



# Housing Rehabilitation and Development Application Guidelines

## **HOME Investment Partnerships Program and Housing Trust Fund Program**

Applications due Sept. 17, 2025

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## Email and Webpages

[housing@mt.gov](mailto:housing@mt.gov)

<https://commerce.mt.gov/Housing/Community-Housing/HOME-Program>

<https://commerce.mt.gov/Housing/Community-Housing/Housing-Trust-Fund>

<https://commerce.mt.gov/Housing/Community-Housing/Uniform-Application>

Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format, such as large print, Braille, audio tape or computer diskette, please contact the Montana Department of Commerce Community Development Division at 406-841-2770, TDD at 406-841-2702 or the Relay Services number, 711.

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## **I. Introduction**

The State of Montana Department of Commerce receives an annual allocation of funds from the U.S. Department of Housing and Urban Development's HOME Investment Partnerships Program and Housing Trust Fund Program. These programs are designed to support the rehabilitation, new construction and acquisition of affordable rental housing, as well as the new construction of single-family housing for homeownership and down payment assistance for homebuyers. Commerce's HOME and HTF funds will be used as gap funding for projects in Montana that serve households with low, very low and extremely low incomes, particularly the homeless, disabled, elderly and other disadvantaged populations.

HOME was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92; HTF was established under Title I of the Housing and Economic Recovery Act of 2008 with implementing regulations at 24 CFR Part 93. HOME and HTF are intended to maintain and expand the supply of decent, safe, sanitary and affordable housing. In both programs, the housing must be affordable to households at or below each program's applicable income limits. HOME must serve households at or below 80% area median income while HTF must serve households with incomes at or below 30% AMI. In exchange for funds, recipients agree to terms and conditions set forth by federal and state authorities. Upon project closeout, rental property owners agree to income, rent and other restrictions for a period of affordability, which is determined by funding source and level. Single-family programs agree to ensure homeowners continue to use HOME-assisted properties as their primary residence and when homes are sold, resale or recapture restrictions are enforced. HOME- and HTF-assisted properties will be monitored for compliance throughout the applicable POA.

This document presents the requirements for HOME and HTF applications for multifamily rental projects and development of single-family homes. Applicants should use these guidelines if the project will include one or both sources of funds. In most cases, the requirements for HOME and HTF are the same and Commerce's goal is to operate the two programs in a unified fashion. However, it should be noted there are important distinctions between the programs which are identified in these guidelines. For information on using HOME funds to provide down payment and closing cost assistance to homebuyers, please contact Commerce staff, or access information on Commerce's website, <https://commerce.mt.gov/Housing/Community-Housing/>.

The HOME and HTF application guidelines, administration manuals, and other relevant information and resources are available on Commerce's website at <https://commerce.mt.gov/Housing/Community-Housing/>. Interested persons may also e-mail staff at [housing@mt.gov](mailto:housing@mt.gov) or call (406) 841-2840, Montana Relay Service at (406) 841-2702 or 711 regarding any questions they may have about the HOME or HTF Programs.

The application deadline for HOME and HTF will be **Sept. 17, 2025**. Commerce will rank the applications and make recommendations to the Commerce Director, who will make the final award decisions. Any applications received after these dates may be considered for funding only if additional funds are available after awards have been made to eligible applicants whose applications were received by the date listed above.

## **II. Eligible Applicants**

### **HOME**

For-profit and non-profit owners, developers or sponsors are eligible applicants for HOME funds. Note that 15% of Commerce's annual HOME allocation is reserved for activities sponsored, developed or owned by Community Housing Development

Organizations, or CHDOs. This set-aside must be met prior to Commerce awarding funds to other eligible project activities.

## HTF

For-profit and non-profit owners or developers are eligible to apply for HTF funding, alone or in partnership with another eligible entity. Non-entitlement local governments may not apply directly but may in partnership with an eligible entity.

All applicants must have federal Unique Entity Identification numbers and be registered in SAM.gov. In addition, applicants must be registered with the Montana Secretary of State to be an eligible recipient of a HOME or HTF award. 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 HOME or HTF funds.

## III. Eligible Projects

HOME funding may be used to preserve and develop affordable rental housing for households with incomes below 80% of area median income. Further targeting is required at lease up to ensure 90% of HOME beneficiaries have household income below 60% of AMI. HOME funds may also be used to develop new single-family homes to be purchased by first-time homebuyers whose household incomes are below 80% AMI. HTF investments must assist those with extremely low incomes below 30% AMI.

