

Community Development Block Grant (CDBG)

DRAFT

Housing Rehabilitation and Development Application Guidelines for Multi-Family Rental Properties

Applications due ~~September 17, 2025~~ Sept. 15, 2026

Housing@mt.gov

<https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/Community-Development-Block-Grant-Housing>

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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 (406) 841-2702, or the Relay Services number, 711.

The Montana Department of Commerce does not discriminate on the basis of disability in admission to, access to, or operations of its program, services, or activities. Individuals, who need aids or services for effective communication or need other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known. Please provide as much notice as possible for requests.

I. INTRODUCTION

The Community Development Block Grant Program (CDBG) is a U.S. Department of Housing and Urban Development (HUD) program designed to help communities provide decent housing, create suitable living environments, and expand economic opportunities for ~~the state's~~ low- and moderate-income (LMI) residents. The State of Montana receives an annual allocation of federal funds from HUD for CDBG grants and program administration through the Montana Department of Commerce (Commerce). The CDBG program helps local governments with planning and projects complete activities to improve public and community facilities~~such as drinking water systems, wastewater treatment facilities, community facilities such as nursing homes or Head Start centers~~, job creation and retention, and~~and~~ affordable housing development and rehabilitation, nursing homes, Head Start centers, and other community facilities. CDBG Program application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website - <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/Community-Development-Block-Grant-Housing>. Interested persons may also e-mail staff at Housing@mt.gov or call at (406) 841-2840 or Montana Relay Service at (406) 841-2702 or 711 regarding any questions they may have about the CDBG Program.

The State of Montana administers the CDBG Program through five distinct grant opportunities – planning; community and public facilities; economic development; affordable housing development and rehabilitation; and housing stabilization. These Housing Rehabilitation and Development application guidelines establish the process for obtaining CDBG financial assistance for rental housing development and rehabilitation activities. The required application materials and application form for these activities are contained within this guide.

Application Guidelines for CDBG-Housing Stabilization Program to rehabilitate single-family homes are available at <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/Community-Development-Block-Grant-Housing>.

[Development-Block-Grant-Housing](#). CDBG--HSP applications are accepted on a rolling basis.

Separate application guidelines and information regarding the application processes for CDBG planning, public facilities, and economic development can be found on Commerce's website [Public and Community Facilities - Community Development Block Grant Program - Community Development Division \(mt.gov\)](#)

The deadline for CDBG Housing Rehabilitation and Development applications is ~~September 17, 2025~~ [Sept. 15, 2026](#). 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 received by the date listed above.

II. ELIGIBLE APPLICANTS

Eligible applicants for CDBG assistance include Montana cities, towns, ~~and counties,~~ [and consolidated governments](#). The cities of Billings, Bozeman, Great Falls, and Missoula are entitlement communities and are not eligible for state CDBG funds, as they receive a CDBG allocation directly from HUD. State CDBG funds may be used to fund an activity located within the boundaries of an entitlement community if the project primarily benefits residents of a larger area or region beyond the jurisdictional limits of the entitlement community. Tribal governments are not eligible applicants for state CDBG funds but are eligible for Indian CDBG funds directly from HUD. Local governments may apply for and use CDBG funds for project activities predominantly benefiting residents of a tribal reservation.

Local governments may apply for CDBG grants for affordable multi-family housing development and rehabilitation projects by non-profit organizations, so long as such housing is available for use by income-eligible households. In such cases, the local government is the applicant and grantee and decides the nature and extent of

involvement in CDBG-assisted projects, and establishes project roles and responsibilities in a project management plan. If the local government chooses to partner with a non-profit entity, non-profit partners must have an Internal Revenue Service 501(c)(3) or 501(c)(4) non-profit designation to be an eligible subrecipient of CDBG funds.

Each eligible local government jurisdiction may apply once per application cycle for each of the categories of CDBG grants if the applicant does not have an open CDBG project in the same category. The categories of CDBG grants are: 1. Community Facilities, 2. Public Facilities, 3. ~~Affordable Housing Development and Rehabilitation~~, 4. Economic Development, ~~and~~ and 5. Planning. In limited circumstances, and with Commerce approval, Commerce may allow a city or county applicant to have more than one CDBG Public Facility, Community Facility, or Housing application open. The applicant's capacity and progress on previous CDBG projects will be taken into consideration during application review.

