

2014

**COMPETITIVE HOUSING AND NEIGHBORHOOD RENEWAL
APPLICATION GUIDELINES
FOR
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

MONTANA DEPARTMENT OF COMMERCE

<http://comdev.mt.gov/CDBG/default.mcp>

DOCCDBG@mt.gov

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Grant Application Due Date: April 3, 2014

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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.

PROJECT GRANT APPLICATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

I. Introduction

The Community Development Block Grant Program (CDBG) is a federally-funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the [U.S. Department of Housing and Urban Development](#) (HUD).

The program's National Objective is to help develop viable communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI). The program also helps local governments with constructing or upgrading drinking water systems, wastewater treatment facilities, community facilities (such as nursing homes or Head Start centers). CDBG Grant Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Department of Commerce [website](#). Interested persons can also e-mail CDBG Program staff at DOCCDBG@mt.gov or call staff at (406) 841-2770 or Montana Relay Service at (406) 841-2702 or 711 regarding any questions they may have about the CDBG Program.

These application guidelines explain how eligible applicants can apply for CDBG financial assistance. The application form for competitive housing and neighborhood renewal projects and the outline of the preliminary architectural report are contained within this guide. The environmental requirements and Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs are found in a separate publication, which is available from Commerce upon request. These publications are also available through available on the Department of Commerce [website](#).

Please note that the non-competitive housing application guidelines will be contained in a separate application process. The non-competitive housing application allows eligible applicants to request CDBG funds and provide funding eligible applicants to assist individual income eligible households to complete individual essential health and safety rehabilitation activities or homeownership activities. The non-competitive application does not 'count' against any competitive housing and neighborhood renewal application or open project. Please visit the CDBG website for additional information about this CDBG non-competitive housing program.

The 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 communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known. Please provide as much advance notice as possible for requests.

II. Eligible Applicants

All applicants must have the management capacity to undertake and satisfactorily complete the project applied for, and assure proper management of CDBG funds. Grant recipients must be in compliance with all applicable auditing and financial reporting requirements, and have the capability to specifically assure proper tracking and recording of funds. Each local eligible local government jurisdiction may apply for and be awarded a maximum of three grants: one from the Planning grant category, one from the Public Facilities grant category, and one from the Housing and Neighborhood Renewal grant category for each federal fiscal year's CDBG program. Communities that receive housing or public facilities funding are ineligible to receive additional funds within the category assisted until the project is substantially completed. For the purposes of this requirement, consolidated city-county governments will be considered as two separate jurisdictions: the

former city jurisdiction and the former unincorporated jurisdiction of the county.

A previous recipient of a fully-funded CDBG award under the Housing and Neighborhood Renewal category is not eligible to reapply until the following conditions have been met for any current grant within the relevant category:

- Compliance with the project implementation schedule contained in the Commerce contract for any current grant awarded;
- No unresolved audit or monitoring findings related to any previous CDBG grant award; and
- the following spend-down and closeout requirements apply for the FFY 2014 competition:

FY 2013 grantees	CDBG non-administrative funds 75% drawn or activities completed by the date of application.
FY 2012 grantees	CDBG non-administrative funds 90% drawn or activities completed by the date of application.
FY 2011 grantees	CDBG non-administrative funds 100% expended and Project Completion Report submitted prior to the date of application.
FY 2010 grantees and all earlier years	Project closed out by the date of application and audit scheduled by the date of application.

Eligible applicants for CDBG assistance include any:

1. *Incorporated city or town with populations under 50,000*

For projects proposed to resolve problems within the jurisdiction of an incorporated city or town, the city or town governing body is the eligible applicant. A municipality may apply for a project which would include an activity to be located outside city limits if the proposed activity will principally benefit residents within the city's jurisdiction, such as a water or wastewater facility. A municipality may also apply for a project in a geographic area that is located outside the city's jurisdiction, if it can provide adequate assurances that the project area will be proposed for annexation within the term of the CDBG project or within a reasonable period of time after completion of the CDBG project.

2. *County*

For projects proposed to resolve problems in the unincorporated jurisdiction of a county, the county governing body is the eligible applicant. A county may apply for a project that will include activities within the jurisdiction of an incorporated city or town if the proposed activity is intended to benefit all county residents, including those located in the unincorporated jurisdiction of the county, as well as those within the city or town.

To improve cost-effectiveness for project administration, a county may apply for a grant for a project that would address the same category of community need in two or more separate unincorporated communities, as long as the total grant request is under the established ceiling. Before considering such a project, the applicant county must ascertain that the involved communities have a similarly high level of need, that the proposed response is similarly appropriate, and would achieve comparable impact on each community. If not, the application, as a whole, may be less competitive.

3. *Consolidated government*

Note: Communities with 50,000+ population and Indian Tribes are not eligible to apply for CDBG funding, as they receive a separate HUD allocation under the federal CDBG program.

A. Coordinated applications, where two or more eligible applicants may apply independently

for projects that, if funded, would be administered in a coordinated manner. An example would be a regional water system that involves more than one jurisdiction. In this case, each applicant would be able to apply for the maximum grant allowed: \$450,000.

- B. Non-profit organizations must have an Internal Revenue Service 501(c)(3) or 501(c)(4) non-profit designation to be an eligible subrecipient of CDBG funds. Private, for-profit organizations may receive CDBG funds under special conditions. In these cases, a county or municipality must apply for CDBG funds on behalf of these kinds of organizations. If the application is funded, an interlocal agreement must also be executed between the local government and the special purpose agency or organization clarifying project responsibilities. Please review Appendix F for additional special requirements.
- C. State CDBG funds can be used to fund an activity that is located within the boundaries of an entitlement community or those communities with a population over 50,000 (Billings, Great Falls and Missoula), to primarily benefit residents of the extended community beyond the bounds of the entitlement. If a county applies for CDBG funds, the entitlement community will be expected to provide a reasonable share of the project funds. For example, a project activity might be a homeless shelter or senior center that is located within an entitlement community but provides a significant benefit to residents of the extended community beyond the boundaries of the entitlement community. This broadened use of CDBG funds will provide a more regional approach and comprehensive planning between entitlement and non-entitlement communities.

III. Eligible Projects

- A. Types of projects eligible for CDBG assistance include:
 - 1. New Construction of Single Family or Multi-family Housing
 - 2. Acquisition, construction, or rehabilitation of Rental Units
 - 3. Community Renewal
 - 4. Temporary Housing Facilities

1. New Construction of Single Family or Multi-family Housing

CDBG funds may be used for construction of new housing, with some limitations:

- CDBG funds may help finance or subsidize construction of new permanent residential units or to provide public facilities or site improvements to assist new housing construction for LMI families, where the CDBG project will be developed and managed by a non-profit or for-profit organization, but the application is sponsored by the local government.
- For-profit organizations are eligible to be subrecipient developers and/or owners of a new construction housing project if the local government grantee: 1) loans the CDBG funds to the for-profit and 2) uses the program income derived from repayment of the loan in accordance with CDBG requirements.
- A for-profit developer/owner may be eligible to receive CDBG grant funding to provide infrastructure for new subdivision that will include a benefit for LMI families -- subject to the state CDBG program receiving a HUD waiver for the project.
- Proposals for new construction to meet needs for multi-family housing or single family residences must include documentation of the inadequacy of the community's available comparable housing stock and its condition. If new construction is being proposed, the Applicant must show that no buildings exist within the communities which are suitable for purchase and cost-effective modification.

This documentation must include an analysis by a professional licensed architect of both the physical and financial infeasibility of modifying existing buildings, and the architect's conclusion that the most appropriate and cost-effective alternative is new construction.

- Applicants proposing new housing construction must provide a PAR, as described Appendix D. All newly constructed housing units must meet applicable property standards, including Section 8 Housing Quality Standards (or FHA equivalent standards) and State building codes.

Local governments may undertake some activities to support new housing with CDBG funds, including:

- Acquisition and/or clearance of sites for use or resale for new housing;
- Site improvements to land owned publicly or by a non-profit organization to be used or sold for new housing;
- The cost of disposing of real property, acquired with CDBG funds, which will be used for new housing; and/or
- The cost of converting an existing non-residential structure to residential use.

CDBG funds may be used to finance or subsidize new permanent residential structures only under the following circumstances:

- If grant recipients reconstruct housing on the same site which is owned and occupied by LMI persons where the need for the reconstruction was not determined until after CDBG-assisted rehabilitation began;
- If grant recipients construct housing of "last resort" as described in 24 CFR, part 42, Sub-part I. This housing is limited to housing that is newly constructed for persons displaced by a CDBG project when the project is prevented from proceeding because comparable replacement housing is not available otherwise.

2. Acquisition, Construction, or Rehabilitation of Rental Units

In order for rental units to be acquired or constructed or rehabilitated with CDBG funds to be considered as benefiting LMI, the majority of the housing units must be occupied by LMI persons and at affordable rents.

Commerce encourages Applicants to consider the long term feasibility of assisting non-public rental housing using CDBG funds in accordance with the following schedule:

Subsidy Amount/Unit (the amount of CDBG financial assistance provided to a landlord/rental unit owner receiving CDBG assistance for construction or acquisition of rental units)	Minimum LMI Affordability Period
Under \$15,000	5 years
\$15,000 – \$30,000	10 years
Over \$30,000	15 years
New Construction or Acquisition of Newly Constructed Rental Housing (any \$ amount)	20 years

Rent, occupancy, and affordability requirements for rental units must be enforced with covenants, mortgages, or deed restrictions running with the property.

If proposing rehabilitation of an existing building, the Applicant must thoroughly document that the proposed improvements are the best and most reasonable long-term solution, as well as the most cost-effective to solve health and safety deficiencies. The applicant should document assessment of

- asbestos,
- lead-based paint,

- lead water service lines,
 - historic preservation architectural standards,
 - relocation, and
 - accessibility issues.
- Applicants proposing rehabilitation of an existing building must complete a Preliminary Architectural Report (PAR).
 - When CDBG is used to finance the rehabilitation of a residential property that has at least 8 units, federal Davis-Bacon wage rates apply.
 - All rental income above that needed for operations, maintenance, and reserves is considered program income and may be used by local government grantees in accord with a CDBG-approved Program Income Plan.

Rehabilitation Standards

MDOC has established the following Rehabilitation Standards for the CDBG rehabilitation program. "Rehabilitation" includes using funds to make improvements to substandard residential structures. Housing rehabilitation or related redevelopment projects focus on bringing housing units up to basic code standards by addressing structural deficiencies, improving electrical systems, plumbing and roofing, and incorporating energy conservation measures.

Such improvements must meet or exceed requirements contained in current editions of the HUD Section 8 Housing Quality Standards (or FHA equivalent standards) and the following most current codes adopted by the Building Codes Bureau of the Montana Department of Labor and Industry (MDLI):

- International Building Code,
- International Residential Code, (one and two-family dwellings and townhouses up to three stories in height)
- International Existing Building Code,
- Uniform Plumbing Code,
- International Mechanical Code,
- International Fuel Gas Code,
- National Electrical Code,
- International Energy Conservation Code; and
- American Society of Engineers, Boiler and Pressure Vessel Code.

Note on Energy Conservation: Communities proposing rehabilitation or new construction of residential housing units should pay particular attention to the most current edition of the International Energy Conservation Code. This code was adopted by the Building Codes Bureau of the Montana Department of Labor and Industry. The code establishes energy conservation standards for improvements to existing residential structure or construction of new residential housing units, as well as standards for other types of construction.

For all areas permits must be obtained from the MDLI, Building Codes Bureau for electrical and/or plumbing work unless the grant recipient has been certified by the Bureau to enforce the codes cited above. In such cases, some permits will be obtained locally. The Building Codes Bureau maintains a listing of Montana counties and incorporated municipalities, which are certified to enforce building, electrical, mechanical, and plumbing codes. In those cases where the Building Codes Bureau has not certified the grant recipient, permits must be

obtained from the Bureau when rehabilitation involves structures with five or more units, or any commercial or public buildings.

Grantees will be responsible for assuring that proper authorities inspect such work and an inspection report is provided to the beneficiary and MDOC once completed. Options to provide code inspection may include agreements with governments that have existing building departments, arrangements with MDLI's Building Codes Bureau, or by contracting with qualified, private sector persons. Where possible, to preserve independence, local governments are encouraged to utilize the services of a separate individual to perform inspection services. All electrical and/or plumbing work must be done only by electricians and/or plumbers licensed by the State of Montana.

For further information, please contact:
Building Codes Bureau/Montana Dept. of Labor & Industry
301 South Park, Room 430 -- P.O. Box 200517
Helena, MT 59620-0517
Phone: (406) 841-2300

3. Community Renewal

Applicants proposing CDBG Housing and Neighborhood Renewal projects may set aside funds from their grant request for eligible CDBG activities that would result in long-term, recognizable, visible impacts and overall community renewal.

A major objective of the CDBG Program is to improve local housing conditions, combat neighborhood deterioration and community blight, and encourage public and private community reinvestment and renewal. The CDBG program encourages local governments to undertake complementary community renewal activities in conjunction with the principal housing activities proposed in a local project. Community renewal activities increase the overall benefit from the principal activities by maintaining and enhancing appearance, safety, neighborhood pride, and property values within the neighborhood where the principal housing activities will occur. Often, reinvestment will occur in the neighborhood selected for housing activities. Community renewal may include:

- community cleanup and fix-up campaigns;
- demolishing hazardous, dilapidated, vacant buildings;
- preparing historic inventories prior to demolition;
- improving or constructing sidewalks, streets, street lighting, or neighborhood parks or playgrounds;
- promoting community renewal activities with loan or grant funds from sources such as Community Transportation Enhancement Program from the Montana Department of Transportation, payments in lieu of taxes, or other available funds; and/or
- promoting community re-development via "Smart Growth" and "in-fill development"

4. Temporary Housing Facilities

Beginning with the FFY 2013 funding year, the CDBG program will allow homeless shelters and similar residential or temporary residential facilities, where the primary mission of the facility is to provide for emergency housing and not the provision of services, to be eligible for funding within the competitive Housing and Neighborhood Renewal category.

Previously, the CDBG application guidelines stated that projects designed to provide temporary, short-term, or transitional housing facilities to be owned or operated by local governments or private, non-profit corporations fell under the CDBG Public Facilities category. Examples of these types of facilities are emergency shelters, transitional housing, homeless shelters, domestic violence shelters, youth shelters and group homes, and shelters for the mentally ill, among others.

Additional Considerations of Eligible Projects

1. Successful applicants must comply with all applicable parts of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§ 5301, et seq.; the applicable Department of Housing and Urban Development (HUD) regulations, including but not limited to 24 CFR Part 570 and Form HUD-4010; all administrative directives and procedures established by the Department, including the most recent version of the CDBG/NSP Grant Administration Manual; and all other applicable local, state, and federal laws, regulations, administrative directives, procedures, ordinances, or resolutions.
2. If a PAR submitted as part of an earlier CDBG competition has been modified materially for the current submission, it is the responsibility of the CDBG applicant to clearly identify the new or revised information or any other modifications of the PAR. If the PAR has been materially modified or revised, the application will receive a new engineering technical analysis and will be assigned an appropriate score based on the CDBG ranking criteria. Unless the applicant demonstrates that the application has been modified materially since a prior submission, the CDBG program will not provide a new ranking of that applicant's proposed project.
3. If the Applicant is applying on behalf of a sub-recipient, the responses to the ranking criteria questions should describe the corresponding efforts of both the local government and the organization.

The amount of CDBG funds requested per benefited LMI household or individual for the proposed project must be reasonable in relation to those requested by other applicants. In no case should the grant request exceed \$30,000 per LMI household or individual to be assisted.