## Eligible Project Activities

Eligible project activities include, but are not limited to:

- Construction of new rental housing units
- Rehabilitation of existing substandard rental housing that is suitable for rehabilitation



- Site improvements, such as landscaping, paving, sidewalks, curbs and gutters and on-site utilities
- Conversion of existing non-housing structures into housing units
- Reconstruction of an existing residential property
- Demolition and reconstruction of existing substandard housing that is not suitable for rehabilitation, or of non-residential structures that are not suitable for conversion to housing units
- Replacement of existing substandard manufactured housing with new or standard manufactured housing that meets the requirements of 24 CFR Part 3280
- With HOME only, construction of new single-family homes.

## New Construction and Reconstruction

All housing units newly constructed or reconstructed with HOME or HTF must meet all zoning ordinances and building codes adopted by the state and local government. Recipients are required to adopt smoke-free requirements in all housing units and include the three basic visibility features: a zero-step entrance, doors with 32 inches of clear passage space and a wheelchair-accessible bathroom. New construction of buildings with more than four units must also include installation of broadband infrastructure, when feasible.

## Rehabilitation

All housing units rehabilitated with HOME or HTF must meet HUD-compliant inspections in accordance with Commerce's Minimum Housing Rehabilitation and Property Standards, as provided in the Application Toolkit <https://commerce.mt.gov/Housing/Community-Housing/HOME-Program> and as Appendix E of Montana's 2025 -2029 Consolidated Plan, which is available at <https://commerce.mt.gov/consolidated-plan/documents>.

Recipients are strongly encouraged, to the extent possible, to adopt smoke-free requirements in all rehabilitated housing units and include the three basic visibility features: a zero-step entrance, doors with 32 inches of clear passage space and a wheelchair-accessible bathroom.

## Ineligible Project Activities

- HOME and HTF funds cannot be used in projects under construction prior to notice of a HOME or HTF award.
- HOME and HTF funds cannot be used to rehabilitate housing for existing homeowners or for emergency housing.
- HOME and HTF funds may not be used for expansion or rehabilitation of public housing.
- HOME and HTF funds may not assist a project previously assisted with HOME or HTF funds after the first year of its POA.
- HTF funds may not be used for transitional housing or homeownership activities.
- HOME and HTF funds may not assist an emergency shelter, student housing, nursing facility or employer-owned housing.

## IV. Other Considerations

### Period of Affordability

During the applicable POA, recipients must provide certification of compliance that income-qualified households occupy the HOME- or HTF-assisted rental units and that rents and utility allowances comply with HOME or HTF requirements. For homeownership projects, recipients must certify that homeowners use the HOME-assisted home as their principal residence or, in the event of change in ownership, have complied with resale or recapture provisions.

HOME projects have POAs that depend on the type of project and the amount of funds invested per HOME-assisted unit as follows:

<b>Length</b>	<b>HOME</b>
<b>5 Years</b>	Homeownership and Rental Acquisition/Rehab <\$25,000 Per Unit
<b>10 Years</b>	Homeownership and Rental Acquisition/Rehab \$25,000-\$50,000 Per Unit
<b>15 Years</b>	Homeownership and Rental Acquisition/Rehab >\$50,000 Per Unit
<b>20 Years</b>	All Rental New Construction

HTF projects must have a 30-year POA, during which the property must meet income eligibility and rent limit requirements.

## Underwriting and Subsidy Layering

Commerce considers the financial viability of the proposed project to ensure that an award will only be the amount necessary to provide quality affordable housing for the duration of the POA and will not result in any undue profit to the developer or contractor.

Factors for consideration include but are not limited to:

- Whether the development team pursued conventional financing prior to applying for HOME or HTF funds
- Whether the rents and operating expenses proposed in the Proforma are reasonable
- Whether the project costs are reasonable for the area and whether other fees are in line with industry standards
- Whether the applicant has maximized the project's debt capacity and considered all other potential sources of funds prior to applying for HOME or HTF funds
- Whether the purchase price of homes will be affordable to income-eligible households.