III. ELIGIBLE PROJECTS

CDBG funding may be used to preserve and develop affordable rental housing where no less than 51% of the households at the property have low to moderate incomes (LMI). If less than 51% of the households at a CDBG-assisted property have LMI, a proportion of the residents of that property equal to the ratio of CDBG funds to total project funds must have LMI. For example, if CDBG funds make up one third of the financing to rehabilitate a multi-family property, one-third of the households residing at that property ~~would need to have~~ must be LMI. Note that LMI is defined as households earning at or below 80% of area median income, as determined by HUD.

The CDBG program requires that projects ~~to~~ meet HUD's national objective to benefit LMI persons. Accordingly, Montana's CDBG funding is prioritized to projects that best meet the specific national objective. After the applicant submits an application, Commerce reserves the right to request or seek additional information to ensure that all projects meet CDBG regulatory requirements.

Eligible Project Activities

Eligible project activities include, but are not limited to:

- Construction of new rental housing units, under certain circumstances
- Rehabilitation of rental housing that is suitable for rehabilitation
- Conversion of existing non-housing structures into housing units
- Reconstruction of an existing residential property
- Demolition and reconstruction of existing substandard housing or non-residential structures that are not suitable for rehabilitation
- Site improvements, such as landscaping, paving, sidewalks, curbs, and gutters
- Acquisition, construction, and/or rehabilitation of emergency shelters

New Construction

All projects proposing the construction of new [rental](#) housing units may only be completed under certain circumstances and in conjunction with a non-profit Community Based Development Organization as defined in and [to comply in compliance](#) with 24 CFR 570.204.

All housing units newly constructed or reconstructed with CDBG funds must comply with all zoning ordinances and meet building code requirements adopted by the state and local government. [Recipients/Property owners](#) are required to adopt smoke-free requirements in all housing units and include the three basic visitability 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 CDBG funds must meet state and local building codes [at project completion](#). [Recipients/Housing/Property owners](#) are strongly encouraged, to the extent possible, to adopt smoke-free requirements in all rehabilitat~~ed~~[ed](#) housing units and include the three basic visitability features: a zero-

step entrance, doors with 32 inches of clear passage space, and a wheelchair-accessible bathroom.

Ineligible Project Activities

The following projects are not eligible for CDBG funding:

- Projects under construction prior to the notice of award ~~are not eligible for CDBG funding.~~
- ~~CDBG funds may not be used for e~~Projects that Eexpand_sion or rehabilitation ~~of~~ public housing.
- ~~CDBG funds may not be used for h~~Homebuyer activities, including down payment assistance and new construction of single-family homes for sale.
- Projects that will result in permanent displacement.
- Projects that cannot meet environmental requirements.

IV. OTHER CONSIDERATIONS

Public Participation Process

For a proposed project to be eligible for CDBG funds, the applicant must hold a minimum of two public hearings prior to submission of the CDBG application. The public hearings must be two separate events held not less than one month apart, and may be held via webinar, conference call, or in person.

The first public hearing provides a forum for considering overall community needs and potentially competing or alternative proposals for CDBG funding within the local government's jurisdiction. ~~In order to~~To ensure the public participation is relevant and timely, the overall community needs hearing should be held within the 18-month period preceding the date of application for CDBG housing funds. ~~within 18 months prior to the date of application for CDBG housing funds.~~

The second public hearing must be held once the applicant has selected the specific proposed project for CDBG funding. The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed CDBG project (especially LMI persons) or residents of the project area adequate opportunity to consider the potential impacts and benefits of the community's proposed project and to comment on it, before the community submits the application.

All hearings ~~must provide reasonable and timely access to the hearing, information and records about proposed projects. Local government hearing advertisements should include information such as clear~~ should be held at a location that is convenient and accessible to potential or actual beneficiaries, ~~with~~and accommodations for individuals or groups with disabilities. Timely notice of the date, time, and location of the hearing should be given through publication in a local newspaper, posting on the applicant's website, or other appropriate methods. Reasonable and timely access to the information and records about proposed projects must be provided to the public by the applicant.

