



AFFORDABLE HOUSING TRUST FUND

Program Guidelines

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I. Introduction

The City of Helena's planning documents have identified affordable housing as a significant community need and has established a number of goals and objectives to address it. The City of Helena established the Helena Affordable Housing Trust Fund (HAHTF) to meet affordable housing needs in the City of Helena through Resolution No. 20630. This manual establishes the guidelines and requirements of the HAHTF.

These funds will be used as gap financing to support affordable housing opportunities within Helena city limits serving low- and moderate-income households. HAHTF funds may not be invested in a project in lieu of other funding sources when other, existing programs or funds are available and accessible. As such, other sources of state or federal funding such as Low-Income Housing Tax Credits (LIHTC), HOME Investment Partnerships Program (HOME), Community Development Block Grant Program (CDBG), other government programs, or private investment must be a project's primary funding source(s).

In most cases HAHTF requirements will be satisfied in form and content through compliance with the rules and policies governing a project's primary funding source(s). This is intended to ease HAHTF administrative burdens and ensure this gap financing does not conflict with other financing. When multiple funding sources are combined in one project, developers, owners, and sponsors are responsible for coordinating requirements to ensure compliance.

Any project receiving an allocation of HAHTF funds must align with City plans and priorities found in planning documents adopted by the City of Helena. Generally, HAHTF funds will be lent to the project and the financial investment will be secured through a Promissory Note, Loan Agreement, and Trust Indenture. The City of Helena may also secure its long-term interest through a Deed Restriction. Loan proceeds shall be returned to the fund for future investment in affordable housing efforts.

This program also seeks to grow Helena's pool of HAHTF loan funds over time in order to have a greater long-term impact on the community's affordable housing needs and aims to be as sustainable as possible while recognizing the difficulty of financing complex affordable housing projects. Principal and interest payments to the fund are carefully evaluated to determine future funding needs and monitor payment compliance. Proceeds from loan payments will be returned to HAHTF account and used for future projects.

The City's Community Development Department programs are open to all eligible persons and does not discriminate on the basis of race, creed, religion, color, national origin, age, physical or mental disability, marital status, sex, pregnancy, childbirth or medical condition related to pregnancy or childbirth, sexual orientation or expression, political beliefs or affiliation, genetic information, veteran status, culture, social origin or condition, or ancestry.

II. HAHTF Priorities

In reviewing and evaluating applications for HAHTF funding, consideration/priority will be given to projects demonstrating the following:

- Projects that maximize the utilization of outside financing (non-HAHTF matching funds).
- Projects that do not duplicate existing services or funding options and that leverage partnerships with other organizations and agencies.
- Projects that are sponsored by organizations or agencies able to demonstrate the staff capability, capacity, and experience necessary to successfully implement the proposed project.
- Projects that are clearly defined and realistic in scope, location, need, budget, and goals.
- Projects that utilize a proven, effective strategy.
- Projects that further the City of Helena's strategic goals and objectives and demonstrate consistency with adopted planning efforts.
- Projects that will not require ongoing investments of HAHTF funds.
- Projects that will have a sustainable long-term impact.
- Projects that further the City's environmental and sustainability goals and objectives. Promote energy efficiency and the use of renewable energy in new and existing development, minimizing impacts on natural resources and the environment.
- The length of time a project will maintain its affordability.

III. Eligible Applicants

Eligible applicants include non-profit, for-profit, and public organizations who will own, develop, and/or sponsor eligible activities. Individuals are not eligible to apply for HAHTF assistance.

IV. Eligible Activities

HAHTF-assisted activities must add, improve or support permanent, transitional, and/or temporary housing. Eligible activities include construction, demolition and reconstruction, conversion, rehabilitation, acquisition, or financing of affordable housing.