All funded activities must meet applicable program requirements, including the maximum per-unit development subsidy limit. Commerce has elected to use the HOME

maximum per-unit subsidy limits (24 CFR 93.300(a)) for both HOME and HTF, which are provided in the Uniform Application, available on Commerce's website at <https://commerce.mt.gov/Housing/Community-Housing/Uniform-Application>. Tab "Sec D-HOME/HTF Allocation" in the Uniform Application spreadsheet calculates an estimated number of units that must be designated as HOME- or HTF-assisted, based on the requested financing amount and total project costs. Note that if both HOME and HTF funds finance a project, the HOME- and HTF-assisted units must be different units, i.e. the same unit cannot be counted as both a HOME and an HTF unit.

## Match

### HOME

A 5% match is required for the use of HOME funds. Match must come in the form of a permanent contribution to affordable housing and can include:

- Cash
- Donated construction materials or volunteer labor
- Donated land or real property
- Foregone interest, taxes, fees, or charges levied by public or private entities
- Interest savings from below market rate loans
- Investments in on- or off-site improvements

Investments from state and local governments or the private sector likely qualify as match, whereas federal funds do not. Owner equity, including investments through Housing Tax Credits, also does not qualify as match for HOME-assisted projects. A portion of mortgages provided to homeowners through issuance of tax-exempt bonds qualifies as match.

## HTF

No match is required for the use of HTF funds; however, Commerce expects applicants to leverage other funding sources to achieve the goals of the HTF program.

## Eligible and Ineligible Project Expenses

Project expenses eligible for reimbursement with HOME or HTF funding are summarized below and are detailed at 24 CFR § 92.206 and 24 CFR § 93.201, respectively. Commerce places further limits on eligible expenses.

Development hard costs:

1. Expenses that directly relate to construction or rehabilitation activities that implement the scope of work identified in the written agreement, including materials, labor, permanent furnishings, equipment and fixtures.
2. Expenses necessary to demolish existing structures, make utility connections including off-site connections from the property line to the adjacent street, improve the project site (on-site roads and sewer and water lines), provide broadband internet access, and construct or rehabilitate common space located within the same building as the assisted units and in proportion to the HOME or HTF assistance provided relative to the overall project costs.

Related soft costs:

1. 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.
2. Costs associated with financing, such as insurance premiums, title and recording fees, building permitting costs, legal fees, appraisal fees.
3. Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants.
4. Staff costs directly related to carrying out the project.

5. HOME Only: Costs of environmental review and release of funds directly related to the project.
6. HTF Only: Costs of addressing environmental provisions as set forth in 24 CFR § 93.301.

Relocation costs: Relocation payments to persons who are temporarily relocated up to a year during rehabilitation.

HTF Only: Operating cost assistance and operating cost assistance reserves when project-based subsidy is not available and only when necessary and subject to Commerce approval and certain limitations.

Expenses that are not eligible for HOME or HTF 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 HOME or HTF funds after the first year of the affordability period
- Acquisition of property owned by the State of Montana
- Delinquent taxes, fees, or charges on properties to be assisted with HOME or HTF funds
- Political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns
- Infrastructure outside of the project property
- Rental subsidies
- Administration, outreach, or other costs to manage and operate the recipient organization

- Any other ineligible cost listed in the HOME or HTF regulations at 24 CFR § 92.214 and 24 CFR § 93.204, respectively.

## Manufactured Housing

Both HOME and HTF funds may be used to purchase, rehabilitate, and/or replace manufactured housing for rent. Only HOME funds may be used to purchase, rehabilitate, or replace manufactured housing for homeownership. All 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. All homes must have an affixed certification label that certifies conformance with the Federal Manufactured Home and Safety Standards.

## Environmental Requirements

In general, environmental requirements are triggered when the public is made aware of an entity's intent to apply for federal funds administered by Commerce, or at the time an application is submitted – whichever comes first. It is essential that recipients complete the appropriate environmental review process prior to taking any action on the project that may prohibit the use of federal funds.

### HOME Only

HOME assisted projects are required to comply with the environmental review process specified at 24 CFR Parts 50 and 58. To determine the level of review required and find the appropriate forms, refer to the Application Toolkit at <https://housing.mt.gov/multifamily-development/HOME-program>. From time of application until completion of the environmental review record, applicants must not take choice-limiting actions such as site acquisition, site clearance, demolition or contract execution for construction.