For hearings where a significant number of non-English speaking residents might be

reasonably expected to participate, federal law requires that arrangements be made to have an interpreter present. Accommodations for non-English speaking residents also includes [noticesadvertisements](#) in language(s) other than English.

Documentation of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; applicants should provide a list of the names of [personspeople](#) who attended and a summary of comments by local officials and citizens which is sufficient to reflect the comments made by those attending the hearing as well as official responses to concerns or complaints. Hearings should follow local government practice, although not at the exclusion of anything stated above.

Period of Affordability (POA)

[At initial occupancy, The the grant](#) recipient [must work with the projectproperty owner will need](#) to provide certification that income-qualified households occupy the CDBG-assisted units [at initial occupancy](#). CDBG-assisted units must remain affordable for a minimum of five years after the project is completed and CDBG award is closed. [Failure to maintain the property in accordance with applicable affordability requirements will result in the grantee repaying all CDBG grant funds to Commerce.](#)

Underwriting and Subsidy Layering Review

Commerce considers the financial viability of proposed projects to ensure that an award will only be the amount necessary to provide quality affordable housing for the duration of the [POA, andPOA 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 CDBG funds.
- Whether the rents and operating expenses proposed in the [Proforma-pro formaPro Forma and Subsidy Review Spreadsheet](#) 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 CDBG funds.

While HUD's CDBG regulations do not define rent limits, rents at or below HUD-established ~~Fair-fair Market-market Rents-rents~~ are often used as maximum rents to meet CDBG regulatory requirements to provide affordable rents. FMRs for Montana, by ~~Co~~county, are available on HUD's website:
https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/2025state_summary.odn.

Applicants must complete the project budget and pro-forma in the Commerce ~~Uniform Application~~~~Pro Forma and Subsidy Review Spreadsheet~~, which provides underwriting criteria and is available on the Commerce website
<https://commerce.mt.gov/Housing/Community-Housing/Pro-Forma-Subsidy-Review>
~~<https://commerce.mt.gov/Housing/Community-Housing/Uniform-Application>~~.

Match

No match is required for the use of CDBG funds for housing projects. However, Commerce expects applicants to leverage other funding sources to achieve the goals of the CDBG program.

Eligible and Ineligible Project Expenses

Project expenses *eligible* for reimbursement with CDBG-~~Hh~~housing funds are summarized below and are detailed at 24 CFR § 570.201 and 570.202. Commerce may place 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 CDBG grant contract, including

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materials, labor, land acquisition, and permanent furnishings, equipment, and fixtures.

2. Expenses necessary to demolish existing structures, improve the project site (including on-site roads and sewer and water lines), provide broadband internet access, and construct or rehabilitate common space.

~~2.~~

~~3.~~ 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 fair housing information to current or prospective tenants.
4. Staff costs directly related to carrying out the project.;
5. Costs of environmental review and release of funds directly related to the project.;
6. Professional services that directly relate to design activities that implement the scope of work identified in the CDBG grant contract.;
7. Legal costs and fees.; ~~and~~
8. Direct grant administration expenses, up to a maximum 10% of the total CDBG budget for the project.

~~a. _____~~

~~b.a. _____ Cost~~

~~s associated with financing, such as insurance premiums, title and recording fees, building permitting costs, legal fees, appraisal fees;~~

~~c. Costs to provide fair housing information to current or prospective tenants.~~

~~d. Staff costs directly related to carrying out the project;~~

~~e. Costs of environmental review and release of funds directly related to the project;~~

~~f. Professional services that directly relate to design activities that implement the scope of work identified in the CDBG grant contract;~~

~~g. Legal costs and fees; and~~

~~h. Direct grant administration expenses, up to a maximum 10% of the total CDBG~~

~~budget for the project~~

Expenses that are *not eligible* for CDBG-~~H~~ousing funding include, but are not limited to:

- 1. Operation and maintenance costs, except as specifically allowed above;
- 2. Temporary furnishings, fixtures, or equipment;
- 3. Any unauthorized costs incurred prior to the date identified in the Notice of Award letter;
- 4. Acquisition of property owned by the State of Montana;
- 5. Delinquent taxes, fees, or charges on properties to be assisted with CDBG funds;
- 6. Political activities, advocacy, lobbying, counseling services, travel expenses, and preparing or providing advice on tax returns;
- 7. Infrastructure outside of the project property;
- 8. Rental subsidies; and
- 9. Any other ineligible cost listed in the CDBG regulations at 24 CFR § 570.207.

