



NEVADA CITY HOTEL



Long-Term Lease Program Guidelines

**Montana Heritage Development &
Preservation Commission**

March 2025

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[Appendix A](#) – Long-Term Lease Application

I: Introduction

In 2025, Montana House Bill 680 revised the laws related to the Montana Heritage Development and Preservation Commission, which is attached to the Montana Department of Commerce. The bill updates statutory language regarding allowable leases for MHC owned properties, including allowing longer term leases, up to 99 years. The Long-Term Lease Program will:

- (i) build additional capacity for business entities in Virginia City, Nevada City and Reeder's Alley in Helena.
- (ii) utilize private capital to make improvements to buildings which would otherwise be unable to be restored or revitalized.
- (iii) realize increases in lodging facility use tax, lodging facility sales tax and local option resort community tax through increased business utilization of MHC owned properties; and
- (iv) generate community revenue for the benefit of local economies.

The Long-Term Lease Program application, guidelines and other relevant information and resources are available on Commerce's MHC website at: <https://commerce.mt.gov/About/Boards/Montana-Heritage-Commission/Lease-Opportunities>. Interested entities can also e-mail MHC staff at mhc@mt.gov regarding any questions they may have about the Long-Term Lease program.

II: Definitions

Commerce: Montana Department of Commerce

MHC: Montana Heritage Development and Preservation Commission

Private Organization: An eligible private organization is a for-profit or nonprofit business that is engaged in business activities in Montana.

Project: A project is the intended capital improvements a private organization plans to make to MHC properties through their proposal and business plan.

SHPO: State Historic Preservation Office

Substantial Capital: Substantial Capital refers to an investment of no less than \$2.0 million in an individual property or project.

VCPO: Virginia City Preservation Office

III: Eligible Applicants

- Montana for-profit businesses.
- Montana nonprofit businesses.

Additional Requirements:

Registered Business – Must be in good standing and remain in good standing with the Montana Secretary of State.

Business Insurance – Must provide necessary business insurance as required through each individual contract.

Bonding – Applicants are responsible for maintaining necessary construction bonds for all construction projects.

Prevailing Wage – All contractors and subcontractors of applicants must provide for the payment of prevailing wages.

Preservation Requirements – All construction work must be approved through the appropriate SHPO and VCPO processes. MHC staff will work with applicants and contractors to submit the necessary paperwork. MHC staff will request the necessary information from applicants and contractors to ensure SHPO requirements are met.

IV: Ineligible Properties

Ineligible Properties include:

Virginia City ineligible properties:

- Aunt Julia's House; 333 W Wallace St.
- City Bakery; 315 Wallace St.
- Fairweather Inn/Fairweather Annex; 305 Wallace St.
- Gilbert Brewery; 200 E Cover St.
- Content's Corner/Bob's Place; 300 W Wallace St.
- Ruby Changs; 304 W Wallace St.
- Wells Fargo Display; 306 W Wallace St.
- Buford Block/Wells Fargo Coffeehouse; 320 W Wallace St.
- Boots & Shoes/Photo Shop; 310-312 W Wallace St.
- Virginia City Trading Company; 330 Wallace St.
- Bale of Hay Saloon; 344 W Wallace St.
- Opera House; 338 W Wallace St.
- Virginia City RR Depot; 413 W Wallac St
- Bonanza Inn/Bonanza House; 308 W Idaho St.
- Meagher Cabin; 208 W Idaho St.
- Lightning Splitter/Harding House; 307 S Jackson St.
- Daems Cottage & Corbett House; 118 W Idaho St.
- Tent Village; 333 W. Wallace St.
- Ron Abbe Cabin; 307 1/2 S. Jackson St.

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- Bovey House; 325 E Cover St.
- Kitson Cabin; 408 W Cover St.
- Kissling Cabin; 402 W Cover St.
- Bickford House; 824 E Wallace St.
- Ford's Old House; 307 W Cover St.
- The Village Pump; 225 E Wallace St.
- McFarland Curatorial Center

Nevada City ineligible properties:

- Nevada City Cabins; 1578 MT Hwy 287
- The Star Bakery; 1574 MT Hwy 287
- River of Gold; 1559 MT Hwy 287

Reeder's Alley ineligible properties:

- Unit #s 103, 131, 133, 127, 129, 137 and 123
- Unit #s 105 and 135
- Unit #109
- Unit #111
- Unit #113
- Unit #115
- Unit #117
- Unit #119
- Unit #121
- Unit #s 139 and 140
- Caretaker's Cabin and Lawn
- Pavillion

V: Eligible Properties

Eligible Properties include:

- All MHC properties which are not listed in Section IV. Ineligible Properties including buildings and unimproved land.

VI: Eligible Projects

Eligible Projects include:

- Restoration, preservation or rehabilitation of MHC-owned buildings to be utilized for business use.
- Improvements to MHC unimproved land parcels to be utilized for business use.

Applications should identify:

- The total estimated capital investment the applicant intends to make into the property.
- A timeline of what project construction, preservation or other activities will occur within the 24 months following the contract date.
- Business use case and business plan for the property.
- Timeline for business to become profitable.
- Benefit to the community.
- Any additional information explaining the benefit of the private organization receiving a Long-Term Lease.

The applicant must demonstrate business acumen with an understanding of revenue, margin, cash flow and how the business will show profitability (or will be profitable) for itself and MHC.