Application requests for more than a \$30,000 benefit per LMI household or individual must clearly document that, without additional grant assistance, the financial burden on local residents or a private, non-profit organization would be unreasonable or the assisted individuals lack sufficient financial capacity to repay a loan and, without additional grant assistance, would be denied decent, safe and sanitary housing conditions.. Undeveloped, vacant lots, at the end of the construction project, may not be counted as benefited households.

The \$30,000 per household limitation would not apply to those circumstances where funds are loaned to families and would later be recaptured at the time of sale and then made available for loans to assist other LMI households.

The "CDBG funds per LMI household" figure is determined by dividing the total amount of CDBG funds requested by the total number of LMI households or individuals, as appropriate, to be served by the proposed public facility.

NOTE: CDBG will not consider applications to complete activities to improve or construct building for the general conduct of government. This includes city halls, county courthouses, county or municipal administrative office buildings or other facilities in which the legislative, judicial or general administrative affairs of government are conducted.

Eligible and Ineligible Reimbursable Project Expenses

Applicants should be cautious if starting a project before the Department has approved it and the grant recipient has a signed contract with Commerce. CDBG grantees are required to adhere to various laws and

requirements of the State and the program. Failure to do so could result in CDBG funds not being eligible for reimbursing project activities such as engineering, construction, etc. Applicants that plan to commence a project before it has been approved for funding should discuss their plans with the CDBG staff to ensure that they have sufficient matching funds as required by the program and do not take any steps that could violate federal or state laws or regulations. Additional information as to eligible project expenses can be found in the CDBG Project Administration Manual available at the Commerce website.

IV. Application Submission

General Requirements

To apply for a CDBG grant, an eligible applicant must complete the required CDBG application information listed below by April 3, 2014. One hard copy and one electronic copy of the CDBG application information and two hard copies of the PAR must be postmarked or delivered to the Department of Commerce, 301 South Park Ave, Helena MT, 59620 on or before April 3, 2014.

Only one application per project is permitted each application cycle. While coordinated applications are permitted, applications from multiple eligible applicants for the same project in any given application cycle are not allowed. This does not preclude an application for a subsequent phase in the next application cycle.

To apply for any of the funding approved through the competitive ranking process, applicants must provide the following CDBG application information:

Appendix A: Submit responses to the CDBG ranking review criteria

Appendix B, Section 1: Submit the application form found in *Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs* (see Appendix B, section 1 of these guidelines),

Appendix C: Additional Documentation and Forms

Appendix D: Preliminary Architectural Report (if applicable)

Appendix F: Special Requirements for Non-profits, For-profit and Public Agencies

Appendix G: Certification for Application

V. Application Review Process

Commerce staff will review CDBG applications for both technical and financial feasibility, and the extent to which the proposed project relates to each of the six ranking criteria. To facilitate Commerce's review, applications should be organized according to the format outlined in Appendix C, in these guidelines. Additional information on completing the application form and any technical documents to apply for funding is provided in the appendices.

The review of CDBG applications by the Community Development Division is to ensure conformance to federal and State CDBG requirements. The applications are ranked based upon the extent to which the proposed project relates to each of the six ranking criteria. The form and amount of CDBG funding to be recommended is determined based upon an analysis of the applicant's proposed level of local financial participation, however the maximum grant award will not exceed \$450,000. While the grant ceiling establishes the maximum amount which applicants may request, individual grants will be awarded only in amounts appropriate to the scope of the identified problem, the proposed project activities, and the needs, resources and administrative capacity of the applicant. The ranking team will prepare and submit a report containing the recommended projects and the recommended form and amount of financial assistance for each project to the Director of Commerce. The Director will make the final decision on grant awards and funding. The actual number and types of awards will be subject to funding availability and the minimum ranking score assigned to the applicant during the review.

As further outlined in Montana's Consolidated Plan, the Commerce Director may, at his/her discretion,

reallocate unexpended CDBG funds in between normal grant application cycles to expedite necessary projects and the expenditure of CDBG funds consistent with the objectives of the Montana Community Development Block Grant (CDBG) Program.

Commerce may provide for outside technical review of applications by other public or private agencies or professionals when deemed necessary to assure adequate review. Commerce may take additional information, based upon Commerce's or other agency's knowledge about a proposed project or particular community problems, into account in the scoring of an application. The applicant may not submit any additional information after the application deadline unless requested by Commerce staff in order to clarify information already presented in the application.

VI. Administrative Procedures and Requirements

Please note, successful applicants must comply with all applicable parts of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§ 5301, et seq.; the applicable Department of Housing and Urban Development (HUD) regulations, including but not limited to 24 CFR Part 570 and Form HUD-4010; all administrative directives and procedures established by the Department, including the most recent version of the grant administration manual on the Commerce website for information on how to administer a CDBG project. Projects must be completed in accordance with the applicable local, state, and federal laws.

APPENDIX A

CDBG Ranking Review Criteria

A. INTRODUCTION

The CDBG policies established by Commerce guides the review of CDD CDBG applications. Applications should be as concise as possible; however, the applicant may use as many pages as necessary to adequately explain the proposed project. Only information pertaining directly to the proposal and the CDBG Ranking Criteria should be included.

B. RANKING APPLICATIONS ON THE SIX RANKING CRITERIA

Each application be evaluated under each CDBG ranking criteria and will receive points depending upon its overall response to each criterion, relative to local capacity and resources and in comparison with the other applications submitted. The list of general definitions and scoring levels are used as a guide in determining scores for each criterion.

The CDBG ranking criteria are listed below and indicate the maximum score that can be obtained for each.

	<u>Maximum Possible Points</u>
Ranking Criterion #1 (Community Planning)	175 Points
Ranking Criterion #2 (Need for Project)	175 Points
Ranking Criterion #3 (Project Strategy)	150 Points
Ranking Criterion #4 (Community Efforts and Citizen Participation)	100 Points
Ranking Criterion #5 (Benefit to Low and Moderate Income Persons)	150 Points
Ranking Criterion #6 (Implementation and Management)	175 Points
TOTAL MAXIMUM POSSIBLE POINTS	925 Points

A competitive Housing and Neighborhood Renewal application must receive a minimum score of 600 points in order to be eligible to receive CDBG funds. Failure to respond to a criterion or to comply with a pertinent and important application requirement will result in no points being awarded for that criterion. For ease of reference, any documentation or exhibits related to the applicant's response to a CDBG ranking criterion should be placed in the application immediately following the applicant's narrative response to that criterion.

C. CDBG RANKING CRITERIA

The following section lists the six ranking criteria used to score and rank CDBG projects, along with the criteria that will be considered by Commerce in evaluating each applicant's response. CDBG applicants are

required to submit narrative responses that describe the relationship of their proposed CDBG project to each of the ranking criteria, except where noted otherwise. Some priorities can be scored using the information provided in the [Uniform Application for Housing Loan, Grant, and Tax Credit Programs Form](#) and the *Preliminary Architectural Report (PAR)*. For ranking criteria #2 and #3, applicants are not required to provide a narrative response if the PAR addresses the questions and unless there is additional information that they believe would impact how the priority will be scored. While applicants need to provide a response that addresses each of the criteria, applicants are encouraged to be succinct and not repetitive.

Each statutory priority has definitions that generally describe the requirements for being scored at a particular point level. The definitions associated with each score level are discussed after the ranking criteria questions in these guidelines.

In order to avoid unnecessary duplication, the applicant can reference other pertinent portions of the application or appendices in the narrative responses to the priorities. However, the applicant should not reference another portion of the application, such as the PAR, without including a narrative statement that provides at least a summary of what is being referenced. For example, an applicant should not simply state, "See page 4 of the Master Plan" as a response to a ranking criteria.

RANKING CRITERION #1

175 Possible Points

The "Community Planning" criterion considers the following, relative to the capacity of the applicant:

- The adequacy and thoroughness of the planning process and citizen participation efforts used by the applicant to identify overall community development and housing needs, including the needs of LMI persons, and the activities or actions it plans to meet the identified needs;
- The extent to which the proposed project is consistent with expressed public opinion and the applicant's community development objectives, as well as the national and state objectives for the CDBG Program;
- The degree to which the applicant has considered the needs of LMI residents and how the proposed project will benefit or impact LMI persons; and
- Whether the applicant has provided a reasonable rationale for selecting the proposed CDBG project over other community development and housing needs that were identified.

Criterion #1 Questions

1. Has the applicant described and documented its overall community (city, town or county) development needs -- including the needs of LMI persons, in the areas of:
 - a. economic development;
 - b. housing and neighborhood renewal; and
 - c. public facilities.
2. Has the applicant described the processes used to determine overall community development needs?
3. Has the applicant described the applicant local government's relative priorities for responding to the identified overall community development needs?

4. Has the applicant described and documented the actions or activities planned to meet the identified overall community development needs, in the areas of:
 - a. economic development:
 - b. housing and neighborhood renewal; and
 - c. public facility(ies).
5. Has the applicant described the community's priorities for dealing with public facility deficiencies through an adopted CIP or an adopted Growth Policy that meets the requirements of state law (76-1-601 [MCA](#)) and included a housing element or a housing plan? Has the applicant attached these documents and highlighted relevant excerpts?

NOTE: An adopted CIP is not a prerequisite for applying for CDBG funding, although an applicant will typically receive more points during the ranking process if it has done so. CDBG encourages applicants to budget for and develop a CIP that (a) covers at least a five year period and (b) meets all of CDBG's CIP requirements. See the CDD website for more about CIP requirements.

6. Has the applicant identified any significant patterns or concentrations of lower income households or groups of particularly disadvantaged persons (such as single parent heads of households or seniors) in the boundaries of the applicant local government?
7. Has the applicant documented consideration of community housing problems that especially affect the welfare of LMI residents and shown how the proposed CDBG project would benefit or impact these persons?
8. Has the applicant demonstrated that the proposed project is reasonable and appropriate, given long term demographic trends as reflected by appropriate Census estimates – for example, population increases or decreases, growth in unincorporated areas, increases in elderly population, etc.? (Please see the CDBG website)

National and State CDBG Objectives

It is unnecessary to provide an extensive response referencing multiple national and state CDBG objectives.

1. Has the applicant documented that the proposed project is consistent with the primary objective of the CDBG Program: "The development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for LMI persons"?
2. List the state objective that is most appropriate and pertinent to the proposed project. (See Appendix E.)

Other Information

1. Provide any other pertinent information that could improve the application's score for this ranking criterion.

Additional considerations for this ranking criterion:

A Special Note to Counties:

The county governing body is the appropriate, eligible applicant for CDBG projects intended to:

- *resolve problems within the unincorporated jurisdiction of a county;*
- *resolve problems that are truly countywide, regardless of jurisdiction;*
- *assist a non-profit entity (such as a Human Resource Development Council) which serves county residents; or*
- *resolve problems within the boundaries of county water and sewer districts.*

When a county government is the applicant, the CDBG needs assessment process requirement applies to the entire county and not just the specific sub-recipient or unincorporated community sponsored. In addition, the Resolution to Authorize Application, contained in these guidelines, must be signed by an elected official of the unit of general local government.

Any CDBG application submitted by a county on behalf of a sub-recipient or unincorporated community should describe:

- *the county's overall, county-wide community development needs (including the unincorporated geographic area of the county); and*
- *the particular needs of the entity on whose behalf the county is applying.*

The description of the needs assessment process should cover, at a minimum, all of the basic CDBG project categories:

- *economic development,*
- *housing, and*
- *public facilities.*

Community Needs Assessment and Planning Processes

Montana's CDBG Program intends that governments take full advantage of their local planning programs and not unnecessarily duplicate their local planning efforts solely for the purpose of complying with the CDBG "community needs assessment" requirement. In many cases, a local government may have already identified community development and housing needs and activities to meet the needs by preparing a community "growth policy."

Where a community has an existing, adopted growth policy, Commerce strongly encourages local officials to use it to meet the requirement that CDBG applicants identify community development and housing needs and activities to meet those needs. Commerce discourages stand-alone planning activities or community surveys that are intended only for CDBG application purposes and are not being coordinated with the local government's on-going planning program.

There is no single procedure that applicants should use in identifying community development needs and possible solutions for those needs. Alternative approaches for identifying community needs and possible solutions for them are explored in more detail in the CDBG handbook, [The Community Needs Assessment Process](#). [Montana's Growth Policy Resource Book](#) is also available to assist those communities that have chosen to update existing growth policies or prepare a growth policy for the first time. The department's Community Technical Assistance Program is available to provide more information on community planning; they can be reached by email: MDOCCTAP@mt.gov.

The CDBG Program requirement is that each local government applicant for a CDBG Public Facilities or Housing project must conduct a planning process that assesses:

- the applicant's community development needs, including the needs of LMI persons; and
- the activities it plans to meet the identified community development needs.

The task of identifying needs may be assigned to the local planning board. Needs may be identified using special short-term task forces, citizen committees, community-wide town meetings, neighborhood meetings, or interviews with community leaders. A number of communities have prepared "Resource Team Assessments" in conjunction with the [Montana Economic Developers Association](#) (MEDA). Contact Gloria O'Rourke at Montana Economic Developers Association: gloria@medamembers.org.

Several counties and multi-county areas have prepared a "Comprehensive Economic Development Strategy" (CEDS) with funding from the [U.S. Economic Development Administration](#) (EDA). The CEDS is a prerequisite for receiving financial assistance from several EDA programs. Some Montana communities have developed "Community Action Plans" with grants from the [U.S. Forest Service](#). Other Montana communities have prepared "Needs Assessments," "Strategic Plans" or "Community Vision Plans," many with assistance from the community development staff from [Montana State University's Cooperative Extension Service](#).

The intent of the needs assessment process is to provide a community with a list of potential projects or actions (in the areas of housing, economic development and public infrastructure) that could be pursued over a period of years in order to improve the community. The CDBG requirement to evaluate community needs and identify activities to meet them can also provide an opportunity to review existing special-purpose plans such as for capital improvements, economic development, housing, or neighborhood renewal areas to determine if they still adequately reflect current conditions, needs, and community priorities.

RANKING CRITERION #2

175 Possible Points

This criterion considers overall need for the activity compared with needs reflected in other applications. Proposals that address the most severe and immediate needs will receive the highest score. In ranking the relative "need for the project" among competing applications, priority will be placed on:

- addressing community needs directly related to protection of public health and safety, as documented in a PAR or housing condition survey; in these cases, CDBG will also consider the proportion of the total community assisted and the effects on LMI (LMI) or special needs residents;
- addressing housing problems which especially affect low-income residents of the community or particularly disadvantaged persons considered at risk for securing affordable, decent, safe, and sanitary housing (minorities, single parents with children, elderly or children, or the physically or mentally disabled); and
- whether the need has been well documented by a thorough analysis of the community's overall housing needs, as well as the needs within the project area, or for the persons to be assisted by the proposed project.

Criterion #2 Questions

1. Has the applicant described and documented:
 - a. long-term, local demand for additional affordable and decent housing needed to support community development?
 - b. the inadequate supply of affordable, decent, safe, and sanitary housing stock to serve LMI households (owners and/or renters)?
 - c. a thorough analysis of the community's overall housing needs, as well as the needs within the project area, or for the persons to be assisted by the proposed project?
 - d. the existence of dilapidated housing or other structures or the existence of blighting conditions and renewal needs within particular neighborhoods or areas within the community which

discourage reinvestment?

