



**MONTANA**  
DEPARTMENT OF COMMERCE

**HOUSING DIVISION – MONTANA BOARD OF HOUSING**

## MEMORANDUM

TO: Board members and Staff

FROM: Paula Loving, Office Manager  
Montana Board of Housing

RE: January 8 and 9, 2015 – Housing Day at Rotunda, Strategic Planning and Board meeting.

DATE: January 2, 2015

Here is a brief overview of the schedule for January's Board of Housing events

- **Housing Day at the Rotunda** - Join us in the Rotunda on January 8, 2015 from 9:00 a.m. to 1:00 p.m. as we share information about affordable housing in Montana with our elected representatives. This is a special opportunity to meet them during the first week of session. We will invite all Legislators and their staff to join us for lunch and have wonderful opportunity to network and chat about housing. The Housing Division will be serving their delicious homemade chili again. There will be an opportunity to hear what is happening around the state and to honor those that have created special affordable housing opportunities for individuals, families and communities across Montana.
- **Strategic Planning Work Session** – Montana City Grill (4 Mount Highway 518, Montana City) On January 8, 2015 at 2:00 p.m. (directly after Housing Day at the Rotunda), Staff will present each of the Housing Division Program's 2015 strategic plan for the Board's review and input. The Board will review the results of the survey and work on developing a plan for the Board specifically.
  - *Appetizers* - served after Staff's presentations and prior to Board's session (4:15 p.m.)
  - *Dinner* – Served after Board's Strategic Planning Session (7:00 p.m.)
- **Hotel Reservations** have been made at the Elkhorn Mountain Inn (1 Jackson Creek Rd, 406.442.6625) which is across the street from Montana City Grill. I have made reservations for the following individuals:

Bob Gauthier	Doug Kaercher
Ingrid Firemoon	Jeanette McKee
Sheila Rice	
- **Board Meeting** – will start at 8:30 a.m. on Friday, January 9, 2015 in the conference rooms at the Board offices. Breakfast snacks will be provided. The Board packet was sent electronically as well as in your physical Board Packet will be available at the Strategic Planning Session.

If you have any questions or need anything please let me know.

**MEG O'LEARY, DIRECTOR**



**STEVE BULLOCK, GOVERNOR**

<http://housing.mt.gov>

301 S. Park Ave. Ste 240 | P.O. Box 200528 | Helena, MT | 59620-0528 | Phone:406.841.2840| Fax:406.841.2841| TDD:406.841.2702

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# MONTANA BOARD OF HOUSING

**Meeting Location:** 301 S Park Ave., Room 228 - Helena MT 59601  
(406) 841-2840

**Webinar Information:** Click on the following link to register and attend the MBOH meeting via GoToWebinar. You will be able to sit at your PC and see the documents that are discussed in the meeting. Use the toll-free conference call to hear the meeting.

<https://www1.gotomeeting.com/register/484637160>

**Conference Call Information:** You may listen and participate from your office or home.

You may use this toll free access number: **(877) 273-4202** and then this number when prompted: **7233056#**

## Thursday, January 8, 2015:

2:00 P.M. Strategic Planning Session – Montana City Grill Upstairs Conference Room

## Friday, January 9, 2015:

I. 8:30 A.M. CALL MEETING TO ORDER – Chair JP Crowley

II. PUBLIC COMMENT ON ANY PUBLIC MATTER THAT IS NOT ON THE AGENDA OF THE MEETING AND THAT IS WITHIN THE JURISDICTION OF THE AGENCY (remind audience to sign in on attendance sheet)

### III. AGENDA ITEMS

#### Minutes

- Approval of Prior Board Meeting Minutes

#### Finance Program (Cody Pearce)

- Finance Update

#### Homeownership Program (Vicki Bauer)

- Homeownership Program Update

#### Multifamily Program (Mary Bair)

- 2016 Qualified Allocation Plan Approval
- Multifamily Update
- RAM – Waiver Request (if needed)

#### Executive Director (Bruce Brensdal)

- Executive Directors Update
  - a. Marketing Update (Penny Cope)
  - b. Operations Update (Stacy Collette)
  - c. Miscellaneous

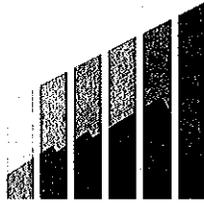
### IV. ADJOURNMENT

V. TRAINING None

❖ All agenda items are subject to Board action after public comment. We make an effort to ensure that our meetings are held at facilities that are fully accessible to persons with disabilities. Any persons needing reasonable accommodations must notify the Housing Division at 406-841-2840 or TDD 406-841-2702 before the scheduled meeting to allow for arrangements.

#### ❖ Future Meeting Dates & Locations: (subject to change)

<u>Day , Date</u>	<u>Location</u>	<u>Day , Date</u>	<u>Location</u>
Monday, February 9, 2015	no meeting	Monday, July 13, 2015	no meeting
Monday, March 9, 2015	??	Monday, August 10, 2015	??
Monday, April 13, 2015	Havre	Monday, September 14, 2015	Helena
Monday, May 11, 2015	no meeting	Monday, October 12, 2015	no meeting
Monday, June 12, 2015	Bozeman	Monday, November 9, 2015	Helena
		Monday, December 14, 2015	no meeting



**MONTANA**  
DEPARTMENT OF COMMERCE

HOUSING DIVISION – MONTANA BOARD OF HOUSING

**MONTANA BOARD OF HOUSING**

MACo – 2715 Skyway Drive – Helena, MT  
November 17, 2014

**ROLL CALL OF BOARD**

**MEMBERS:**

J.P. Crowley, Chairman (Present)  
Bob Gauthier (Present)  
Doug Kaercher (Present)  
Ingrid Firemoon (Present via Webinar)  
Jeanette McKee (Present)  
Pat Melby (Present)  
Sheila Rice (Present)

**STAFF:**

Bruce Brensdal, Executive Director  
Mary Bair, Multifamily Program  
Vicki Bauer, Homeownership Program  
Cody Pearce, Accounting Program  
Penny Cope, Public Relations  
Stacy Collette, Operations Manager  
Paula Loving, Executive Assistant  
Kellie Guariglia, Multifamily Program  
Jeannene Maas, Homeownership  
Todd Jackson, Multifamily Program  
Angela Heffern, Accounting Program  
Charlie Brown, Homeownership Program

**COUNSEL:**

Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

**UNDERWRITERS:**

**OTHERS:**

Mark Peterson Hill County  
Alex Burkhalter, Housing Solutions  
Lori Davidson, Missoula Housing Authority  
Taylor Hunt, Syringa Housing Corporation  
Suzette Sanders, Fairway Independent Mortgage Corporation  
Kim Sickler, BlueLine Development  
Nate Richmond, BlueLine Development

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Jason Boal, BlueLine Development  
Chris Grenz, City of Miles City  
Mary Martin, HRDC Havre  
Jeff Rupp, HRDC Bozeman  
Rusty Snow, Summit Housing Group  
Karen Thomas, HRDC 4  
Don Sterhan, Mountain Plains Equity Group  
Gene Leuwer, GL Development  
Alison Redmour, Montana Tobacco Use Prevention Program  
John Firehammer, Montana Tobacco Use Prevention Program  
Beki Brandborg, Echo Enterprises  
Joe Pont, Fairway Independent Mortgage Corporation  
Harlan Wells, Missoula Housing Authority  
Heather McMilin, Homeword, Inc.  
Peter Gray, Benefis  
Carson Taylor, City of Bozeman  
Wendy Thomas, city of Bozeman  
Andrea Davis, Homeword  
Belinda Theif  
Greg Dunfield, GMD Development  
Jay Milam  
Joseph Eaton  
Julie Stiteler, Homeword  
Kirk Bruce, Detroit Affordable Homes  
Logan Anderson, Mountain Plains Equity Group  
Nate Shepard, Blueline Development  
Patrick Klier, Summit Housing Group  
Seana Rau, Mountain Plains Equity Group  
Steve Dymoke, GMD Development  
Charles Walking Child, Native American Contracting Company

### **CALL MEETING TO ORDER**

Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 10:05 a.m. Introductions were made. Bruce Brensdaal reviewed the Webinar procedures.

Chairman asked for any public comment not on the agenda. Heather McMilin, Homeword Inc., provided an update on the Southern Lights project. All renovations have been done on building one. The completion of this building should be completed by end the year. Homeword is working with HOME program to secure funding on Building 2.

Charles Walking Child, Native American Contracting Company, presented to the Board a letter he wrote regarding his views on the relationship between the Board and/or its members and specific Tribal entities receiving Tax Credit funding. Mr. Walking Child stated in his opening statement that he was surprised there was no representation by

Native Americans at the meeting, given it was the allocation of Tax Credit funding for low income housing. As representation of the State of Montana which has been assigned guardianship over the Tax Credits, the Montana Board of Housing has the responsibility to ensure Native Americans are given a fair chance at receiving Housing funds. Mr. Walking Child specifically mentioned Travois Consulting relationship with Board Member Bob Gauthier. Supported by the contents of the letter Mr. Walking Child spoke of his understanding Travois Consulting had hired Mr. Gauthier as a Consultant for submitting Tax Credit applications. Through the tight relationship between Travois and Mr. Gauthier, work is being performed by out of state people and it is driving costs up on these projects. It is the Board's responsibility to monitor these projects and giving Native Americans the chance to bid for these projects needs to be reviewed. Bruce Brensdal addressed Mr. Walking Child's written and verbal concerns and stated MBOH Staff will look at these concerns and respond. Mr. Walking Child questioned why the MBOH Board did not have any Native American representation. Bruce stated the Board is comprised of two Native Americans, Ingrid Firemoon and Bob Gauthier.

After the 2015 Tax Credit Allocations portion of the meeting, Bob Gauthier asked for the Chairman for a few minutes to respond to Mr. Walking Child's remarks. Bob stated that while he never has met Mr. Walking Child, he understands his frustration of developing housing in Indian country and Tax Credits are extremely difficult. Bob stated that even before his tenure as a Board member, MBOH has always worked with Indian programs and the staff has worked to make sure that this valuable resource is reaching the Tribes. Bob stated since he quit working for Salish and Kootenai approximately ten years ago, he has contracted with National American Indian Housing Council, which is a technical assistance contract. He has also worked with NeighborWorks, but at no time has he had a contract or did he advocate for Travois. While having been sued by Travois as part of the MBOH Board, Bob has recognized David Bland's meaningful way to bring Tax Credits to Indian Country and getting people excited in his marketing has been a good thing. Bob states anybody, particularly an Indian who shows some initiative should have opportunity to work, but if they have questions they should call himself or the MBOH Staff. Bob concluded that he is proud of the fact that MBOH has two enrolled tribal members on the Board and it shows the Administration's commitment to the Indian reservations.

#### **APPROVAL OF MINUTES**

Doug Kaercher moved to approve the September 15, 2014 MBOH Board meeting minutes and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The September 15, 2014 Board meeting minutes was passed unanimously.

#### **FINANCE PROGRAM**

Cody Pearce provided the Finance update. Cody reviewed the Diversification and Investment Report with the Board. Cody stated the MBOH Fiscal Year 2014 Financial Statement's audit was completed and there were no findings.

## **HOMEOWNERSHIP PROGRAM**

Vicki Bauer brought to the Board a request for a Participating Lender Approval Application from Fairway Independent Mortgage Corporation. Vicki introduced Suzette Sanders and Chris - the Bozeman office - who provided a brief history of the Fairway Independent Mortgage Corporation. The main office is in Plano, Texas, with an office in Bozeman. Sheila Rice asked about the lender's opportunities for manufactured homes on permanent foundations. Chris stated their lending institution offers these loans. Sheila Rice moved to approve Fairway Independent Mortgage Corporation as a participating lender. Doug Kaercher seconded the motion. Chairman asked for comments. Fairway Independent Mortgage Corporation was approved unanimously as an MBOH participating lender. Jeanette McKee stated she appreciate the travel from Texas, as it shows the commitment to this Board and its programs.

Vicki Bauer pointed out the MBOH Brag Board located within the Board Packet, which included borrowers' comments on the great work MBOH staff has been doing. Chairman Crowley stated the Board appreciates seeing this feedback as well.

Vicki Baur provided a Homeownership Program update. Vicki stated since the last Board meeting in September, the regular loan programs has reserved 39 loans, Score Advantage program has reserved two loans, and the Veteran's loan program has reserved 13 loans. The current interest rate is 3.75%. Vicki stated the approved 2014B Bond Resolution will become the 2015A Bond Resolution due to the timing of the closing.

Vicki Bauer provided the Board with the Delinquency and Foreclosure Report, Servicer's Report and the Setaside Report.

## **MULTIFAMILY PROGRAM**

Mary Bair reviewed the documentation provided to the Board for the 2015 Montana Housing Tax Credit application summary. This documentation was provided to the Board both electronically and in physical copies. Kellie Guariglia provided a brief overview of the applications' physical site visits conducted by MBOH staff.

Greg Gould, Board Council, explained the Setaside for Small Rural projects. The setaside is 20% of the overall total Credits. As part of this Setaside the project must submit no more than 10% of the total pool for the project and must not be located the specified urban areas of Montana.

The Board allowed final public comment by developers and public for each application.

- Gallatin Forks, Manhattan – Taylor Hunt, Syringa Housing Corporation, rehabilitation of 16 units for family housing – thanked the Board on the QAP process and project review. Gallatin Forks requested \$153,494 Tax Credits from the Small Rural Setaside.
- Stower Commons, Miles City - Alex Burkhalter, Housing Solutions, new construction 30 units of family housing – provided a brief update of Housing Solutions projects and the great timing for Miles City. Mr. Burkhalter addressed

concerns from the last meeting regarding waitlists on other properties within Miles City. The other sites in Miles City serve 0-30% low income and this project will serve 50-60% low income, so the individuals served are different demographics. Miles City Mayor Grenz stated this project is a much needed housing solution for the people of Miles City. Mary Bair clarified the two subsidized housing projects within Miles City do have vacancy and this is due mostly to the high deposit required by the City of Miles City. Stower Commons requested \$610,000 Tax Credits from General funds.

- Urban Missoula, Missoula – Heather McMilin, Homeword, 34 new construction units for family housing – provided a brief update on the project. Urban Missoula requested \$430,000 Tax Credits from General funds.
- Guardian Apartments, Helena – Kirk Bruce, Detroit Affordable Homes, rehabilitation of 118 units for senior housing – provided the successful history of Detroit Affordable Homes rehabilitation efforts within Montana. Mary Martin stated Guardian Apartments has lived its lifespan and needs a major rehabilitation.
- Antelope Court, Havre – Karen Thomas, HRDC Havre, and Gene Leuwer, GL Development, new construction 24 units for family housing with 21 units being fully accessible – addressed the concerns from Buffalo Court residents. A public meeting was held and discussion resulted in favorable support by the Buffalo Court residents. Mark Peterson, Hill County Commissioner, expressed the need for this housing which includes fully accessible units which is a great need for this area. Antelope Court requested \$568,750 Tax Credits from General fund.
- Stoneridge, Bozeman – Jeff Rupp, HRDC Bozeman, new construction 48 units for family housing – expressed the critical need of available affordable housing needs in Bozeman. Jeff Krauss, current Mayor of Bozeman, stated the Mill Levy setaside for affordable housing will be used on this project. Carson Taylor, Deputy Mayor of Bozeman, stated the commitment of Bozeman for this project. Stoneridge Apartments requested \$658,750 Tax Credits from General fund.
- Cascade Ridge II, Great Falls – Peter Gray, Benefis Health System, 16 new construction units for elderly housing, - stated the change from last meeting is the Cascade Ridge I's waitlist continues to grow. Cascade Ridge II requested \$245,183 from General fund.
- River Ridge, Missoula – Harlan Wells, Housing Authority of Missoula, rehabilitation of 70 units for senior housing – stated since the last meeting it has been discovered that five units that have been leaking rain water for the past couple of years. This project will result in lowering the rents for current tenants. River Ridge Apartments requested \$501,723 from General fund.

Sheila Rice asked for clarification regarding forward allocation from future Tax Credit years. Mary Bair stated there is no forward allocation from future years and partial Tax Credits have been awarded, but those projects were not awarded remaining Tax Credits the following year due to the competitive process and project submitted.

Sheila Rice moved to approve Gallatin Forks in Manhattan and Bob Gauthier seconded the motion. Sheila stated this project is the only project which meets the requirements of the Small Rural Setaside requirements.

A Roll Call vote was taken:

Bob Gauthier	Yes
Sheila Rice	Yes
Doug Kaercher	Yes
Pat Melby	Yes
Jeanette McKee	Yes
Ingrid Firemoon	Yes
J.P. Crowley	Yes

Gallatin Forks was approved for \$153,494 Tax Credits unanimously.

Doug Kaercher moved for approval of Antelope Court for Tax Credits. Bob Gauthier seconded the motion. Doug stated this area is in desperate need of quality housing which will serve not only the City of Havre, but the two Indian reservations close by. Jeanette McKee stated she will not be supporting this project based on the requirements in which she personally ranks each project.

A Roll Call vote was taken:

Bob Gauthier	Yes
Sheila Rice	No
Doug Kaercher	Yes
Pat Melby	No
Jeanette McKee	No
Ingrid Firemoon	Yes
J.P. Crowley	Yes

Antelope Court was approved for \$568,750 in Tax Credits.

Pat Melby moved to approve Guardian Apartments for Tax Credits in Helena. Jeanette McKee seconded the motion. Pat stated this would preserve existing low income housing which is in severe need of rehabilitation. Bob Gauthier stated while he likes this project, his concern is based geographical distribution and other areas are still lacking Tax Credit distribution.

A Roll Call vote was taken:

Bob Gauthier	No
Sheila Rice	Yes
Doug Kaercher	Yes
Pat Melby	Yes
Jeanette McKee	No
Ingrid Firemoon	No
J.P. Crowley	Yes

Guardian Apartments was approved for \$658,758 in Tax Credits.

Jeanette McKee moved to approve Stoneridge Apartments in Bozeman. Pat Melby seconded the motion. Jeanette stated this developer has submitted this project multiple times and this, along with the collaborative efforts with the City of Bozeman, shows the dedication to this project. In addition, the City of Bozeman has not received significant Tax Credits since 2005. Bob Gauthier expressed the geographical distribution across the state.

A Roll Call vote was taken:

Bob Gauthier	Yes
Sheila Rice	Yes
Doug Kaercher	No
Pat Melby	Yes
Jeanette McKee	Yes
Ingrid Firemoon	No
J.P. Crowley	No

Stoneridge Apartments was approved for \$658,750 in Tax Credits.

Sheila Rice moved to approve Cascade Ridge II in Great Falls and Bob Gauthier seconded the motion. Sheila stated the waitlist for original Cascade Ridge is over 100 and these 16 units will help. In addition, this project represents the outstanding work Tax Credit dollars can provide. The phase I doesn't look like low income housing. Doug Kaercher commented on the impressive Cascade Ridge I structure and will support this project due to the great use of Tax Credits.

A Roll Call vote was taken:

Bob Gauthier	Yes
Sheila Rice	Yes
Doug Kaercher	Yes
Pat Melby	Yes
Jeanette McKee	Yes
Ingrid Firemoon	Yes
J.P. Crowley	Yes

Cascade Ridge II was approved unanimously for \$245,183 Tax Credits.

Pat Melby moved to approve the remaining Tax Credits in the amount of \$398,000 to Urban Missoula. Doug Kaercher seconded the motion. Doug stated the Missoula's community has shown great support for this project. Sheila Rice stated it is difficult to determine between two projects in the same community and this project's cost per unit is higher than the rehabilitation project. Pat has walked through the Sawmill area in Missoula and this project will be a great addition to the area. Jeanette McKee asked for justification on cost per unit. Heather McMilin, Homewood, stated this is a new development area and this includes above market rate of the land. Ms. McMilin stated the remaining credits would almost meets the full requested amount and other funding will be sought out to complete this project.

A Roll Call vote was taken:

Bob Gauthier	Yes
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Sheila Rice	No
Doug Kaercher	Yes
Pat Melby	Yes
Jeanette McKee	Yes
Ingrid Firemoon	Yes
J.P. Crowley	Yes

Urban Missoula was approved for the remaining Tax Credits in the amount of \$398,000.

Mary Bair provided the Multifamily update. Mary reviewed the construction updates on previous allocated Tax Credit projects. Buffalo Grass is fully leased. Apsalooke Warrior Apartments will be starting construction in a month or so. Cedar View has submitted plans. Chippewa Cree will start construction in early December. Hillview Apartments rehabilitation is continuing. Fort Peck is working through closing. Soroptimist Village rehabilitation continues with two buildings completed. Yellowstone Commons started in September. Aspen Place had the Grand Opening last week. Sunset Village's buildings which are to be replaced have been demolished. Wolf Point Village is reviewing costs. Voyageur will have a spring construction start. The Buffalo Grass and Southern Lights loans will be closing within the next two weeks.

Pat Melby moved to release the 2016 Qualified Allocation Plan (QAP) for public comment. Bob Gauthier seconded the motion. Mary Bair reviewed several major changes proposed by the 2016 QAP.

Sheila Rice moved on page 17 - Smoke Free Housing – to vocally be recognized as a requirement of Smoke Free Housing requirements with the exception of the last sentence to replace the word “may” with “must”. The sentence was “The written policy *must* appropriate exceptions for bona fide cultural or religious practices”. Pat Melby seconded the motion. John Firehammer, MTUPP, stated within the last QAP workshop discussion between MBOH Staff and developers provided requirements suitable for compliance by property management and not MBOH Staff. Alison Reidmaour, MTUPP, addressed the wording of Tribal beliefs.

Ingrid Firemoon inquired on the revisiting of this topic since it had already been finalized previously. Bruce Brensdaal stated from year to year, there are topics within the QAP which will be revisited and updated. Jeanette McKee appreciated the continuous defining of Smoke Free Housing and how to be monitored.

Ingrid Firemoon stated the “bona fide cultural” may need to be reviewed and she will look at wording.

The motion to recognize the change in the Smoke Free Housing was approved unanimously.

After review of the proposed 2016 Qualified Allocation Plan, Pat Melby called question.

The 2016 Qualified Allocation Plan was approved to be released for public comment.

**EXECUTIVE DIRECTOR UPDATE**

Penny Cope and Sheila Rice stated the Housing Day at the Rotunda day is January 8, 2015 and the January Board meeting has been scheduled for the 9th so Board members can attend the Housing Day as well.

Stacy Collette, Operations Manager, provided the Board with an update of Montana Board of Housing staffing and the expectations of reporting to the Board on a monthly basis. Stacy is working on strategic planning and Board's input will be needed in the coming months.

Bruce Brensdal provided the proposed meeting dates for 2015. Bruce thanked Mary Bair and Kellie Guariglia and the rest of the Multifamily program for their efforts of the Tax Credits allocation process and the Qualified Allocation Plan work.

Harlan Wells, Missoula Housing Authority, addressed the Board regarding the 2015 QAP's Section 9 – Award Determination Selection Standard – *“If all of the authorized credits are Award after a particular cycle, MBOH may place qualifying Applications which did not receive an Award of tax credits on a waiting list for potential Award of tax credits in the event credits become available at a later date.”* Pat Melby moved to approve and place in order of River Ridge Apartments and then Stower Commons to be placed on a waitlist in case any Awarded Tax Credits are returned. Jeanette McKee seconded the motion. Sheila Rice expressed concern of bypassing a second round of Tax Credits and if a return was given back and there was another qualifying project in the same town, this would limit this opportunity for the town originally awarded. Bob Gauthier stated he liked both projects, however, whether this is a new policy should be considered.

A Roll Call vote was taken:

Bob Gauthier	Yes
Sheila Rice	No
Doug Kaercher	No
Pat Melby	Yes
Jeanette McKee	Yes
Ingrid Firemoon	Yes
J.P. Crowley	Yes

River Ridge and Stower Commons were placed on a waitlist for returned Tax Credits, if any become available.

Meeting adjourned at 1:12 p.m.

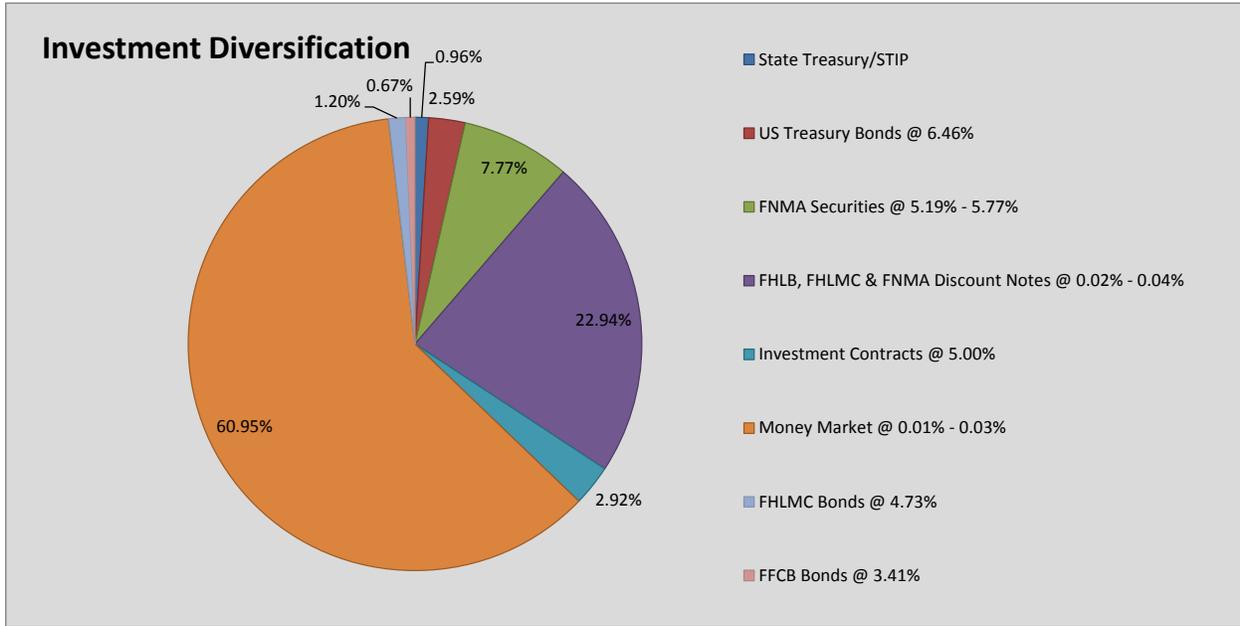
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Sheila Rice, Secretary

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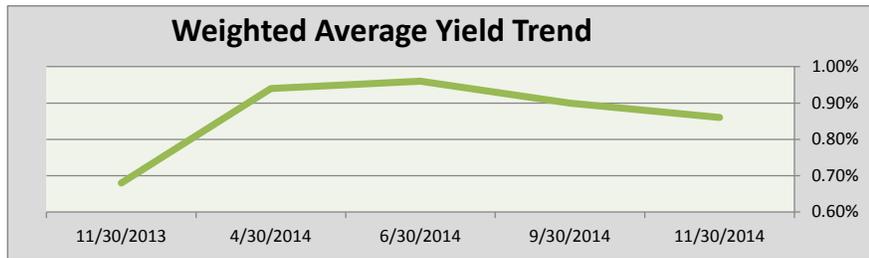
Date

**Montana Board of Housing  
Accounting and Finance  
Investment Update  
November 30, 2014**



FNMA = Federal National Mortgage Association  
 FHLB = Federal Home Loan Bank  
 FHLMC = Federal Home Loan Mortgage Corporation  
 FFCB = Federal Farm Credit Bank

Note: All Single Family Indentures debt service due date was 12/01/14, thus several short-term investments matured just prior to 11/30/14. At the beginning of December approximately \$43 million was used to pay debt service and approximately \$26 million was reinvested in short-term investments earning 0.06%.



Portfolio Maturities	Available now	Less than 1 year	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	Grand Total
	\$ 114,495,234	\$ 42,430,000	\$ 1,230,000	\$ 17,114,000	\$ 2,225,000	\$ 7,446,392	\$ 184,940,626

## 2016 QAP Public Hearing Minutes

2:00 pm at Holiday Inn Downtown Helena MT

Attendees in person:

Mary Bair- Multifamily Program Manager for Tax Credit Program for Montana Board of Housing  
Gene Leuwer- GL development Helena  
Alex Burkhalter – Housing Solutions Missoula  
Harlen Wells – Missoula Housing Authority  
Sam Long- Summit Housing Group  
Bret George- Wish Rock Investment Group  
Logan Anderson – Mountain Plains Equity Group  
Beki Brandborg – Echo Enterprises  
Kellie Guariglia – Montana Board of Housing

On phone:

Darren Murphy – Commonwealth Development Portland Oregon  
Emily Siedlik – Travois in Kansas City  
Kevin Thane – Greater Gallatin Homeless Action Collation  
Heather McMilin – Homeword Missoula  
Jess DePree- Northwest Real Estate Capital Group Boise ID  
Greg Dunfield – did not introduce self  
Laura Bland – MPEG  
Patrick Klier – Summit Housing Group

This is the public hearing the Montana Board of Housing 2016 Qualified Allocation Plan for the Housing Credit Program. People in the room introduce themselves. Please use star 2 to mute your phones and also to unmute.

Mary Bair: The purpose of this public hearing is to accept verbal comment at this time on the 2106 Qualified Allocation Plan which probably would be referred to most of the time in this dissection as the QAP. I received some written comments from Kevin Thane that will be submitted as written comments. Kevin did you say anything about those comments?

Kevin Thane: Not at this point. If you enter them into the record and if I feel that it appropriate additional comment is necessary after hearing what others have to say then I'll come back on the line.

Mary Bair: thank you. So we have those and they will be recorded with the written comments. Any other comments?

Heather McMilin: This is Heather with Homeword I know we have recently gone through a verbal process and I'm assuming those comments will be incorporated and will we see a version of the QAP reposted for public comment by the 22<sup>nd</sup> with some of those changes incorporated or are we commenting?

Mary Bair: We'll post a new version of the QAP with the comments that were discussed at the meeting previous to this by the end of the week. Probably before that.

Heather: great, thank you

Mary: Any other comments?

Kevin Thane: This is Keven Thane again and hearing the previous question, perhaps some changes were decided upon it sounds like it she's indicating those changes will be incorporated into the 2016 plan. I submitted comments for possible changes how will those be examined and perhaps included in the 2016 plan?

Mary Bair: What we discussed earlier were only proposed changes. The written comments are submitted to the Board Members as written comments and they will address each of them as they go through the approval of the QAP.

Kevin Thane: So the document that will be posted you indicated by the end of this week then is the document with the proposed changes based on those comments or where are we at that point?

Mary Bair: the changes that were proposed today are just adjustment to some the changes staff had made. Everything has to be approved by the Board. So because some of those changes were worked through in this discussion will be posted. I can speak to legal about public comments.

Kevin Thane: So I guess my understanding would be then the Board would receive from you then the information I sent along to you that they could look at the possibility of incorporating some of them into the 16 Plan. Is that correct?

Mary Bair: Yes that is correct.

Kevin Thane: Thank you.

Mary Bair: You're welcome. Other comments? Looks like Patrick Klier has joined us from Summit Management. Hi Patrick.

Patrick Klier: Hi there.

Harlen Wells: come on Patrick I know you have a comment or two.

Patrick Klier: Sorry I'm late. Who's all there, is this more of a general deal? Is there a big public crowd there personally?

Mary Bair: We have 7 in the room besides Kellie and myself and have 8 on the phone.

Patrick Klier: You really want to hear some of my true feelings?

Mary Bair: Well this is a public hearing on the record. You can certainly can if that is what you would like to do.

Patrick Klier: Well I'll just express one little odd feeling here as I myself of spinning ones wheels going to all the this trouble trying to help make this QAP sound and then yet the points are totally disregarded when it comes to making an award. Where a first place point project doesn't even get a sniff and the

worst project gets brought up to try and make it in when the Board pays no attention to scoring. So it appears to be a personal agenda. It's deflating to continue working on this.

Mary Bair: ok.

Kevin Thane: This is Kevin Thane again. Could you have Patrick introduce himself so we know who he represents?

Patrick Klier: I'm Patrick Klier, Vice President of Summit Management Group, been involved in this since 2002 working with the Board. Summit Housing Group Inc. is a subsidiary of ours Summit Management starting doing the development and then reorganized with a subsidiary to do the development and Highland Property Management is our arm for doing management of our projects.

Kevin Thane: Thank you.

Gene Leuwer: This is Gene Leuwer I just in terms of the public hearing I would like to express support of the draft of the plan. I would imagine there will be some adjustments based on today's discussion and on the essentially updates last years' plan but I think it's a creditable effort that fairly reflects the views of those interested of those who participated in the discussion. I support at least the draft in most aspects as its currently proposed.

Mary Bair: Thank you. Anyone else that would like to make a comment?

Heather McMilin: Mary, this is Heather, I will echo Gene's support of the conversation that was had earlier and the comments submitted now and support to push the QAP through for Board discussion.

Mary Bair: Thank you.

Beki Brandborg: Would it help if we all do that Mary, no?

Mary Bair: Any other comments for this public hearing record? Cover a few more minutes. Make sure no one comes late. Are there any more comments for this public hearing? If there are no more further comments for this public hearing, this public hearing is now closed. Thanks everybody for your input if you have any written comments, please submit them to myself or Kellie.

Heather McMilin: Thank you Mary and if you could let us know when the posted recent version of the QAP is posted we can review and comment by I assume the 22<sup>nd</sup>?

Mary Bair: I think that is the deadline we put out there. Ok, thank you.

source, this requirement can be met by either cash, letter of credit from a financial institution, or a Developer guarantee that a syndicator has accepted the responsibility for a reserve.

### Replacement Reserves

Minimum replacement reserves must be built up in amount equal to at least \$250 per unit annually for New Construction developments for elderly and \$300 for other New Construction and Rehabilitation developments, until the replacement reserve equals at least \$1,000 per unit. Upon Allocation of tax credits, the Project has five years to attain and must then maintain replacement reserves in at least that amount per unit. Exceptions may be made for certain special needs or supportive housing developments. Exceptions will need to be documented and will be reviewed on a case by case basis. In projecting replacement reserves (15 year pro-forma), developments should take into account a realistic rate of inflation foreseeable at the time of application. The specific requirements for reserves, including the term for which reserves must be held, will be included in the limited partnership operating agreement and meet the requirements of the Investor.

### Utility Allowances

The Montana Department of Commerce Section 8 Utility Allowances are the only acceptable utility allowances allowed for applications unless provided by USDA (Rural Development) or an approved local public housing authority. Utility allowances provided by utility providers will not be considered or accepted. Any time after one year of being placed in service Owners may submit 12 months of actual utility bills for MBOH to average and approve an AGENCY APPROVED ALLOWANCE. This includes all existing tax credit properties. For properties rehabilitated with MHTCs, data collected prior to being placed in service may be submitted at Acquisition Place in Service (PIS) or later to obtain an AGENCY APPROVED ALLOWANCE. Should we talk about HOME utility allowances (HUD model)??

### ~~Applicable Percentage Rate for Tax Credit Calculation is this the right spot.~~

~~For purposes of preparation, submission, underwriting and evaluation of Applications and Award of MHTCs, the tax credit amount for a Project must be calculated using the percentage of the building's qualified basis determined according to the rate published by the federal government for the month prior to the date of Application (or another percentage rate permitted by federal law).~~

### Project Accessibility Requirements

The Fair Housing Act including design and accessibility applies to MHTC properties. All New Construction and rehabilitation that at least replaces interior walls and doors must incorporate the following: These originally appeared to be pulled directly from the Fair Housing Design and Construction Requirements (FairHousingAccessibilityFirst.org is a great site for these regs and has online presentation material that I use regularly)... but upon closer look, the first line states the Fair Housing Act (it should state Design and Construction Requirements) including design and accessibility applies to MHTC properties... but then the rest of the requirements actually differ from the D & C requirements... which could be confusing. So it may be important to note in here that MHTC properties must not only meet FHA D&C requirements but must further meet the requirements listed below...

So, one of the differences is that they are suggesting that all new construction and rehabilitations that replace interior walls and doors... the FHA only requires this for ground floor units or units accessible by an elevator in projects with four or more units under one roof and provides exclusions for townhouses and most rehabilitation projects (including only portions of the rehab that are absolutely new construction... like they add on to an existing

building or have left only the façade and built new behind it). It may need to be more clear that they are not just saying to comply with the FHA (with those exclusions built in) and that they are actually indicating all new construction no matter whether its a ground floor unit or not, a townhouse or not, one unit, two units, three units, etc...

Plus the FHA design and construction guidelines are more specific, but seemly less restrictive than the guidelines indicate.

1. FHA says doors are to have 32" clear width and this document specifically says 36" doors, which does not allow for 34" doors with special hinges that can get 32" clear opening. That's fine, because I typically tell people that a 36" door is a much better option and typically costs less or the same as a 34" door plus telling folks a 32" clear opening width confuses them into thinking they can use a 32" or 34" door.

2. FHA says lever handles or accessible door operators on the entry door, but does not require it on interior doors and this document states lever handles on all doors (except exterior swing doors). Exterior swing doors may be made clearer by stating exterior or interior doors without latches. I think the ADA has specific door approaches and has an exclusion for doors without latches and closers which may be appropriate to duplicate here.

3. FHA states all outlets, switches and environmental controls must be between 15" and 48" with some restrictions when you must reach over obstacles to operate the fixture. Environmental controls include thermostats as well as the reach range for window locks and ceiling fans (suggesting a pull cord dangling at 60" is not acceptable). It is also pretty specific that you measure from the center of the lowest receptacle of the outlet so that its not the top of the box at 15" making the receptacles lower. However, I typically suggest that this minimum of 15" to the center of the bottom receptacle is much more easily reached if it is set at 18" and if we specify that the center of the outlet box is to be no lower than 18" then we achieve that reachability goal. Likewise, I typically suggest that centering the switch at 48" above the floor surface only complicates things for the contractors because if they place the outlets over a counter, they much reduce it to 46" if there is side approach to the switch and 44" if there is only front approach to the outlet... they should simply tell there contractor to install all switches at 44" from the center of the box. This just makes it easier for the contractor to not mess it up. By stating the operable portions of environmental controls to include thermostats, ceiling fans, window latches, etc (also stating that this may not be a complete list of what would be considered environmental controls) we capture more a more precise description of where we want the devices measured from, but leave the description of environmental controls open to future items that may fall in that category. Obviously thermostats with their controls on top should be measure to the part that requires reaching.

4. The blocking in the walls for future grab bars doesn't differ from FHA, however FHA has a narrow view of where and how much blocking goes in the wall. I always suggest that the blocking should be installed so that it minimally accommodates the height range provided by the ADA for grab bars which I believe is 33" to 38" and accommodates a typical mounting bracket for a grab bar. So, if a grab bar is mounted so that the top of the bar is at 33" the three screws that go through the grab bar bracket into the wall should all hit the blocking. The bar is 1-1/2" and the bracket it usually 3" in diam, putting the bottom screw

about 2-1/4" lower than 33" or at about 30-3/4" and you'd hope that the screw doesn't just edge the blocking, but fully engages the blocking to provide the required shear force strength. Same if you mount the grab bar at 38", the screw is at least 3/4" higher or at 38-3/4"... The FHA requires 6" of blocking which as you can see leaves gaps between 30-3/4 and 38-3/4. Blocking is cheap and is often scrap wood cut off of other lumber used on site. I recommend blocking that is at least 10" to 12" wide placed to within at least 29-1/2" of the floor surface and upto at least 39-1/2" of the floor surface. This will allow the use of a 2x12 for blocking and provide a range for the grab bars to be placed.

Special consideration should be provided to blocking behind shower enclosures which protrude from the wall about 1-1/2". The typical wall blocking is between the studs of the wall, flush with the wall. If there is a gap between the wall and the enclosure (which there typically is) a grab bar installed in the shower wall will destroy the enclosure unless the blocking is doubled up so that the enclosure wall pushes directly against the blocking or the shower enclosure is specifically designed with blocking integral to the wall.

One last point about blocking is that often in residential construction, there is no wall between the shower/tub and the toilet, so there is no place to mount a grab bar unless it mounts to the wall behind the toilet and posts to the floor or is a fold down grab bar. In instances where there is no place to mount a grab bar to the wall, additional blocking must be located in the wall behind the toilet and in the floor. I've even seen a great application where a couple of the tiles on the wall behind the toilet were held in place with a couple of magnets, easily removable to reveal brackets for fold down grab bars. A terrifically in expensive inclusion that makes that bathroom very adaptable.

5. Lever style faucets for laundry hook-up, lavatory and kitchen sinks. This one is new to me. I can understand that it would be beneficial for a water shut off for the house or even a manifold (used in the latest plumbing trends for pex pipes) that allows you to shut off individual fixtures from one central location would ideally be within reach ranges and have operable handles (meaning lever handles that require less than 5lbs of force to operate) That's cool if that was the intention. I think that most people don't tend to install their own washers and dryers because its a pain to have to reach behind the washer and dryer and it often requires plumbing tools, so I'm not sure I'm on board with requiring laundry hook-ups (specifically) to have lever handles. I am fully on board with all faucet fixtures, whether a laundry, kitchen, bathroom or bar sink, having a single lever handle style faucet that is within an appropriate reach range/distance from the front edge of the counter-top. These single lever style faucets are typically mountable in a variety of locations depending on the length of the hose and where the mounting holes are drilled. I'm not sure I can detail it in language as well as I could show on paper or on site. I've yet to get a plumber to locate the lever handle in any other place than behind the sink, but I think it would be easy to mount it on one side or the other, making it ultimately more reachable.

6. So, If we are specifying the bathrooms, this should reflect the type A or type B bathroom of the FHA (which are also detailed in the International Building Code). I like requiring at least one ground floor bathroom in all units. This requirement should reflect the FHA in that it should require a 30" x 48" clear floor space outside of the door swing as well as a 30 "x 48" at the lavatory, centered on the sink and a specific clear floor space for the toilet (which is defined in the FHA D&C... but I can't remember off the top of my head) I think it requires the center of the toilet to be at least 18" off the wall or edge of tub and 15" from the vanity

it also requires a larger clear floor space, but then allows the vanity to encroach upto 15" from the center of the toilet. I think it seems easiest to duplicate the Type A or Type B bathroom requirements rather than creating a separate different standard, but adding the additional requirement that at least one Type A or Type B bathroom is required on the ground floor. (noting that the bathroom does not require a shower or bathtub... or maybe it does?)