V. Eligible Uses

- Donate, provide, or pay all or a portion of the costs of land for the construction of affordable housing on that land;

- Donate, provide, or pay all or a portion of the costs of conversion or renovation of existing buildings into affordable housing;
 - Provide or pay all or a portion of the costs of financing of infrastructure to support affordable housing projects;
 - Provide or pay all or a portion of the costs of acquisition, development, construction, financing, operating, or owning affordable housing;
 - Pay all or a portion of the up-front costs associated with permitting, plan reviews, and water and wastewater system development fees;
 - Provide or pay all or a portion of the costs associated with consumer housing programs and services;
 - Provide loan guarantees to affordable housing projects;
 - Provide gap financing for affordable housing projects; and
- Pay the costs incurred by the City of Helena associated directly with the administration of the funds; provided, however, in no event shall the amount expended from the funds for such administrative expenses in any year exceed eight (8%) of the amount of revenue received in the fund that year.

VI. Eligible Beneficiaries

HAHTF-assisted projects must serve low- to moderate-income households within Helena City Limits. Low- to moderate income is typically defined as households whose income is between 0 and 80% of the Area Median Income (AMI). However, projects benefiting households with incomes up to 120% of AMI may be recommended by the Advisory Board and approved by the City Commission on a case-by-case basis. Beneficiaries of the HAHTF program must be income qualified using the Section 8 Part 5 definition of income or other approved metric consistent with the requirements of a project’s primary funding source(s).

In the absence of a state or federal primary funding source with established income limits, rental and non-permanent housing projects must use the current US Department of Housing and Urban Development (HUD) Multifamily Tax Subsidy Income Limits available online.

<https://www.huduser.gov/portal/datasets/mtsp.html#2022>

VII. Match Requirement

Each HAHTF-assisted project must contribute matching funds. Matching funds are defined as the dollar value of other resources committed to a project. Each dollar committed to the project that is not generated from the Trust Fund shall be considered as match.

Examples of matching funds may include but are not necessarily limited to funding from other sources (such as federal community development block grants, federal HOME investment

funds, low-income housing tax credits, owner equity); the value of donated land or property supported by a third-party appraisal; donated infrastructure, site preparation, or construction materials; donated professional services, labor or sweat equity; and the cash value of a below market interest rate loan.

A minimum \$5 of matching funds to every \$1 of HAHTF financing (a 5:1 match) is required. However, shelters and/or temporary housing may request match reduction to a 3:1 match with sufficient justification and rationale.

VIII. Building Standards and Accessibility

All construction or rehabilitation work undertaken as part of a project receiving HAHTF assistance must conform to current building codes and zoning ordinances adopted by the City of Helena. Projects benefiting from HAHTF assistance must comply with the Fair Housing Act.

Additionally, all new construction of owner-occupied, single family (condominiums, mobile homes, townhomes, etc.), rental, temporary, or transitional housing units and common areas as well as rehabilitation projects that at least replaces or exposes interior wall structures and doors must incorporate the following:

For rehabilitation, items 1, 3, 4, and 5 below apply to all units and all floors where moving walls, removing wall coverings, or doing new wiring or rewiring.

1. 36 inch doors for all living areas (except pantry, storage, and closets).
2. All door hardware must comply with Fair Housing Act standards for all units.
3. Outlets mounted not less than 18 inches above floor covering.
4. Light switches, control boxes and/or thermostats mounted from 36 to 48 inches above floor covering.
5. Walls adjacent to toilets, bath tubs and shower stalls must be reinforced for later installation of grab bars.
6. All faucets must be lever style.
7. A minimum of a ground floor level half-bath with a 30 x 48 inch turn space (also required in rehabilitation unless waived by staff for structural limitations or excessive cost, etc.) (does not apply if there is no living space on the ground floor level).
8. Zero-step entry to all ground floor level units.
9. Compliance with accessibility requirements must be certified by the project architect upon completion.

Except for new construction projects, the City may agree to waive certain accessibility requirements on a project-by-project basis.

A Phase I Environmental Site Analysis (ESA) prepared by a qualified professional is typically required and must be submitted to the City. If the Phase I identifies a Recognized Environmental Condition (REC) or potential REC and recommends a Phase II, then a Phase II ESA must be conducted and submitted to the City. Identified environmental hazards must be appropriately addressed per state and federal requirements as part of the project. Certain activities may not require a Phase I or other environmental analysis. The City will determine if a Phase I or other environmental investigation is necessary on a case-by-case basis.

IX. Continued Affordability

A. Rental, Temporary, and Transitional Housing

Projects receiving HAHTF funds must maintain its affordability (i.e., income limits, rent restrictions, and occupancy requirements) for a period of time after project completion. Typically, this is accomplished by maintaining compliance with the requirements of the primary state and/or federal funding source(s). In the absence of such requirements or if the primary funding sources period of affordability are less restrictive than the table below, HAHTF-assisted projects must adhere to the following requirements:

Time Period	HAHTF Investment
20 Years	<\$30,000 Acquisition and/or rehabilitation
25 Years	\$30,001 - \$100,000 Acquisition and/or rehabilitation
30 Years	\$100,001 - \$400,000 Acquisition and/or rehabilitation
35 Years	\$400,001 - \$1,000,000 Acquisition and/or rehabilitation and all conversion and new construction projects

A Deed Restriction, a Land Use Restriction Agreement (LURA), or covenant running with the land will be filed to ensure the housing’s long-term compliance and affordability. If it is determined that the project is not in compliance, the investment may be reverted to the City. Typically, the deed restriction or LURA filed to secure period of affordability requirements for the project’s primary funding sources will suffice and an additional HAHTF covenant is not necessary. If a project does not utilize a primary funding source enforcing its affordability requirements through such a covenant, the HAHTF covenant will stipulate the number of affordable units designated by the Applicant and required by these Program Guidelines.

In the absence of Deed Restrictions or LURAs filed by the project’s primary funding source(s) matching or exceeding HAHTF requirements, the City of Helena will file a Deed Restriction commensurate with the proposed project and programmatic requirements contained herein. At a minimum, the Deed Restriction will require the borrower maintain the property in acceptable condition and maintain the project’s purpose, income and rent restrictions.

Circumstances such as a change in land/property use, housing occupied by ineligible beneficiaries, failing to properly maintain the property, and/or the voluntary or involuntary sale or transfer of Title which occurs during the HAHTF Period of Affordability will trigger full repayment of the outstanding balance of the HAHTF investment.

To document compliance with the affordability requirements, projects must maintain accurate rent rolls, ledgers, and income verification of HAHTF beneficiaries. Failure to submit timely, accurate reports demonstrating compliance with HAHTF programmatic requirements (absent compliance with a similar requirement from a primary funding source) may result in full repayment of the HAHTF investment.

B. Single Family Dwelling Unit Development and Homebuyer Assistance

HAHTF single family housing development projects must ensure continuing affordability through resale restrictions enforced by a deed restriction or by placing the property in a land trust that will ensure these properties serve low- to moderate-income households for at least 35 years.

Applicants must demonstrate a track record of successful single family housing developments or Homebuyer Assistance programs, an ability to maintain continued affordability, and an ability to facilitate resales to eligible beneficiaries.

X. Rental, Temporary, and Transitional Housing

Rental, temporary, and transitional housing includes acquisition, new construction, demolition and reconstruction, conversion, or rehabilitation of housing that will be occupied by eligible beneficiaries. Projects may include but are not necessarily limited to affordable housing such as multifamily rental development, housing for seniors, accessory dwelling units, supportive housing, and temporary housing such as shelters.

Projects that result in the permanent displacement or relocation of current occupants from their homes or rental units in order to create, preserve, and or rehabilitate affordable housing will not receive HAHTF assistance.

A. Rent Limits

Rental and non-permanent housing is governed by rent limits established by the project's primary funding source. In the absence of a state or federal primary funding source with rent restrictions, projects receiving HAHTF assistance must not charge rents exceeding the least restrictive rent limits established by either the Montana LIHTC or HOME program.

B. Financing Structure & Requirements

HAHTF funds may be lent as short-term construction loans and/or longer-term permanent financing. The following terms and conditions will govern HAHTF rental, temporary, and transitional housing loans. Loans may be made to the applicant or an affiliated entity, depending on the nature of the project and its specific needs.

Loan Terms

HAHTF permanent loans will not exceed an 18-year term, the amortization schedule will not exceed 40 years, and they are repayable through cash flow. Applicants will propose an interest rate advantageous to their project but not less than necessary, and in no case less than 1%. A 0.75% origination fee is due at closing. Temporary or transitional housing may request loan forgiveness up to 50% of the amount of a permanent loan. A 2% retainage for permanent loans financing new construction, conversion or rehabilitation activities will be withheld and released upon receipt of the architect's Certificate of Substantial Completion and the Occupancy Permit issued by the City of Helena's building department. HAHTF permanent loans may not exceed \$400,000, are nonrecourse and will subordinate to senior debt.

HAHTF construction loan amortization schedules will match the loan term and are repayable upon conversion to permanent financing. Applicants will propose an interest rate advantageous to their project but not less than necessary, and in no case less than 1%. A 0.75% origination fee is due at closing. Temporary and transitional housing may request loan forgiveness up to 25% of the amount of a construction loan. Construction loans may not exceed \$1MM, construction loan terms are not to exceed 3 years, and may require personal guarantees from project owner/developer/sponsor.

Construction loans may be converted to permanent loans upon stabilization commensurate with the requirements of the project's senior debt.

Other terms requested by the Applicant may be considered on a case-by-case basis and may require additional documentation and explanation as to why the project cannot move forward without special terms. The Advisory Board will determine if the applicant's proposed loan terms are reasonable and in the City's best interest.

Loans may be made directly to the Owner or an affiliate entity as benefits the project and approved by the City. Loans are non-assumable without written permission from the City of Helena. If a request for loan transfer is declined, the loan is due in full upon sale or transfer of ownership. Loans can be prepaid in whole or in part at any time without penalty. Prepayment does not end the period of affordability before its original end date. Loans are expected to be repaid on a monthly basis.

Under extraordinary conditions, and after all other project funding has been secured, the Affordable Housing Trust Fund Advisory Board may approve modifications of the above terms to accommodate a project's specific needs. Modifications may include:

- Loans may be negotiated for interest rates or terms lengths other than the standard loan terms noted above.
- Projects may receive funding in the form of deferred payment loans due upon sale or transfer of the property.

Such modifications will only be allowed if it can be shown that the City's standard terms would cause undue hardship to the applicant or would preclude the successful completion of the project. It is the responsibility of the project applicant to provide sufficient evidence to the City that the requested modifications are necessary in order for the project to be completed.

Underwriting and Subsidy Layering Standards

The City of Helena will undertake a project-by-project underwriting and subsidy layering review to ensure that:

- The HAHTF loan will only be the amount necessary to provide quality affordable housing that is financially viable; and
- The sources and uses of funds are reasonable and necessary, and will not result in undue profit.

Affordable rental and non-permanent housing projects should demonstrate consistency with the following underwriting parameters:

- Vacancy Rate
 - New construction vacancy rate of 10% for projects with fewer than 20 units, 7% for projects with 21-50 units, and 5% with 51 or more units or projects with 100% project based rental assistance.
 - Greater of 5% vacancy rate or last 3-year vacancy rate average but not exceeding 7% for rehabilitation projects.
- Debt service coverage ratio
 - Projects with an upward trend through HAHTF period of affordability should have a DSCR between 1.15 and 1.30 in the first year of normal operation.
 - Projects with downward trend through HAHTF period of affordability should have a DSCR between 1.10 and 1.50 during the HAHTF period of affordability, beginning the first year of normal operation.
- Operating reserves should be at least four months of operating expenses, debt service payments, and annual replacement reserve payments.

