

FY 2014 CDBG PLANNING GRANT APPLICATION

MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
MONTANA DEPARTMENT OF COMMERCE – COMMUNITY DEVELOPMENT DIVISION

ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS

The Applicant hereby certifies that:

It will comply with all applicable parts of Title I of the Federal Housing and Community Development Act of 1974, as amended, which have not been cited herein, as well as with other applicable federal laws and regulations.

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

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

APPLICANT-CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

Signature: _____

Chief Elected Official or Authorized Representative

Name: _____ Title: _____

Date: _____

Name of Local Government: Gallatin County Montana
Phone #: (406) 582-3192
Fax #: (406) 582-3003

Mailing Address of Applicant: Gallatin County
 Grants & Projects Administration
 311 West Main, Room 304
 Bozeman, MT 59715

Federal Tax ID #: 816001363

DUNS #: 174978999

Montana Senate District: Districts 32

Montana House District(s): Districts 64

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CDBG PLANNING GRANT FUNDS REQUESTED: \$30,000

FUNDING SOURCES	AMOUNT	STATUS OF COMMITMENT
Big Sky Chamber of Commerce	\$10,000	Firm
CDBG Funds Requested	\$30,000	Pending application approval
TOTAL ESTIMATED COST	\$40,000	

BRIEF DESCRIPTION OF THE PROPOSED PLANNING ACTIVITY:

Gallatin County, and the Big Sky Chamber of Commerce, are seeking Montana Department of Commerce CDBG Planning Grant funds to develop a comprehensive Preliminary Architectural Report (PAR) combined with a feasibility study that builds on the existing housing study prepared in 2014 by Economic & Planning Systems, Inc. – a land economics consulting firm experienced in services related to real estate development market analysis, public/private partnerships, and the financing of government services and public infrastructure. The PAR will address feasibility, site options, cash flow/cost analysis, and provide preliminary architectural renderings.

Gallatin County and the Big Sky Chamber of Commerce respectfully request that the Montana Department of Commerce allocate \$30,000 in CDBG Planning funds for the Big Sky planning effort. In this way, the community's housing needs can begin to be addressed in a strategic, systematic way.

I. ELIGIBLE APPLICANT?

YES. Gallatin County does not have an open CDBG Planning Grant and is therefore eligible to apply for a 2014 CDBG Planning Grant.

II. APPLICATION SUBMITTED ON BEHALF OF A NONPROFIT AGENCY, WATER AND SEWER DISTRICT OR SIMILAR ORGANIZATION?

YES. Gallatin County is applying for this CDBG Planning Grant on behalf of Big Sky, an unincorporated community with a population of 2,308 (2010 Census). Because Big Sky has no seat of government, the Big Sky Resort Association – dba Big Sky Chamber of Commerce – takes responsibility for much of the primary infrastructure improvement and coordinating efforts among stakeholders. The nonprofit Chamber, with nearly 400 businesses in and around the Big Sky area, is taking the lead on developing an affordable workforce housing strategy.

III. ELIGIBLE PLANNING ACTIVITY?

YES. The activities proposed in this application are eligible and will build on an existing housing study prepared by Economic & Planning Systems, Inc. and will lead to development of a Preliminary Architectural Report (PAR) and a comprehensive feasibility study.

IV. REQUIRED MATCHING FUNDS PROVIDED?

YES. Exhibit 2 contains the planning budget and narrative. The Big Sky Chamber of Commerce is contributing the total amount of the match. The Chamber only recently became aware that an additional \$2,912 to cover Gallatin County's 7.28 percent grant administration fee could not be included in its \$10,000 match, which is somewhat of a hardship on the nonprofit organization's small budget. If MDOC has the flexibility to allow inclusion of the County's grant administration fee in the Big Sky match, this would be very helpful to the Chamber's budget. If it is not possible, the Chamber is prepared to reallocate funds to cover the County's grant administrative fee.

V. REQUIRED LETTER OF COMMITMENT INCLUDED?

YES. Exhibit 3 contains the matching fund commitment letter from the Big Sky Chamber of Commerce.

VI. PROJECT IMPLEMENTATION SCHEDULE PROVIDED?

YES. See Exhibit 1 for the Project Implementation Schedule.