7. No step entry should mimic the threshold requirement, stating that the threshold shall be not more than 1/2" and shall be beveled starting at not more than 1/4" upto the maximum 1/2" and then back down to 1/4". I think the threshold language probably does better justice, or possibly a better definition on Fair Housing Accessibility First. I think if this specifies the threshold, then it should apply to all units. I think the FHA accessible route requirements combined with the threshold requirements fulfill the "step-less entry" model.

- 36 inch doors for all living areas (except pantry, storage, and closets, 24" deep or less).
- Levered handles for exterior and interior doors (except exterior swing doors with no latch).
- Outlets mounted not less than 15-18" inches above finished floor covering to the center of the lowest receptacle.
- Light switches, and control boxes operable portions of environmental controls to include thermostats, ceiling fans, window latches and/or thermostats are to be mounted no more than 48-44 inches above finished floor covering.
- Walls adjacent to toilets, bath tubs and shower stalls must provide blocking within the wall placed within at least 29-1/2" of the finished floor and upto at least 39-1/2" of the finished floor to allow be reinforced for later installation of grab bars. Special consideration should be provided to blocking behind shower enclosures which typically protrude from the wall about 1-1/2". If there is a gap between the wall and the enclosure, a grab bar installed in the shower wall will destroy the enclosure unless the blocking is doubled up so that the enclosure wall pushes directly against the blocking or the shower enclosure is specifically designed with blocking integral to the wall.  
In instances where there is no place to mount a grab bar to the wall, additional blocking must be located in the wall behind the toilet and in the floor.
- Lever style faucets for laundry hook-up, lavatory and kitchen sink All faucets and water shut-offs are to be operable with a closed fist, require no more than 5 lbs of force to operate and be mounted no higher than 44" and no lower than 18" above the finished floor.
- A minimum of a ground level half-bath with a 30" x 48" clear floor space outside of the door swing as well as a 30" x 48" at the lavatory, centered on the sink and a toilet mounted 18" to the center from the sidewall or edge of tub and a minimum of 15" to the center from the leading edge of the vanity, with a 30x48 inch turn space (also required in Rehab unless waived by staff for structural limitations or excessive cost, etc prior to the start of construction).
- No-step entry to all ground floor units, where the threshold shall be less than 1/2" and shall be beveled starting at not more than 1/4" up to the maximum 1/2" and then back down to 1/4".
- Compliance with these accessibility requirements must be certified in the architect's letter of certification submitted with the 8609 submission.

It is suggested but not required that Projects also include parking for caregivers to the disabled and that lease addendum provide for moving a non-disabled household from a



January 7, 2014

Montana Board of Housing Directors

J.P. Crowley, Chairman

301 S Park Ave Room 240  
Helena MT 59601

VIA: email

RE: Request Support of Smoke-free Threshold Requirement in the Montana Qualified Allocation Plan for Low-income Housing Tax Credits

Dear Chairman Crowley and Montana Board of Housing Directors,

The Alliance for a Healthy Montana is a coalition of health care providers, consumers, voluntary health organizations, tobacco use prevention groups and other interested parties dedicated to helping shape a healthy Montana through specific public policy initiatives.

We believe the Montana Board of Housing has a powerful opportunity to help improve and protect the health of Montana renters by adopting a smoke-free threshold requirement in the Montana Qualified Allocation Plan for Low-income Housing Tax Credits.

Such a policy would serve as a guarantee to help protect individuals and families from the health risks of secondhand smoke, and help those who want to quit using tobacco to achieve success.

Secondhand tobacco smoke contains more than 4,000 chemicals, including 11 cancer-causing poisons and 250 known toxins. Along with lung cancer, health risks from exposure include heart disease, AIDS, development of childhood asthma and chronic ear infections. Allowing smoking also increases the risk for house and apartment fires.

In 2006, the U.S. Surgeon General issued a report concluding there is no risk-free level of secondhand smoke and that the only protection from it is to eliminate exposure.

Those living in low-income housing should not be placed in a situation where they are forced to cope with these health risks. A threshold requirement would help guarantee protection from second-hand smoke, and help ensure that housing funded via the Montana QAP is safe and healthy.

Instituting this requirement also helps address a priority item listed in the state's 2013 Montana Health Improvement Plan, "*Big Sky. New Horizons. A Healthier Montana: A Plan to Improve the Health of Montanans,*" which specifically recommends that the state "**promote the implementation of smoke-free multi-dwelling housing**" as a way to protect Montanans' health.

Thank you for taking this recommendation into consideration.

Sincerely,

A handwritten signature in black ink that reads "Kristin Page-Nei". The signature is written in a cursive, flowing style.

Kristin Page-Nei, Chair, Alliance for a Healthy Montana

Kristin Page-Nei, Montana Government Relations Director, American Cancer Society Cancer Action Network

Kim Davitt, Montana Initiatives Manager, American Lung Association

Erin McGowan, Executive Director, Association of Montana Public Health Officials

Kristianne Wilson, Executive Director, Health Policy, Billings Clinic

Melanie Reynolds, Health Officer, Lewis and Clark County

Mary Beth Frideres, Program Director, Montana Primary Care Association

Lora Weir, Executive Secretary, Montana Public Health Association

Barbara Schneeman, Director, Communications and Advocacy, RiverStone Health

Nancy W. Lee, Executive Director, Susan G. Komen Montana Affiliate

cc: Bruce Brensdal, Executive Director

Mary Bair, MBOH Multifamily Program Manager

Kellie Guariglia, MBOH Multifamily Program Assistant

May 8, 2014

J.P. Crowley  
Chair  
Montana Board of Housing  
301 S. Park Ave., Room 240  
Helena, MT 59601

Mr. Crowley:

This letter serves to inform you that the Butte-Silver Bow Board of Health supports the adoption by the Montana Board of Housing of a smoke-free threshold requirement in the Montana Qualified Allocation Plan for Low-Income Housing Tax Credits.

Such an adoption would ensure the protection and improvement of health for Montana's low-income renters, many of whom are at risk due to second-hand smoke in low-income housing. Research indicates that second-hand smoke contains more than 4,000 chemicals, including 11 cancer-causing poisons and 250 known toxins. Health risks from exposure include lung cancer, heart disease, Sudden Infant Death Syndrome (SIDS), childhood asthma and chronic ear infections. Allowing smoking in low-income housing also increases the risk of house and apartment fires.

A smoke-free threshold requirement in the Montana Qualified Allocation Plan for Low-Income Housing Tax Credits would assist in guaranteeing protection from second-hand smoke, and help to ensure that housing funded via the Montana Qualified Allocation Plan is safe and healthy.

The strategic plan of the Butte-Silver Bow Health Department ties directly in to the Montana State Health Improvement Plan, which specifically recommends the promotion of implementing smoke-free multi-dwelling housing. The work of our department over the coming years will focus on the reduction of smoking by all Butte-Silver Bow residents. The Montana Board of Housing's adoption of a smoke-free threshold requirement in the Montana Qualified Allocation Plan for Low-Income Housing Tax Credits would be an excellent step toward meeting our local objectives.

At its May 7, 2014 meeting, the Butte-Silver Bow Board of Health voted to support the adoption of this smoke-free threshold requirement. Should you need more information about our support, please do not hesitate to contact the Butte-Silver Bow health officer, Karen Sullivan, at (406) 497-5003. Thank you for your time and attention.

Sincerely,

A handwritten signature in cursive script that reads "Danette Melvin MN, RN-BC, CNL".

Danette Melvin, MN, RN-BC, CNL  
Chair  
Butte-Silver Bow Board of Health



## CITY-COUNTY HEALTH DEPARTMENT

115 4th Street South • Great Falls, MT 59401 • 406-454-6950

May 9, 2014

Dear Montana Board of Housing Director,

The Cascade City-County Board of Health urges you to include smoke-free policy as a threshold requirement for new construction projects in the Montana Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits.

We support the draft requirement language submitted by the Montana Tobacco Use Prevention Program as part of the 2016 QAP work session in April.

The health risks of secondhand smoke are well-documented. Montana low-income individuals and families should not be forced to put their health at risk because their housing options are limited and they must live in homes infiltrated by the tobacco smoke of others. In addition to the health benefits, smoke-free policies reduce property damage and fire risk and help to protect the public investment in low-income housing.

The proposed threshold item would require property managers to implement a smoke-free policy in all multi-unit housing and indoor common areas in order to qualify for the tax credit. Tobacco-use prevention specialists at the county level are available to help property managers adopt and maintain smoke-free policies. The Montana Tobacco Use Prevention Program can provide free signage and educational materials. The Montana Tobacco Quit Line is another free resource available to all state residents to help them stop using tobacco.

Smoke-free housing is a priority of the Montana Health Improvement Plan that the governor approved in 2013. The Board of Housing can work collaboratively with health agencies to address this important issue by including this requirement in the QAP.

We hope you will choose to incorporate our recommendation.

Sincerely,

Jane Weber, Chair

on behalf of the Cascade City-County Board of Health



## Flathead City-County Health Department

1035 First Ave. West Kalispell, MT 59901  
(406) 751-8101 FAX 751-8102  
[www.flatheadhealth.org](http://www.flatheadhealth.org)

Community Health Services  
751-8110 FAX 751-8111  
Environmental Health Services  
751-8130 FAX 751-8131  
Family Planning Services  
751-8150 FAX 751-8151  
Home Health Services  
751-6800 FAX 751-6807  
WIC Services  
751-8170 FAX 751-8171  
Animal Shelter  
752-1310 FAX 752-1546

June 19, 2014

Dear Montana Board of Housing Director,

The Flathead City-County Board of Health urges you to include smoke-free policy as a threshold requirement for new construction projects in the Montana Qualified Allocation Plan (QAP) for Low Income Housing Tax Credits.

The health risks of secondhand smoke are well-documented. Montana low-income individuals and families should not be forced to put their health at risk because their housing options are limited and they must live in homes infiltrated by the tobacco smoke of others. In addition to the health benefits, smoke-free policies reduce property damage and fire risk and help to protect the public investment in low-income housing.

The proposed threshold item would require property managers to implement a smoke-free policy in all multi-unit housing and indoor common areas in order to qualify for the tax credit. Tobacco-use prevention specialists at the county level are available to help property managers adopt and maintain smoke-free policies. The Montana Tobacco Use Prevention Program can provide free signage and educational materials. The Montana Tobacco Quit Line is another free resource available to all state residents to help them stop using tobacco.

Smoke-free housing is a priority of the Montana Health Improvement Plan that the governor approved in 2013. The Board of Housing can work collaboratively with health agencies to address this important issue by including this requirement in the QAP.

We hope you will choose to incorporate our recommendation.

Sincerely,

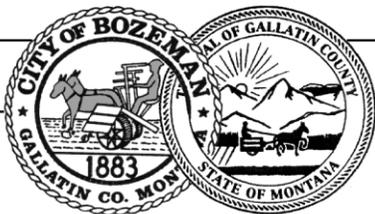
Glen Aasheim, Chair  
Flathead City-County Board of Health

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*Providing quality public health services to ensure the conditions for a healthy community.*



**Public Health**  
Prevent. Promote. Protect.



[www.healthygallatin.org](http://www.healthygallatin.org)

## Gallatin City-County Health Department

### Human Services

215 W. Mendenhall, Rm 117  
Bozeman, MT 59715-3478  
(406) 582-3100 • Fax (406) 582-3112

### Environmental Health Services

215 W. Mendenhall, Rm 108  
Bozeman, MT 59715-3478  
406-582-3120 • Fax: 406-582-3128

June 26, 2014

Montana Board of Housing Directors  
J.P. Crowley, Chairman  
301 S Park Ave., Room 240  
Helena, MT 59601

**Re: Request Support of Smoke-free Threshold Requirement in the Montana Qualified Allocation Plan for Low-income Housing Tax Credits**

Dear Chairman Crowley and Montana Board of Housing Directors,

As the chair of the Gallatin City-County Board of Health, I am writing in support of a smoke-free threshold requirement in the *Montana Qualified Allocation Plan* regarding federal tax incentives for affordable housing projects across the state.

The Gallatin City-County Board of Health oversees the Gallatin City-County Health Department (GCCHD), which is the lead public health entity in Gallatin County. Dedicated to protecting and promoting the health of our county citizens, GCCHD provides services that encourage healthy behaviors and disease prevention.

Tobacco use is the most preventable cause of disease and illness in Gallatin County contributing to adverse outcomes of cancer, asthma and pregnancy. Roughly 15-17% of adults in Gallatin County report regular tobacco use. Secondhand tobacco smoke also increases the risk to children and adults for lung cancer, asthma and chronic ear infections.

Implementation of this policy - to promote smoke free multi-dwelling housing - would go a long way to advance healthy lifestyles, enhance quality of life and influence healthy outcomes for our Montana residents. The policy would also serve to protect individuals and families from the health risks of secondhand smoke and help those who want to quit using tobacco to achieve success.

The Montana Board of Housing is in a powerful position to improve the health of all Montana renters by adopting the smoke-free threshold requirement.

Thank you for consideration of our recommendation.

Sincerely,

Gretchen Rupp, Chair  
Gallatin City-County Board of Health



# LEWIS AND CLARK CITY-COUNTY BOARD OF HEALTH

---

1930 Ninth Avenue  
Helena, Montana 59601  
Telephone 4-HEALTH or dial 443-2584  
Fax 406-457-8990

Dear Montana Board of Housing Director,

The Lewis and Clark City-County Board of Health urge you to include smoke-free policy as a threshold requirement for new construction projects in the Montana Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits.

We support the draft requirement language submitted by the Montana Tobacco Use Prevention Program as part of the 2016 QAP work session in April.

The health risks of secondhand smoke are well-documented. Montana low-income individuals and families should not be forced to put their health at risk because their housing options are limited and they must live in homes infiltrated by the tobacco smoke of others. In addition to the health benefits, smoke-free policies reduce property damage and fire risk and help to protect the public investment in low-income housing.

The proposed threshold item would require property managers to implement a smoke-free policy in all multi-unit housing and indoor common areas in order to qualify for the tax credit. Tobacco-use prevention specialists at the county level are available to help property managers adopt and maintain smoke-free policies. The Montana Tobacco Use Prevention Program can provide free signage and educational materials. The Montana Tobacco Quit Line is another free resource available to all state residents to help them stop using tobacco.

Smoke-free housing is a priority of the Montana Health Improvement Plan that the governor approved in 2013. The Board of Housing can work collaboratively with health agencies to address this important issue by including this requirement in the QAP.

We hope you will choose to incorporate our recommendation.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Parsley".

Kelly Parsley, Chair  
on behalf of the Lewis and Clark City-County Board of Health



LEWIS & CLARK CITY-COUNTY  
Health Department

5/10/2014

Montana Board of Housing Directors  
JP Crowley, Chairman  
301 Park Ave Room 240  
Helena MT 59601

To Whom It May Concern -

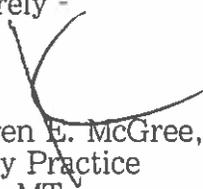
I am writing in support of the smoke free threshold requirement in the Montana Qualified Allocation Plan for low-income housing tax credits. As a physician and tax payer, this is a concern for me.

As medical studies have proven, second hand smoke is the cause of middle ear infections, SIDS, asthma and other conditions in children. Children have no way to protect themselves from second hand smoke. Investigation is currently underway regarding an association between dental caries, kidney disease and childhood cancers. The detrimental effects related to tobacco abuse are completely preventable.

As a taxpayer, I am aware that smoking indoors is damaging to the interior of the home and very costly to repair. I recently had a family living in subsidized housing whose home burned down, likely secondary to the fathers burning cigarette. When asked what they were going to do, the mother responded nonchalantly; its not a big deal, they are getting us another house. The family had no regard for the damage that they had caused. Its highly likely that the father is still smoking in the new home. Not only is he putting his children at risk; as a taxpayer, I am insulted.

I would ask for your deep consideration in passing this proposal. It is the right thing to do to protect our children. It is also necessary to save our tax dollars which are already spread too thin.

Sincerely -



Kathren E. McGree, DO  
Family Practice  
Butte, MT



# Department of Public Health and Human Services

Montana Tobacco Use Prevention Program ♦ 1400 Broadway Room C314 ♦ Helena, MT 59620-2951 ♦

Phone #: 1-866-787-5247 fax #: 406-444-5900 Website: [www.tobaccofree.mt.gov](http://www.tobaccofree.mt.gov)

**Steve Bullock, Governor**

**Richard H. Opper, Director**

May 15, 2014

Dear Montana Board of Housing Staff,

Thank you for the opportunity at the April QAP meeting for us to propose new language regarding smokefree policies in public housing.

We continue to believe a threshold requirement that prohibits indoor smoking in housing funded through the QAP is vital to protecting Montana families and seniors from the well-documented health risk of secondhand smoke. Putting this requirement in writing helps guarantee a smokefree living environment for people with limited housing choices. Such policies also protect public investment in housing by reducing property damage and fire risk. Based on discussion at the planning meeting, we have revised our suggested policy language. This new language clarifies that the policy applies to indoor units and common areas only. It does not address outdoor areas. MTUPP encourages property managers to prohibit smoking in outdoor areas and advises a 20-foot setback from doors and windows if smoking is allowed outdoors. However, we do not see a need to include these suggestions in the threshold QAP policy.

The proposed policy language stresses the resources – such as free signage, information booklets and consultation with local tobacco use prevention specialists – MTUPP can provide property managers free of charge.

And it includes new language to address use of tobacco in connection with American Indian cultural activities. This language is adopted from policy used by the Montana Office of Public Instruction in accordance with the Montana Clean Indoor Air Act. Our colleagues at OPI report that the policy has worked well in Montana's schools and has been non-controversial. They also report that this policy has not been abused in order to facilitate smoking which would otherwise be banned for individuals who have American Indian heritage.

Below, we also provide some background information regarding smokefree policy in housing for homeless populations and those with substance abuse disorders, which came up as a question during the planning meeting. We don't see a need to address this topic within the smokefree policy language.

We suggest the QAP smokefree policy be worded in this way:

**Smokefree policies protect the health of tenants, prevent property damage and reduce fire risk.**

**For New Construction Projects seeking or awarded in 2016 or later year credits, the Owner (and any Management Company) must establish and implement a written policy**

**that prohibits smoking in the units and indoor common areas of every Project unit, including a non-smoking clause in the lease of every Project unit. The Owner and Management Company also must make educational materials on tobacco treatment programs, including the phone number for the Montana Tobacco Quit Line, available to all tenants of the Project through the resident service coordinator. The Montana Tobacco Use Prevention Program Smokefree Housing Project can provide educational materials and smokefree signage to property owners and managers free of charge, as requested.**

**Smoking in the facility is prohibited, unless used in connection with American Indian cultural activities.**

At the QAP planning session, developers raised no objections to the proposed smokefree policy. Clarifying that the policy would apply to indoor areas and that MTUPP would provide signage and other resources was well-received. Developers understood that the policy merely makes property managers responsible for implementing a policy and providing notice and educational materials to tenants. MTUPP can provide signage and educational resources at no cost to managers.

However, there was a question pertaining to tobacco use in units in facilities for people who are homeless, or who are in treatment for substance abuse. The question specifically related to “wet housing,” in which tenants with alcohol problems are allowed to drink in their units, and whether these tenants should also be allowed to smoke in their units and in indoor common areas. Apparently, a wet housing facility is proposed for a community in the eastern part of the state.

MTUPP agreed to research this matter and reached out to our network of peers to get more information. Based on the information we’ve received, all of it founded on scientific and medical studies, there’s little support for the notion that allowing indoor smoking in housing for the homeless and/or substance abuse population is helpful to clients. In fact, numerous experts and organizations are working hard to highlight the importance of smoking cessation and smokefree policies for these populations.

According to the Break Free Alliance, a national network of health organizations working to end the cycle of tobacco use and poverty: “Agencies serving homeless persons should voluntarily adopt tobacco non-use policies that prohibit tobacco use in the facility or on the grounds. These policies should apply to both clients and staff.”

According to a presentation on “Addressing Nicotine Dependence in Treatment” by Loretta Worthington, MA, MSP:

- The reality is, it’s easier to quit all drugs together than to continue smoking. Those with substance abuse problems aren’t asked to quit crack, then alcohol, then marijuana.
- More addicts die from tobacco than other substances. It’s not less harmful.
- Nearly 50 percent of substance abusers in recovery die from tobacco-related diseases.
- Nicotine is highly addictive, stimulating production of dopamine, just like heroin and cocaine. It changes brain cells and damages bodily function.
- Tobacco is viewed as a “gateway drug” to more experimentation with more serious drugs.

- A 2003 study of more than 2,300 smokers in treatment for substance abuse showed that smoking cessation during treatment was associated with greater abstinence from drugs and alcohol after treatment and at 12-month follow-up.

The National Coalition for the Homeless states: "Tobacco control advocates need to make the homeless a priority in order to reduce smoking and mitigate the harmful effects of tobacco within such a vulnerable population."

Some important points made in a presentation on "Adopting Smoke-Free Policies for Supportive Housing" by Live Smoke Free Minnesota include:

- People can still continue to live in the building and smoke, they just cannot smoke in smoke-free areas, including their unit.
- Just because a population may smoke at a higher rate, it doesn't mean that the non-smokers deserve to be exposed to smoke.
- Enforcement is up to the manager; multiple warnings are ok. Eventually ejection could be necessary, but it's not inevitable.

We hope this information and the revised policy language is helpful to you. We look forward to working with staff and the Board of Housing Directors to institute a smokefree policy to protect Montanans' public health and the public's investment in housing.

Please don't hesitate to contact us if you have any questions or would like to discuss the policy further.

Sincerely,

Alison Reidmohr  
Health Educator  
Montana Tobacco Use Prevention Program  
[areidmohr@mt.gov](mailto:areidmohr@mt.gov)  
406-444-7896

John Firehammer  
Consultant  
MTUPP Smokefree Housing Project  
[jfirehammer@mrss.com](mailto:jfirehammer@mrss.com)  
406-541-8536

**From:** [Harlan Wells](#)  
**To:** [Bair, Mary](#)  
**Subject:** QAP Comment  
**Date:** Wednesday, December 17, 2014 8:37:43 AM

---

Mary

I have a comment for the 2016 QAP

In regards to: ***Qualified Census Tract or Community Revitalization Plan\* (0-10 points)***

10 points will be awarded if the Project is located in a Qualified Census Tract or involves existing housing as part of a local (not national, state or regional) community revitalization plan\* or similar plan. The Application must include any such local community revitalization plan and identify where in the plan such existing housing may be found.

The code looks to have three mandatory preferences:

- projects serving the lowest income tenants
- projects obligated to serve qualified tenants for the longest periods
- projects which are located in qualified census tracts (as defined in subsection (d)(5)(C)) and the development of which contributes to a concerted community revitalization plan. 26 U.S.C. §42(m)(1)(B)(ii).

Harlan Wells  
Property Development Coordinator  
Missoula Housing Authority  
1235 34<sup>th</sup> Street  
Missoula, MT 59801  
Office: (406) 549-4113 x136  
Mobile: (406) 544-7240  
[hwells@missoulahousing.org](mailto:hwells@missoulahousing.org)

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An analysis of the 2015 QAP has revealed that the current structure of the Development Evaluation Criteria makes it difficult for projects targeted at very low income clients to meet the minimum 900 point threshold for further consideration. Below are suggested changes in the QAP for 2016 that would provide for broader opportunities for projects targeted at the very low income segment of the population. We respectfully request that you consider including these changes in the 2016 Qualified Allocation Plan.

Kevin Thane

Greater Gallatin Homeless Action Coalition

Bozeman Community Affordable Housing Advisory Board

3432 S. 29<sup>th</sup> Avenue

Bozeman, MT 59718

(406) 587-7534

1. Basis Boost – The Basis Boost provides an increase of 30% in the basis for the project if the project is located in a Qualified Census Tract (QCT), in a HUD designated Difficult Development Area (DDA), or for certain other considerations such as targeting a greater percentage of the project to lower income clients. I would propose that the Basis Boost for increasing the percentage of low income clients be put on a sliding scale and the allowable percentage be increased as follows:
  - 15% of units below 40% of AMI gives a 30% Basis Boost
  - 25% of units below 40% of AMI gives a 35% Basis Boost
  - 10% of units below 30% of AMI gives a 30% basis Boost
  - 15% of units below 30% of AMI gives a 35% basis Boost
  - 25% of units below 30% of AMI gives a 40% Basis BoostRationale – Increasing the Basis results in greater tax credits and thereby incents the Developer to include a larger number of lower income units.
2. Give points for low cost per square foot or low cost per unit and limit gross rent potential to annual cost of operation plus annual debt retirement costs plus 7% profit. Currently, as time passes and the AMI increases, profit margins increase for the Developer rather than rents holding the line to the benefit of clients.

3. Development Evaluation Criteria (page29) – Currently, in order to be considered an application must score 900 or more points out of a possible 1,110 points. This forces the project to do some things that are not directly beneficial to those on the very low end of the scale because it forces the inclusion of some items that are not totally necessary and thereby drives up the cost of the project. I propose increasing the total number of points available by adding possible points for things that would incent Developers to include more very low income units.

a. Increase the number of allowable points for years beyond 30 as follows, taking away the opportunity to gain a large number of points by increasing the years by only one:

Use agreement for a total of 35 years gives 50 points

Use agreement for a total of 40 years gives 75 points

Use agreement for a total of 45 years gives 100 points

b. Change the scale to allow more points for a greater number of low income units:

AMI	% of eligible Units	Points Awarded
Below 30%	10	25
	20	50
	30	75
	40+	100
Below 40%	20	25
	30	35
	40	50
Below 50%	20	20
	30	30
	50	50
	60+	75
Below 60%	50	20
	75	40

c. Project Location – allow 100 points for being within ¼ mile of a bus stop. This change would be to the direct benefit of very low income clients who use public transit and don't have a vehicle.

- d. Amenities – allow up to 100 points for amenities but change the list as follows:

Units:

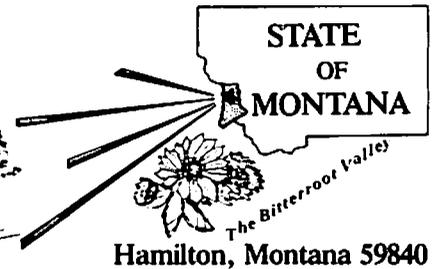
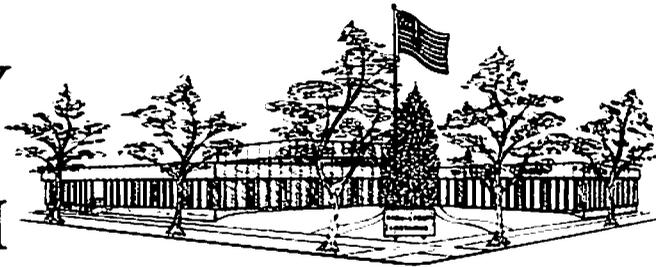
Microwave	High Quality Cabinets	High Quality Flooring
Interior LED Lighting		

Community:

Outdoor Community area	Community Garden	Laundry Room
Car Plug ins	Internet for whole Project	Central Recycling Bins
Garbage Collection Included	Exterior LED Lighting (Parking lots, etc)	

- e. Allow points for targeting specific underserved populations
- i. Veterans
  - ii. Victims of Domestic Violence
  - iii. Long term Montana Residents
  - iv. Low income Locals who have lived in an area 5 years or longer
4. Provide an open commentary section that allows for justifying special circumstances – Limit to 1,000 words.

# COUNTY OF RAVALLI



July 17, 2014

Dear Montana Board of Housing Directors,

The Ravalli County Board of Health encourages the Montana Board of Housing to include a smoke-free policy as a threshold requirement for new construction projects in the Montana Qualified Allocation Plan (QAP) for Low Income Housing Tax Credits.

Secondhand smoke is a serious public health hazard that contains more than 4,000 chemicals, including 11 known cancer-causing poisons and 250 known toxins. The Environmental Protection Agency has categorized secondhand smoke as a "Group A carcinogen" placing it in the same category as asbestos and coal dust. Low income families should not be forced to live in a home saturated with hazardous chemicals because their housing options are limited.

Health risks from exposure to secondhand smoke include lung cancer, heart disease, sudden infant death syndrome, childhood asthma and chronic ear infections.

In 2006, the United States Surgeon general concluded that there is no safe level of exposure to secondhand smoke, and that the only way to shield people from the dangers of secondhand smoke is to eliminate the smoke exposure.

Including a smoke-free threshold requirement in the QAP would create safe and healthy living conditions for all tenants, guarantee protection from secondhand smoke, and safeguard the public investment in low income housing from property and fire damage caused by smoking.

The Montana Tobacco Use Prevention Program and county level Tobacco Prevention Specialists can help property managers implement and sustain smoke-free policies. Signage, educational materials and cessation resources can also be provided at no cost to these facilities.

Smoke-free multi-dwelling housing is listed as a priority in the 2013 Montana Health Improvement Plan. By establishing a smoke-free requirement, the Montana Board of Housing would directly address this priority item and serve as stewards of health and safety in Montana.

Thank you for your time, and we hope that you fully consider our recommendation.

Sincerely,

Jeff Burrows  
Chair, Ravalli County Board of Health

**From:** [Eric Kohring](#)  
**To:** [Guariglia, Kellie](#)  
**Subject:** RE: 2016 QAP  
**Date:** Monday, April 28, 2014 1:06:01 PM  
**Attachments:** [draft 2016 QAP.docx](#)

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Kellie, I have some comments that I thought I had submitted through Justice, but I don't see them. I've added the comments directly to the draft, hope that's alright. I'll have more comments regarding the Universal Design criteria shortly, but I wanted to get these comments in. I believe all these comments are in regards to the Accessibility portion and how they need to match the FHAA Design and Construction requirements or that we need to be specific on how they differ or are more restrictive than the FHAA.

Thanks for the opportunity to have our voices heard,

Eric Kohring

---

**From:** Guariglia, Kellie [mailto:kguariglia@mt.gov]  
**Sent:** Thursday, April 24, 2014 3:39 PM  
**To:** 'justice@summitilc.org'  
**Cc:** 'Travis Hoffman'; Eric Kohring  
**Subject:** RE: 2016 QAP

Justice,

We are still taking comments on the 2016 QAP. It will be awhile before the QAP is finalized, I am not sure of the exact timeline, but will look into it.

We are still working on the version from the session so in order to not miss any suggestions you have, please use the version I attached and then send your copy back.

Please let me know if you need anything else and thank you for attending the 2016 QAP session.

Thank you,

Kellie Guariglia

**From:** Cope, Penny  
**Sent:** Thursday, April 24, 2014 12:40 PM  
**To:** 'justice@summitilc.org'; Guariglia, Kellie  
**Cc:** 'Travis Hoffman'; Eric Kohring  
**Subject:** RE: 2016 QAP

Justice,

I am forwarding this to Kellie. She said she would answer your question about the timeline for the final QAP and she will send you the latest version of the Word doc that includes all changes to this point, so that you can add your changes to it.

Thanks for all the assistance to make sure the verbiage is correct and up to date in the QAP.  
Take it easy.

In appreciation of all that you do,  
Penny Cope  
Public Relations  
Housing Division / Montana Board of Housing  
(406) 841-2846  
[pcope@mt.gov](mailto:pcope@mt.gov)

*"Life is an echo."*

**From:** Justice Ender [<mailto:justice@summitlc.org>]  
**Sent:** Friday, April 04, 2014 3:31 PM  
**To:** Cope, Penny  
**Cc:** 'Travis Hoffman'; Eric Kohring  
**Subject:** 2016 QAP

Hi Penny,

I was wondering when the 2016 QAP needs to be finalized?

Also, could you scan the QAP for the terms: handicapped and disabled, please.

Appropriate terminology is: people with disabilities or persons with disabilities, **NOT** – the disabled, the handicapped, etc.

In addition – an accessible apartment, **NOT** a handicapped apartment.

Example: pg. 14 & 15 - It is suggested but not required that Projects also include parking for caregivers ~~to the disabled~~ **for tenants with disabilities** and that lease addendum provide for moving a ~~non-disabled~~ household **without tenants with disabilities** from an ~~handicapped~~ **accessible** unit to an ~~regular~~ **inaccessible** unit if the ~~handicapped~~ **accessible** unit is needed for rental to a ~~disabled tenant~~ **tenant with a disability**.

Pg. 44/45 - All employees, who work for or with this Agency, agree not to discriminate against any client or co-worker based on race, color, religion, sex, ~~handicap~~ **disability**, familial status, national origin and any other classes protected in Montana.

...it is none the less the Owner(s) responsibility to be aware of and comply with all non-discrimination provisions related to race, color, religion, sex, ~~handicap~~ **disability**, familial status, national origin an any other classes protected in Montana, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

Thank you,

--

Justice Ender  
Media & Work Specialist  
[justice@summitilc.org](mailto:justice@summitilc.org)

(406) 728-1630 ex. 117  
(800) 398-9002

Summit Independent Living Center  
700 SW Higgins, Suite 101  
Missoula, MT 59803

**From:** [Eric Kohring](#)  
**To:** [Travis Hoffman](#); [Justice Ender](#); [Guariglia, Kellie](#)  
**Subject:** RE: Universal Design Options  
**Date:** Wednesday, April 30, 2014 12:29:45 PM  
**Attachments:** [Universal Design Requirements.pdf](#)

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So, as usual, I forgot the attachment... let's try again! There is also a checklist for construction review and design review, but I'll only pass those forward if someone wants to see them too.

Eric

---

**From:** Eric Kohring  
**Sent:** Wednesday, April 30, 2014 12:20 PM  
**To:** 'Travis Hoffman'; Justice Ender; 'Guariglia, Kellie'  
**Subject:** RE: Universal Design Options

This is the UD requirements for the St. Louis Affordable Housing Commission. I worked on this when I worked with Gina Hilberry (Cohen Hilberry Architects) and helped edit them when the State of MO attempted to pass them through the Legislature (as far as I know that has not happened yet)

I think we could use these requirements as they are and insert this into the QAP. The only change would be the title/heading.

Let me know what you think.

Eric

## Eric Kohring

Accessibility Home Modification IL Specialist  
Montana Independent Living Project  
825 Great Northern Blvd. Suite 105  
Helena, Montana 59601  
406-442-5755 (ext 2504) or Fax: 406-442-1612  
[www.milp.us](http://www.milp.us)

---

**From:** Travis Hoffman [<mailto:thoffman@summitilc.org>]  
**Sent:** Tuesday, April 22, 2014 4:08 PM  
**To:** Justice Ender; Eric Kohring  
**Subject:** Universal Design Options

I quickly put this list together but would like both of you guys to put your thoughts and recommendations on here as well.

Travis Hoffman, BSW

Advocacy Coordinator  
Summit Independent Living Center  
700 SW Higgins, Suite 101  
Missoula, MT 59803  
(406) 728-1630 - voice  
(800) 398-9002 - toll free  
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[thoffman@summitilc.org](mailto:thoffman@summitilc.org)

"Everyone can be a philanthropist."

May 6 - 2014

[Give LOCAL Missoula - Summit Independent Living Center](#)



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May 22, 2014

J.P. Crowley, Chairman  
Montana Board of Housing  
Montana Department of Commerce  
PO Box 200528  
Helena MT 59620-0528

Dear Chairman Crowley and Montana Board of Housing Directors:

The RiverStone Board of Health, Yellowstone County's Board of Health, requests that the Montana Board of Housing include a smoke-free policy as a threshold requirement for new construction projects in the Montana Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits. By taking this opportunity, the Board of Housing will help improve and protect the health of Montana renters.

The proposed threshold requirement would require property managers to implement a smoke-free policy in all multi-unit housing and indoor common areas in order to qualify for the tax credit. This policy would serve as a guarantee to help protect individuals and families from the health risks of secondhand smoke, and help those who want to quit using tobacco to achieve success.

Secondhand tobacco smoke contains more than 4,000 chemicals, including 11 cancer-causing poisons and 250 known toxins. Along with lung cancer, health risks from exposure include heart disease, SIDS, development of childhood asthma and chronic ear infections. Allowing smoking also increases the risk for house and apartment fires.

Tobacco-use prevention specialists at RiverStone Health and across the state are available to help property managers adopt and maintain smoke-free policies. The Montana Tobacco Use Prevention Program can provide free signage and educational materials and the Montana Tobacco Quit Line is another free resource available to all state residents to help them stop using tobacco.

Instituting this requirement also helps address a priority of the Montana Health Improvement Plan. By including the threshold requirement for new construction projects, the Board of Housing will be working collaboratively with RiverStone Health and other local public health agencies across the state, to protect the Montanan's health.

Thank you for taking this recommendation into consideration.

Sincerely,

A handwritten signature in cursive script that reads "Michael Dennis".

Michael Dennis, Ph.D., Chairman  
RiverStone Board of Health



DATE: December 22, 2014

TO: Montana Board of Housing

FROM: Travois, Inc

RE: Comments on the Montana Board of Housing Draft QAP for 2016

We appreciate the opportunity to provide comments on the 2016 MBOH Qualified Allocation Plan (QAP).

Travois is a consulting firm that assists American Indian Tribes and Tribally Designated Housing Entities in financing affordable housing and economic development. To date, we have brought more than \$720 million in housing to Indian Country through the Low Income Housing Tax Credit program. Our comments reflect both our experience in developing affordable housing with almost 80 native organizations across the United States and the great need for affordable housing in tribal communities in Montana.

#### **MBOH Ability To Disregard Scores**

We believe that in the very least a QAP should be objective, measurable, and transparently devised and scored. A QAP is more than merely a mechanism to differentiate competing applicants for a limited supply of tax credits. A properly crafted QAP legitimizes government's role as mediator and arbiter, as unbiased, competent, and fair-minded. It advances the notion that government is blind to color and wealth, and will, above all things, provide benefits to those in greatest need in balance with those most capable of delivering the services in a timely and efficient manner. When a government agency like the Montana Board of Housing (MBOH) administers a complex program like the tax credit program it implicitly and explicitly commits to having staff that are of the highest order of competence and expertise in the field, that the criteria which it uses to evaluate competitors reveal real differences and abilities between competitors and projects, and that fairness will guide the selection of "winners" in the competition.

When the arbiters in the process state, as the MBOH does, that it may disregard the scores competitors achieve in the public process and award credits to others, it essentially says that it retains the right to be unfair; it retains the right to disregard the objective criteria and award credits to favored applicants irrespective of need or competence. In doing so it delegitimizes the role of government, it diminishes the faith people have in the basic fairness of government, and it leaves in doubt the authenticity of programs such as the Low Income Housing Tax Credit program.

We strongly recommend that the MBOH abandon the clause in the QAP that provides that the Board can disregard the scores achieved by the applicants in the process of awarding of credits and strictly adhere to the criteria established in the QAP.

We understand that applicant scores have historically been incredibly close, and in many cases a large percentage of applicants have achieved the same score. For example, in 2012 four applicants tied for the second highest score of 105. In 2013 six applicants achieved the second highest score of 106 and in 2014 four applicants tied for the second highest score of 91. This necessitates an additional process by which MBOH must differentiate one application from another in order to determine awards. Instead of relying on discretion and subjective measures to do so, we recommend MBOH institute a formal tiebreaker process. We recommend the following tiebreaker structure, which proposes prioritizing projects that serve households with the lowest incomes and demonstrate the most need.

- **1<sup>st</sup> Tiebreaker** – Projects with the greatest percentage of total project units targeted at the lowest income tenants
- **2<sup>nd</sup> Tiebreaker** – Projects with the longest waiting list
- **3<sup>rd</sup> Tiebreaker** – Projects in a QCT/DDA
- **4<sup>th</sup> Tiebreaker** – Projects located in an area that has not received an allocation of credits in the last 5 years

### Cost Containment

Travois recognizes the importance of containing construction costs. We also acknowledge that state housing agencies across the country are being scrutinized to ensure the most effective and efficient use of their tax credit allocation. We agree that the intent of the LIHTC program is to provide safe, decent and affordable housing to individuals and families in need and that the tax credit resource should not be abused. However, we strongly urge MBOH to lift its absolute limit of \$230,000 on total project costs per unit for tribal projects and instead institute tribal project cost limits that account for the increased costs these projects incur.

Unfortunately, the cost to construct projects on Indian reservations is inherently higher than the cost to construct off the reservation, due to the remote locations of the projects (e.g. added fuel and transportation costs, increased labor expense), difficulty in finding contractors willing to work in such remote locations, and governmental procurement policies. Additionally most, if not all, tribal construction consists of building or rehabilitating single-family detached housing, which is more costly than the construction or rehabilitation of multi-family attached units.

Consider the following total development costs per unit for recent tribal LIHTC projects in the region:

Project Name	State	Type of Project	Construction Completion	Total Units	TDC/per unit
Ft Berthold III	ND	New Construction	2011	24	\$252,674
Turtle Mountain VI	ND	New Construction	2012	30	\$226,424
Ft Peck II	MT	New Construction	2013	24	\$248,656
Turtle Mountain VII	ND	New Construction	2013	28	\$214,350
Standing Rock XVIII	ND	New Construction	2014	20	\$296,903

We have recently seen significant construction costs increases for rural projects across the country particularly among our tribal clients in western North Dakota and eastern Montana. The high costs outlined in the table above are largely a result of the recent oil boom. Many contractors have been lost to higher paying jobs in the oil field resulting in a smaller pool of contractors for housing-related projects and spikes in the cost of construction.

In addition to the location-based factors (added fuel, transportation costs, labor expense, oil boom), tribal projects also must adhere to their own governmental policies such as TERO taxes. TERO taxes are generally mandatory assessments against a development to ensure that local residents and enrolled members of the tribe are afforded an opportunity to compete for the jobs created through such developments. These taxes are assessed against developments on the reservation under the Tribal Employment Rights Organization (TERO) ordinance. Proceeds of these taxes are used by the Tribe to fund job referral, counseling, liaison, and other services relating to the employment of tribal members.

There are seven federally recognized independent tribal nations located throughout the state of Montana and each has the ability to establish their own TERO fees. Nationally, these fees add 1 - 5% to a project's total development costs with an average of approximately 2.5%. While these tribal taxes provide an important revenue stream for the tribal government, they also increase the total development cost of tribal projects. When contractors bid on construction jobs on tribal land, they commonly inflate their costs to account for the TERO fees and additional administrative expenses related to time and effort spent conducting TERO meetings and coordinating with TERO officials.

