectives.

1. If energy conservation activities are proposed, will the project leverage Low Income Energy Assistance Program (LIEAP) and the Weatherization Assistance Program of the U.S. Department of Energy <http://www.energy.gov/eere/wipo/weatherization-assistance-program> as administered by the Montana Department of Public Health and Human Services and the appropriate Human Resource Development Council for the project area? If not, why not?
2. What other reasonable options to reduce future energy costs will be included? For example, will “Energy Star” rated materials and appliances will be incorporated into the project design?
2. Will the project be LEED Certified upon occupancy? If so, what level of LEED Certification?

16. Public Participation Process

Applicants must provide a narrative describing their compliant citizen participation process as it related to the proposed project. To receive HTF funds, 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, the 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 resulting from or generated for such meetings and sessions.

17. The Rental Housing Operation Plan

Each application for HTF funds must be accompanied by a draft Rental Housing Operation Plan that identifies all individuals (by name and/or title) who will be responsible for the long-term operation of the project from construction completion through the full period of affordability. See Application Toolkit for a template Rental Housing Operation Plan.

18. Affirmative Fair Housing Marketing Plan (AFHMP)

Each application for HTF funds must include a complete AFHMP that will guide marketing of the units within the HTF-assisted project, to assure fair and equitable opportunities for housing. A fillable .pdf of the required AFHMP form is can be downloaded from the HUD portal at <https://portal.hud.gov/hudportal/documents/huddoc?id=935-2a.pdf>. During the Period of Affordability for all HTF-assisted projects, implementation of the AFHMP must be documented and the documentation must be retained for review.

Appendix A:
HTF Certification for Application

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.

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.

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 standards outline in this application.

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.

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, at project completion, the project will not have significantly impacted the environment, and will be compliant with:

- environmental requirements under 24 CFR 93.301(f)(1) or (2);
- the requirements of Part 93 (including the property standards under 24 CFR § 93.301);
- document maintenance demonstrating that the project meets the HTF Environmental Provisions [§ 93.407(a)(2)(iv)];

- 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. The grantee must certify that the proposed project will not significantly impact the environmental regulations and must fulfill its obligations to give public notice of environmental findings and compliance performance. A request for release of environmental conditions is not required under HTF.

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. Montana's prevailing wage law applies to contracts entered into for construction services or non-construction services let by a county or municipality in which the total cost of the contract is \$25,000 or more. It requires that bidders on contracts pay a set rate of compensation, including employee benefits, and that at least 50% of the employees of each contractor working on the jobs be bona fide Montana residents
- 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, municipality, 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 B:
Resolution to Authorize Submission of
an HTF Application

Resolution Authorizing Submission of HTF Application

WHEREAS, the (Name of applicant) is applying to the Montana Department of Commerce for financial assistance from the Housing Trust Fund Program (HTF) to (describe purpose of project);

WHEREAS, the (Name of applicant) has the legal jurisdiction and authority to construct, finance, operate, and maintain (the proposed housing);

That the (Name of applicant) agrees to comply with all applicable parts of the Housing and Economic Recovery Act (HERA), as amended, which have not been cited herein, as well as with other applicable federal laws and regulations, and all State laws and regulations and the requirements described in the HTF Application Guidelines and those that will be described in the HTF Project Administration Manual;

That the (Name of applicant) commits to provide the amount of non-HTF funds as proposed in the HTF application; and

That (name of Chief Elected or Executive Officer), (title), is authorized to submit this application to the Montana Department of Commerce, [on behalf of (name of applicant), to act on its behalf and] to provide such additional information as may be required.

Signed: _____

Name: _____

Title: _____

Date: _____

Attested: _____

Applicant's Federal Tax ID Number: _____

Applicant's DUNS Number: _____

Note concerning the DUNS Number requirement:

The requirement that the local government's DUNS (Data Universal Numbering System) Number must be provided by all applicants is a compliance requirement of the Federal Funding Accountability and Transparency Act of 2006.

Additionally, entities receiving HTF funds must be registered in the federal System for Awards Management (SAM). Debarred entities may not receive HTF funds.

Appendix C:
HTF Scoring,
Criteria A-E,
and
Criteria Questions
for all Proposals

HTF Scoring in General

Applications will be ranked based upon the extent to which the proposed project relates to each ranking criteria. The amount of HTF funding to be recommended will be based upon an analysis of the applicant's proposed level of local financial capacity and participation. Staff may take additional information, based upon knowledge and information about a proposed project or 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 to clarify information already presented in the application.

The ranking team will prepare and submit a report containing the recommended projects. The Director will make the final decision on grant awards and funding.

Commerce will carefully consider each criterion. Each 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, 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.

GOOD

The applicant provides an adequate narrative addressing the overall criterion, applicable issues, and minimum requirements, with acceptable documentation to support its claims. While some response and documentation were weak or inadequate others completely supported claims or compliance with a requirement. On balance, 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 secondary issues that may be significant.

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.