VII. PROPOSED BUDGET AND BUDGET JUSTIFICATION NARRATIVE PROVIDED?

YES. See Exhibit 2 for the Budget and Budget Justification Narrative.

VIII. DETAILED PROJECT PROPOSAL

A. Describe how the proposed planning project will:

1) Promote long term, proactive planning measures.

Like many resort communities with high property values, Big Sky is challenged to provide affordable housing for its permanent year-round workforce. Despite the relatively small resident population of 2,308, Big Sky's population soars to nearly four times that number due to its perennial tourism economy and the fact that nearly 60 percent of its homes are occupied as vacation residences.

In a 2014 study commissioned by the Big Sky Chamber of Commerce, Economic & Planning Systems, Inc. (EPS) estimates that because of the lack of housing, 1,900 workers – 83 percent of the workforce in Big Sky – commute from Bozeman, Belgrade and surrounding communities, leading to one-way commute distances of 80 or 90 miles. This level of commuting means that a majority of the essential community workforce – teachers, public safety officers, nurses, medical technicians, and other skilled workers – are not living locally. And the prevalence of in-commuting is growing annually at an average rate of 8 percent.

Given these distances, public transportation is vital to ensuring that employees have an affordable way to commute to the jobs that exist in Big Sky. But without the opportunity to buy or rent affordable housing, the workforce is denied a sense of ownership and investment within the community and is not participating in civic and community activities. This has a negative impact on the quality of life and the very fabric of the community.

Given the growth in Big Sky (10.3 percent during the past decade) and ten-year growth projections for Gallatin County and Big Sky of 49.2 percent, the Big Sky Chamber of Commerce (partnering with Gallatin County) recently submitted a U.S. Department of

Transportation TIGER Planning Grant to fund a much needed Big Sky Transportation Development Plan that would explore multimodal transportation options to maximize the safe and efficient movement of people while minimizing the use of the roadway and corresponding environmental impact.

The award of a CDBG Planning Grant will capitalize on the 2014 EPS housing study that assessed current housing availability and needs, enabling Big Sky to prepare a Preliminary Architectural Report (PAR) to address the feasibility and cost of developing affordable housing. In this way, the community's housing needs can begin to be addressed in a systematic way and a long-term strategy can be developed for meeting the housing needs of Big Sky's year-round workforce.

2) Promote equitable, affordable housing.

In 2013, the Gallatin Canyon/Big Sky Planning and Zoning District convened three "idea exchanges" resulting in a 63-member citizens group adopting six livability principals established by the Partnership for Sustainable Communities. One of the principals adopted: "Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation."

The Big Sky Chamber of Commerce, acting as the project manager for the citizens group, requested funds from the Big Sky Resort Area Tax District to develop an affordable workforce housing study. The Resort Tax Board of Directors approved the request and contracted with the Chamber to retain Economic & Planning Systems, Inc. (EPS) in October 2013 to develop the housing study (Exhibit 4).

The award of a CDBG Planning Grant will enable Big Sky to move forward with the community's desire to provide affordable housing and build on the 2014 housing study prepared by EPS. A CDBG Planning Grant will provide Big Sky with a comprehensive affordable housing feasibility study, site options, cash flow/cost analysis, and preliminary architectural renderings that would maintain the existing architectural integrity of the community – a necessity if affordable housing is to be completely embraced by the community.

3) Support existing communities.

Developing mixed-use walkable neighborhoods, maximizing multimodal transportation options, and improving efficiencies of public works investments while safeguarding the region's rural landscapes are livability principals adopted by Big Sky, and will ensure that

residents, commuters and visitors alike can connect seamlessly with residential, retail, schools, recreation and employment.

4) Conserve, responsibly utilize, and protect valuable natural resources.

The 228.2 square-mile unincorporated community of Big Sky is located midway between West Yellowstone and Bozeman on US 191, just 15 miles from the northwestern border of Yellowstone National Park. Residents and visitors alike are attracted to its stunning views and access to world-class outdoor recreation. Ensuring that the area's natural resources are protected is analogous to protecting the local economy.

