



### A. Applicability

A Capital Needs Assessment must be submitted with any application package involving rehabilitation of an existing building using Housing Trust Funds.

### B. Requirements

A Capital Needs Assessment must:

- be prepared by a professional architect or engineer licensed to practice in the State of Montana;
- include a site visit and physical inspection of the interior and exterior of all units and structures;
- determine the work to be performed and identify the long-term physical needs of the project;
- adequately describe existing building conditions and problems, and propose a specific course of action for solving the identified problems;
- provide sufficient information to adequately assess the need for, feasibility, and general, estimated cost of the proposed rehabilitation; and
- thoroughly address all the other issues identified in this outline.

### C. Environmental Considerations

Proposed projects must be eligible upon submission of Phase II, that is, each must be compliant with the Montana Environmental Protection Act (MEPA), as well as HTF environmental regulations at §93.301(f) which seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds. MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a Montana state agency.

- Architects and project representatives should consult the [Uniform Environmental Checklist](#), which must be completed and submitted as part of any application using HTF funds. Contact Commerce for a copy of the most current checklist.
- To avoid delays, applicants to HTF should consider potential environmental impacts during project planning. In this way, applicants can avoid or mitigate potential environmental impacts through project design or location decisions by carefully considering consequences and subsequent actions that could be required to mitigate adverse consequences.
- Various funding agencies have different requirements related to the environmental review process, the selection of the preferred alternative, and adoption of the PAR. Applicants should contact those agencies that they are considering applying to so that each agency's specific requirements can be met concurrently and avoid any unnecessary delays in project completion.

## **D. CNA Outline**

### **I. Problem Definition**

#### **a) Need for the Project and the Problem to be Solved**

Describe and document the need for the project per the following criteria:

1. **HEALTH AND SAFETY** - Describe concerns and deficiencies, compliance issues, and relevant regulations such as the International Existing Building Code, asbestos, lead-based paint, handicapped accessibility, zoning ordinances, and other federal, state, local, or tribal requirements concerning the existing facility.

Attach pertinent correspondence to or from appropriate federal, state, and local regulatory agencies, especially information that provides documentation of health and safety concerns and deficiencies.

2. **FACILITY OPERATION & MAINTENANCE (O&M)** - Describe O&M concerns regarding the existing facility with an emphasis on those with the greatest financial and operational impact.
3. **GROWTH** - Describe the facility's capacity to meet projected growth needs from the completion of construction through the anticipated useful life of the building.

Discuss any potential for future expansion, if applicable, or any consideration given to designing for phased construction or incremental expansion of the facility in the future.

Provide both the number of current users served by the facility and the projected number of users to be served by the proposed project upon completion.

#### **b) Evaluate the Condition of the Existing Facility**

Include a discussion on each of the following in the evaluation of the existing facility:

1. **HISTORY** - Provide a brief history of the facility, including when the structure was constructed, major improvements implemented in the past, and any past problems. Include information about past repairs and improvements, pending repairs and existing or chronic physical deficiencies.
2. **CONDITION OF FACILITIES** - Evaluate the present building and site conditions and any problems such as code deficiencies, general structural decay, presence of asbestos, mold or moisture, lead based paint, subsidence issues, overcrowding, or handicapped accessibility. Describe the adequacy or capacity of the existing facility to meet existing and long-term needs.
  - Utilize the HUD document "Uniform Physical Conditions Standards, Comprehensive Listing" to assist in identifying the building condition and include a copy of that list in the CNA.
  - The assessment must address health and safety issues identifying life-threatening deficiencies.
  - The assessment must consider the presence of environmental hazards such as asbestos, lead paint and mold on the site.
  - The assessment must identify critical building systems that have reached or exceeded their expected useful lives.
  - The assessment must address major systems including structural support; roofing; cladding; and weatherproofing (i.e. windows, doors, siding and gutters); plumbing; electrical; and HVAC. The assessment must provide an estimate (based on age and condition) of the remaining useful life of these

systems.

- The assessment will include, but not be limited to, a review and analysis of the following site elements: topography, drainage and soil suitability, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage and gas and electric utilities.
- The assessment will include, but not be limited to, a review and analysis of the following building systems: exterior walls and balconies; exterior doors and windows; roofing systems and drainage; interiors, including unit and common area finishes (e.g. carpeting, tile, plaster walls, paint, etc.)

*Note: The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project. For example, if a proposed project is likely to address roofing deficiencies, there should be at least a generalized assessment of other building systems (i.e. mechanical, electrical, structural, etc.). The level of detail will vary with each project and should be commensurate with the deficiencies noted. The purpose of assessing the entire facility is to ensure that problems are appropriately prioritized, or that repairs to one building component won't be adversely affected by future repairs to another building component.*

## II. Proposed Solution

3. Prepare an alternative analysis to compare the cost of rehabilitation versus the cost of new construction. The comparison must include a life-cycle cost analysis of alternatives.
4. Describe issues that need to be addressed concerning compliance with appropriate regulations such as the International Existing Building Code and other relevant codes, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility (American Disabilities Act and HUD 504 regulations), designated 100-year floodplains, and other applicable federal, state, local or tribal requirements.
5. Identify sites to be purchased or leased and any easements needed, if applicable. Specify whether these properties are currently owned, to be purchased or leased, and whether options have been obtained, contingent upon receipt of funding.
6. Describe the mitigation measure(s) necessary to minimize potentially adverse impacts upon identified environmental resources. Projects contemplating the renovation of existing structures should thoroughly discuss mitigation measures to address any existing hazards, such as asbestos and lead-based paint, where identified, in accordance with federal and state requirements. Include any environmentally-related correspondence and agency comments (e.g., comments from the State Historic Preservation Office). Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.
7. Discuss potential concerns such as geological constraints, limited access, underground storage tanks, high water table, asbestos, lead-based paint, contaminated soil, noise, odors, or other conditions that may affect cost of construction or long-term operation of the proposed rehabilitated facility.
8. Provide preliminary architectural drawings (including a proposed floor plan) for the proposed rehabilitated facility.
9. Discuss the expertise required to operate the facility and any unique operational requirements or benefits of the facility.
10. Include an opinion as to the proposed budget for recommended improvements and identify critical building systems that have reached or exceeded their expected useful lives.
  - If the remaining useful life of any component is less than fifty (50%) percent of the expected useful life, rehabilitation will be required unless capitalized.
  - If the remaining useful life of a component is less than the terms of the Housing Trust Fund loan, the application package must provide for a practical way to finance the future replacement of the component.

## III. Cost Estimates

Include the following:

**a) Project Costs**

Provide an itemized estimate of the project cost based on the anticipated period of construction including administrative, development and construction, land and utilities, legal, engineering, interest, equipment, contingencies, refinancing, and other costs associated with the proposed project

**b) Projected Annual Operation and Maintenance Costs**

In responding to items a and b for housing projects, consult Section C (Financial Analysis, Parts I-VI) of the [Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs](#).

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#### **IV. Conclusions and Recommendations**

Provide any other conclusions and recommendations and any additional findings that should be considered in the evaluation of the existing facility and the selection of the proposed solution.