## **HTF Only**

The HTF Environmental Provisions are outcome-based, and HTF-assisted projects must meet the Environmental Provisions at 24 CFR 93.301. If the project cannot meet the HTF Environmental Provisions, the project cannot be funded with HTF. For a suggested format, refer to the Environmental Provisions documents in the Application Toolkit at: <https://housing.mt.gov/multifamily-development/HOME-program>. While all provisions are required to be addressed, for new construction projects, special attention is warranted to ensure proposed projects will comply with requirements regarding historic preservation, farmlands, airport zones and floodplains.

## **HOME and HTF Combined**

When combining HTF with HOME funds, the Part 58 environmental review process must be completed, and the review must also meet the HTF Environmental Provisions requirements. While many portions of a Part 58 environmental review do meet the HTF Environmental Provisions, there are several sections that must be carefully considered for full compliance.

More specific information is provided in HUD's suggested format, located in the Application Toolkit at <https://housing.mt.gov/multifamily-development/HOME-program>.

If another funding source does not require an environmental review to meet National Environmental Policy Act and 24 CFR Parts 50 and 58 requirements, the recipient will be required to comply with the Montana Environmental Policy Act.

## **Lead-Based Paint**

HOME and HTF units must meet HUD standards for lead-based paint mitigation. Any contractor or subcontractor engaged in any activity that disturbs LBP in units built before 1978 must be certified and follow specific work practices to prevent lead contamination.



For units built before 1978, recipients must provide proper notice to tenants, which includes distributing the “Protect Your Family from Lead in Your Home” brochure. Tenants must sign the “Disclosure of Information on Lead Based Paint” form to acknowledge receipt of information pertaining to LBP. In addition to complying with Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992, HUD-compliant inspections will be performed at HOME and HTF-assisted rental properties throughout the state.

## Radon

Radon is a naturally occurring gas found in nearly all soils which can enter a building through cracks and permeable areas in the foundation. When radon gas enters an enclosed structure like a building, its concentration can increase over time and pose a hazard to occupants. Testing the air is the only way to determine radon levels in buildings. Preventing the entry of radon into a building is the most effective way of protecting building residents. This can be done in new buildings by incorporating radon-resistant construction protocols and in existing buildings by using underground collection systems that vent the gas into the atmosphere through an exterior pipe. Radon levels within buildings can also be reduced by increasing ventilation rates. Recipients of HOME and HTF awards will be required to address radon during the environmental review process and incorporate mitigation measures, as necessary.

## Displacement, Relocation, and Acquisition

The Uniform Relocation Act requirements apply when HOME or HTF funds are proposed for acquisition of real property or for demolition or rehabilitation of any occupied property or structure. The recipient must ensure that it has taken all reasonable steps to minimize displacement of families, individuals, businesses, non-profit organizations or farms through a Residential Anti-displacement and Relocation Assistance Plan. To the extent feasible, temporarily relocated residential tenants must be provided a reasonable opportunity to lease and occupy a dwelling unit in the

building/complex upon completion of the project. Any temporary relocation required during the project must be arranged and paid for by the recipient and carefully documented to ensure compliance with the Uniform Relocation Act. Relocation costs are eligible HOME and HTF expenses.

Projects involving permanent displacement must be avoided. Proposed projects that risk displacing businesses or residents will score lower than others.

If the applicant or partners in the project are either under contract to acquire the property, or will acquire property, they will be required to document:

- The fair market value of the property or permanent easement was established by a certified, licensed appraiser
- The seller was 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 was voluntary
- The acquisition process was URA-compliant.

If applicants are proposing the use of HOME or HTF funds for property or structures already occupied by residential households, a General Information Notice should be sent as soon as possible, even prior to application, to all occupants informing them that HOME or HTF assistance has been requested and there is no intent to evict the occupants or involuntarily relocate them because of the proposed HOME or HTF activity. Residents must be provided a 90-day notice prior to any temporary relocation. See the Application Toolkit at <https://commerce.mt.gov/Housing/Community-Housing/HOME-Program> for sample documents.

## Conflict of Interest

No employee, officer or agent covered by the conflict of interest provisions who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME or HTF-funded projects or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from the HOME or HTF-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to the HOME or HTF-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

Recipients must comply with the Conflict of Interest provisions in 24 CFR 85.36 for HOME assisted projects, and 24 CFR 93.353 for HTF assisted projects. Any potential or actual conflict of interest must be disclosed to Commerce to coordinate efforts to inform the public and to ensure proper steps are taken to address the conflict.

## Federal Funding Accountability and Transparency Act

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

## Eminent Domain

HOME and HTF funds should not be used in conjunction with property taken by eminent domain. If an applicant is considering that, prior to any eminent domain activity or decisions, eligible applicants must consult with Commerce to ensure URA regulations are followed.

## VAWA

The Violence Against Women Act requirements apply to all rental housing assisted with HOME or HTF funds. See Commerce's HOME and HTF Administration Manual for more information on compliance with VAWA provisions.

## Minimum Energy Standards

Effective November 28, 2024, applicants must demonstrate that the proposed project's design will meet the 2021 International Energy Conservation Code and ASHRAE 90.1-2019 minimum energy efficiency standards. The adoption of these standards yields significant annual and lifetime cost savings to property owners and renters, improves resident health and comfort and increases the climate resilience of both single and multifamily homes.

## Public Participation Process

Commerce encourages applicants to engage with their stakeholders, e.g. community organizations, public members, housing partners and current or potential property residents through informal meetings or planning sessions to make information available and inform the public of the proposed activity. A public hearing held by local government is required if a non-profit owner or developer anticipates requesting a property tax exemption for the completed project. Applicants should retain documentation, including posters, agendas, sign in sheets, presentations materials and handouts, photos, and survey responses resulting from or generated for such meetings and sessions.

## Media Information

The Montana Department of Commerce will issue an initial press release and social media post announcing funding awards. Commerce asks award recipients to refrain

from issuing their own news releases, social media posts or public announcements until after Commerce has made its official announcement. This ensures a coordinated and consistent message regarding all awards. Once the initial press release has been issued, recipients are welcome to share their news. Commerce appreciates being tagged on Facebook or LinkedIn social posts generated by recipients.

## Affirmative Fair Housing Marketing Plan

Each HOME or HTF project with five or more units must include a complete AFHMP that will guide marketing of the units to assure fair and equitable opportunities for housing. During the POA, for all HOME or HTF-assisted projects, implementation of the AFHMP must be documented and the documentation must be retained for review. For more information on AFHMP requirements and compliance, please see the HOME and HTF Administration Manual on Commerce's website.

## Build America Buy America

The Build America, Buy America Act requires that all iron, steel, construction materials, and manufactured products used in federally funded infrastructure projects be produced in the United States. For purposes of BABA, construction of affordable housing is considered an infrastructure project. This requirement is known as the "Buy America Preference."

Recipients of HOME and HTF awards must work closely with contractors and Commerce staff to document that products used in HOME and HTF-financed projects are produced in the United States in compliance with the BABA Act.

## V. Administrative Procedures and Requirements

For HOME projects, the recipient will comply with the HOME Investment Partnerships Act at Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended,

42 U.S.C. 12701 et seq.; 24 CFR Parts 92; 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; any applicable state and federal laws, regulations, administrative directives and procedures, as now in effect or as may be amended during the contract; all administrative directives and procedures that may be established or amended by the Department for the Program, including the most current version of the Department's HOME Application Guidelines and current HOME and HTF Administration Manual; the Montana Consolidated Plan; and all other applicable local, state, and federal laws, regulations, administrative directives, procedures, ordinances or resolutions.

For HTF projects, the recipient will comply with Section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (12 U.S.C. 4501 et seq.); all applicable local, state and federal laws as well as all applicable regulations, ordinances and resolutions now in effect or as may be amended during the term of this Contract including but not limited to 24 CFR part 93, 24 CFR §93.350-93.356, 2 CFR part 200, and 24 CFR part 5, subpart A. The recipient warrants that the Project is in accordance with the HTF Allocation Plan or Montana's Annual Action Plan as approved by HUD, the Act. The recipient will comply with all administrative directives and procedures that may be established or amended by Commerce for the Program, including the most current version of the HOME and HTF Administration Manual.

## **VI. Application Submission**

HOME and HTF Program applicants must submit applications using the web-based application: <https://montana.servicenowservices.com/mtgl>.

If applicants have questions while submitting applications, please contact Commerce Housing Division staff.