- e. how the analysis of housing needs addresses the situation described in '1.d.' and attach maps?
 - f. any housing problems that especially affect low-income residents (homeowners and renters) of the community or particularly disadvantaged persons considered at risk for securing decent, safe, and sanitary housing (minorities, single parents with children, elderly or children, or the physically or mentally handicapped)?
2. Has the applicant explained how the proposed project relates to and impacts the housing problems affecting the groups identified in local needs assessments?
 3. Has the applicant described:
 - a. how community housing or community renewal needs are directly related to protection of public health and safety, as documented in a PAR or housing condition studies?
 - b. what proportion of the total community will be assisted by the proposed project?
 - c. the extent to which LMI residents or especially needy residents are affected?
 4. Has the applicant included, if available, a copy of the housing element/component of the Applicant's growth policy and/or housing plan?
 5. Has the applicant described how the growth policy housing element and/or the housing plan addresses substandard housing units, housing units that represent health and safety problems, and/or housing units in need of rehabilitation for energy conservation purposes?
 6. Has the applicant provided an analysis of the Applicant's community housing needs and long-term population trends as identified through the Census 2000, such as increases or declines in population, increase in disadvantaged groups, increase in numbers of seniors expected to be residing within the community, new development in surrounding unincorporated areas, concentrations of low income households, etc.?
 7. Has the applicant shown how the selected project is consistent with long-term demographic projections? (See the Commerce/CEIC demographic resources available on the web.)
 8. Has the applicant provided the following:
 - a. documentation that a number of persons have expressed a need for the project and have an interest in taking part in the housing assistance provided by the project? Applicants are not expected to conduct a pre-screening process to establish eligibility of individual households for the project, but expressed interest in the proposed project must be documented.
 - b. documentation that a reasonable number of potential clients are eligible for the project by providing supporting data from a census or market survey?
 9. Has the applicant provided any other information that substantiates the need for the proposed CDBG project?

Overall Need for CDBG Financial Assistance

1. Has the applicant described and documented serious efforts undertaken to consider all appropriate federal, state and local (including program income earned from previous CDBG projects), public and

private funding sources that could potentially assist with this project?

2. Has the applicant thoroughly demonstrated that other private, and local, State or federal public resources are not available at reasonable cost to address the identified need?
3. Has the applicant documented serious efforts to accomplish the leveraging of non-CDBG funds to support the project?
4. Has the applicant clearly explained and documented that the specific amount of its request for CDBG financial assistance is necessary and reasonable relative to its financial capability?
5. Has the applicant explained the rationale for the amount of non-administrative CDBG funds requested per LMI household involved in the project? (Divide the total amount of non-administrative CDBG funds budgeted by the total number of LMI households or individuals to be served by the proposed project.)

Questions for Non-Profits, For-Profits, or Local Public Agencies

NOTE: If non-profit or for-profit organizations will be involved in a proposed project, all information requested in Appendix F must be provided. The information must be included as part of the Applicant's response to Ranking Criterion 2 and Ranking Criterion 6, as appropriate. Applicants should provide the information as described below and in Section C of the [Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs](#).

1. Has the applicant provided financial statements (as requested in Appendix F) for the most recent year of operation, with a complete narrative describing past and current financial operations?
2. If the organization or entity is carrying debt, has the applicant explained the circumstances, the loan amount(s), terms, conditions, and maturity date(s) of outstanding debt?
3. Has the applicant provided a thorough discussion – line item by line item in the proposed budget -- regarding current and proposed sources and uses of funds and shown that the sources and uses are appropriate for the proposed housing and neighborhood renewal project?
4. Has the applicant provided (as requested in Section C, Part VI, 15-Year Operating “Pro-Forma” in [Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs](#)) detailed cash flow and budget projections for the 15 years after project completion, including a line item explanation of projected costs for the facility?
5. Has the applicant thoroughly described and explained assumptions regarding long-term expenses and revenues as listed in the Pro-Forma?
6.
 - a. Has the applicant explained the projected debt service that would result from this project?
 - b. Has the applicant demonstrated dependability of the cash flow needed to meet debt obligations over the long term?
7. Has the applicant included a summary of the proposed local Housing Project Policies and Procedures that the project will be using to guide and manage project activities?
8. Provide any other pertinent information that could improve the application's score for this ranking criterion.

Additional considerations for this ranking criterion:

REQUIREMENTS:

1. Preliminary Architectural Report
 - a. Applicants requesting assistance for the construction of a new building or rehabilitation of an existing building must submit a PAR prepared by a licensed, professional architect that meets the minimum requirements described in Appendix D (the Preliminary Architectural Report for New Construction or Rehabilitation of Existing Buildings, Excluding Single Family Residences).
 - b. Applicants may reference the PAR in responding to the “Need for Project” ranking criterion.

RANKING CRITERION #3

150 Possible Points

The “Project Strategy” ranking criterion considers the following, relative to the capacity of the Applicant:

- The degree to which the Applicant has developed a cost-effective, well-reasoned, appropriate, and achievable strategy which can reasonably be accomplished with available resources;
- The extent to which the proposed activities represent the Applicant's most effective option for achieving maximum impact on selected housing needs;
- Whether the amount of CDBG assistance requested per benefiting household is reasonable and appropriate;
- The degree to which any proposed community renewal or secondary activities are complementary to and in support of the overall housing activities and will enhance the overall impact of the project;

Criterion #3 Questions

1. Has the applicant:
 - a. provided a well-reasoned, cost-effective, appropriate, and achievable strategy that can be reasonably accomplished with available community resources, along with any other state and federal public housing resources (including Program Income from previous CDBG projects)?
 - b. demonstrated a sound and persuasive rationale to explain why the housing activities proposed are the most appropriate ones to meet the identified needs by discussing the alternatives considered before selecting this option.
 - c. discussed the housing alternatives considered in the PAR (if a PAR is required for the proposed project)?
2. Has the applicant provided a realistic evaluation of the availability of local private resources to accomplish the proposed activities -- such as local lenders, contractors, lead-based paint inspectors and contractors trained in stabilization or abatement, building material suppliers, property management companies, first-time home buyer programs, or temporary tenant relocation sites.
3. Has the applicant demonstrated that:
 - a. the proposed project strategy is reasonable and appropriate, taking into account documented local demographic trends and housing conditions; and
 - b. there is a documented long-term local demand for additional decent and affordable housing

units in the Applicant's proposed project area.

4. For rehabilitation of single family residences: Have the CDBG-required cost estimates been obtained from a licensed architect or registered contractor to determine and assess what the expected average cost of rehabilitating substandard dwelling units would be?
5. Has the applicant documented that the proposed project strategy is reasonable and appropriate regarding
 - a. the number and type of housing units; and
 - b. the CDBG cost per unit to be assisted; and
 - c. the extent of housing improvements that are proposed?
6.
 - a. In those cases where the project proposed that CDBG funds will be granted (rather than loaned) to qualified LMI households, has the applicant described whether the CDBG funds requested for such grants exceed \$30,000 per LMI beneficiary household?
 - b. If the proposed grants to qualified households exceed \$30,000 per LMI beneficiary household, has the applicant presented a justification for the proposed level of grant assistance per household?
7. Has the applicant described how the project, if funded by CDBG, would leverage other specific public sector resources and private sector resources?
8. Has the applicant documented any proposed funding leveraging arrangements by providing evidence of firm commitments from developers, financial institutions, or other organizations?
9. Describe whether the commitments identified in 9 include some concessions from standard financing terms or conditions (such as reduced origination fees or interest rates).
10. Has the applicant included a summary of local Housing Project Policies and Procedures that will be using to guide and manage project activities? Do the policies address occupancy requirements, i.e., that housing to be directly assisted with CDBG funds must be intended for occupancy by LMI families the majority of the calendar year, with the exception of housing provided for migrant workers?
11. Has the applicant demonstrated that the proposed policies for using CDBG financial assistance to benefit households provide for:
 - a. an analysis of the financial situation of each housing assistance applicant (including homeowners, renters, and landlords); and
 - b. assurance that terms and financing techniques are appropriate, affordable, and consistent with the prudent management of limited public funds?
12. Has the applicant demonstrated that the proposed project strategy is reasonable and appropriate as shown by evidenced in the form of:
 - a. documented local public opinion (surveys, studies, letters, etc.) supporting the project and;
 - b. documented interest from homeowners, renters, the owners of rental housing and any other parties interested in participating in the proposed project?
13. If other supportive activities in addition to and complementary to the principal housing activities are proposed, has the applicant demonstrated that these additional community renewal and supportive

activities are likely to:

- a. enhance the overall impact of the project consistent with CDBG objectives, and
 - b. increase the visible impact of the project on the neighborhood (or other area) of the community that would be assisted by the project?
14. Has the applicant discussed its long-term commitment and past community efforts as well as its proposed new efforts to deal with housing and neighborhood renewal problems through non-financial community efforts (such as a commitment to community planning, land use regulation and code enforcement, blight removal and neighborhood clean-up, past housing projects, or other activities to promote affordable housing, housing choice, and community preservation and reinvestment)?

NOTE: Short-term community efforts will be generally viewed as those that have occurred recently. Long-term community efforts will be generally defined as those that have been on-going, continuing, or regularly updated and kept relevant, as appropriate -- for example, a community that has had a growth policy for several years and regularly updates or regularly prepares or updates housing-related studies, plans, or similar related activities.

Energy Conservation Activities

1. If energy conservation activities are proposed as part of the housing proposal submitted, has the applicant documented its intent to leverage CDBG funds with the [Low Income Energy Assistance Program \(LIEAP\) and the Weatherization Assistance Program](#) of the U.S. Department of Energy as administered by the Montana Department of Public Health and Human Services and the appropriate Human Resource Development Council for the project area?
2. Has the applicant documented all reasonable options to reduce future energy costs, for example, will “Energy Star” rated materials and appliances be incorporated into the project design?

Projects managed/owned by Non-profits, For Profits, or Local Public Agencies

1. Has the applicant demonstrated that the proposed project strategy is reasonable and appropriate, particularly with regard to physical design and future operation, given (a) the alternatives considered in the PAR and (b) the organizational capacity and experience documented in response to the requirements of Appendix F?
2. Has the applicant described how the financial and other information provided (in response to Appendix F) demonstrates that the proposal is cost effective, well-reasoned, appropriate, and viable for the long term?

Other Information

1. Provide any other pertinent information that could improve the application’s score for this ranking criterion.

Additional considerations for this ranking criterion:

CDBG will use the questions contained in this criteria, the Uniform Application for Housing Loan, Grant and Tax Credit Programs; Appendix D; and Appendix F to rank the applicant’s strategy for the proposed CDBG project.

The “Community Efforts and Citizen Participation” criterion considers the following, relative to the capacity of the applicant:

- the applicant’s overall long-term efforts to improve the community over time, including efforts to secure federal, State, and local funds to address community needs;
- the thoroughness of the applicant’s past efforts to address community development and public facilities problems, specifically, with local resources, including efforts of local volunteers and community service organizations;
- other non-financial community efforts by the applicant to assure adequate and cost-effective public facilities, including long-term operation and maintenance practices; and
- the applicant’s commitment to long-range planning for infrastructure needs, as demonstrated by the adoption and/or update of 1.) a growth policy which includes a strategy for development, maintenance, and replacement of public infrastructure and/or 2.) a capital improvements plan for public infrastructure; and
- where applicable, progress made by the local government to implement its growth policy and capital improvements plan.

Criterion #4 Questions

Citizen Participation

1. Has the applicant described the process used to encourage citizen participation in the identification of overall community development needs, and the actions or activities it plans to meet the identified needs?
2. Has the applicant described the dates, times, and locations of the two required public hearings and provided copies of attendance lists, meeting summaries or minutes sufficient to reflect comments made by local officials and the citizens attending?
3. Has the applicant described and documented its efforts to encourage citizen participation, including efforts to involve LMI residents, in the process of identifying overall community needs, possible activities or actions to address them, and the selection of the CDBG project and project area? In addition to including documentation of public hearings, include documentation of newspaper articles, copies of special mailings, public opinion surveys, letters of support, etc.
4. Has the applicant provided an analysis and interpretation of the responses to any needs assessment or survey and the implications for possible activities or actions to address identified needs or concerns?
5. Has the applicant documented that the proposed project is consistent with expressed public opinion and that it has strong public support?
6. Has the applicant shown that the public had reasonable opportunity to make comments on the proposed project and have any concerns been addressed by local officials?

7. If public comments suggested that the project could potentially have any negative impacts on the community, community service providers or recipients, or LMI, senior, or disabled persons living in the community, has the applicant described and documented these comments and the official response to such comments?
8. Has the applicant documented that the wishes of potential project beneficiaries been solicited and articulated through meetings, surveys, or other means?
9. Has the applicant demonstrated that the project reflects the expressed preference of potential project beneficiaries regarding project details such as location, design, and scope?
10. Has the applicant provided the rationale for selecting the proposed CDBG project over other potential community projects that were considered?
11. Has the public had reasonable opportunity to make comments on the proposed project and have any concerns been addressed by local officials?

Local Community Improvement Efforts and Activities

The following questions apply to the overall community development efforts and the proposed project carried out by the applicant. These questions may or may not directly relate to your proposed project.

1. Has the applicant described and documented efforts intended or undertaken in the community and/or project area to address the following housing and neighborhood renewal needs:
 - a. Improving public facilities?
 - b. Past housing projects on behalf of LMI households?
 - c. Demolition of dilapidated, vacant structures or other community clean-up or beautification projects?
 - d. Zoning to encourage compatible land uses in residential areas, including provisions to encourage affordable housing and housing choice?
 - e. Zoning to encourage in-fill development and compatible land uses in residential areas, including provisions to encourage affordable housing and housing choice?
 - f. Adopting and actively enforcing "community decay" ordinances for blight removal as authorized under Montana law (Section 7-5-2111, MCA, for counties, and Section 7-5-4104, MCA, for municipalities)?
 - g. Aggressively enforcing the Uniform Code for the Abatement of Dangerous Buildings to eliminate dilapidated or deteriorated buildings, such as the clearance of a substantial portion of unsafe, vacant, deteriorated structures that cannot be economically rehabilitated?
 - h. Coordinating with private affordable housing efforts, such as Habitat for Humanity, Neighborhood Housing Services, or lender-sponsored home ownership training programs?
2. Has the applicant described efforts by local civic groups, including volunteers and community service organizations, to improve the community, demonstrating the commitment of local citizens to maintain and enhance the community?

3. Describe actions taken to encourage viable economic development projects that; for example, promote investment of private capital, expansion of local tax bases, and creation of permanent, year round principally for low and moderate income persons.
4. Describe actions and/or activities taken to conserve and improve the condition of existing housing units.
5. Describe actions and/or activities taken to revitalize deteriorated or declining neighborhoods through comprehensive improvement efforts.
6. Describe actions and/or activities taken to increase the impact of local housing programs through a public-private partnership.
7. What actions and activities has the community recently undertaken to meet the needs of disadvantaged persons or groups (such as those with special needs, lower incomes, female heads of household, minority, elderly, disabled citizens) in the community, including special actions to promote fair housing? These actions can be documented by attaching including community maps and analysis that geographically illustrate and support the actions taken.
8. How does your community financially budget to meet its capital improvement and other community development needs, including the needs of disadvantaged persons or groups in the community?
9. Please include a description of the most recent taxable valuation of the community, mills levied, and value of a mill. Please also note whether mills levied have been raised, lowered, or remained constant for the last three years.
10. Describe actions or activities taken to address serious deficiencies, detrimental to the public health and safety, in basic infrastructure and community facilities.
11. Document local contributions to carry out the proposed project, such as:
 - a. local cash or in-kind contributions to proposed activities?
 - b. absorbing some or all administrative costs, or other forms of direct financial or in-kind contributions to support the project?
 - c. other local efforts and contributions?
10. If land acquisition is proposed: Have options to purchase the affected properties been obtained, *contingent on receipt of CDBG funding?*

Other Information

1. Provide any other pertinent information which could improve the ranking of the application for this ranking criterion.

