

Downtown Residential Incentive Grant Program

**a program to support the creation of studios,
1-bedroom units, and affordable housing**

Information & Grant Application



PURPOSE:

The purpose of the Downtown Residential Incentive Program is to encourage the creation of new studio and one-bedroom residential units as well as residential units (regardless of number of bedrooms) that have long-term affordability controls within Bozeman’s Downtown Urban Renewal District (URD). To this end, the Downtown Residential Incentive Program will provide partial reimbursement for residential-related impact fees for the creation of eligible new downtown residential units.

The 2019 Downtown Bozeman Improvement Plan emphasizes the need to increase residential density in Bozeman’s historic core with a variety of housing types:

“With a tight housing market, two of the most important things that can be done to provide more accessible housing are 1) to not constrict supply and 2) to encourage density that allows for a variety of housing types, sizes and rents.

Downtown can’t follow a one-size-fits-most approach to providing housing. As more housing is built, care should be given to promoting housing types that meet the needs of different members of the community, including units of all sizes and rental opportunities. Cities across the country are striving for a range of housing, which acknowledges the many dimensions of need in each community and seeks to provide housing in the form of rentals, senior housing, workforce/employee housing and home ownership.

The City and the Partnership can actively work with developers to construct multi-family for rent housing projects. For example, the Downtown Partnership could retool the Residential “Incentive Program” which helps with impact fees to only apply to studios and one-bedroom units or to any project that has long-term affordability controls” (Page 106).

Downtown Residential Incentive Grant projects must support the goals of the 2019 Downtown Bozeman Improvement Plan. Copies of the Downtown Bozeman Improvement Plan are available from the Downtown Bozeman Partnership and online at:

<https://downtownbozeman.org/downtown-plans>

Applicants are reminded that grant criteria and awards are discretionary in nature, subject to revisions, available funds, and required approvals, and should not be considered an entitlement by the applicant. All grant criteria contained herein are guidelines for awards and successful applicants may receive any amount up to the maximum award. Should an application meet all grant criteria, a grant may or may not be awarded at the board’s discretion due to funding limitations, competing applications, and/or competing priorities of the Downtown URD.

AUTHORITY:

MCA Urban Renewal Law 7-15-4201 through 7-15-4293

7-15-4233. Powers which may be exercised by urban renewal agency or authorized department.

(1) In the event the local governing body makes such determination, such body may authorize the urban renewal agency or department or other officers of the municipality to exercise any of the following urban renewal project powers:

(e) to make and execute contracts as specified in [7-15-4251](#), [7-15-4254](#), [7-15-4255](#), [7-15-4281](#)

(n) to conduct appraisals, title searches, surveys, studies, and other preliminary plans and work necessary to prepare for the undertaking of urban renewal projects;

7-15-4255. Authority to provide or contract for services related to urban renewal.

(1) Every municipality shall have power to (a) provide or arrange or contract for the furnishing or repair by any person or agency, public or private, of services, privileges, works, streets, or roads in connection with an urban renewal project

ADMINISTRATION:

The Downtown Residential Incentive Grant Program will be administered by the Executive Director of the Downtown Bozeman Partnership located at 222 East Main Street, Suite 302, Bozeman MT 59715.

TIME FRAME:

Project applications will be taken until the current fiscal year's funding has been allocated. The URD Board will review applications on an as-needed basis. Applicants are advised that the application review process may take up to 30 days from the date of submission. The URD Board will consider funding the program on an annual basis.

DEFINITIONS:

The following definitions apply to this program:

Affordable housing. Housing for persons earning less than 65 percent of the area's annual median income for rental housing and 100 percent of the area's annual median income for purchased housing. Further, affordable housing does not require greater than 33 percent of the household gross annual income for housing. Annual median income is defined by the Department of Housing and Urban Development.