VII: Lease Rates

Offered lease rates will vary based on the business use case and any MHC investment into the business.

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Lease rates will be determined through the contracting process with lower or no rent paid while capital improvements are made and with a graduated rent structure as the business opens and becomes profitable or shows added community value.

VIII: Application Process

The Long-Term Lease program accepts applications via email to mhc@mt.gov. Emails must be received by 12:00 noon three weeks prior to each MHC meeting to be included in the next meeting's agenda. MHC meetings typically fall on the first Friday of March, June, September and December but may change as needed. A list of MHC meeting dates can be found at:

<https://commerce.mt.gov/About/Boards/Montana-Heritage-Commission/Reports-Publications-and-Meetings>.

The application review process includes:

Completeness Review - All applications received are reviewed for completeness.

All complete applications received by 12:00 noon mountain standard time on the application due date prior to each MHC meeting will be reviewed and evaluated by the review committee.

Committee Review - The review committee will be comprised of MHC Executive Director, MHC Visitor Services Coordinator, MHC Office Coordinator, Commerce legal counsel, Commerce finance team member and Commerce Deputy Director. The review committee will review completed applications by applying the review criteria identified below before making recommendations to be included in the MHC meeting agenda.

Commission Review – The MHC will receive application information at least one week prior to each MHC meeting date. The MHC will have discussions and take public comments during each MHC meeting. MHC will vote to decide if the

application moves forward to the contracting process or not. The contracting process will be owned by Commerce Director's Office staff, including legal, fiscal and contracts administration staff.

IX: Application Review Criteria

The review committee and the commission will use the following criteria to evaluate applications for the Long-Term Lease Program. Applicants should ensure their application, business plan, and supplemental materials provide detailed information on the following criteria.

1. Project Details:

Applications must include project details within the business plan that include metrics to determine profitability.

2. Mission and preservation:

Application must show how the proposed project will connect to and celebrate the historical places managed by MHC. The application must show clear support of the MHC mission to preserve and interpret historic places while providing high-quality visitor experiences.

Applicants must demonstrate understanding of the site's historic significance and propose uses, branding and visitor experiences which reinforce those stories and do not dilute them.

Applicants must identify concrete public benefits including but not limited to: enhanced interpretation, public access, educational programming, community partnerships and contribution to the local tourism economy.

Applicants must include a preservation plan which includes condition assessment, prioritized interventions, timelines, and lifecycle cost estimates for preservation work.

Applicants must demonstrate their prior experience and qualifications in historic preservation and heritage operations or explain their use of qualified preservation professionals.

3. Market Feasibility and Tourism Fit:

Applicants must include realistic market research on heritage tourism demand, target audiences, seasonality of the business and existing business competition in the area.

Applicants must demonstrate an understanding of the area's seasonal visitation patterns and how their plan integrates with both the MHC and other local tourism marketing efforts.

4. Budget and Financial Detail:

Applicants must submit a detailed proposed budget for the project which clearly delineates capital investments to be made. Applicants must provide details on the capital already secured as well as any capital which must be raised through fundraising, loans or other measures. Applicants who have funds available to begin project work immediately will be given preference.

Applicants must provide at least 10-15 years of pro-forma financials including estimated revenues, operating costs, capital expenditures and desired lease payments. Applicants must also include a high-level 30–50-year sustainability narrative.

5. Work Plan:

Applicants must provide a detailed staffing plan for any employee, or contracted service, supported by the project's capital investment. The work plan must include how the applicant will ensure adequate employee housing for the staff required to run their business model. The work plan must also include if the business intends to operate seasonally or year-round.

6. Timeline Details:

Applicants must provide a detailed timeline for all components and benchmarks for the project. The timeline should include all construction work to be completed. The timeline must provide for necessary SHPO and VCPO reviews.

Special Consideration and Preference:

1. Ability to become profitable:

Business plans that can demonstrate a clear and timely path to profitability for both the private organization and MHC will be given preference over applicants with business plans showing a longer timeline for profitability.

2. Economic Impact Requirements:

Private Organizations applying for the Long-Term Lease Program must show projected and measurable economic impact to the area where the project is located. Impacts include jobs created, anticipated amounts the business will pay in state lodging facility use and sales tax, beneficial use tax and local option resort community tax, as applicable based on the location of the property.

X: Contract Process and Contract Administration

The review committee will rank and review applications along with recommendations to the commission at the quarterly meetings. MHC will then vote on applications after receiving public comment on them. Applicants will be notified of decisions via e-mail. Once applicants have been notified of decisions, those approved for a lease must complete the contracting process. This process will be managed through Commerce Director's Office, including legal, fiscal and contract administration teams.

Contracts will have periodic reviews or project work plan, construction plans or any other review deemed necessary through the contracting process. Contracts will also include reporting on metrics which awarded applicants must meet in order to maintain their contract with MHC. These clauses will be negotiated based on each business model.

[MEDIA ANNOUNCEMENT INFORMATION FOR LESSEES](#)

The Montana Department of Commerce will issue an initial press release and social media post announcing all long-term leases. Commerce requests grant recipients refrain from issuing their own news releases, social media posts or public announcements until after Commerce has made its official announcement. This ensures a coordinated and consistent message regarding all leases. Once the initial press release has been issued, Lessees are welcome to share their news. Commerce appreciates being tagged on Facebook or LinkedIn social posts generated by Lessees.