Additional considerations for this ranking criterion:

To receive CDBG funds, both Commerce and applicants for grants must certify that they are carrying out citizen participation in a manner that complies with this plan. Montana's CDBG Citizen Participation Plan and the required Certifications for Application are found on the CDBG website.

The applicant must hold a minimum of two public hearings: the first before preparing the application and the second prior to passage of a resolution by the governing body authorizing the submission of the application,

unless re-applying for the same project submitted unsuccessfully in the previous year.

Applicants should hold the first public hearing not more than twelve months prior to the date of application. The second public hearing should be held not more than three months prior to the date of application.

A record 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 persons who attended and a summary of comments by local officials and citizens which is sufficient to reflect the comments made by those attending the meeting.

Applicants reapplying for the same project that was submitted unsuccessfully in the previous year must still hold at least one public hearing prior to the passage of the resolution by the governing body authorizing the submission of the application. The applicant should hold the hearing not more than three months prior to the date of application.

If an unsuccessful CDBG applicant is re-applying for a CDBG project, or if a community has previously gone through a needs assessment process, it is not necessary for the community to repeat the process from the beginning. If the community development and housing needs and planned actions to deal with them that were previously identified still appear to accurately reflect existing community conditions, the local government can simply solicit public comments on the previously identified community needs, and the planned activities to meet the needs, at the first required public hearing to confirm that the previous needs assessment still appears valid.

Public notice by the city, town, or county must be provided before public hearings are held. The drafts of the required public hearing notices should be submitted to CDBG for review prior to publication. Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. Where possible, notice should also be directed to LMI persons or those persons who will benefit from or be affected by CDBG activities and/or groups of LMI persons.

Hearings must be held at times and locations convenient to the general public and with reasonable accommodations for handicapped persons. For hearings where a significant number of non-English speaking residents can be reasonably expected to participate, federal law requires that arrangements be made to have an interpreter present.

In all cases, the local government must conduct the required public hearings, even if the local government is considering applying on behalf of a subrecipient, such as a local housing authority, human resource development council, or a county water and sewer district. Having the local government conduct the hearings, rather than delegating the task to a potential recipient of the CDBG funds, provides the most objective forum for considering alternative community needs (and potentially competing proposals for CDBG projects) and encourages a more frank discussion regarding any proposed community development projects. At its discretion, the local government may delegate the task of holding the hearing to a local government agency such as a local planning board or planning and community development department.

The required CDBG "hearings" do not have to be formally structured or even be conducted in a traditional hearing format to meet the CDBG public hearing requirement. Local officials and Commerce staff are well aware that formal public hearings are sometimes a very ineffective means of getting people involved or encouraging meaningful dialogue or discussion.

The CDBG Program encourages a neutral setting that promotes open discussion and an exchange of ideas regarding all community development and housing needs, and possible solutions for those needs. This can include an open town meeting or facilitated small group discussion with a final summation of identified community needs and solutions. Local officials may also want to use additional public involvement techniques such as open houses or presentations to local organizations to make more citizens aware of community

needs and to solicit their ideas on activities or projects to address community problems.

The First Public Hearing

The purpose of the first public hearing is to provide an objective and neutral forum for considering overall community needs and potentially competing or alternative proposals for CDBG projects to deal with those needs, within the local government's jurisdiction.

The first hearing:

- is intended to give citizens an opportunity to identify and discuss their community's overall community development and housing needs, including the needs of LMI persons, and to propose possible community improvement projects to meet those needs, before the local government makes a decision on what project or projects it will seek CDBG assistance for, and
- should inform the public about the amount of state CDBG funds estimated to be available to Montana communities, and the kinds of activities that are eligible to be assisted with CDBG funds.

Applicants should hold the first public hearing not more than twelve months prior to the date of application. The CDBG website provides a sample model notice for the first public hearing. The site of the first public hearing should be a neutral one that would encourage fair and impartial consideration of all potential CDBG projects.

Local officials may have a possible project in mind for a CDBG application before the first public hearing to "identify community development and housing needs" is held. However, it is very important that the location of the first hearing be considered a neutral site, so as not to skew the selection of the proposed project toward a pre-determined community need, and so that all potential CDBG projects can receive fair consideration before a decision to submit a particular project is made. For example, even though a county government may be considering a project to serve a particular unincorporated community, the first public hearing should be held in the county seat, rather than in that unincorporated community, so that each potential community development and housing need may receive fair and impartial consideration as a potential CDBG project.

The same concept would apply to a city considering a project in a particular neighborhood. Example: A local government may be considering an application on behalf of a non-profit organization, such as for improvements to a senior center. In this case, it would be inappropriate to hold the hearing for identifying community needs at the senior center since this may discourage advocates for other community needs from coming forward or speaking out.

In some cases, a local government may need to respond to a mandate from a state agency to improve a specific public facility. There may be legal pressure to accomplish a particular project, such as upgrading the city wastewater treatment plant to meet state water quality standards. The reason local officials rank this issue as their number one need is understandable. In this case, the citizen participation process can still be a valid way to educate local citizens regarding the community's obligation to assure adequate sewage treatment to protect Montana's environment. It can also lead to dialogue as to how goals are accomplished.

To minimize duplication, local governments may use advertised public hearings related to their planning program or other funding applications to meet the CDBG requirement for a public hearing prior to preparation of their CDBG application, as long as overall community needs and possible solutions are considered. An increasing number of Montana counties and cities are cooperating to publicize and hold joint, annual hearings to consider overall community development and housing needs for both the city and county. By this means, a single public hearing on overall community development needs can meet the requirements of other state or federal programs. This approach can also make participation more convenient for the public and interested organizations or groups.

The Second Public Hearing

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. The second hearing should be held not more than three months prior to the date of application.

At the second public hearing, specific CDBG program requirements and related project issues should be reviewed. For example, if taxes or user charges will need to be increased as part of the cost of financing a CDBG project, it is especially important that residents be informed and understand the necessity of raising user costs. This is the key hearing at which the public should have the full opportunity to review and comment on the details of the scope and design of the proposed project, as well as all projected financial responsibilities falling on project beneficiaries.

To facilitate the participation of citizens who may be most affected by a proposed project, local officials may wish to hold the second public hearing in a location near the proposed project site, such as in an unincorporated community or a neighborhood in a larger city. For the second public hearing it would be appropriate, for example, to hold the hearing at a senior center proposed to be assisted with the CDBG project. Local governments may conduct a single, consolidated public hearing to address the public hearing requirement for other funding programs while meeting the CDBG second public hearing requirement.

The second public hearing on the proposed CDBG project should be held well in advance of the application deadline so that local officials may have a reasonable amount of time to deal with suggestions or concerns stated by citizens at the hearing. The CDBG website includes a model notice for the second CDBG public hearing.

RANKING CRITERION #5

150 Possible Points

Criterion 6 evaluates the applicant's ability to meet the CDBG National Objective to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI).

In order to qualify for CDBG funds, a minimum of 51% of the beneficiaries must be documented as persons of low and moderate income. CDBG will accept:

1. The recorded LMI percentage as provided by the 2000 Census which is available on the CDBG website and follow the methodology as listed in the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons", or
2. Description of how the proposed project demonstrates it qualifies under limited clientele. Process must meet the methodology as listed in the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons", or
3. A survey, if your LMI percentage is below 51%, is acceptable if it has been approved by the program. Acceptable survey methodology is available in the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons", or
4. Description of process used for direct benefit. Process must meet the methodology as listed in the CDBG handbook "Documenting Benefit to Low and Moderate Income Persons".

For this ranking criterion points will assigned, upon review of documentation, in the following manner:

Percent of LMI Documented

Points Awarded

0% - 50% percent benefit to low and moderate income	-	0 Points (Project not eligible)
51% - 74% percent benefit to low and moderate income	-	120 Points
75% - 100% percent benefit to low and moderate income	-	150 Points

All documented LMI percentages will be rounded down, for instance 74.3% LMI will be considered 74% LMI and will receive 120 points.

Applicants must provide:

- o a completed copy of the Benefit to LMI Form (below); and
- o a copy of the income survey materials and narrative to document how they arrived at the LMI percentage, *applicable to those relying on an income survey only*; and
- o a narrative response that explains and documents how the proposed project will principally benefit LMI persons, including specific documentation supporting claims of proposed benefit

CENSUS

If the proposed project elects to use the 2000 Census to document benefit to LMI, the applicant must provide a copy of the 2000 Census information and submit with this criterion, but does not need to provide a written response. Information is available at: <http://comdev.mt.gov/tsep/target.aspx>

LIMITED CLIENTELE

If the proposed project activity will principally benefit any of the following limited clientele populations, as defined by HUD, the project will be presumed to benefit at least 75% LMI persons and will be assigned 150 points. The applicant must provide some form of documentation to verify that the services provided by the organization primarily serve a limited clientele population. For example, a homeless shelter could provide a copy of the organizations mission statement. Applicants should follow the guidance presented in the MDOC handbook [Documenting Benefit to Low and Moderate Income Persons](#).

The list of limited clientele populations is below:

- abused children
- elderly persons
- battered spouses
- homeless persons
- severely disabled adults or children
- illiterate adults
- persons living with AIDS, and
- migrant farm workers

SURVEY

Applicants intending to conduct local surveys of household income must utilize the [appropriate HUD income levels](#) for each Montana county and follow the guidance presented in the MDOC handbook [Documenting Benefit to Low and Moderate Income Persons](#). Before conducting a local income survey, CDBG applicants

should submit a draft of the survey form they intend to use to MDOC CDBG staff for CDBG review to assure that the results of the survey will be acceptable by CDBG standards.

All original income documentation must be retained by the applicant and must be available for review and verification if the application is selected for funding. The lack of adequate documentation to substantiate compliance with the LMI benefit requirement is considered sufficient grounds for the Department to withdraw a grant award.

A minimum of 51 percent of the non-administrative funds requested must be used for activities clearly designed to meet identified needs of LMI persons. Applicants must assure that any activities proposed will not benefit *moderate* income persons in a manner that would exclude or discriminate against *low* income persons. Applicants proposing to use CDBG funds for area-wide activities, such as community-wide public facility activities, must demonstrate that at least 51 percent of proposed project beneficiaries have low or moderate incomes. Low and moderate income information for Montana counties and municipalities based on 2000 Census data can be found on the CDBG website. This is still the most current low and moderate income information available at this time.

DIRECT BENEFIT

Applicants that propose to provide a direct benefit to LMI households must provide a narrative response as to how the direct benefit information and calculation of income will be carried out. Applicants should follow the guidance presented in the MDOC handbook [Documenting Benefit to Low and Moderate Income Persons](#).

Criterion #6 Questions

All Applicants

Please provide a response to the questions below as it applies to your project.

1. Please list the percent of LMI that will be benefited from the proposed project:

Benefit to Low and Moderate Income: _____ %

2. Please provide a narrative response, as it applies to the categories listed above, to explain how the proposed project will principally benefit LMI persons and comply with the CDBG LMI requirements?
3. In projects where direct financial assistance to LMI persons/households is proposed (such as paying assessments or hook-up costs for LMI households), the applicant must describe how LMI status will be documented by describing how the project will confirm the LMI status of beneficiaries and limit benefits to only LMI households or persons?

CDBG Benefit to LMI Form

A	B	C	D	E	F
ACTIVITY DESCRIPTION (Do <i>not</i> include administrative activities) Indicate whether calculations are shown for Households [H__] or Persons [P__]	NUMBER OF HOUSEHOLDS OR PERSONS THE ACTIVITY WILL SERVE	NUMBER OF LMI HOUSEHOLDS OR LMI PERSONS THE ACTIVITY WILL SERVE	PERCENTAGE OF LMI HOUSEHOLDS OR LMI PERSONS THE ACTIVITY WILL SERVE	AMOUNT OF CDBG FUNDS FOR THE ACTIVITY	AMOUNT OF CDBG FUNDS THAT WILL BENEFIT LMI FOR THE ACTIVITY
1.			(%)	\$	\$
2.			(%)	\$	\$
3.			(%)	\$	\$
				Total \$	Total \$

HOW TO CALCULATE THE LMI BENEFIT FOR THE LOW AND MODERATE INCOME FORM

The calculation of benefit to LMI households or persons using the form is a two-step process. First, the percentage of benefit to LMI households (or persons) must be calculated for each activity. Please contact CDBG staff to help determine whether your benefit calculation should be for households or persons. Then these percentages must be applied to the CDBG funds requested for each activity to get the total number of dollars that will benefit LMI households (or persons). Each step in the calculation is described below.

Applicants must complete the form above to determine the total CDBG dollar and percentage benefit that will result from their proposed projects. Either households or persons may be used as the basis for calculation as long as the method selected is consistent with the method used to verify the household income levels.

1. In column A, describe the activity by name, such as "Reconstruct the Wastewater Treatment Facility" or "Complete Final Engineering Design." Do not include administrative activities. The activities should be the same as shown on the application budget form under "ACTIVITY."
2. In column B, list the total number of households [or persons] that the activity will serve.
3. In column C, list the number of LMI households [or persons] that the activity will serve.
4. In column D, list the percentage of LMI households that the activity will serve. This is derived by dividing the number in column C by the number in column B for that activity.
5. In column E, list the total amount of CDBG funds requested for the activity. This should be the same as shown on the application budget form under "ACTIVITY."
6. In column F, list the amount of those funds that will be used to benefit LMI households. This is derived by multiplying column E by the percentage in column D.
7. At the bottom of column E, list the total amount of non-administrative CDBG funds by adding up the CDBG funds requested for each activity.

8. At the bottom of column F, list the total amount of funds that will be used to benefit LMI households by adding up the amount of funds to benefit LMI households for each activity.
9. Determine overall benefit by dividing the total of column F by the total of column E to get the total CDBG project benefit to LMI households. List the percentage at bottom of the Benefit to LMI Form.

Assuring the Affordability of Rents

In order for CDBG assistance to multi-unit structures to benefit LMI persons, "...the units must be occupied by LMI persons at affordable rents." Grantees have the option of either

- a. establishing their own schedules for affordable rents, or
- b. utilizing rent schedules not to exceed the current edition of the [HUD "Section 8 Existing Fair Market Rents."](#) This standard specifies maximum rents, including utility costs, by bedroom size, by county, for units available on the open market which already meet decent, safe, and sanitary criteria under federal guidelines, and do not require rehabilitation.

HUD's Fair Market Rents (FMRs) are for LMI families that cannot afford to pay prevailing rents. FMRs are based on the availability of federal rent subsidies for families participating in the Section 8 program. Because of this, FMRs may be higher than actual local market rates. The use of FMRs to set maximum rental rates on units assisted with CDBG funds (for which no rent subsidy is available) could result in establishing rental rates unaffordable to LMI families.

As an alternative, grant recipients are encouraged to establish schedules of affordable rents based on actual market surveys of prevailing rents in the community for various bedroom sizes of rental units. Commerce recommends that locally adopted, affordable rent schedules be established on the basis of not more than 85% of estimated typical rents in the community, according to the number of bedrooms per rental unit. According to HUD, the 85% figure represents the lowest rent at which a supply of standard quality units is normally available.

CDBG-assisted rental units must set rent so that individuals pay no more than 35% of gross household income for rent, including utilities, or the applicable fair market rents for the area, as established annually by HUD, less any utility costs paid by the tenants, whichever is lower. Gross income is defined by federal standards for the HUD Section 8 rent assistance program.

NOTE: If the CDBG-assisted unit is also assisted by funding from the HOME Program, the Low Income Housing Tax Credit (LIHTC) Program, or USDA Rural Development programs, rent requirements for those programs will supersede the requirements noted here.

Assuring the Affordability of Loan Repayments

Proposals which include the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties must assure long-term affordability for LMI individuals or families. In the case of loans to homebuyers, grant recipients must assure that no more than 30% of a borrower's gross monthly income will be used to repay the total of the principal, interest, property taxes, and insurance (or 35% if the average cost of monthly utilities is included).

