

## APPENDIX A

### Application Criteria Questions

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

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.

<b>RANKING CRITERION #1</b>	<b>175 Possible Points</b>
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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](mailto: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](mailto: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, 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 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 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 8 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.

<b>RANKING CRITERION #4</b>	<b>100 Possible Points</b>
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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.

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 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

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.



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:

- a completed copy of the Benefit to LMI Form (below); and
- 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
- 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 2010 Census to document benefit to LMI, the applicant must provide a copy of the 2100 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.

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 2010 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 #5 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
<b>ACTIVITY DESCRIPTION</b> (Do <i>not</i> include <i>administrative</i> activities)  Indicate whether calculations are shown for <b>Households [H_] or Persons [P_]</b>	<b>NUMBER OF HOUSEHOLDS OR PERSONS THE ACTIVITY WILL SERVE</b>	<b>NUMBER OF LMI HOUSEHOLDS OR LMI PERSONS THE ACTIVITY WILL SERVE</b>	<b>PERCENTAGE OF LMI HOUSEHOLDS OR LMI PERSONS THE ACTIVITY WILL SERVE</b>	<b>AMOUNT OF CDBG FUNDS FOR THE ACTIVITY</b>	<b>AMOUNT OF CDBG FUNDS THAT WILL BENEFIT LMI FOR THE ACTIVITY</b>
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 CDBG-compliant 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, forgiveness each year 20%
\$15,000 – \$40,000	10 years	Subsidy recapture, forgiveness each year 10%
Over \$40,000	15 years	Subsidy recapture, forgiveness each year 6.6%
New Construction or Acquisition of Newly Constructed Single Family Housing (any amount)	20 years	Subsidy recapture, forgiveness each year 5%

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**

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 two years 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 and a sufficient budget 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.)

### Acquisition, Demolition, and Displacement

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 according to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. For more detailed information, please consult HUD's

[Handbook 1378.](#)

Applicants considering any acquisition of land or easements, including any project that proposes a CDBG activity on property already occupied by residential households, are urged to consult the CDBG/NSP Grant Administration Manual for guidance. In particular, if applicants are contemplating CDBG assistance to properties already occupied by residential households, there are URA notices that must be sent. Please contact CDBG for assistance in sending appropriate notices to comply with URA requirements. The Applicant must maintain all URA-related documentation.

Land or easements must also not be firmly committed for purchase with CDBG funds or any other proposed project funds until all CDBG-required environmental review procedures, including a release of funds by the Montana Department of Commerce have been completed. If formal agreements to purchase either land or easements with CDBG or other project funds are executed prior to CDBG environmental review, the project may not be eligible for funding.

1. If the project will involve acquisition of property easements, has the applicant documented efforts to contact landowners to gain their cooperation?
2. Has a buy-sell or other preliminary agreement for land acquisition been executed? If yes, please provide documentation.
3. Has an appraisal been completed? If yes, please provide documentation
4. Has fair market value of the property been established? If yes, please provide documentation.
5. What URA-compliant notices have been sent to the potential property seller and/ or current tenants?
6. If the proposed project would involve the temporary relocation or displacement of individuals or business or both, please answer the following questions:
  - a. What is the nature of the temporary relocation or permanent displacement that would occur?
  - b. Will businesses be temporarily relocated or permanently displaced?
  - c. Will households or individuals be temporarily relocated or permanently displaced?
  - d. What is the length of time that individuals or businesses will be either temporarily relocated or permanently displaced?
  - e. Has the applicant created a plan that adequately addresses temporary relocation or permanent displacement that may result from the proposed activities? If yes, provide documentation.
  - f. Have the costs related to temporary relocation or permanently displacement been budgeted for appropriately?

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, including but not limited to Section 3 and DBE direct solicitation. See the [CDBG Grant Administration Manual](#).