As stated previously, applicants that plan to commence a project before it has been awarded HOME or HTF financing should discuss their plans with program staff to ensure they do not take any steps that could violate the various federal and state laws and programmatic requirements that apply to projects involving HOME or HTF funds. Project activities, such as land acquisition, are subject to HOME and HTF regulations even if performed prior to the submission of an application for HOME or HTF funding and even if acquired with other funding sources. In general, HOME environmental requirements are triggered when the public is made aware of an entity's intent to use federal funds administered by Commerce or at the time an application is submitted to Commerce, whichever occurs first. For both HOME and HTF, URA requirements are triggered at the time the use of federal funds is contemplated.

Submit information using the Service Now application, which will request the following items:

### **1. Responses to Priority Questions (see Appendix A)**

- a. Geographic Diversity and Housing Needs
- b. Capacity of the Applicant
- c. Affordability and Financial Feasibility
- d. Appropriate Design and Long-Term Solution
- e. Long-term Planning and Management
- f. Readiness to Proceed.

### **2. Documentation to Support Responses to Priority Questions**

The applicant should provide documentation and sources of supporting data for all information and responses provided in the Uniform Application and in response to the Priority Questions.

### **3. Uniform Application**

Each applicant must provide a completed Excel spreadsheet of the current Uniform Application form available on the Commerce web site:

<https://commerce.mt.gov/Housing/Community-Housing/Uniform-Application>

### **4. Certification for Application to the HOME Program**

The applicant's principal will be required in Service Now to acknowledge their agreement with the certifications. See Appendix B.

### **5. Site Plan and Preliminary Architectural Designs or Capital Needs Assessment**

For New Construction:

The applicant must provide a copy of a site plan that demonstrates compliance with applicable zoning code requirements, and preliminary architectural designs that includes floorplans of all proposed unit sizes. More information on these requirements can be found in the Application Toolkit at <https://commerce.mt.gov/Housing/Community-Housing/HOME-Program>.

For Standard Rehabilitation:

The applicant must provide a copy of a Capital Needs Assessment that thoroughly addresses all the issues identified. CNA Requirements are available in the Application Toolkit located at <https://commerce.mt.gov/Housing/Community-Housing/HOME-Program>.



## **6. Uniform Relocation Act and Residential Anti-Displacement and Relocation Assistance Plan (if applicable)**

The Uniform Relocation Act requirements apply when HOME or HTF funds are proposed for acquisition, demolition, or rehabilitation of any property or structures. If applicants are proposing the use of HOME or HTF funds for property or structures already occupied by residential households, a General Information Notice should be sent as soon as possible, even prior to application, to all occupants informing them that the land on which they reside or the building they occupy is being considered to receive HOME or HTF assistance and informing them there is no intent to evict the occupants or involuntarily relocate them because of the proposed HOME or HTF activity. Permanent Displacement must be avoided and applications with potential to displace residents or businesses will not score as high as other applicants.

Each application for HOME or 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 the applicant will follow if project activities trigger the URA. See the Application Toolkit for a template for a Residential Anti-displacement and Relocation Assistance Plan.

## **7. Draft Management Plan**

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

## Appendix A:

# Application Scoring and Priority Questions

## Application Scoring

Applications will be ranked based upon the extent to which the proposed project relates to each ranking priority. The amount of HOME or HTF funding to be recommended will be based upon an analysis of the applicant's proposed level of local financial capacity and participation.

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

Commerce staff will review and rank applications on the following priorities:

- a) Geographic Diversity and Housing Needs (100 points)
- b) Capacity of the Applicant (200 points)
- c) Affordability and Financial Feasibility (300 points)
- d) Appropriate Design and Long-Term Solution (100 points)
- e) Long-term Planning and Management (100 points)
- f) Readiness to Proceed (200 points)

In general, the descriptors below will assist the ranking team in the process of scoring application narratives to reduce subjectivity:

**Level 3:** In order for an application to receive a "LEVEL 3", it would have provided a very complete narration that thoroughly addressed the overall priority, applicable ranking issues, and minimum requirements, including very complete substantive supporting documentation to support its claims. The Applicant's response to the priority is considered exemplary, particularly innovative, or to be extremely consistent with the intent of the priority. There were no ranking issues of any significance that were not adequately addressed.

**Level 2:** In order for an application to receive a "LEVEL 2", it would have provided an adequate narrative addressing the overall priority, applicable priority questions, and minimum requirements, with acceptable documentation to support its claims. The applicant's response to the priority is considered average, adequate, or to be generally consistent with the intent of the ranking priority. A "LEVEL 2" would meet the minimum requirements needed to respond to the priority and document compliance with the special requirements pertinent to the ranking priority. The application may not have adequately considered some questions or issues that were considered to be potentially important.

**Level 1:** In order for an application to receive a "LEVEL 1", it would have provided some narration addressing the overall priority, priority questions or issues, and minimum requirements, but may have provided weak or inadequate responses and/or documentation to clearly or completely support its claims or compliance with a requirement. The applicant's response to the priority is considered below average, inadequate, or not entirely consistent with the intent of the ranking priority. The application may not have been complete or did not consider or sufficiently address some ranking issues that were considered to be important.

**Level 0:** In order for an application to receive a "LEVEL 0", it would have serious weaknesses or no responses in its narrative to the priority or issues, and lack critical supporting documentation, or would fail to adequately document compliance with one or more of the minimum HTF requirement(s). The applicant's response to the selection criteria is considered very weak, seriously inadequate, lacking a response, or inconsistent with the intent of the selection criteria. The application either did not address or did not provide sufficient information regarding several critical priority questions. No points will be awarded if an applicant receives a "LEVEL 0".

## **COMMERCE**

Applicants must provide responses to each of the priority questions that follow. Commerce staff are available prior to the application deadline for technical assistance to help provide clarification on any of the priority questions.

## Priority A. Geographic Diversity and Housing Needs (100 points possible)

Commerce will consider the extent to which the applicant will increase the supply of decent, safe, and sanitary affordable housing for income-eligible families, particularly the homeless, disabled, elderly, and other disadvantaged populations, as follows.

1. Describe and document the need for an increase in or preservation of the supply of decent, safe, and sanitary affordable housing for income-eligible families in the proposed community.
2. Outline how the results of a Market Study or Market Analysis support the need for proposed number of units, unit sizes, and the resident income levels targeted.
3. Describe and document if and how the project targets specific sectors of the community's population, in particular families that are homeless, elderly, disabled or disadvantaged.
5. Demonstrate how the proposed project meets the needs of a difficult area to serve that has fewer resources available to it than Montana's more populated areas.

## Priority B. Capacity of the Applicant (200 points possible)

Commerce will consider the applicant's experience in financing, developing, owning, managing, and operating publicly assisted properties in compliance with state and federal obligations and requirements. Commerce will also consider performance managing previous HOME or HTF projects, including compliance with on-going POA requirements.

1. Demonstrate and document organizational capacity to coordinate and fulfill programmatic requirements during the construction phase. Reference the Management Plan submitted with this application as applicable.
2. 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.
3. Describe any contracted services necessary to carry out the project, such as administration for compliance with labor standards, relocation, environmental review, project management, construction management, supportive services, etc.
4. Describe and document the applicant's experience with managing, operating, and meeting regulatory period-of-affordability requirements of the proposed housing. For rental housing, those requirements include but are not limited to annual rental recertifications, periodic on-site monitoring, property management, and requests for rent increases. For homeownership housing, those requirements include but are not limited to verifying the homebuyer continues to use property as principal residence, resale provisions are properly executed, program income reports are submitted quarterly.

## Priority C. Affordability and Financial Feasibility (300 points possible)

Commerce will consider the extent to which the application demonstrates financial feasibility as presented in the Uniform Application.

1. Ensure the financial information in the Uniform Application is complete, accurate, and well documented. Estimate operating and maintenance costs realistically and base projections on actual costs of other existing facilities of similar size and complexity. Substantiate all assumptions made in the pro forma. The pro forma should demonstrate positive cash flow throughout the project's applicable period of affordability.
2. Describe any financial mechanisms that provide rental assistance to eligible residents of the proposed project, particularly those experiencing homelessness, living with a disability, the elderly and other disadvantaged populations.
3. Describe and document other funding sources and/or concessions, such as a negotiated reduction in loan interest, to increase project feasibility. Provide preliminary term sheets and letters of interest or commitment to document the availability of these funding sources.
4. Explain how the requested amount of HOME and/or HTF funds is only what is necessary to ensure project completion.



## Priority D. Appropriate Design and Long-Term Solution (100 points possible)

Commerce will consider the extent to which an applicant demonstrates that the project aligns with the objectives and goals of the HOME and HTF Programs. Commerce will consider the extent to which the scope of the project provides a long-term solution to address a housing need.