Apartment. A habitable room or suite of two or more habitable rooms meeting the requirements of the city's adopted International Building Code, located in an apartment building or used for residential purposes in non-residential buildings located within non-residential districts, as specified in this chapter. An efficiency unit is as an apartment under this definition. Townhouses and rowhouses are excluded from this definition.

Apartment building. A building other than a hotel, motel, townhouse, or rowhouse containing five or more dwelling units.

One Bedroom Unit. A single dwelling unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, eating, cooking, sanitation and which contains only one additional room for sleeping separated from the living space by walls and a door that can be closed; not to exceed 800 SF.

Rowhouse. A dwelling unit that shares one or more common or abutting walls with one or more dwelling units. A rowhouse does not share common floors/ceilings with other dwelling units.

Studio Unit. A single dwelling unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, eating, cooking, sanitation and which contains a sleeping area that is not separated from the living space by walls; not to exceed 600 SF. Studios larger than 600 SF will be classified as one bedroom units for the purposes of this program.

Townhouse. A dwelling unit, located on its own lot, that shares one or more common or abutting walls with one or more dwelling units, each located on its own lot. A townhouse does not share common floors/ceilings with other dwelling units.

Note that residential uses are not allowed on the ground floor in the “core area” of the downtown district. The “core area” extends along Main Street from Grand to Rouse and to the alleys one-half block north and south from Main Street.

ELIGIBILITY:

All projects seeking grant funding must meet the following criteria:

1. Projects must be located within the boundaries of the Downtown Bozeman Urban Renewal District which can be viewed at: <https://www.bozeman.net/government/gis-mapping>.
2. The following types of residential projects are eligible for grant funding:
 - a. New construction of residential units
 - b. Conversion of existing non-residential space into residential units
3. The project must create a minimum of four new qualifying residential units to receive grant funds.
4. Residential units may be for sale owner-occupied year-round primary residence or offered for lease/rent.
5. Short-term rental units are not eligible.
6. The residential unit(s) must comply with applicable building codes and ordinances as defined in the City of Bozeman Unified Development Code (UDC) in order to receive grant funds.

PROJECT TYPE:

There are two residential incentive grant programs currently available. All projects seeking grant funding must identify specifically which program is being applied for and meet the underlying criteria:

A. Studio and one-bedroom incentive grants

- a. Units must be studio or one-bedroom.
- b. Maximum grant is \$50,000 per project per fiscal year.
- c. Grant funds will provide partial reimbursement for the impact fees incurred due to the construction of residential units. The amount of grant funding will be calculated as a percentage of the residential-related net impact fees paid (less impact fee credits relating to existing uses and utilities). The grant amount will be for 50% of the residential impact fees incurred not to exceed \$50,000.

B. Affordable Housing incentive grants

- a. Meet the definition of “affordable housing” in the Unified Development Code AND include long-term (minimum 20 years) affordability assurance through deed restrictions or a community land trust.
- b. There are no limitations on the number of bedrooms for this grant.
- c. Maximum grant is \$100,000 per project per fiscal year.
- d. Grant funds will provide partial reimbursement for the impact fees incurred due to the construction of residential units. The amount of grant funding will be calculated as a percentage of the residential-related net impact fees paid (less impact fee

credits relating to existing uses and utilities). The grant amount will be for 100% of the residential impact fees incurred not to exceed \$100,000.

REVIEW PROCESS:

Applications will be reviewed by Downtown Bozeman Partnership staff and approved or denied by the Downtown Urban Renewal Board. Upon request, applicants will have an opportunity to present the project to the Board and respond to any questions or concerns before a decision is made. Applications will be reviewed on a first come, first served basis for the duration of funding availability. In all cases, the decision of the Downtown Urban Renewal Board and staff is final. Applications that are denied for lack of available URD funding may be re-submitted the following fiscal year.

All applicants will be apprised of the status of their application upon request. Award recipients will receive a Letter of Award and any conditions deemed necessary for receipt of the award.