Finally, another common factor that limits the contractor pool for tribes, and generally leads to higher costs from contractors, is the mere hesitancy of contractors to engage in work on tribal land due to concerns over the tribe's sovereign immunity. Many contractors are unwilling to understand tribal law and sovereignty principles and therefore either abstain from bidding or inflate costs to account for any additional legal work or representation that may follow assuming they receive the bid.

We encourage MBOH to implement cost containment thresholds specifically created for tribal projects based on limits already imposed by HUD's Office of Public and Indian Housing (PIH), which factor in a majority of these outside influences. Under the Native American Housing and Self-Determination Act (NAHASDA), HUD annually adopts TDC limits for moderately designed houses for each tribe by averaging construction cost information from both the Marshall & Swift/Boeckh, LLC and RSMMeans Residential 2009 Cost Data indices and applying location and TDC cost inflation factors

Please see attached the HUD PIH Notice 2010-47 that provides TDC guidance for tribes to follow under NAHASDA (extended by PIH Notices 2011-63, 2013-05 and 2014-16) along with the current applicable TDC maximums for all tribes within the HUD Eastern/Woodlands Office of Native American Programs (which includes TDC limits for all tribes in Montana on page 8 of 14). We strongly encourage the agency to use HUD's tribal development cost limits as a baseline for determining the low cost/moderate cost thresholds for tribal projects.

Absent cost containment thresholds specifically for tribal projects, we urge MBOH to reinstate the language from the 2014 QAP allowing applicants to provide justification and seek MBOH approval when costs exceed the \$230,000 limit.

### **On-Site Inspections**

New language proposes that MBOH may schedule on-site inspections with *minimal notice*. Federal guidelines require that ample time must be given in the notification of a site visit by a state allocating agency. While ample time is not defined, we can assume the intent is to allow housing authorities and management agents enough time to notify residents of inspections in accordance with their internal policies. We recommend MBOH provide no less than two weeks notice of an on-site inspection. This will allow housing authorities and management agents to notify the tenants in writing and to confirm that

occupancy staff will be available for the visit. At the very least, MBOH should define “minimal notice” within the QAP and maintain a consistent standard for inspection notification.

Thank you for considering our comments. Please feel free to contact us with any questions. We look forward to continuing our work with MBOH.



**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

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Special Attention of:	<b>Notice:</b>	<b>PIH-2014-16</b>
Tribes, Tribally Designated Housing Entities, Indian Housing Authorities, ONAP Administrators	Issued:	June 19, 2014
	Expires:	Effective until amended superseded, or rescinded

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Cross Reference: 24 CFR 1000.156-162  
PIH 2013-05 (TDHE)

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**Subject:** Extension — Total Development Costs (TDC) for Affordable Housing under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).

**Purpose.** The purpose of this Notice is to extend the program requirements of PIH Notice 2013-05 dated January 30, 2013, and transmit the updated schedule for the maximum amount of funds that may be used for affordable housing under NAHASDA. The requirement for the development and implementation of these limits is found at 24 CFR §§1000.156 through 1000.162 of the Indian Housing Block Grant regulations published in the *Federal Register* on September 28, 2001, and effective October 29, 2001.

\_\_\_\_\_  
/s/  
Sandra B. Henriquez, Assistant Secretary  
for Public and Indian Housing

Attachment

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Afognak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ahtna Native Regional Corporation	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Akhiok	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Akiachak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Akiak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Akutan	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Alakanuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Alatna	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Aleknagik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Aleutian Regional Corp.	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Algaaciq (St. Mary's)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Allakaket	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Ambler	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Anaktuvuk Pass	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Andreafski	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Angoon	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Aniak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Annette Island (Metlakakla)	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Anvik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Arctic Village	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Arctic Slope Native Regional Corp.	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Atka	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Atmautluak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Atkasuk (Atkasook)	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Barrow	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Beaver	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Belkofski	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Bering Straits Regional Corp. (BSRHA)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Bill Moore's Slough	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Birch Creek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Brevig Mission	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Bristol Bay Native Regional Corp.	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Buckland	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Calista Native Regional Corporation	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Cantwell	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Chalkyitsik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chanega	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Chefornak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chevak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chickaloon	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Chignik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chignik Lagoon	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chignik Lake	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chilkat	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Chilkoot	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Chistochina	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chitina	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chuathbaluk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Chugach Native Regional Corporation	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Chuloonawick	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Circle	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Clark's Point	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Cook Inlet Native Regional Corporation	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Council	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Craig	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Crooked Creek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Curyung (aka Dillingham)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Deering	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Dot Lake	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Douglas	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Doyon Native Regional Corporation	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Eagle	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Eek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Egegik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Eklutna	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Ekuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ekwok	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Elim	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Emmonak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Evansville (Bettles Field)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Eyak	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	False Pass	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Fort Yukon	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Gakona	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Galena	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Gambell	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Georgetown	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Golovin (Chinik)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Goodnews Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Grayling	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Gulkana	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Hamilton	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Healy Lake	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Holy Cross	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Hoonah	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Hooper Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Hughes	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Huslia	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Hydaburg	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Igiugig	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Iliamna	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Inalik (Diomedea)	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Inupiat Community	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Ivanoff Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kaguyak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kake	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Kaktovik (Barter Island)	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Kalskag	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kaltag	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kanatak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Karluk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kasaan	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Kasigluk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kenaitze	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Ketchikan	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Kiana	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	King Cove	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	King Island	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	King Salmon	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kipnuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kivalina	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Klawock	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Kluti Kaah (Copper Center)	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Knik	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Kobuk	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Kokhanok	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Koliganek	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Kongiganak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Koniag Native Regional Corporation	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kotlik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kotzebue	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Koyuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Koyukuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kwethluk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kwigillingok	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Kwinhagak (Quinhagak)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Larsen Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Levelock	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Lime	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Lower.Kalskag	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Manley Hot Springs	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Manokotak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Marshall	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Mary's Igloo	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	McGrath	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Mekoryuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Mentasta	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Minto	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Mountain Village	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Naknek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	NANA Native Regional Corporation	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Nanwalek (English Bay)	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Napaimute	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Napakiak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Napaskiak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nelson Lagoon	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nenana	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	New Stuyahok	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Newhalen	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Newtok	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nightmute	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nikolai	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Nikolski	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Niniilchik	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Noatak	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Nome	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nondalton	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Noorvik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Northway	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nuiqsut	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Nulato	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Nunapitchuk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ohogamiut	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Old Harbor	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Orutsaramuit (Bethel)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Oscarville	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ouzinkie	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Paimiut	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Pauloff Village	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Pedro Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Perryville	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Petersburg	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Pilot Point	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Pilot Station	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Pitka's Point	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Platinum	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Point Hope	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Point Lay	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Port Graham	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Port Heiden	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Port Lions	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Portage Creek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Qagan Tayagungin (Sand Point)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Qawalangin (Unalaska)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Rampart	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Red Devil	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ruby	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Russian Mission (Yukon)	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Saint George	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Saint Michael	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Saint Paul	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Salamatoff	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Savoonga	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Saxman	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Scammon Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Selawik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Seldovia	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Shageluk	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Shaktolik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Sheldon's Point	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Shishmaref	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Sun'aq Tribe of Kodiak	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Shungnak	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Sitka (Baranof Island HA)	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Skagway	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Sleetmute	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Solomon	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	South Naknek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Stebbins	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Stevens	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Stoney River	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Takotna	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Tanacross	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tanana	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Tangirnaq Native Village	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tatitlek	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Tazlina	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Telida	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Teller	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tetlin	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Alaska	AK	Tlingit and Haida	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Togiak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Toksook Bay	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tuluksak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tuntutuliak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tununak	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Twin Hills	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Tyonek	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Ugashik	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Umkumiute	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Unalakleet	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Unga	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Venetie	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Wainwright	\$482,534	\$541,698	\$618,406	\$677,786	\$739,036
Alaska	AK	Wales	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	White Mountain	\$448,363	\$502,755	\$573,143	\$627,674	\$684,072
Alaska	AK	Wrangell	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Alaska	AK	Yakutat	\$385,033	\$431,783	\$492,291	\$539,165	\$587,633
Eastern/Woodlands	AL	MOWA Band of Choctaw Indians	\$206,393	\$231,914	\$268,816	\$292,243	\$318,565
Eastern/Woodlands	AL	Poarch Band of Creek Indians	\$206,393	\$231,914	\$268,816	\$292,243	\$318,565
Eastern/Woodlands	CT	Mashantucket Pequot Tribe	\$296,407	\$331,421	\$383,647	\$419,516	\$456,895
Eastern/Woodlands	CT	Mohegan Tribe of Connecticut	\$296,407	\$331,421	\$383,647	\$419,516	\$456,895
Eastern/Woodlands	FL	Miccosukee Tribe (Miami Dade)	\$221,458	\$248,918	\$288,685	\$313,899	\$342,208
Eastern/Woodlands	FL	Seminole Tribe - Hollywood (Broward Co.)	\$222,409	\$250,018	\$290,025	\$315,379	\$343,836
Eastern/Woodlands	FL	Seminole Tribe - Tampa (Hillsborough Co.)	\$229,326	\$257,682	\$298,684	\$324,715	\$353,961
Eastern/Woodlands	FL	Brighton Reservation (Glades Co.)	\$220,507	\$247,818	\$287,345	\$312,420	\$340,580
Eastern/Woodlands	FL	Immokalee Reservation (Collier Co.)	\$220,507	\$247,818	\$287,345	\$312,420	\$340,580
Eastern/Woodlands	FL	Big Cypress Reservation (Broward/Hendry/PB Co.)	\$222,409	\$250,018	\$290,025	\$315,379	\$343,836
Eastern/Woodlands	FL	Fort Pierce (St. Lucie Co.)	\$223,360	\$251,118	\$291,366	\$316,859	\$345,464
Eastern/Woodlands	IA	Sac & Fox Tribe	\$256,150	\$286,576	\$328,009	\$358,741	\$390,745
Eastern/Woodlands	IN	Pokagon Band of Potawatomi	\$300,746	\$336,728	\$385,790	\$422,147	\$459,938
Eastern/Woodlands	MA	Wampanoag Tribe - Aquinnah	\$385,962	\$431,716	\$500,103	\$546,993	\$595,812
Eastern/Woodlands	MA	Wampanoag Tribe - Mashpee	\$309,300	\$345,902	\$400,550	\$438,051	\$477,115
Eastern/Woodlands	ME	Aroostook Band of Micmac	\$260,427	\$291,163	\$336,982	\$368,463	\$401,279
Eastern/Woodlands	ME	Houlton Band of Maliseets	\$260,427	\$291,163	\$336,982	\$368,463	\$401,279
Eastern/Woodlands	ME	Indian Township Passamaquody	\$264,205	\$295,581	\$342,527	\$374,689	\$408,159
Eastern/Woodlands	ME	Penobscot Tribe	\$264,205	\$295,581	\$342,527	\$374,689	\$408,159
Eastern/Woodlands	ME	Pleasant Point Passamaquody	\$264,205	\$295,581	\$342,527	\$374,689	\$408,159
Eastern/Woodlands	MI	Bay Mills Indian Community	\$247,565	\$277,043	\$317,202	\$346,980	\$377,971
Eastern/Woodlands	MI	Grand Traverse Band	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639
Eastern/Woodlands	MI	Hannahville Community	\$250,781	\$280,573	\$321,143	\$351,236	\$382,572
Eastern/Woodlands	MI	Huron Band of Potawatomi	\$259,381	\$290,286	\$332,394	\$363,615	\$396,102
Eastern/Woodlands	MI	Keweenaw Bay Indian Community	\$251,858	\$281,810	\$322,605	\$352,860	\$384,358
Eastern/Woodlands	MI	Lac Vieux Desert Band	\$251,858	\$281,810	\$322,605	\$352,860	\$384,358

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Eastern/Woodlands	MI	Little River Band of Ottawa	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639
Eastern/Woodlands	MI	Little Traverse Bay Band	\$249,719	\$279,516	\$320,125	\$350,229	\$381,542
Eastern/Woodlands	MI	Match-E-Be-NASH-She-Wish Band	\$252,935	\$283,046	\$324,067	\$354,485	\$386,143
Eastern/Woodlands	MI	Pokagon Band of Potawatomi	\$261,535	\$292,760	\$335,318	\$366,865	\$399,673
Eastern/Woodlands	MI	Saginaw Chippewa	\$259,381	\$290,286	\$332,394	\$363,615	\$396,102
Eastern/Woodlands	MI	Sault Ste. Marie Tribe	\$247,565	\$277,043	\$317,202	\$346,980	\$377,971
Eastern/Woodlands	MI	Sault Ste. Marie Tribe - Marquette	\$251,858	\$281,810	\$322,605	\$352,860	\$384,358
Eastern/Woodlands	MI	Sault Ste. Marie Tribe - Escanaba	\$250,781	\$280,573	\$321,143	\$351,236	\$382,572
Eastern/Woodlands	MN	Bois Forte Band of Minnesota Chippewa	\$281,360	\$314,468	\$359,477	\$392,902	\$427,798
Eastern/Woodlands	MN	Fond Du Lac Band of Minn. Chippewa	\$284,591	\$318,178	\$363,863	\$397,776	\$433,155
Eastern/Woodlands	MN	Grand Portage Band of Minn. Chippewa	\$284,591	\$318,178	\$363,863	\$397,776	\$433,155
Eastern/Woodlands	MN	Leech Lake Band of Minnesota Chippewa	\$262,066	\$293,288	\$335,827	\$367,368	\$400,188
Eastern/Woodlands	MN	Lower Sioux	\$266,890	\$298,583	\$341,739	\$373,751	\$407,091
Eastern/Woodlands	MN	Mille Lacs Band of Minnesota Chippewa	\$282,983	\$316,413	\$361,892	\$395,648	\$430,854
Eastern/Woodlands	MN	Prairie Island Sioux	\$301,246	\$336,896	\$385,411	\$421,414	\$458,943
Eastern/Woodlands	MN	Red Lake Band of Chippewa	\$262,066	\$293,288	\$335,827	\$367,368	\$400,188
Eastern/Woodlands	MN	Shakopee Sioux	\$304,462	\$340,426	\$389,353	\$425,669	\$463,545
Eastern/Woodlands	MN	Upper Sioux Indian Community	\$294,768	\$329,296	\$376,197	\$411,047	\$447,475
Eastern/Woodlands	MN	White Earth Band of Minnesota Chippewa	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Eastern/Woodlands	MS	Mississippi Choctaw Tribe	\$207,344	\$233,014	\$266,799	\$290,017	\$316,116
Eastern/Woodlands	NC	Coharie State Tribe	\$219,275	\$246,143	\$284,793	\$309,434	\$337,187
Eastern/Woodlands	NC	Eastern Cherokee	\$212,229	\$238,496	\$276,496	\$300,610	\$327,697
Eastern/Woodlands	NC	Haliwa-Saponi State Tribe	\$220,226	\$247,243	\$286,133	\$310,914	\$338,814
Eastern/Woodlands	NC	Lumbee State Tribe	\$219,275	\$246,143	\$284,793	\$309,434	\$337,187
Eastern/Woodlands	NC	Meherrin State Tribe	\$219,275	\$246,143	\$284,793	\$309,434	\$337,187
Eastern/Woodlands	NC	Waccamaw Siouan State Tribe	\$219,275	\$246,143	\$284,793	\$309,434	\$337,187
Eastern/Woodlands	NY	Cayuga Nation	\$295,361	\$330,545	\$383,280	\$419,358	\$456,872
Eastern/Woodlands	NY	Oneida Nation of New York	\$277,113	\$310,241	\$359,997	\$393,981	\$429,285
Eastern/Woodlands	NY	Onondaga Nation	\$277,113	\$310,241	\$359,997	\$393,981	\$429,285
Eastern/Woodlands	NY	Seneca Nation of New York	\$295,361	\$330,545	\$383,280	\$419,358	\$456,872
Eastern/Woodlands	NY	St. Regis Mohawk Tribe	\$261,005	\$292,231	\$339,153	\$371,190	\$404,463
Eastern/Woodlands	NY	Tonawanda Band of Senecas	\$295,361	\$330,545	\$383,280	\$419,358	\$456,872
Eastern/Woodlands	NY	Tuscarora Nation	\$286,776	\$321,011	\$372,390	\$407,505	\$443,996
Eastern/Woodlands	RI	Narragansett Tribe	\$294,799	\$329,656	\$381,677	\$417,388	\$454,594
Eastern/Woodlands	SC	Catawba Indian Tribe	\$205,853	\$231,373	\$264,970	\$288,053	\$313,991
Eastern/Woodlands	WI	Bad River Band	\$266,890	\$298,583	\$341,739	\$373,751	\$407,091
Eastern/Woodlands	WI	Forest County Potawatami	\$267,436	\$299,291	\$342,692	\$374,873	\$408,361
Eastern/Woodlands	WI	Ho-Chunk Nation	\$269,590	\$301,765	\$345,616	\$378,122	\$411,932
Eastern/Woodlands	WI	Lac Courte Oreilles	\$266,890	\$298,583	\$341,739	\$373,751	\$407,091
Eastern/Woodlands	WI	Lac Du Flambeau Band	\$267,436	\$299,291	\$342,692	\$374,873	\$408,361
Eastern/Woodlands	WI	Menominee Indian Tribe	\$277,083	\$309,881	\$354,517	\$387,640	\$422,166
Eastern/Woodlands	WI	Oneida Tribe	\$274,929	\$307,408	\$351,594	\$384,391	\$418,595
Eastern/Woodlands	WI	Red Cliff Band of Lake Superior Chippewa	\$266,890	\$298,583	\$341,739	\$373,751	\$407,091
Eastern/Woodlands	WI	Saint Croix Chippewa	\$266,890	\$298,583	\$341,739	\$373,751	\$407,091

## Total Development Costs - Revised February 2014

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Eastern/Woodlands	WI	Sokagoan Chippewa Tribe	\$267,436	\$299,291	\$342,692	\$374,873	\$408,361
Eastern/Woodlands	WI	Stockbridge-Munsee Tribe	\$267,436	\$299,291	\$342,692	\$374,873	\$408,361
Northern Plains	CO	Southern Ute Tribe	\$235,218	\$263,271	\$301,500	\$329,842	\$359,324
Northern Plains	CO	Ute Mountain Tribe	\$238,434	\$266,801	\$305,442	\$334,097	\$363,926
Northern Plains	MT	Blackfeet Tribe	\$246,473	\$275,626	\$315,296	\$344,737	\$375,430
Northern Plains	MT	Crow Tribe	\$249,173	\$278,808	\$319,173	\$349,108	\$380,272
Northern Plains	MT	Fort Belknap Indian Community	\$235,218	\$263,271	\$301,500	\$329,842	\$359,324
Northern Plains	MT	Fort Peck Assiniboine and Sioux	\$244,349	\$273,513	\$313,260	\$342,724	\$373,369
Northern Plains	MT	Northern Cheyenne	\$249,173	\$278,808	\$319,173	\$349,108	\$380,272
Northern Plains	MT	Rocky Boy Chippewa-Cree	\$235,218	\$263,271	\$301,500	\$329,842	\$359,324
Northern Plains	MT	Salish and Kootenai Tribes	\$241,649	\$270,331	\$309,384	\$338,353	\$368,528
Northern Plains	ND	Devils Lake Sioux	\$229,348	\$257,100	\$295,014	\$323,070	\$352,146
Northern Plains	ND	Ft. Berthold Affiliated Tribes	\$246,004	\$275,818	\$316,562	\$346,707	\$377,935
Northern Plains	ND	Standing Rock Sioux	\$234,187	\$262,575	\$301,370	\$330,072	\$359,804
Northern Plains	ND	Trenton Band of Chippewa	\$235,826	\$264,700	\$304,228	\$333,437	\$363,614
Northern Plains	ND	Turtle Mountain Band of Chippewa	\$237,965	\$266,993	\$306,708	\$336,068	\$366,430
Northern Plains	NE	Northern Ponca Tribe of Nebraska	\$244,865	\$273,861	\$313,325	\$342,609	\$373,129
Northern Plains	NE	Omaha Tribe	\$244,865	\$273,861	\$313,325	\$342,609	\$373,129
Northern Plains	NE	Santee Sioux Tribe	\$243,257	\$272,096	\$311,355	\$340,481	\$370,829
Northern Plains	NE	Winnebago Tribe	\$244,865	\$273,861	\$313,325	\$342,609	\$373,129
Northern Plains	SD	Cheyenne River Sioux	\$218,609	\$245,093	\$281,283	\$308,060	\$335,801
Northern Plains	SD	Crow Creek Sioux	\$219,140	\$245,621	\$281,792	\$308,563	\$336,316
Northern Plains	SD	Flandreau Santee Sioux	\$224,510	\$251,625	\$288,657	\$316,068	\$344,489
Northern Plains	SD	Lower Brule Sioux	\$223,963	\$250,916	\$287,704	\$314,946	\$343,219
Northern Plains	SD	Oglala Sioux of Pine Ridge Reservation	\$226,648	\$253,918	\$291,137	\$318,699	\$347,305
Northern Plains	SD	Rosebud Sioux	\$223,963	\$250,916	\$287,704	\$314,946	\$343,219
Northern Plains	SD	Sisseton-Wahpeton Sioux	\$217,532	\$243,856	\$279,821	\$306,435	\$334,015
Northern Plains	SD	Yankton Sioux	\$221,294	\$248,095	\$284,716	\$311,812	\$339,887
Northern Plains	UT	Goshute Reservation	\$233,095	\$261,158	\$299,464	\$327,829	\$357,263
Northern Plains	UT	NW Band of Shoshoni Nation	\$235,795	\$264,340	\$303,341	\$332,200	\$362,104
Northern Plains	UT	Skull Valley Band of Goshute	\$234,172	\$262,395	\$300,926	\$329,454	\$359,049
Northern Plains	UT	Uintah & Ouray Ute Indian Tribe	\$234,172	\$262,395	\$300,926	\$329,454	\$359,049
Northern Plains	UT	Utah Paiute Tribe	\$230,410	\$258,156	\$296,032	\$324,076	\$353,177
Northern Plains	WY	Northern Arapahoe	\$232,018	\$259,921	\$298,002	\$326,204	\$355,478
Northern Plains	WY	Shoshone Tribe of the Wind River Res.	\$232,018	\$259,921	\$298,002	\$326,204	\$355,478
Northwest	ID	Coeur D'Alene Tribe	\$261,504	\$292,400	\$334,430	\$365,628	\$398,163
Northwest	ID	Fort Hall Shoshone-Bannock	\$243,272	\$272,276	\$311,798	\$341,099	\$371,584
Northwest	ID	Kootenai Tribe	\$261,504	\$292,400	\$334,430	\$365,628	\$398,163
Northwest	ID	Nez Perce Tribe	\$264,720	\$295,930	\$338,372	\$369,883	\$402,765
Northwest	OR	Burns-Paiute Tribe	\$270,636	\$302,641	\$346,190	\$378,510	\$412,208
Northwest	OR	Coos Bay Confederated Tribes	\$275,490	\$308,296	\$352,990	\$386,131	\$420,620
Northwest	OR	Coquille Indian Tribe	\$275,490	\$308,296	\$352,990	\$386,131	\$420,620
Northwest	OR	Cow Creek Tribes	\$275,490	\$308,296	\$352,990	\$386,131	\$420,620
Northwest	OR	Grand Ronde Confederated Tribes	\$276,567	\$309,533	\$354,452	\$387,755	\$422,405

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Northwest	OR	Klamath Indian Tribe	\$265,813	\$297,346	\$340,278	\$372,127	\$405,305
Northwest	OR	Siletz Confederated Tribes	\$276,567	\$309,533	\$354,452	\$387,755	\$422,405
Northwest	OR	Umatilla Confederated Tribes	\$270,651	\$302,821	\$346,634	\$379,129	\$412,962
Northwest	OR	Warm Springs Confederated Tribes	\$273,867	\$306,351	\$350,576	\$383,384	\$417,564
Northwest	WA	Chehalis Confederated Tribes	\$280,875	\$314,480	\$360,299	\$394,254	\$429,548
Northwest	WA	Colville Confederated Tribes	\$270,682	\$303,181	\$347,522	\$380,366	\$414,472
Northwest	WA	Cowlitz	\$270,121	\$302,293	\$346,125	\$378,625	\$412,447
Northwest	WA	Hoh Indian Tribe	\$289,476	\$324,193	\$371,550	\$406,634	\$443,077
Northwest	WA	Jamestown S'Kallam Tribe	\$281,937	\$315,536	\$361,317	\$395,261	\$430,578
Northwest	WA	Kalispel Indian Community	\$275,506	\$308,476	\$353,434	\$386,749	\$421,375
Northwest	WA	Lower Elwha Tribal Community	\$281,937	\$315,536	\$361,317	\$395,261	\$430,578
Northwest	WA	Lummi Tribe	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Makah Indian Tribe	\$289,476	\$324,193	\$371,550	\$406,634	\$443,077
Northwest	WA	Muckleshoot Indian Tribe	\$290,007	\$324,721	\$372,059	\$407,137	\$443,592
Northwest	WA	Nisqually Indian Community	\$289,476	\$324,193	\$371,550	\$406,634	\$443,077
Northwest	WA	Nooksack Tribe	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Port Gamble S'Kallam Tribe	\$281,937	\$315,536	\$361,317	\$395,261	\$430,578
Northwest	WA	Puyallup Tribe	\$290,007	\$324,721	\$372,059	\$407,137	\$443,592
Northwest	WA	Quileute Tribe	\$289,476	\$324,193	\$371,550	\$406,634	\$443,077
Northwest	WA	Quinault Tribe	\$286,260	\$320,663	\$367,609	\$402,378	\$438,475
Northwest	WA	Samish Nation	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Sauk-Suiattle Indian Tribe	\$283,545	\$317,301	\$363,288	\$397,389	\$432,879
Northwest	WA	Shoalwater Bay Tribe	\$286,260	\$320,663	\$367,609	\$402,378	\$438,475
Northwest	WA	Skokomish Indian Tribe	\$286,260	\$320,663	\$367,609	\$402,378	\$438,475
Northwest	WA	Snoqualmie	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Spokane Tribe	\$275,506	\$308,476	\$353,434	\$386,749	\$421,375
Northwest	WA	Squaxin Island Tribe	\$286,260	\$320,663	\$367,609	\$402,378	\$438,475
Northwest	WA	Stillaguamish Tribe	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Suquamish Tribal Council	\$289,476	\$324,193	\$371,550	\$406,634	\$443,077
Northwest	WA	Swinomish Indians	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Tulalip Tribes	\$293,222	\$328,252	\$376,001	\$411,393	\$448,194
Northwest	WA	Upper Skagit Tribe	\$286,760	\$320,831	\$367,230	\$401,644	\$437,481
Northwest	WA	Yakama Indian Nation	\$273,882	\$306,531	\$355,488	\$388,969	\$423,777
Southern Plains	KS	Iowa Tribe of Kansas and Nebraska	\$239,354	\$268,612	\$307,026	\$333,476	\$363,309
Southern Plains	KS	Kickapoo Tribe	\$209,528	\$235,789	\$270,433	\$294,197	\$320,824
Southern Plains	KS	Prairie Band of Potawatomi	\$209,528	\$235,789	\$270,433	\$294,197	\$320,824
Southern Plains	KS	Sac and Fox of Missouri	\$209,528	\$235,789	\$270,433	\$294,197	\$320,824
Southern Plains	LA	Chitimacha Tribe	\$209,376	\$235,196	\$269,155	\$292,506	\$318,781
Southern Plains	LA	Coushatta Tribe	\$209,376	\$235,196	\$269,155	\$292,506	\$318,781
Southern Plains	LA	Jena Band of Choctaw	\$198,937	\$223,708	\$256,348	\$278,758	\$303,911
Southern Plains	LA	Tunica-Biloxi Tribe	\$198,937	\$223,708	\$256,348	\$278,758	\$303,911
Southern Plains	OK	Absentee-Shawnee	\$203,692	\$229,207	\$262,864	\$285,952	\$311,826
Southern Plains	OK	Alabama-Quassarte Tribal Town	\$198,807	\$223,725	\$256,598	\$279,147	\$304,412
Southern Plains	OK	Apache Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Southern Plains	OK	Caddo Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908
Southern Plains	OK	Cherokee Nation	\$198,807	\$223,725	\$256,598	\$279,147	\$304,412
Southern Plains	OK	Cheyenne-Arapaho Tribes	\$209,657	\$235,772	\$270,183	\$293,808	\$320,323
Southern Plains	OK	Chickasaw	\$196,083	\$220,409	\$252,438	\$274,442	\$299,162
Southern Plains	OK	Choctaw Nation	\$203,281	\$228,649	\$262,087	\$285,039	\$310,785
Southern Plains	OK	Citizen Band Potawatomi Tribe	\$203,692	\$229,207	\$262,864	\$285,952	\$311,826
Southern Plains	OK	Comanche Tribe	\$202,049	\$226,974	\$259,757	\$282,298	\$307,659
Southern Plains	OK	Delaware Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908
Southern Plains	OK	Delaware Tribe of Indians (Eastern)	\$198,807	\$223,725	\$256,598	\$279,147	\$304,412
Southern Plains	OK	Eastern Shawnee Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Fort Sill Apache Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908
Southern Plains	OK	Iowa Tribe of Oklahoma	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	Kaw Tribe	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	Kialegee Tribal Town	\$201,790	\$227,007	\$260,258	\$283,075	\$308,660
Southern Plains	OK	Kickapoo Tribe of Oklahoma	\$198,937	\$223,708	\$256,348	\$278,758	\$303,911
Southern Plains	OK	Kiowa Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908
Southern Plains	OK	Loyal Shawnee of OK	\$215,212	\$241,778	\$276,725	\$300,750	\$327,779
Southern Plains	OK	Miami Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Modoc Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Muskogee (Creek) Nation	\$198,807	\$223,725	\$256,598	\$279,147	\$304,412
Southern Plains	OK	Osage Tribe	\$200,968	\$225,891	\$258,704	\$281,247	\$306,577
Southern Plains	OK	Otoe-Missouria Tribe	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	Ottawa Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Pawnee Tribe	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	Peoria Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Ponca Tribe	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	Quapaw Tribe	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Sac and Fox Tribe	\$203,692	\$229,207	\$262,864	\$285,952	\$311,826
Southern Plains	OK	Seminole Nation	\$198,937	\$223,708	\$256,348	\$278,758	\$303,911
Southern Plains	OK	Seneca-Cayuga	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	OK	Thlopthlocco Tribal Town	\$201,790	\$227,007	\$260,258	\$283,075	\$308,660
Southern Plains	OK	Tonkawa Tribe	\$206,675	\$232,489	\$266,523	\$289,880	\$316,075
Southern Plains	OK	United Keetoowah	\$198,807	\$223,725	\$256,598	\$279,147	\$304,412
Southern Plains	OK	Wichita Tribe	\$205,031	\$230,256	\$263,416	\$286,225	\$311,908
Southern Plains	OK	Wyandotte	\$212,358	\$238,479	\$272,815	\$296,434	\$323,030
Southern Plains	TX	Alabama-Coushatta	\$199,477	\$224,250	\$256,874	\$279,283	\$304,453
Southern Plains	TX	Texas Band of Kickapoo Indians	\$187,805	\$211,086	\$241,736	\$262,794	\$286,458
Southwest	AZ	Ak-Chin Papago	\$238,980	\$267,510	\$306,395	\$335,219	\$365,196
Southwest	AZ	Cocopah Tribe	\$239,511	\$268,038	\$306,904	\$335,722	\$365,712
Southwest	AZ	Fort McDowell Mohave Apache	\$238,980	\$267,510	\$306,395	\$335,219	\$365,196
Southwest	AZ	Fort Mojave Tribe	\$256,228	\$287,476	\$330,228	\$361,833	\$394,520
Southwest	AZ	Gila River	\$240,588	\$269,275	\$308,366	\$337,347	\$367,497
Southwest	AZ	Havasupai	\$416,323	\$466,176	\$534,162	\$584,538	\$636,887
Southwest	AZ	Hopi	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Southwest	AZ	Hualapai	\$237,934	\$266,633	\$305,821	\$334,831	\$364,921
Southwest	AZ	Kaibab Band of Paiute	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639
Southwest	AZ	Navajo Nation	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639
Southwest	AZ	Pascua Yaqui Tribe	\$235,218	\$263,271	\$301,500	\$329,842	\$359,324
Southwest	AZ	Payson Tonto Apache	\$238,464	\$267,161	\$306,330	\$335,334	\$365,436
Southwest	AZ	Salt River Pitma-Maricopa	\$240,588	\$269,275	\$308,366	\$337,347	\$367,497
Southwest	AZ	San Carlos Apache	\$234,156	\$262,215	\$300,482	\$328,835	\$358,294
Southwest	AZ	San Juan Southern Paiute Tribe	\$244,896	\$274,221	\$314,213	\$343,846	\$374,639
Southwest	AZ	Tohono O'Odham Nation	\$240,588	\$269,275	\$308,366	\$337,347	\$367,497
Southwest	AZ	White Mountain Apache (Fort Apache)	\$235,764	\$263,980	\$302,453	\$330,963	\$360,595
Southwest	AZ	Yavapai-Apache (Camp Verde)	\$237,934	\$266,633	\$305,821	\$334,831	\$364,921
Southwest	AZ	Yavapai-Prescott	\$237,934	\$266,633	\$305,821	\$334,831	\$364,921
Southwest	CA	Agua Caliente Band of Cahuilla	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Alturas Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Auburn Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Augustine Band of Cahuilla	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Barona	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Berry Creek Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Big Lagoon Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Big Pine Band	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Big Sandy Rancheria	\$308,254	\$345,025	\$395,135	\$432,284	\$470,926
Southwest	CA	Big Valley Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Blue Lake Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Bridgeport Paiute Indian Colony	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Buena Vista Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Cabazon Band	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Cahuilla Band	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Camp Antelope Tribe	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Campo Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Cedarville Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Chemehuevi	\$268,815	\$302,096	\$345,899	\$376,001	\$409,838
Southwest	CA	Chicken Ranch Rancheria	\$303,946	\$340,078	\$389,288	\$425,785	\$463,784
Southwest	CA	Chico Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Cloverdale Rancheria	\$320,570	\$358,437	\$409,949	\$448,185	\$488,063
Southwest	CA	Cold Springs Rancheria	\$308,254	\$345,025	\$395,135	\$432,284	\$470,926
Southwest	CA	Colorado River Indian Tribes	\$268,815	\$302,096	\$345,899	\$376,001	\$409,838
Southwest	CA	Colusa Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Cortina Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Coyote Valley Band	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Cuyapaipe Community	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Death Valley Timba-Sha	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Dry Creek Rancheria	\$320,570	\$358,437	\$409,949	\$448,185	\$488,063
Southwest	CA	Elk Valley Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Enterprise Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Southwest	CA	Fort Bidwell	\$302,323	\$338,133	\$386,873	\$423,038	\$460,729
Southwest	CA	Fort Independence	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Graton Rancheria	\$338,318	\$378,572	\$433,403	\$474,065	\$516,392
Southwest	CA	Greenville Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Grindstone Rancheria	\$302,323	\$338,133	\$386,873	\$423,038	\$460,729
Southwest	CA	Guidiville Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Hoopa Valley	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Hopland Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Inaja Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Ione Band of Miwok Indians	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Jackson Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Jamul Indian Village	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Karuk	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	La Jolla Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	La Posta Band	\$264,470	\$297,155	\$340,160	\$369,721	\$402,965
Southwest	CA	Laytonville Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Lone Pine Paiute-Shoshone	\$292,676	\$327,543	\$375,048	\$410,271	\$446,924
Southwest	CA	Los Coyotes Band of Cahuilla	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Lower Lake Rancheria	\$320,570	\$358,437	\$409,949	\$448,185	\$488,063
Southwest	CA	Lytton Rancheria of California	\$320,570	\$358,437	\$409,949	\$448,185	\$488,063
Southwest	CA	Manchester Point Arena Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Manzanita Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Mesa Grande Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Middletown Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Mooretown Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Morongo Band of Cahuilla	\$270,177	\$303,754	\$347,979	\$378,354	\$412,463
Southwest	CA	North Fork Rancheria	\$303,946	\$340,078	\$389,288	\$425,785	\$463,784
Southwest	CA	Paiute-Shoshone of Bishop Colony	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Pala Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Paskenta Band of Nomlaki Indian	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Pauma Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Pechanga Band	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Picayune Rancheria	\$303,946	\$340,078	\$389,288	\$425,785	\$463,784
Southwest	CA	Pinoleville Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Pit River Tribe	\$312,016	\$349,263	\$400,030	\$437,661	\$476,798
Southwest	CA	Potter Valley Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Quartz Valley Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Quechan Tribe	\$263,519	\$296,056	\$338,857	\$368,282	\$401,382
Southwest	CA	Ramona Band	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Redding Rancheria	\$312,016	\$349,263	\$400,030	\$437,661	\$476,798
Southwest	CA	Redwood Valley Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Resighini Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Rincon Reservation	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Robinson Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Southwest	CA	Rohnerville Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Round Valley Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Rumsey Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	San Manuel Band	\$268,815	\$302,096	\$345,899	\$376,001	\$409,838
Southwest	CA	San Pasqual Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	San Rosa Band of Cahuilla	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	San Ysabel Reservation	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Santa Rosa Rancheria	\$291,053	\$325,598	\$372,633	\$407,525	\$443,868
Southwest	CA	Santa Ynez Band of Chumash	\$303,431	\$339,730	\$389,223	\$425,900	\$464,024
Southwest	CA	Scotts Valley (Pomo)	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Sheep Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Sherwood Valley Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Shingle Springs Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Smith River Rancheria	\$305,554	\$341,843	\$391,259	\$427,913	\$466,085
Southwest	CA	Soboba Band	\$271,797	\$305,378	\$349,559	\$379,929	\$414,087
Southwest	CA	Stewarts Point Rancheria	\$320,570	\$358,437	\$409,949	\$448,185	\$488,063
Southwest	CA	Sulphur Bank Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Susanville Rancheria	\$302,323	\$338,133	\$386,873	\$423,038	\$460,729
Southwest	CA	Sycuan Band	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Table Bluff Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Table Mountain Rancheria	\$308,254	\$345,025	\$395,135	\$432,284	\$470,926
Southwest	CA	Tejon Tribe	\$270,306	\$303,737	\$347,729	\$377,965	\$411,962
Southwest	CA	Torres-Martinez Band of Cahuilla	\$270,177	\$303,754	\$347,979	\$378,354	\$412,463
Southwest	CA	Trinidad Rancheria	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	CA	Tule River Indian Tribe	\$301,823	\$337,965	\$387,252	\$423,772	\$461,723
Southwest	CA	Tulomne Rancheria	\$303,946	\$340,078	\$389,288	\$425,785	\$463,784
Southwest	CA	Twenty Nine Palms Band	\$268,815	\$302,096	\$345,899	\$376,001	\$409,838
Southwest	CA	Upper Lake Rancheria	\$318,416	\$355,963	\$407,025	\$444,935	\$484,492
Southwest	CA	Utu Utu Gwaiti Paiute	\$295,907	\$331,253	\$379,434	\$415,145	\$452,280
Southwest	CA	Viejas Group of Capitan Grande	\$262,979	\$295,514	\$338,330	\$367,757	\$400,841
Southwest	CA	Wilton Rancheria	\$285,090	\$320,166	\$366,276	\$397,993	\$433,705
Southwest	CA	Yurok Tribe	\$314,170	\$351,737	\$402,953	\$440,910	\$480,369
Southwest	NM	Acoma Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Cochiti Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Isleta Pueblo	\$232,533	\$260,270	\$298,068	\$326,089	\$355,238
Southwest	NM	Jemez Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Jicarilla Reservation	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Laguna Pueblo	\$232,533	\$260,270	\$298,068	\$326,089	\$355,238
Southwest	NM	Mescalero Reservation	\$228,225	\$255,323	\$292,220	\$319,590	\$348,096
Southwest	NM	Nambe Pueblo	\$242,211	\$271,220	\$310,780	\$340,093	\$370,553
Southwest	NM	Pajoaque Pueblo	\$242,211	\$271,220	\$310,780	\$340,093	\$370,553
Southwest	NM	Picuris Pueblo	\$237,903	\$266,273	\$304,933	\$333,594	\$363,411
Southwest	NM	San Felipe Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	San Ildefonso Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809

**Total Development Costs - Revised February 2014**

ONAP OFFICE	STATE	TRIBAL AREA	1BDRM	2BDRM	3BDRM	4BDRM	5BDRM
Southwest	NM	San Juan Pueblo	\$237,903	\$266,273	\$304,933	\$333,594	\$363,411
Southwest	NM	Sandia Pueblo	\$232,533	\$260,270	\$298,068	\$326,089	\$355,238
Southwest	NM	Santa Ana Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Santa Clara Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Santo Domingo Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Taos Pueblo	\$237,903	\$266,273	\$304,933	\$333,594	\$363,411
Southwest	NM	Tesuque Pueblo	\$242,211	\$271,220	\$310,780	\$340,093	\$370,553
Southwest	NM	Zia Pueblo	\$234,687	\$262,743	\$300,991	\$329,338	\$358,809
Southwest	NM	Zuni Tribe	\$232,533	\$260,270	\$298,068	\$326,089	\$355,238
Southwest	NV	Duck Valley Shoshone-Paiute	\$263,689	\$295,233	\$338,242	\$370,114	\$403,244
Southwest	NV	Duckwater Shoshone	\$274,382	\$306,700	\$350,641	\$383,269	\$417,325
Southwest	NV	Ely Shoshone	\$272,775	\$304,935	\$348,670	\$381,141	\$415,024
Southwest	NV	Fallon Paiute-Shoshone	\$259,366	\$290,106	\$331,951	\$362,997	\$395,347
Southwest	NV	Las Vegas Colony	\$274,382	\$306,700	\$350,641	\$383,269	\$417,325
Southwest	NV	Lovelock Colony	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Moapa Band of Paiute	\$274,382	\$306,700	\$350,641	\$383,269	\$417,325
Southwest	NV	Pyramid Lake Paiute	\$264,751	\$296,290	\$339,260	\$371,120	\$404,274
Southwest	NV	Reno-Sparks Colony	\$264,751	\$296,290	\$339,260	\$371,120	\$404,274
Southwest	NV	Summit Lake Paiute Tribe	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Te-Moak	\$263,689	\$295,233	\$338,242	\$370,114	\$403,244
Southwest	NV	Walker River Paiute Tribe	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Washoe Tribe	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Winnemucca Colony	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Yerington Paiute Tribe	\$261,520	\$292,580	\$334,874	\$366,246	\$398,918
Southwest	NV	Yomba Shoshone Tribe	\$274,382	\$306,700	\$350,641	\$383,269	\$417,325
Southwest	NV	Fort McDermitt Paiute and Shoshone	\$267,436	\$299,291	\$342,692	\$374,873	\$408,361
Southwest	TX	Ysleta Del Sur	\$215,909	\$241,911	\$277,406	\$303,689	\$330,959



**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

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Special Attention of:  
Administrators; Offices  
of Native American Programs;  
Tribes, Tribally Designated  
Housing Entities

**Notice PIH 2010- 47 (TDHEs)**

Issued: November 19, 2010

Expires: November 30, 2011

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Cross Reference: 24 CFR Part 1000  
PIH 2009-27 (TDHE)

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**SUBJECT:** Total Development Costs (TDC) for Affordable Housing under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA)

**PURPOSE:** This Notice supersedes Notice PIH 2009-27 (TDHEs), same subject, dated August 10, 2009. This Notice transmits the updated schedule for the maximum amount of funds that may be used for affordable housing under NAHASDA. The requirement for the development and implementation of these limits is found at 24 CFR 1000.156 through 1000.162 of the Indian Housing Block Grant (IHBG) regulations published in the Federal Register on September 28, 2001, and effective October 29, 2001.

**BACKGROUND:** Under the United States Housing Act of 1937 (“1937 Act”) (42 U.S.C. 1437 et seq.), the construction cost limits were called Total Development Cost (TDC) limits. These limits covered the total cost of development, including both soft and hard costs of construction. Under NAHASDA (25 U.S.C. 4101 et seq.), the regulations provided for a new system of construction cost limits called Dwelling Construction and Equipment (DC& E) costs. In response to concerns expressed by tribes and tribally designated housing entities (TDHE), the Department revised the program regulations on September 28, 2001, returning to TDC limits to define moderately designed housing.

**APPLICABILITY:** TDCs apply to:

- a. All affordable housing assisted with IHBG funds after October 29, 2001, the effective date of the regulation cited above.
- b. Funds initially provided under the 1937 Act that were not obligated as of October 29, 2001.

**RESPONSIBILITY:** The tribe/TDHE is responsible for ensuring that the amount of funds from **all** sources used to construct each unit does not exceed the TDC limits. The tribe/TDHE must maintain records showing that housing was developed in accordance with these limits and other applicable NAHASDA requirements. Units that improperly exceed TDC limits without appropriate HUD approval will not be deemed to be “affordable housing” and all IHBG funds expended on such units will be disallowed.

**TDC:** A TDC is published for each tribe and covers the tribally recognized land base. It specifies five dwelling sizes, ranging from one to five bedrooms, and can be applied to a multi-family building up to a four-plex.

TDC amounts are based on a moderately designed house, and are determined by averaging the current construction costs as listed in two nationally recognized residential construction cost indices (Marshall & Swift/Boeckh. LLC and RSMeans Residential 2009 Cost Data) for publicly bid construction of a good and sound quality, as follows:

Base Cost -- A base cost is developed for each of the 1-5 bedroom dwelling sizes, and adjusted for construction features for Standard, Severe and Hostile climate zones. The Base Cost includes the dwelling unit construction costs and associated site grading and utilities within 5' from the structure.

Local Cost Multiplier -- A local multiplier, based on an average of local multipliers in the two cost estimating indices, is then applied against the Base Cost to provide dwelling construction costs that are specific to each tribe's geographic location.

Total Development Cost (TDC) Multiplier -- A second multiplier (1.75) is then added to account for activities related to developing affordable housing of moderate design. This TDC multiplier is intended to include all costs necessary for administration, planning, site acquisition, financing (including payment of carrying charges), and on-site demolition, construction or equipment, and for otherwise carrying out the development of the project. The TDC multiplier includes site and infrastructure costs that are 5' from the structure to the boundaries of a housing site.

**Note:** 24 CFR 1000 does not limit the cost of infrastructure outside the boundaries of a housing site, and off-site costs such as water, sewer, roads, etc., are excluded from TDC limits.

Since the published TDCs only cover the tribally recognized land base, tribes who are constructing or renovating affordable housing outside of their tribally recognized land base but within their Indian Area, as defined in their Indian Housing Plan, must request TDCs from the Area Office of Native American Programs (AONAP) on a project-by-project basis for those locations. Indian Area is defined in 24 CFR 1000.10 as the area within which an Indian tribe or TDHE operates affordable housing programs or the area in which a TDHE is authorized by one or more tribes to operate affordable housing programs.

**AFFORDABLE HOUSING/MODERATE DESIGN:** As specified in §1000.156, affordable housing must be of moderate design. For these purposes, moderate design is defined as "housing that is of a size and with amenities consistent with unassisted housing offered for sale in the Indian tribe's general geographic area to buyers who are at or below the area median income." The local determination of moderate design applies to all housing assisted under an affordable housing activity, including development activities (e.g., acquisition, new construction, reconstruction, moderate or substantial rehabilitation of affordable housing and homebuyer assistance) and model activities. Acquisition includes assistance to a family to purchase housing, such as down payment, closing costs or loan assistance. Units with the same number of bedrooms within a project must be comparable with respect to size, cost, and amenities.

**RECIPIENT DEVELOPMENT OF STANDARDS FOR HOUSING OF MODERATE**

**DESIGN:** A recipient must either use the TDC limits published by HUD or the recipient may adopt written standards for its affordable housing programs that reflect the requirement specified in §1000.156. The standards must describe the type of housing, explain the basis for the standards, and use similar housing in the Indian Tribe's general geographic area. For each affordable housing project, the recipient must maintain documentation substantiating compliance with the adopted housing standards. For purposes of this requirement, a project is one or more housing units, of comparable size and design, developed with assistance provided by IHBG funds.

**Note:** §1000.158 specifies that a recipient who develops standards for its affordable housing programs may not exceed 10% of the published TDC limits without prior HUD approval.

**VARIANCE:** If a tribe/TDHE determines that the published TDC amounts are not representative of construction costs in its area, it may provide the AONAP with relevant information and request a variance. Variances may be requested for an individual project or for adjustments to current cost limits. The AONAP Administrator has authority to approve variances above the published TDC.

Relevant information to support a variance can include, but is not limited to, documentation demonstrating:

- Material costs have significantly increased since last publication of TDCs;
- Unusual site acquisition costs;
- Transportation costs of materials have increased since the last publication of TDCs;
- Natural disasters occurring after the last TDC publication date have caused an increase in material, labor and other construction costs;
- Special local conditions exist that result in higher construction costs as verified by historical cost data for building affordable housing in their community and;
- Significant additional costs for incorporating green building, energy efficiency or other innovative practices, such as Indian Energy Resource regulation compliance; and
- Evidence the tribe/TDHE has worked with the AONAP to lower the costs of the project, etc.

**Note:** Construction bids for projects that exceed the published TDC limits cannot be the sole justification for a variance.

Special Request 1: If a tribe/TDHE chooses to fund the development of housing outside of its tribally recognized land base, thereby rendering the published TDCs for that tribe inapplicable for that specific housing, it shall request TDCs that are appropriate for that location and housing.

Special Request 2: If a tribe/TDHE decides to fund the development of housing of a construction type that is not covered by these TDCs, including multi-family buildings of more than four units, it shall request HUD to provide TDC costs specific to the type of housing it is developing. These special requests shall be sent to the AONAP for evaluation.

**TDCs FOR ALASKA:** TDCs for remote areas of Alaska reflect revised limits to adjust the general construction cost data of the nationally recognized residential construction cost indices. This means that TDC amounts accommodate increased construction and transportation costs of building materials previously recognized in published TDC cost limits. Additionally, this Notice constitutes HUD approval for a 2% increase above the attached TDCs for construction projects in Alaska to meet Building Energy Efficiency Standards (BEES) requirements. BEES are only required when funds provided by the State of Alaska are used in conjunction with HUD funds. A Tribe/TDHE can contact the Alaska AONAP for applicability of BEES requirements.

**TIME ADJUSTMENTS:** Data used for the calculation of the TDCs have been adjusted for time to coincide with the publication. No additional adjustments to the published TDCs are authorized. A Tribe/TDHE can use these new limits for current construction contracts if needed to accommodate change orders to cover increased housing costs since the last TDCs were published.

**REPORTING REQUIREMENTS:** The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2577-0238. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**ADDITIONAL INFORMATION:** Please contact your AONAP for additional information regarding TDC requirements.

/s/  
\_\_\_\_\_  
Sandra B. Henriquez, Assistant Secretary  
for Public and Indian Housing

Attachment

# **MINIMUM UNIVERSAL DESIGN REQUIREMENTS FOR NEW CONSTRUCTION USING AFFORDABLE HOUSING TRUST FUNDS FROM THE CITY OF ST. LOUIS**

**September 2004**

**Revised September 2008**

## **OVERVIEW**

All developers must hire a registered project architect to produce sealed, detailed construction drawings prior to commencing construction and to oversee construction of the project. All new construction projects require written architectural certification at the time of application, at execution of the loan agreement, and at close-out by the project architect and the developer that the project as designed and as-built complies with AHC's UD Requirements. The developer must not start construction prior to submitting sealed, detailed construction drawings, UD Certifications and waiver requests, or prior to AHC's approval and return of executed project legal documents. If AHC determines that construction has begun prior to review of the required submissions and/or errors in construction performed, AHC may revoke its funding, regardless if the variance was intentional or unintentional on the developer's part.

The first certification will state that the project will be drawn and built in compliance with AHC's Universal Design Requirements. If the developer knows at the time of application that a waiver will be needed from specific UD Requirements, the developer should request a waiver at that time. When requesting a waiver, the developer must also provide alternative designs that address resident accessibility and ease of use. Waivers and their alternative design features will be tracked throughout construction and at close-out.

Following the awarding of funds, and prior to construction, the developer and architect must sign a second certification that will include a verification checklist. Should a waiver be needed, it must be applied for a minimum of 90 days in advance of construction. This will provide the Commission the necessary time to review the request. A third and final certification will state that the project as drawn and as-built is in compliance with AHC's Universal Design Requirements.

## **CHAPTER 1 – APPLICATION AND ADMINISTRATION**

### **SECTION 101 PURPOSE**

Universal Design (UD) and Affordable Housing are natural and inevitable partners. The fundamental objectives are to address housing for a population facing financial and physical challenges.

The mission of the Affordable Housing Commission of the City of St. Louis is:

"To promote City living and neighborhood stabilization through the preservation of affordable, accessible housing and support services that enhance the quality of life for those in need."

The Commission provides grants and loans to non-profit agencies and developers that provide housing related services or construction/rehab housing for city residents earning 80% or below the area median income.

Houses developed through this program are intended for a wide range of occupants including all ages and physical abilities. To best meet the needs of our St. Louis residents, the Affordable Housing Commission requires all new construction built using the program to comply with basic minimum Universal Design concepts and techniques. Projects incorporating additional universal design elements may be given extra support and consideration.

*“A universal house begins with three essential components: a step-less entry, wider doors and halls, and a usable bathroom. Without them, no dwelling can be considered universal. Conversely, a home with only those three features isn’t universal either. In addition to the Basic 3, a universal home includes a variety of other features that provide convenience, safety, and ease of use. The combination produces a universal home.” (Center for Universal Design, 2000).*

Please note, AHC Requirements also include at least one accessible bedroom on an accessible level connected to the accessible route.

### **SECTION 102 CODES AND STANDARDS**

The UD criteria are not a substitute for compliance with the current City of St. Louis Building Code and Fair Housing Act requirements. These criteria must be addressed in addition to compliance with code and accessibility requirements. In some cases, these tasks overlap; in others, the UD element is clearly an additional requirement. In many cases the UD components echo and repeat requirements that are already fundamental to most large construction projects. Compliance with these guidelines does *not* provide safe haven for compliance with any other applicable standard. Plan review for compliance with UD criteria is separate from City of St. Louis Building Division review and is not included in the permit process.

In some cases, these criteria depend on the requirements of other publications to set the standard for the construction and detailing of a required element. For example, since ramps must comply with current ANSI A117.1, Accessible and Usable Buildings and Facilities standards as currently adopted by the City of St. Louis, those requirements are not restated in these guidelines, but are simply referenced.

**Asterisks indicate items which are discussed in greater detail in Appendix A: Design Notes and Explanatory Comments.**

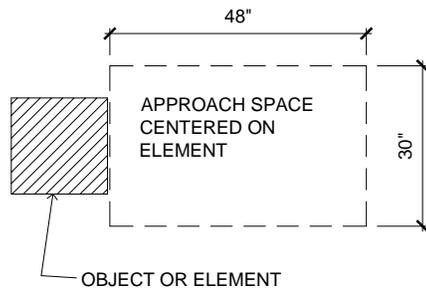
### **SECTION 103 DEFINED TERMS \***

**accessible route:** A continuous, unobstructed path that complies with Sections 301 and 302. With exception of ramped surfaces, all portions of an accessible UD route slope less than 5% (1:20) parallel to travel, have a cross-slope of less than 2% (1:50), and are at least 42" wide. Accessible routes are free of protruding objects.

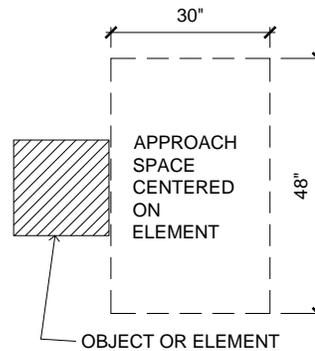
**forward approach:** Provide forward approach to an element by providing a 30"x 48" clear and level space immediately in front of and centered on the item. See illustration 103a.

**level:** a surface or landing sloping less than 2% in all directions

**parallel approach:** Provide parallel approach to an element by making sure that a 30"x 48" clear and level space is provided immediately in front of and centered on the item. See illustration 103b.



**103a Forward Approach**



**103b Parallel Approach**

**protruding object:** An object protruding more than four inches from a wall, at a height higher than 27", and less than 80" above the floor. Less than 27" above the floor is considered cane detectable.

**ramp\*:** A surface with a running slope more than 1:20 and equal to or less than 1:12, and a cross slope less than 1:50. Provide handrails at both sides. For ramp construction requirements refer to City of St. Louis Building Division Guidelines and the current edition of ANSI A117.1 as adopted by the City of St. Louis.

**reach range:** For an object to "be within reach range", it must be within:

- Minimum height: 15" above the finished floor.
- Maximum height – forward approach: 48" maximum above the finished the floor (44" if reaching over a 24" deep counter)
- Maximum height – parallel approach: 54" maximum off the floor (46" if reaching over a 24" deep counter)

**CHAPTER 2 SCOPING & TECHNICAL REQUIREMENTS  
SITE AND BUILDING**

**SECTION 201  
GENERAL**

These recommendations provide criteria for making residential sites, buildings and dwelling units comply with universal design principles. These criteria apply to new construction of residential projects in the City of St. Louis funded by the Affordable Housing Commission.

**SECTION 202  
SITE**

**202.1\* Route.** Provide at least one accessible route from vehicle drop-off and parking area(s) to entry door complying with 202.2. The accessible route must extend to the public sidewalk (if any).

**202.2 Pathway(s).** All sidewalks and accessible routes must have maximum 1:20 running slopes and maximum 1:50 cross slopes. Surface to be firm, slip-resistant and smooth. Provide minimum pathway width of 42”.

**202.3 Parking.** Provide space for at least one accessible parking space serving this site and connected to the accessible route. The accessible space may be on the street. Signs and striping are not required. The intent of this requirement is to make sure that the space can be provided in the future without requiring additional grading, paving, or curbing. If the project is large enough to trigger accessible parking requirements, provide spaces, signage and striping per City of St. Louis Building Code and ANSI A117.1 requirements.

**202.3.1 Parking Location.** Parking designated for the dwelling should be as close as possible to the house/unit entry and at the same basic level. The intent is to reduce or eliminate any need for residents to negotiate unassisted vertical transitions (ramps etc.) between parking and the entry. Multi-level buildings with elevator service to the parking and entry level(s) are acceptable.

**202.3.2 Parking space dimensions** (exterior, covered and garage). Provide a 9' x 19' minimum area for the vehicle with a minimum 5' access aisle on one side. Space and aisle to have maximum 2% cross slope in all directions. Surface must be paved, firm, slip-resistant and smooth.

**202.3.3 Vertical clearance.** Provide 98” minimum vertical clearance at the parking space, access aisle and vehicular approach route.

**202.4 Garage.** Not required. However, if provided, all portions must comply with the following:

**202.4.1 Attached Garage.** If the garage is attached to the house, provide a ramp or other means of entering the house through a no-step entry complying with Section 302.2.

**202.4.2 Detached Garage.** If the garage is detached, provide an accessible route from the garage to a no-step entry to the house.

**202.4.3\* Garage door** (if provided): Provide a child-proof automatic garage door opener and automatic lighting.

## **SECTION 203 BUILDING**

**203.1\*Entry.** Provide at least one no-step entry. This should be a primary house/building entry and must comply with Section 302.1 entry requirements. While it is preferred that the no-step entry be the front entrance to the home, an accessible side or rear entry is permissible when historic or neighborhood requirements preclude access to the front.

**203.2 House numbers.** Provide address numbers at front and back of house. Comply with Section 302.1. Numbers should be at least 4" tall and contrast with the mounting background by 70% minimum. Numbers should be illuminated or reflective and easily visible at night. See appendix for additional information on contrast.

**203.3 Decks.** If provided, decks must be accessible from the interior of the dwelling unit. Accessibility may be provided by either step-less transition or ramp. Provide level (no more than 2% slope in any direction) surface with slip-resistant stable finish. No decking gaps greater than ¼".

**203.4 Trash.** Provide an accessible route to trash containers or trash drop-off area.

**203.5 Mail.** Provide an accessible route to the mailbox. Mount mailbox within reach range and provide for either forward or parallel approach.

## **CHAPTER 3: SCOPING & TECHNICAL REQUIREMENTS SPECIFIC ELEMENTS AND SPACES**

### **SECTION 301 DWELLING UNITS**

**301.1 Route.** The interior accessible route must be continuous through all spaces and must connect to all required elements. Primary living spaces (e.g. living room, family and dining spaces) must be on the accessible route.

**301.2 Bathroom(s).** At least one bathroom must be on an accessible level and suitable for use as defined in Section 305.1. All additional bathrooms must comply with Section 305.2.

**301.3 Bedroom(s)\*.** At least one bedroom must be on an accessible level and connected to the accessible route.

**301.4 Closet shelf supports.** Provide adjustable shelf supports extending from floor to ceiling in an accessible bedroom closet. Provide blocking for additional shelving and rod supports in all closets.

**301.5 Kitchen.** Must be on an accessible level, connected to the accessible route, and comply with Section 304.

**301.6\* Laundry.** Provide space for parallel approach (see Section 103) to both appliances in a side-by-side position on an accessible level. Provide rough-in for combination washer/dryer unit. Set hook-ups to permit future installation of 9" tall platform under the units.

If a parallel approach, the preferred laundry design, is not feasible, the developer may instead purchase and install (at developers' expense) stacking units with controls at or below 54" above the finished floor and service openings within reach range.

**301.7 Doors.** All exterior door openings must comply with Section 302. All interior door openings must comply with Section 303.

**Exception:** Doors to shallow closets (24" deep or less) and similar spaces which are not meant to be entered. Utility closets may have door openings narrower than 32" and be deeper than 30" so long as the air handler filter can be easily accessed from outside the space.

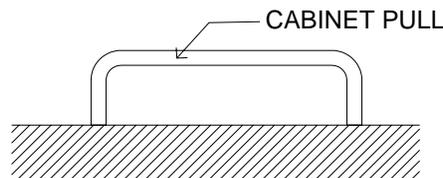
**301.8 Windows.** Provide the following:

**303.6.1 Sill height.** Locate windows with sills at maximum 32" above the finish floor except over casework.

**303.6.2 Operating mechanism.** Select windows that are easy to operate. Crank casements requiring less than 5 lbs. of efforts are preferred.

**303.6.3 Window locks.** Mount locks within reach range (See Section 103).

**301.9 Hardware, fixtures and fittings.** All door hardware, cabinet hardware, faucets, bath and shower valves, diverters and similar items are to be lever and/or wire handle or D-pull (loop) type. All such items must operate easily using a single closed fist.



**301a Cabinet Pull**

**Exceptions:** Panel box and HVAC filter access panel.

## SECTION 302 EXTERIOR DOORS

### 302.1 Primary Entry. Provide the following:

**302.1.1 Door width and type.** Minimum 36" wide, standard pivot (hinged) door.

**302.1.2\* Sidelight.** Provide a full length sidelight or other means of seeing visitors from both a standing and seated position.

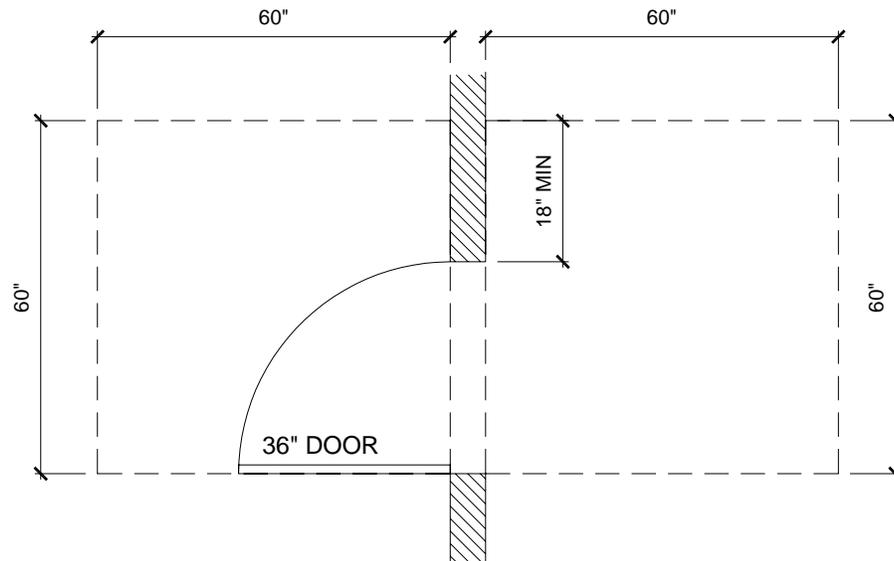
**302.1.3 Threshold.** Maximum threshold height is ½" beveled or ¼" square edged.

**302.1.4 Doorbell.** Internally illuminated doorbell, wired to allow retrofit of visible interior signal. Mount doorbell at 36" above the level landing outside the door.

**302.1.5 Closer.** If a closer is installed, comply with current ANSI standards for closing speed and force (see ANSI A117.1 1989, 404.2.8-9).

**302.1.6 Weather-stripping.** If weather-stripping is installed, the weather seal must allow operation of the door with 5 lbs. of force or less. Seal must not increase the height of the threshold.

**302.1.7 Clear floor space.** Provide 5' x 5' maneuvering space inside and outside of entry door. At the exterior side of the door, provide a full turning circle (60" radius) of level space clear of the door swing. See illustration 302a.



**302a Approach areas for primary no-step entry**

**302.1.8 Covered entryway.** Shelter entry from weather with an overhang.

**302.1.9\* Lighting.** Provide outdoor lighting either in porch roof/ceiling or with a sconce mounted on the latch side of the door. Minimum 100 watt capacity fixture.

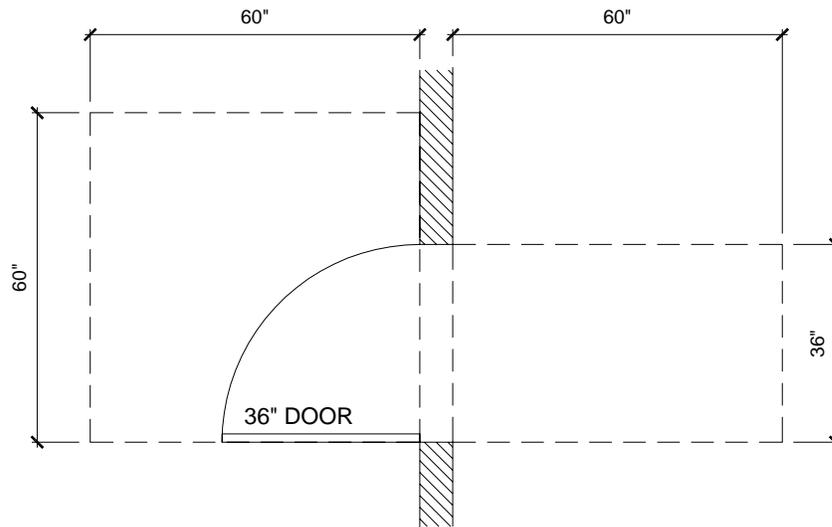
**302.1.10 Optional elements** (recommended but not required).

- Provide a package shelf or bench for parcels or groceries near the entry. If the shelf is provided, it must be placed clear of the required approach spaces for the door.
- Provide a covered porch at the entry. The porch roof serves to protect the entry area as well as providing shaded exterior space.
- Provide power stub-in for future installation of an electronic door strike release or power door operator. Most units operate off 24V

**302.2 Secondary hinged (pivot) exterior doors.** Provide the following:

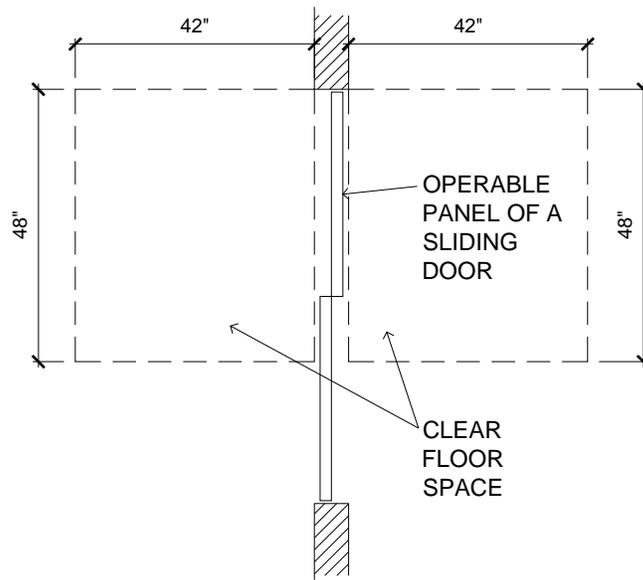
**302.2.1 Door width.** Minimum 36" wide.

**302.2.2 Clear floor space.** Provide 5' x 5' maneuvering space on the pull side(s) of the door and a minimum of a 36" x 48" approach space on the push side.



### **302b Approach spaces for secondary exterior doors**

**302.3 Exterior sliding doors.** Decks may be accessed through sliding glass doors, but these may not serve as the primary entry to the building. The maximum height for the sill/threshold of a sliding glass door is  $\frac{3}{4}$ ". Sliding glass doors may require up to 8 lbs. of force to operate. Provide a 42" x 48" approach space to both sides of the sliding door. See illustration 302c.

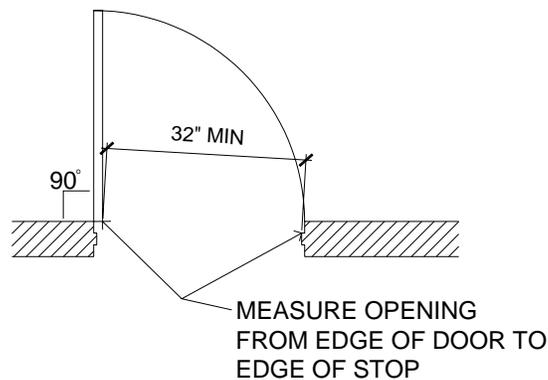


**302c Approach spaces for exterior sliding doors**

**SECTION 303  
INTERIOR CIRCULATION & FINISHES**

**303.1 Interior Doors and Doorways.** Provide the following:

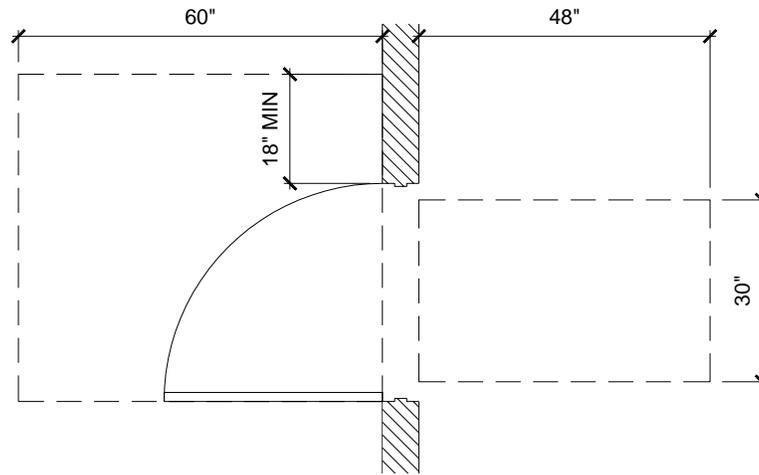
**303.1.1\* Width.** Minimum 32" clear opening.



**303a Minimum door opening width**

**303.1.2 Clear floor space.** Provide 18" clear approach on pull sides of all doors and a minimum of a 30" x 48" approach space on the push side. On

the push side the approach may be forward (as illustrated) or may be from the side in a 42" minimum width hallway.



### 303b Interior door – minimum clear floor spaces

**303.1.3 Floor surface changes.** Maximum ½" beveled threshold condition.

**303.2 Hallways.** Provide minimum 42" wide hallways.

**303.3 Floor surfaces.** Use non-slip and dense surface materials. Do not use pads under carpeting. Use dense pile or loop materials.

**303.4\* Contrast.** High contrast finish selections should include: floor to wall transitions, top treads of stairs, treads & risers, counters and the adjacent flooring and walls.

**303.5 Mirror.** Provide at least one full length mirror in the bedroom and/or bathroom(s) that connect to the accessible route.

**303.6 Interior and exterior stairs (if provided).** Comply with the following:

- 303.9.1 Maximum riser height: 7", minimum tread depth 11".
- 303.9.2 Provide handrails on both sides. Extend rails 12" beyond top and bottom risers and parallel to floor. Return rails to wall or newel.
- 303.9.3 Minimum width: 42"
- 303.9.4 Minimum landings: 48" deep.
- 303.9.5 Rough-in power for future lift.

**303.7 Space allowances.** It is highly recommended that furniture layouts be included with the floor plan. Size rooms generously so that maneuverability is possible with furniture in place.

## **SECTION 304 KITCHENS**

**304.1 General kitchen layout.** Provide parallel approach space for refrigerator, microwave, sink and stove. If using “U” or parallel/galley type kitchen, provide 60” between front of counter to front of opposite counter. If using an “L” kitchen, provide 42” between the counter and island (if any). Provide continuous counter surface between stove and sink and provide space for microwave and toaster oven on counter surface.

**304.2 Sink.** Provide the following:

**304.2.1 Faucet.** Provide single lever faucet with separate sprayer.

**304.2.2 Piping.** Insulate sink pipes.

**304.2.3 Fixture bowl.** Provide bowl with 6-7” maximum depth with drain set towards the back of the bowl area. Disposal should be clear of kneespace.

**304.2.4 Approach space.** Provide front approach knee space for sink. Make cabinet front fold back or provide removable base.

**304.2.5 Flooring.** Finish floor under sink area.

**304.3 Counters.** Provide the following:

**304.3.1 Material.** Avoid mirror finish counters such as gloss laminate. Polished stone is acceptable.

**304.3.2 Workspace.** Include either a section of adjustable counter surface with kneespace below; or space for a free-standing 24” x 36” table while maintaining required clearances above.

**304.4 Appliances.** Provide the following:

**304.4.1 Range.** Provide front controls at range.

**304.4.2 Hood.** Provide switched exhaust control within reach range of person using the range.

**304.4.3 Refrigerator.** Include rough-in for icemaker. Provide space for side-by-side appliance or bottom freezer appliance.

**304.4.4 Microwave** (if provided). Place within reach range.

**304.5 Kitchen storage.** Provide at least 50% of the storage space within reach range. A pantry unit with pull out shelves and/or an extra closet with shelving for pantry use are recommended methods of addressing this requirement.

**304.6 Optional elements** (recommended, but not required):

- Full extension drawer glides

- Roll out shelving and/or carts.
- Raised dishwasher
- Side-hinged oven door
- Oven mounted with middle shelf at 34" above finished floor.
- Adjustable shelves in wall and base cabinets.
- Toe kicks at 9" above finished floor.
- Staggered range burners.

**304.7 Lighting.** Provide fixturing sufficient to provide 55 foot-candle illumination throughout the kitchen workspace. Measure light levels at countertops, appliances and sink.

## SECTION 305 BATHROOMS

**305.1 Primary bathroom.** Provide at least one bathroom on the accessible route with toilet, lavatory, and tub/shower or shower and adjacent storage for personal care items. Do not swing door over any required clear floor space for fixture approach. Room must be large enough to provide turning space for a person using a wheelchair. Refer to ANSI A117.1 for additional information on minimum dimensions for turning. Include the following features:

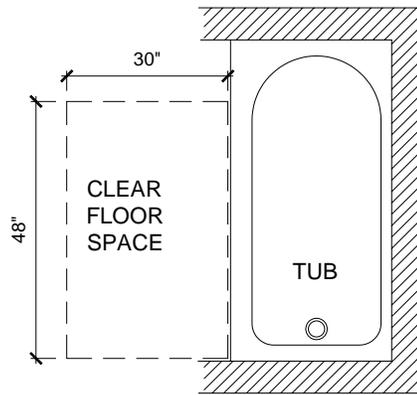
**305.1.1 Phone.** Provide phone jack.

**305.1.2\* Toilet.** Locate the toilet: 18" off a sidewall – in a clear space minimum 48" wide, 60" deep. Install a fixture with the flush valve on the open side of the toilet.

**305.1.3 Seat.** Provide toilet with seat height of 17".

**Exception:** unit design for specific occupant requesting higher or lower fixture.

**305.1.4\* Tub (if provided).** Provide a clear 30x48 approach space aligned with side of tub. See illustration 305a.

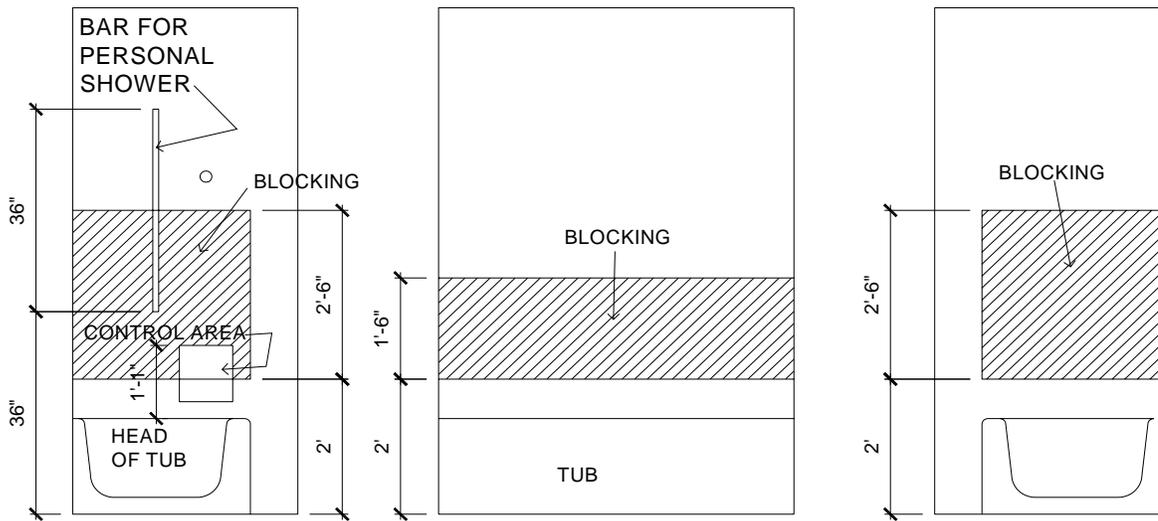


### 305a Clear floor space for tub approach

**305.1.5 Controls.** Locate tub/shower controls the side of the fixture centerline. See illustration 305b.

**305.1.6 Blocking.** Provide blocking for grab bars in a variety of positions. See illustration 305b.

**305.1.7 Shower.** Provide personal shower unit on 30" minimum slide bar. Include shower head with cut off thumb control at head. Provide minimum 60" long hose.



### 305b Tub blocking and controls

**305.1.8\* Shower stall** (if provided). Minimum shower size is 36" square (interior clear dimensions) with blocking in the walls for grabs and seats. Provide maximum ½" high curb installation at 36" square units.

**305.1.9 Lavatory.** Provide 30x48 approach space for both parallel and forward approach. Provide finished floor under the lavatory and provide one of the following: removable cabinet, fold back vanity doors or wall hung fixture/counter with kneespace.

**305.1.10 Mirror.** Size the mirror over the lavatory as follows. Place the bottom edge just above the backsplash (38" above the finished floor maximum). The top edge must be at least 66" above the finish floor.

**305.1.11 Lighting.** Provide extra lighting at sides or above lavatory and in or adjacent to the tub/shower area. Maintain minimum 55 foot-candle light levels in the bathroom.

**305.1.12 Power.** Provide at least one (1) GFCI electrical outlet located within reach range (see Section 103).

**305.2 Secondary bathroom(s).** Provide a 30"x48" clear floor space beyond the reach of the door swing. Include the following features:

**305.2.1 Toilet.** Locate the toilet: 18" off a sidewall – in a clear space minimum 48" wide, 60" deep. Install a fixture with the flush valve on the open side of the toilet.

**305.2.2 Seat.** Provide toilet with seat height of 15" (17" optional).

**305.2.3 Tub** (if provided): Provide 30" x 48" approach space aligned with side of tub. See illustration 305a.

**305.2.4 Controls.** Locate tub/shower controls the side of the fixture centerline. See illustration 305b.

**305.2.5 Blocking.** Provide blocking for grab bars in a variety of positions at toilet, tub and shower areas.

**305.2.6 Shower** (if provided): Minimum 34" square with blocking in the walls for grabs and seats. Provide 30" x 48" clear floor space adjacent to the open side of the shower.

**305.2.7 Lavatory.** Provide 30" x 48" clear floor space for either parallel or forward approach centered on the bowl.

## **SECTION 306 LIFE SAFETY, ENVIRONMENTAL & ELECTRICAL ELEMENTS**

**306.1 Smoke alarms.** Wire to allow for future installation of visual alarms.

**306.2 Thermostats.** Mount the thermostat at 48" above the floor in a position that allows either forward or parallel approach. Unit should have large, legible control markings and be user friendly.

**306.3 Electric panel.** Provide parallel approach space for electric panel. Mount with top operating switch/shut-off at 54" above the floor and bottom of panel no less than 18" above finished floor.

**306.4 Outlets, phone jacks and data ports.** Mount outlets, phone jacks and data ports at 18" above the finish floor minimum.

**306.5 Switches.** Mount switches at 36-42" above finish floor. Use luminous rocker or toggle switches.

## **SECTION 401 EXCEPTIONS AND WAIVERS**

**401.1 Exceptions and waivers.** Under limited circumstances, the Affordable Housing Commission may grant exceptions to UD Requirements, but only when the Commission determines compliance is architecturally infeasible. In such

cases, the Commission expects the developer to offer alternative designs, at the developer's expense, that emphasize accessibility on as integrated a basis in the total design, as possible.

Any misrepresentations may result in a withdrawal of Trust Fund financing. The developer must notify the Trust Fund immediately if it becomes aware of design changes or information which would change any statement or representation previously submitted to the Trust Fund. The developer understands and accepts responsibility for all information and representations submitted and the Commission retains its right to seek legal redress and repayment of funds advanced for the project if UD Requirements have not been fully met.

No exceptions will be granted to the basic four elements: 1) one no-step entry; (2) minimum door and hallway width requirements; 3) provisions for usable bathroom facilities in the unit; and 4) at least one accessible bedroom on an accessible level connected to an accessible route.

**401.2 Consulting.** Exceptions and waivers will not be routinely granted. Applicants for Affordable Housing Trust Funds are encouraged to consult with a qualified architect early in the application process.

## **Appendix A Design Notes and Explanatory Comments**

**103A Defined Terms.** Additional helpful definitions of common terms (e.g. cross slope and running slope) can be found in the current edition of ANSI A117.1, "Accessible and Usable Buildings and Facilities".

**103A Ramps.** Ramps that rise less than 6" total height do not require handrails or edge protection.

**201.1A Concealed routes.** Sloping walks, earth berms, retaining walls, bridges or porches may be used instead of ramps to provide the accessible route.

**202.4.3A Garage lights.** Automatic lighting in the garage can be controlled with a switch at the pedestrian entry and triggered by the garage door operator, or can be connected to a motion sensor. Provide adjustable delay for shut-off if light is automatic.

**203.1A Entry.** "No-step" and "step-less" entries are to comply with the requirements of these standards. An "accessible" entry must comply with current ANSI A117.1 standards as adopted by the City of St. Louis.

**301.3A Bedrooms.** Compliance with the first floor bedroom requirement can be achieved if a room on the accessible level (e.g. a family room) is designed to be convertible to a bedroom without modification of door openings. Convertible bedrooms must be designed so that a standard door and frame meeting Section

303.1 requirements can be added to an existing framed opening without size modifications. A closet is required.

**301.6A Washer/dryer units.** Stacked washer dryer units may be installed so long as the required space for side-by-side units is provided. If side-by-side units are not accessible via a parallel approach, the project must still provide the required space to accommodate side-by-side units. In such instances, the developer may choose to design the space, purchase, and install stacking units with controls at or below 54" above the finished floor and service openings within reach range.

**302.1.2A Sidelights.** In areas where a full length sidelight presents a potential security threat – provide other means of seeing the front door approach space from inside. This can take the form of extra wide angle peepholes, high/low peepholes (36" and 60"), side windows at more remote locations, or cameras.

**302.1.9A Lighting security.** Exterior lighting run by motion sensor can provide both energy savings and added security and is recommended but not required.

**303.1.1A Door size.** For hinged doors, a 34" wide door leaf is required to provide a 32" wide opening. A wide throw hinge can provide extra opening width where space is limited.

**303.4A Contrast.** Effective visual contrast is dependent on light reflectance values and saturation values of light and dark surfaces. Color differences alone can not achieve contrast. Signs and surfaces changes are most easily seen by persons with low vision when characters or edges contrast with their background by at least 70 percent. For additional discussion, see ADAAG A4.30.5.

**305.1.2A Toilets.** Toilets are preferably located in a larger than 36" wide space. Note: Blocking for grab bars at side and back of toilet is required in all bathrooms and toilet rooms – increasing the area covered by blocking is recommended. A minimum 2x10 mounted with the bottom edge 30" above the finished floor running continuously along the side and rear of the toilet space is recommended.

**305.1.4A Tubs.** Non-slip bottom surfaces are preferred at bathtubs. However, non-slip strips or suction cup mats can be applied in the future.

**305.1.8A Shower.** A 60" x 36" roll-in unit, with no lip or threshold is recommended, but not required. If this type of shower is installed, provide a floor drain in the shower and another in the floor space just outside the shower. Additional information concerning detailing these units is available at several of the resources listed in the Appendix.

Note: A part of UD that is rarely discussed or addressed is the need for housing that is easily maintained and is efficient in its use of energy. It is pertinent and part of universal design to balance appropriately increased initial costs for items such as added insulation and higher efficiency appliances and water heaters and the long term life costs that will be passed along to future residents and Owners.

## **Appendix B Universal Design in Rehab and Restoration Projects**

The Affordable Housing Commission does not require the application of Universal Design Criteria to rehabilitation and conversion projects. However, the incorporation of UD elements into such projects is highly recommended wherever possible and the inclusion of such elements may be a factor in the funding evaluation process.

In multifamily conversion and loft projects, the interior elements can usually be incorporated into the design throughout the project. Historic requirements and existing conditions can add some difficulty to the viability of making windows easily operable and all entries step-less.

## **Appendix C References and Resources**

Americans with Disabilities Act Architectural Guidelines (ADAAG), 28CFR Part 36, Revised as of July 1, 1994. Reprinted by the Department of Justice.

Curbless Showers, An Installation Guide, Center for Universal Design, North Carolina State University [http://www.design.ncsu.edu/cud/pdf\\_files/Curbless.pdf](http://www.design.ncsu.edu/cud/pdf_files/Curbless.pdf)  
Note: the NCSU website has many useful references on UD.

Technical Bulletins, Guidelines and Studies posted at the website provided by the Access Board: [www.access-board.gov](http://www.access-board.gov)

General Resources and information: <http://www.udeducation.org/>  
Residential Checklist and Sample Plans: <http://www.ksu.edu/humec/atid/UDF/>

Covington, George and Hannah, Bruce *Access By Design*. New York, Van Nostrand Reinhold 1997.

Preiser, Wolfgang and Ostroff, Elaine editors. *Universal Design Handbook*, New York, McGraw Hill 2003.

Goldsmith, Selwyn *Universal Design, A Manual of Practical Guidance for Architects*. Oxford, Architectural Press. 2000

Leibrock, Cynthia *Beautiful Barrier Free, A Visual Guide to Accessibility*. New York, Van Nostrand Reinhold 1993.

Steven Winter Associates, *Accessible Housing By Design, Universal Design Principles in Practice*. New York, McGraw-Hill 1997.

Wylde, Margaret, Adrian Baron-Robbins and Sam Clark, *Building for a Lifetime, The Design and Construction of Fully Accessible Homes*. Newtown, CT, Taunton Books and Videos 1994.

## 2016 QAP working group comments and public comments

Page 4: Development team, staff, change to Qualified Management Company, add Qualified Management Company to definitions, "Qualified Management Company" means a Management Company that is not disqualified by MBOH to serve as a Management Company on new or additional tax credit Properties or Projects, based upon the company's (i) failure to complete timely any required training; (ii) failure to have or maintain any required certification; or (iii) record of noncompliance, or lack of cooperation in correcting or refusal to correct noncompliance, on or with respect to any tax credit or other publicly subsidized low-income housing property (unless the management company demonstrates to the satisfaction of MBOH that such noncompliance or lack of cooperation was beyond such company's control).

Page 7: Under small Rural Project definition take out #3 with 24 or fewer total units

Page 12: under section 3 eligible applicants add language to include outstanding late fees to the debarred language.

Page 13: Cost limitations, Travois add another category for Tribal projects or reinstate the 2014 language to provide justification and seek MBOH approval if costs exceed \$230,000.

Page 14 & 15: It is suggested but not required that Projects also include parking for caregivers to the disabled **for tenants with disabilities** and that lease addendum provide for moving a non-disabled household **without tenants with disabilities** from an handicapped **accessible** unit to an regular **inaccessible** unit if the handicapped **accessible** unit is needed for rental to a disabled tenant **tenant with a disability**.

Page 16: : These originally appeared to be pulled directly from the Fair Housing Design and Construction Requirements (FairHousingAccessibilityFirst.org is a great site for these regs and has online presentation material that I use regularly)... but upon closer look, the first line states the Fair Housing Act (it should state Design and Construction Requirements) including design and accessibility applies to MHTC properties... but then the rest of the requirements actually differ from the D & C requirements... which could be confusing. So it may be important to note in here that MHTC properties must not only meet FHA D&C requirements but must further meet the requirements listed below...

So, one of the differences is that they are suggesting that all new construction and rehabilitations that replace interior walls and doors... the FHA only requires this for ground floor units or units accessible by an elevator in projects with four or more units under one roof and provides exclusions for townhouses and most rehabilitation projects (including only portions of the rehab that are absolutely new construction... like they add on to an existing building or have left only the façade and built new behind it) It may need to be more clear that they are not just saying to comply with the FHA (with those

exclusions built in) and that they are actually indicating all new construction no matter whether its a ground floor unit or not, a townhouse or not, one unit, two units, three units, etc...

Plus the FHA design and construction guidelines are more specific , but seemly less restrictive than the guidelines indicate.

1. FHA says doors are to have 32" clear width and this document specifically says 36" doors, which does not allow for 34" doors with special hinges that can get 32" clear opening. That's fine, because I typically tell people that a 36" door is a much better option and typically costs less or the same as a 34" door plus telling folks a 32" clear opening width confuses them into thinking they can use a 32" or 34" door.

2. FHA says lever handles or accessible door operators on the entry door, but does not require it on interior doors and this document states lever handles on all doors (except exterior swing doors). Exterior swing doors may be made clearer by stating exterior or interior doors without latches. I think the ADA has specific door approaches and has an exclusion for doors without latches and closers which may be appropriate to duplicate here.

3. FHA states all outlets, switches and environmental controls must be between 15" and 48" with some restrictions when you must reach over obstacles to operate the fixture. Environmental controls include thermostats as well as the reach range for window locks and ceiling fans (suggesting a pull cord dangling at 60" is not acceptable). It is also pretty specific that you measure from the center of the lowest receptacle of the outlet so that its not the top of the box at 15" making the receptacles lower. However, I typically suggest that this minimum of 15" to the center of the bottom receptacle is much more easily reached if it is set at 18" and if we specify that the center of the outlet box is to be no lower than 18" then we achieve that reachability goal. Likewise, I typically suggest that centering the switch at 48" above the floor surface only complicates things for the contractors because if they place the outlets over a counter, they much reduce it to 46" if there is side approach to the switch and 44" if there is only front approach to the outlet... they should simply tell there contractor to install all switches at 44" from the center of the box. This just makes it easier for the contractor to not mess it up. By stating the operable portions of environmental controls to include thermostats, ceiling fans, window latches, etc (also stating that this may not be a complete list of what would be considered environmental controls) we capture more a more precise description of where we want the devices measured from, but leave the description of environmental controls open to future items that may fall in that category. Obviously thermostats with their controls on top should be measure to the part that requires reaching.

4. The blocking in the walls for future grab bars doesn't differ from FHA, however FHA has a narrow view of where and how much blocking goes in the wall. I always suggest that the blocking should be installed so that it minimally accommodates the height range provided by the ADA for grab bars which I believe is 33" to 38" and accommodates a typical mounting bracket for a grab bar. So, if a grab bar is mounted so that the top of the bar is at 33" the three screws that go through the grab bar bracket into the wall should all hit the blocking. The bar is 1-1/2" and the bracket is usually 3" in diam, putting the bottom screw about 2-1/4" lower than 33" or at about 30-3/4" and you'd hope that the screw doesn't just edge the blocking, but fully engages the blocking to provide the required shear force strength. Same if you mount the grab bar at 38", the screw is at least 3/4" higher or at 38-3/4"... The FHA requires 6" of blocking which as you can see leaves gaps between 30-3/4 and 38-3/4. Blocking is cheap and is often scrap wood cut off of other lumber used on site. I recommend blocking that is at least 10" to 12" wide placed to within at least 29-1/2" of the floor surface and upto at least 39-1/2" of the floor surface. This will allow the use of a 2x12 for blocking and provide a range for the grab bars to be placed.

Special consideration should be provided to blocking behind shower enclosures which protrude from the wall about 1-1/2". The typical wall blocking is between the studs of the wall, flush with the wall. If there is a gap between the wall and the enclosure (which there typically is) a grab bar installed in the shower wall will destroy the enclosure unless the blocking is doubled up so that the enclosure wall pushes directly against the blocking or the shower enclosure is specifically designed with blocking integral to the wall.

One last point about blocking is that often in residential construction, there is no wall between the shower/tub and the toilet, so there is no place to mount a grab bar unless it mounts to the wall behind the toilet and posts to the floor or is a fold down grab bar. In instances where there is no place to mount a grab bar to the wall, additional blocking must be located in the wall behind the toilet and in the floor. I've even seen a great application where a couple of the tiles on the wall behind the toilet were held in place with a couple of magnets, easily removable to reveal brackets for fold down grab bars. A terrifically expensive inclusion that makes that bathroom very adaptable.

5. Lever style faucets for laundry hook-up, lavatory and kitchen sinks. This one is new to me. I can understand that it would be beneficial for a water shut off for the house or even a manifold (used in the latest plumbing trends for pex pipes) that allows you to shut off individual fixtures from one central location would ideally be within reach ranges and have operable handles (meaning lever handles that require less than 5lbs of force to operate) That's cool if that was the intention. I think that most people don't tend to install their own washers and dryers because it's a pain to have to reach behind the washer and dryer and it often requires plumbing tools, so I'm not sure I'm on board with requiring laundry hook-ups (specifically) to have lever handles. I am fully on board with all faucet fixtures, whether a laundry, kitchen, bathroom or bar sink, having a single lever handle style faucet that is within an appropriate

reach range/distance from the front edge of the counter-top. These single lever style faucets are typically mountable in a variety of locations depending on the length of the hose and where the mounting holes are drilled. I'm not sure I can detail it in language as well as I could show on paper or on site. I've yet to get a plumber to locate the lever handle in any other place than behind the sink, but I think it would be easy to mount it on one side or the other, making it ultimately more reachable.

6. So, if we are specifying the bathrooms, this should reflect the type A or type B bathroom of the FHA (which are also detailed in the International Building Code). I like requiring at least one ground floor bathroom in all units. This requirement should reflect the FHA in that it should require a 30" x 48" clear floor space outside of the door swing as well as a 30" x 48" at the lavatory, centered on the sink and a specific clear floor space for the toilet (which is defined in the FHA D&C... but I can't remember off the top of my head) I think it requires the center of the toilet to be at least 18" off the wall or edge of tub and 15" from the vanity it also requires a larger clear floor space, but then allows the vanity to encroach up to 15" from the center of the toilet. I think it seems easiest to duplicate the Type A or Type B bathroom requirements rather than creating a separate different standard, but adding the additional requirement that at least one Type A or Type B bathroom is required on the ground floor. (noting that the bathroom does not require a shower or bathtub... or maybe it does?)

7. No step entry should mimic the threshold requirement, stating that the threshold shall be not more than 1/2" and shall be beveled starting at not more than 1/4" up to the maximum 1/2" and then back down to 1/4". I think the threshold language probably does better justice, or possibly a better definition on Fair Housing Accessibility First. I think if this specifies the threshold, then it should apply to all units. I think the FHA accessible route requirements combined with the threshold requirements fulfill the "step-less entry" model.

- 36 inch doors for all living areas (except pantry, storage, and closets, 24" deep or less).
- Levered handles for exterior and interior doors (except doors with no latch).
- Outlets mounted not less than 18" inches above finished floor to the center of the lowest receptacle.
- Switches and operable portions of environmental controls to include thermostats, ceiling fans, window latches are to be mounted no more than 44 inches above finished floor.
- Walls adjacent to toilets, bath tubs and shower stalls must provide blocking within the wall placed within at least 29-1/2" of the finished floor and up to at least 39-1/2" of the finished floor to allow for later installation of grab bars.  
Special consideration should be provided to blocking behind shower enclosures which typically protrude from the wall about 1-1/2". If there is a gap between the wall and the enclosure, a grab bar installed in the shower wall will destroy the enclosure unless the blocking is doubled up so that the enclosure wall pushes directly against the blocking or the shower enclosure is specifically designed with blocking integral to the wall.

In instances where there is no place to mount a grab bar to the wall, additional blocking must be located in the wall behind the toilet and in the floor.

- All faucets and water shut-offs are to be operable with a closed fist, require no more than 5 lbs of force to operate and be mounted no higher than 44" and no lower than 18" above the finished floor.
- A minimum of a ground level half-bath with a 30" x 48" clear floor space outside of the door swing as well as a 30" x 48" at the lavatory, centered on the sink and a toilet mounted 18" to the center from the sidewall or edge of tub and a minimum of 15" to the center from the leading edge of the vanity. (also required in Rehab unless waived by staff for structural limitations or excessive cost, prior to the start of construction).
- No-step entry to all units, where the threshold shall be less than 1/2" and shall be beveled starting at not more than 1/4" up to the maximum 1/2" and then back down to 1/4".

Compliance with these accessibility requirements must be certified in the architect's

ALSO; Universal design elements (comments attached).

Page 16; Smoke free Housing – several comments from different entities, seem to agree with new language.

Page 17: under substantial rehabilitation taking out the requirement list. Will make a separate document to fill out at application.

Page 18: Threshold – add, Specify the Qualified Management Company that will provide property management service to the Project and provide written evidence of the company's commitment to provide management services. Upon written notice from MBOH that the Application has identified a Management Company that is not a Qualified Management Company, the Applicant must submit to MBOH within ten (10) days a written designation of a Qualified Management Company and written evidence of the replacement company's commitment to provide management services.

Page 19: Discretionary basis boost - Greater Gallatin Homeless Action Coalition – increase basis boost see attached letter

Page 22: Section 4 Application cycle under the second allocation round (if any) change to say Dates to be determined if necessary.

Page 26: under small Rural Projects take out #3 with 24 or fewer total units

Page 27: under threshold requirement section instead of having threshold items as checkmarks change to a numbering system.

Page 31: under development Evaluation Criteria and scoring make a minimum score of 850 for 4% noncompetitive applications.

Gallatin Homeless – Give points for Lost cost per square foot or low cost per unit & limit gross rent potential, give more points for longer extended use, more points for lower income targeting, project location, 100 pts if bus stop within ¼, see attached

Page 33; Appropriate size add category for projects developed, rehabbed or constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, and (3) with 24 or fewer total units, using 75% on this category instead of 50%.

Page 35: under Amenities take out language for tenant use only & unit amenities must be included in all units. Add two amenities: Internet connection provided to tenants & secure bike parking. Gallatin Homeless, change amenities list see attached

Page 36: under #6 Development Team Characteristics correct written score to reflect numeric score in Management Company & Project Developer. For management should read Sixty points not Ten. For Developer should read Ninety points not Thirty.

Page 37: Under Section 7 Participation of local entity last sentence section 5 needs to be changed to section 4. Under Sect 8, Gallatin Homeless, Special needs populations add veterans, victims of Domestic Violence, Long term Montana Residents, Low income Locals who have lived in an area 5 years or longer

Gallatin Homeless – Provide open commentary section that allows for justifying special circumstances – limit 1,000 words.

Page 38: Under section 9 Developer knowledge & responsiveness add another bullet stating any outstanding last fees owed to MBOH by either an Owner or Management Company. Award Determination Selection Standard, Travois, and Summit (Patrick Klier) MBOH ability to disregard scores strongly recommend MBOH abandon clause that Board can disregard scores. See attached

Page 38: Remove Management Company from negative points area, will be threshold to have a Qualified Management Company.

Page 38: add language to include 4% non-competitive applications must meet minimum score of 850.

Page 41: under 10% test added language **If an extension is requested before the deadline, a fee of \$2,500.00 will be imposed.**

Page 42: Under section 11 change from 60 days late to 60 days behind.

Page 43: Quarterly Report section:

Add a list of items and verbiage that are to be required for all quarterly reports:

The following items must be addressed for **each building** on the quarterly report that is submitted to MBOH. If all items are not listed, the report will be returned. The report must be corrected and resubmitted. If the resubmitted report is after the due date the late fee will apply.

- Updated implementation schedule if more than 60 days behind schedule submitted with application
- Advertising for construction bids
- Construction bid awards
- Pre-construction meeting date
- Groundbreaking ceremony date (at least 2 weeks notice)
- Future dates of construction/draw meetings
- Each phase of construction for **each building including photos** (excavation, foundation framed, etc.)
- Certificate of Occupancy for **each building** as issued for the month of report
- Number of units occupied and number left to full lease up each quarter
- Grand Opening date (at least 2 weeks notice)

add an ARRA reporting section along with the following verbiage below:

All ARRA reports are due on or before the dates listed in the agreement.

**\$500.00 late fee will be assessed if the financial audit is not to MBOH by the deadline.**

**\$500.00 late fee will be assessed if the annual budget is not to MBOH by the deadline.**

**\$500.00 late fee will be assessed if the annual insurance binder is not to MBOH by the deadline.**

Page 44 & 45: All employees, who work for or with this Agency, agree not to discriminate against any client or co-worker based on race, color, religion, sex, handicap **disability**, familial status, national origin and any other classes protected in Montana.

...it is none the less the Owner(s) responsibility to be aware of and comply with all nondiscrimination

provisions related to race, color, religion, sex, handicap **disability**, familial status, national origin an any other

classes protected in Montana, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

Page 46: Ownership/Management Changes, Notification of changes to property management companies, managers, site managers, or changes to points of contact must be submitted to MBOH prior to or immediately upon implementation of the change ( Add) **No Change in Management Company shall be acceptable unless it results in a Qualified Management Company assuming management of the Property. Replacement of a Management Company with a company that is not a Qualified Management Company or** (existing) failure to timely submit such notification to MBOH may trigger issuance of a Form 8823.

# MONTANA BOARD OF HOUSING

~~MONTANA~~ HOUSING ~~TAX~~ CREDIT PROGRAM

~~2015-2016~~ QUALIFIED ALLOCATION PLAN  
(QAP)

---

MONTANA BOARD OF HOUSING  
PO BOX 200528  
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| All Exhibits are located at: [Montana Department of Commerce – 20165 QAP Exhibits](#)

## INTRODUCTION

The low income housing tax credit is established under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for Owners of qualifying rental housing which meets certain low income occupancy and rent limitation requirements.

Congress established the Low Income Housing Tax Credit program by enactment of the Tax Reform Act of 1986. Montana Board of Housing (MBOH) implemented and began administering the Low Income Housing Tax Credit program in 1987 in the State of Montana. Since then, the program has assisted in providing for the retention, rehabilitation, and construction of rental housing for low income individuals and families for over 6,000 units throughout Montana.

The Omnibus Budget Reconciliation Act of 1989 required the appropriate administering agencies (in this case, MBOH) to allocate credits pursuant to a Qualified Allocation Plan (QAP) which sets forth the priorities, considerations, criteria and process for making Allocations to Projects in Montana. The Omnibus Budget Reconciliation Act of 1993 provided a permanent extension for the Low Income Housing Tax Credit.

Montana Board of Housing (MBOH) is the state agency that allocates the tax credits for housing located in Montana. The per state resident amount of tax credit allocated annually for housing is limited to ~~\$2,252.30~~ with a minimum cap as allocated by IRS, whichever is larger. The current allocation of Tax Credits plus any inflation factor the IRS may calculate is posted to the MBOH website, normally in August or September each year. Montana receives the minimum cap because of its population.

An Owner must obtain a credit Allocation from MBOH and meet all other applicable requirements before claiming the tax credit.

This QAP is intended to ensure the selection of those developments which best meet the most pressing housing needs of low income people within the State of Montana in accordance with the guidelines and requirements established by the federal government and the requirements, considerations, factors, limitations, criteria and priorities established by the MBOH Board.

At its ~~December 9, 2013~~November 17, 2014 meeting, the MBOH Board considered and approved public notice and distribution of the proposed 201~~6~~5 Qualified Allocation Plan (QAP). Public notice of the proposed 201~~6~~5 QAP and the opportunity for public comment was published and distributed on ~~December 10, 2014~~\_\_\_\_\_ with oral comments received at a public hearing ~~January 8, 2014~~\_\_\_\_\_. At its ~~January 22, 2014~~\_\_\_\_\_ meeting, after considering written and oral public comment on the proposed 201~~6~~5 QAP, the MBOH Board approved the proposed 201~~6~~5 QAP for submission to and approval by the Montana Governor. The Governor of Montana, Steve Bullock, approved the plan as the final 201~~6~~5 QAP on ~~February 28, 2014~~\_\_\_\_\_.

MBOH annually makes available for reservation and Allocation its authorized volume cap of credit authority subject to the provisions of this QAP. <http://housing.mt.gov/About/MF/lihtcallocation.mcp> MBOH evaluates tax credit Applications, selects the Projects for which tax credits will be reserved, and allocates credits to the selected developments meeting applicable requirements. Federal legislation requires that the administering agency allocate only the amount of credit it determines necessary to the financial feasibility of the development.

Tax credits not Awarded during a given round or any unused credits from earlier rounds may, at the discretion of MBOH, be carried forward for the next round of allocation or, as

MBOH determines necessary for financial feasibility, be used to increase the amount of tax credits Awarded for a Project selected for an Award of tax credits in a prior round.

Consistent with the foregoing and notwithstanding any other provision of this QAP, all tax credit Awards, Reservations, Carryover Allocations and Final Allocations are subject to and conditional upon IRS authorization and allocation of tax credits for the State of Montana.

## SECTION 1 – DEFINITIONS

As used in this QAP, the following definitions apply unless the context clearly requires a different meaning:

“4% Credits” means ~~MHTC~~ HCs that may be Awarded in accordance with the applicable QAP to Projects with tax-exempt financing under the volume limitation on private activity bonds and outside the competitive allocation process applicable to 9% Credits.

“9% Credits” means ~~MHTC~~ HCs that may be Awarded through the competitive process in accordance with the applicable QAP.

“10% Carryover Cost Certification” means the certification that must be provided to MBOH using the forms provided and including the items specified in Exhibit C to this QAP with respect to a Carryover ~~of a tax credit~~ Allocation.

“Absorption Rate” means the number of months projected in the Application’s market study for a Project to become fully leased.

“Acquisition” means obtaining title, lease or other legal control over a property for purposes of an ~~MHTC~~ Project.

“Acquisition/Rehab” means Acquisition of a property with one or more existing buildings and renovation meeting Montana’s minimum Rehabilitation standard of one or more existing buildings on the property as part of an ~~MHTC~~ Project.

~~“Allocation” means, with respect to MHTCs, MBOH issuance of an IRS Form 8609 (Low Income Housing Credit Allocation Certificate) for a Project after building construction or Rehabilitation has been completed and the building has been placed in service.~~

“Allocation” means an Initial Allocation, Carryover Allocation or a Final Allocation.

“Applicable QAP” means: (a) for purposes of any substantive issues relating to an Award, or to the Development Evaluation Criteria, Scoring, Selection Criteria or Selection Standard for such Award, the particular year’s QAP under which the Application is or was submitted, evaluated and Awarded MHTCs; or (b) for purposes of Project changes, Reservation, Carryover, Carryover Allocation, Final Allocation, compliance requirements, compliance audits, and any post-Award procedures, the QAP most recently adopted.

“Applicant” means the entity identified as such in the Application, and who is and will remain responsible to MBOH for the Application.

“Application” means a request for an Award of ~~MHTC~~ HCs submitted in the form and according to the requirements of this QAP.

“Architect” means a professional licensed by the applicable state authority as a building architect.

“Available Annual Credit Allocation” is defined as and includes the state’s actual or estimated credit ceiling for the current year plus any other available credits from prior year credit authority determined as of 20 business days prior to the applicable ~~A~~ application

deadline, and includes any credits held back pursuant to court order or subject to Award under the Corrective Award set aside.

"Award" means selection of a Project by the MBOH Board to receive a Reservation of MHTCs.

"Award Determination Meeting" means the meeting of the MBOH Board at which the Board selects one or more Applicants to receive an Award.

"Carryover" means the process and determination of MBOH by which Awarded and reserved MHTCs are continued and carried into the second year after Award of the MHTCs by MBOH issuance of a Carryover Allocation, according to the specific requirements of this QAP.

"Carryover Allocation" means a conditional allocation of MHTCs based upon an MBOH Carryover determination, which allocation is conditional upon the Applicant performing all conditions and requirements for Final Allocation as set forth in the Applicable QAP, the Carryover Allocation document issued by MBOH and applicable law.

"Cold Weather Development and Construction" means experience of the MHTC Developer or Consultant on one or more Projects located above the 40 degrees north parallel.

"Commercial Purposes" means use of any Project Amenities, common space or other Project property or facilities by others than tenants for which the Project owner or management receives any compensation for such use, whether in cash or in kind.

"Compliance Period" means, with respect to any building, the initial period of 15 taxable years beginning with the 1st taxable year of the applicable credit period as provided in 26 U.S.C. § 42.

"Consultant" or "MHTC Consultant" means an individual or entity advising a Developer or Owner with respect to the MHTC Application and/or development process.

"Contractor's Overhead" means the contractor's overhead shown in the Applicant's properly completed UniApp Supplement, Section C, Cost Limitations and Requirements.

"Contractor Profit" means the contractor's profit shown in the Applicant's properly completed UniApp Supplement, Section C, Cost Limitations and Requirements.

"Costs Per Square Foot" means Total Project Costs divided by Project Square Footage shown in the Applicant's properly completed UniApp Supplement, Section C, Cost Limitations and Requirements.

"Debt Coverage Ratio" or "DCR" means the ratio of a Project's net operating income (rental income less Operating Expenses and reserve payments) to foreclosable, currently amortizing debt service obligations.

"Design Professional" means a housing/building design professional.

"Developer" means the individual or entity responsible for development, construction and completion of an MHTC Project.

"Developer Fee" means those costs included by the Applicant in the UNHAPP UniApp, adjusted as necessary to comply with the maximum Developer's fee specified in Section 3, which are included as Developer's fees by the Cost Analysis.

"Development Evaluation Criteria" means the evaluation and scoring criteria set forth in QAP Section 9, Evaluation and Award.

"Development Team" means and includes the Applicant, Owner, Developer, General Partner, Management Company, and MHTC Consultant.

"Difficult Development Areas" or "DDA" means an area designated by HUD as a Difficult Development Area.

"Disqualify" or "Disqualification" means, with respect to an Application, that the Application is returned to the Applicant by MBOH without scoring and without consideration for an Award of MHTCs, as authorized or required by this QAP.

"Elderly Property" means a Project that will limit its tenants to households that include at least one individual age 55 or older or in which all household members are age 62 or older. If permitted by the rules applicable to other federal funding sources involved in the Project, households may also include disabled individuals below the specified age thresholds.

"Experienced Developer" means a Developer who was entitled by written agreement to receive at least 50% of the Development Fees on a prior low-income housing tax credit Project that has achieved 100% qualified occupancy and for which the applicable state housing finance agency has conducted a compliance audit which revealed no significant problems.

"Experienced Partner" means a member of the Development Team who was a member of the Development Team on a prior low-income housing tax credit Project that has achieved 100% qualified occupancy and for which the applicable state housing finance agency has conducted a compliance audit which revealed no significant problems.

"Extended Use Period" means the Compliance Period plus an additional period of 15 or more years as specified in the Application and provided for in the Restrictive Covenants.

"Final Allocation" means "Allocation" means, with respect to MHTCs, MBOH issuance of an IRS Form 8609(s) (Low Income Housing Credit Allocation Certificate) for a Project after building construction or Rehabilitation has been completed according to the Project Application and any MBOH Board-approved changes and the building has been placed in service.

"Final Cost Certification" means an independent third party CPA cost certification, including a statement of eligible and qualified basis for the Project, submitted to MBOH on the form and in accordance with the requirements of this QAP, for purposes of obtaining IRS Form 8609(s).

"General Partner" means the general partner of a partnership entity that is formed for purposes of a Project.

"General Requirements" means the contractor's miscellaneous administrative and procedural activities and expenses that do not fall into a major-function construction category and are Project-specific and therefore not part of the contractor's general overhead, categorized in accordance with NCSHA standards and shown in the Applicant's properly completed UniApp Supplement, Section C, Limitations and Requirements.

"Gut Rehab" means a Project that includes the replacement and/or improvement of all major systems of the building, including (i) removing walls/ceilings back to the studs/rafters and replacing them; (ii) removing/replacing trim, windows, doors, exterior siding and roof; (iii) replacing HVAC, plumbing and electrical systems; and (iv) replacing and/or improving the building envelope (i.e., the air barrier and thermal barrier separating exterior from interior space) by either removing materials down to the studs or structural masonry on one side of the exterior walls and subsequently improving the building envelope

to meet the whole-building energy performance levels for the project type, or creating a new thermal and air barrier around the building.

"Hard Costs" means and includes all costs included by the Applicant in the ~~UniApp~~UNHAPP which are not included as professional work and fees, interim costs, financing fees and expenses, syndication costs and Developer's fees.

"Initial Allocation" means the conditional setting aside by MBOH of MHTCs from a particular year's federal LIHTC allocation to the state for purposes of later Carryover Allocation and/or Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

"Investor" means an entity that will directly or indirectly purchase MHTCs from the awardee.

"Land or Property Control" means an executed buy/sell agreement, option to purchase or written agreement to lease that will allow the Owner to acquire Proof of Ownership for purposes of Carryover.

"Large Project" means, for purposes of the Soft Cost Ratio, a Project with more than ~~20-24~~ low-income units.

"Letter of Intent" means a letter and attachment submitted to MBOH in the form shown in Exhibit D.

"Low-Income Housing Tax Credits" means federal low-income housing tax credits, referred to in this QAP as MHTCs.

"Management Company" means an entity under contract to manage the property once it is placed in service.

~~"Montana Housing Tax Credits"~~ or "MHTCs" means federal low-income housing tax credits allocated or available for allocation under this Montana QAP.

"Nationally-Recognized ~~HTC-LIHTC~~ Compliance Training Company" means a company recognized in the Low Income Housing Tax Credit industry as a qualified Low Income Housing Tax Credit compliance trainer.

"NCSHA" means the National Council of State Housing Agencies.

"New Construction" means construction of one or more new buildings, and includes Gut Rehabs.

"Operating Expenses" means projected ongoing costs to run or operate a property.

"Owner" means the legal entity that owns the Project.

"Per-unit Cost" means an amount calculated by dividing Total Project Costs by the number of units in the Project, as calculated in the UniApp Supplement, Section C, Cost Limitations and Requirements, Part XI, line "Cost Per Unit."

"Preservation" means Projects that are for the Acquisition and/or Rehabilitation of existing affordable housing stock.

"Project" means the low income residential rental building, or buildings, that are the subject of an Application for or an Award of MHTCs.

"Project Square Footage" means such portion of the total square feet applicable to low-income units and common areas and used for the applicable square footage calculation in the UniApp under Part X, "Project Uses."

"Proof of Ownership" means title or right to possession and use of the property for the duration of the Compliance Period and any Extended Use Period plus one year, e.g., a recorded deed or an executed lease agreement.

"Qualified Allocation Plan" or "QAP" means this Montana qualified allocation plan required by Section 42 of the Code.

"Qualified Census Tract" or "QCT" means an area designated as such by HUD.

"Qualified Nonprofit Organization" means, with respect to a Project, an organization exempt from federal income tax under Section 501(c) (3) or (4) of the Internal Revenue Code whose exempt purposes include the fostering of low income housing, which owns an interest in the Project, which will materially participate in the development and operation of the Project throughout the Compliance Period, and which is not affiliated with or controlled by a for-profit organization.

"Rehabilitation," "Rehab" or "Substantial Rehabilitation" means renovation of a building or buildings to house MHTC units meeting the required minimum cost-per-unit thresholds specified in Section 3 of this QAP.

"Related Party" means an individual or entity whose financial, family or business relationship to the individual or entity in question permit significant influence over the other to an extent that one or more parties might be prevented from fully pursuing its own separate interests. Related parties include but are not limited to: (1) family members (sibling, spouse, domestic partner, ancestor or lineal descendant); (2) a subsidiary, parent or other entity that owns or is owned by the individual or entity; (3) an entity with common control or ownership (e.g., common officers, directors, or shareholders or officers or directors who are family members of each other); (4) an entity owned or controlled through ownership or control of at least a 50% interest by an individual (the interest of the individual and individual's family members are aggregated for such purposes) or the entity (the interest of the entity, its principals and management are aggregated for such purposes); and (5) an individual or entity who has been a Related Party in the last year or who is likely to become a Related Party in the next year.

"Reservation" means MBOH's Initial Allocation of MHTCs from a particular year's federal LIHTC allocation to the state for purposes of later Carryover Allocation and/or Final Allocation to a particular Project, as documented by and subject to the requirements and conditions set forth in a written Reservation Agreement, the Applicable QAP and federal law.

"Reservation Agreement" means a written contract entered into between MBOH and the taxpayer to provide for a Reservation and setting forth the terms and conditions under which the taxpayer may obtain a Carryover Allocation or Final Allocation.

"Restrictive Covenants" means the recorded covenants required by Section 42 of the Code.

"Selection Criteria" means and includes all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides and priorities set forth in this QAP and all federal requirements.

"Selection Standard" means the standard for selection of Projects to receive an Award of MHTCs set forth in the Award Determination subsection of Section 9, Evaluation and Award, i.e., the MBOH Board's determination that one or more Projects best meet the most pressing housing needs of low income people within the state of Montana as more specifically set forth in such subsection.

"Small Project" means, for purposes of the Soft Cost Ratio, a Project with ~~20-24~~ or fewer low-income units.

"Small Rural Project" means, for purposes of the Small Rural Project set aside, a Project: (1) for which the submitted tax credit Application requests tax credits in an amount up to but no more than 10% of the state's Available Annual Credit Allocation, ~~and (2)~~ proposed to be developed and constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, and (3) with 24 or fewer total units.

"Soft Costs" means the costs of professional work and fees, interim costs, financing fees and expenses, syndication costs and Developer's fees included by the Applicant in the UniApp~~UNIAPP~~.

"Soft-Cost-to-Hard-Cost Ratio" or "Soft Cost Ratio" means total Soft Costs divided by total Hard Costs as calculated in the UniApp.

"Sources and Uses" means the sources and uses of funds as specified in the Application.

"Total Project Cost" or "Total Development Cost" mean all costs including building, Acquisition, site work, construction and Rehab, professional work & fees, construction/interim fees, permanent financing fees, Soft Costs, syndication costs, Developer Fees and Project reserves, as shown in UniApp Section C, Part II, Uses of Funds line "Total Projects Costs without Grant Admin". Total Project Cost does not include grant administration costs.

"UniApp" means the Uniform Application and Supplement available on the MBOH website at: <http://housing.mt.gov/FAR/housingapps.mcp>.

"UniApp Supplement" means the Supplement portion of the UniApp.

"Vacancy Rate" means percentage of vacant units in the Application's market area or in the property.

## **SECTION 2 - OVERVIEW OF ~~MONTANA-MBOH~~ HOUSING TAX CREDITS**

THE FOLLOWING IS A BRIEF SUMMARY OF SOME ELEMENTS OF THE LOW INCOME HOUSING TAX CREDIT AND IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THERE ARE NUMEROUS TECHNICAL RULES GOVERNING A BUILDING'S QUALIFICATION FOR THE TAX CREDIT, THE AMOUNT OF THE ~~TAX-HOUSING~~ CREDIT, AND AN OWNER'S ABILITY TO USE THE CREDIT TO OFFSET FEDERAL INCOME TAXES. ANYONE CONSIDERING APPLYING FOR ~~TAX-HOUSING~~ CREDITS SHOULD REFER TO SECTION 42 OF THE UNITED STATES INTERNAL REVENUE CODE (26 U.S.C. § 42). DEVELOPERS OR OWNERS INTERESTED IN APPLYING FOR A CREDIT ALLOCATION SHOULD CONSULT THEIR OWN TAX ACCOUNTANT OR ATTORNEY IN PLANNING A SPECIFIC TRANSACTION.

Low Income Housing Tax Credits, referred to in this OAP as ~~Montana-Housing Tax~~-Credits or ~~MHTCs~~, are Awarded by the State of Montana through MBOH to applicants based on the information submitted in or in connection with applications, other information obtained by MBOH staff as provided in this OAP and justification with support documentation supplied by the applicants. At or before the time an Application is made, the Applicant must solicit an Investor who will purchase the tax credits, if Awarded.

The ~~tax-housing~~ credits are Awarded each year for a ten-year period. Hypothetically, a Project Awarded \$100,000 in tax credits is essentially Awarded \$1,000,000 (\$100,000 X 10 years) for the ten-year period. When an Investor purchases the credits, the money from the purchase is infused into the financing for the building of the Project. The Investor

purchases the tax-housing credits, for example, \$ .75 on the dollar (\$100,000 X \$.75 X 10 years) equating to \$750,000. Typically, the Investor pays at a range of \$ .70 to \$.90 on the dollar. This money directly reduces the amount of dollars financed in a Project, thereby the amount each tenant must pay (Low Income) as well as assuring that the Project cash flows.

The Investor, through a limited liability partnership (LLP) or a limited partnership (LP), must be a 99.99% Owner of the Project for fifteen years during which the Investor declares \$100,000 each year for ten years as credit on the Investor's income tax. Generally, once fifteen years have passed, the Project is sold back to the General Partner (the .01% partner) for a negotiated amount and the ownership is transferred.

Throughout the tax-housing credit Extended Use Period (~~a minimum of 15 years, which may be extended to 31 years or more~~) the Project must comply with the requirements of tax housing credit administration as set forth in the current QAP and 26 U.S.C. § 42. Periodic file audits and inspection of units will be performed by MBOH staff.

The tax-housing credit is available for residential rental buildings which are part of a qualifying low income Project. The rental units must be available to the general public. Residential properties which are ineligible for the credit generally include transient housing, housing initially leased for less than six (6) months, buildings of four (4) units or less which are occupied by the Owner or a relative of the Owner, nursing homes, life care facilities, retirement homes providing significant services other than housing, dormitories, and trailer parks.

Projects with tax-exempt financing under the Montana's volume limitation for private activity bonds may be eligible to receive tax-housing credits outside the state's tax-housing credit allocation volume cap. See specific requirements in Tax Exempt Bond Financed Projects discussion in Section 3, Montana Specific Requirements, below.

The tax-housing credit can be used to assist in financing Acquisition with substantial Rehabilitation, substantial Rehabilitation, construction of qualifying residential rental, or eventual homeownership housing. The applicable percentage rate (APR) for each Project will depend upon the type of building and its financing, the floating APR or other APR set by the federal government, and the Project's election of the APR. As long as the building continues to qualify for the credit, the Owner may claim the credit each year during the 10-year credit period.

## **New Construction or Substantial Rehabilitation**

~~New Construction and Rehabilitation projects using competitive credits will qualify for the floating monthly tax credit rate (commonly referred to as the 9% rate) or another percentage rate permitted by federal law. The applicable tax credit rate is elected by the taxpayer and locked at Reservation/Initial Allocation or at placed in service, as specified in the Reservation Agreement. For a new building placed in service which is not federally subsidized as described below, the annual tax credit is a percentage of the building's qualified basis determined according to rates published periodically by the federal government applicable for the month prior to the date of application (or another percentage rate permitted by federal law).~~ If an Owner substantially rehabilitates a building (basically by incurring rehabilitation expenditures the greater of either \$6,200 (**see specific higher requirements for Montana below in "Substantial Rehabilitation" in Section 3, Montana Specific Requirements**) Hard Costs per rental unit or an amount which is not less than 20% of the adjusted basis of the building during a 24-month or shorter period), the Rehabilitation expenditure is treated as a separate new building for purposes of the tax housing credit. The "per unit" calculation is the total amount of the Project divided by the number of units within the Project.

## Acquisition and Substantial Rehabilitation

For an existing building which is acquired and Substantially Rehabilitated, the tax credit will be approximately four (4) percent for qualified Acquisition costs and nine (9) percent for the qualified Substantial Rehabilitation costs, provided that the Rehabilitation is not federally subsidized.

## Eventual Home Ownership

The opportunity for Eventual Home Ownership allows for Projects, with sufficient justification, to make units available to be purchased by the current tenants after 15 years of successful performance as an affordable rental. See specific requirements for Montana below.

## Federally Subsidized Buildings

Projects funded by tax exempt bonds are considered federally subsidized and qualify only for 4% of the qualified basis for New Construction, Acquisition, and Rehabilitation. Buildings directly or indirectly financed with below market federal loans are not considered federally subsidized. Below market loans made to the Project from the proceeds of grants made under the HOME Investments Partnership Act or loans made to Projects through the Native American Housing Assistance and Self Determination Act of 1996 are no longer considered to be federal subsidy. Section 8 rental "certificate" or "voucher" subsidy is not considered to be federal subsidy.

## Qualifying Buildings

In order to qualify for the tax-housing credit, an eligible building must be part of a qualifying low income Project. A Project is a qualifying Project only if it meets one of the following requirements:

At least 20% of its units are rent-restricted and rented to households with incomes at 50% or less of area median gross income, adjusted for family size (the "20-50 test"), or

At least 40% of its units are rent-restricted and rented to households with income at 60% or less of area median income, adjusted for family size (the "40-60 test").