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;

4) The technical feasibility and appropriateness of the proposed project considering identified needs, potential alternatives, available resources, financing, environmental considerations, and cost estimates; and

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 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 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.

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.

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. Applicants indicate which objectives the project is proposed to achieve and provide a global narrative addressing the relationship of the project to HTF goals, and describing how the selected objectives indicated will be achieved if the project is constructed and put into service. Points will be awarded for each objective with at least adequate narration of the applicable issue.

Criterion A Responses

A-1. Indicate each objective the project is proposed to achieve, if constructed and put into service. Scores for Criterion A may accumulate as noted in the Point Value column.

I. Support existing Montana communities (6 points, total):

Check applicable objectives	Objectives	Point Value
	Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources.	1
	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
	Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.	1
	Encourage the rehabilitation of existing rental homes, particularly for the homeless, disabled, elderly, and other disadvantaged populations.	2
	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

II. Invest in vital public infrastructure (3 points, total):

Check applicable objectives	Objectives	Point Value
	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
	Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment	1
	Provide funding opportunities to serve eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations, with safe, efficient public infrastructure	1

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

Check applicable objectives	Objectives	Point Value
	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

	Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities.	1
	Support job training opportunities to extremely low-income Montanans to strengthen communities within the State.	1
	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
	Encourage housing and mixed-use development that contributes to broader revitalization efforts in Montana communities.	1
	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

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

Check applicable objectives	Objectives	Point Value
	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
	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
	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
	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
	Encourage financial mechanisms that provide rental assistance to eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations	2

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

Check applicable objectives	Objectives	Point Value
	Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness	2
	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
	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

A-2. Provide a single, global narrative demonstrating how the proposed project will contribute to the achievement of the selected objectives of the HTF Program, as indicated above.

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 funds of at least 25% of the total project budget will receive one additional point toward their total score.

Criterion B Scoring

(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 B Questions

- B-1. Describe and document the need for the increase in the local supply of decent, safe, and sanitary affordable housing for ELI families in the proposed community.
- B-2. Describe and document how the proposed project complements existing federal, state, and local efforts to increase the supply of and respond to the need for decent, safe, and sanitary affordable housing for ELI families in the proposed community.
- B-3. Describe matched funds and attach documentation of firm commitment of the same.

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

Commerce will consider each of the following issues:

- Either readiness to proceed because of a fully committed budget or the ability to fully commit funds within nine (9) months of awards;
- Organizational capacity with fiscal experience, capability, and availability;
- Local community support, public participation, and consistency with the community's comprehensive planning efforts;
- For new construction and substantial or 'gut' rehabilitation, a Preliminary Architectural Report (PAR) that meets the minimum standards of Commerce's PAR Outline (See Appendix I) If a project must be evaluated from an engineering perspective, Commerce's Preliminary Engineering Report Outline is available upon request.
- For moderate rehabilitation, a Capital Needs Assessment (CNA) that meets the minimum standards of Commerce's CNA Outline (Appendix J).
- Compliance with the Montana Environmental Protection Act and HTF environmental regulations at § 93.301(f) to assure the project, as proposed, will not significantly impact the environment.

Criterion C Scoring

C-1. Commerce will consider the extent to which the application demonstrates *financial feasibility*. Higher scores will be assigned to proposals that have fully committed funding sources and/or concessions (such as documents showing a negotiated reduction in loan interest or other financial mechanism).

1 Point - Fair
2 Points - Good
3 Points - Excellent

C-2. Commerce will consider the extent to which proposals demonstrate *fiscal 'readiness to proceed'*. Higher scores will be assigned to proposals which demonstrate the following

- All HTF units will remain affordable as HTF units for a minimum of 30 years by demonstrating a supported cash flow through the HTF 30-year period of affordability, achieved through a request for HTF Operating Assistance and or with the documented availability of federal, state, or local project-based rental subsidy.
- If required by other funding sources, affordability must be demonstrated beyond the HTF 30-year period of affordability for any required additional period.

1 to 2 Points - Fair
3 to 6 Points - Good
7 to 8 Points - Excellent

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*. Higher scores will be assigned to proposals which include solid 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 proposed. Specifically, the experience should be in meeting the requirements of other federal funding sources expertly.

- 1 Point - Fair
- 2 Points - Good
- 3 Points - Excellent

C-4. Commerce will consider the *technical feasibility and appropriateness of the proposed project*, considering the Applicant's identified need. Higher scores will be assigned to:

- 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 I and J).
- 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.

- 1 Point - Fair
- 2 Points - Good
- 3 Points - Excellent

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. Higher scores will be assigned to proposals with three or more examples of documented experience in meeting timely obligation of funds and for completing activities in a timely manner.

- 1 Point - Fair
- 2-3 Points - Good
- 4 Points - Excellent

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 public with no direct connection to the project.