- Replacement Reserves should be contributed in an amount equal to at least \$250 per unit annually.
- If tenants pay utilities, projects are to show utility allowances based on the Montana Department of Commerce Section 8 Utility Allowances, USDA RD Utility Allowances, or HUD Utility Schedule Model (HUSM).
- Income trending at 2%
- Expense trending at 3%
- Reserve Trending not to exceed 3%
- Operating Expense per unit between \$3,000 and \$6,000
- 5% minimum construction contingency

Some of the specified underwriting parameters may not apply to temporary or transitional housing. Temporary or transitional housing must identify and explain deviations from the underwriting parameters in the application for HAHTF assistance. At a minimum, temporary or transitional projects must demonstrate need and feasibility by submitting evidence of demand, a comprehensive sources and uses statement, rent schedule, proforma, and construction flow of funds. If requesting loan forgiveness, temporary or transitional housing must also provide a financial analysis showing proposed project's inability to repay the entire loan amount and indicate the amount of loan forgiveness necessary to complete the project.

The City must be made aware of significant changes to a project's financial assumptions or proposed project outcomes in order to determine if the investment of HAHTF needs to be reconsidered. At the City's discretion, a new underwriting and subsidy layering review may be required. The result of such a review may result in a change in the amount or terms of a HAHTF loan. An updated sources and uses, rent schedule, proforma, and implementation schedule must be submitted for City review within 30 days of closing. The City has the right to request any additional documentation it deems necessary to ensure the transaction is appropriate and in its best interests.

An independent certified accountant must produce a final cost certification verifying the project's actual sources and uses were largely consistent with what was presented in the application. HAHTF funds found to have been spent in ways other than proposed in the application or a project found to materially differ from what was presented in the application may face repayment of all or a portion of the HAHTF investment.

C. Mixed Use and/or Mixed Income

Projects that are mixed use or mixed income may receive HAHTF assistance. At least 50% of the housing units (rounded up to the nearest whole unit) in a mixed use or mixed income development receiving HAHTF assistance must house low- to moderate-income households and comply with HAHTF requirements.

XI. Single Family Dwelling Unit Development

Single family housing development includes new construction or conversion of housing including but not limited to townhomes, condominiums, or detached homes that are owner-occupied or made available for purchase by a low- to moderate-income household.

A. Cost Limits

Total construction costs for newly constructed or converted single family housing assisted with a HAHTF loan cannot exceed the purchase price limits established by Montana Housing, available online:

<https://housing.mt.gov/Homeownership/Homebuyers/Current-Rates,-Income-and-Purchase-Price-Limits>.

B. Mixed Use and/or Mixed Income

Projects that are mixed use or mixed income may receive HAHTF assistance. At least 50% of the housing units (rounded up to the nearest whole unit) in a mixed use or mixed income development receiving HAHTF assistance must house low- to moderate-income households and comply with HAHTF requirements.

C. Financing Structure & Requirements – Non-Land Trust Development

This Financing Structure & Requirements section is only applicable to single family dwelling unit development where the properties **are not** placed into a land trust that will maintain its affordability in perpetuity.

Loan Terms

Single family development loans will be lent as short-term construction loans and will be governed by the following terms and conditions.

HAHTF construction loan amortization schedules will match the loan term and is repayable upon conversion to permanent financing. Construction loans are expected to be repaid within 2 years of closing. Single family development projects not completed or occupied within 3 years of closing are subject to repayment of the full HAHTF loan and penalty in the amount of 25% of the HAHTF loan. Applicants will propose an interest rate advantageous to their project but not less than necessary, and in no case less than 1%. A 0.75% origination fee is due at closing.

The amount of HAHTF funds invested in a single family home cannot exceed 50% of its prospective value as evidenced by an appraisal or comparative market analysis.

Depending on the nature of the project, HAHTF single family loans may or may not be nonrecourse and may or may not subordinate to a senior lender. The City will determine if the applicant's proposed loan terms are reasonable, in the City's interest, and advantageous to the project.

Underwriting and Subsidy Layering Standards

The City of Helena will undertake a project-by-project underwriting and subsidy layering review to ensure that:

- The HAHTF loan will only be the amount necessary to provide quality affordable housing that is financially viable; and
- The sources and uses of funds are reasonable and will not result in an undue profit.

Single family housing development projects demonstrate need and feasibility by submitting evidence of demand and a marketing plan, a comprehensive sources and uses statement, proforma, and construction flow of funds. Projects must include a discussion of its ability to attract eligible purchasers and consummate a sale within the 3 year period.

The City must be made aware of significant changes to a project's financial assumptions or proposed project in order to determine if the investment of HAHTF needs to be reconsidered. At the City's sole discretion, a new underwriting and subsidy layering review may be required. The result of said review may result in a change in the amount or terms of a HAHTF loan.

An independent certified accountant must produce a final cost certification verifying the project's actual sources and uses, were largely consistent with what was presented in the application. HAHTF funds found to have been spent in ways other than proposed in the application or a project found to materially differ from what was presented in the application may face repayment of all or a portion of the HAHTF investment.

D. Financing Structure & Requirements –Land Trust Development

This Financing Structure & Requirements section is only applicable to single family housing development where the properties **are** placed into a land trust that will maintain its affordability in perpetuity.

Financing Terms

The City requires property placed into a land trust be secured with a deed restriction or similar covenant running with the land that will ensure the property's affordability and eligibility of future owners in perpetuity. The City may make grants available to these projects. The grant amount shall be determined on a case-by-case basis and will not exceed the amount of funds necessary to complete the project.

The amount allocated to any entity will be based on the amount of funds that can reasonably expected to be spent within a three (3) year period, as proposed in the application. The City will maintain control of these funds until they are needed for an eligible use.

XII. Homebuyer Assistance

Applicants wishing to utilize HAHTF funds for homebuyer assistance activities must submit a detailed proposal to the Advisory Board detailing how the proposed homebuyer assistance program will operate. This proposal must specify all aspects of the program, such as the processes it will use to determine beneficiary eligibility, document compliance with HAHTF requirements, manage and repay HAHTF funds, and how HAHTF funds will be paired with other sources to fill financing gaps.

XIII. Application Submission

Applications for HAHTF funding will be considered on a regular basis. Application cycles will be timed to complement annual funding cycles for state and federal funds expected to make up the bulk of a project's funding package. Each year's specific funding schedule and application requirements will be published in advance of the application due date.

Any request for information or clarification must be submitted by email to the City of Helena at least fifteen (15) calendar days before the application deadline.

Questions, requests for information, or clarification may be sent to the City of Helena Housing Coordinator at ksnyder@helenamt.gov.

A non-refundable application fee of \$200 is due upon application submission.

XIV. Administrative Procedures

Applications will be submitted through a shared OneDrive folder set up for each application. Applicants must contact the City Housing Coordinator for access to their organization's individual folder.

Applications will be reviewed as follows:

1. City staff and Advisory Board review applications
2. Applicants present project to Advisory Board & City staff
3. Advisory Board makes recommendation to City Commission
4. City Commission makes final award and funding decisions.

Upon award, City staff will issue a preliminary letter of commitment including a general project description and anticipated outcomes in terms of number and type of units or households assisted, and stipulating the HAHTF loan terms and repayment schedule.

Funds not awarded in the current cycle will be made available the following application cycle, however up to \$100,000 may be held in reserve and be made available to address unanticipated housing-related emergencies. Organizations providing affordable housing that experience a housing-related emergencies may be invited to submit an application outside the annual cycle upon invitation from City staff.