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. It is essential that CDBG recipients-applicants complete the appropriate environmental review process prior to taking any choice-limiting action on the project that may prohibit the use of federal funds. Choice-limiting actions include acquisition, interior or exterior demolition, site clearance, and construction contract execution.

CDBG assisted projects are required to comply with the environmental review process specified at 24 CFR Part 58. To determine the level of review required and find the appropriate templates, refer to the CDBG Grant Administration Manual at <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/CDBG-Grant-Administration-Manual>.

Lead-Based Paint

CDBG units must meet HUD standards for lead-based paint (LBP) mitigation. CDBG assisted projects are required to comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and implementing regulations at title 24, part 35, subparts A, B, J, K, and R. 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 prior to executing a lease agreement. In addition to complying with Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992, UPCS-HUD compliant inspections will be performed at CDBG-assisted rental properties throughout the state.

Radon

For a newly constructed building, grant recipients will either need to document the site is not in a radon prone area or demonstrate the building design will include a radon mitigation system. For rehabilitation of an existing building, grant recipients will need to either provide test results that radon is not present in the building or include installation of a radon mitigation system as part of the rehabilitation scope of work.

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 CDBG award grant~~ grant recipients will be required to address radon

~~during the environmental review process. For a newly constructed building, recipients will either need to document the site is not in a radon prone area or demonstrate the building design will include a radon mitigation system. For rehabilitation of an existing building, recipients will need to either provide test results that radon is not present in the building or include installation of a radon mitigation system as part of the rehabilitation scope of work.~~

Displacement, Relocation, and Acquisition

The Uniform Relocation Act (URA) requirements apply when CDBG funds are proposed for acquisition, demolition, or rehabilitation of any occupied property or structure. The [grant](#) 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 displaced residential tenants must be provided with a reasonable opportunity to lease and occupy a dwelling unit in the building/complex upon completion of the project. Any relocation required during the project must be arranged and paid for by the recipient and carefully documented to ensure compliance with the URA.

Relocation costs are eligible CDBG expenses.

If the applicant or partners in the project currently own the property, they will be required to document:

- The fair market value of the property or permanent easement was established by a certified, licensed appraiser¹;
- The seller has been made aware of their rights under the URA¹;
- The seller was made aware of the fair market value of the land or easement, and their right to just compensation¹;
- The sale is voluntary^{1,7}; and
- The acquisition process is URA-compliant.

If applicants are proposing the use of CDBG 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 CDBG assistance has been requested and there is no intent to evict the occupants or involuntarily relocate them because of the proposed CDBG activity. See the CDBG Grant Administration Manual at <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/CDBG-Grant-Administration-Manual> for sample documents.

~~Applicants must avoid permanently displacing residents. Proposed projects that anticipate permanently displacing residents, businesses, non-profits or farms will rank lower because of the potential displacement.~~

Conflict of Interest

No employee, officer, or agent covered by the conflict of interest provisions who exercises or has exercised any functions or responsibilities with respect to activities assisted with CDBG-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 CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-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.

Grant Recipients must comply with the ~~Conflict~~ conflict of ~~Interest~~ interest provisions in 24 CFR 570.614 ~~489(h)~~ 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. 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

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

Eminent Domain

CDBG 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 a~~Applicants must consult with Commerce to ensure URA regulations are followed prior to any eminent domain activity or decisions.

VAWA

The Violence Against Women Act (VAWA) requirements apply to all rental housing assisted with CDBG funds. See Commerce's

<https://commerce.mt.gov/Housing/Community-Housing/HOME-Program> page and the Housing Development Manual (titled: "HOME and HTF Affordable Housing Development Grant Administration Manual") for more information on compliance with VAWA provisions, including the development and adherence to an Emergency Transfer Plan.