## Election

The Owner must make an irrevocable election between the 20-50 test and the 40-60 test. Regardless of the election made, the credit is only allowed for the portion of the building dedicated to low income use (for example, if the Owner elects the 40/60 test and a minimum of 40% of the units are low income, the Owner would qualify for tax-housing credits on a minimum of 40% of the eligible basis as defined in this summary).

## Rent Limitation

The gross rent for each low-incomehousing credit unit may not exceed 30% of the applicable income ceiling (30% of 50% of median or 30% of 60% of median, as applicable, calculated based on the number of bedrooms in the unit, which is the "Maximum Rent"). For purposes of the rent limitation, the gross rent is the sum of the rent amount payable by the tenant, a utility allowance amount determined in accordance with this QAP (see "Utility Allowances" in Underwriting Assumptions and Limitations in Section 3 below) and any mandatory fees payable by the tenant. Rental assistance payments made by government agencies such as Section 8, Rural Development, or any comparable rental assistance program are not included in gross rent. Gross rent does not include any fee for supportive services as described in 26 U.S.C. §42(g)(2)(B)(iii). Gross Rent is expressed as follows:

*Tenant paid rent + Utility Allowance + Mandatory Fees equals the Gross Rent*

The Gross Rent must be less than or equal to the Maximum Rent (i.e., 30% of the applicable income ceiling).

## **Basis**

### **Eligible Basis**

Eligible basis of a qualifying building is generally the same as its adjusted basis for tax purposes, determined at the time the building is placed in service. Generally, eligible basis consists of:

- The cost of New Construction or ~~S~~ubstantial Rehabilitation; or
- The cost of purchasing an existing building and the cost of ~~S~~ubstantial Rehabilitation.

Eligible basis includes costs of common areas and comparable amenities provided to all residential rental units in the building. However, eligible basis must be reduced to reflect any Rehabilitation or historic preservation tax credit claimed with respect to the building. Eligible basis excludes land cost, costs attributable to any portion of the building which is not residential rental property (except common areas), and costs attributable to non-low income units which are above the average quality of the low income units in the Project. Cost certifications must list all items in basis (parking lot, paving, community areas, covers for parking, etc.).

### **Qualified Basis**

To determine the qualified basis of a qualifying building, the taxpayer multiplies the eligible basis of the building by the lesser of the "unit percentage" or the "floor space percentage". The "unit percentage" is the number of low income units in the building expressed as a percentage of the number of all residential rental units in the building. The "floor space percentage" is the total floor space of the low income units in the building expressed as a percentage of the total floor space of all residential rental units in the building. Low income units are eligible units which are occupied by qualified low income tenants (with income at or below 50% or 60% of area median gross income, depending on the Owner's election of the 20-50 or 40-60 test) and which comply with the gross rent limitation (30% of the applicable 50% or 60% income limit). The credit is only allowed for the portion of the building dedicated to low income use.

## **Credit Calculations**

To calculate the credit each year, the taxpayer applies the applicable credit percentage to the qualified basis of a qualifying building. The "qualified basis" is that portion of the "eligible basis" attributable to low income units in the building.

## **Allocation of Credit**

### **Need for Allocation**

All Projects including Projects financed with tax-exempt bonds must first obtain a ~~credit~~ Final Allocation from MBOH before claiming the ~~tax-housing~~ credit. MBOH makes ~~an-a~~ Final Allocation ~~on-by~~ issuance of IRS Form 8609(s).

### **Allocation Applies Throughout Credit Period**

An Owner needs to obtain a ~~credit-Final~~ Final Allocation only once with respect to a building for which the credit will be claimed. The ~~credit-Final~~ Final Allocation then applies each year during the 10-year credit period. Regardless of the maximum credit otherwise available (based on applying the applicable credit percentage to the qualified basis), the credit claimed each

year for a building may not exceed the ~~amount of the credit~~ Final Allocation for that building.

### Time for Obtaining Allocation – Carryover Provision

An Owner who receives an Award of credits must either:

- Place the building in service and receive ~~an a Final~~ Allocation by MBOH issuance of IRS Form 8609(s) by the close of the calendar year corresponding to the annual tax credit ceiling from which the credits are allocated (e.g., by the close of calendar year ~~2015-2016~~ for ~~2015-2016~~ credits Awarded in ~~December November 2014~~ ~~2015~~ January 2016), or
- Obtain a Carryover ~~of tax credit~~ Allocation as provided below, **and** place the building in service **and** receive ~~an a Final~~ Allocation by MBOH issuance of IRS Form 8609(s) ~~by the close of the carryover period.~~

### Carryover Provision

A Carryover of a ~~tax-housing~~ credit Allocation will be permitted for a period of two (2) years beyond the end of the calendar year corresponding to the annual tax credit ceiling from which the credits are allocated (e.g., by the close of calendar year ~~2017-2018~~ for ~~2015-2016~~ credits Awarded in ~~December November 2014~~ ~~2015~~ January 2016); contingent upon meeting 10% requirements (see 10% Test in Section 10 below for specific requirements).

### Compliance Period

The Compliance Period is the initial period of 15 taxable years beginning with the 1st taxable year of the applicable credit period as provided in 26 U.S.C. § 42. The Application must specify an additional period of 15 or more years in which the Applicant agrees to maintain units for low income occupancy. The Compliance Period plus the additional 15 or more year period together are referred to as the Extended Use Period. These restrictions ~~must will~~ be included in the Declaration of Restrictive Covenants and ~~must will~~ be effective for the entire Extended Use Period.

An Owner must continue to meet the ~~credit~~ requirements of Section 42 for a Compliance Period of 15 years. Failure to comply, reducing the number of the MHTC units, or reducing floor space for which the credit is based during the Compliance Period, ~~may will~~ result in a IRS recapture of tax credits, including non-deductible interest, of at least a portion of the tax credits taken previously by the Owner.

To be eligible for MHTCs, a building must be subject to an extended low income housing commitment between the Owner and the state agency, which commitment must be established by recorded Restrictive Covenants effective for the full Extended Use Period. The Owner must meet compliance criteria for the full Extended Use Period specified in the Restrictive Covenants. Any Application indicating an Extended Use Period beyond the Compliance Period forfeits the right to request that MBOH locate a non-profit qualified buyer and the Owner must maintain MHTC units through the Extended Use Period as provided in the Restrictive Covenants.

### Three-year protection period

MHTC rent requirements and restrictions will continue for a period of three years following the termination or expiration of the Extended Use Period. The Owner cannot evict or terminate the tenancy of an existing tenant of any MHTC unit other than for good cause during the Extended Use Period, ~~and for or during~~ the additional three-year protection period.

## SECTION 3 - MONTANA SPECIFIC REQUIREMENTS

### Eligible Applicants

An Applicant who previously received an Award of credits for its first tax credit Project in Montana may not receive an Award of credits for another Tax Credit Project until the first Project has achieved 100% qualified occupancy and an MBOH compliance audit has been conducted which revealed no significant problems. For purposes of this rule, Applicants are considered to be the same Applicant if the Applicants are Related Parties or if the same Developer or a Related Party of the Developer will receive more than 50% of the Development Fees for both Projects. The foregoing rule does not apply to a subsequent tax credit Application if the Developer partners with an Experienced Developer who will be entitled under a written agreement to receive at least 50% of the Developer Fee on the subsequent Project. Anyone debarred from federal programs or FHLB (Federal Home Loan Bank), or prohibited from applying for LIHTCs by another state HFAs for disciplinary reasons is not eligible to apply.

### Tax Credit Proceeds

In order to allow MBOH to adequately evaluate Sources and Uses for ~~Montana~~ Housing Tax Credit Projects, the Applicant is required to provide information to MBOH regarding the proceeds or receipts generated from the tax credit.

At Application, expected proceeds must be estimated by the Applicant. **Within 30 days after equity sources are committed, the Applicant must provide MBOH with a copy of the commitment or agreement.** Prior to issuance of IRS Form 8609(s), MBOH will require the accountant's certification to include gross syndication proceeds and costs of syndication, even though the costs are not allowed for eligible basis.

### Sources and Uses Certification

Applicants must certify that they have disclosed all of a Project's funding Sources and Uses, as well as its total financing, and must disclose to MBOH in writing any future changes in Sources and Uses over 10% in any line item or any increase in Soft Costs throughout the development period (until 8609's are received). Applicant's certification of such disclosure must be provided to MBOH at Application, at 10% Carryover Cost Certification and at Final Cost Certification on the form attached below as Exhibit C.

### Development Cost Limitations

To balance housing needs in Montana with appropriate and efficient use of the state's allocation of tax credit authority, MBOH has adopted the following cost limitations and requirements for purposes of calculating the tax credit amount for a particular Project. These cost limitations are based upon and in accordance with NCSHA standards.

### Per-Unit Costs/Cost per Square Foot

Per-unit Costs and Costs Per Square Foot are subject to the specific limitations provided in other sections of this QAP. In addition, MBOH will evaluate ~~per unit costs~~ Per-unit Cost-Cost Per Unit and ~~cost per square foot~~ Costs Per Square Foot for all Projects for reasonableness, taking into account the type of housing, other development costs as detailed below, unit sizes, the intended target group of the housing and other relevant factors. MBOH will also consider the area of the state and the community where the Project will be located in this review.

All Applications must provide justification for development costs. These costs will be analyzed and scrutinized considering the individual characteristics of the Project listed above and will be compared to other like Projects.

Even though the costs of some Projects may be justifiable and even in some contexts considered reasonable given their unique characteristics, MBOH may decline to Award credits to a Project where it determines that costs are unreasonable.

Development cost analysis will be done on Total Development Costs, including land costs, whether or not any such costs are eligible for the credit financing.

Per-unit Cost may not exceed \$230,000 per unit. Applications exceeding this limit will be returned un-scored and will receive no further consideration, and the application fee will not be refunded.

## **Additional Cost Limitations**

Applications must comply with the following limitations on Contractor Overhead, General Requirements, Contractor Profit and Developer Fee. To the extent an Application exceeds these cost limitations, as calculated in Uni-App Section C, Cost Limitations and Requirements, the excessive costs will be reduced to the limit amount for all purposes under the MHTC program, including without limitation, calculation of basis and eligible Project costs, determination of credit eligibility, and any Award, Reservation or Allocation of credits.

### **Contractor's Overhead**

Contractor's Overhead is limited to a maximum of 2% of Construction Costs.

### **General Requirements**

General Requirements are limited to a maximum of 6% of Total Construction Costs, excluding General Requirements.

### **Contractor Profit**

Contractor Profit will be limited to a maximum of 6% of Construction Costs.

### **Developer Fees**

Developer Fees for New Construction, ~~Acquisition/Rehab~~ or Rehabilitation will be limited to a maximum of 15% of Total Project Costs. For purposes of this Developer Fee limit, Total Project Costs do not include minus the Developer Fees, Contractor Profit, ~~or~~ land costs; ~~and, if the Project is Rehabilitation only, the Project costs of Acquisition.~~ Consultant fees (amount must be disclosed) will be included as part of and subject to the limit on Developer Fees. Architectural, engineering, and legal fees are considered to be professional services, and are not included in this limitation; however, fees for professional services will be examined for reasonableness.

Developer fees for acquisition will be limited to a maximum of 15% of the Project Acquisition costs.

## **Disclosure of Transactions Involving Related Parties**

If the development includes transactions with Related Parties, any profit from those transactions must be subtracted from the Total Development Cost before calculating the 15% maximum Developer Fee and 6% maximum Contractor Profit. Failure to fully disclose Related Party transactions may result in the project's not receiving an Award of tax credits.

MBOH reserves the right to negotiate lower Developer Fees and Contractor Profit on Projects involving Related Party transactions.

## **Limitation on Soft Costs**

The Soft-Cost-to-Hard-Cost Ratio ("Soft Cost Ratio") for the Project, based upon the Application's UniApp, may not exceed 30% for Large Projects (more than 20 units) and 35% for Small Projects (20 or fewer units) or Small Rural Projects. If the Soft Cost Ratio for a Project exceeds the applicable maximum, MBOH will contact the Applicant regarding the excessive costs and allow the Applicant to specify how and by what amount its Soft Costs will be reduced to comply with the maximum. The Applicant must communicate its chosen Soft Costs adjustments to MBOH staff in writing within ten (10) business days after such communication and the Application will be deemed amended to reflect such adjustments for all purposes under the **MHFC** program. All such soft cost adjustments and the Application, as amended to reflect such adjustments, must comply with this QAP in all other respects. If the Applicant fails to communicate its soft cost adjustments to MBOH staff within the required time, MBOH staff will decide how and by what amount Soft Costs will be reduced to comply with the maximum and the Application will be deemed amended to reflect such adjustments for all purposes under the **MHFC** program.

## **Underwriting Assumptions and Limitations**

### **Credit Percentage Rate for Tax Credit Calculation**

The credit percentage rate published by the federal government for the month prior to the date of Application will be used by Applicants and MBOH for purposes of preparation, submission, underwriting and evaluation of Applications and Award of MHFCs.

### **Operating Expenses**

MBOH will evaluate Operating Expenses and Vacancy Rate underwriting assumptions for all Projects for reasonableness, taking into account the type of housing, unit sizes, intended target group of the housing and the location of the Project within the area of the state and the community. Staff may require the applicant to provide additional justification and documentation regarding any operating costs deemed to be outside the normal range.

### **Debt Coverage Ratio**

The Debt Coverage Ratio ("DCR") should be between 1.15 and 1.25. DCR's outside this range must be justified in the Application narrative.

MBOH will evaluate the DCR at Application, at 10% Carryover Cost Certification and at Final Cost Certification. MBOH considers several variables, including projected Vacancy Rates (which may require upward adjustment for small properties) and operating cost data, in conjunction with debt service coverage, in judging the long-term financial viability of Projects. MBOH may require adjustments to rents or credit amount to assure the credits Awarded are no greater than necessary to make the Project feasible.

### **Maximum Rents**

The MBOH Board may require that rents be maintained at a specified percentage of maximum target rent throughout the Extended Use Period. If required for a particular Project, this limitation must be specifically included as a condition of the **MHFC** Award and included in the Project's Restrictive Covenants.

### **Operating Reserves**

Minimum operating reserves must be established and maintained in an amount equal to at least four months of projected Operating Expenses, debt service payments, and annual

replacement reserve payments. The specific requirements for reserves, including the term for which reserves must be held, must be included in the limited partnership operating agreement and meet the requirements of the Investor. Using an acceptable third party source, this requirement can be met by either cash, letter of credit from a financial institution, or a Developer guarantee that a syndicator has accepted the responsibility for a reserve.

### Replacement Reserves

Minimum replacement reserves must be built up in amount equal to at least \$250 per unit annually for New Construction developments for Elderly Properties and \$300 for other New Construction and Rehabilitation developments, until the replacement reserve equals at least \$1,000 per unit. Upon Allocation of tax credits, the Project has five years to attain and must then maintain replacement reserves in at least that amount per unit. Exceptions may be made for certain special needs or supportive housing developments. Exceptions ~~will need to~~must be documented and will be reviewed on a case by case basis. In projecting replacement reserves (15 year pro-forma), developments should take into account a realistic rate of inflation foreseeable at the time of Application. The specific requirements for reserves, including the term for which reserves must be held, will be included in the limited partnership operating agreement and meet the requirements of the Investor.

### Utility Allowances

The Montana Department of Commerce Section 8 Utility Allowances are the only acceptable utility allowances ~~allowed for Applications, unless otherwise provided by USDA (Rural Development) or an MBOH-approved allowance or a HOME-approved local public housing authority.~~ Utility allowances provided by utility providers will not be considered or accepted. ~~Any time after one year of being placed in service Owners may submit 12 months of actual utility bills for MBOH to average and approve an AGENCY APPROVED ALLOWANCE. This includes all existing tax credit properties. For properties rehabilitated with MHTCs, data collected prior to being placed in service may be submitted at Acquisition Place in Service (PIS) or later to obtain an AGENCY APPROVED ALLOWANCE.~~

### ~~Applicable Percentage Rate for Tax Credit Calculation~~

~~For purposes of preparation, submission, underwriting and evaluation of Applications and award of MHTCs, the tax credit amount for a Project must be calculated using the percentage of the building's qualified basis determined according to the rate published by the federal government for the month prior to the date of Application (or another percentage rate permitted by federal law).~~

### Project Accessibility Requirements

The Fair Housing Act, including design and accessibility requirements, applies to MHTC properties. All New Construction and Rehabilitation that at least replaces interior walls and doors must incorporate the following:

- 36 inch doors for all living areas (except pantry, storage, and closets).
- Levered handles for exterior and interior doors (except exterior swing doors).
- Outlets mounted not less than 15-18 inches above floor covering.
- Light switches, control boxes and/or thermostats mounted no more than 48-36 inches above floor covering.
- Walls adjacent to toilets, bath tubs and shower stalls must be reinforced for later installation of grab bars.
- Lever style faucets for laundry hook-up, lavatory and kitchen sink.

- A minimum of a ground level half-bath with a 30X48 inch turn space (also required in Rehabilitation unless waived by staff for structural limitations or excessive cost, etc.).
- No-step entry to all ground floor units.

Compliance with accessibility requirements must be certified in the architect's letter of certification submitted with the 8609(s) submission. It is suggested but not required that Projects also include parking for caregivers to the disabled and that lease addendum provide for moving a non-disabled household from a handicapped unit to a regular unit if the handicapped unit is needed for rental to a disabled tenant.

## **Energy and Green Building Initiatives, Goals and Requirements**

### **Integrated Design Process and Community Connectivity**

Project development and design includes a holistic approach. Processes include neighborhood and community involvement to ensure Project acceptance and enhancement. Integrated design processes ensure higher quality finish Project. Existing neighborhood edges, characteristics, fabric are considered in the Project design. Some considerations may include but are not limited to a community design charrette, incorporating Project into neighborhood fabric, energy modeling, commissioning, blower door testing, etc.

### **Sustainable Site, Location and Design**

The building(s) and Project site, including the surrounding area, provide opportunities for education, alternative transportation, services, and community facilities. This is evidenced, for example, by Projects using existing infrastructure, reusing a building or existing housing, redeveloping a greyfield/brownfield, or developing in an existing neighborhood. Design elements use the site's characteristics and reduce impact on the site allowing for open space and other amenities, such as infill projects, rehabilitating existing building(s), rehabilitating existing housing, providing carpooling opportunities, using well water for landscaping, etc.

### **Energy and Water Conservation**

Design features, product selection and renewable energy options directly reduce use of resources and result in cost savings. Design and product selection exceeds applicable energy codes in performance. Examples include but are not limited to Energy Star appliances, drip irrigation, low flow fixtures, dual flush or composting toilets, ground source heat, duct sealing, rain water collection, and low water consumption plants.

### **Material and Resource Efficiency**

Material selections are better quality, designed for durability and long term performance with reduced maintenance. Products used are available locally and/or contain recycled content. Construction waste is reduced in the Project through efficient installation or recycling waste during construction. Considerations include but are not limited to construction waste management specification, recycled content products, local materials, reuse existing building materials, certified lumber, and sustainable harvest lumber.

### **Healthy Living Environments (Indoor Environmental Quality)**

Materials and design contribute to a healthy and comfortable living environment. Mechanical system design, construction methods and materials preserve indoor air quality during construction as well as the long term performance such as fresh air circulation and exhaust fans, bathroom and kitchen fans exhausting air and moisture, material selection with low toxicity and low VOC (volatile organic compounds) paints, sealants, and adhesives.

### **Smoke-Free Housing**

Promoting healthy behaviors can also have a large impact on residents at no additional cost to the Developer. Smoke-free policies protect residents against the harmful health impacts of tobacco smoke, greatly reduce the risk of fires, and prevent damage to units caused by tobacco smoke. Such policies also make properties more attractive to those who do not allow smoking in their own homes.

For New Construction Projects seeking or awarded 2015-2016 or later year credits, the Owner (and any Management Company) ~~may~~must establish and implement a written policy that prohibits smoking in the units and the indoor common areas of the Project, including a non-smoking clause in the lease for every Project unit. The Owner (and any management company) rather than MBOH will be responsible to enforce such written policy and lease clause. The Owner and Management Company also must make educational materials on tobacco treatment programs, including the phone number for the Montana Tobacco Quit Line, available to all tenants of the Project. The Montana Tobacco Use Prevention Program Smokefree Housing Project can provide educational materials and smokefree signage to property owners and managers free of charge, as requested. If smoking is allowed outside on the Project Property, it is recommended that the written smoking policy require that smoking be restricted to areas no closer than 20 feet from all building entrances and exits. The written policy may must provide appropriate exceptions for bona fide cultural or religious practices.

### **Required Blower Door and Infrared Testing for Projects Awarded Credits**

*For New Construction Projects Awarded ~~MHFCs~~:* Blower door tests must be completed on every Single Family Project unit. On Multi-Family Projects, blower door tests must be completed on the greater of twenty percent (20%) of units (such units to be selected by MBOH in conjunction with the testing provider) or the number of units required by State building codes (whether or not the State building code has been adopted in the Project's jurisdiction). Proof of such testing demonstrating compliance with the state building code standard (CFM50) must be submitted to MBOH to qualify for issuance of Form 8609(s). The Developer or Builder must notify MBOH at least one week in advance of the date and time that blower door testing will be performed and MBOH staff must be permitted to attend and observe the testing.

*For Rehabilitation Projects Awarded ~~MHFCs~~:* Infrared tests will be required on each full unit and all common areas both before and after the Rehabilitation. The Developer or Builder must notify MBOH at least one week in advance of the date and time that post-Rehabilitation infrared tests will be performed and MBOH staff must be permitted to attend and observe such testing. Proof of such testing must be submitted to MBOH to qualify for issuance of Form 8609(s), demonstrating at least 20 degrees temperature difference from outdoors to inside the unit.

### **Substantial Rehabilitation**

Montana's minimum Rehabilitation standard is expenditures the greater of (i) \$15,000 (for 4% projects)/\$25,000 (for 9% Projects) of Hard Costs per rental unit, or (ii) an amount which is not less than ~~20~~30% of the adjusted basis of the building during a 24-month or shorter period.

Rehabilitation Projects applying for (9%) competitive credits must meet all requirements of the capital needs assessment and must also include:

- Replacement or refinishing of cabinets unless the cabinets have been replaced within the 5 years prior to Application submission;

- Replacement of all flooring unless flooring shows no appreciable wear (replacement of flooring when units are next rented to a new tenant is not acceptable).
- Replacement of windows to meet current code requirements. An exception to this requirement will be granted if windows have been replaced to meet code requirements within the 5 years prior to Application submission and a request is submitted to MBOH staff at least 6 weeks before the Application submission deadline.
- Refinishing, repair or replacement of the exterior siding. If exterior siding is to be replaced or if additional insulation can be incorporated, the insulation will be brought up to current code for new construction.
- Replacement of all appliances that are more than 5 years old as of the date of Application submission.
- Upgrading units and property to new or nearly new appearance.

## Tax Exempt Bond Financed Projects

Projects with tax-exempt financing under the volume limitation on private activity bonds (“4% Projects”) may be eligible to receive tax credits outside the state’s tax credit allocation volume cap. Applications may be submitted at any time and are not limited to the application schedule in Section 4, below. Applications must meet all requirements of the applicable QAP and must meet at least the minimum Development Evaluation Criteria score specified in Section 9, below, to receive an Allocation of tax credits. Projects with tax exempt financing must submit a certification from the bond financing agency indicating that the Project meets the public purpose requirements of the bonds and that the Project is consistent with the needs of the community. For purposes of Application, evaluation and Awarding tax credits with respect to 4% Projects, the “Applicable QAP” is the version of the QAP most recently and finally adopted as of the date of Application submission.

## Eventual Homeownership

Several supplemental Application documents are required for Projects that include eventual homeownership. The Application must address how the Owner will administer the transfer of ownership to a qualified homebuyer at the end of the Compliance Period. Second, the Application must either identify the price at the time of the title transfer or a reasonable process to determine the price. Third, the Application must document that the potential owners will be required to complete a homebuyer counseling program. The Applicant must identify how Reserve for Replacement funds will be used at the time of sale of the properties. At the time of sale, the MHTC Owner must provide a copy of the title transfer together with a certificate verifying that the new homeowner completed a homebuyer program within five years prior to the transfer of title. Enforceable covenants must maintain the home as affordable and prevent sale or resale to a realtor, financial institution, or a family with an income over 80% AMI, or more than 80% of FHA appraised value. Families who exceed income levels of 80% of AMI at the time of the sale must have qualified at the appropriate AMI contained in the recorded Restrictive Covenants for the Project evidenced by the Tenant Income Certification at the initial rent-up for the family. Tenant qualification documentation must be sent to MBOH for approval before the sale is completed. Please contact MBOH for current forms. Units not sold under the Eventual Home Ownership Program must remain in compliance with Section 42 until such time as they are sold to a qualified buyer or the end of the Extended Use Period.

## 130% Basis Boost

## Basis Boost for QCT and DDA Projects

Federal law permits MBOH to reserve tax credits based on a “basis boost” of 30% for Projects in a Qualified Census Tract (“QCT”) or in HUD designated Difficult Development Areas (“DDA”). In addition, a 30% “basis boost” may be available for non-QCT or DDA Projects based upon the specific requirements specified below.

### MBOH Discretionary Basis Boost for Non-QCT/DDA Projects

For buildings not already eligible for the 30% “basis boost” by virtue of being located in a QCT or DDA, up to 130% of the eligible basis of a New Construction building or the Rehabilitation portion of an existing building may be considered in Awarding tax credits if MBOH determines that an increase in tax credits is necessary to achieve the Project’s feasibility. MBOH staff may recommend an Award of tax credits, and the MBOH Board, at the time it considers authorizing reservations of tax credits, may Award credits for such buildings based upon a basis boost of up to 30%. Applications for Projects not located in a DDA or QCT may be submitted with requested tax credits calculated at up to 130% of eligible basis. Applicants must justify the need for the requested basis boost in the narrative and support documentation. Considerations justifying a need for a basis boost are:

- Qualification of the Application for the Small Rural Project set aside pool;
- Qualification of the building location for Rural Development funding;
- Targeting of more than 10% of the Project units to 40% or below area median income level or more than 62% of Project units to 50% or below area median income level;
- The Project includes historical preservation or Preservation of existing affordable housing; or
- The Project is located within a community where unusual market conditions produce higher than normal labor and material costs, unusually high land cost and/or rent and income limits which are too low to support the cash flows required by the Project’s financial structure.

The MBOH discretionary basis boost does not apply to tax exempt bond credits.

## Non-Housing Amenities

Swimming pools, tennis courts, golf courses, and other similar amenities will not be funded by ~~Montana~~-Housing ~~Tax~~-Credits. Proposed Projects may include such amenities only if the amenities are funded by sources other than ~~Montana~~-Housing ~~Tax~~-Credits. Subject to the requirements of this QAP, garages or car ports may be funded by ~~Montana~~-Housing ~~Tax~~ Credits considering Montana’s extreme winter weather.

## Accountant and Owner Certification

Prior to the 10% Carryover Cost Certification deadline and at Final Cost Certification, MBOH requires an independent third party CPA cost certification, including a statement of eligible and qualified basis for the Project. The Accountant Certification must include a breakdown of costs similar to the Project costs and uses of the Application, including development cost limitation categories as discussed in this QAP. The Owner must provide the CPA certification, under penalty of perjury, providing the Owner’s name and address, the placed in service date, taxpayer identification number, the Project name and address, building(s) address(s), building identification numbers, the total eligible and qualified basis, and, if applicable, the percentage of the Project financed by tax-exempt bonds.

## Rural Development Projects

For Rural Development Projects, MBOH requires a copy of the final USDA Rural Development cost certification, as well as the Accountant Certification of tax credit eligible and qualified basis, and the Owner's certification. While a USDA Rural Development Project may be technically eligible for an amount of credit, such Projects frequently will receive an Award less than the maximum amount of credit, because less credit is required to fill the financing gap. MBOH will Award no more than the amount of credit determined necessary to make the Project feasible.

## **Information Request and Release Policy**

### **General Program Information**

All general program information will be provided as requested either by mail, facsimile, email, or on the MBOH website. General information may include, but is not limited to, program terms and guidelines, income and mortgage limits, funds availability, Project lists, etc.

### **Request Procedure**

If requesting information from an Application and/or compliance file, a written request must be submitted and must include a description of the specific information or documents being requested. The requestor will be charged and must pay the costs of providing such documents according to the Department of Commerce Public Records Request Response Guidelines effective July 1, 2012, [or as amended](#).

## **Policy on Confidentiality and Disclosure of Information**

Information submitted to the Board is subject to the public's right to know guaranteed by the Montana Constitution except where the demands of individual privacy clearly exceeds the merits of public disclosure.

Information contained in an Application or compliance file is subject to disclosure as described in the Board's administrative rule, ARM 8.111.203, which follows:

### **8.111.203 CONFIDENTIALITY AND DISCLOSURE OF INFORMATION**

(1) Information submitted to the board by private parties is generally open to public review and disclosure. Therefore, applications, financial information and other information submitted to the board under any of its programs are subject to inspection and copying by interested members of the public except as provided in this rule. Some information may be protected from public disclosure. Information that is constitutionally protected from disclosure is information in which there is an individual privacy interest that clearly exceeds the merits of public disclosure.

(2) If a person or entity submitting information to the board considers any of that information confidential and wishes the information documents to be withheld from public disclosure, the submitting party must identify which part of the information is considered confidential upon their submission and the basis upon which the party believes the information should be withheld from public disclosure.

(3) The type of information which may be withheld from the public disclosure is very limited. If individual documents are not specified and a basis not identified, the board will deem all the information submitted to the board as subject to public disclosure. A submitting party should consult with legal counsel to determine what information may be protected and for what reason. A statement that all information submitted by a submitting party is confidential will be considered ineffective.

(4) The board will take reasonable steps to protect information designated as confidential from public disclosure and for which a reasonable basis is stated for the

confidentiality. If information has been designated as confidential and a basis for confidentiality stated, upon receiving a request to review any such information board staff will notify the submitting party of the request in writing by United States mail at an address provided by the submitting party. The notice will identify the party making the request, and the stated purpose for the request.

(5) It is the responsibility of the submitting party upon receipt of the notice to take such action as is necessary to protect the information from disclosure, including obtaining a court order protecting the documents from disclosure if necessary. If the board does not receive an order from a court of competent jurisdiction ordering the board to maintain confidentiality of the requested information or the board is not notified of other arrangements made between the requesting and submitting parties within 10 days from the date of the notice of the request, the information will be disclosed to the requesting party. The board will not assert the right of confidentiality for a submitting party in a court of law.

(6) Any information not designated as confidential with a specified basis for confidentiality will be subject to public disclosure without notification to the submitting party.

(7) Tenant certifications, income information and information in individual loan files are confidential and will not be disclosed to the public. (8) If a requesting party wants copies of information maintained by the board, and depending on the number of copies to be made, the board may require the requesting party to provide for their own copying, either by making the copies with a copier and paper provided by the requesting party or by paying the expense of a copy service to make the copies.

Information in compliance files and Application information submitted to the Board prior to the effective date of the rule (June 8, 2001) will not be disclosed until the person who submitted the information is given notice of the request and the opportunity obtain an order protecting the information from disclosure as provided in ARM 8.111.203.

## **Compliance File Policy**

If the information or documents being requested are from an Application, the Project Owner will be notified of the request by telephone or facsimile, the Project Owner will be told the identity of the party making the request. If the Project Owner believes that its Application contains trade secrets, confidential or proprietary information, it is the Project Owner's responsibility to obtain a court order protecting their documents from release. If the Board does not receive a court order within 10 calendar days from the day the request is received by the Board, the documents will be released to the person requesting them.

Tenant Certifications and Income Information will be considered confidential and will not be released.

## **Individual Loan Files**

Personal financial information will be considered confidential and will not be released.

## **Ex Parte Communication Policy**

In instances where the Board of Housing acts as a quasi-judicial body, its members should refrain from ex parte contact with parties who will be appearing before it or their representatives.

Additionally, any ex parte communication made where a quorum of the Board is present, outside of a meeting or hearing scheduled for the purpose of entertaining the issue before it, would violate Montana's open meeting requirements and the right of public participation

under Article II, section 8 of the Montana Constitution and § 2-3-203, MCA. A quorum of the Board is defined as a majority of the membership. See § 2-15-124(8), MCA.

The policy when the Board is sitting as a quasi-judicial body is:

- Not to receive any evidence, individually, or collectively, except as a part of the public record at a publicly noticed meeting or hearing scheduled for that purpose.
- If a member is not able to avoid receipt of information or contact with parties outside of a public meeting or hearing the remedial action in that instance is for the Board member to disclose at the public meeting or hearing the full content of the information received.
- Avoidance of ex parte communications is preferred over relying on the public disclosure remedy because an incomplete or inaccurate conveyance of the ex parte contact, even if inadvertent, may bias the outcome and subject the Board action to challenge.

All information an Applicant wants distributed to board members should be provided to staff who will disburse consistently to all members.

## SECTION 4 - APPLICATION CYCLE

Applicants may apply for an Award of tax credits for a particular Project no later than the applicable submission deadline specified below or otherwise set by MBOH.

Applicants must submit the Application and the applicable fee (based on the fee schedule below) to MBOH as required in this QAP. A separate Application is required for each Project. A single Application should include all buildings within a single Project.

An Applicant for tax-exempt financing under the volume limitation on private activity bonds also seeking an Award of 4% Credits outside the state's tax credit allocation volume for a scattered-site Project under a single partnership may apply for such credits by submission of a single Application that includes sub-applications for each property included in the Project. Full Applications for tax-exempt financing and related 4% Credits may be submitted at any time and are not limited to the competitive allocation rounds listed below.

Electronic submission of Applications using MBOH's system (currently ShareFile) is preferred but hard copy Applications will also be accepted. Please contact staff (preferably at least a week ahead of the submission deadline) for set up and for specific instructions on how to access this system. Complete Applications must be received at MBOH's office by 5:00 pm Mountain Time on the Application submission date specified below.

### First Allocation Round:

- |                               |  |
|-------------------------------|--|
| o Letter of Intent            | First Monday in <del>May 2014</del> <b>August 2015</b>                                       |
| o Board Review and Discussion | <del>June 2014</del> <b>Next</b> MBOH Board Meeting  |
| o Application Submission      | Last <del>First</del> Monday in <b>August 2014</b> <b>October 2015</b>                       |
| o Applicant Presentations     | <del>September 2014</del> <b>Next</b> MBOH Board Meeting <b>after application submission</b> |
| o Award Determination         | <del>November 2014</del> <b>January 2016</b> MBOH Board Meeting                              |

### Second Allocation Round (if any):

- o Letter of Intent ~~Third-Second~~ Monday in ~~January~~ **2015February 2016**
- o Board Review and Discussion ~~February-2015~~**March 2016** MBOH Board Meeting
- o Application Submission First Monday in **April 2015-2016**
- o Applicant Presentations **April 2015-2016** MBOH Board Meeting
- o Award Determination **May 2015-2016** MBOH Board Meeting

Any of the above deadlines and dates may be extended or changed by MBOH if circumstances warrant, and in such event MBOH will provide notice of such extension or change by posting on MBOH's website. The MBOH Board, in its discretion, may waive any requirement of this QAP if it determines such waiver to be in the best interests of MBOH, the MHTC program or the application cycle. In any application round or rounds, the MBOH Board may elect to Award less than all available credits or to not Award any credits if the MBOH Board determines that such is in the best interests of MBOH.

At the MBOH Board's meeting in the month after submission of Letters of Intent, MBOH staff will present Letters of Intent to the MBOH Board. The MBOH Board may ask questions of Applicants and discuss proposed Projects but there will be no Applicant presentations and the MBOH Board will not make any Award determination at this meeting. MBOH Board questions and discussion are for purposes of assisting Applicants in presenting better Applications, and shall not be binding upon MBOH in any later Award determination or other MBOH process.

At the MBOH Board's meeting in the month of Application submission, MBOH will provide an opportunity for Applicants to make a presentation to the MBOH Board regarding their Projects and Applications and will provide an opportunity for public comment on proposed Projects and Applications. Applicant presentations will be limited to 10 minutes or less.

At the Award Determination Meeting, Applicants should be available to the MBOH Board to answer questions regarding their respective Applications. Applicants shall have an opportunity to respond to any negative comments.

### **Carryover Commitment**

MBOH will issue a Carryover Commitment in December of the year for which the credits are being Awarded and such Carryover will be for a period of two (2) years. To preserve this commitment the Owner/Developer must submit the 10% Carryover Cost Certification by the deadline specified in the Applicable QAP.

## **SECTION 5 - FEE SCHEDULE**

### **Letter of Intent**

The Letter of Intent fee is ~~\$750.00~~ **\$1,000.00** and must be submitted to and received in the MBOH office by the applicable Letter of Intent deadline. MBOH will not consider Letters of Intent submitted without the Letter of Intent fee. The Letter of Intent fee is not refundable.

### **Application**

The application fee is ~~4.5~~ **1**% of the amount of credits requested in the Application and must be submitted to and received in the MBOH office by the applicable application deadline. MBOH will not consider Applications submitted without the application fee. The application fee is not refundable and will not be adjusted even if the MBOH Board Awards no credits or only a portion of the tax credits requested.

In addition to the application fee, a **R**eservation fee in the amount of **4.5.8**% of the credits reserved is due on or before 6 months after the date of the Award. After a Reservation Agreement is executed the **R**eservation fee is not refundable. If the conditions described in the Reservation Agreement are not met, the entire **R**eservation fee will be forfeited to MBOH.

## Requesting Additional Credits After Initial Allocation

As MBOH, in its discretion, determines necessary for financial feasibility, returned or unreserved tax credits may be used to increase the amount of tax credits reserved for a Project after the first round Awards have been made. In considering a request for an increase under this paragraph, MBOH may consider any anticipated potential need for returned or unreserved credits to fund Projects that would otherwise be funded or require greater funding under the Corrective Award set aside under Section 7. An Applicant seeking an increase in the amount of reserved credits must apply in writing for such increase and must submit new financials (**UniAppUNHAPP** Section C) and documentation of cost increases. Applications for additional credits must be submitted to staff. Staff will review and evaluate supporting financials and new cost documentation and a staff recommendation will be presented at a later MBOH Board meeting for consideration. Staff will not recommend and the MBOH Board will not approve any increase beyond that necessary to make the Project feasible.

An Application and **R**eservation fee of **6.9**% of the additional tax credits requested is due with the request. In the event an increase for the additional requested credits is not approved, the **R**eservation fee in the amount of **4.5.8**% will be returned.

## Compliance Fees

See Section 12 - Compliance Monitoring

## SECTION 6 - MAXIMUM AWARDS

### Maximum Credit Award

Twenty-five percent (25%) of the state's Available Annual Credit Allocation will be the maximum credit Awarded **or Allocated** to any one Project or Developer. The state's Available Annual Credit Allocation is defined as and includes the state's actual or estimated credit ceiling for the current year plus any other available credits from prior year credit authority determined as of 20 business days prior to the applicable application deadline, and includes any credits held back pursuant to court order or subject to Award under the Corrective Award set aside. The Developer's percentage of the development fee, as specified in a written development agreement, will be that Developer's percentage of the 25% limit. The maximum credit Award for a Project will be determined based upon the state's Available Annual Credit Allocation<sup>u</sup> for the tax credit year from which the Project is first Awarded **MHTCs**. If the state's Available Annual Credit Allocation is not known as of 20 business days prior to the applicable application deadline, MBOH will estimate the amount, subject to later adjustment once the state's actual Available Annual Credit Allocation is known. If an estimated amount is used for Award purposes, all Awards based upon such estimate shall be conditional upon a final determination of the state's actual Available Annual Credit Allocation.

MBOH does not commit tax credits from future years, except as specifically provided in this QAP.

## SECTION 7 – SET ASIDES

### Non-profit

Ten percent of each state's credit ceiling must be set aside for buildings which are part of one or more Projects involving Qualified Nonprofit Organizations<sup>4</sup>.

The 10% non-profit set-aside requirement may be met by an Award to a Project involving a Qualified Nonprofit Organization out of any other set-aside or the general pool. If no Project Awarded MHTCs involves a Qualified Nonprofit Organization, the non-profit set aside (i.e., 10% of the state's credit ceiling) will be held back for later Award to a Project involving a Qualified Nonprofit Organization.

### Corrective Award

Such portion of the state's Available Annual Credit Allocation is reserved and set-aside as is necessary for Award of credits to:

- Any Project for which an Application was submitted in a prior round or year, if:
  - a final order of a court of competent jurisdiction determines or declares that such Applicant was entitled to an Award in such prior round or year or requires MBOH to make an Award or Allocation of tax credits to such Project;
  - a final order of a court of competent jurisdiction invalidates or sets aside an Award of credits to an approved Project from such prior round or year and a Reservation Agreement was executed by MBOH and such Applicant prior to issuance of such court order, unless such court order determines that such Project was not eligible or qualified under the applicable QAP to receive an Award of tax credits; or
  - MBOH, upon further consideration of any Award determination as required by and in accordance with the order of a court of competent jurisdiction, determines that such Project was entitled to an Award in such prior round or year.

All requirements and conditions of this Corrective Award set aside provision must be met to receive an Award under this set aside provision. The amount of any Award under the Corrective Award set aside shall be the amount specified by the court, or if no Award amount is specified by the court, an amount determined by MBOH in accordance with this QAP. The Corrective Award set aside shall be funded first from returned or unreserved tax credits from a prior year. Awards may be "future allocated" under this Corrective Action set aside, i.e., such Awards may be made from returned or unreserved tax credits from a prior year and/or the current year's credits at any MBOH Board meeting after the final court order has been issued and presented to MBOH. Such Award need not await the annual Application and Award cycle.

Where a court orders that an amount of the current year's credits be set aside for a Project pending the decision of the court, if the court's decision is not received before the end of the current year, the credits set aside will become classified as the next year's credits, as required by federal code.

If the court orders MBOH to Award credits to any Project under this set-aside, the Project must submit an updated Application so the MBOH can review and underwrite current numbers and assumptions to verify that the amount of credits requested or some other credit amount is justified for Project feasibility, unless otherwise ordered by the court. The corrective awardee must pay the Reservation fee as required in Section 5.