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

Criterion C Questions

- C1. Describe and document other funding sources and/or concessions (such as a negotiated reduction in loan interest or other financial mechanism to increase project feasibility). Describe whether these sources of funding are proposed, presently submitted for agency consideration, or documented as firmly committed.
- C-2. Using the [Uniform Application for Housing](#) (Pro-Forma, Section C – Financial), describe and document how this project will maintain a positive cash flow through the minimum required 30-year period of affordability. Projects with partner funding for which additional years of affordability are required should demonstrate cash flow throughout the additional term. As part of that demonstration, describe and document:
- The need for any request for HTF Operating Assistance funds; and
 - The applicant’s ability to provide federal, state, or local project-based rental subsidy.
- C-3. Demonstrate and document *organizational capacity* to coordinate and fulfill programmatic requirements *during the construction phase*, including sufficient documentation of organizational capacity, experience, and the availability of qualified professionals to successfully
- oversee, and
 - administer, and
 - develop and/or rehabilitate
- rental housing, while meeting the requirements of a variety of federal funding sources.
- C-4. Submit a Preliminary Architectural Report (PAR) or Capital Needs Assessment (CNA) that complies with the minimum standards of Commerce’s PAR Outline (See Application Toolkit for more information.) The PAR/CNA must include solid narration addressing the overall criteria, applicable issues, and minimum requirements, with strong documentation to support any claims made. Examine project alternatives (PAR only). Include cost estimates. Justify the preferred alternative (PAR only) and cost estimates. 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.
- C-5. Document the applicant’s experience in meeting timely obligation of funds and completing activities in a timely manner in coordination with other federally-sourced funds.
- C-6. Documentation of community support and consistency with the community’s comprehensive planning efforts and public participation, as follows:
- a. 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 public with no direct connection to the project.
- Include narrative and documentation of efforts to reach and involve the public in information, planning, design, and decision-making.

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

Commerce will consider the applicant's experience owning, managing, and operating a publicly-assisted property in compliance with 'period-of-affordability' obligations and requirements.

Criterion D Scoring

Scores may be averaged if years of experience within a skillset overlap in separate scoring divisions; for instance, one staff member who will inspect housing 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 experience are provided.

Criterion D Questions

D-1. Describe and document either organizational or procured capacity and experience of all professionals that will be assigned to manage, operate, and meet regulatory period-of-affordability requirements of the proposed rental housing. Provide resumes, monitoring letters, and other documentation representing experience and availability to meet the demands of the project.

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.

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

(No response required)

Commerce compiled 2010-2014 American Census Survey data representing six metrics representing housing difficulties faced by ELI households in the communities in which they reside. Each of these metrics was assigned a minimum baseline value and an associated score, and all Montana counties have been ranked for targeted priority. The targeted geographical data points representing the housing difficulties faced by ELI households and the communities in which they reside are:

1. Percentage of families in poverty. Montana's statewide poverty rate in 2014 was just under 11%. Points are assigned to those applicants whose proposed project will serve a county or counties with a percentage of poverty above the state average.
2. Available and affordable housing units. Extremely low income (ELI) households (at or below 30% of the area median income) face the most severely constrained choices for securing affordable rental housing and are most at risk of housing instability and homelessness. In Montana, there is an average of 50 affordable housing units available for every 100 ELI households. Points are assigned to those applicants whose proposed project will serve a county or counties with less than 50 units of affordable housing available for every 100 ELI households.
3. Rental housing cost burden. Generally, a rental household is considered to be paying more for housing than it can afford ("cost burdened") when it spends more than 30% of income on rent and utilities. In Montana, the average rental household spends 26% of its income on rent and utilities. Points are assigned to those applicants whose proposed project will serve a county or counties where a household spends more than 26% of its income on rent and utilities.
4. Transportation plus housing cost burden. Today, costs of transportation are the second-biggest budget item for most families, and now approach or exceed those of housing for many households. In Montana, the average rental household spends 51% of its income on transportation, rent, and utilities. Points are assigned to those applicants whose proposed project will serve a county or counties where a household spends more than 51% of its income on transportation, rent, and utilities.
5. Substandard Housing Conditions. Housing units available to extremely low income households may lack safe drinking water or hot water for washing, provide ineffective waste disposal, suffer from animal infestation; or have inadequate food storage. While this is not a complete measure of physical inadequacy, 'poor and unsound condition' is a strong indication of overall housing inadequacy.
6. Percentage of Total Population Experiencing Homelessness. Montana's homeless population falls just under the national average, with approximately 11% of the population experiencing homelessness on a given night. Points are assigned to those applicants whose proposed project will serve a Human Resource Council District (HRDC) where more than 11% of the population is experiencing homelessness. HRDC District XI (Missoula, Mineral, and Ravalli counties) has the highest homelessness rate in Montana, at 26.6%.

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. No response from the applicant is necessary. 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 K 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).

Appendix D:
HTF Poverty Criteria Per County

Montana's Targeted Priority Counties – 2016-2017

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
PRIORITY BASELINE MET	>11	<50	>26	>11	>8	>51		10-15 - Medium
PRIORITY SCORE	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%.