Minimum Energy Standards

~~Effective November 28, 2024, a~~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.

Build America Buy America

The Build America, Buy America Act (BABA) 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 CDBG-H~~ housing award grant recipients must work closely with

contractors and Commerce staff to understand the full scope of BABA compliance and to document the use of American-made products. Applicants' proposed budgets and implementation schedules need to account for additional expense and time to comply with BABA requirements. ~~determine whether specific materials can be documented to meet BABA requirements. that products used in CDBG-financed projects are produced in the United States in compliance with the BABA.~~

Media Information

~~The Montana Department of~~ Commerce will issue an initial press release and social media post announcing funding awards. Commerce asks award-grant 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, grant recipients are welcome to share their news. Commerce appreciates being tagged on Facebook or LinkedIn social posts generated by grant recipients.

V. ADMINISTRATIVE PROCEDURES AND REQUIREMENTS

The grant recipient will comply with Title I of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 12701 et seq.; 24 CFR Part 570; 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 CDBG-Housing Rehabilitation and Development Application Guidelines and current CDBG Grant Administration Manual; the Montana Consolidated Plan; and all other applicable local, state, and federal laws, regulations, administrative directives, procedures, ordinances or resolutions.

VI. APPLICATION SUBMISSION

CDBG Housing Rehabilitation and Development applicants must submit applications using the web-based application available on the Commerce web site:

<https://montana.servicenowservices.com/mtgl>.

If applicants have questions while submitting applications, please contact Montana Housing staff at 406-841-2840.

As stated previously, applicants that plan to commence a project before it has been awarded CDBG 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 CDBG funds. Project activities, such as land acquisition, are subject to CDBG regulations even if performed prior to the submission of an application for CDBG funding and even if acquired with other funding sources. In general, CDBG environmental requirements are triggered when the public is made aware of an entity's intent to use federal funds administered by Commerce. Uniform Relocation Act 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 Pro Forma and Subsidy Review Spreadsheet](#) and in response to the [Priority priority Questions questions](#).

3. [Pro Forma and Subsidy Review Spreadsheet Commerce Underwriting Addendum](#)

Each applicant must provide a completed Excel spreadsheet of the current [Uniform Application Pro Forma and Subsidy Review Spreadsheet](#) available at <https://commerce.mt.gov/Housing/Community-Housing/Pro-Forma-Subsidy-Review>.
<https://commerce.mt.gov/Housing/Community-Housing/Uniform-Application>

4. Site Plan and Preliminary Architectural Designs or Capital Needs Assessment (CNA)

For New Construction [of Rental Units](#):

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 CNA that thoroughly addresses all the issues identified. CNA ~~Requirements~~ requirements are available in the Application Toolkit located at: <https://commerce.mt.gov/Housing/Community-Housing/HOME-Program>.

65. Uniform Relocation Act and Residential Anti-displacement and Relocation Assistance Plan

The Uniform Relocation Act (URA) requirements apply when CDBG funds are proposed for acquisition, demolition, or rehabilitation of any property or structures. ~~If applicants are proposing the use of CDBG 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 the building they occupy is being considered to receive CDBG assistance has been requested and informing them there is no intent to evict the occupants or involuntarily relocate them because of the proposed CDBG activity.

Each application for CDBG 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~~ establishes the policy the applicant will follow if project activities trigger the URA. See the CDBG Grant Administration Manual for a template Residential Anti-displacement and Relocation Assistance Plan. <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/CDBG-Grant-Administration-Manual>.

76. Draft Management Plan

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Each application for CDBG funds must be accompanied by a draft project construction management plan that identifies all project partners and their capacity, responsibilities, and roles. See [the Commerce's](#) CDBG- Housing page for a Construction Management Plan template <https://commerce.mt.gov/Infrastructure-Planning/Programs-and-Services/Community-Development-Block-Grant/Community-Development-Block-Grant-Housing>.

**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 CDBG 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); and
- 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~~ An application ~~will~~ receive a "LEVEL 3", ~~if it would have provided~~ provides a very complete narration that thoroughly ~~addressed~~ addresses the overall priority, applicable ranking issues, and minimum requirements, including ~~very~~ complete substantive ~~supporting~~ documentation to support its claims. The ~~Applicant's~~ applicant's response to the priority is considered exemplary, particularly innovative, or ~~to be~~ is extremely consistent with the intent of the priority. ~~All There were no~~ ranking issues ~~of any significance that were~~ are not ~~in~~adequately addressed.