The City reserves the right to waive irregularities or deficiencies in a proposal if the City determines that such a waiver is in its best interest. The City reserves the right to fund projects at a level that is less than the amount requested. In cases of doubt or differences of opinion concerning the interpretation of this guidance or the application contents, the City reserves the exclusive right to determine and interpret the intent, purpose and meaning of any provision, which determination and/or interpretation shall be binding to the applicant.

Each recipient is required to carry out the specified activity in the manner described in the application, and to meet all of the obligations contained herein. Any material modifications to the project's financial assumption, its outcomes, or the manner in which the activity is carried out will require prior approval from the City. Advisory Board meetings may be called as needed to review proposed changes to an approved HAHTF project.

The City appreciates that successful affordable housing projects take many years to complete. However, projects must make demonstrable progress toward completion within one year from the date of the preliminary letter of commitment. The City reserves the right to withdraw or reconsider the award in the event that an applicant fails to meet this requirement.

In the event of non-compliance with any applicable City federal or state laws, codes, or regulations, the City's award may be terminated or suspended in whole or in part.

Any applicant (including any entity that has or had family or business ties or obtains an ownership interest in the project or property) who is in default on any funding agreement or reporting requirements for any City, state, or federal loans or grants, or is not in

compliance with any zoning, planning or building division requirements, regardless of site will not be eligible for funding through this program.

HAHTF loans will close at or about the time all other project financing closes. HAHTF funds will not be released until all other financing is firmly committed and made available for use.

XV. Advisory Board

The Advisory Board will be appointed by the City Commission, and is comprised of up to seven (7) members who have a background and working knowledge in the areas of finance, real-estate development, nonprofit housing provider, architecture or engineering, and direct experience with housing insecurity. Knowledge of state, federal, or other funding sources that may act as primary financing is preferred. Members are responsible for reviewing, understanding, and analyzing project financials and making judgments as to a project's short and long-term feasibility and the reasonableness of an application's loan request and providing advice and recommendations to the City Commission for approval/denial. Members are also responsible for maintaining familiarity with the HAHTF Program Guidelines and current HAHTF Application.

The mayor appoints individuals to the Advisory Board with the advice and consent of the City Commission. Appointments are made for a three (3) year term. Members perform service voluntarily without compensation and are immune from liability with respect to any recommendation or action taken during the course of those services. Vacancies occurring in the membership of the Advisory Board will be filled by appointment by the mayor and the advice and consent of the City Commission. Each year on or about the time the annual HAHTF Application is released, the Advisory Board selects one of its members as chairperson and another of its members as vice chairperson.

The Board will review applications to ensure:

- 1) The amount and terms of the HAHTF loan is necessary to provide quality affordable housing that is financially viable;
- 2) The proposed sources and uses are reasonable;
- 3) The underwriting's financial assumptions are consistent with HAHTF underwriting and subsidy layering standards or other applicable financial standards and requirements;
- 4) The proposed project and financing structure is in the City's best interests; and
- 5) The project is feasible and achievable.

A project's conformance to the rules, requirements, and industry norms of a its primary financing sources will be considered when reviewing a project's financial assumptions and strategy.

The Advisory Board will also review applications for consistency with the City’s HAHTF goals and priorities established in the HAHTF Application.

XVI. Recipient Requirements

A. Written Agreements

City staff will be available to provide technical assistance in determining which requirements apply to each project and interpreting relevant policies. However, recipients will be responsible for satisfying these requirements, documenting how the requirements are being satisfied, and reporting to the City on how these requirements are being satisfied.

At the time the loan is closed and prior to the disbursement of any funds, recipients and the City will sign a Loan Agreement stipulating the terms and conditions of the project and HAHTF loan including and/or incorporating by reference:

- (1) The applicable HAHTF program guidelines, application materials & requirements;
- (2) The application requesting HAHTF assistance;
- (3) All HAHTF loan terms and conditions applicable to the project;
- (4) The project’s details and anticipated outcomes in terms of the location, anticipated beneficiaries, and number and type of units or households assisted; and
- (5) Other items deemed necessary by the City.