Grant recipients may establish lower standards or alternate debt-to-income ratios that consider other debts, such as an automobile loan or fixed, long-term medical or daycare expenses, as long as they appear reasonable and are applied equally to all borrowers. Decisions about when to use grants vs. when to use loans (which could be forgivable over a certain period) and decisions about loan terms need to be based on the standard required HUD affordability analysis to carefully determine what a given household can afford.

Applicants are encouraged to include provisions for long-term affordability restrictions consistent with the following requirements in structuring assistance to home buyers:

Subsidy Amount	Affordability Period	Minimum Restriction
Under \$15,000	5 years	Subsidy recapture, 20% forgiveness each year
\$15,000 – \$40,000	10 years	Subsidy recapture, 10% forgiveness each year
Over \$40,000	15 years	Subsidy recapture, 6.6% forgiveness each year
New Construction or Acquisition of Newly Constructed Single Family Housing (any amount)	20 years	Subsidy recapture, 5% forgiveness each year

Rent, occupancy, and affordability requirements for home buyer and rental units must be enforced with covenants, mortgages, or deed restrictions running with the property.

Program income realized from a resale where a subsidy recapture provision is used may be reinvested in eligible CDBG activities in accordance with an approved Program Income Plan.

RANKING CRITERION #6	175 Possible Points
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The “Implementation and Management” criterion considers the following, relative to the capacity of the Applicant:

- Whether the applicant has clearly demonstrated that the project is feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the community, the budget, and implementation schedule proposed.
- The soundness and appropriateness of the applicant's plan for assuring proper overall management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and cost-effective completion of project activities.
- The applicant's readiness to implement the project if awarded CDBG funds, including the firm commitment of all non-CDBG funds and resources within 9 months of the grant award.
- Whether the applicant (or sub-recipient entity) has carefully considered all potential environmental, regulatory, and technical issues which could impact the timely start-up and successful implementation of project activities.
- The soundness of the applicant's (or subrecipient entity's) plans for assuring effective operation and long-term management of any assisted housing project; and
- The applicant's performance on past and current CDBG funded projects.

Criterion #6 Questions

Project Management Plan and Implementation Schedule

1. Has the applicant provided a draft Management Plan which:
 - a. assures that the plan will assure proper management of the CDBG project, including cost-effective financial management of grant funds, compliance with State and federal requirements, and timely completion of project activities.
 - b. identifies the person(s) responsible for day-to-day project management and financial management.

- c. thoroughly describes any contracted services necessary to carry out the project.
2. Has the applicant documented firm commitments for assistance from other local, state or federal funding sources?
3. If more than a single funding source or organization will be involved, has the applicant thoroughly described how these will be coordinated and directed?
4. Has the applicant provided assurances that:
 - a. all CDBG project start-up requirements will be met within 9 months of the date of announcement of grant award (including firm commitments of funds); and
 - b. the proposed project will be successfully completed within 36 months of the final grant award?
5. Has the applicant demonstrate that all the administrative and technical issues involved in the proposed housing and neighborhood renewal project have been considered and appropriate responses to them have been developed?
6. Has the applicant demonstrated that the proposed project is feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the community, the budget, and implementation schedule proposed?

Proposed Project Budget and Budget Narrative

1. Thoroughly explain and justify budget line items.
2. Has the applicant included a budget narrative outlining the rationale and assumptions for each line item?
3. Has the applicant explained how activity costs are prioritized? Non-profit and for-profit organizations may reference their responses to Appendix F, as applicable.

Impacts or Benefit to LMI Persons

1. Has the applicant documented proposed claims of benefit to LMI persons?
2. Has the applicant explain an administratively sound, cost-effective means of:
 - a. minimizing any adverse financial impacts and
 - b. maximizing benefits for LMI residents and community residents overall -- such as "targeting" financial assistance to LMI households?
3. In cases where direct financial assistance to LMI households is proposed (rather than community-wide assistance or limited clientele assistance), has the applicant demonstrated/documentated:
 - a. development of sound and cost-effective targeting procedures which are appropriate and feasible given its administrative resources; and
 - b. the targeting of assistance to LMI households which can be completed within the implementation schedule for the project?

Environmental Checklist

1. Has the applicant completed and included the environmental checklist found in the [Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs](#)?
2. Has the applicant included documentation of direct contact with all appropriate state or federal agencies to answer the Environmental Checklist's questions?
3. Has the applicant thoroughly completed the environmental checklist by:
 - a. providing thorough and credible responses to each item, and
 - b. supplying specific sources of information for each of the environmental checklist topic areas?
4. Has the applicant demonstrated that the project will avoid adverse impacts on the environment, including potential historic resources?
5. Has the applicant describe its efforts to avoid adverse environmental impacts on the project including proximity to flood plains, hazardous facilities or sites, or incompatible land uses? (See the Environmental Checklist.)
6. If any concerns or adverse impacts have been identified, has the applicant provided appropriate responses to mitigate them?
7. Has the applicant explained how the analysis of any potential environmental concerns (such as lead-based paint, asbestos, and requirements for the preservation of historic architecture) has been closely coordinated with the project design, cost, and consideration of alternatives?
8. Has the applicant provided evidence that it has adequately anticipated and has thoroughly addressed all potential environmental, community planning, and regulatory constraints, such as consistency with local growth policy, zoning ordinances, building codes, state agency administrative orders, etc.?

Long-term Management

NOTE: You may reference [Montana's Uniform Application for Housing Loan, Grant, and Tax Credit Programs](#) or Appendix F, when applicable.

1. Has the applicant thoroughly explained plans for assuring adequate, long-term management and operation and maintenance of the facility or project?
2. Has the applicant demonstrated that there will be sufficient staff and financial resources to operate the housing facility or project over the long-term after project completion?
3. Has the applicant thoroughly described and explained all projected costs for the future operation of the facility or project?

For Projects Involving Non-Profits, For-Profits, or Local Public Agencies

4. Has the applicant demonstrated the successful past long-term performance of the non-profit or for-organization(s) or local public agency?
5. Has the applicant thoroughly documented that the organization(s) has/have the financial and management capacity to assure cost-effective, long-term management of the facility?

6. Has the applicant demonstrated that the organization(s) will have adequate resources to assure long-term operation and maintenance of the proposed facility?

Acquisition, Demolition, and Displacement

1. If the project will involve acquisition of property easements, has the applicant documented efforts to contact landowners to gain their cooperation?
2. If the proposed project would involve the displacement of individuals, has the applicant:
 - a. described the displacements that would be occurring; and
 - b. demonstrated adequate plans to address displacement that may result from the proposed activities?

Procurement of Professional Services

1. If procurement was necessary for implementation/management of the project, has the applicant complied with CDBG guidelines and state law in procurement of those services?
2. If procurement has already taken place, has the applicant:
 - a. provided documentation regarding the procurement(s); and
 - b. documented that the procurement complied with CDBG requirements?
3. Has the applicant confirmed that any future procurement process in conjunction with the proposed project will comply with CDBG procurement requirements as outlined in the CDBG Grant Administration Manual?

Program Income

1. Has the applicant documented program income expenditures (if any) for the last three years, in accordance with Commerce requirements?
2. If program income is expected as a result of this or other CDBG projects, has the applicant attached a Program Income Plan?
3. Has the applicant documented submission of the required annual program income reports to CDBG/Commerce?
4. If CDBG Program Income (see CDBG website) from previous CDBG grants is available for the proposed project, has the applicant described the commitment of those program income funds?

Financial Management System and Audits

1. Is the applicant compliant with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, MCA?

Note: CDBG will check with the Department of Administration's Local Government Assistance Bureau for information about compliance with these requirements.

2. Has the applicant established a financial accounting system to properly account for grant funds according to generally accepted accounting principles? (Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.)

Status of Past and Current CDBG Funded Projects

1. Has the applicant provided information on the status of any open CDBG projects (housing, public facilities or planning grant contracts with CDBG), including project closeout reports, quarterly update reports, project completion information and closeout schedule?
2. In the case of currently open CDBG projects: Has the applicant documented compliance with the current project implementation schedule contained in the CDBG contract with Commerce?
3. If applicable: has the applicant demonstrated that any audit findings or CDBG monitoring findings directly related to a previous CDBG grant award were satisfactorily addressed?

Other Information

1. Provide any other pertinent information that could improve the application's score for this ranking criterion.

Additional considerations for this ranking criterion:

Acquisition, Demolition and Relocation

The Applicant must provide a plan addressing the administrative and technical issues, mechanisms and procedures that will be involved in carrying out any proposed acquisition, demolition, or relocation activities. If proposing acquisition, Applicants must provide documentation that the property can be purchased or leased within six months of the date of tentative grant award.

Payment of Hookup Charges and Special Assessments

If a "targeting" approach is taken to benefit only LMI households (such as paying assessments or hookups for water or wastewater service for qualified LMI households), applicants must explain their proposed procedures and describe their plan for accomplishing this. There are regulatory requirements for projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. See Section B (Special Requirements for Public Facilities Projects) found at the beginning of this Chapter.

Program Income

Program Income is income earned by a grantee from a CDBG-supported activity, such as repayments of principal or interest to a local revolving loan fund program generated by housing rehabilitation activities. These funds are usually received after a project has been completed and closed out and are retained at the local level.

If a community received program income from a project funded after 1992, include program income earnings to date, activities funded, and any available balance. This is in addition to required annual reporting of program income received from CDBG-supported activities.

Program Income is explained on the CDBG website in the grant administration manual and the CDBG Program Income Manual.

Procurement of Professional Services

If professional services will be necessary for implementation or management of the CDBG project, the Applicant must assure free and open competition following CDBG procurement guidelines and state law in procurement of those services through the use of a Request for Proposal or Request for Qualifications process or other CDBG-approved process. See the [CDBG Grant Administration Manual](#).

D. Scoring Level Definitions and Examples for the Ranking Criteria

Ranking Criterion #1 - Community Planning

Ranking Criterion #2 - Need for Project

Ranking Criterion #3 - Project Strategy

Ranking Criterion #4 - Community Efforts and Citizen Participation

Ranking Criterion #6 - Implementation and Management

General Scoring Notes Related To Ranking Criteria listed above

The following general definitions would be applied to all non-quantitative ranking criteria relative to the overall quality of the applicant's response or situation relative to the ranking criteria and applicable special requirements. The level actually assigned will also depend upon the applicant's specific responses to the overall ranking criterion and the applicable ranking issues listed under each criterion.

LEVEL 5: In order for an application to receive a "LEVEL 5" it would have to have provided a very complete narration that thoroughly addressed the overall criterion, applicable ranking issues, and minimum requirements, including very complete substantive supporting documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered exemplary, particularly innovative, or to be extremely consistent with the intent of the ranking criterion. There were no ranking issues of any significance that were not adequately addressed.

LEVEL 4: In order for an application to receive a "LEVEL 4" it would have to provide a very thorough narration addressing the overall criterion, applicable ranking issues, and minimum requirements, with strong documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered above average, very thorough, or to be very consistent with the intent of the ranking criterion. A "LEVEL 4" score would not reflect the level of excellence or be as consistent with the intent of the ranking criterion as a "LEVEL 5" would be. The application may not have completely addressed some ranking issues, but these were considered to be minor concerns.

LEVEL 3: In order for an application to receive a "LEVEL 3" it would have provided an adequate narrative addressing the overall criterion, applicable ranking issues, and minimum requirements, with acceptable documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered average, adequate, or to be generally consistent with the intent of the ranking criterion. The application meets the minimum requirements for responding to the criterion and has documented compliance with the special requirements that are pertinent to the ranking criterion; however, the application may not have adequately considered some ranking issues that were considered to be potentially important.

LEVEL 2: In order for an application to receive a "LEVEL 2" it would have provided some narration addressing the overall criterion, ranking 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 ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered

below average, inadequate, or not entirely consistent with the intent of the ranking criterion. The application has not met all the minimum requirements for responding to the ranking criterion or has not complied with all the special requirements that are pertinent to the ranking criterion. The application may not have been complete or did not consider or adequately address some ranking issues that were considered to be important.

LEVEL 1: In order for an application to receive a "LEVEL 1" it would have serious weaknesses in its narrative responses to the ranking criterion, ranking issues, and lack critical supporting documentation, or would fail to adequately document compliance with one or more of the general, threshold CDBG requirements or a critical special requirement for the category applied for. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered very weak, seriously inadequate or inconsistent with the intent of the ranking criterion. The application either did not address or did not provide sufficient information regarding several critical ranking issues.

LEVEL 0: In order for an application to receive a "LEVEL 0" it would have failed to provide a response of any kind or would not meet a general statutory threshold requirement for the CDBG program that is related to the ranking criterion.

APPENDIX B

Section 1. CDBG-Specific Information Required for Completing the Uniform Application Form

Each applicant must provide a completed copy of *Montana's Uniform Application Form for Housing Loan, Grant and Tax Credit Programs* in the CDBG project application. It is important to carefully complete the application, and in particular the financial information section, since the information provided in the form will be used to score the CDBG application. This information will also be used in the financial analysis to rank each applicant.

Proposed non-CDBG Funding Sources

The applicant should describe the availability or commitment of all other resources that are to be used to fund the proposed CDBG project. Applicants requesting a CDBG grant need to document that the proposed funding for the project is viable and can be assembled in a reasonable amount of time. The degree to which non-CDBG resources are committed to the project may affect the number of points received in the scoring of the proposed project. The applicant should attempt to obtain and provide documentation from a non-CDBG funding source where the applicant is eligible and from which they are likely to receive funding.

The amount of CDBG assistance recommended may differ from that originally requested by the applicant based on the review of the application by Commerce. Commerce will not recommend CDBG funding for projects that it determines to be financially or technically infeasible.

Project Budget Form

Generally, a maximum of 15% of a CDBG grant may be used for administrative costs, and must be explained or justified in the applications. However, administrative costs typically average seven to ten percent of the total cost of the project. Some administrative expenses are essentially fixed and are not proportionate to the total cost of a project. Communities considering relatively small requests (under \$100,000) may find that the 15% allowed may not provide a sufficient budget to cover all administrative costs. A community considering a relatively small grant request should consider whether the proposed project would result in questionably high administrative costs relative to the actual project cost. In these circumstances, applicants are encouraged to contact the CDBG staff to discuss their proposed project prior to submittal of the application to determine the appropriate administrative cost and percentage.

Each applicant must submit a project budget accompanied by a narrative explanation of the rationale and assumptions for each line item of the proposed activity and related administrative costs. Include a breakdown identifying the sources and amounts of non-CDBG funds and total project cost estimates for each item. Describe any special features in the project area or special regulatory standards that will result in an unusual facility design or a more costly design or construction practices (e.g., lack of right-of-way, topography, handicapped accessibility, architectural standards for historic preservation). The cost estimates are needed to demonstrate that proposed special design expenses are thoroughly explained, reasonable and well supported. Indicate the sources of cost estimates for each special design activity, as well.

Costs that have been incurred prior to the effective date of a CDBG contract (such as fees for preparing an application, community surveys or needs assessments, engineering, or the costs associated with construction activities) are generally not eligible for reimbursement. However, reasonable expenses associated with attending CDBG project administration training will be eligible for reimbursement, even if incurred prior to the effective date of a contract.

CDBG-Specific Information Required For Completing the Preliminary Architectural Report

The applicant must provide a copy of a Preliminary Architectural Report (PAR) in, or attached to, the CDBG application. The report must be sufficiently detailed to describe the scope of the problem to be addressed as

well as the components and estimated costs of the proposed improvements or facility. In the evaluation of the condition of the existing system, and subsequently in the description of alternatives considered to resolve the identified problems, the report should list and prioritize all of the problems associated with the condition of the system. See Appendix D for more information required in the PAR.

Conducting an Income Survey

Please refer to the Commerce website for guidance on conducting an income survey, or contact Commerce staff for guidance. If an income survey is conducted, it must be completed in accordance with the CDBG policy guidance on income surveys.

APPENDIX C

CDBG Application: Additional Documentation

The CDBG application will most likely contain additional supporting documentation. In order to ensure all information is reviewed by the ranking team, Commerce recommends the application be organized according to the following format:

- a. **Table of Contents**
- b. ***Montana's Uniform Application Form for Housing Loan, Grant and Tax Credit Programs.***

Also see Appendix B for CDBG-specific information related to the completion of the *Uniform Application*.

- c. **Response to CDBG Ranking Criteria**

See Appendix A, CDBG Application Review Process, for a list of the six CDBG Ranking Criteria.

- d. **Preliminary Engineering Report OR Preliminary Architectural Report**

See the *Uniform Application for Montana Public Facility Projects, 8th Edition* for instructions regarding the content and other CDBG specific information for completing the PER. (if applicable the Housing application must also complete and submit the Uniform Application for Montana Public Facility Projects)

See Appendix D: the Preliminary Architectural Report for New Construction or Rehabilitation of Existing Buildings, Excluding Single Family Residences

- e. **The following should be included as Appendices to the application:**

1. Resolution to Authorize Application - Each applicant must provide a resolution to authorize the submittal of the CDBG application. See end of this appendix for a model Resolution to Authorize Application. If the project involves multiple jurisdictions, a memorandum of understanding (MOU) signed by all of the parties involved must also be submitted. The MOU must state that all parties involved understand the scope of the project and are in basic agreement as to what is being proposed. The memorandum should summarize the scope of the project, how the system would be managed and operated, and how the improvements would be funded in the short and long-term.

2. Certification for Application - Each applicant must agree to comply with all applicable State and federal laws and regulations in implementing their proposed CDBG project, if selected for funding. A copy of the Certifications for Application, found in Appendix G, signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the application for CDBG funds.

3. Documentation Related to a Sub-recipient

Applicants applying on behalf of non-profit organizations which will operate and own or lease an assisted facility or project or on behalf of for-profit entities that commit to serving LMI citizens or on behalf of local public agencies must provide the information required under "Special Requirements for Projects Involving Non-profit or For-profit Organizations or Local

Public Agencies,” found in Appendix F of these application guidelines. Applicants should provide thorough responses to the requested information because it will be used as a key element in evaluating applications involving non-profit or for-profit organizations.

For applications where facilities or activities are proposed that will remain the responsibility of a non-profit or for-profit entity or local public agency, the applicant must provide a narrative statement regarding past accomplishments of the organization and plans for assuring proper operation, maintenance, and long-term management of the facilities or activities.

For non-water/wastewater projects, applicants must provide a detailed 15-year project pro-forma, outlining projected expenses such as management and administration costs, utility costs, repairs and maintenance costs, insurance and taxes, reserves, and debt service. The pro forma must include explanations of how the figures were developed. Section C, Part VI of the [Uniform Application For Montana Housing Loan, Grant, & Tax Credit Programs](#) (December 2012 Revision) provides a pro-forma outline that can be utilized to provide this information.

4. Maps - Each applicant must include legible maps showing the boundaries of the proposed project area and the locations of all proposed project activities.

The map of the applicant's political jurisdiction must identify:

- the boundaries of the entire jurisdiction,
- the project's location within the jurisdiction, and
- if applicable, the service area of the project.

The map of the proposed project area must identify:

- the boundaries of the project area,
- the locations of all proposed activities, and
- the boundaries of any designated 100-year floodplain.

5. Implementation Schedule - Each applicant must submit an implementation schedule that describes the overall schedule for project completion, including engineering or architectural and construction. A blank project implementation schedule is provided at the end of this appendix that applicants can complete for their project.

6. Environmental Checklist - Provide a thorough and complete “Uniform Environmental Checklist”, as a part of *Montana’s Uniform Application Form for Housing Loan, Grant and Tax Credit Programs*. Be sure to complete the “Comments / Sources” portion of the checklist and provide narrative for each environmental issue, describing relevant information and identifying information sources. Call CDBG staff for assistance.

7. Project Management Plan - Each Applicant must submit a draft project management plan. A blank project implementation schedule is provided at the end of this appendix that applicants can complete for their project. The plan at a minimum, must:

- address the local government's plans for assuring proper management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and effective and timely start-up and completion of project activities;
- identify the person or persons who will be responsible for day-to-day grant management (or position descriptions developed for such persons) and any contracted services to be utilized in carrying out the project; and

- include a quarterly schedule for project implementation that identifies the time frames for major activities and expenditures and the coordination of non-CDBG resources for the project.

8. Other Supporting Documentation - Each applicant should identify the source of supporting data for any statements made in the application, and provide documentation when applicable. Copies of plans such as a capital improvements plan should be submitted if not lengthy. At a minimum, the applicant should include portions of plans in order to identify the document and key information. If local research was conducted to support the application, the survey methodology must be described and a copy of the survey form with a composite summary of all responses submitted with the application. The applicant must retain all original documentation.

QUARTERLY PROJECT IMPLEMENTATION SCHEDULE

	QUARTERS 2014				QUARTERS 2015			
	1 st <u>J F M</u>	2 nd <u>A M J</u>	3 rd <u>J A S</u>	4 th <u>O N D</u>	1 st <u>J F M</u>	2 nd <u>A M J</u>	3 rd <u>J A S</u>	4 th <u>O N D</u>
<u>PROJECT START UP</u>								
Attend Grant Admin. Workshop								
Sign CDBG Contract								
Prepare Management Plan								
Establish Project Files								
Submit Start-up Documentation								
<u>PROJECT DESIGN</u>								
Advertise for & Select Engineer								
Commence Final Design								
Complete Project Design								
Submit Plans to DEQ								
Prepare Bid Documents								
Finalize Acquisition								
<u>ADVERTISE FOR CONST. BID</u>								
Review Contract Requirements								
Public Bid Advertisement								
Open Bids & Examine Proposals								
Request Contr. Debarment Check								
Select Contractor & Award Bid								
Conduct Pre-Const. Conference								
Issue Notice to Proceed								
<u>PROJECT CONSTRUCTION</u>								
Begin Construction								
Monitor Engineer & Contractor								
Do Labor Standards Reviews								
Hold Const. Progress Meetings								
Final Inspection								
<u>PROJECT CLOSE OUT</u>								
Submit Final Drawdown								
Determine Audit Requirements								
Project Completion Report								
Submit Conditional Certification								
Submit Final Certification								

PROJECT MANAGEMENT PLAN

I. ADMINISTRATIVE STRUCTURE

The City of _____ is an incorporated city with a Mayor-Council form of government. The following persons will have lead responsibility for administering the City's FY _____ Community Development Block Grant (CDBG) project for housing rehabilitation and for construction of new affordable housing for low and moderate persons, as identified in CDBG Contract.

Mayor _____, as the City's chief elected official will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The Mayor and City Council will have ultimate authority and responsibility for the management of project activities and expenditure of CDBG funds. The approval of all contracts and drawdown requests will be the responsibility of the City Council.

_____, Clerk-Treasurer, as the City's chief financial officer, will be responsible for management of, and record keeping for, the CDBG funds and all other funds involved in the financing of this project. One-fourth of this position's time will be devoted to CDBG administration during the term of the project.

_____, Director of the City-County Planning Board, will be designated as *Project Manager* and be responsible for overall project management and reporting and for assuring compliance with the CDBG-approved scope of work for the project, with duties listed in the CDBG contract and in the CDBG Manual for compliance with applicable federal and State requirements. The Project Manager will serve as the City's liaison with MDOC for the project. One-third of this position's time will be devoted to CDBG project administration during the term of the project.

_____, City Attorney, as the City's legal counsel, will review and advise the Mayor and Council regarding any proposed contractual agreements associated with the CDBG project and will provide any other legal guidance as requested.

_____, Project Architect a contracted services provider, will be procured by an open and free Request for Qualifications/RFQ competition in accordance with CDBG procurement guidelines in Chapter 3, Section F.2 of the CDBG Grant Administration Manual). The Project Architect will be responsible for construction-related activities including preparation of preliminary architectural studies and designs, final design plans and specifications, as well as construction inspection, in close cooperation with the Project Manager. Construction tractor compliance, scheduling, and payment requests will also be subject to the Project Architect's review and approval.

The Mayor, Clerk-Treasurer, and Planning Director will attend the required MDOC CDBG Project Administration Workshop.

II. PROJECT MANAGEMENT

A. The Project Manager will be responsible for:

1. Being familiar with the current *CDBG Grant Administration Manual* and its requirements and for assuring compliance with the CDBG contract and with CDBG policies for project activities and administration.
2. Preparing the environmental review to assure full compliance with the National and Montana Environmental Policy Acts, completion of the statutory checklist, and any other applicable environmental requirements. The Project Manager will also be responsible for preparing any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings.

3. Preparing a request for release of funds to MDOC.
4. Developing a contract with MDOC and assisting the City with all requirements related to effective project start-up and implementation.
5. Establishing and maintaining complete and accurate project files and preparing all documentation needed, the Quarterly Project Update Reports (Exhibit 4-N) required by CDBG, and reports incidental to administration of the grant such as Progress Reports (Exhibit 4-F) that are required with each request for a drawdown of CDBG funds.
6. Assisting the City with selection of the contracted services of a Project Architect in conformance with CDBG procurement requirements and state laws concerning procurement of architectural services, including, as needed, the preparation of Requests for Qualifications (RFQs) for publication or other distribution.
7. Overseeing the city's contract with the Project Architect.
8. Reviewing all proposed project expenditures or requests for payment to ensure their propriety and to ensure proper allocation of expenditures to the CDBG contract budget.
9. In cooperation with the Clerk-Treasurer, processing payment requests and preparing drawdown requests to MDOC (including the Request for Payment, the Status of Funds Report and the Project Progress Report that are required with each drawdown request, as identified in Chapter 4 of the CDBG Manual).
10. Monitoring the contractor selection process, including the bid advertising, tabulation and award process for conformance to CDBG requirements. The manager will review the construction contract and rehabilitation contract provisions for CDBG compliance and will request MDOC clearance of the lowest and second lowest bidders before a contract is awarded.
11. Attending the pre-construction conference and monthly construction progress and monthly housing rehabilitation progress meetings.
12. Monitoring contractor compliance with applicable requirements.
13. Assuring compliance with all labor requirements for construction work activities. Responsibilities will include:
 - a) weekly review of the required weekly construction payroll reports to assure compliance with federal Davis-Bacon prevailing wage requirements;
 - b) periodic visits to the construction site to assure that required equal opportunity, labor standards, and Davis-Bacon wage determinations have been posted;
 - c) conducting regular on-site interviews with construction personnel to assure Davis-Bacon compliance; and
 - d) doing follow-up (such as investigations, communications and negotiations to achieve compliance) if non-compliance with labor standards is identified.
14. Assuring compliance with HUD Section 8 Quality Assurance Standards when applicable to housing rehabilitation activities.
15. Developing and administering a mechanism for compliance with HUD lead-based paint requirements and safe lead-based paint working conditions, where applicable.

16. Assuring compliance with applicable civil rights requirements, including preparation of equal employment opportunity resolutions and fair housing resolutions which will be adopted by the city, and an ADA-related inventory/assessment of public facilities (and an ADA Transition Plan) that is required by CDBG.

17. Supervising the delivery of the housing rehabilitation portion of this project -- i.e., supervising and managing CDBG financial assistance to low and moderate income (LMI) households and rental property owners with low and moderate income renters who are involved in approved housing rehabilitation activities by:

- a) Establishing a local housing rehabilitation office, staffed to provide complete housing rehabilitation services, in conjunction with the city's housing rehabilitation advisory committee, including:
 - i. assisting homeowners and landlords with applications;
 - ii. screening applicants for eligibility;
 - iii. providing inspection services to establish levels of needed rehabilitation and making recommendations to the housing rehabilitation Advisory Committee;
 - iv. overseeing the bid process to select housing rehabilitation contractors to work on the homes of selected beneficiaries;
 - v. assuring that title searches, credit reviews and income verifications are completed.
- b) Developing a marketing strategy for the project (in conjunction with the housing rehabilitation advisory committee) to assure a high level of participation by eligible LMI households, and performing public information activities including preparation of newspaper advertisements and articles regarding the project, posters and radio notices.
- c) Negotiating with private lenders and public agencies to stimulate additional affordable housing investment in the project area.
- d) Coordinating services with other agencies (such as power companies, the Human Resource Development Council/HRDC), Senior Citizens Center and the Area Agency on Aging, the County Health Department and the County Office of Public Assistance) to achieve maximum impact upon the housing rehabilitation needs of low and moderate income households in the project area.
- e) Securing State Historic Preservation Office (SHPO) clearance for housing rehabilitation activities either by district designation or by the review of individual housing units.
- f) Providing technical assistance to the City for adoption of appropriate Codes for the acquisition and/or demolition of unsafe and abandoned property.
- g) Conducting informational meetings for contractors and preparing lists of eligible contractors; and
- h) Ensuring that proper inspections are performed, required permits, including zoning, are obtained, and lien waivers signed.

18. Preparing all required performance reports and closeout documents for submittal to MDOC/CDBG (as outlined in Chapter 13 of the CDBG Grant Administration Manual).

19. Assist the City with the selection of an independent auditor to perform audits required by CDBG.

20. Attending City Council meetings to provide project status reports and representing the CDBG project at any other public meetings, as deemed necessary by the Mayor.

B. *The Project Architect* will be responsible for:

1. Designing architectural plans for the new housing construction portion of this project.

2. Preparation of the construction bid package (for the new housing construction) in conformance with applicable CDBG requirements, requesting and securing CDBG review and approval of the bid specifications prior to advertising for bids, and supervision of the construction bid advertising.
3. Overseeing the bid tabulation and the housing construction bidding and award process, including the preparation of the advertisements for bid solicitation, assisting with the bid opening conducted by the City and the Project Manager and assisting with the issuance of the Notice to Proceed.
4. Conducting the pre-construction conference, with the assistance of the Project Manager, and involving the CDBG Liaison.
5. Supervision of the housing construction work and preparation of inspection reports.
6. Reviewing and approving all requests from contractors for payment and submitting the approved requests to the Project Manager.
7. Keeping the Project Manager informed of all significant construction project activities, including the preparation of regular reports (written and verbal) as required by the City's contract for architectural services.

III. FINANCIAL MANAGEMENT

All disbursements will be handled in accordance with the City's established procedures for reviewing claims.

Before submitting the claim to the Clerk-Treasurer, the Project Manager will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the City's CDBG project and consistent with the project budget.

The Council will review all claims before approving them.

A. The Clerk-Treasurer will be responsible for:

1. Establishing the CDBG bank account and transferring CDBG funds from that account to the town's treasury for disbursements, based on claims and supporting documents approved by the project manager (from the project architect and other contractors, as applicable).
2. Since the City uses an interest bearing account for its general disbursements, a separate non-interest bearing account required by CDBG will be established and used for CDBG funds. Balances in that account will not exceed \$5,000 for a period of three days, to comply with CDBG rules outlined in the CDBG Manual, Chapter 4.
3. Entering all project transactions into the City's existing accounting system (BARS), and prepare checks/warrants for approved expenditures.
4. With the assistance of the Project Manager, preparing the CDBG Requests for Payment and Status of Funds Report (i.e., drawdown requests) to be submitted to MDOC/CDBG.
5. All drawdown requests will be signed by two of the three following persons: Mayor, Clerk-Treasurer, and Council President.
6. No expenditures will be made without the approval of the Council at a regular meeting.
7. With the assistance of the Project Manager, preparing the final financial reports and other reports needed for project closeout.

B. The Project Manager and the Clerk-Treasurer will review

1. All proposed expenditures of CDBG funds and the Project Manager will prepare drawdown requests, which will be signed by the officials cited above.

C. Financial record keeping will be done in conformance with the recommendations described in the most current version of the *Montana CDBG Grant Administration Manual*. The original financial documents (claims with attached supporting material) will be retained in the City's offices.

D. Hourly time sheets will be maintained by the Project Manager and the Clerk-Treasurer to document all time worked on the CDBG project.

Resolution to Authorize Submission of a CDBG Application

Each application for CDBG funds must be accompanied by a copy of a resolution formally adopted by the applicant and authorizing:

- the submission of the CDBG application in compliance with the CDBG Application Guidelines, and
- the applicant's chief elected official or chief executive officer to act on its behalf in regard to the application and to provide such additional information as may be required.

The resolution must also indicate the governing body's intent to commit to any funding for the project that will be provided by the applicant.

Applicants must have the legal jurisdiction and authority to finance, operate and maintain the proposed facility and, where applicable, must have the demonstrated financial capacity to repay any debt incurred. In all cases, the applicant assumes complete responsibility for proper financial management of the CDBG funds awarded to it and compliance with all federal and State laws and regulations. The applicant must certify that it is:

- a. in compliance with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, [MCA](#), and
- b. has established a financial accounting system that can properly account for grant funds according to generally accepted accounting principles.

Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.

See sample resolution on next page.

**Sample of a Resolution
to Authorize Submission of CDBG Application**

WHEREAS, the (Name of applicant) is applying to the Montana Department of Commerce for financial assistance from the Community Development Block Grant Program (CDBG) to (describe purpose of project);

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

That the (Name of applicant) agrees to comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited herein, as well as with other applicable federal laws and regulations, and all State laws and regulations and the requirements described in the CDBG Application Guidelines and those that will be described in the CDBG Project Administration Manual;

That the (Name of applicant) commits to provide the amount of matching funds as proposed in the CDBG application; and

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

Signed: _____

Name: _____

Title: _____

Date: _____

Attested: _____

Local Government's Federal Tax ID Number: _____

Local Government's DUNS Number: _____

Note concerning the DUNS Number requirement:

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

You can apply for your DUNS number from the Dun & Bradstreet (D&B) Government Customer Response Center. Application may take place online or over the phone, at 1-866-705-5711. Please Contact CDBG if you need additional assistance in identifying your DUNS number.

APPENDIX D

PAR PRELIMINARY ARCHITECTURAL REPORT (PAR) REQUIREMENTS

A. A PAR MUST BE SUBMITTED AS PART OF CDBG APPLICATIONS FOR:

- Public Facility projects that are non-water/non-wastewater projects -- such as a senior center, Head Start facility, nursing home, food bank; and
- Housing and Neighborhood Renewal projects that involve new housing construction or rehabilitation of an existing building (excluding rehabilitation of single family residences).

B. A PAR MUST:

- be prepared by a professional architect licensed to practice in the State of Montana;
- adequately describe existing building conditions and problems, present and analyze reasonable alternatives, and propose a specific course of action for solving the identified problems;
- provide sufficient information to adequately assess the need for, feasibility, and general, estimated cost of the proposed project; and
- thoroughly address all of the other issues identified in this PAR outline

C. WHY PARs ARE IMPORTANT IN THE CDBG APPLICATION RANKING PROCESS:

- Information and analysis contained in the PAR is crucial in CDBG's scoring of Criterion 2 (Need), Criterion 3 (Project Strategy), and Criterion 5 (Implementation and Management) for CDBG Housing and Neighborhood Renewal applications and Criterion 2 (Need for Project), Criterion 3 (Project Concept and Technical Design), and Criterion 7 (Implementation and Management) for CDBG Public Facilities applications.
- If the PAR does not provide the required information -- including a clear analysis of existing conditions, a thorough and reasonable proposal to address the deficiencies, and reasonable cost estimates -- the application may receive fewer points in the competitive ranking for CDBG grants and, as a result, may not receive funding.
- Architects and project representatives can call CDBG staff (406-841-2770) to request clarification and guidance regarding this PAR outline.
- The PAR outline presented here is by no means all-inclusive. The architect should use his or her professional judgment to present sufficient information during preparation of the PAR, taking into account that different projects require varying levels of detail (rehabilitation of an existing building versus construction of a new building) and consideration of reasonable alternatives.
- The architect should provide appropriate documentation, wherever possible, to support the analysis of alternatives and the final proposal submitted.
- The public should be involved in the selection of the preferred architectural alternative, especially representatives or members of any groups that are expected to be the principal users the proposed facility.

D. ENVIRONMENTAL CONSIDERATIONS RELATED TO THE PAR

NOTE: All state and CDBG funded projects are subject to the Montana Environmental Policy Act (MEPA) and the National Environmental Policy Act of 1969 (NEPA). Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds or approved by a state agency.

- NEPA establishes national policy, goals, and procedures for protecting, restoring, and enhancing environmental quality within the United States as a whole.
- MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a Montana state agency.
- Architects and project representatives should consult the Uniform Environmental Checklist, which must be completed and submitted as part of any application to CDBG.
 - This checklist is Section D of the Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs and the same checklist is also found in the Uniform Application for Montana Public Facility Projects.
- In order to avoid delays, all applicants to state or federal infrastructure or housing funding programs should consider potential environmental impacts during project planning. As a result, local officials may be able to avoid or mitigate potential environmental impacts through project design or location decisions by carefully considering potential, adverse environmental consequences of projects and the actions that could be required to mitigate any adverse consequences.
- Various funding agencies have different requirements related to the environmental review process, the selection of the preferred alternative, and adoption of the PAR. Applicants should contact those agencies that they are considering applying to so that each agency's specific requirements can be met concurrently and avoid any unnecessary delays in project completion.

E. PAR OUTLINE

I. PROBLEM DEFINITION

A. DESCRIBE AND DOCUMENT THE NEED FOR THE PROJECT AND THE PROBLEM(S) TO BE SOLVED. Describe the need for the project according to the following criteria:

1. HEALTH AND SAFETY - Describe concerns and deficiencies, compliance issues, and relevant regulations such as the International Building Code, (and other codes as listed in "Special Requirements Concerning Code and Standards Enforcement"), asbestos, lead-based paint, handicapped accessibility, zoning ordinances, and other federal, state, local, or tribal requirements concerning the existing facility(ies).

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

2. FACILITY OPERATION & MAINTENANCE (O&M) - Describe O&M concerns regarding the existing facility(ies) with an emphasis on those with the greatest financial and operational impact.

If the high cost of maintaining the existing facility(ies) is related to a proposal to modify or replace the existing facility, describe and document these concerns and potential cost savings.

3. GROWTH - Describe the facility's capacity to meet projected growth needs from the completion of construction through the anticipated useful life of the building

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

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

B. IDENTIFY THE PLANNING AND SERVICE AREA, INCLUDING THE EXISTING LOCATION AND POTENTIAL, ALTERNATE LOCATIONS OF THE FACILITY.

Using narrative and drawings, describe the planning and service area and alternate building(s) or sites under review or consideration. The description should include the following information:

1. LOCATION - Indicate legal and natural boundaries, major obstacles, environmental constraints, etc., using maps, photographs, and sketches of the planning and service area, including both the existing location and potential alternate locations for the facility.
2. GROWTH AREAS AND PROJECTED POPULATION TRENDS - Identify specific areas of projected, concentrated population growth and relate these to the forecasted growth in the clientele to be served by the proposed project.

Provide population projections for the project's planning and service area (and for the persons and/or groups the facility will serve) as well as for the projected design period (i.e., the anticipated useful life of the proposed facility).

Base projections for the clientele to be served upon historical records, Census data, or economic projections, citing recognized sources.

C. EVALUATE THE CONDITION OF THE EXISTING FACILITY(IES), including the following:

1. HISTORY - Provide a brief history of the facility(ies), including when the structure was constructed, major improvements implemented in the past, and any past problems.
2. CONDITION OF FACILITIES - Describe the present condition and any problems such as code deficiencies, general structural decay, presence of asbestos, mold or moisture, lead based paint, subsidence issues, overcrowding, or handicapped accessibility. Describe the adequacy or capacity of the existing facility(ies) to meet existing and long-term needs.

II. ALTERNATIVE ANALYSIS

A. DESCRIPTION OF ALTERNATIVE SOLUTIONS. Describe each alternative design, building, or site considered -- i.e., identify and describe existing buildings with potential for rehabilitation or alteration, or alternative building sites considered for new construction.

1. IF PROPOSING REHABILITATION OR ALTERATION OF EXISTING BUILDINGS - Describe existing buildings within the community that could be modified or rehabilitated to accommodate the proposed facility or need.

Describe the potential benefits and possible deficiencies with each alternative design, building or site considered, including code compliance issues, floor space, handicapped accessibility, and potential for long-term expansion, as applicable.

2. IF PROPOSING NEW CONSTRUCTION - If proposing new construction, describe alternative building sites considered for new construction, any existing structures on the site(s), potential for long-term expansion, proximity to other services, environmental constraints, etc.

B. REGULATORY COMPLIANCE AND PERMITS. Describe issues that need to be addressed concerning compliance (for either a new building or a rehabilitated building) with appropriate regulations such as the International Building Code and other relevant codes, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility (American Disabilities Act and HUD 504 regulations), designated 100-year floodplains, and other applicable federal, state, local or tribal requirements.

C. LAND ACQUISITION ISSUES. Identify sites to be purchased or leased and any easements needed, if applicable. Specify whether these properties are currently owned, to be purchased or leased, and whether options have been obtained, contingent upon receipt of funding.

D. ENVIRONMENTAL CONSIDERATIONS. For the alternative selected for the project, discuss the following:

1. POTENTIAL ENVIRONMENTAL IMPACTS - The information described in the completed Uniform Environmental Checklist (found in the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#)) is the basis for discussing environmental resources in the area that might be impacted or that might impact the proposed facility. The Uniform Environmental Checklist must be attached as part of the PAR. If there has been a previous environmental assessment completed for the project, please include a copy of that assessment in addition to the completed [Uniform Environmental Checklist](#). With the exception of coastal zones and coastal barriers, possible impacts on each environmental issue must be investigated and discussed.

2. MITIGATION - Evaluate appropriate short and long-term measures to mitigate each potentially adverse impact.

Describe the mitigation measure(s) necessary to minimize potentially adverse impacts upon identified environmental resources. Projects contemplating the renovation of existing structures should thoroughly discuss mitigation measures to address any existing hazards, such as asbestos and lead-based paint, where identified, in accordance with federal and state requirements.

3. CORRESPONDENCE - Include any environmentally-related correspondence and agency comments (e.g., comments from the State Historic Preservation Office) as required by the Uniform Environmental Checklist, found in the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#).

4. EXHIBITS/MAPS - Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.

E. CONSTRUCTION PROBLEMS. Discuss potential concerns such as geological constraints, limited access, underground storage tanks, high water table, asbestos, lead-based paint, contaminated soil, noise, odors, or other conditions that may affect cost of construction or long-term operation of the proposed (new or rehabilitated) facility.

F. COST ESTIMATES FOR EACH ALTERNATIVE. For each alternative considered, include both:

1. PROJECT COSTS (i.e., administrative, financial, engineering, architecture, and construction costs) and
2. PROJECTED ANNUAL OPERATION AND MAINTENANCE COSTS
 - In responding to items 1 and 2 for HOUSING projects, consult Section C (Financial Analysis, Parts I-VI) of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#).
 - In responding to items 1 and 2 for PUBLIC FACILITIES projects, consult the [Uniform Application for Montana Public Facility Projects](#); and Appendix F for Special Requirements for Projects Involving Non-Profit Agencies or For-Profit Organizations or other Public Agencies of the CDBG Application Guidelines. Section C, Financial Analysis of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#) provides a form to compute annual operation and maintenance costs that would be useful for Public Facilities projects as well as housing proposals.

III. SELECTION OF THE PREFERRED ALTERNATIVE

- A. ANALYSIS OF ALTERNATIVE SOLUTIONS.** Provide an analysis of why the preferred alternative (design, building, or location) was selected over other alternatives.
- B. SITE LOCATION AND CHARACTERISTICS.** Discuss the site location of any current or proposed facilities, and why the preferred alternative was selected over other alternatives.
- C. PRELIMINARY ARCHITECTURAL PLANS.** Provide preliminary architectural plans (including a proposed floor plan) for the proposed (new or rehabilitated) facility.
- D. OPERATIONAL REQUIREMENTS.** Discuss the expertise required to operate the facility and any unique operational requirements or benefits of the facility and describe why the preferred alternative was selected over other alternatives.
- E. PROJECT COST SUMMARY / PROJECT COST ESTIMATE.** Provide an itemized estimate of the project cost based on the anticipated period of construction including administrative, development and construction, land and utilities, legal, engineering, interest, equipment, contingencies, refinancing, and other costs associated with the proposed project. See 'II. F. COST ESTIMATES FOR EACH ALTERNATIVE', above.

For HOUSING projects, consult Section C (Financial Analysis, Part I) of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#).

For PUBLIC FACILITIES projects, consult the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#) and the CDBG website discussing Special Requirements for Projects Involving Non-Profit Agencies or For-Profit Organizations or other Public Agencies.

Section C, Financial Analysis, Part V of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#) provides a form to compute annual operation and maintenance costs that would be useful for both Public Facilities and Housing projects.

IV. CONCLUSIONS AND RECOMMENDATIONS

Provide any other conclusions and recommendations and any additional findings that should be considered in the evaluation of the proposed project and the selected alternative.

APPENDIX E

This appendix will be used to help determine how the proposed project will further the state's community development objectives identified in the 5 year Consolidated Plan. MDOC may use this appendix to prioritize proposed projects in light of available funding.

National and State Objectives

National Objective:

Montana CDBG program require projects meet the benefit to low- and moderate- income (LMI) national objective. Proposed housing projects meet this national objective by providing new or improving existing permanent residential structures which will be occupied by LMI households. Proposed housing projects that do not meet the LMI national objective will not be funded.

State Objective:

HUD regulations (24 CFR Part 91) require the State to identify its community development objectives which must be developed in accordance with the federal statutory objectives of the CDBG Program.

NOTE: In response to Ranking Criterion 1, CDBG grant applicants are asked to describe one state objective for the CDBG program that is appropriate and pertinent to the proposed project.

General

1. To enhance the quality of life in Montana's incorporated and unincorporated communities by eliminating blight and deterioration, encouraging private investment, rehabilitating or constructing affordable housing, providing adequate infrastructure and community facilities to protect the public health and safety and to provide vital services, and creating or retaining employment opportunities.
2. To provide funding to communities whose needs are greater than those of other communities and whose projects most effectively address local needs and the objectives of the Montana CDBG Program.
3. To encourage meaningful citizen participation in the selection, design and implementation of local community development projects.
4. To ensure that CDBG projects result in sound investment in Montana's communities and are administered efficiently, effectively and consistently with appropriate State and federal policies.
5. To encourage the recognition of potential environmental constraints on community development activities in order to avoid or mitigate potentially adverse impacts upon the human and natural environment.
6. To provide incentives for the adoption and implementation of local growth policies by encouraging the development of long-term strategies for community development activities which are coordinated and integrated with local and area-wide planning programs, including comprehensive or land use planning, public facilities planning and financing, as well as housing and economic development planning and activities.
7. To encourage preservation of agricultural land and open space by supporting development within and adjacent to existing communities.
8. To encourage improved coordination with and participation of other available public or private

resources for community development projects in order to increase the impact of limited CDBG funds.