LEVEL 2: ~~In order for a~~ An application ~~to~~ will receive a "LEVEL 2", ~~if it would have provided~~ and 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~~s the minimum requirements ~~needed~~ to respond to the priority and document compliance with the special requirements pertinent to the ranking priority. The application ~~may~~ does not ~~have~~ adequately ~~addressed~~ considered some all potentially important questions or issues ~~that were considered to be potentially important~~.

LEVEL 1: ~~In order for a~~ An application ~~to will~~ receive a "LEVEL 1"; ~~if it would have~~ provides 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~~ were important.

LEVEL 0: ~~In order for a~~ An application ~~to will~~ receive a "LEVEL 0"; ~~for it would have~~ serious weaknesses or no responses in its narrative to the priority or issues, ~~and lack of~~ critical supporting documentation, or ~~failure would fail~~ to adequately document compliance with one or more of the minimum requirements. 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~~ does 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.

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.

COMMERCE

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

Commerce will consider the extent to which the applicant will increase or preserve 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. Summarize ~~how the results of a Market Study or Market Analysis support~~ the need for the proposed number of units and unit sizes of the property being constructed or rehabilitated, and the resident income levels targeted. Include Use data from sources including, but not limited to, market studies, market analyses, local planning documents, and wait lists for housing choice vouchers or units at similar properties in the local market. The summary may include but not be limited to wait lists at the property to be rehabilitated, local planning documents or studies that show vacancy rates in the local market, and housing choice voucher wait lists, by unit sizes, in the local rental market.
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.

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

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

1. Demonstrate and document organizational capacity to coordinate and fulfill programmatic requirements, including labor standards and BABA compliance, 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 and in coordination with other federally-sourced funds.
3. Describe any contracted services necessary to carry out the project, such as grant administration, project management, construction management, environmental consultants, supportive services, etc.
4. ~~Describe and document~~ the capacity and experience of all professionals that will ~~be assigned to~~ manage, operate, and meet ongoing regulatory requirements during the applicable period of affordability after construction is complete requirements of the proposed rental housing. Reference the Management Plan submitted with this application as applicable.

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 Pro Forma and Subsidy Review Spreadsheet.

1. ~~Ensure the financial information in the Commerce Underwriting Addendum is complete, accurate, and well documented. Provide an explanation for all assumptions made in the pro forma and demonstrate positive cash flow throughout the project's applicable period of affordability. Ensure Estimate operating and maintenance costs are realistically and projections are based 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 that will be provided to eligible residents of the proposed project, ~~particularly the homeless, disabled, elderly, and other disadvantaged populations.~~
3. Describe and document other funding sources or concessions, ~~such as a negotiated reduction in loan interest or deferred developer fees,~~ to increase project feasibility, such as reduced loan interest rates or deferred developer fees. Provide preliminary term sheets and letters of interest or commitment to document the availability of these funding sources.
4. Describe how the requested amount of CDBG funds is only what is necessary to ensure project completion.

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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 CDBG Program. Commerce will consider the extent to which the scope of the project provides a long-term solution to address a housing need.

1. For new construction projects, submit either a site plan and preliminary building schematics architectural designs for new construction projects, or a Capital Needs needs Assessment assessment (CNA) for rehabilitation projects. These should be:

2.

~~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.~~

~~The CNA must comply with Commerce's CNA requirements, be prepared by a licensed architect or engineer, and include detailed cost estimates that match what is included in the Uniform Application Pro Forma and Subsidy Review Spreadsheet spreadsheet. If any building needs identified in the CNA are not addressed within the scope of work for the project, describe how they will be addressed in the future.~~

1. If a licensed architect or engineer did not produce the mCNA, describe how a licensed professional will be procured to oversee the final rehabilitation design and ~~the construction activities to rehabilitate the property.~~

Additionally, for rehabilitation projects, the scope of work should aim to address at least the first five years of building needs identified in the CNA, and include a description of how any remaining needs will be addressed in the future.