1. Submit a) site plans and preliminary architectural designs for new construction projects, or b) a Capital Needs Assessment for rehabilitation projects.
  - a. The site plan and designs should include a narrative description that addresses applicable zoning code requirements for the site location and substantiates the cost estimates included in the Uniform Application spreadsheet. Designs should include a preliminary schematic of the building and floorplans of the proposed unit sizes.
  - b. The CNA must comply with Commerce's CNA requirements, be prepared by a licensed professional, and include detailed cost estimates that match what is included in the Uniform Application spreadsheet.

If a licensed architect or engineer did not produce the CNA, describe how a licensed professional will be procured to oversee the final rehabilitation design and the construction activities to rehabilitate the property.
2. Describe how the proposed project design will meet HUD's newly adopted minimum energy standards as specified in the 2021 International Energy Conservation Code and ASHRAE 90.1-2019.

Describe efforts to reduce future energy costs that will be included in the project design, for example, “Energy Star” rated materials and/or appliances. Describe other sources of funds that will be leveraged to support energy conservation measures.

3. For construction of buildings with more than four units, describe how broadband infrastructure will be provided to residents.

## Priority E. Long-term Planning and Management (100 points possible)

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.

1. Provide a letter of support from the local government, discussing how the proposed project will address the community's housing needs.
2. Describe and document efforts to reach and involve the public in information, planning, design and decision-making.
3. Describe how the project meets identified local planning needs. Is the proposed project in line with the zoning regulations? Does the project help address identified community housing needs?
4. Describe how this facility will promote healthy, safe and walkable neighborhoods and reduce transportation costs for residents. Provide details on the project location in proximity to parks, grocery stores, schools, medical facilities, and public transportation if available.

## Priority F. Readiness to Proceed (200 points possible)

Commerce will consider steps the applicant has taken to ensure the project can proceed in a timely manner.

1. Are all sources of funds presented in the Uniform Application secured and fully committed to the project? If not, describe how the project will be fully funded within nine months of a HOME or HTF award.
2. Describe the status of the environmental review process and the project's ability to comply with or demonstrate compliance with the National Environmental Protection Act and Montana Environmental Protection Act, HOME and HTF environmental regulations and provisions.
3. Describe the project's design status and the anticipated timeline for completion. If procurement is necessary for design, implementation and/or management of the project and has already been completed, please provide the following documents:
  - a. The full Request for Proposals or Request for Qualifications
  - b. The affidavit of publication for the RFP/RFQ, with Section 3 and DBE/MBE/WBE language included
  - c. Meeting minutes and/or interviews with prospective entities
  - d. 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.

4. Nearly all projects will trigger the Uniform Relocation Act due to the acquisition of vacant land, real property or rehabilitation of an existing affordable housing property. Commerce will consider and award points based on the thoroughness of the Residential Anti-displacement and Relocation Assistance Plan provided with this application. In addition, applicants must provide responses to the following questions to demonstrate consideration of URA provisions:
- a. Does the applicant own the property and/or permanent easement(s) on which the proposed project will take place?
    - i. If yes, when was the property acquired?
    - ii. If no, will real property need to be acquired to complete this project?
    - iii. If the applicant answers 'yes' to either question above, document compliance with URA and address the following issues
      - The seller has been made aware of his/her rights under the URA;
      - The fair market value of the property was established by a certified, licensed appraiser
      - 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.
  - b. Will any person or business need to temporarily relocate to complete this project?
    - i. If yes, will this temporary relocation last for more than one year?
    - ii. If yes, will any person or business be prohibited from returning after temporarily relocating?
    - iii. If the proposed project involves temporary relocation:
      - Identify each household and/or business that will need to be temporary relocated.
      - How will the temporary relocation affect the project budget?

- How will the temporary relocation affect project implementation and/or project construction?
  - Who will be responsible for documenting compliance with URA?
- iv. Will any person or business be permanently displaced as a result of this project?
- c. If HOME or HTF assistance is proposed for a project involving a property that is currently occupied, please provide documentation demonstrating the General Information Notice was received by all occupants informing them that the land on which they reside or building which they occupy is being considered to receive HOME or HTF assistance and informing them that there is no intent to evict the occupants or involuntarily relocate them because of the proposed HOME or HTF activity.

See the Application Toolkit at: <https://housing.mt.gov/Multifamily-Development/Community-Housing/HOME-Program> for sample documents.