### Small Rural Projects

Twenty percent (20%) of the state's Available Annual Credit Allocation is set-aside for Small Rural Projects. For purposes of this set-aside, a Small Rural Project is a Project: (1) for which the submitted tax credit Application requests tax credits in an amount up to but no more than 10% of the state's Available Annual Credit Allocation, ~~and~~ (2) proposed to be developed and constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, and (3) has 24 or fewer total units.

MBOH reserves the right to determine in which set-aside a Project will be reviewed (subject to its eligibility), regardless of its eligibility for any other set-aside. For example, if a Project is submitted as a Small Rural Project in order to utilize the Small Rural Project set-aside when it is clearly part of a larger or non-rural Project, the Project will be placed in the proper category as determined by MBOH staff.

To qualify and receive consideration to receive an Award of credits under a set-aside, the Project must meet all applicable requirements of this QAP and must receive minimum Development Evaluation Criteria score specified in this QAP.

The MBOH Board reserves the right to not Award credits to a qualifying Small Rural Project even if the Project meets the minimum required score, if the MBOH Board, at its discretion, determines another Project or Projects better meet the most pressing housing needs of low income people within the state of Montana, taking into consideration the Selection Criteria of this QAP as determined in accordance with Section 9.

In the event there are insufficient tax credits available to fully fund all set aside categories, the respective set asides categories shall be funded in the following order of priority: (1) Non-profit; (2) Corrective Award; and (3) Small Rural Project.

## **SECTION 8 – LETTER OF INTENT AND APPLICATION PROCESS**

Applicants should read this Qualified Allocation Plan (QAP) and accompanying materials.

Applicants are responsible to determine the degree that their building(s) and development correspond to the MBOH's Selection Criteria contained in this QAP.

Applicants are responsible to consult their own tax attorney or accountant concerning: (a) each building's eligibility for the tax credit; (b) the amount of the credit, if any, for which their building(s) may be eligible; and (c) their ability and/or their Investor's ability to use the tax credit.

### **Letter of Intent**

All Projects wishing to apply for ~~MHT~~Cs in Montana must submit a Letter of Intent by the deadline specified in Section 4 with the applicable fee. If a Letter of Intent has not been submitted with respect to an Application according to the requirements of this QAP, MBOH will return such Application un-scored along with the application fee and such Application will not be further considered. All Letters of Intent must be submitted in the format included as Exhibit D-1 and D-2. The Project Location, type (e.g., family or elderly), and ~~De~~veloper specified in the Letter of Intent may not be changed in the later Application. Other information in the Letter of Intent (e.g., cost information, number of units, unit sizes, income targeting, rents, hard and soft loan sources, etc.) will be considered the Applicant's best estimates and may be changed in the Application. No market study or mini-market study is required for purposes of a Letter of Intent.

## Application

Applicants must commission a full market study as outlined in Exhibit B.

Applicants must complete and submit the Uniform Application and Supplement, full market study and full application fee by the applicable application deadline (see Section 4 – Application Cycle). Applicants must use the most current form of the Uniform Application and Supplement available on the MBOH website at:  
<http://housing.mt.gov/FAR/housingapps.mcp>

## Threshold Requirements Are Mandatory

Threshold Requirements are mandatory for all Letters of Intent and Applications. Letters of Intent and Applications received not meeting all Threshold Requirements or other requirements of this QAP will be returned un-scored and will receive no further consideration. Fees will not be returned.

Submit complete Applications to MBOH. Electronic submission of Applications using MBOH's system (currently ShareFile) is preferred but hard copy Applications will also be accepted. Please contact staff (preferably at least a week ahead of the submission deadline) for specific instructions on how to access this system. MBOH staff may communicate with Applicants for purposes of providing interpretive guidance or other information or for purposes of clarifying Applications. MBOH staff may allow minor corrections to Applications, but will return and will not further consider Applications requiring substantial revision or those that are substantially incomplete.

## Threshold Requirements

To meet the threshold for further consideration, all Letters of Intent and Applications must be submitted in accordance with the requirements of this QAP and the following Threshold Requirements.

ALL FORMS SUBMITTED TO MBOH IN OR AS PART OF THE APPLICATION, DEVELOPMENT, UNDERWRITING, ALLOCATION, COST CERTIFICATION, COMPLIANCE OR OTHER PROCESSES UNDER THIS QAP MUST BE THE MOST CURRENT FORM AVAILABLE ON THE MBOH WEBSITE. If the most current form(s) are not used, submissions may be returned and required to be resubmitted on the correct form.

Letters of Intent must:

- Include the applicable fee;
- Be received by the applicable deadline; and
- Be substantially complete and in the format prescribed in Exhibit D-1 and D-2.

Applications must:

- Include the application fee;
- Be received by the applicable deadline;
- Include a cover letter summarizing the Project, limited to 2 pages, which will be provided to MBOH Board members within one week following the application deadline;
- Be substantially complete, and include all of the following documents, information and items. All the below listed items must be correctly completed and submitted for the Application to be considered substantially complete:

- ✓ Cash flow analysis The fully completed, current UniApp as posted on the MBOH website.

- ✓ Market Study prepared and signed by a disinterested third party analyst, with certificate (included in Exhibit B) signed by analyst and notarized. Market Studies must be completed within six (6) months prior to the submission date of the Application, must have the market analyst complete a physical inspection of the market area within one (1) year of the Application and must adhere to minimum market study requirements in Exhibit B.
- ✓ Land or Property control through lease, ownership or a legal form of option to purchase.
- ✓ Evidence from applicable local zoning authority of proper zoning addressed (zoning place, planned unit development, zoning change requested) unless no zoning requirements exist. If no zoning requirements exist provide documentation from the proper authority. Acquisition/Rehabilitation Projects may provide evidence of no change in zoning requirements.
- ✓ Utilities Documentation of Availability. Acquisition/Rehabilitation Projects need only provide documentation for expected additional load.
- ✓ A preliminary financing letter from a lender indicating the proposed terms and conditions of the loan must be included. The financing letter must formally express interest in financing the Project sufficient to support the terms and conditions represented in the Project financing section of the Application.
- ✓ A letter of interest from an equity provider including an anticipated price based on the market at time of application.
- ✓ All Applications for land and/or Acquisition transactions must include a Comparative-comparative market analysis ("CMA") or an appraisal done by an independent (non-related) party ~~for all land and/or Acquisition transactions~~. A CMA or appraisal is not required on leased land.
- ✓ Full scale Capital Needs Assessment for Rehabilitation Applications, on the USDA Rural Development Capital Needs Assessment (CNA) template or similar form and a scope of work for the Project
- ✓ For Applications proposing Rehabilitation or if existing units are being replaced, 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.
- ✓ A site plan, and a design professional's preliminary floor plan and elevations for the Project.
- ✓ Project/unit amenities.
- ✓ Profit or non-profit status.
- ✓ If a not-for-profit Owner proposes a property tax exemption, documentation of intent to conduct a public hearing must be submitted with the Application and conducted by the Owner. Without documentation of such intent, the Project will be underwritten as if no exemption was received. Documentation of public hearing(s) must be submitted prior to issuance of the Carryover Commitment.
- ✓ Specify the Extended Use Period.
- ✓ If Project is targeted for Eventual Homeownership, provide supplemental Application documents and information specified in the "Eventual Homeownership" portion of Section 3.
- ✓ Specify selected ~~target income level~~ minimum set aside (20-50) or (40-60).
- ✓ Copy of the public notice and proof of publication meeting requirements under "Public Notice" below in this section.
- ✓ Letters of community support. These support letters must be 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. These letters will be provided to the MBOH Board for its consideration.

- ✓ If the Project is anfor Eelderly Property, stipulation of minimum age (i.e., 55 or 62 and over).
- ✓ A narrative addressing each of the Development Evaluation Criteria, demonstrating how the Application meets each of these criteria, and providing a specific explanation and justification of the points sought for each scoring item. Narrative references to the Market Study must cite the page and paragraph.
- ✓ Completed and sSigned indemnification and Exhibit E release forms included as Exhibits E to in this QAP.

Applications must also demonstrate that the proposed Projects are financially sound. This includes reasonable financing terms, costs, expenses, and sufficient cash flow to support the operations of the Project, all of which must meet the underwriting standards of MBOH.

### **Public Notice**

A Tax Credit Applicant must place an advertisement in the local newspaper of the intent to apply, and by doing so, encourage public comment to be submitted to MBOH. Such notice must include Name of Project, Number of Units, Location of Project, For-profit or Non-profit status, and, if applicable, Intent to Request Tax-exempt Status for the Project. The notice will be placed as a box advertisement in the newspaper within 90 days prior to or not more than 5 working days after the due date of the Application and will allow for not less than 30 days for response. The advertisement must be published twice within a seven-day period. A copy of the notice, annotated with dates published, must be included in the Application.

#### ***Example of Public Notice***

(Name of Developer, address, telephone number), a (for-profit/non-profit) organization, hereby notifies all interested persons of (city, town, community name) that we are planning to develop, (Name of Project) an affordable multi-family rental housing complex on the site at (street location). This complex will consist of (number) (one bedroom, two bedroom, or three bedroom) units for (elderly persons/families). This Project (will/will not) be exempt from property taxes.

An Application (will be/has been) submitted to the Montana Board of Housing for federal tax credits financing.

You are encouraged to submit comments regarding the need for affordable multi-family rental housing in your area to the Montana Board of Housing, PO Box 200528, Helena, MT 59620-0528 or FAX (406) 841-2841. Comments will be accepted until 5 PM the Friday before the MBOH Board Award Determination Meeting (See application cycles above).

## **SECTION 9 – EVALUATION AND AWARD**

### **Threshold Evaluation and Considerations**

MBOH staff will review all Applications received by the applicable submission deadline for compliance with all Threshold Requirements, including but not limited to completeness, soundness of the development, and eligibility based on federal requirements and this QAP. Applications determined by MBOH staff to not substantially meet all Threshold Requirements or other requirements of this QAP or federal law will be returned un-scored and will receive no further consideration.

MBOH staff may communicate with Applicants for purposes of providing interpretive guidance or other information or for purposes of clarifying, verifying or confirming any

information in Applications. MBOH staff may allow minor corrections to Applications, but will return and will not further consider Applications requiring substantial revision or those that are substantially incomplete.

MBOH staff may query an Applicant or other persons regarding any concerns related to a tax credit Application or the management, construction or operation of a proposed or existing low income housing Project. Questionable or illegal housing practices or management, insufficient or inadequate response by the Applicant, General Partners, or Management Company as a whole or in part, may be grounds for Disqualification of an Application and non-consideration for an Award of tax credits.

As part of its review of Applications, MBOH staff will contact community officials of the Project location to discuss relevant evaluation criteria information pertaining to the Application and the proposed Project. MBOH may also contact any other third parties to confirm or seek clarification regarding any information in the Application, including but not limited to checking Development Team references, verifying credit reports and verifying information through direct contact with the Project Developer.

Between the submission deadline and the MBOH Board Award Determination Meeting, as required by federal law, MBOH will notify the chief executive officer of the local jurisdiction of each proposed development requesting comments on the development.

Tax credit Allocations will be subject to three underwriting evaluations: (i) evaluation for purposes of Award/~~R~~reservation and, for Projects that have received an Award of credits and entered into a ~~R~~reservation ~~A~~greement, (ii) evaluation for purposes of the 10% Carryover Cost Certification, and (iii) evaluation for purposes of Final Cost Certification.

MBOH will return and will not consider for an Award of credits:

- Incomplete Applications;
- Unsound Applications, i.e., Projects for which the Market Study and other available market information fails to demonstrate adequate market need within the proposed location community or Projects that are not financially feasible, including but not limited to viable cash flow, based upon MBOH underwriting standards as set forth in this QAP;
- An Application submitted by an entity with a demonstrated poor track record in completion of development or management of low income housing, whether located in Montana or another state;
- Applications submitted by Applicants with current Project(s) that have/had numerous or unresolved substantial non-compliance issues or IRS 8823's (consideration will be given to the type of 8823);
- Any other Application failing to meet any mandatory requirement of this QAP or federal law; and
- Any Application as otherwise specified in this QAP.

Applications meeting all minimum threshold requirements and not excluded from further consideration under this QAP will be evaluated for the amount of tax credits needed for feasibility and long term viability and will be evaluated and scored according to the Development Evaluation Criteria section below.

## **Amount of Tax Credit Allocation**

Although a proposed development may be technically eligible for a certain credit amount, federal law prohibits MBOH from allocating more credits than necessary for the financial feasibility of the development and its viability as a qualified low income housing Project throughout the Compliance Period. Accordingly, an Award of tax credits under this QAP will

be limited to the amount of credits that MBOH, in its sole discretion, deems necessary to make the development feasible and viable throughout the Compliance Period.

In determining the amount of credits necessary, MBOH will consider:

- The Sources and Uses of funds and the total financing planned for the Project. Funds, including funds from federal sources, such as HOME grant money, Rural Development, and similar funds, may be loaned by or through a parent organization to a Project at an interest rate below the Applicable Federal Rate (AFR). Such loans will not reduce the basis for the Project providing they are true loans.
- Grants made with federal funds directly to a Project, which will reduce basis.
- Any proceeds or receipts expected to be generated by the tax credits.
- The reasonableness of the development and operational costs of the Project.

Based on its evaluation, MBOH will make a preliminary determination of the amount of credit deemed necessary for the financial feasibility of the development and its viability as a qualified low income housing Project throughout the Compliance Period. This determination is made solely at MBOH's discretion, and is not intended to be a representation or warranty to anyone as to the feasibility of the development. Rather, it will serve as the basis for making an Award of credits. A similar analysis will be done at the time of 10% Carryover Cost Certification and prior to issuing IRS Form(s) 8609. Neither the selection of a Project to receive an Award of tax credits nor the amount of credits to be allocated constitutes a representation or warranty that the Owner or Developer should undertake the development, or that no risk is involved for the Investor.

## Development Evaluation Criteria and Scoring

In addition to evaluation under all other QAP Selection Criteria, Applications will be evaluated and scored according to the following Development Evaluation Criteria.

- Awarding of points to Projects pursuant to these Development Evaluation Criteria is for purposes of determining that the Projects meet at least a minimum threshold of ~~900-1100~~ points to qualify for further consideration. Developments not scoring the minimum Development Evaluation Criteria score of ~~900-1100~~ points will not receive further consideration.
- The Development Evaluation Criteria, other QAP Selection Criteria and information submitted or obtained with respect to Projects will be used to assist the MBOH Board in evaluating and comparing Projects.
- Development Evaluation Criteria scoring is only one of several considerations taken into account by the MBOH Board. It does not control the selection of Projects that will receive an Award of tax credits. For purposes of this QAP and MHTC Awards and Allocations, the QAP Selection Criteria include all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data set forth in this QAP and all federal requirements.

### 1. Extended Low Income Use\* (0-100 points)

Federal law requires a 30-year or longer ~~E~~extended ~~U~~use ~~agreement~~Period. An Application in which the Applicant agrees to maintain units for low income occupancy beyond the Compliance Period will receive points as indicated below and must incorporate these restrictions into the Restrictive Covenants.

#### *Years beyond initial 15*

15 years	0 points	(30 total years)
16 – 20 years	40 points	(31 – 35 years)

21 – 25 years	60 points	(36 – 40 years)
26 – 30 years	80 points	(41 – 45 years)
Over 30 years	100 points	(46 years +)

Eventual Home Ownership\* Applications must also specify an Extended Use Period and will receive points for the Extended Use Period chosen as provided above (refer to the “Eventual Homeownership” portion of Section 3 for supplemental Application documentation and information requirements).

**2. Lower Income Tenants\* (0-220 points)**

An Application will receive points for the percentage of eligible units at the percentages of area median income (“AMI”) levels listed below. An Application will receive points for 40%, 50%, and 60% categories when the development targets those income and rent levels. Points awarded for 40% units are independent of and not calculated as part of 50% or 60% units. Developments will be bound by the terms committed to in the application process through the use of the Declaration of Restrictive Covenants. Section C, Part IV, Rent and Forecasted Income of the [UniAppUNHAPP](#) will be used to calculate the score for this item.

Target Median Income Level	Percentage of Eligible Units	Points
40%	10% (or greater)	20 NOTE 1
50%	15-20%	60 NOTE 1
50%	21-40%	80 NOTE 1
50%	41-60%	150 NOTE 1
50%	61-100%	200 NOTE 1
60%	40%	0
60%	41-60%	20
60%	61-100%	40

*NOTE 1:* Rents @ 40% allowed to income qualify to 49% AMI.  
 Rents @ 50% allowed to income qualify to 55% AMI (40/60 election must apply)  
 (Applicable to all existing [MHFC](#) properties)

**3. Project Location\* (0-100 points)**

An Application will be awarded points to the extent the Project is located in an area where amenities and/or essential services will be available to tenants, determined according to the following specifications. An Application will be awarded points with respect to an amenity or service as specified below, if: (i) a Project is located within 1½ miles of the specified amenity or essential service; (ii) public or contracted transportation (not including taxi or school bus service) is reasonably available to the specified amenity or service (i.e., the Project is located within ¼ mile of fixed bus stop or on a same day call basis); or (iii) where applicable, the specified amenity or service is available via a no-charge delivery service to the Project Location:

- 20 points for grocery store (convenience store does not count); and
- 10 points for each of the following, up to a maximum of 80 points:
  - One or more public schools;

- Senior Center;
- Bank;
- Laundromat (only if washer/dryer not included in unit or onsite);
- Medical services appropriate and available to all prospective tenants (e.g., hospital, doctor offices, etc.);
- Pharmacy services appropriate and available to all prospective tenants;
- Gas station and/or convenience store;
- Post Office;
- Public Park;
- Shopping (department, clothing or essentials – does not include convenience store); or
- Public Library.

#### 4. Housing Needs Characteristics\* (0-190 points)

Development meets area housing needs and priorities and addresses area market concerns, such as public housing waiting lists (for all units and tenants), Vacancy Rate and type of housing required.

- **Community Input (40 points)**: 40 points will be awarded for this Community Input if evidence provided in the Application and in response to MBOH inquiries indicates community input regarding the proposed Project was gathered through: (i) neighborhood meetings held expressly for this Application with attendance rosters and minutes; (ii) local charrettes held expressly for this Application with supporting documents, concept drawings, and input from community; and/or (iii) other appropriate form of community input specifically designed to gather community input for this Application. In order to obtain the available points under this bullet item, there must be community input in some form. If a community meeting is held but there is no attendance, another form of community input must be used. No points will be awarded if the meeting or charrette is part of another public or design meeting, unless the minutes demonstrate that a portion of the meeting was specifically dedicated to community input for this Application. No points will be awarded if the Application does not provide evidence of qualifying community input, including minutes of any meeting, charrette or other form of community input and copies of any written comments received. Documented community outreach efforts will also be considered.
- **Appropriate Size (0-50 points)**: Points will be awarded for the appropriateness of size of the development for market needs and concerns as reflected in the Market Study. 50 points will be awarded if the number of units being proposed is 50% or less than the number of units needed as projected by the Project's Market Study. No points will be awarded if the number of units being proposed is more than 50% of the number of units needed as projected by the Project's Market Study. If the Project is existing in the community, the number of units in the Project will be added to the new units needed and the above test will be applied.
- **Appropriate Development Type (0-40 points)**: Points will be awarded for the appropriateness of the development type for market needs and concerns as reflected in the Project's Market Study. 40 points will be awarded if the Project's Market Study explains and justifies the selection of the type of construction and housing selected (including justification of Rehab/New Construction, Family/Elderly, Single-Family/Multi-Family, bedroom size and Eventual Home Ownership). If this explanation and justification is not included in the Project's Market Study, no points will be awarded in this category.

- **Market Need (0-60 points):** The Application will be awarded points based upon the required Market Study's documentation that the Project meets the market needs of the community, as follows:
  - Vacancy Rate is at or below 5% (20 points);
  - Absorption rate is less than 4 months (20 points) or Absorption rate is 4 or more months and less than 6 months (10 points) and
  - Rents are at least 10% below adjusted market rents (20 points).

Narrative references to the Market Study must cite the referenced page and paragraph of the Market Study.

**5. Project Characteristics\* (0-240 points)**

***Preservation of or Increase in Housing Stock (~~0~~-20 points)***

20 points will be awarded if the Application proposes the Preservation of existing affordable housing stock or increases the affordable housing stock through the use of federal funds or funds from other sources (e.g., donation of land, other substantial donations, reduction in taxes through tax abatement (other than non-profit exemption) or impact fees) to leverage the tax credit dollars.

***Qualified Census Tract or Community Revitalization Plan\* (~~0~~-10 points)***

10 points will be awarded if the Project is located in a Qualified Census Tract or **involves existing housing** as part of a local (not national, state or regional) community revitalization plan\* or similar plan. The Application must include any such local community revitalization plan and identify where in the plan such existing housing may be found.

***Preservation of Affordable Housing Projects\* (0-20 points)***

20 points will be awarded if the Application proposes the Acquisition and/or Rehabilitation of buildings with local, state, and/or federal historic preservation designations, existing affordable housing stock, or Projects applying for Rehabilitation tax credits that have completed their Compliance Period.

***Project-based rental subsidy (0-50 points):***

- 0 points for less than 25% of the units;
- 10 points for at least 25% of the units;
- 20 points for at least 35% of the units;
- 30 points for at least 50% of the units;
- 40 points for at least 75% of the units; or
- 50 points for 100% of the units.

MBOH staff will verify claimed subsidies with funding source.

***Amenities for tenant use only (0-40 points):***

Applications will be awarded 10 points for each 3 of the following higher quality amenities that will be provided at no charge to tenants in the Project up to a maximum of 40 points:

These amenity items are:

Units: unit amenities must be included in ALL units.

Dishwasher	Washer/dryer hookups
Disposal	Washer/dryer provided in unit
Microwave	Carport/garage
Extra Storage outside unit	Air conditioning
High quality cabinets	High quality flooring
Patios or Balconies	N/A

Community:

Computer(s) for tenant use	Play area
Community room	Community garden
Basketball hoop/pad	Car plug ins
Outdoor community area	Library
On site manager	Laundry room
Use of existing terrain and landscaping that matches the surrounding area to enhance the grounds for innovative accessibility	

Amenities listed above (dishwasher, washer/dryer, microwave, carport/garage, extra storage outside unit, etc.) must all be accessible amenities in/for handicapped/504 units.

Luxury amenities will not be considered or funded with tax credits. Items deemed luxury amenities include but are not limited to swimming pools, golf courses, tennis courts and similar amenities.

The added costs of the Project attributable to higher quality amenities will be considered on a Project by Project basis for a cost to benefit assessment.

Amenities provided will not be used for Commercial Purposes. All Projects previously awarded tax credits are subject to this restriction but are grandfathered only to the extent Commercial Purposes were specifically included in the Application.

**Green Building and Energy Conservation Standards\* (0-100 points):**

Applicant's justification for green building and energy conservation includes but is not limited to Energy Star building and appliance initiatives, water saving devices and green construction and materials. The green building and energy conservation items are listed and further described, and the available points and evaluation scoring criteria are specified, for New Construction and Rehabilitation in the worksheet Exhibit F. The Application must include the completed worksheet (Exhibit F). The Applicant's architect, who is qualified with respect to energy and green building standards, must provide a letter confirming the listed green building and energy conservation items incorporated into the Project and this letter

must be included in the Application. NOTE: The Applicant's architect also must provide certification at Final Cost Certification for 8609(s) purposes confirming that the initiatives were incorporated.

Please refer to Section 3 for mandatory blower door and infrared testing for Projects that have been Awarded MHTCs.

## 6. Development Team Characteristics\* (0-~~110~~330 points)

Participation by an entity with a demonstrated track record of quality experience in completed development or management of low income housing tax credit Projects. MBOH will consider all members of the Development Team (Applicant, Owner, Developer, General Partner, Management Company, and MHTC Consultant) and whether housing Projects have been developed and operated with the highest quality either in Montana or another state. Special attention will be paid to existing Projects, amount of active local community participation used to develop Projects, and a management entity with a good compliance track record and specialized training. If a new Developer these points can be obtained through Experienced Partners. (0-~~60~~180 points)

Ten points each will be awarded for one member of the Management Company and one member of the Development Team (other than the Management Company) who is directly and actively involved with the Project that has been trained and maintains certification by a Nationally Recognized MHTC-LIHTC Compliance Training Company. For MBOH purposes, to maintain certification, the person must attend a class with a Nationally Recognized MHTC-LIHTC Compliance Training Company at least once every four years (certificates must be attached with each Application) (0-~~20~~60 points).

Thirty points will be awarded if the Project's Developer or Consultant who is actively involved in the actual construction process has experience with Cold Weather Development and Construction, as reported on Exhibit H. Cold Weather Development and Construction is defined as experience of the MHTC Developer or Consultant on one or more Projects located above the 40 degrees north parallel (0-~~30~~90 points).

The application must list all affordable housing including low-income housing tax credit Projects in Montana or any other state developed, owned, managed or consulted on by applicant and any member of the Development Team or for which an Award of tax credits was received, whether or not such Projects were successfully completed. All Development Team members, including Applicant, Developer, General Partner/Owner, Management Company, and MHTC Consultant must consent in writing, on a form provided in the UniAppUNIAPP Supplement, to the release of information by any other applicable state tax credit agencies to MBOH regarding the Applicant's history of performance on other tax credit Projects.

## 7. Participation of Local Entity (0-50 points)

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 include Local Entities providing: on-site tenant services, such as screening and referring tenants or providing supportive services, through a formal written agreement, which agreement must be extended or replaced so that an agreement remains in place for the duration of the Compliance-Extended Use Period (with such agreement preserving the Owner's right to cancel the agreement and obtain a replacement agreement with a new servicer if existing

servicer is unable to provide the services); donation of land or sale at a reduced price to enhance affordability; use of grant money to develop infrastructure or for other uses; or significant fee waivers on city fees. Monetary or other material support will also be considered. Note: Information submitted during each round of Applications will be compared to other Applications within the same round. Only new or updated agreements, land donations, and/or grants requested or negotiated for the current round will be considered for awarding points. The Application must provide evidence of a connection with or support from some part of the local community and how it will benefit the property. Points will not be awarded for the same item in both this Section and Section 5, Preservation of Affordable Housing.

### **8. Tenant Populations with Special Housing Needs\* (0-100 points)**

An Application will be awarded 10 points for each 5% of the units targeting the following identified needs up to a maximum of 100 points. The Application must specify the number of units targeted for each category. Section B Part XII, Units Accessibility, of the UniAppUNIAPP will be used to calculate the score for this item. Units may not be counted more than once or in more than one category for purposes of awarding points.

- Units targeted specifically for individuals with children or large families (units with 2 or more bedrooms).
- Units targeted specifically as Section 504 fully accessible units exceeding minimum fair housing requirements.
- Units targeted specifically for persons with disabilities (Application must describe the strategy that will be used to market available units to disabled persons throughout the Extended Use Period).

If the Project is an Elderly Property as defined in federal law, the Application will receive 100 points under this provision.

#### **Example:**

2 – 2 bdrm units meet family requirement 20% – 40 points

2 – 1 bdrm units exceed section 504 20% – 40 points

1 – 1 bdrm unit targeted to mental illness 10% – 20 points

5 – 1 bdrm units with no targeting 50% – 0 points

10 – Total units in Project – 100 total points received

### **9. Developer Knowledge and Responsiveness (Up to minus (-) 400 points)**

If an entity or individual participating in a Project has a demonstrated poor track record with respect to developments in Montana or in another state, MBOH may assign negative points. For purposes of determining a participant's track record, MBOH may contact community officials, Developer team references, credit bureaus, other state tax credit administering agencies and any other sources as MBOH deems appropriate. As much as minus (-) 100 points may be assigned for each of the following (i) demonstrated poor track record with respect to developments in Montana or in another state, and/or (ii) for failure to respond within 10 working days of MBOH letter of inquiry. (up to -200)

Applicants, Consultants, Developers, Owners or other Development Team members with past demonstrated management weaknesses, including but not limited to those listed below may be assigned negative points for this section (Up to Minus (-) 200 points), for example:

- Has not followed-through on the development of a Project from Application to rent-up and operation;
- Has not complied with MBOH submission, compliance or other requirements applicable during Project development, construction and Extended Use Period;
- Has not maintained a Project to Section 42 or other program standards;
- Has or had numerous or outstanding substantial non-compliance issues or IRS 8823's (consideration will be given the type of 8823);
- Has not been trained in a certified compliance training program;
- Has not retrained management on compliance at least every four years;
- Has requested income targeting changes that are not supported by unanticipated hardship;
- Has requested additional credits more than once;
- Has made significant changes to previous tax credit applications; or
- Has significantly diminished the quality and long term viability of a previous Project by lowering costs below a reasonable level.
- Management company has been uncooperative in correcting noncompliance or has refused to correct non-compliance. The management company's track record with other Owners and properties will also be taken into consideration.

\* Indicates federally mandated criteria

Developments not scoring the minimum Development Evaluation Criteria score of ~~900~~1100 points will not receive further consideration. Applications scoring at least the minimum Development Evaluation Criteria score of ~~900~~1100 points and meeting all other requirements of this QAP will be considered for an Award of tax credits as provided in this QAP.

## Award Determination Selection Standard

The MBOH Board will select those Projects to receive an Award of tax credits that it determines best meet the most pressing housing needs of low income people within the state of Montana, taking into consideration: (i) all of the requirements, considerations, factors, limitations, Development Evaluation Criteria, set asides, priorities and data (including without limitation the statistical data in Exhibit G) set forth in this QAP and all federal requirements (together referred to in this QAP as the "Selection Criteria"); (ii) the Development Evaluation Criteria scoring; and (iii) all other information provided to the MBOH Board regarding the applicant Projects.

The awarding of points to Projects pursuant to the Development Evaluation Criteria is for purposes of determining that the Projects meet at least the minimum Development Evaluation Criteria required for further consideration and to assist the MBOH Board in evaluating and comparing Projects. Development Evaluation Criteria scoring is only one of several considerations taken into account by the MBOH Board 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, the MBOH Board may consider the following factors in selecting Projects for an Award of tax credits to qualifying Projects:

- The geographical distribution of tax credit Projects;
- The rural or urban location of the Projects;
- The overall income levels targeted by the Projects;
- The need for affordable housing in the community, including but not limited to current Vacancy Rates;
- 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;
- Cost of construction, land and utilities, including but not limited to costs/credits per square foot/unit; and/or
- The frequency of Awards in the respective areas where Projects are located.

If the MBOH Board Awards credits to an Applicant where the Award is not in keeping with the Selection Criteria of this QAP, it will publish a written explanation that will be made available to the general public pursuant to Section 42(m)(1)(A)(iv) of the Internal Revenue Code.

If all of the authorized credits are Awarded after a particular cycle, MBOH may place qualifying Applications which did not receive an Award of tax credits on a waiting list for potential Award of tax credits in the event credits become available at a later date. Any available credits that are not Awarded or reserved in a particular cycle may in the discretion of the MBOH Board be made available for Award in a future cycle or may be used to increase the amount of tax credits reserved for a previously Awarded Project as provided in this QAP.

## **SECTION 10 – RESERVATION, CARRYOVER AND FINAL ALLOCATION**

Once MBOH has selected Projects and determined the Award of tax credits and amount of credits to be reserved, MBOH will provide a Reservation Agreement, Gross Rent Floor Election, and Declaration of Restrictive Covenants to the partnership for execution and return to MBOH.

### **Reservation Agreement**

MBOH will provide a Reservation Agreement, Gross Rent Floor Election, and Declaration of Restrictive Covenants to the partnership for execution and return to MBOH. The partnership should review, complete, sign, and return the Reservation Agreement and Gross Rent Floor Election, along with the additional information and materials required below. A Reservation Agreement is MBOH's conditional commitment to make a Carryover Allocation and/or Final Allocation to the Project allocate tax credits, subject to the requirements and conditions of the Reservation Agreement, the QAP and federal law. Such requirements include but are not limited to submission of evidence of timely progress toward completion of the development acceptable to MBOH, and compliance with federal tax credit requirements.

If an unsuccessful Applicant, or a party associated with such Applicant, commences any legal action or proceeding challenging MBOH's Award determination or process, MBOH will make a Carryover Allocation or Final Allocation of ~~allocate~~ tax credits as required by an executed Reservation Agreement to the same extent it would have been bound to do in absence of the legal challenge, unless the court determines that such Applicant was not eligible or qualified under the applicable QAP to receive an Award of tax credits or MBOH otherwise determines that it is precluded by Court order from doing so. If a court determines in any such action or proceeding that MBOH must Award credits to one or more unsuccessful Applicants from such round or year, such Award or Awards will be made using any available returned or unreserved tax credits or current year's credits provided in Section 7.

The following will be required from the partnership, prior to entering into a Reservation Agreement:

- Demonstrated financial ability to proceed (conditional financing commitment); and
- Certain other updated Application material

MBOH will send the successful Applicant a Reservation Agreement shortly after Award and upon meeting the foregoing requirements. The Applicant will have a maximum of 90/120 days after receipt/award of the Reservation Agreement to accept, sign and return the Reservation Agreement. Failure to return the Agreement by the deadline will result in a late fee of 25% of the Reservation Fee. Where applicable, however, if the Owner elects the federal percentage(s) in the month that the Reservation is issued by MBOH, the Reservation Agreement document must be signed and returned on or before the 25<sup>th</sup> of that month to assure the lock-in of the rate. Owners electing the placed-in-service date should return the signed Reservation Agreement document immediately. Upon receipt, MBOH will sign the Reservation Agreement, and return a copy to the partnership.

The balance of the Reservation fee (based on the fee schedule) will be due and must be received by MBOH no later than 6 months after Award of credits.

~~MBOH will send the successful Applicant a Reservation Agreement shortly after Award. The Applicant will have a maximum of 90 days after receipt of the Reservation Agreement to accept, sign and return the Reservation Agreement.~~

Once the partnership enters into a Reservation Agreement with MBOH, the partnership must then meet the requirements and conditions described in the Reservation Agreement and provide the required documentation before it receives a Carryover Allocation or Final Allocation of tax credits.

MBOH will revoke an approved tax credit Reservation and terminate the Reservation Agreement when a Project fails to make successful progress toward completion or otherwise fails to perform its obligations under the Reservation Agreement. Submitting quarterly status reports demonstrating satisfactory evidence of the Project's completion is the responsibility of the Applicant. Successful progress toward Project completion and Project completion require that such progress and completion are in substantial accordance with the Project as described and proposed in the Project Application, except to the extent that substantial changes have been approved by the Board as provided in the Applicable OAP.

NOTE: Reservation Agreements for tax credit Projects funded through tax-exempt bonds must be completed, signed, and returned to MBOH not later than five business days following the close of the bond financing agreement.

## Gross Rent Floor Election

The election on this form verifies when the Owner elects the gross rent floor for the Project. There are two options: at the Reservation/Initial Allocation, or at the date Placed in Service. This form reflects the election made by the Owner in the Reservation Agreement. This form must be returned with the executed Reservation Agreement.

## Declaration of Restrictive Covenants

The Declaration of Restrictive Covenants assures that the land and its use will be restricted for the purposes of providing low-income housing for the period proposed in the Application. Provisions included in the Restrictive Covenants will include Exhibit A-1 (Legal Description of Project Land); Exhibit A-2 (Conditions of Tax Credit Allocation) indicating the number of units at the appropriate elected rent levels, e.g., 30%, 40%, 50%, 60% AMI as determined by the Application. Owners will be required to maintain those rent levels through the Extended Use Period of the Project; Exhibit A-3 (Energy and Green Building) indicating the architect's letter provided in the Application outlining those energy and green building initiatives.

It is the Developer's responsibility to record the Declaration of Restrictive Covenants in the county in which the Project real property is located. In unusual circumstances, and for good

cause shown, MBOH may permit amendments to the Declaration of Restrictive Covenants at a subsequent date.

## Carryover Commitment

In order to receive a Carryover commitment, Owners must provide Proof of Ownership (evidence of title or right to possession and use of the property for the duration of the Compliance Period and any Extended Use Period plus one year, e.g., a recorded deed or an executed lease agreement), executed and recorded Restrictive Covenants, and the ~~R~~eservation fee. Land lease periods must be at least one year longer than the Restrictive Covenant period. These items must be received by December 1, of the year for which the Award of credits was made. MBOH will issue Carryover commitments before year end.

## 10% Test

MBOH requires that more than 10% of the expected basis in a Project, including land, must be expended by the 10% Carryover Cost Certification deadline. MBOH requires that Developers provide an independent third party CPA Cost Certification, in a format established by MBOH, verifying compliance with the 10% test.

Developers must submit the 10% requirements, including the required CPA Cost Certification ~~and~~, other documents, ~~and the 10% test underwriting fee~~ by the deadline. Failure to do so will result in the loss of the credit Award. **The fee for 10% test underwriting is \$1,000, which fee must be paid at the time of submission of 10% test information and documentation. Failure to provide the 10% test information by the deadline will result in a \$5,000.00 late fee.**

At 10% Test, MBOH staff will re-evaluate:

- The Sources and Uses of funds;
- Total financing planned for the Project;
- Proceeds or receipts expected to be generated by the tax credits;
- Reasonableness of the development and operation costs;
- Projected Rental Income and Operational Expenses;
- Debt Coverage Ratio; and
- Tax Credits required for financial feasibility of the Project.

Deadline for submission of the required 10% information is the end of the twelfth month following the credit Award. **Developers that fail to pay the required fee will be deemed not to have met the 10% Test requirements.** Failure to submit certification for 10% documentation **or to meet the 10% Test** will cause forfeiture of Awarded, reserved or allocated tax credits for the Project.

## Placed in Service

Placed in Service (PIS) is the date on which the building is ready and available for its specifically assigned function (the date on which the first unit in the building is certified as being suitable for occupancy in accordance with State or local law). This certification is the Certificate of Occupancy (C of O).

New Construction and substantial Rehabilitation buildings must be placed in service (receive C of O), not later than the close of the second calendar year following the calendar year in which the Carryover commitment is made.

Other Rehabs that are not substantial (accomplished with residents in place during Rehab) can place in service at the end of the 24 month or shorter period over which the required

amount of expenditures are aggregated. The Owner selects the placed in service date in this case unless local approval is required.

## Final Allocations/8609

Documentation supporting a request for issuance of IRS Form 8609(s) must be submitted to MBOH within 6 months of the last building Placed In Service date. MBOH will not allocate tax credits on IRS Form 8609(s) until a qualified building is placed in service. A site visit and file audit by MBOH may be conducted prior to the issuance of the IRS Form 8609(s). Notwithstanding other provisions of this QAP, to obtain issuance of Form 8609(s), the Project must be placed in service in substantial accordance with the Project as described and proposed in the Project Application, except to the extent that substantial changes have been approved by the Board as provided in the Applicable QAP.

The Final Allocation/8609 underwriting fee is \$2,500, which fee must be paid at the time of submission of the request for issuance of IRS Form 8609(s). If the paperwork is submitted to MBOH after the 6 months, a \$5,000.00 late fee will be assessed. REHABS?????

The request for issuance of IRS Form 8609(s) must include:

- Certification of required blower door or infrared test results (if not previously submitted);
- The independent third party CPA's Cost Certification and Owner's Statements (available in Exhibit C);
- Exhibit C Sponsor Certification of the UniApp;
- The architect's verification that the items for green and energy listed in the Application as well as provisions of accessibility listed in Section 3 have been incorporated;
- Certificates of Occupancy (C of O's);
- Copies of all permanent loan and/or grant documents;
- Copy of partnership/equity agreement; and
- Statement of items or costs excluded from eligible basis.
- Statement identifying the first year of the credit period, which statement must name the specific year (e.g., 2017).
- The Final Allocation/8609 underwriting fee.

If the required fee is not submitted, the Project will be deemed not to have met Final Allocation requirements and MBOH will not issue Form 8609(s). MBOH will complete the final credit Allocation evaluation. Typical Reasonable turn-around time for 8609(s) is 4-8 weeks after submission of all required documentation and the fee. Once the 8609(s) are issued and delivered to the Owner, the bottom half must be completed and signed. **A copy of each completed 8609 must be sent back to MBOH within six months 90 days of issuance. Failure to provide the completed 8609(s) by the deadline will result in a \$1,000.00 late fee.**

## SECTION 11 - DEVELOPER/APPLICANT RESPONSIBILITIES

Applicant must respond to a written MBOH request within 10 working days. Failure to do so may result in the Application being deemed ineligible for that funding round.

Applicant must proceed according to the timeframe identified in the Implementation Schedule. Adjustments up to 60 days are acceptable. Any changes in the Implementation Schedule greater than 60 days must be submitted in writing with justification to MBOH. Any

changes not reported or not approved may jeopardize the credits. **If the schedule is more than 60 days late, a late fee of \$1,000.00 will be assessed.**

## State Law Requirements

The Applicant and Development Team must agree to comply with Montana State law requirements (e.g., certificate of contractor registration, workers compensation, unemployment compensation, and payroll taxes). MBOH will include this certification in the execution of all Reservation and Carryover Allocation documents.

## Public Notification

Any public relations actions by a recipient of tax credits involving MBOH funds or tax credits must specifically state that a portion of the funding is from MBOH. This will be included in radio, television, and printed advertisements (excluding rental ads), public notices, and on signs at construction sites, e.g., "~~Montana Housing Tax~~ Credits allocated by the Montana Board of Housing, Montana Department of Commerce."

## Quarterly Status Reporting

All Applicants receiving **R**eservations of credits must provide written status reports for each calendar quarter, beginning with the quarter in which the tax credit Award is made. Status reports will be due on or before January 10<sup>th</sup>, April 10<sup>th</sup>, July 10<sup>th</sup> & October 10<sup>th</sup> until the Applicant receives its 8609(s). The documentation regarding the progress must **be** development specific, and include such items as planning approval and building permits, firm debt and/or equity financing commitments, construction progress **(foundation, framing, rough in, enclosed, drywall, etc., for each Project building)**, and lease up progress. **Submission of photos is encouraged. Owners must provide a copy of the Certificate of Occupancy for each building. The Certificate of Occupancy must be included in the status report covering the period in which it was issued. Failure to provide the reports by the deadline will result in a \$500.00 late fee. This also applies to those Properties with ARRA funding.**

## Changes to Project or Application

The Applicant must immediately notify MBOH in writing of any proposed **significant substantial** changes in the Project. MBOH must review and approve any proposed substantial changes to the Project, including but not limited to changes to:

- Applicant, Developer, **MHFC** Consultant or any other principal participant in the Project;
- Quality of construction;
- Unit composition;
- Target group;
- Location;
- Required information presented in the Application.
- Sources and Uses (refer to Section 3).
- **Any change that would have affected the Application scoring under the Applicable QAP.**

Specific approval by the MBOH Board is required for substantial changes. Requests must be submitted to MBOH with proper justification at least 30 days before the change is expected to take place. MBOH review and **Board** approval of changes must be completed prior to the change taking effect. Changes completed without MBOH **Board** approval, may result in the **termination of the Reservation Agreement and/or** loss of some or all credits.