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- 3.2. _____ Describe ~~h~~ow the proposed project will meet the 2021 IECC requirements and what options to reduce ongoing utility costs to the project and its residents. ~~Describe what other reasonable options to reduce future energy costs~~ will be included in the project design. This can include but is not limited to 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 will ~~describe how~~ broadband infrastructure will to be provided to residents as required by HUD regulation 2.1. If broadband ~~infrastructure~~ will not be provided ~~at the property~~, explain why it is not feasible to do so.

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 documentation that the two required public meetings were held, proof of publication of notice, attendance lists, a summary of the public comments received~~input that was provided~~, and the results of the meetings.

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4. Describe and document any additional efforts to ~~reach and~~ involve the public in ~~information, planning and project, design, and decision-making, including a summary of public comments received through those efforts. Include documentation of the required public meetings, including proof of publication, attendance list, and any comments received.~~

2.

2. — Describe how the project meets identified local planning needs. Is affordable housing identified in community planning documents? Is the proposed project in line with identified community housing needs?

3. Describe ~~how this facility will promote healthy, safe and walkable neighborhoods and reduce transportation costs for residents. Describe the project location in proximity to the community amenities, including parks, grocery stores, schools, and medical facilities that are in proximity to the project location, and public transportation, if available. Are~~ Describe contiguous sidewalks or walking paths present in the community neighborhood to support walkingable accessibility and the availability of neighborhoods? Is public transportation available. If public transportation is not available, describe other transportation options that will be available to residents, such as , or will shuttle services. be provided to residents?

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~~ Describe whether all sources of funds presented in the Commerce Underwriting Addendum Pro Forma and Subsidy Review Spreadsheet have been fully committed to the project. ~~?~~ If not, describe how ~~the applicant will have~~ all funds will be fully committed within nine months of a CDBG award.

2. Describe the status of the environmental review process and provide any associated documentation, i.e. Phase I+ ESA report, and lead-based paint and asbestos test results. Highlight the project's ability to comply with or demonstrate compliance with CDBG environmental regulations.

3. a. Describe the status of 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 ~~was~~ completed for design, implementation, and/or management of the project, please provide the following documents:
 - ~~• Affidavit of publication for the Section 3 Notice;~~
 - ~~• Direct Solicitation of Disadvantaged Business Enterprises;~~
 - The full Request for Proposals (RFP) or Request for Qualifications (RFQ);
 - The affidavit of publication for the RFP/RFQ to include the Section 3 Notice and Direct Solicitation of Disadvantaged Business Enterprises;
 - Meeting minutes and/or interviews with prospective entities; AND
 - The scoring criteria used to select the successful entity.

- b. If procurement is necessary for design, implementation, and/or management of the project and ~~was~~ has not already been ~~completed for design, implementation, and/or management of the project,~~ 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.~~

~~4.~~ Nearly all projects will trigger the Uniform Relocation Act (~~URA~~) due to the acquisition of ~~vacant land~~, real property or rehabilitation of an existing affordable housing property. - Describe how acquisition of property has or will be documented as having been voluntary. Describe how temporary relocation was factored into the project budget and implementation schedule. Describe if any person or business will be prohibited from returning after temporary relocation or permanently displaced as a result of the project.

5. Applications for funding must also include the following documentation:

- A completed Residential Anti-displacement and Relocation Assistance Plan.
- If the property is currently occupied by any people or businesses, distribute the General Information Notice (~~GIN~~) to all current occupants, ~~and include~~ documentation that it was received.
- If property is to be acquired for the project, include a copy of the Buy-Sell Agreement and a Voluntary Acquisition Notice signed by the seller.
- If property has already been acquired, include a copy of the deed demonstrating ownership of the property and the acquisition date.

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

~~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 answer the following questions:~~

~~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?~~

~~Will any person or business be permanently displaced as a result of this project?~~

~~c. — Provide documentation demonstrating the General Information Notice (GIN) has been distributed and was received by all current occupants. See the Application Toolkit at: <https://housing.mt.gov/Multifamily-Development/Community-Housing/HOME-Program> for sample documents.~~