In addition to the Loan Agreement, a Trust Indenture, Promissory Note, and in some cases a Deed Restriction securing the HAHTF investment will be signed by the recipient and filed with the Lewis and Clark County Clerk and Recorder; violation of which could result in full repayment of the HAHTF investment.

B. Ongoing Compliance, Recordkeeping, and Reporting

Recipients must maintain accurate records documenting that the project continues to meet its obligations commensurate with HAHTF requirements and the project’s intent through its entire period of affordability. Recipients must provide annual reports to the City demonstrating that this requirement is being satisfied. At a minimum, reports must document that 1) the project is serving eligible beneficiaries; 2) Costs paid by HAHTF are eligible; and 3) The project continues to operate as intended and in a manner consistent with HAHTF and other funding requirements; there has been no change in land use, occupancy, or other characteristic that would have triggered full repayment of the HAHTF investment or make the project otherwise ineligible for HAHTF assistance.

Projects currently in construction must submit the following documents on a quarterly basis:

- Summary of project and progress since last report

- Project construction status
- Estimated date of completion
- Material (>5%) changes to sources and uses or unit mix
- Marketing & lease up plan
- Third-party construction monitoring reports if required by other funders

At time of project completion, projects must submit the following information:

- Final cost certification
- Final sources and uses
- Certificate of occupancy
- Draft Marketing & lease up plan when project reaches 75% completion
- Contact information for ownership and property management agent

Typically, City staff will simply accept the results of monitoring and compliance reviews conducted by state or federal programs that provided the primary financing for rental and non-permanent housing projects.

In the absence of funding sources with these requirements, recipients must submit to annual monitoring visits and file review to ensure ongoing compliance. This may include physical inspections of the property and housing and reviewing the recipient's files to ensure compliance with all applicable HAHTF requirements. The City will charge an annual monitoring fee of \$45 per unit/bed fee to conduct this onsite monitoring visit and file review.

Recipients, project owners or property management agents of completed rental or non-permanent housing projects are required to submit, at a minimum, the following documents every year:

- Current contact information for the project owner, management company, and site manager
- Annual report that includes, at a minimum, the following:
 - Vacancy rates
 - Total households provided with affordable housing
 - Changes in property management, ownership, operating subsidies, or service provision
- Certified annual operating statement
- Compliance/monitoring reports from other funders
- Current rent rolls
- Current tenant selection policies and procedures
- Current marketing plan
- Most recent audited financial statements
- Documentation of household income to ensure it meets the affordability required

- Rent limits and utility allowances
- Additional documents as requested by City staff

Recipients failing to submit adequate reports or whose reports evidence the project is not meeting its period of affordability requirements may be subject to immediate and full repayment of the HAHTF investment.

XVII. Requests for Funds

The City will release HAHTF funds on an as-needed basis during the course of the project (upon receipt of a request for funds and accompanying supporting documentation). HAHTF funds may be drawn not more than once per month and the City of Helena reserves up to fifteen (15) business days to process a request for funds. This 15-day period begins once all necessary documentation has been received.

XVIII. Other Considerations

Recipients are responsible for being aware of and complying with all applicable local, state, and federal policies, regulations, and statutes which may include, but are not necessarily limited to:

- Montana Landlord Tenant Law
- Displacement/relocation protection
- Fair Housing Act
- The National Environmental Protection Act (NEPA) and the Montana Environmental Protection Act (MEPA).
- ADA & Section 504
- Tri-County Housing Needs Assessment
- 2019 Growth Policy
- TIF District Information (“At least ten percent (10%) of annual tax increment funds generated in urban renewal districts must be prioritized or segregated for the support of affordable housing projects within each respective urban renewal district.
– Section 4 of Resolution No. 20630