In 2011, the Gallatin Canyon/Big Sky Advisory Committee retained economic and planning consultants TishlerBise to produce a comprehensive Capital Improvement Plan (CIP) for Gallatin Canyon/Big Sky Planning and Zoning District. The CIP – an important component of the overall District comprehensive plan – states that protecting and enhancing the environmental qualities that are an essential part of Gallatin Canyon and Big Sky is critical to its comprehensive plan.

It is expected that a PAR supported by a CDBG Planning Grant will take into account Big Sky's desire to pursue LEED certification for any and all affordable housing projects.

5) Value healthy communities and neighborhoods.

Developing neighborhoods that are walkable, affordable and environmentally sustainable ensures a Big Sky in which people want to live, work, learn and play. The community has a well-designed, multi-use park and trails system that enables residents to seamlessly connect with neighborhoods, schools, shopping, jobs and an abundance of recreational opportunities. It will be a priority that any affordable housing project be constructed in close proximity to multimodal transportation options.

B. Address the following elements as they relate to the proposed planning project, providing references and supplemental documentation as necessary to adequately illustrate a response:

1) The need for financial assistance to complete the planning project.

Big Sky is an unincorporated community with no seat of government. The Big Sky Area Resort Tax District – a locally sourced and controlled revenue source that is unique to Big Sky – funds more than a dozen nonprofits that do the work for Big Sky. Since its inception, the money raised from the tax has funded services and programs such as a

post office, infrastructure, emergency and fire services, public transportation systems, parks and trails, the community library, and other services that provide for public health, safety and welfare. The District's 2014 FY budget is approximately \$3.7 million; however, requests for support were nearly double that amount. Funds have been completely appropriated for FY 2014-2015.

Gallatin County has traditionally funded very limited planning and capital improvement projects in Big Sky. Given the County's financial challenges, it is expected that the County will continue not to play a significant role in funding the community's planning or capital needs. The County has agreed to act as the fiduciary agent in the event a CDBG Planning Grant is awarded to Big Sky. However, the Big Sky Chamber of Commerce will be responsible for incurring the County's 7.28 percent grant administrative fee (\$2,912), which will necessitate the Chamber reallocating funds from another program.

2) The fiscal capacity of the applicant to meet the grant conditions required by the Department, including but not limited to its ability to manage the planning project, demonstrate the use of generally accepted accounting principles.

Gallatin County will be the fiscal agent for this CDBG Planning Grant. The County has a professional grant administration team and manages dozens of State and federal grants at any given time.

3) Past efforts to ensure sound, effective, long-term community-wide planning.

In 2011, the Gallatin Canyon/Big Sky Advisory Committee retained economic and planning consultants TishlerBise to conduct a comprehensive review and update of the Capital Improvements Plan (CIP) for Gallatin Canyon/Big Sky Planning and Zoning District. The previous CIP was prepared in 1996. The CIP is an important component of the overall District comprehensive plan. The study, in part, addressed Big Sky's affordable housing challenges, especially in relation to workforce housing.

In 2013, the Big Sky Chamber contracted with Economic & Planning Systems, Inc. (EPS) to produce a housing study. The report identified significant trends and conditions in Big Sky. Among employers surveyed, 7 out of 10 indicated that the availability of housing was a major issue affecting their ability to hire qualified staff.

EPS also identified best practices adopted by similar resort communities with housing challenges, and provided a framework of options to facilitate public/private housing

solutions. Also provided were recommendations on organizational and land use strategy concepts. (The report is attached as Exhibit 4.)

4) The ability to obtain and commit the required matching funds.

Big Sky Chamber of Commerce will provide \$10,000 in matching funds, should Gallatin County be awarded a \$30,000 CDBG Planning Grant (see Exhibit 3).

5) The importance of, and the community's current support for, the planning project.

The project represents the culmination of extensive public involvement and support from the public and numerous organizations and agencies. Upon initiation of the housing study in 2013, Economic & Planning Systems, Inc. and the Big Sky Chamber of Commerce met with a variety of stakeholders and members of the public in one-on-one interviews, group meetings and focus groups.

C. Describe the intended outcome of the proposed planning project; how will the receipt of planning grant funds have a positive impact on the applicant community, and what steps will be taken following the conclusion of the planning activity (additional grant funds sought, implementation, construction, etc.).