Any requested changes submitted requiring MBOH action may incur additional fees. Changes to tax credit site, construction of building(s), architectural, engineering, or any on-site review by any member of MBOH will incur additional charges. Fees will be determined based upon the cost of MBOH Staff travel for that purpose.

## SECTION 12 - COMPLIANCE MONITORING

Federal law requires state allocating agencies (MBOH) to monitor compliance with provisions of Section 42 of the Internal Revenue Code (26 U.S.C. § 42). In addition, Federal law requires allocating agencies to provide a procedure the agency will follow in monitoring for non-compliance and to inform tax credit recipients (Owners) of procedures and requirements.

Included in the requirements are procedures for notifying the Internal Revenue Service (IRS) of any non-compliance of which the allocating agency becomes aware. Federal income tax regulations related to Procedures for Monitoring Compliance with Housing Credit Requirements are published in 26 CFR Part 1 and 602.

For complete MHTC compliance guidance, refer to the MBOH MHTC Compliance Manual, available at <http://housing.mt.gov/About/MF/manuals.mcpx>

### Compliance Fees

Developments will incur and must pay to MBOH a compliance monitoring fee to offset the costs for MBOH compliance monitoring. The compliance monitoring fee of ~~\$40.00~~\$45.00 per each non-market unit (subject to change) is payable annually at the time of the Owner's Submission of the Owner's Certificate of Continuing Program Compliance.

If the Owner's Certification of Continuing Program Compliance is not received by the deadline, \$100.00 or 25% of the compliance monitoring fee, whichever is greater will be charged.

Failure to provide corrections on noncompliance by deadline will result in a \$25.00 a day fee until documentation is received by MBOH. A one time extension will be granted if a written request is submitted to MBOH no later than 10 days prior to deadline. After the extension deadline has passed and no documentation has been submitted to MBOH, a \$25.00 a day fee will be imposed until documentation is received by MBOH.

The following procedure describes MBOH plans for monitoring compliance on tax credit Projects. At minimum, each Project that has been placed in service will be subject to the following monitoring requirements:

### Recordkeeping, Record Retention and Data Collection

#### Recordkeeping

The Owner of a low-income housing Project must keep records for each building in the Project that shows unit qualifications for each year throughout the term of the Declaration of Restricted Covenants, including the Compliance Period and the Extended Use Period in effect for such Project.

The information must show for each year in the Compliance Period:

- The total number of residential rental units in a building (including the number of bedrooms and the size in square feet of each residential rental unit);
- The percentage of residential rental units in the building that are qualified units;

- The rent charged on each residential rental unit in the building (including any utility allowances and mandatory fees);
- MHTC 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;
- The tenant income certification of each MHTC tenant (by unit), including annual certifications for each continuous tenant;
- Documentation to support each MHTC tenant's income certification. This must include a copy of (a) verification of income from third parties, or (b) 6 consecutive paystubs;
- The eligible basis and qualified basis of the building at the end of the first year of the credit period; and
- The character and use of any non-residential portion of the building included in the eligible basis of the building, if applicable.

### Records Retention

Federal regulations require the Owner of a MHTC Project receiving tax credits to retain the records listed above. The Owner is required to retain such records for at least 6 years after the due date for filing the federal income tax return for that year. Records for the first year of the credit period must be retained for at least 6 years beyond the due date for filing the federal income tax return for the last year of the Compliance Period. Owner should also retain records relating to the amount of credit claimed for the Montana Housing Tax Credit, including the Form 8609(s) and Schedule A of Form 8609(s).

### Data Collection

To the extent required by federal law, the Owner will assist the MBOH with meeting federal reporting requirements by collecting and submitting information annually concerning the race, ethnicity, family composition, age, income, use of rental assistance under section 8(o) of the United States Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of all qualified households.

### Owners Certificate of Continuing Program Compliance

The Owners Certificate of Continuing Program Compliance is required on an annual basis for each property. The certificate must to be signed by the Owner and notarized. This statement must be filed with MBOH every year throughout the Extended Use Period. Owners must file annual certifications on the form provided by MBOH. Substitute forms are not acceptable. Failure to provide an annual certification before the date established by MBOH may trigger an IRS Form 8823.

### ~~Annual Operating Expense Information~~ Income and Expense Summary

All property Owners must submit operating income and cost information for the property's latest fiscal period, including a current balance of replacement and operating reserve accounts.

### Submission Deadlines

The Owners Certificate of Continuing Program Compliance and Tenant Income Certifications (TIC) must be submitted on or before the 25th of the month following the assigned annual

period. Federal regulations stipulate there must be no more than 12 months between certifications.

All submissions must be filed through Certification On Line (COL).

## Review by MBOH staff

MBOH will review the items listed above for compliance with the requirements of Section 42 of the Code and with the requirements of the MBOH ~~MHTC~~ program.

## Ownership/Management Changes

Notification of changes to ~~ownership~~, property management companies, managers, site managers, or changes to points of contact must be submitted to MBOH prior to or immediately upon implementation of the change. Failure to timely submit such notification to MBOH may trigger issuance of a Form 8823.

Subject to the requirements of Section 42 of the Code, the Restrictive Covenants and the Applicable QAP any other applicable restrictions, the Owner may sell, transfer or exchange the entire Project at any time. No portion of a building to which the Restrictive Covenants apply may be sold to any person unless all of such building is sold to such person. Prior to such sale, transfer or exchange, however, the Owner must notify in writing and obtain the written agreement of any buyer, successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of the Restrictive Covenants, the requirements of Section 42 of the Code and applicable Regulations, and the Applicable QAP. Such written agreement of the buyer, successor or other person acquiring the Project must be in the form required by MBOH, which agreement form is available on the MBOH website. Such form, executed by the buyer, successor or other person acquiring the Project must be submitted to MBOH prior to closing of the sale, transfer or exchange. The Board may void any sale, transfer or exchange of the Project if the buyer, successor or other person fails to assume in writing the requirements of this Agreement and the requirements of Section 42 of the Code.

## Education Requirements

Persons responsible for qualifying tenants and verifying compliance (involved in tenant qualification and compliance) must be certified in ~~MHTC-LIHTC~~ compliance by one of the Nationally-Recognized ~~HTC-LIHTC~~ Compliance Training Companies. Property managers and property Management Company personnel must complete a Nationally-Recognized ~~HTC LIHTC~~ Compliance Training Company certification course, passing the test. For MBOH purposes, to maintain certification, the person must attend a class with a Nationally-Recognized ~~HTC-LIHTC~~ Compliance Training Company at least once every four years. For each of the other three years, all property managers and property Management Company personnel should attend annual MBOH compliance training. The property management company and site manager for an ~~MHTC~~ property must be trained and certified before the property is placed in service. New site managers hired for existing ~~MHTC~~ properties must be certified within their first year of employment. New property management companies hired for existing properties must be certified before they assume management of a property. On a case-by-case basis, MBOH may approve ~~our-its~~ compliance training as adequate training until such time as the next Nationally-Recognized ~~HTC-LIHTC~~ Compliance Training Company program is offered within Montana.

Persons responsible for qualifying tenants and verifying compliance (involved in tenant qualification and compliance) must also attend Fair Housing training at least once every four years. The manager for a ~~MHTC~~ property must complete such training before the property

is placed in service. New managers hired for existing MHTC properties must complete the training within their first year of employment.

Such Fair Housing training must include and cover the following subjects and requirements:

- Protected Classes;
- Accessibility requirements;
- Reasonable accommodation/modification;
- Applicant screening;
- Disparate impact;
- Domestic violence issues;
- Occupancy standards;
- Section 504; and
- Service Animals.

## Tenant Income Certifications (TIC)

### Frequency and Form

Owners must complete the MBOH TIC *for all new move-ins* and file it with MBOH through Certification On Line (COL). Documentation supporting the TIC will not be submitted. MBOH staff will review supporting documentation during file audits. Timely annual Re-certifications (TICs) *for mixed Projects* (with market units) are required must be submitted to MBOH through COL.

The MBOH TIC is the only acceptable form.

### Student Status Certification

Student status certifications must be completed *annually prior to their move-in anniversary date*.

### On-Site Inspections

MBOH staff (staff) will perform an on-site inspection of each property at least once every three years during the Extended Use Period. Staff will notify the Owner/manager in advance of the inspection.

Staff must inspect and review at least 20% of the tenant files and corresponding units. MBOH will not notify the Project's manager, Owner or other representative of the unit selection before the site inspection. The selected sample may be expanded.

Complete copies of all tenant files for each unit from original lease-up forward must remain within the State of Montana at the location of the rental property or the regional in-state office.

If MBOH determines it is necessary, properties may be inspected on a cycle of more than once every three years. The cost of any additional inspections will be billed to the respective property.

MBOH may schedule on-site inspections at any time with minimal notice.

In event of non-compliance under Section 42 of the Code or the implementing regulations MBOH may be required or elect to undertake additional monitoring. The Owner will take any and all actions reasonably necessary to achieve and maintain compliance. Staff may require the Owner to document correction of non-compliance and/or MBOH may elect to conduct one or more site visit(s) to verify correction of non-compliance. The Owner will pay a reasonable fee to MBOH for any such additional monitoring activities.

## **Notice To Owner (26 CFR 1.42 (e)(2))**

MBOH must provide prompt written notice to the Owner if MBOH becomes aware of non-compliance. These items include:

- Non-receipt of the certification(s) described in this QAP.
- Inaccessibility of tenant income supporting documentation, rent records, or the property.

In addition, MBOH must provide prompt written notice to the Owner if MBOH discovers by inspection, review, or in some other manner, that the Project is not in compliance with the provisions of Section 42.

## **Correction Period (26 CFR 1.42 (e)(4))**

The Owner will be given a reasonable correction period from the date of non-compliance. If Staff determines that good cause exists, an extension may be granted.

## **Notice To IRS (26 CFR 1.42 (e)(3))**

MBOH must file IRS Form 8823 "Low-Income Housing Credit Agencies Report of Noncompliance" with the IRS (even if non-compliance has been corrected) no later than 45 days after the end of the correction period, and no earlier than the end of the correction period.

## **Liability (26 CFR 1.42 (g))**

Compliance with the requirements of Section 42 is the responsibility of the Owner of the building for which the credit is allowable. MBOH's obligation to monitor for compliance with the requirements of Section 42 does not make the Agency liable for an Owner's noncompliance.

No member, officer, agent, or employee of MBOH shall be personally liable concerning any matters arising out of, or in relation to, the compliance monitoring of a low-income housing Project.

## **Marketing the Project**

MBOH will put all ~~MHTC~~ properties into the free State-approved Housing Locator website, MTHousingSearch.com. Properties will be contacted by MTHousingSearch for required information. Using this website meets the criteria for advertising vacant units and provides for broad coverage to those searching for affordable housing in Montana.

## **SECTION 13 – DISCLAIMER**

MBOH is charged with allocating no more tax credits to any given development than is required to make that development economically feasible. This decision shall be made solely at the discretion of MBOH, but in no way represents or warrants to any Applicant, Investor, lender, or others that the development is feasible or viable.

MBOH reviews documents submitted in connection with this Allocation for its own purposes. In Allocation of the tax credits, MBOH makes no representations to the Owner or anyone else regarding adherence to the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing Montana Housing Tax Credits.

No member, officer, agent, or employee of MBOH shall be personally liable concerning any matters arising out of, or in relations to, the Allocation of the ~~Montana Housing Tax~~-Credit.

If it is determined that an Applicant has intentionally submitted false information, a credit Award may be withdrawn or credits may be recaptured and the Applicant or any Applicant involving any related parties or any individual or entity supplying the false information will be ineligible to apply for credits for the next five years.

### **MBOH Policy on Non-Discrimination**

Montana Board of Housing is an Equal Opportunity organization. All employees, who work for or with this Agency, agree not to discriminate against any client or co-worker based on race, color, religion, sex, handicap, familial status, national origin and any other classes protected in Montana. The failure of any employee to take the Agency policy seriously and to comply therewith may lead to disciplinary action, including but not limited to immediate termination of employment.

### **Qualified Allocation Plan Revisions**

This QAP may be amended at any time after compliance with applicable notice, comment and approval requirements.

### **MBOH Policy on Civil Rights Compliance**

The Owner, Developer, borrowers and any of their employees, agents, or sub-contractors in doing business with the Montana Board of Housing 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, Americans With Disabilities Act as well as any State and local Civil Rights legislation along with any required related codes and Laws. Should requirements, such as design, not be specified by MBOH, it is none the less the Owner(s) responsibility to be aware of and comply with all non-discrimination provisions related to race, color, religion, sex, handicap, familial status, national origin and any other classes protected in Montana, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

## Exhibits

All Exhibits available at:

<http://housing.mt.gov/About/MF/20165gapexhibits.mcp>

**Exhibit A**

High Cost Areas

**Exhibit B**

Full Market Study Requirements

**Exhibit C**

10% and 8609 Letters and Forms  
10% Cost Certification – Independent Auditors' Report  
10% Owner's Statement – 10% Carryover Cost Certification  
Final Cost Certification – Independent Auditors' Report  
Owner's Statement – Final Allocation  
Owner's Statement – Acq/Rehab Final Allocation  
Exhibit A Itemized Action Cost and eligible Basis (New Construction)  
Exhibit A Itemized Action Cost and Eligible Basis (Acq/Rehab)

**Exhibit D-1**

Letter of Intent Template

**Exhibit D-2**

Attachment to Letter of Intent

**Exhibit E**

Release of Information Form and List of States and Properties

**Exhibit F**

Green Checklist

**Exhibit G**

Statistical Data

**Exhibit H**

Cold Weather Development and Construction Experience

**Montana Board of Housing  
Montana Housing Tax Credit Program**

**Qualified Contract Process  
And Instructions for  
Calculation of the Qualified Contract Price**

Properties awarded Low-Income Housing Tax Credits under the Montana Housing Tax Credit Program are subject to certain restrictions set forth in Section 42 of the Code, which restrictions must be provided for and documented in Restrictive Covenants. The Section 42 requirements apply during an Extended Use Period, which includes an initial Compliance Period of fifteen (15) years plus an additional period of fifteen (15) or more years. Applicants for tax credits may make a commitment to maintain units in accordance with the Section 42 restrictions beyond the minimum period of time and may be or may have been awarded additional points in the QAP evaluation scoring process for the Project based upon such agreement.

The Extended Use Period generally continues for at least thirty (30) years. However, for certain Eligible Projects, the Extended Use Period may terminate earlier, (i) if the Owner submits a written request to MBOH in accordance with these requirements to find a person to acquire the Property, and (ii) if MBOH is unable to present within a one-year period a Qualified Contract for the acquisition of the Property by any person who will continue to operate the low-income portion of the building as a low-income building as defined in Section 42 of the Code.

**Eligibility for Qualified Contract Process**

The Qualified Contract process is available only for certain Projects with an Owner's minimum low-income commitment period that is less than fifteen (15) years beyond the initial 15-year Compliance Period, as specified in the Project's Restrictive Covenants. Under current program requirements, the owner must agree to a minimum low-income commitment period of fifteen (15) years beyond the initial 15-year Compliance Period, i.e., an Extended Use Period of at least thirty (30) years. Previously, however, some Projects provided for a minimum low-income commitment period of less than fifteen (15) years beyond the initial 15-year Compliance Period and an Extended Use Period of less than thirty (30) years. Only such Projects are eligible for the Qualified Contract process. Further, such Projects are eligible for the Qualified Contract process only if the process could result in a Qualified Contract or termination of the Extended Use Period at least one year earlier than the Extended Use Period would otherwise end under the terms of the Project's Restrictive Covenants. An "Eligible Project" is a Project meeting these criteria.

Eligible Projects may not initiate the Qualified Contract process until one year before the expiration of the Owner's minimum low-income commitment period specified in the Project's Restrictive Covenants. For example, the process could be initiated no earlier than the fifteenth year of the initial Compliance Period for an Eligible Project with an Owner's minimum low-income commitment of zero (0) years beyond the initial 15-year Compliance Period.

Projects will be held to the Owner's commitment as provided in the Restrictive Covenants and will not be permitted to terminate the Extended Use Period (including any portion of the Owner's commitment period) through the Qualified Contract process. The Qualified Contract process is subject to all applicable provisions of state and federal law and these requirements. Owners are encouraged to review their tax credit allocation applications submitted to MBOH and their Declaration of Restricted Covenants to determine if and when they are eligible to pursue the Qualified Contract process.

### **Qualified Contract Process:**

The one-year period for finding a Qualified Contract buyer will not commence until after all required documents, information and payments have been submitted to and approved by MBOH and the physical inspection and file audit has been completed showing no substantial noncompliance as provided herein.

#### **1. Qualified Contract Request Letter and Agreement; Payment of Administration Fee**

To initiate the Qualified Contract process, Eligible Project owners must notify MBOH of their desire to sell the property through the Qualified Contract process by submitting a completed and executed Qualified Contract Request Letter and Agreement, in the form attached hereto as Attachment 1, together with payment of a \$4,000.00 non-refundable administration fee for processing the Qualified Contract Request. MBOH will not begin processing of the Request until and unless the \$4,000.00 administration fee has been paid in full.

#### **2. Completion/Submission of Qualified Contract Price Calculation Form**

Before the one-year period and marketing of the Property will commence, the Owner must complete and submit to MBOH the Calculation of the Qualified Contract Price form attached to these instructions as Attachment 2 (the "Calculation Form") and the additional information and documentation listed below.

The Owner must fully complete the Calculation Form, including all Exhibits. The Qualified Contract Price ("QCP") calculation will establish the minimum price at which MBOH will market the Property and present any offer(s) for its purchase.

All calculations must be prepared in accordance with 26 CFR Part 1, Section 1.42-18, as amended, or any additional or replacement federal laws or regulations governing the Qualified Contract Price calculation. The Calculation Form must be prepared or reviewed, and also must be certified, by an Independent Third-Party Certified Public Accountant.

Also please note that federal regulations require that, if a purchaser is found, the Qualified Contract Price must be adjusted by the purchaser and the property owner to reflect changes in the components of the Qualified Contract Price, such as mortgage payments, that have reduced outstanding indebtedness between the time the original calculations were made and the sale closing date.

### 3. Additional Submission Requirements

In addition to the Request Letter, Fee Payment and Calculation Form, the Owner must submit to MBOH the following information and documentation:

- a. A thorough narrative description of the Property, including all amenities, sufficient to familiarize prospective purchasers with the Property;
- b. A detailed description of all income, rental and other restrictions applicable to the operation of the Property;
- c. A detailed set of digital photographs of the Property, including the interior and exterior of representative apartment units and buildings, and the Property's grounds, to be displayed on the MBOH website and in any other marketing materials;
- d. Copies of the last three years' operating statements for the Property showing annual operating expenses, debt service, gross receipts, net cash flow, and debt service coverage ratios;
- e. A current and complete rent roll for the entire Property;
- f. A copy of the land lease, if applicable; and
- g. Any additional financial and other information and documentation reasonably required and requested by MBOH for purposes of the Qualified Contract Price determination, appraisal, marketing and/or due diligence, including without limitation, copies of additional rent rolls, tax returns, income certifications, repair and maintenance records, operating expenses and debt service information, and other due diligence documents.

### 4. Physical Inspection and File Audit

Upon receipt of the Qualified Contract Request Letter and Agreement and administration fee, MBOH will perform, at the expense of the Owner, a complete physical inspection and file audit of the Property to determine whether the Owner and Property are in compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants and MBOH requirements. If, at any time

during the Qualified Contract process, MBOH determines that the Owner or Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that the Owner or Property has achieved compliance.

5. Access to Property

The Owner must provide reasonable access to the Property and relevant files and records for inspection or audit by MBOH, its agents, appraisers, prospective purchasers and any other third parties reasonably required for purposes of the Qualified Contract process.

6. Payment of Fees and Expenses

The Owner must pay a \$4,000.00 non-refundable administration fee for processing a Qualified Contract Request, as required above in Section 1. In addition, the Owner must pay MBOH's costs for the physical inspection and file audit required under Section 4, above, and, in the event that additional third-party reports are required by a potential buyer or MBOH, the Owner must pay the cost of the additional reports. All payments for such items must be made within thirty (30) days of the date of any invoice provided to the Owner.

7. Program Compliance; Owner's Failure to Comply or Cooperate with Qualified Contract Process

If, prior to commencement of the one-year period, the Owner fails to provide any required information, documents or payments, fails to allow access to the Property for inspection or appraisal, or otherwise fails to cooperate in or perform any obligation specified herein, MBOH may cease further processing of the Request upon providing written notice to the Owner specifying the reason(s) for ceasing further processing, and the action(s) that must be taken by the Owner, the date by which such actions must be taken and the documentation, if any, of such actions that must be submitted to MBOH in order to obtain a resumption of Request processing. MBOH may permanently terminate the Qualified Contract process in the event of multiple instances of non-compliance/non-cooperation. In no event will the one-year period commence or be deemed to have commenced until the Owner meets all such requirements.

As provided in Section 4, above, if at any time during the Qualified Contract process, MBOH determines that the Owner or Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that the Owner or Property has achieved

compliance.

8. Qualified Appraisers

Owners and MBOH shall use only Montana-certified general appraisers for purposes of the Qualified Contract process. Neither Owner nor MBOH shall use any individual or organization as an appraiser if that individual or organization is currently on any list for active suspension or revocation for performing appraisals in any state or is listed on the Excluded Parties Lists System (EPLS) maintained by the General Services Administration for the United States Government.

9. Commencement of One-Year Period; Marketing of the Property

Once all required information, documents and payments are received, reviewed and approved, MBOH will notify the Owner in writing that the one-year period has begun and will begin marketing the Property to the general public. MBOH will undertake reasonable marketing efforts, including posting the marketing information and Qualified Contract Price on the MBOH website and such other efforts as may be deemed reasonable in the sole discretion of MBOH to market the Property to the general public. The Owner must agree to list the Property for sale with a broker who works with affordable multifamily housing properties and must cooperate with the MBOH and such broker in their efforts to market the Property. Marketing of the property will continue until such time as title to the Property has been transferred or the one-year period has expired.

MBOH has the one-year period in which to market and find a buyer for the Property at or above the Qualified Contract Price. The qualified purchaser can be a nonprofit or for-profit entity that agrees to maintain the affordable housing units and fulfill all requirements of the extended use agreement. The proposed purchaser must demonstrate to MBOH's reasonable satisfaction that it is familiar with and prepared to comply with the requirements of the Low Income Housing Tax Credit ("LIHTC") program. MBOH, in its sole discretion, may reject purchasers who have failed to demonstrate proficiency with the LIHTC program or other government programs.

10. Suspension or Termination of One-Year Period

MBOH may suspend the one-year period or terminate the Qualified Contract process if the Owner fails to comply or cooperate, or unreasonably delays in complying or cooperating, as required herein, including without limitation failure to respond to reasonable third-party report requests by MBOH or a potential buyer. MBOH may suspend the running of the one-year period upon providing written notice to the Owner specifying the reason(s) for such suspension, and the action(s) that must be taken by the Owner, the date by which such actions must

be taken and the documentation, if any, of such actions that must be submitted to MBOH in order to restart the running of the one-year period.

MBOH may permanently terminate the Qualified Contract process in the event of multiple instances of or continuation of an ongoing non-compliance or non-cooperation with the Qualified Contract process, if the Owner again fails or continues to fail to comply or cooperate after MBOH has provided a written warning that further failure to comply or cooperate will result in such termination and loss of the opportunity to undertake the Qualified Contract process. In such event, the Restrictive Covenants shall remain effective for the full duration of the Extended Use Period term (including all of the Owner's commitment period) as specified in such Restrictive Covenants and the Owner and any successor in interest shall have no further opportunity to undertake the Qualified Contract process

#### 11. Effect of Acceptance or Rejection of Qualified Contract Offers

A Qualified Contract is an offer determined by MBOH to constitute a bona fide offer to enter into a contract to acquire the non-low-income portion of the building (including the land underlying the entire building) for fair market value and the low-income portion of the building for an amount not less than the Qualified Contract Price, and which contract is determined by MBOH to: (i) provide for closing within a reasonable period of time after the contract is entered into; and (ii) contain no terms or conditions that are unreasonable or impractical under the circumstances.

The Owner is not required to accept the first or any purchase offer presented. However, if the Owner rejects or fails to act upon a Qualified Contract to purchase the Property at or above the QCP presented by a qualified purchaser, the Property will remain subject to the low-income housing commitment set forth in the Restrictive Covenants for the full duration of the Extended Use Period term (including all of the Owner's commitment period) specified therein. The Owner may accept less than the QCP but cannot require a price higher than the QCP. The Owner must notify MBOH of any purchase offers within one (1) business day of receipt.

During the one-year period in which the Property is marketed to the general public, MBOH may adjust the fair market value of the non-low-income portion of the Property only with the consent of the Owner. If the Owner and MBOH do not agree with respect to any proposed reduction of such fair market value, the fair market value of the non-low-income portion of the Property determined as of the commencement of the one-year period remains unchanged.

MBOH shall not be responsible for any closing costs, commissions, fees or other expenses of or related to the sale, purchase or closing. All such amounts shall be payable from closing proceeds and charged to the account of the buyer and/or seller as mutually agreed thereby.

12. Effect of No Qualified Contract

If the Owner has performed its obligations and cooperated in the Qualified Contract process and MBOH is unable to present to Owner a Qualified Contract before the expiration of the one-year period, the Section 42 restrictions set forth in the Restrictive Covenants shall be terminated, except with respect to the Section 42 tenant protections discussed below. For purposes of this paragraph, MBOH has presented a Qualified Contract within the one-year period if MBOH has notified the Owner of such Qualified Contract by email, facsimile transmission or deposit in the U.S. Mail on or before the last day of the one-year period.

In the event of a termination of the Section 42 restrictions set forth in the Restrictive Covenants as provided above, the Property shall remain subject to the tenant protection requirements of §42(h)(6)(E)(II), which provide that, prior to the close of the three-year period following such termination, no Owner shall be permitted to evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit or increase the gross rent for such unit in a manner or amount not otherwise permitted by Section 42 of the Code. In such event, the Owner will be required, at the end of each year of the three-year tenant protection period, to provide certification to MBOH that these requirements have been met. In addition, the Owner will provide written notice to the existing tenants within thirty (30) days after the beginning of the three-year period and annually thereafter for the next two (2) years that the low-income use restrictions have been terminated and of the Section 42 tenant protections provided during the three-year time frame.

In the event of and following such termination of the Section 42 restrictions set forth in the Restrictive Covenants, MBOH shall provide to Owner a partial release reflecting release of the restrictions other than the three-year tenant protections. Following the end of the three-year period, MBOH shall provide to Owner such further release as is necessary and appropriate to fully release all remaining restrictions.

**Attachment 1**

**Qualified Contract Request Letter and Agreement**

Date

Montana Board of Housing  
301 South Park Ste 240  
PO Box 200528  
Helena, MT 59620

Re: Qualified Contract Request

Dear

Pursuant to Subsection 42(h)(6)(E)(i)(II) of the Internal Revenue Code (the “Code”) and on behalf of \_\_\_\_\_ (the “Owner), we hereby request that the Montana Board of Housing (MBOH) find a person to acquire, and present a Qualified Contract for the purchase of the Owner’s interest in \_\_\_\_\_ (the “Property”).

We understand that this letter is submitted to initiate the Qualified Contract request process and does not commence the one-year time period for MBOH to present a Qualified Contract for the acquisition of the Property. We understand that we must submit additional information to MBOH at a later date as required by MBOH’s Qualified Contract Request Procedure. We understand that the one-year time period will not commence until the date upon which MBOH determines that our request submission is complete and that MBOH will notify us of this determination and the commencement date of the one-year period. We further understand that this letter is submitted for the purpose of confirming our commitment to perform our obligations under the Qualified Contract process.

In support of our Qualified Contract request, we state and represent to MBOH as follows:

1. The Owner did not waive its right to request a Qualified Contract in its Declaration of Restricted Covenants, between the Owner and MBOH. True and correct copies of the recorded Restrictive Covenants for the Property and any amendments thereto are enclosed with this letter.
2. The Property has completed at least the fourteenth (14<sup>th</sup>) year of its compliance period.

3. The Property is in compliance with all of the requirements of Section 42 of the Code.
4. The owners of all options to purchase and rights of first refusal for all or any part of the Property have unconditionally waived any and all such options and rights, as evidenced by enclosed copies of executed waivers of all such options and rights.
5. Neither we nor any other Owner has previously requested a Qualified Contract on the Property.

In further support of our Qualified Contract request, we represent and certify to MBOH that:

1. We have not been notified of any audit, investigation or disallowance relating to the Property and pertaining to Section 42 of the Code by the Internal Revenue Service.
2. We are solely responsible for the truthfulness, accuracy and completeness of all documents and information that we submit to MBOH with this letter and any other documents or information that we provide to MBOH, appraisers and/or prospective purchasers (collectively, the "Property Sales Information") in connection with this request or any related marketing or sale of the Property.
3. All documents and information submitted with this Letter or in connection with this request for a Qualified Contract are truthful, accurate and complete and contain no material misstatements or misleading information.

In further support of our Qualified Contract request, we acknowledge and agree that:

1. We will cooperate with MBOH and its agents to calculate a Qualified Contract Price and present a Qualified Contract for purchase of the Property. We understand that this includes providing all financial and other information and substantiating documentation reasonably required by MBOH to determine the Qualified Contract Price for the Property in accordance with federal law, including without limitation 29 CFR § 1.42-18, as amended, and MBOH requirements, or for purposes of appraisal, marketing and/or due diligence. Such information and documentation includes but is not limited to the information and documents specified in the MBOH Qualified Contract Price Calculation Form and Worksheets and additional substantiating documentation, and all information and documentation required for appraisal, marketing and due diligence purposes.

2. We agree to provide reasonable access to the Property and relevant records for inspection and audit by MBOH, its agents, appraisers and prospective purchasers in connection with the Qualified Contract process.
3. We agree that MBOH may perform a complete physical inspection and file audit of the Property to determine whether the Owner and Property are in compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants and MBOH requirements and we agree to pay the cost of such inspection and audit.
4. We understand that our failure to reasonably and timely cooperate, provide or submit any required information, documents, forms, fees or cost reimbursement payments, or respond to report requests, with, to or from MBOH, third parties or potential buyers, may result in either temporary suspension of the one-year period or termination of the Qualified Contract process and the delay or loss of Owner's opportunity to terminate the Restrictive Covenants through the Qualified Contract process.
5. We understand that if, at any time during the Qualified Contract process, MBOH determines that we are or the Property is out of compliance with the provisions of Section 42 of the Code, the Declaration of Restrictive Covenants or MBOH requirements, MBOH will terminate the Qualified Contract process until such time as MBOH determines that we have achieved compliance.
6. By submission of this letter, we agree to indemnify, defend, and hold MBOH harmless for all claims and liabilities arising out of MBOH's use of the Property Sales Information for purposes of the Qualified Contract process.
7. We agree that MBOH and its employees and agents shall have no liability to us with respect to the calculation of the Qualified Contract Price or any other act, omission, or determination by MBOH with respect to marketing the Property or carrying out its responsibilities under Subsection 42(h)(6)(F) of the Code, so long as MBOH is acting in good faith.
8. The one-year period will commence, if at all, on the date specified by MBOH in its written notice to the Owner. Having commenced, the running of the one-year period may be suspended or tolled at the discretion of MBOH based upon our failure to reasonably and timely perform any requirements of the Qualified Contract process.
9. We understand that if MBOH presents a Qualified Contract for the acquisition of the Property within the one-year period and the Owner rejects or fails to act upon such contract, the Property will remain subject to the Declaration of

Restricted Covenants for the full duration of the Extended Use Period, and there will be no further or additional opportunity for the Owner to terminate such covenants through the Qualified Contract process

10. If we choose to execute the Qualified Contract, we will: (i) allow the prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing of the purchase; and (ii) agree with the buyer as required by 29 CFR § 1.42-18(c)(ii) to such adjustments in the amount of the low-income portion of the Qualified Contract Price to reflect changes in the components of the Qualified Contract formula (e.g., mortgage payments that reduce outstanding indebtedness) between the time of MBOH's offer of sale to the general public and the building's actual sale closing date.
11. If we perform our obligations under the Qualified Contract process and MBOH is unable to present a Qualified Contract during the one-year period, resulting in termination of the Section 42 requirements as set forth in the Restrictive Covenants, we are not permitted to and shall not, prior to the close of the three-year tenant protection period following such termination, evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit or increase the gross rent for such unit in a manner or amount not otherwise permitted by Section 42 of the Code.

Sincerely,

Attachments

Attachment 2  
**Montana Board of Housing**  
**Montana Housing Tax Credit**  
**Qualified Contract Price Calculation Form**  
Pursuant to Subsection 42(h)(6)(F) of the Internal Revenue Code and in Accordance  
with 26 CFR 1.42-18, as amended

**A. Calculation of the Low-Income Portion of the Building(s):**

- (i) Outstanding Indebtedness for the Building(s) (from *Worksheet A*) \$ \_\_\_\_\_
- (ii) Adjusted Investor Equity in the Building(s) (from *Worksheet B*) \$ \_\_\_\_\_
- (iii) Other Capital Contributions not reflected in (i) or (ii) (from *Worksheet C*) \$ \_\_\_\_\_
- (iv) Total of (i), (ii) and (iii) \$ \_\_\_\_\_
- (v) Cash Distributions from (or available for distribution from) the Building(s) (from *Worksheet D*) \$ \_\_\_\_\_
- (vi) Line (iv) reduced by Line (v) \$ \_\_\_\_\_
- (vii) Applicable fraction specified in the extended low-income housing commitment \_\_\_\_\_ %
- (viii) Low-Income Portion of the Qualified Contract Price (Line (vi) multiplied by Line (vii)) \$ \_\_\_\_\_

**B. Fair Market Value of the Non-Low-Income Portion of the Building(s) (from *Worksheet E*)** \$ \_\_\_\_\_

**Qualified Contract Price\***  
(Sum of Line A(viii) and Line B) \$ \_\_\_\_\_

**\*If this sum is not a multiple of \$1,000, then when MBOH offers the building(s) for sale to the general public, MBOH may round up the offering price to the next highest multiple of \$1,000.**

**WORKSHEET A**  
*Outstanding Indebtedness for the Building(s)*  
**Code Subsection 42(h)(6)(F)(i)(I) and 26 CFR 1.42-18(c)(3)**

**Instructions**

You must use 26 CFR Section 1.42-18(c)(3), or the appropriate section of its successor, to determine the Outstanding Indebtedness for the Building(s).

In the section marked “Other Information” below please set forth any information with respect to the loans that may be relevant to MBOH’s efforts to market the property. Examples of relevant information include whether the loan has a “due-on-sale” clause or if any portion of the loan is payable from net cash flow (i.e., is “soft” debt).

**Worksheet**

Debt Source	Lien Position and Loan Terms	Most Recent Payment Date	Remaining Stated Principal Balance*
Subtotal			
Less:**			
Adjustment 1:			
Adjustment 2:			
Adjustment 3:			
<b>Total Indebtedness with respect to Low-Income Portion of the Building(s)</b>			

Other Information:

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\*Please attach an amortization schedule, if available.

\*\*Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Any refinancing indebtedness or additional mortgages in excess of qualifying building costs (described in 26 CFR 1.42-18(b)(4)).
- Outstanding debt that was used to finance nondepreciable land costs, syndication costs, legal and accounting costs, syndication costs, legal and accounting costs, and operating deficit payments.

**WORKSHEET B**  
*Adjusted Investor Equity in the Building(s)*  
**Code Section 42(h)(6)(F)(i)(II) and 26 CFR 1.42-18(c)(4)**

**Instructions**

You must use 26 CFR 1.42-18(c)(4), or the appropriate section of its successor, to determine the Adjusted Investor Equity in the Building(s).

Note: The calculation requires the use of the U.S. Department of Labor’s Bureau of Labor Statistics (“BLS”) Consumer Price Index (“CPI”). The CPI data to be used are the not seasonally adjusted values of the CPI for all urban consumers, sometimes referred to as CPI-U. The BLS publishes the CPI data on-line. See [www.BLS.gov/data](http://www.BLS.gov/data).

**Worksheet**

**1. Unadjusted Investor Equity**

Investor (Owner) Name	Date Invested	Amount of Cash Invested
Subtotal		
Less:*		
Adjustment 1:		
Adjustment 2:		
Adjustment 3:		
<b>Total Unadjusted Investor Equity</b>		

\*Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Any equity paid for land, credit adjuster payments, Fund low-income housing credit application and allocation fees, operating deficit contributions, and legal, syndication, and accounting costs.
- Amounts that, as of the beginning of the low-income building’s credit period (as defined in Subsection 42(f)(1) of the Code), were not obligated to be invested.

- Amounts included in the calculation of outstanding indebtedness as defined in 26 CFR 1.42-18(c)(3).

**2. Qualified-contract cost-of-living adjustment – General Rule**

Calendar Year that Precedes the Calendar Year in which MBOH Offers the Building for Sale to the General Public (“Year A”): \_\_\_\_\_

Base Calendar Year (the Calendar Year With or Within which the First Taxable Year of the Credit Period Ends) (“Year B”) : \_\_\_\_\_

Did the CPI for any calendar year (within the meaning of Subsection 1(f)(4) of the Internal Revenue Code) during the extended use period after the base calendar year exceed by more than five percent the CPI for the preceding calendar year (within the meaning of Subsection 1(f)(4) ) of the Internal Revenue Code)? (Yes or No)

\_\_\_\_\_

If no, no adjustments need to be done to the CPI-U for the months below.

If yes, then the sum of the CPI-I for Year B (below) is to be increased (\*) so that the excess is never taken into account.

Month	Year A	CPI-U	Month	Year B	CPI-U
September			September		
October			October		
November			November		
December			December		
January			January		
February			February		
March			March		
April			April		
May			May		
June			June		
July			July		
August			August		
<b>Total Year A CPI-U</b>			<b>Total Year B CPI-U</b>		
			Adjustment (Increase)*		
			<b>Adjusted Total Year B CPI-U</b>		

**Important Note:** See the example given in 26 CFR 1.42-18(c)(4)(vii) to assist you in completing the table above.

Year A CPI-U Total from above (\_\_\_\_\_) divided by Year B CPI-U Total from above (\_\_\_\_\_) equals Qualified-Contract Cost-of-Living Adjustment per the General Rule (carried out to ten decimal places): \_\_\_\_\_.

**3. Qualified-contract cost-of-living adjustment – Provision by the Commissioner of the qualified-contract cost-of-living adjustment**

If the Commissioner published in the Internal Revenue Bulletin a process pursuant to which the Internal Revenue Service will compute the qualified-contract cost-of-living adjustment for a calendar year and made available the results of that computation, describe below:

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**4. Adjusted Investor Equity**

Description	Amount
Unadjusted Investor Equity (from 1 above)	
Times: Qualified-contract cost-of-living adjustment (from 2 or 3 above)	
<b>Equals: Adjusted Investor Equity (rounded to the nearest dollar)</b>	

**WORKSHEET C**  
***Other Capital Contributions***  
**Code Section 42(h)(6)(F)(i)(III) and 26 CFR 1.42-18(c)(5)**

**Instructions**

You must use 26 CFR 1.42-18(c)(5), or the appropriate section of its successor, to determine the Other Capital Contributions.

Do not include in this Worksheet C any amounts included in Worksheets A or B.

**Worksheet**

Date	Reason/Description*	Amount Paid or Incurred
Subtotal		
Less:**		
Adjustment 1:		
Adjustment 2:		
Adjustment 3:		
<b>Total Other Capital Contributions</b>		

\*Describe the Other Capital Contributions. Other capital contributions to a low-income building are qualifying building costs described in 26 CFR 1.42-18(b)(4)(ii) paid or incurred by the owner of the low-income building other than amounts included in the calculation of outstanding indebtedness (from Worksheet A) or adjusted investor equity (from Worksheet B).

\*\*Please provide a description of any adjustments in the cells provided. Adjustments may include, but are not limited to, the following:

- Expenditures for land costs, operating deficit payments, credit adjuster payments, and payments for legal, syndication, and accounting costs.
- Expenditure that was financed by a loan that WAS secured by the qualifying building cost (asset) or the building.

**WORKSHEET D**  
***Cash Distributions from (or available for distribution from) the Building(s)***  
**Code Section 42 (h)(6)(F)(ii) and 26 CFR 1.42-18(c)(6)**

**Instructions**

You must use 26 CFR 1.42-18(c)(6), or the appropriate section of its successor, to determine the Cash Distributions from (or available or distribution from) the Building(s).

Note: Proceeds from the refinancing of indebtedness or additional mortgages that are in excess of qualifying building costs are not considered cash available for distribution.

**Worksheet**

**A. Total Cash Distributions**

Distribution Made To	Date of Distribution	Distribution Amount
<b>Total Cash Distributions</b>		

**B. Cash and Cash Equivalents Available for Distribution:**

Account Name	Balance "as of" Date	Account Balance
<b>Total Cash and Cash Equivalents Available for Distribution</b>		

**C. Total Cash Distributed and Available for Distribution**  
(Sum of Sections A and B above)

\$ \_\_\_\_\_

**WORKSHEET E**  
*Fair Market Value of the Non-Low-Income Portion*  
**Code Section 42 (h)(6)(F) and 26 CFR 1.42-18(b)(3)**

**Instructions**

You must use 26 CFR 1.42-18(b)(3), or the appropriate section of its successor, to determine the Fair Market Value of the Non-Low-Income Portion. **Of particular note, please see the discussion of how land is to be considered.**

**Worksheet**

The fair market value of the non-low income portion is: \$ \_\_\_\_\_.

Attach to this worksheet the appraisal, study, methodology proof and/or other support for the fair market value of the non-low-income portion of the building(s).