RELEASE OF FUNDS:

Applicants will receive grant funding as a reimbursement upon completion of eligible work. In order to receive grant payment, the applicant must submit the provided Certificate of Grant Completion, documentation of work completed, and a copy of the City of Bozeman Occupancy Permit. Specific documentation requirements are outlined in the Certificate of Grant Completion. Release of funds is subject to submission of this documentation to the Downtown Bozeman Partnership by the award recipient. The project must be completed as originally presented in order to receive payment. At the discretion of the Downtown URD Board, projects may be subject to invoice payment verification, submittal of lien waivers, and site inspection.

ENCUMBERANCE:

Applicants receiving funding under the Downtown Residential Incentive Grant Program during the course of a given fiscal year (July 1 through June 30) are eligible to carry forward encumbered, unexpended funds for a maximum of one additional fiscal year if an effort has been made to begin the project in the initial year; and/or when circumstances related to weather, construction season, etc. prohibit the completion of the project. Applicants must advise the Downtown Partnership by May 1 if they will be requesting a carry forward encumbrance.

MULTIPLE PROJECTS:

The Downtown Urban Renewal Board reserves the right to alter the timing or funding levels of multiple projects from one applicant.

DISCLAIMER:

Neither the Downtown Bozeman Partnership LLC, nor the Downtown Urban Renewal Board, nor its affiliates shall be responsible for the planning, design, or construction of improvements to property that is owned by the applicant. No warranties or guarantees are expressed or implied by the description of, application for, award of or participation in the Downtown Residential Incentive Grant Program. The applicant is advised to consult with the City of Bozeman, licensed architects, engineers, or building contractors before proceeding with final plans or construction.

DOWNTOWN RESIDENTIAL INCENTIVE GRANT PROGRAM APPLICATION

1. Project Location

Address of Property: _____

Assessor Parcel Number(s): _____

Name of Business(es) in Project: _____

2. Applicant Information

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Email: _____

Do you Own, Rent or Lease the subject Property? _____

3. Project Information

Project Type

- Type A: Studio and/or one-bedroom grant
- Type B: Affordable Housing grant

Proposed project (check all that apply)

- New construction of residential units
- Conversion of existing non-residential space to residential units

Current status of site (check all that apply)

- Existing building
- Parking lot
- Vacant lot

Status of existing building on site (if applicable)

- Occupied
- Partially or completely vacant

Proposed number of units and types

- ___ (qty) Studio unit(s)
- ___ (qty) One bedroom unit(s)
- ___ (qty) Multiple bedroom unit(s)

Proposed market use (check all that apply)

- ___ (qty) Unit(s) to be offered for sale
- ___ (qty) Unit(s) to be offered for rent
- ___ (qty) Unit(s) to be owner-occupied
- Mixed use project (please specify other uses)

Affordability (if applicable)

- ___ (qty) Unit(s) that meet City's Affordable Housing definition
- Please note the mechanism(s) to guarantee long-term (minimum 20 years) affordability and include any relevant documentation.

4. Submittals

Applications **must** include the following documents and information to support this application for Downtown Residential Incentive Grant.

- a. Photographs of project site and/or building
- b. Description of the project (one written page maximum)
- c. Proposed development plans including site plans, floor plans indicating square footage and layout, elevations, additional supportive drawings as appropriate)
- d. Description of parking accommodations for residential units
- e. Affordable Housing Plan (if applicable) and supporting long-term affordability documentation.
- f. Financial analysis (project costs related to residential units to determine URD's ROI)
- g. Estimated date of occupancy

5. Signatures

Property Owner(s):

Applicant(s):

(Print Name)

(Print Name)

(Signature)

(Signature)

The Downtown Bozeman Partnership reserves the right to request additional information from the applicant to determine grant eligibility. **Applicants are required to submit a complete application and all supporting materials per the instructions in this packet; the Committee will not review incomplete applications.**

APPROVAL (For Official Use Only)

Date Approved:

Date Letter of Award Sent:

Date Certificate of Grant Completion:

Date of Payment Request: