

<b>State: MONTANA (QAP 2014)</b>	Montana Board of Housing (MBOH)
<b>Measure</b>	<b>Evidence</b>
<b>HOUSING LOCATION: Site and Neighborhood Standards</b>	
A1. <b>Mandatory restrictions</b> prohibiting increases in racial and economic (or low-income) concentration	≈ [Threshold Req] For applications proposing rehab, application must include a preliminary relocation plan addressing the logistics of moving tenants out of their residences and providing temporary housing during the rehabilitation and returning tenants to their residences upon completion of the rehabilitation (p. 20).
A2. <b>Scoring</b> that discourages racial and economic concentration.	No.
A3. <b>Mandatory requirements</b> for development in high-opportunity areas	No.
A4a. <b>Scoring</b> that encourages development in high-income areas.	No.
A4b. <b>Scoring</b> that encourages development in high opportunity areas.	≈ Up to 3 points for projects located with 1/5 miles of the following services (or if public or contracted transportation is reasonably available on a daily basis or if a no-charge delivery service is available from the service) (p. 24). <ul style="list-style-type: none"> <li>• 1 point for grocery store</li> <li>• 1 point for each of the following, up to a maximum of 2 points: school (family projects only), senior center (elderly projects only), bank, Laundromat, medical services, pharmacy, gas station/convenience store, post office, park, shopping, bus or transportation stop, library, recreation</li> </ul>
A5. <b>Scoring</b> or <b>requirements</b> that preference siting near high-quality schools.	No.
A6. <b>Scoring</b> that discourages development in distressed neighborhoods. <sup>1</sup>	≈ (-) Up to 2 points <b>for the preservation of existing federally-assisted housing stock</b> or that increases the affordable housing stock through the use of funds from other sources to leverage the tax credit dollars (p. 25). [Only relates to A6 as it relates to preservation of existing subsidies, see G1 otherwise.]  ≈ (-) 2 points for the acquisition and/or rehabilitation of buildings with local, state, or federal historic preservation designations, <b>existing affordable housing stock, or projects applying for rehabilitation tax credits that have completed their initial 15-year compliance period</b> (p. 27).
A7. <b>Scoring</b> or <b>requirements</b> that preference siting near mass transit.	No.
A8. <b>Focus</b> on and	≈ 1 point for projects located in a QCT and/or involves

<sup>1</sup> Evidence of the inverse: preference for development in distressed neighborhoods (by overemphasizing QCT/DDA preference, preference for existing subsidized housing in distressed neighborhoods, preferences for low-income matched financing, etc.) should also be noted.

operationalization of a neighborhood revitalization plan.	existing housing as part of a community revitalization plan or similar plan. The application must include any community revitalization plan and identify where in the plan such existing housing may be found (p. 27). [Low point value and the fact that project can be located in a QCT without a community revitalization plan makes this a weak provision.]
B1. Local participation in site selection is limited to statutory minimum. <sup>2</sup>	<p>⚠ (-) [Threshold Req] Applications must include letters of community support that are project specific and address how the project meets the needs of the community. New letters of support (as well as new letters of non-support) must be submitted for each application for each round of competition. Generic support for affordable housing will not be considered support for the specific project being considered (p. 20).</p> <p>Explicit instructions for format and timing of public notice to receive public comments about project, though this appears consistent with statutory requirements (p. 20).</p> <p>⚡ (-) 4 points to projects with evidence in the application and in response to MBOH inquiries that the community supports the project through neighborhood meetings with attendance rosters, minutes, etc. with supporting documents, concept drawings, and input from community (p. 24).</p> <p>⚠ (-) A proposal involving significant participation by a local entity separate from the developer must be evidenced by a signed agreement to participate. The MBOH Board has determined having a local entity participate at a significant level increases the success and acceptance of the project into the community. Examples of significant participation would be entities providing on-site services, screening and referring tenants through a formal agreement, donation of land or sale at a reduced price to enhance affordability, use of grant money to develop infrastructure, or significant fee waivers on city fees. Monetary or other material support will also be considered (p. 26).</p>
<b>HOUSING ACCESS: Affirmative Marketing, Priority Groups</b>	
C1. Mandatory requirements ensuring affirmative marketing.	No.
C2. Scoring that incentivizes affirmative marketing.	⚡ As noted in O2, any units that receive points for targeting units for persons with disabilities must include a strategy to market available units to this population (p. 27).
C3. Scoring that incentives language access and marketing to non-English speakers.	No.
D1. Scoring that promotes Section 8 voucher access in high-opportunity areas.	No.
D2. Requirements for monitoring Section 8 voucher access <i>in high-opportunity areas</i> .	⚡ MBOH will put all LIHTC properties into the free State-approved Housing Locator website, MTHousingSearch.com. Using this website meets the criteria for advertising vacant units and provides for broad coverage to those searching for

<sup>2</sup> Evidence of the inverse: preferences or requirements for local participation should also be noted.

	affordable housing in Montana (p. 37).
F1. Incentives for larger family units.	<p>⚡ Up to 10 points for each 5% of the units targeting special needs populations as follows (p. 26-7):</p> <ul style="list-style-type: none"> <li>• <b>Units for individuals with children (2+ bedroom units)</b></li> <li>• Units targeting Section 504 fully accessible units exceeding minimum fair housing requirements (O1)</li> <li>• Units targeted for persons with disabilities (application must describe the strategy that will be used to market available units to disabled persons) (also pertains to O1, C2).</li> </ul>
F2. Incentives targeting families/families with children	
G1. Scoring that promotes units for lowest-income households ( <i>outside high-poverty areas</i> ).	<p>⚡ Up to 22 points for targeting of lower income tenants. A development will receive points for 40%, 50%, and 60% AMI categories when the development targets those income &amp; rent levels. Points awarded for 40% units are independent of and not calculated as part of 50% or 60% units (p. 23).</p> <ul style="list-style-type: none"> <li>• ≤40% AMI: 2 pts if ≥10% of total units</li> <li>• ≤50% AMI: 6 pts if 15-20% of total units, 8 pts if 21-40% of total units, 15 pts if 41-60% of total units, 20 pts if 61-100% of total units</li> <li>• ≤60% AMI: 2 pts if 41-60% of total units, 4 pts if 61-100% of total units.</li> </ul> <p>⚡ Up to 2 points for the preservation of existing federally-assisted housing stock or <b>that increases the affordable housing stock through the use of funds from other sources to leverage the tax credit dollars</b> (p. 25) [Only relates to G1 as it relates to new subsidies, see A6 otherwise.]</p>
<b>REPORTING REQUIREMENTS</b>	
H1. Racial/demographic reporting requirements.	<p>⚡ To the extent required by federal law, the owner will assist MBOH with meeting federal reporting requirements by collecting and submitting information annually concerning the race, ethnicity, family composition, age, income, disability status, and monthly rental payments of all low-income households (p. 35).</p>

## **OVERALL ASSESSMENT**

TOTAL POINTS POSSIBLE: 104 points (with a minimum threshold of 80 points). (Scoring systems is such that points can be gained or lost.)

- *Significant amount of local participation provisions (see B1).*

### **Notes:**

Federal law permits a 30% basis boost for projects in a QCT or DDA. In addition, 30% basis boosts available for projects in non-QCTs/DDAs that include deep income targeting (G1) or for other considerations (see p 11).

Set-asides include: non-profit (10%), small rural projects (20%), and corrective award (p. 17-8).

[Threshold requirement is that projects will specify a targeted income level (20-50 or 40-60) (p. 20).

4 points given for appropriateness of development for market needs and concerns as reflected in the Market Study (i.e., Are appropriate rent levels meeting the needs identified in the Market Study?) Narrative must explain why the type of construction and housing was selected and the

Market Study must justify the selections (rehab/new construction, Family/Elderly, Single-Family/Multi-Family, bedroom size, Eventual Home Ownership/Term rental, etc. 5 points given for documentation of market need (i.e., through the required market study that a market exists to support the project and that the project meets the needs of the community. Scoring will be based upon demonstrated market need and more points will be scored by developments addressing the greatest market needs (p. 24). [Neither of these are directly related to the categories above, though it does speak to how better use of Market Study criteria/ranking could encourage development in higher opportunity areas.]

[A significant amount of discretion is still afforded to MBOH over and above evaluation criteria.] As reflected: Evaluation criteria scoring is only one of several considerations taken into account by MBOH and does not control the selection of projects that will receive an award of tax credits. In addition to any other Selection Criteria specified in this QAP, MBOH may consider the following factors in selecting projects for an award of tax credits to qualifying projects:

- **The geographical distribution of tax credit projects; (A1)**
- The rural or urban location of the projects;
- **The overall income levels targeted by the projects;**
- **The need for affordable housing in the community;**
- **Rehabilitation of existing low income housing stock;**
- Sustainable energy savings initiatives;
- Financial and operational ability of the applicant to fund, complete and maintain the project through the extended use period;
- Past performance of an applicant in initiating and completing tax credit projects; and
- Cost of construction, land and utilities.

As part of annual compliance monitoring, owner must document the low income unit vacancies in the building and information that shows when, and to whom, the next available units were rented. If a unit is left vacant, or in a mixed use project is rented to a non-qualifying tenant, the owner must maintain documentation showing a diligent attempt was made to rent the unit to a qualifying tenant (relates distally to affirmative marketing and also to G1) (p. 34).

<b>OTHER CATEGORIES</b>	
O1. Scoring that promotes units for persons with disabilities.	<p>See O4.</p> <p>≈ Up to 10 points for each 5% of the units targeting special needs populations as follows (p. 26-7):</p> <ul style="list-style-type: none"> <li>• Units for individuals with children (2+ bedroom units) (F1)</li> <li>• <b>Units targeting Section 504 fully accessible units exceeding minimum fair housing requirements</b></li> <li>• <b>Units targeted for persons with disabilities (application must describe the strategy that will be used to market available units to disabled persons) (also pertains to C2).</b></li> </ul>
O2. Scoring that promotes units for special needs populations.	No.
O3. Scoring to promote home ownership.	<p>≈ Projects proposing eventual tenant ownership must include supplemental documents including information on how the owner will transfer ownership to qualified homebuyers, pricing process, and documentation that potential owners will be required to complete a homebuyers counseling program (p. 10, 20).</p> <p>≈ Eventual tenant ownership projects must identify an extended use period (and receive up to 10 points</p>

	depending on the length of this period (beyond 15 years, up to 30 years)) (p. 23).
O4. Provisions affirmatively furthering fair housing laws.	<p>All LIHTC new construction and major rehab properties must incorporate Fair Housing Act design and accessibility features (p. 9).</p> <p>≈ The owner, developer, borrowers and any of their employees, agents, or sub-contractors in doing business with MBOH understand and agree that it is the total responsibility of the owner(s) to adhere to and comply with all Federal Civil Rights legislation inclusive of the Fair Housing Laws, ADA as well as any State and local Civil Rights legislation along with any required related codes and Laws (p. 38).</p>