9. To encourage simplification of, and greater consistency for, application and project administration requirements established by state and federal funding programs.

Economic Development

10. To encourage viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent, year round jobs principally for low and moderate-income Montanans.
11. To encourage projects that will involve basic economic activities, including manufacturing, import substitution activities; or the distribution of Montana-made goods.
12. To encourage projects that involve the processing, refining, and marketing of Montana's natural resources.

Housing

13. To provide decent, safe, sanitary, and energy efficient housing by conserving and improving the condition of appropriate existing housing stock.
14. To support the revitalization of deteriorated or declining residential neighborhoods or unincorporated communities through comprehensive improvement efforts that address blight, as well as housing and public facility needs, while avoiding displacement of current residents.
15. To encourage the provision of affordable and appropriate housing assistance to low and moderate income families, and in particular, to those with special needs such as those with lower incomes, female heads of family, or minority, elderly or disabled members.
16. To increase fair housing opportunity by encouraging efforts by local governments and the private sector to prevent or eliminate discriminatory or restrictive housing practices.
17. To encourage private sector investment in the provision of housing for low and moderate income families and increase the impact of local housing programs through cooperative arrangements with private lenders and the use of financial leveraging techniques.
18. To provide affordable, energy-efficient housing for low and moderate-income families located within reasonable proximity of employment, education, and social services.

Public Facilities

19. To assist communities in providing appropriate and long-term solutions to serious deficiencies in basic infrastructure and community facilities which are detrimental to the public health and safety and detract from further community development, or which are necessary to meet other essential community needs.
20. To encourage community participation in the financing of housing projects in proportion to local financial resources and capacity to share in project costs while assuring that the facilities and services will be affordable for low and moderate-income households.
21. To assist communities in planning for long-term public facility needs, including the preparation of capital improvement plans and their integration with capital budgeting for communities as part of their annual budget process.

Technical Assistance

22. To provide technical assistance to local governments in applying for and administering CDBG funds to address community revitalization, housing and/or public facility needs, including capacity building for community planning and growth management.

APPENDIX F

Special Requirements for Projects involving Non-profit or For-profit Organizations, or Other Public Agencies

Applicants applying on behalf of (or in partnership) with ...

- a. non-profit organizations which will operate and own or lease an assisted facility or project; or
- b. for-profit entities that are involved in the project, committed to serving LMI citizens; or
- c. other public agencies such as housing authorities or water and sewer district

...must provide the information required by all portions of this application.

Applicants should provide thorough responses to the requested information because it will be used as a key element in ranking applications involving non-profit organizations or for-profit organizations or other public agencies as subrecipients or project partners.

Non-profit organizations may acquire title to public facilities such as senior centers, centers for the handicapped, or Head Start Centers that are constructed with CDBG funds. When such facilities are owned by non-profit organizations, they must be open for use by the general public during all normal hours of operation.

Non-profit organizations and **for-profit organizations** may also be involved in the rehabilitation or construction of new permanent residential structures for low and moderate-income persons. Non-profit organizations and for-profit organizations can be involved as subrecipients in CDBG grants financing CDBG-eligible activities.

Other public agencies -- such as housing authorities or water and sewer districts -- can be involved as subrecipients in CDBG grants financing CDBG-eligible activities.

A. NON-PROFIT ORGANIZATION DEFINED

Any non-profit organization to be assisted with CDBG funds must be incorporated under Montana law and recognized as a non-profit, 501(c) tax exempt, organization under U.S. Internal Revenue Service (IRS) regulations.

B. NONDISCRIMINATION

Any non-profit organization or for-profit organization or any public agency to be assisted with CDBG funds must agree to provide its services or operate its facilities without discrimination, in accordance with the civil rights laws and regulations of the United States and the State of Montana. These laws and regulations prohibit any discrimination on the basis of race, color, national origin, sex, religion, handicap, age, or family status (families with children). Any organization receiving CDBG assistance must also carry out equal employment opportunity hiring practices.

C. OPERATING PLAN

Include an Operating Plan for any Non-profit Organization or For-Profit Organization or Public Agency that is proposed as a CDBG grant subrecipient/partner in the proposed project. Each Operating Plan must include the following elements with sufficient detail for adequate analysis:

1. **Description of Organization or Agency**

Describe the purpose and history of the organization, company or agency. Include a copy of the organization's by-laws.

2. **Services Provided**

Describe the services provided, geographic service area and potential for expansion of services provided or the service area. Describe the target population served (age, sex, special needs, etc.).

The operating plan should describe in detail how the CDBG project will affect the services to be provided and how the organization and its members or clientele will be affected if CDBG funds are not received.

3. **Management**

Provide the names, titles, and brief description of the background and management experience of the persons responsible for management of the organization, company, agency or project, as well as the members of the organization's or company's agency's board of directors or principals.

Describe how the organization's or agency's finances are managed and whether they are formally reviewed on a regular basis.

4. **Sources And Uses Of All Funding**

Provide a line-item description of the sources, proposed uses, and financial terms for all funds to be included in the project. The description should clearly justify the amount of CDBG assistance applied for and explain the intended use of the funds. Use the form provided in the Uniform Application, Part C.

D. FINANCIAL EXHIBITS

The non-profit organization or for-profit organization or other public agency that will be involved as a subgrantee must be able to demonstrate that projected income will be sufficient to cover any projected debt service and current and projected operating costs, including long-term operation and maintenance.

Each applicant submitting an application on behalf of a non-profit or for-profit organization must include the following financial exhibits with the application:

1. **Financial Statements**

For existing organizations and public agencies, provide financial statements for the three most recent years of operation including a balance sheet describing assets and liabilities, profit and loss statements, a revenue and expense statement, and cash flow statements as applicable to the type of organization or agency.

Financial statements, compiled or reviewed by an independent certified public accountant with full disclosure notes are required for businesses or organizations or agencies that have been in operation for more than one complete fiscal year. All financial information must be signed by a responsible officer for the organization or public agency.

2. **Income and Expense Projections**

Adequate income projections are necessary to demonstrate the long-term financial soundness of the project. The organization must provide projected balance sheet and revenue and expense statements for a three-year period following receipt of CDBG funds which includes all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements, as well as current and long-term operating capital needs.

In addition, a detailed pro-forma must be provided, outlining projected expenses such as management and administration costs; utility costs; repairs and maintenance costs; insurance and taxes; reserves; and debt service. Section C, Part V and VI of the [Uniform Application For Montana Housing Loan, Grant, & Tax Credit Programs](#) provides a *pro-forma* that can be utilized to provide this information.

The projections must include an explanation of how the figures and assumptions were developed. Other project-specific models are available upon request from MDOC CDBG staff.

3. **Requirements for Business Owners with a 20% or Greater Ownership**

Personal Financial Statements and tax returns are generally required for all owners with 20% or more ownership in the proposed project. The Department of Commerce also requires personal or corporate income tax returns for all affiliated businesses.

The principal owners of the business, as defined above, must provide a release allowing for a personal credit history check by the Department as part of the application review.

Applicants should include any other information that may be helpful in documenting the economic viability of the project.

4. **Private Sector Commitments**

Applicants must provide firm commitment letters from any private sector lenders or investors involved in the project. Such commitments should be binding, contingent only upon receipt of CDBG funds.

All terms and conditions that apply to each funding source must be submitted as part of the application.

5. **Federal Internal Revenue Service Forms**

- a. A non-profit organization must submit verification of its IRS 501(c) status.
- b. Any private non-profit organization which is required to submit IRS Form 990 (Return of Organization Exempt from Income Tax), must submit a copy for the three most recent years of operation. (Organizations whose annual gross receipts are normally more than \$25,000 must file Form 990.)
- c. A for-profit organization must submit a copy of tax returns for the three most recent years of operation.

APPENDIX G

Certification for Application to the CDBG Program

- Each applicant must agree to comply with all applicable State and federal laws and regulations in implementing their proposed CDBG project, if selected for funding.
- A copy of the Certifications for Application (provided below), signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the application for CDBG funds.
- Applicants should carefully review these requirements and consider their potential impact when designing their CDBG project.
- Listed in the following Certifications for Application are the most important federal regulations that apply to projects using CDBG funds.
- The regulations listed cover a wide range of issues including environmental impacts, labor standards, employment practices, financial procedures, and civil rights, many of which can have an effect on the costs or complexity of project implementation.
- Each federal law or regulation is annotated to give the applicant a general understanding of the requirements that must be met.
- Since this is a brief summary and not intended to be a comprehensive description of each law, local officials who have any questions or concerns regarding the applicability of these requirements should contact the Department of Commerce for guidance.

**MONTANA DEPARTMENT OF COMMERCE
STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CERTIFICATION FOR APPLICATION**

ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS

The Applicant hereby certifies that:

It will comply with all requirements established by the Department of Commerce and applicable State laws, regulations, and administrative procedures.

It accepts the terms, conditions, selection criteria, and procedures established by the Montana Community Development Block Grant (CDBG) Program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of CDBG funds.

ACQUISITION, DISPLACEMENT AND RELOCATION

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

It will comply with:

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (The Uniform Act) as amended, and implementing regulations 49 CFR part 24 and the requirements of section 570.496a. These laws and accompanying regulations require the grantee to provide relocation payments and offer relocation assistance to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children). The grantee must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children); and
- The grantee must also inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 49 CFR, Part 24, Subpart B.
- The Anti-displacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

Assessments for Public Improvements

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

- a. CDBG funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG funds; or,
- b. for purposes of assessing any amount against properties owned and occupied by persons of low and

moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient CDBG funds to comply with the requirements of clause a., above.

Building Standards

It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the Montana CDBG Program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1R 1971, subject to the exceptions contained in CFR 101-19.604.

It will also comply with the Architectural Barriers Act of 1968 and HUD regulations 24 CFR part 8, "Nondiscrimination Based on Handicap in Federally Assisted Activities of HUD." The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor; and will comply with HUD Cost-Effective Energy Standards, 24 CFR Part 39.

Citizen Participation

It will comply with the detailed Citizen Participation Plan adopted by the Montana Department of Commerce for the Montana CDBG program (see pages Q-14 through Q-18, below).

CIVIL RIGHTS, EQUAL OPPORTUNITY, FAIR HOUSING REQUIREMENTS

Civil Rights

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

Equal Opportunity

It will comply with:

- Section 109 of the Housing and Community Development Act of 1974 as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the Act;
- The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance;
- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her disability, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal assistance funds;

- Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 170/u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a CDBG recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The grantee and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over \$10,000 the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

Fair Housing

It will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (also known as The Fair Housing Act) (42 U.S.C. 3601 et seq.), as amended by the Fair Housing Amendments Act of 1988 and the regulations issued pursuant thereto. The law states that it is the policy of the United States prohibiting any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, disability, or familial status. CDBG grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and
- Executive Order 11063, as amended by Executive Order 12259, requires CDBG recipients to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

Prohibition Against Discrimination on Basis of Religion

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

Prohibition Against Excessive Force

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

ADA Compliance

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

CONFLICT OF INTEREST

It will comply with the provisions of 24 CFR 570.611 and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

ENVIRONMENTAL REQUIREMENTS

Air Quality

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

Environmental Impact

It will comply with:

- Section 104(f) of the Housing and Community Development Act of 1974, as amended through 1981. This section expresses the intent that "the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act be most effectively implemented in connection with the expenditure of funds under" the Act. Such other provisions of law which further the purpose of the National Environmental Policy Act of 1969 are specified in regulations issued pursuant to Section 104(f) of the Act and contained in 24 CFR Part 58; and
- The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to the Department of Commerce when requesting that funds be released for the project. The grantee must certify that the proposed project will not significantly impact the environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

Its chief executive officer or other officer of the applicant approved by the State:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the Montana Community Development Block Grant Program; and
2. is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

EPA List of Violating Facilities

It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the Department of Commerce of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by EPA.

Farmlands Protection

It will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq.) and any applicable regulations (7 CFR Part 658) which established compliance procedures for any federally assisted project which will convert farmlands designated as prime, unique or statewide or locally important, to non-agricultural uses.

Floodplain Management and Wetlands Protection

It will comply with:

- the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance;
- Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.). The intent of this Executive Order is to (1) avoid, to the extent possible, adverse impacts associated with the occupancy and modification of floodplain and (2) avoid direct or indirect support of floodplain development wherever there is a practical alternative. If a grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If siting in a floodplain is the only practical alternative, the grantee must, prior to taking any action: (1) design or modify its actions in order to minimize a potential harm to the floodplain; and (2) prepare and circulate a notice containing an explanation of why the action is proposed to be located in a floodplain; and
- Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.). The intent of this Executive Order is to avoid adverse impacts associated with the destruction or modification of wetlands and direct or indirect support of new construction in wetlands, wherever there is a practical alternative. The grantee must avoid undertaking or providing assistance for new construction located in wetlands unless there is no practical alternative to such construction and the proposed action includes all practical measures to minimize harm to wetlands which may result from such use.

Historic Preservation

It will comply with:

- Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Compliance with these procedures should include:

1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist with a proposed CDBG project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and
2. consulting, with the SHPO and THPO, Keeper of the National Register of Historic Places, and the Advisory Council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by CDBG work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

Lead-Based Paint

It will comply with Title IV of the Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance of any kind. In addition, it will comply with Sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act that is Title X of the Housing and Community Development Act of 1992. This is the basic law covering lead-based paint in federally associated housing. This new regulation appears within title 24 of the Code of Federal Regulations as part 35 (24CR 35).

Noise, Facility Siting

It will comply with HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979) which prohibit HUD support for most new construction of noise-sensitive uses is prohibited in general for projects with unacceptable noise exposures is discouraged for projects with normally unacceptable noise exposure. Additionally projects may not be located near facilities handling materials of an explosive or hazardous nature, or in airport clear zones.

Solid Waste

It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.). The purpose of this Act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

Water Quality

It will comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

Wildlife

It will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species.

Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and

- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

Wild and Scenic Rivers

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

FINANCIAL MANAGEMENT

It will comply with the applicable requirements of:

- OMB Circular A-87, "Cost Principles for State and Local Governments," as specified by the Department of Commerce;
- HUD "Administrative Requirements for Grant and Operative Agreements to State, Local, and Federally-Recognized Indian Tribal Governments," (24 CFR, Part 85), or any equivalent procedures and requirements that the Montana Department of Commerce may prescribe. The HUD Administrative Requirements are the basis for a number of specific requirements on the financial management and record keeping of CDBG funds. The requirements apply to cash depositories, bonding and insurance, record keeping, program income, property management, procurement, closeout, audit, and other requirements; and
- The Single Audit Act of 1984, as amended by the Single Audit Act of 1996 (the "Single audit Act Amendments") which establishes criteria for determining the scope and content of audits and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", revised June 24, 1997. (OMB Circular A-133 supersedes OMB Circular A-128, "Audits of State and Local Governments", which has been rescinded.)

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

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

Labor Standards

It will comply with:

- Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards. Section 110 requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the

Davis-Bacon Act, as amended (40 U.S.C. 276-1- 276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to rehabilitation of residential property only if such property is designed for residential use for eight or more families;

- Davis-Bacon Act, as amended (40 U.S.C. et seq.), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(c)), popularly known as the Copeland Anti-Kickback Act. The Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed at wage rates not less than those contained in the wage determination issued by the U.S. Department of Labor. Weekly compliance statements and payrolls are required to be submitted to the federally funded recipient by the contractor;
- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and
- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

Legal Authority

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

Lobbying

It certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influencing an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and

not more than \$100,000 for each such failure.

Political Activity

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

Procurement

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

Signed: _____

Name: _____

Title: _____

Date: _____