Based on two independent and viable housing targets, Economic & Planning Systems, Inc. (EPS), recommends that Big Sky target housing to meet the needs of 630 to 670 more households (60 percent of the local workforce or approximately 50 percent of the in-commuting workforce). Given the distribution of wages by in-commuters from the employer survey, EPS estimates this would result in a total of 400 to 450 rental units and 200 to 220 for-sale units.

This is a substantial target, but the community has to start somewhere. The award of a CDBG Planning Grant will facilitate a Preliminary Architectural Report (PAR) and a comprehensive feasibility study, which should include site options, cash flow/cost analysis, and preliminary architectural renderings. This will enable Big Sky to build on the 2014 EPS housing study and facilitate a project implementation plan to include identification of suitable land, developing potential funding sources, and creating a land trust and/or identifying housing agencies and organizations in which to work to help complete the project.

Big Sky is ready to move forward.

EXHIBIT I

**MONTANA DOC CDBG PLANNING GRANT
CDBG HOUSING, PUBLIC FACILITIES & COMMUNITY PLANNING PROGRAM**

PROJECT IMPLEMENTATION SCHEDULE

TASK	MONTH
<u>PROJECT START UP</u>	
Preparation of MDOC Contract	September 2014
<u>PROCUREMENT OF PROFESSIONAL ASSISTANCE</u> <i>Including professional engineers, architects, community development consultants, etc.</i>	
Submit Requests for Proposals (RFP) to DOC for approval	October 2014
Publish RFP or RFQ	November 2014
Select professional	December 2014
Execute agreement with professional	December 2014
<u>PROJECT IMPLEMENTATION</u>	
Prepare draft plan/report	February-April 2015
Submit interim drawdown of funds, and 50% draft of final product	February 2015
Public review and comment	April 2015
Finalize plan/report	May 2015
<u>PROJECT CLOSEOUT</u>	
Submit final product, both in hard copy and on disk	May 2015
Submit final drawdown	May 2015

EXHIBIT 2

MONTANA DOC CDBG PLANNING GRANT
CDBG HOUSING, PUBLIC FACILITIES & COMMUNITY PLANNING PROGRAM

PROPOSED PROJECT BUDGET & BUDGET JUSTIFICATION NARRATIVE

BUDGET for CDBG Housing & Public Facilities Planning Grant

Date: July 11, 2014

	SOURCE: CDBG	SOURCE/Match: Big Sky Chamber	SOURCE: Big Sky Chamber	TOTAL
Activities				
PAR and Feasibility Study	\$30,000	\$10,000		
County Grant Administration			\$2,912	
Total Planning Project	\$30,000	\$10,000	\$2,912	\$42,912

Preliminary Architectural Report (PAR) and Feasibility Study

The PAR and feasibility study will build on the Big Sky housing study presented in April 2014 by Economic & Planning Systems, Inc. A CDBG Planning Grant will provide Big Sky with a comprehensive feasibility study, multiple site options, cash flow/cost analysis, and preliminary architectural renderings. In this way, the community's workforce housing needs can begin to be addressed in a systematic way.

Based on Big Sky's informal conversations with Montana Department of Commerce CDBG and Planning staff as well as area architect/engineering firms, it is anticipated that costs to produce a preliminary architectural report – with emphasis on a strong feasibility study – could cost upwards of \$40,000. Actual costs will be the result of a contract(s) resulting from a competitive procurement process to be conducted by Gallatin County pursuant to the award of this grant request.

Gallatin County Grant Administration

The Big Sky Chamber of Commerce is prepared to absorb the 7.28% fee imposed by Gallatin County for administering the grant should the Montana Department of Commerce not permit the \$2,912 to be included in the Chamber's \$10,000 match.

EXHIBIT 3

**MONTANA DOC CDBG PLANNING GRANT
CDBG HOUSING, PUBLIC FACILITIES & COMMUNITY PLANNING PROGRAM**

COMMITMENT FROM BIG SKY CHAMBER OF COMMERCE FOR CDBG MATCHING FUNDS

EXHIBIT 4

**MONTANA DOC CDBG PLANNING GRANT
CDBG HOUSING, PUBLIC FACILITIES & COMMUNITY PLANNING PROGRAM**

ECONOMIC & PLANNING SYSTEMS 2014 HOUSING STUDY PREPARED FOR BIG SKY